ANNUAL FINANCIAL STATEMENTS 2018

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 consolidated and separate statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate annual financial statements fairly present the state of affairs of the group and company 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 Standard (IFRS). The external auditors are engaged to express an independent opinion on the consolidated and separate annual financial statements.

The consolidated and separate annual financial statements are prepared in accordance with IFRS, 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 consolidated and separate annual financial statements incorporate full and responsible disclosure in line with the group's philosophy on corporate governance and as required by the Listing Requirements (LR) of 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 consolidated and separate 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 2019 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 consolidated and separate statements. The consolidated and separate annual financial statements have been examined by the group's external auditors and their report is presented on pages 5 to 14.

The consolidated and separate annual financial statements set out on pages 18 to 85, which have been prepared on the going concern basis, were approved by the board on 30 July 2018 and were signed on their behalf by:

ADV. R HEATHCOTE	**DR. Q VAN ROOYEN**
Chairman of the board	Group managing director

Windhoek
30 July 2018

COMPANY SECRETARY'S CERTIFICATION

Declaration by the company secretary in terms of Section 88(2)(e) of the South African Companies Act, in as 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
30 July 2018

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF TRUSTCO GROUP HOLDINGS LTD

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 18 to 85, which comprise the statements of financial position as at 31 March 2018, 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 2018, 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 South Africa, 2008.

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.

INDEPENDENT AUDITOR'S REPORT

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in the audit</th></tr>
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Revenue recognition on diamond sales

Refer to the accounting policies note 1.14 relating to diamond sales and note 22 to the annual financial statements for selected disclosures applicable to this matter.

During the year the group sold diamonds recovered during the exploration and evaluation phase and recognised the income as revenue. IFRS 6 Exploration and evaluation of Mineral Resources, does not deal with accounting for income arising from the exploration and evaluation phase. The treatment has to be based on another International Financial Reporting Standard (IFRS) or has to be subject to the development of an appropriate accounting policy. Due to the significance of the transactions this was considered a key audit matter.

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Our procedures included amongst others:

- We tested the accuracy of information provided by management to be used by management's technical expert to determine the accounting treatment, and evaluated the appropriateness of the group's accounting policy in terms of IFRS.
- We obtained an internal technical expert's opinion regarding the sale of diamonds, during the exploration and evaluation phase, on meeting the revenue recognition criteria in terms of IAS 18 Revenue recognition.
- The internal technical expert also critically assessed opinions on the matter provided by management experts regarding the income from diamond sales meeting the revenue recognition criteria in terms of IAS 18 Revenue recognition.
- We obtained an understanding of the exploration and evaluation work program for the year to determine the stage of the mine i.e exploration and evaluation, development or production in terms of industry guidance and IFRS. Furthermore, we evaluated the opinion on the stage of the mine provided by management's technical expert.
- We critically assessed management's judgments regarding revenue recognition on diamond sales during the exploration and evaluation phase.
- We critically assessed the measurement basis and disclosures of diamond sales transactions in terms of the relevant accounting standards.

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Fair value adjustments on investment property

Refer to the accounting estimates and judgements note 1.1.1 (a) the accounting policies note 1.7, 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.

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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 third 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.
- We used an auditors' expert valuator to critically assess management's expert's key assumptions used on valuations of investment properties with significant current year fair value adjustments.

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INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How the matter was addressed in the audit
Educational loans advanced impairment Refer to the accounting estimates and judgements note 1.1.1 (c), accounting policies note 1.10 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.
Long term Insurance contracts Refer to the accounting estimates and judgements note 1.1.1 (g), accounting policies note 1.15, and notes 15 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.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How the matter was addressed in the audit
Going concern Refer to note 6 of the Directors report, accounting estimates and judgements note 1.1.2 (b), note 13 and 37 to the annual financial statements for selected disclosures applicable to this matter. As at the end of the financial reporting period the company was in breach of certain covenant ratios. This breach also triggered cross default provisions for third party long term loans made to the group. Negotiations commenced subsequent to year end to renegotiate loan terms. The negotiations were however not finalised. A high degree of estimation is required over a variety of uncertain future outcomes, including estimation of projected future cash flows from operating activities, re negotiation of current loan terms as well as the possibility of obtaining additional funding. Due to the significant estimation an uncertainty is involved in the determination of the going concern of the company and group, this was considered an audit key matter	**Our procedures included amongst others:** • We have verified that the company has entered into negotiations to amend the loan terms and funding structure and confirmed lender intent to proceed with the restructuring of the debt. • We have reviewed and critically analyzed management's going concern assessment and judgements made on the probability of successful debt restructure and liquidity. • We have considered the appropriateness and completeness of disclosure provided on the going concern assumption. • We have performed sensitivity analysis on management's "base case" including applying potential downside scenarios. • We have obtained written representation from management and, where appropriate, those charged with governance, regarding their plan for future actions. • We have evaluated details and status of current negotiations of restructuring of debt with the funders group. • We have obtained and reviewed correspondence with the lenders group to confirm that no accelerated repayments have been introduced by any lender/group as a result of non-compliance with terms of the loans.

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 the requirements of the Companies Act of South Africa, 2008 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.

INDEPENDENT AUDITOR'S REPORT

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.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 date 4 December 2015, we report that Moore Stephens MWM Inc. has been the auditor of Trustco Group Holdings Limited for 1 year.

Moore Stephens MWM Inc

Moore Stephens MWM Inc.
Registered Auditor
Per: CA Whitefield
Partner

30 July 2018
Johannesburg
South Africa

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 18 to 85, which comprise the statements of financial position as at 31 March 2018, 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 2018, 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.

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.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How the matter was addressed in the audit
Revenue recognition on diamond sales Refer to the accounting policies note 1.14 relating to diamond sales and note 22 to the annual financial statements for selected disclosures applicable to this matter. During the year the group sold diamonds recovered during the exploration and evaluation phase and recognised the income as revenue. IFRS 6 Exploration and evaluation of Mineral Resources, does not deal with accounting for income arising from the exploration and evaluation phase. The treatment has to be based on another International Financial Reporting Standard (IFRS) or has to be subject to the development of an appropriate accounting policy. Due to the significance of the transactions this was considered a key audit matter.	**Our procedures included amongst others:** • We tested the accuracy of information provided by management to be used by management's technical expert to determine the accounting treatment, and evaluated the appropriateness of the group's accounting policy in terms of IFRS. • We obtained an internal technical expert's opinion regarding the sale of diamonds, during the exploration and evaluation phase, on meeting the revenue recognition criteria in terms of IAS 18 Revenue recognition. • The internal technical expert also critically assessed opinions on the matter provided by management experts regarding the income from diamond sales meeting the revenue recognition criteria in terms of IAS 18 Revenue recognition. • We obtained an understanding of the exploration and evaluation work program for the year to determine the stage of the mine i.e exploration and evaluation, development or production in terms of industry guidance and IFRS. Furthermore, we evaluated the opinion on the stage of the mine provided by management's technical expert. • We critically assessed management's judgments regarding revenue recognition on diamond sales during the exploration and evaluation phase. • We critically assessed the measurement basis and disclosures of diamond sales transactions in terms of the relevant accounting standards.
Fair value adjustments on investment property Refer to the accounting estimates and judgements note 1.1.1(a), the accounting policies note 1.7, 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 third 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. • We used an auditors' expert valuator to critically assess management's expert's key assumptions used on valuations of investment properties with significant current year fair value adjustments.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How the matter was addressed in the audit
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Long term Insurance contracts Refer to the accounting estimates and judgements note 1.1.1(g), accounting policies note 1.15, and notes 15 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.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How the matter was addressed in the audit
Going concern Refer to note 6 of the Directors report, accounting estimates and judgements note 1.1.2(b), note 13 and 37 to the annual financial statements for selected disclosures applicable to this matter. As at the end of the financial reporting period the company was in breach of certain covenant ratios. This breach also triggered cross default provisions for third party long term loans made to the group. Negotiations commenced subsequent to year end to renegotiate loan terms. The negotiations were however not finalised. A high degree of estimation is required over a variety of uncertain future outcomes, including estimation of projected future cash flows from operating activities, re negotiation of current loan terms as well as the possibility of obtaining additional funding. Due to the significant estimation an uncertainty is involved in the determination of the going concern of the company and group, this was considered an audit key matter	**Our procedures included amongst others:** • We have verified that the company has entered into negotiations to amend the loan terms and funding structure and confirmed lender intent to proceed with the restructuring of the debt. • We have reviewed and critically analyzed management's going concern assessment and judgements made on the probability of successful debt restructure and liquidity. • We have considered the appropriateness and completeness of disclosure provided on the going concern assumption. • We have performed sensitivity analysis on management's "base case" including applying potential downside scenarios. • We have obtained written representation from management and, where appropriate, those charged with governance, regarding their plan for future actions. • We have evaluated details and status of current negotiations of restructuring of debt with the funders group. • We have obtained and reviewed correspondence with the lenders group to confirm that no accelerated repayments have been introduced by any lender/group as a result of non-compliance with terms of the loans.

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.

INDEPENDENT AUDITOR’S REPORT

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: M Nel
Partner

30 July 2018
61 Bismarck Street
Windhoek
Namibia

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the consolidated and separate annual financial statements of Trustco Group Holdings Ltd (Trustco) and the group for the year ended 31 March, 2018.

1. Financial results

The financial results of the company and group for the year under review are reflected in the consolidated and separate financial statements set out on page 18 onwards. The statements of profit or loss and other comprehensive income are set out on pages 20 - 21.

Net profit after tax for the group for the year ended 31 March, 2018 was NAD 274 million (2017: NAD 530 million).

2. Shareholders' value

Based on the results, shareholders value for 2018 is NAD 4.2 billion (2017: NAD 2.5 billion). The directors are confident that this value will show growth for the foreseeable future and beyond.

3. Dividends

During the year under review no dividends (2017: 5.00 cents amounting to a total of NAD 33 million) were declared and paid by the group.

No interim or final year dividend was declared for the financial year 2018. The directors will reassess the dividend declaration at the time of the half year 2019 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 commercial production.

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 thank each individual and team for their contributions this year.

J Mahlangu, an independent non-executive director, resigned on 22 April 2018. On 26 April 2018, Prof L J Weldon and K N van Niekerk were appointed as independent non-executive directors.

The directors are:
- Dr Q Van Rooyen;
- W J Geyser;
- R J Taljaard;
- F J Abrahams;
- Adv R Heathcote;
- Prof L J Weldon (South African);
- K N van Niekerk (South African); and
- Q Z Van Rooyen (Alternate to Dr Q Van Rooyen).

6. Going concern concept

Management is fully aware of the need to continuously assess the going concern of the group throughout the year. Subsequent to the reporting period, Trustco and its long standing institutional investors (Lenders Group) engaged to facilitate a potential consensual restructuring of the long-term debt arrangement offered by the Lenders Group. Management have received correspondence from the Lenders Group reserving the rights currently in place, both in terms of the covenants set out as well as the repayment terms. During these discussions, management has assessed and reconsidered the restrictive financial covenants, as certain of these are deemed to be outdated as they were entered into as far back as ten years ago. Trustco along with the Lenders Group intend to replace the original covenants entered into with a series of updated covenants. These covenants will be more aligned to Trustco's current capital structure as well as development and dynamic nature of its operating segments. Management is confident that an agreement will be entered into, but at the time of this report the parties had a standstill agreement and are working towards a revised agreement. Further refer to accounting policy note 1.1.2(b) (Liquidity and going concern).

DIRECTORS' REPORT

The directors have reviewed the group's budget and cash flow forecast for the year to 31 March 2019. On the basis of the review, and in the light of the current financial position, the expected raising of further finance including the successful renegotiation with the current lenders group 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. Q Z 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 fees are doubled. Inflation in Namibia was recorded at 3.5% for the year to 31 March 2018.

The managing director has also pledged certain assets as personal surety for various agreements entered into by the group. The group pays the managing director a guarantee fee of 2% per annum on the value of assets pledged. The fee is calculated quarterly. The directors of Next waived management and surety fees paid totalling NAD 61.5 million for the year under review.

Next indemnified Trustco against any financial loss of up to USD 25 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 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 non-controlling shareholders against possible losses from the Meya Acquisition.

8. Special resolution

The following special resolution was passed during the year under review:

Increase of issued share capital of Trustco Group Holdings Limited by 55,000,000 from 772,142,090 to 827,142,090.

9. Deemed treasury shares

During the period under review, the group purchased approximately 3 million deemed treasury shares at an average price of NAD 7.58 per share. The settlement amount of NAD 22.4 million was paid in cash.

The market value of all deemed treasury shares held by the group was NAD 400 million as at 31 March 2018.

10. Holding company's interest in subsidiaries

	Issued share capital		Company's interest % held		Shares at cost	
	2018	2017	2018	2017	2018	2017
	NAD	NAD	%	%	NAD	NAD
Legal Shield Holdings (Pty) Ltd	80	100	80	100	745,160,434	931,450,543
Trustco Bank Namibia Ltd	200,000,000	120,000,000	100	100	157,987,562	67,000,000
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
					903,148,496	**998,451,043**

The aggregate contribution made by the subsidiaries in the group amounted to NAD 366 million (2017: NAD 640 million) and the company contributed a loss NAD 92.3 million (2017: loss of NAD 110 million) to group earnings.

Trustco disposed of 20% of its shareholding in Legal Shield Holdings (Pty) Ltd (Legal Shield Holdings) on 29 March 2018 for NAD 1.2 billion. The transaction is in line with the group's strategy to increase liquidity and at the same time deploy financial resources across the group in order to accelerate growth in other segments. The proceeds received have been reinvested in the banking and finance and resources segments.

At the reporting date, the group had already received 79% of the purchase consideration in cash. The disposal does not constitute a change in control of Legal Shield Holdings.

11. Events after the reporting date

Refer to note 6, going concern, about the on-going negotiations concerning the borrowings and note 12, Huso transaction.

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

At the time of reporting, the Huso transaction had not been concluded as the mining licence for Northern Namibia Development Company (NNDC) was still outstanding. However, during the reporting period, the Ministry of Mines and Energy of Namibia (MME) issued a notice of preparedness to grant a mining licence to NNDC subject to a revised Environmental Clearance Certificate from the Ministry of Environment and Tourism of Namibia (MET). A revised environmental assessment and management plan together with an application for the environmental clearance certificate for large scale mining was submitted to the MET in March 2018. The Environment Clearance Certificate has subsequently been issued on 13 July 2018.

NNDC received a notice of preparedness to grant application for mining licence for a period of 15 (fifteen) years in terms of Section 48 (4) of the Minerals Act from the MME on 20 July 2018, (the "Notice"). The Notice is subject to acceptance of the terms and conditions by NNDC within 30 (thirty) days from the date on which the Notice was received.

The group expect to finalise the Huso transaction in the next reporting period.

13. The year ahead

The year in review was in essence a consolidation phase for the group, with no new debt raised. Bulk servicing on properties in the land bank continued apace, which will enhance the group's cash generating ability in the year ahead. The investment into the resources segment have produced encouraging results and has the ability to increase the cash resources of the group significantly.

14. Acknowledgments

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

STATEMENT OF FINANCIAL POSITION

as at 31 March 2018

Figures in Namibia Dollar thousand	Notes	2018	2017 Restated*
		Group	
Assets			
Cash and cash equivalents	2	68,942	46,017
Advances	3	1,754,103	1,818,811
Trade and other receivables	4	684,845	762,225
Current tax assets	31	6,004	7,534
Amounts due by related parties	5	528,194	-
Inventories	6	370,205	339,278
Property, plant and equipment	7	591,515	609,416
Investment property	8	1,476,818	1,010,812
Intangible assets*	9	462,452	526,791
Evaluation and exploration assets**	10	278,638	52,491
Deferred tax assets	12	150,656	94,718
Total Assets		**6,372,372**	**5,268,093**
Equity and Liabilities			
Liabilities			
Bank overdraft	2	-	12,640
Borrowings	13	1,332,551	1,657,445
Trade and other payables*	14	430,279	589,216
Current tax liabilities	31	8,938	28,018
Insurance contract liabilities	15	63,057	94,350
Amounts due to related parties	5	-	2,678
Other liabilities	16	71,760	82,609
Deferred tax liabilities	12	299,566	308,687
Total Liabilities		**2,206,151**	**2,775,643**
Capital and Reserves			
Share capital	17	190,245	177,595
Share premium	17	267,400	46,300
Deemed treasury shares	18	(200,804)	(178,358)
Other reserves	19	44,933	47,875
Retained income		3,426,491	2,399,031
		3,728,265	**2,492,443**
Non-controlling interests	20	437,956	7
Total Capital and Reserves		**4,166,221**	**2,492,450**
Total Equity and Liabilities		**6,372,372**	**5,268,093**

* The provisional accounting of the acquisition of Meya was finalised in the year under review and the provisional numbers used in the 2017 financial year were restated. Goodwill and contingent consideration disclosed under intangible assets and trade and other payables respectively, were increased by NAD 111.7 million. Restatement was done within the business combinations' measurement period.

** Evaluation and exploration assets were reclassified from intangible assets during the period under review to better reflect the financial position of the group.

STATEMENT OF FINANCIAL POSITION

as at 31 March 2018

Figures in Namibia Dollar thousand	Notes	2018	2017
		Company	
Assets			
Cash and cash equivalents	2	9,044	3,416
Trade and other receivables	4	17,139	17,620
Current tax assets		1,002	1,002
Amounts due by related parties	5	3,688,864	1,711,095
Investments in subsidiaries	11	903,149	998,451
Deferred tax assets	12	36,276	37,131
Total Assets		**4,655,474**	**2,768,715**
Equity and Liabilities			
Liabilities			
Borrowings	13	596,738	751,845
Trade and other payables	14	5,994	192,547
Amounts due to related parties	5	154,266	496,197
Total Liabilities		**756,998**	**1,440,589**
Capital and Reserves			
Share capital	17	190,245	177,595
Share premium	17	267,400	46,300
Deemed treasury shares	18	(23,446)	(178,358)
Other reserves	19	31,226	14,976
Retained income		3,433,051	1,267,613
Total Capital and Reserves		**3,898,476**	**1,328,126**
Total Equity and Liabilities		**4,655,474**	**2,768,715**

STATEMENT OF PROFIT OR LOSS

and Other Comprehensive Income for the year ended 31 March 2018

Figures in Namibia Dollar thousand	Notes	2018	2017
		Group	
Revenue	22	800,939	1,246,762
Cost of sales		(274,265)	(208,896)
Gross profit		**526,674**	**1,037,866**
Investment income	26	480,794	225,467
Operating expenses		(542,489)	(459,895)
Insurance benefits and claims	23	(34,441)	(48,292)
Finance costs	27	(188,881)	(173,669)
Profit before tax	24	**241,657**	**581,477**
Income tax benefit/ (expense)	28	31,971	(51,525)
Profit for the period		**273,628**	**529,952**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Losses on revaluation of property, plant and equipment		(7,543)	(32,494)
Income tax relating to items that will not be reclassified		2,414	8,590
Total items that will not be reclassified to profit or loss		**(5,129)**	**(23,904)**
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign operations		(34,194)	12,914
Income tax relating to items that may be reclassified		11,913	(4,134)
Total items that may be reclassified to profit or loss		**(22,281)**	**8,780**
Other comprehensive loss for the period net of tax		**(27,410)**	**(15,124)**
Total comprehensive income for the period		**246,218**	**514,828**
Profit attributable to			
Owners of the company		178,830	529,952
Non-controlling interests		94,798	-
		273,628	**529,952**
Total comprehensive income attributable to			
Owners of the company		160,144	514,828
Non-controlling interests		86,074	-
		246,218	**514,828**
Earnings per share			
Basic earnings per share (cents)	29	23.74	69.11
Diluted earnings per share (cents)	29	23.47	68.67

STATEMENT OF PROFIT OR LOSS

and Other Comprehensive Income for the year ended 31 March 2018

Figures in Namibia Dollar thousand	Notes	2018	2017
		Company	
Revenue	22	1,140,424	19,500
Cost of sales		-	-
Gross profit		**1,140,424**	**19,500**
Investment income	26	1,168,972	93,548
Operating expenses		(39,499)	(72,000)
Finance costs	27	(123,881)	(69,090)
Profit/(loss) before tax	24	**2,146,061**	**(28,042)**
Income tax expense	28	(855)	-
Profit/(loss) for the period		**2,145,161**	**(28,042)**
Other comprehensive income		**-**	**-**
Total comprehensive income/(loss) for the period		**2,145,161**	**(28,042)**

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2018

Group

Figures in Namibia Dollar thousand	Share capital	Share premium	Other reserves	Deemed treasury shares	Retained income	Equity attributable to owners of company	Non-controlling interests	Total equity
Balance at 1 April 2016	**177,595**	**46,300**	**87,282**	**-**	**1,877,887**	**2,189,064**	**-**	**2,189,064**
Profit for the period	-	-	-	-	529,952	529,952	-	529,952
Other comprehensive income	-	-	(15,124)	-	-	(15,124)	-	(15,124)
Total comprehensive income	**-**	**-**	**(15,124)**	**-**	**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)
Non-controlling interests	-	-	-	-	-	-	7	7
Balance at 1 April 2017	**177,595**	**46,300**	**47,875**	**(178,358)**	**2,399,031**	**2,492,443**	**7**	**2,492,450**
Profit for the year	-	-	-	-	178,830	178,830	94,798	273,628
Other comprehensive income	-	-	(18,687)	-	-	(18,687)	(8,724)	(27,411)
Total comprehensive income	**-**	**-**	**(18,687)**	**-**	**178,830**	**160,143**	**86,074**	**246,217**
Issue of shares	12,650	221,100	(233,750)	-	-	-	-	-
Convertible financial instrument**	-	-	250,000	-	-	250,000	-	250,000
Transfer between reserves	-	-	(505)	-	505	-	-	-
Deemed treasury shares purchased	-	-	-	(22,446)	-	(22,446)	-	(22,446)
Sale of shares in subsidiary*	-	-	-	-	848,125	848,125	351,875	1,200,000
Balance at 31 March 2018	**190,245**	**267,400**	**44,933**	**(200,804)**	**3,426,491**	**3,728,265**	**437,956**	**4,166,221**
Note	17	17	19	18				

*Refer to note 21

** Refer to notes 17 and 19.3

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2018

Company

Figures in Namibia Dollar thousand	Share capital	Share premium	Other reserves	Deemed treasury shares	Retained income	Total equity
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)
Balance at 1 April 2017	**177,595**	**46,300**	**14,976**	**(178,358)**	**1,267,613**	**1,328,126**
Profit for the period	-	-	-	-	2,145,161	2,145,161
Total comprehensive profit for the period	-	-	-	-	**2,145,161**	**2,145,161**
Deemed treasury shares disposed	-	-	-	177,358	20,277	197,635
Issue of shares	12,650	221,100	(233,750)	-	-	-
Equity loan advance	-	-	250,000	-	-	250,000
Deemed treasury shares purchased	-	-	-	(22,446)	-	(22,446)
Balance at 31 March 2018	**190,245**	**267,400**	**31,226**	**(23,446)**	**3,433,051**	**3,898,476**
Note	16	16	18			

STATEMENT OF CASH FLOWS

for the year ended 31 March 2018

Figures in Namibia Dollar thousand	Notes	2018	2017 Reclassified
		Group	
Cash flows from operating activities			
Cash generated by operations before working capital changes	30	32,998	651,326
Changes in working capital	30	(53,671)	(219,286)
Interest received	26	9,409	432
Finance costs	27	(188,881)	(170,456)
Net advances repaid / (disbursed)		47,323	(642,579)
Net funding from liabilities for student advances		(128,618)	308,810
Tax paid	31	(36,311)	(861)
Net cash utilised in operating activities		**(317,751)**	**(72,614)**
Cash flows from investing activities			
Additions to property, plant and equipment	7	(26,237)	(27,790)
Proceeds from disposal of property, plant and equipment	7	11,710	42,729
Additions to investment property	8	(247)	(212)
Additions to evaluation and exploration assets	10	(226,147)	-
Additions to intangible assets	9	(17,896)	(53,946)
Proceeds from disposal of intangible assets	9	-	1,369
Acquisition of subsidiary, net of cash acquired		-	(14,146)
Advances to related parties*		(180,788)	(27,690)
Net cash utilised in investing activities		**(439,605)**	**(79,686)**
Cash flows from financing activities			
Transactions with non-controlling interests		840,000	-
Proceeds of convertible financial instrument	19.3	250,000	-
Proceeds from borrowings		-	391,972
Repayment of borrowings		(196,276)	(202,636)
Repayment of other liabilities		(78,357)	(52,379)
Dividends paid		-	(33,091)
Purchase of deemed treasury shares	18	(22,446)	(775)
Net cash generated from financing activities		**792,921**	**103,091**
Net change in cash and cash equivalents		**35,565**	**(49,209)**
Cash and cash equivalents at the beginning of the period		33,377	82,586
Cash and cash equivalents at the end of the period	2	**68,942**	**33,377**

* Advances to related parties in the previous year of NAD 27.7 million were reclassified from financing activities to investing activities for more appropriate disclosure.

STATEMENT OF CASH FLOWS

for the year ended 31 March 2018

Figures in Namibia Dollar thousand	Notes	2018	2017
		Company	
Cash flows from operating activities			
Cash generated by / (utilised in) operations before working capital changes	30	925	(52,430)
Changes in working capital	30	(186,072)	(66,500)
Interest received	26	155,262	77,795
Finance costs	27	(123,881)	(69,090)
Net cash utilised in operating activities		**(153,766)**	**(110,225)**
Cash flows from investing activities			
Capital injection in subsidiaries	11	(90,988)	(20,000)
Advances to related parties		(517,770)	(649,301)
Disposal of shares in investment in subsidiaries		840,000	-
Net cash generated from / (utilised in) investing activities		**231,242**	**(669,301)**
Cash flows from financing activities			
Proceeds of convertible financial instrument	19.3	250,000	-
Proceeds from borrowings		-	601,638
Repayment of borrowings		(155,107)	(119,697)
Dividends paid		-	(33,091)
(Repayments to) / proceeds from related parties		(341,931)	276,623
Disposal of deemed treasury shares	18	197,636	-
Purchase of deemed treasury shares	18	(22,446)	(775)
Net cash (utilised in) / generated from financing activities		**(71,848)**	**724,698**
Net change in cash and cash equivalents		**5,628**	**(54,828)**
Cash and cash equivalents at the beginning of the period		3,416	58,244
Cash and cash equivalents at the end of the period	2	**9,044**	**3,416**

ACCOUNTING POLICIES

for the year ended 31 March 2018

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, the Listings Requirements of the JSE Limited and the Namibian Stock Exchange and in the manner as required by the Companies Act of Namibia and the Companies Act of South Africa as amended, 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.

1.1.1 Estimates

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:

(a) 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.

(b) 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 offset against property receivables 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.

(c) Loans and receivables
The group and the company assess their trade receivables and loans and receivables for impairment at the end of each reporting date. In determining whether an impairment loss should be recognised in profit or loss, 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. Refer notes 3 and 4 for further information.

(d) Impairment testing
The impairment testing of advances, amounts due by related parties and loans and receivables is preliminarily performed on an individual basis. If no objective evidence of impairment exists on the financial assets, the financial asset's impairment 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. Refer notes 3 and 4 for further information.

(e) 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 each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. Refer to note 3.

(f) 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. Refer to note 9.

(g) 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 liabilities for unearned premiums, claims incurred 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 recognises unearned premiums on a basis that reflects the underlying risk profile of its insurance contracts. Unearned premiums are recognised at the commencement of each insurance contract and are released as the risk covered by the contract expires. Most of the group's insurance contracts have an even risk profile. Therefore, the unearned premiums are released evenly over the period of insurance using a time proportion basis.

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

(ii) Outstanding claims (also referred to as "claims incurred" in the industry)
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.

The claims incurred liability is 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 liability for claims incurred 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. Refer to note 15.

(h) 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 Average Rate (JIBAR) is the most appropriate discount rate and this is a significant estimate. Refer note 4 for further information.

(i) Tax
Judgement is required in determining the accrual 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 recognised at each reporting date could be impacted.

(j) 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 degrees of uncertainty. Any such estimates and assumptions may change as new information becomes available. Valuation is performed by an independent valuator. Refer to note 10 for further information.

1.1.2 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 reporting period are discussed below:

(a) Property sales
Real estate sold by the group is recognised as 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.

(b) Liquidity and going concern
The group is reliant on external funding for its operations. The funding received is accompanied by various financial and non-financial covenants. The most significant of these relate to:

- Current Ratio of at least 1:1 (100%);
- Historical Debt Service Coverage Ratio of not less than 1.2:1 (120%)
- Liabilities to Tangible Net Worth Ratio of not more than 1:1 (100%)
- Long-term Debt to EBITDA of not more than 3.5:1 (350%)
- maximum Loan to Value ratio of 0.77

As at the end of the financial reporting period Trustco was in breach of certain covenant ratios, namely the historic debt service cover ratio and the long term debt to EBITDA ratio. Refer to note 13 for further information.

The breach was not remedied or the terms of the loans renegotiated before the financial statements were authorised for issue. The directors also note that the group is in the process of renegotiating covenants and loan terms with the Lenders Group and at the time of reporting the process was still ongoing. The directors have considered the group's liquidity requirements. Based on these factors, along with a robust review of the budget and cash flow forecast, the directors are confident that the group will remain in operational existence for the foreseeable future. As part of the review the directors made judgements in respect of obtaining further financing and successful renegotiations with the Lenders Group. Refer to note 13.

1.2 Basis of consolidation

(a) 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.

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.

(b) Inter-company transactions

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.

(c) Change in ownership interest in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired at the carrying value of the net assets of the subsidiary is recorded in equity. Gains or losses on disposal to non-controlling interests are also recorded in equity.

(d) Non-controlling interests

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.

(e) Investments in subsidiaries

The company accounts for its investments in subsidiaries at cost less any accumulated impairment.
Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

1.3 Foreign currency

(a) 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.

(b) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

(c) 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. Assets and liabilities for each statement of financial position are translated at the closing rate.

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 recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is partially disposed of or sold and results in loss of control, exchange differences that were recognised in equity are recognised in profit or loss as part of the gain or loss on sale.

1.4 Segment 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.

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 and its investments, banking and finance and resources.

1.5 Inventories

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

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 the lower of cost (including development and preparation expenses) and net realisable value.

In certain circumstances, property is repossessed following the foreclosure on property debtors that are in default. Repossessed properties are measured at fair value less costs to sell and reported within inventory. Gain or loss on repossession is recognised in profit or loss.

1.6 Property, plant and equipment

Property, plant and equipment is initially measured at cost.

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.

Land, buildings and aircraft are measured 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 and accumulated in the revaluation reserve. Decreases that off-set previous increases of the same assets and all other decreases are recognised in other comprehensive income and presented in equity.

Each year the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the asset's original cost is transferred from revaluation reserve to retained earnings. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the property's revaluation reserve is transferred directly to retained earnings.

Subsequently, all other categories of property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses.

Assets held under finance lease are depreciated over their expected useful lives on the same bases as owned assets, however when there is no reasonable certainty that ownership will be obtained by the end of their lease term, assets are depreciated over the shorter of the lease term and their useful lives.

The useful life of items of property, plant and equipment have been assessed as follows:

Item	**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 reporting date.

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.

1.7 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 at fair value.

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

1.8 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, and is recognised as part of the 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. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the relevant capitalised amount is written off in the period to profit or loss and other comprehensive income in the period when the new information becomes available.

Once the legal right to explore has been acquired, exploration and evaluation expenditure is recognised in 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.

Revenue realised from sale of mineral resources during the exploration phase is recognised in profit or loss.

1.9 Intangible assets

Intangible assets are initially recognised at cost.

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised as an asset when, it has met the recognition criteria for intangible assets.

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 measured at cost less any accumulated amortisation and any impairment losses.

Amortisation is determined to write down the intangible assets, on a straight-line basis, to their residual values, where relevant, 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 reporting date.

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.

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.

1.10 Financial instruments

Initial recognition

The group and the company classify financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the 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, amounts due to related parties and trade and other payables) are recognised initially at fair value. Subsequently, they are stated at amortised cost using the effective interest rate method. Refer to notes 5, 13 and 14.

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.

1.12 Leases

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

Finance leases – lessee
Finance leases are recognised as assets and liabilities (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 part of other liabilities. 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 cost and reduction of the outstanding liability. The finance cost is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

1.13 Employee benefits

Short-term employee benefits
The cost of short-term employee benefits, are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The expected cost of profit-sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance. There are no other employee benefits, expenses or obligations that are incurred apart from short-term ones.

1.14 Revenue

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

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

The stage of completion of a transaction can be estimated reliably when all of the following conditions are met:
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the group.
- The stage of completion of the transaction at the balance sheet date can be measured reliably.
- The cost incurred for the transaction and the cost to complete the transaction can be measured reliably.

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 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.

Diamonds sales
Revenue from sale of diamonds during the exploration and evaluation period is recognised at the fair value of the consideration received when significant risk and regards of ownership have passed.

1.15 Insurance contracts

(A) Classification of contracts
An insurance contract is a contract under which the insurer accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. All policyholder contracts that transfer significant insurance risk are classified as insurance contracts. Such contracts may also transfer financial risk. Trustco defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are significantly more than the benefits payable if the insured event did not occur.

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

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

- policies which provide legal cover in event of litigation against or in favour of policyholders;
- policies providing lump sum benefits and 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 provide all of the above cover.

Long-term insurance operations
These contracts are valued in terms of the Financial Soundness Valuation (FSV) basis contained in NSAP 104 (a mandatory guidance note issued by the Namibian Society of Actuaries that gives guidance on IFRS making specific reference to the Namibian environment).

The statutory actuary reviews the calculation of the liabilities under long-term insurance contracts and investment contracts annually at reporting date in accordance with prevailing legislation, Generally Accepted Actuarial Standards in Namibia and IFRS as appropriate. The transfers to or from insurance liabilities are accounted for in profit or loss 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 NSAP 104. Any deficiency is immediately recognised in profit or loss and a provision is recognised for losses from the liability adequacy tests.

Investment contracts are initially and thereafter recognised at fair value, with changes in fair value being recognised in profit or loss. The premiums, benefit payments and investment earnings relating to these investment contracts have been excluded from profit or loss 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 FSV (NSAP 104) and IFRS. The underlying philosophy of the FSV 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 NSAP 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 recognising liabilities for unearned premiums, claims incurred, incurred but not reported claims 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 reporting date, 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 claims incurred liability. Claims outstanding comprise an obligation for the estimate of the ultimate cost of settling all claims incurred but unpaid at reporting date whether reported or not, and an appropriate risk margin.

Adjustments to the amounts of claims obligations 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 reporting 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 FSV basis as described in NSAP104, 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 FSV basis containing a discounted cash flow valuation based on best estimates of future cash flows plus margins for adverse deviation as prescribed by NSAP 104 issued by the Namibian Society of Actuaries 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 determined 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.

(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 reporting 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 recognised as deposits to investment contract liabilities.

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

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

1.16 Deemed treasury shares

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

1.17 Events after reporting date

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

1.18 Earnings per share

Basic earnings per share
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 4/2018 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 4/2018 issued by the South African Institute of Chartered Accountants (SAICA).

1.19 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary shares are classified as equity.

If the company reacquires its own equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) on those treasury shares are deducted from equity until the shares are cancelled or reissued. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments. Consideration paid or received shall be recognised directly in equity.

1.20 Finance income and finance expenses

Interest income is recognised in the statement of comprehensive income as it accrues, using the effective interest rate method.

Financing costs comprise interest payable on borrowings, calculated using the effective interest rate method, interest receivable on funds invested and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost.

Figures in Namibia Dollar thousand	2018	2017
2. Cash and cash equivalents	**Group**	
Bank balances	68,942	46,017
Bank overdraft	-	(12,640)
	68,942	**33,377**
The group's available banking facilities and the extent to which they have been used are as follows:		
Available	-	20,000
Utilised	-	12,640

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

	Company	
Bank balances	9,044	3,416

The carrying amount approximates fair value owing to their short-term nature.

3. Advances	**Group**	
Property advances	1,044,842	1,046,206
Student advances	660,953	734,696
Other loans advanced	48,308	37,909
	1,754,103	**1,818,811**
Current assets	272,204	561,980
Non-current assets	1,481,899	1,256,831
	1,754,103	**1,818,811**

Figures in Namibia Dollar thousand	2018	2017
	Group	
Reconciliation of advances		
Advances at beginning of the year	1,818,811	1,184,063
Movements		
Loans advanced (including transaction costs)	41,603	941,912
Payments received	(88,926)	(299,333)
Bad debts written off	(3,559)	(3,000)
Increase in allowance for credit losses	(13,826)	(4,831)
	1,754,103	**1,818,811**
Consisting of:		
Gross advances	1,808,753	1,859,635
Allowance for credit losses	(54,650)	(40,824)
	1,754,103	**1,818,811**
Reconciliation of credit losses		
Opening balance	40,824	35,993
Increase in allowance for credit losses for the year	13,826	4,831
Closing balance	**54,650**	**40,824**

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:

- NAD 344 million (2017: NAD 359 million) loan repayable in 3 instalments (2017: 3 instalments) over a period of 24 months (2017:24 months) at an interest rate of 11.75% pa (2017: 11.75% pa).
- NAD 666 million (2017: NAD 618 million) loan to a property developer and is repayable in 6 instalments (2017: 6 instalments) over 57 months (2017:52 months) with the final repayment date December 2021, at an interest rate of 7.27% pa (2017: 7.27% pa to 11.75% pa).

Property advances - other

The balance of property advances with a carrying amount of NAD 32 million (2017: NAD 69 million) bear interest at rates ranging between 11.75% pa to 13.75% pa (2017: 11.75% pa to 13.75% pa), the average mortgage-type contracts are repayable over an average of 220 (2017: 240) monthly instalments of NAD 0.585 million (2017: NAD 0.585 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 NAD 62.2 million (2017: NAD 32.9 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 credit losses 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 rates ranging between 16.8% - 21.5% pa (2017: 21.5% pa), are unsecured and repayable over periods between 12 and 60 months.

The student advances serve as security for the facilities of Deutsche Investitions- und Entwicklungsgesellschaft (DEG), PROPARCO and African Development Bank Group (AFDB), refer to note 13.

All advances are classified as 'loans and receivables'.

The carrying amounts approximate fair value owing to variable rates that reprice as interest rates change.

Figures in Namibia Dollar thousand	2018	2017

Reconciliation of total gross advances

	Group	
– past due but not impaired	62,203	32,892
– past due and impaired	54,650	40,824
– not past due or impaired	1,691,900	1,785,919
Total gross advances	**1,808,753**	**1,859,635**

4. Trade and other receivables

	Group	
Trade receivables	20,295	1,875
Amounts due by related parties^	-	39,283
Property sales receivables*	587,103	644,555
VAT	39,920	44,517
Other receivables**	37,527	31,995
	684,845	**762,225**

	Company	
Trade receivables	4,313	1,826
VAT	12,826	15,794
	17,139	**17, 620**

*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. Property sales receivables is disclosed net of deferred revenue amounting to NAD 61 million (2017: NAD 59 million).

**Included in other receivables is NAD 30.8 million (2017: NAD 30.8 million) receivable from DexGroup. Refer to note 19.1 for further information.

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

^Amounts due by related parties in the prior year was an amount due by Next Investments (Pty) Ltd (Next). Mining equipment needs to be purchased by 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 at 31 March, 2018, NAD 469 million (2017: NAD 372 million) of property sales receivables relating to sales of erven in Elisenheim are due to be received more than 12 months after the reporting date.

	Group	
Current assets	186,447	389,915
Non- current assets	498,398	372,310
	684,845	**762,225**

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.

The carrying amount approximates fair value owing to variable rates that reprice as interest rates change and due to the short-term nature thereof.

Figures in Namibia Dollar thousand 2018 2017

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

Group	2018	2017
Germinate SL Ltd	-	(2,678)
Next Investments (Pty) Ltd	178,110	-
Riskowitz Value Fund LP	350,084	-
	528,194	**(2,678)**

Total balance is current.

Company	2018	2017
Trustco Finance (Pty) Ltd*	(117,550)	(150,770)
Trustco Capital (Pty) Ltd	5,018	28,251
Trustco Insurance Ltd	(2,093)	(49,644)
Trustco Life Ltd	(8,119)	(76,450)
Trustco Property Holdings (Pty) Ltd	1,198,578	1,162,205
Legal Shield Holdings (Pty) Ltd	1,129,112	(191,805)
Trustco Education (Pty) Ltd	37,290	34,369
Trustco Investment Management Company (Pty) Ltd	(233)	(234)
Trustco Unit Trust Management Company Ltd	(2,559)	(2,560)
Trustco Bank Namibia Ltd	(8,008)	(9,030)
Trustco Group International (Pty) Ltd (Incorp in Republic of South Africa)	-	283
Morse Investments Mauritius	(2,985)	(2,985)
Trustco Mobile Mauritius	3,756	3,756
Elisenheim Property Development Company (Pty) Ltd	80,846	17,386
Trustco Business Developments (Pty) Ltd	226,544	117,807
Trustco Resources (Pty) Ltd	301,359	199,981
Trustco Corporate Management Services (Pty) Ltd	87,298	84,557
Riskowitz Value Fund LP	350,084	-
Next Investments (Pty) Ltd	206,479	-
Trustco Staff Share Incentive Scheme Trust	(12,719)	(12,719)
Trustco Finance (Pty) Ltd-back to back loan with ResponsAbility Management Company SA^	62,500	62,500
	3,534,598	**1,214,898**

Current-assets	556,563	-
Non-current assets	3,132,301	1,711,095
Non-current liabilities	(154,266)	(496,197)
	3,534,598	**1,214,898**
Amounts included elsewhere		
Short term deposits - Trustco Bank Namibia Ltd	-	773
Net inter-group exposure	**3,534,598**	**1,215,671**

Amounts due by Next includes an amount related to the Huso transaction. Mining equipment worth NAD 47.1 million needs to be purchased by NNDC from Next. NNDC is using the mining equipment for its mining operations. In terms of the Huso transaction the group is required to maintain these assets. The capitalised exploration cost of NNDC was NAD 69.5 million (2017: NAD 29.0 million) and was financed by Next. These assets will be transferred to the group on successful conclusion of the transaction which will happen when the mining licence is obtained. NNDC received a notice of preparedness to grant application for mining licence for a period of 15 (fifteen) years in terms of Section 48 (4) of the Minerals Act from the MME on 20 July 2018, (the "Notice"). The Notice is subject to acceptance of the terms and conditions by NNDC within 30 (thirty) days from the date on which the Notice was received.

Next is entitled to charge surety and management fees to Trustco in terms of a signed management agreement between Next and Trustco. The directors of Next waived management and surety fees paid totalling NAD 61.5 million for the year under review. Next repaid NAD 20 million of the management and surety fees after year end with the balance repayable within the next 12 months.

The amount due by Riskowitz Value Fund is the outstanding balance of the Legal Shield Holdings transaction. The balance bears interest at 11.50% p.a 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 reporting date were between 0% to 10% per annum) and have no fixed terms of repayment, other than not being repayable within the next 12 months.

*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 Average Rate (JIBAR 7.358%) plus 8.25% per annum. This loan was interest free to 31 March 2017 and bore interest in the 2018 financial year. Amount is disclosed separately from the amount due to Trustco Finance (Pty) Ltd of NAD 117.6 million (2017: NAD 150.8 million) as there is no current legally enforceable right of set-off between the receivable and the payable.

The carrying amount approximates fair values owing to variable rates that reprice as interest rates change and due to the short term nature thereof.

Figures in Namibia Dollar thousand	2018	2017
	Group	
6. Inventories		
Work in progress	331,674	327,651
Finished goods	38,531	11,627
	370,205	**339,278**

Work in progress relates to real estate. This real estate has been mortgaged as security for the liability described in note 13.

The cost of inventories recognised as an expense and included in cost of sales amounted to NAD 166.7 million (2017: NAD 109.6 million).

No inventories are required to be written down to net realisable value during the reporting date.

7. Property, plant and equipment

Group	2018 Cost or value NAD '000	2018 Accumulated depreciation and impairment loss NAD '000	2018 Carrying value NAD '000	2017 Cost or value NAD '000	2017 Accumulated depreciation and impairment loss NAD '000	2017 Carrying value NAD '000
Land and buildings	168,238	(5,314)	162,924	136,709	(2,728)	133,981
Machinery and equipment	41,722	(27,352)	14,370	34,616	(21,199)	13,417
Motor vehicles	92,828	(22,510)	70,318	75,381	(15,634)	59,747
Office equipment and furniture	13,441	(4,480)	8,961	14,010	(3,646)	10,364
Aircraft	188,929	(19,577)	169,352	228,078	(10,371)	217,707
Computer equipment	35,175	(25,457)	9,718	29,082	(21,707)	7,375
Exploration assets (Vehicles and equipment)	4,303	(736)	3,567	86,791	(2,451)	84,340
Exploration assets (Mining plant)	168,962	(19,467)	149,495	78,961	-	78,961
Exploration assets (Buildings)	3,211	(401)	2,810	3,613	(89)	3,524
Total	**716,809**	**(125,294)**	**591,515**	**687,241**	**(77,825)**	**609,416**

The following capitalised leased assets are included in property, plant and equipment:	2018	2017
Land and buildings	39,410	-
Motor vehicles	45,018	40,049
Exploration assets (vehicles & equipment)	55,448	78,321
Leased assets carrying value	**104,407**	**118,370**

Reconciliation of property, plant and equipment - Group - 2018

	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	Other changes NAD '000	Total NAD '000
Land and buildings	133,981	-	-	39,410	(7,543)	-	(2,924)	-	162,924
Machinery and equipment	13,417	6,336	-	-	-	-	(5,363)	-	14,394
Motor vehicles	59,747	-	(9,565)	28,098	-	-	(7,962)	-	70,318
Office equipment and furniture	10,364	572	-	-	-	-	(1,975)	-	8,961
Computer equipment	7,375	6,341	-	-	-	-	(3,998)	-	9,718
Aircraft	217,707	3,024	-	-	-	-	(9,206)	(42,173)*	169,352
Exploration assets (Mining plant)	78,961	9,532	-	-	-	(19,467)	-	80,469#	149,495
Exploration assets (Buildings)	3,524	-	(313)	-	-	(401)	-	-	2,810
Exploration assets (Vehicles and equipment)	84,340	432	-	-	-	(736)	-	(80,469)#	3,567
	609,416	**26,237**	**(9,878)**	**67,508**	**(7,543)**	**(20,604)**	**(31,448)**	**(42,173)**	**591,515**

*Impairment loss

#Transfers between categories

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**

Property, plant and equipment encumbered as security

Refer to note 13 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 recognised in other comprehensive income and presented in 'revaluation reserves' part of other reserves in equity.

Valuation techniques used to determine fair values

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

Land and buildings 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. The effective date of revaluation was 31 March 2018 (2017: 31 March 2017). 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 2018.

Land and buildings

The properties fair value has been determined based on valuations performed by Gert Hamman Property Valuers CC and CP Marais. The effective date of the revaluations was 31 March 2018 (2017: 31 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.

Impairment loss

The group's aircraft fair value is directly linked to the US dollar. Exchange rate is one of the significant inputs. The movement of the exchange rate of the Namibian dollar to the US dollar from NAD 13.4 to NAD 11.8 resulted in significant reduction in fair value. The amount was recognised as impairment loss in profit or loss as the carrying amount of revaluation reserve was zero in the current year and subsequently the reduction in value was processed into profit or loss. In 2017, the decrease was recognised in revaluation reserve.

The total amount during the period was NAD 42.2 million recognised as an impairment loss in profit or loss.

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 NAD 130 to NAD 500 (2017: NAD 130 to NAD 650) per square metre, depending on space being rented;
- 15% (2017: 15%) expenses have been applied to gross income;
- 5% (2017: 0%) vacancy factor; and
- 8.5% (2017: 8.5%) capitalisation rate.

Sensitivity analysis

The effect of a 1% change in the rental fee and capitalisation rate with all other variables held constant, the group's profit for the year ended 31 March 2018 would decrease/increase by NAD 1.6 million (2017: NAD 1.3 million).

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
Figures in NAD 000	2018	105,953	203,983	309,936
	2017	69,467	210,165	279,632

Land and buildings and aircraft are classified in level three of the fair value hierarchy.

8. Investment property

Reconciliation of investment property - Group - 2018

Figures in NAD 000	Opening balance	Additions	Fair value adjustments	Total
Investment property	1,010,812	247	465,759	1,476,818

Reconciliation of investment property - Group - 2017

Figures in NAD 000	Opening balance	Additions	Total
	816,180	212	1,010,812

Details of investment property

Figures in NAD 000	Valuations 2018	Valuations 2017
Lafrenz development	900,818	615,555
Elisenheim	344,441	310,666
Ondangwa development	26,366	21,785
Farm Herboths	200,000	60,000
Developed rental properties	5,193	2,806
	1,476,818	**1,010,812**

Investment properties' values have been determined based on valuations performed by Gert Hamman Property Valuers CC and CP Marais. The effective date of the revaluations was 31 March 2018 (2017: 31 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 13. 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.

During the year the group obtained approval from City of Windhoek to rezone a portion of the investment property from residential to industrial holdings, resulting in an increase in the selling price per bulk square metre as disclosed below.

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 price NAD 1 300 (2017: NAD 825 to NAD 850) per bulk square metre, depending on services installed and intended usage, based on recent comparable sales;
- 45% - 50% (2017: 45%) factor (of the land holding of the investment property) is applied to make provision for roads and public open spaces, per zoning obligation;
- Costs as a percentage of land selling price:
  - (i) a cost to establish bulk servicing of 28% - 32% (2017: 36% - 39%), based on recent construction costs;
  - (ii) Professional fees of 12% (2017: 12%);
  - (iii) Marketing fee of 4%(2017: 4%); and
  - (iv) Developers' profit of gross capital value of 15% - 20%(2017: 15% - 20%).
- Average erven size of 2 500 sqm (2017: 300sqm); and
- Average development period of 5 years.

(ii) Elisenheim

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 price of NAD 360 (2017: NAD 350) per bulk square metre, based on recent comparable sales;
- 50% (2017: 50%) factor (of the land holding of the investment property) is applied to make provision for roads and public open spaces, per zoning obligations;
- Costs as a percentage of land selling price:
  - (i) a cost to establish bulk servicing of 42% (2017: 43%) based on recent construction costs;
  - (ii) Professional fees of 12% (2017: 12%);
  - (iii) Marketing fee of 4% (2017: 4%); and
  - (iv) Developers' profit of gross capital value of 15% (2017: 16%).
- Average erven size of 5 000 sqm (2017: 5 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 NAD 40 to NAD 425 (2017: NAD 40 and NAD 425) per bulk square metre, depending on services installed and intended usage, based on recent comparable sales;
- 16% factor (of the land holding of the investment property) is applied to make provision for roads and public open spaces, per zoning obligations;
- Costs as a percentage of land selling price:
  - (i) Professional fees of 12% (2017: 12%);
  - (ii) Marketing fee of 4% (2017: 4%);
  - (iii) A cost to establish bulk servicing of 51% (2017: 51%) based on recent construction costs; and
  - (iv) Developers' profit of gross capital value of 20% (2017: 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 valuations were based on the direct sales comparison method in combination with the Land Residual method.

The valuation on undeveloped residential investment properties in Farm Herboths, is done by applying the direct sales comparison method in combination with the Land Residual valuation method and includes the following assumptions (2017: the value was compared to recent sales of farming land):

- land selling price of NAD 30 per bulk square metre (2017: NAD 2 per bulk square metre), depending on services installed and intended usage, based on recent comparable sales;
- 50% factor (of the land holding of the investment property) is applied to make provision for roads and public open spaces, per zoning obligation;
- Costs as a percentage of land selling price:
  - (i) a cost to establish bulk servicing of 28% - 32% based on recent construction costs;
  - (ii) Professional fees of 12%;
  - (iii) Marketing fee of 4%; and
  - (iv) Developers' profit of gross capital value of 15%.
- Average erven size of 5 000 sqm (2017: 5 000 sqm); and
- Average development period of 7 years.

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.

Sensitivity analysis

The effect of a 1% change in the land selling price and developable land with all other variables held constant, the group's profit for the year ended 31 March 2018 would decrease/increase by NAD 26.8 million (2017: NAD 10.1 million).

Investment properties are classified in level three of the fair value hierarchy.

9. Intangible assets

Group	2018			2017		
	Cost NAD '000	Accumulated amortisation NAD '000	Carrying value NAD '000	Cost (Restated) NAD '000	Accumulated amortisation NAD '000	Carrying value NAD '000
Trademarks, licences and patents	64,781	(9,418)	55,363	63,375	(13,517)	49,858
Computer software - Finite life	225,900	(86,829)	139,071	210,411	(60,309)	150,102
Goodwill	268,018	-	268,018	326,831	-	326,831
Total	**558,699**	**(96,247)**	**462,452**	**600,617**	**(73,826)**	**526,791**

Reconciliation of intangible assets - Group - 2018

	Opening balance NAD '000	Additions NAD '000	Other changes** NAD '000	Amortisation NAD '000	Total NAD '000
Trademarks, licences and patents	49,858	9,323	-	(3,818)	55,363
Computer software - Finite life	150,102	8,573	-	(19,604)	139,071
Goodwill	326,831	-	(58,813)	-	268,018
	526,791	**17,896**	**(58,813)**	**(23,422)**	**462,452**

**Foreign currency exchange movement during the year.

Reconciliation of intangible assets - Group - 2017

	Opening balance	Additions	Additions through business combinations	Other change	Disposals	Amortisation	Total
	NAD '000	NAD '000	NAD '000	NAD '000	NAD '000	NAD '000	NAD '000
Trademarks, licences and patents	54,560	887	-	-	(1,369)	(4,220)	49,858
Computer software - Finite life	145,792	25,778	-	-	-	(21,468)	150,102
Goodwill	9,497	-	205,631	111,703*	-	-	326,831
Exploration assets - work in progress	-	52,491	-	(52,491)**	-	-	-
	209,849	**79,159**	**205,631**	**59,212**	**(1,369)**	**(25,688)**	**526,791**

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 proprietary trademarks acquired.

The two cash generating units identified by the group were:

a) 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 NAD 9.5 million (2017: NAD 9.5 million).

b) Mining Operations - Meya Mining Ltd
Goodwill of NAD 258.5 million (2017: NAD 317.3 million) arose from the acquisition of Meya 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% (2017: 15%);
• Discount rate of 6.86% (2017: 6.86%);
• Cost of sales growth of 15% (2017: 15%); and
• Operating expenditure growth of 15% (2017: 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 provisional accounting of the acquisition of Meya was finalised in the year under review and the provisional numbers used in the 2017 financial year were restated. Goodwill and contingent consideration disclosed under intangible assets and trade and other payables respectively, were increased by NAD 111.7 million. Restatement was done within the business combinations measurement period.

The business combination disclosures for the acquisition of Meya were disclosed in 2017 financial results.

**Exploration assets were reclassified to evaluation and exploration assets. Refer to note 10.

10. Evaluation and exploration assets

Group	2018			2017		
	Cost NAD '000	Accumulated amortisation NAD '000	Carrying value NAD '000	Cost NAD '000	Accumulated amortisation NAD '000	Carrying value NAD '000
Evaluation and exploration assets	278,638	-	278,638	52,491	-	52,491

Reconciliation of evaluation and exploration assets: 2018

	Opening balance NAD '000	Additions NAD '000	Total NAD '000
Evaluation and exploration assets	52,491	226,147	278,638

Reconciliation of evaluation and exploration assets: 2017

	Opening balance NAD '000	Non-cash additions NAD '000	Total NAD '000
Evaluation and exploration assets	-	52,491	52,491

Evaluation and exploration assets were reclassified from intangible assets during the period under review to better reflect the financial position of the group. Evaluation and exploration assets will be depreciated when the group has transitioned to commercial production.

11. Investment in subsidiaries

	Company	
	Carrying amount 2018 NAD '000	Carrying amount 2017 NAD '000
Legal Shield Holdings (Pty) Ltd	745,161	931,451
Trustco Bank Namibia Ltd**	157,988	67,000
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*	-	-
	903,149	**998,451**

Refer to note 10 of the directors' report for further information on company's shareholding in subsidiaries.
*The carrying amount of the subsidiary is NAD 100.
**The company made a further capital injection in Trustco Bank of NAD 91 million(2017: NAD 20 million).

On 24 November 2017, Trustco entered into an agreement with the Riskowitz Value Fund in terms of which the Trustco disposed of 20% of its interest in Legal Shield Holdings for a purchase price of NAD 1.2 billion (One Billion Two Hundred Million Namibia Dollars). Refer to note 21 for further information. At reporting date the purchase consideration was partly settled, refer to note 5 for the balance outstanding.

12. Deferred tax assets and (liabilities)

	Group 2018			Group 2017		
	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	(63,335)	(2,875)	(66,210)	(70,729)	7,394	(63,335)
Land	(16)	-	(16)	(17)	1	(16)
Inventory	(25,335)	(2,429)	(27,764)	(28,519)	3,184	(25,335)
Investment properties	(11,596)	(2,518)	(14,114)	(8,316)	(3,280)	(11,596)
Intangible assets	(4,140)	368	(3,772)	(5,100)	960	(4,140)
Finance lease liability	7,026	1,523	8,549	7,166	(140)	7,026
Prepayment	(3,813)	1,995	(1,818)	(1,806)	(2,007)	(3,813)
Property receivables	(221,903)	(12,900)	(234,803)	(278,378)	56,475	(221,903)
Allowance for credit losses	49	-	49	49	-	49
Income received in advance	36,660	18,908	55,568	18,738	17,922	36,660
Accruals for leave paid and bonuses	2,908	(681)	2,227	1,100	1,808	2,908
Foreign currency translation	430	11,931	12,361	3,722	(3,292)	430
Deferred tax on assessed loss	69,096	51,737	120,833	176,606	(107,510)	69,096
	(213,969)	**65,059**	**(148,910)**	**(185,484)**	**(28,485)**	**(213,969)**

	Company 2018			Company 2017		
	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
Prepayment	(1,584)	(1,005)	(2,589)	(1,584)	-	(1,584)
Deferred tax on assessed loss	38,715	150	38,865	38,715	-	38,715
	37,131	**(855)**	**36,276**	**37,131**	**-**	**37,131**

Figures in Namibia Dollar thousand	2018	2017
	Group	
Reconciliation of deferred tax asset / (liability)		
At beginning of year	(213,969)	(185,484)
Movements during the year in profit or loss	50,732	(32,941)
Movements for the year in other comprehensive income	14,327	4,456
	(148,910)	**(213,969)**
Deferred tax assets	150,656	94,718
Deferred tax liabilities	(299,566)	(308,687)
	(148,910)	**(213,969)**

Figures in Namibia Dollar thousand	2018	2017

Reconciliation of deferred tax asset

	Company	
At beginning of year	37,131	37,131
Movements during the year in profit or loss	(855)	-
	36,276	**37,131**

The group believes that assessed losses will be utilised through the generation of future taxable income. The entities in an assessed loss position are expected to fully utilise these tax benefits through tax planning opportunities in the near future.

13. Borrowings

	Group	
Held at amortised cost		
Term loans	1,011,303	1,186,020
Listed bonds	30,564	159,057
Asset backed financing arrangements	210,598	221,863
Mortgage bonds	80,086	90,505
	1,332,551	**1,657,445**
Non-current portion	542,144	1,213,319
Current portion	790,407	444,126
	1,332,551	**1,657,445**

	Company	
Held at amortised cost		
Term loans	566,174	592,788
Listed bonds	30,564	159,057
	596,738	**751,845**
Non-current portion	-	536,669
Current portion	596,738	215,176
	596,738	**751,845**

At reporting date the group and company was in breach of the historic debt service cover ratio and the long term debt to EBITDA ratio. The carrying amount of related loans was NAD 596.7 million. The breach did result in borrowings being contractually due at short notice thus borrowings were recognised as current liabilities. The breach was not remedied or the terms of the loans renegotiated before the financial statements were authorised for issue.

Negotiations however commenced after the reporting date as described in the going concern note of the director's report (also refer to notes 1.1.2 (b) and 37).

Group

		Loan value		Instalment paid per annum		Interest rate	
	Year of loan value maturity	2018 NAD '000	2017 NAD '000	2018 NAD '000	2017 NAD '000	2018 %	2017 %
Term loans	2017 - 2026	1,011,303	1,186,020	225,889	260,766	10.30	12.00
Listed bonds	2017 - 2019	30,564	159,057	141,337	135,877	12.40	11.58
Asset backed financing arrangements	2017 - 2021	210,598	221,863	51,648	31,726	10.50	10.75
Mortgage bonds	2017 - 2029	80,086	90,505	11,494	9,284	10.50	10.75
		1,332,551	**1,657,445**	**430,363**	**437,653**		

Company

	Year of loan value maturity	Loan value 2018 NAD '000	Loan value 2017 NAD '000	Instalment paid per annum 2018 NAD '000	Instalment paid per annum 2017 NAD '000	Interest rate 2018 %	Interest rate 2017 %
Term loans	2017- 2026	566,174	592,788	89,672	56,351	10.30	12.00
Listed bonds	2017 - 2019	30,564	159,057	141,337	135,877	12.40	11.58
		596,738	**751,845**	**231,009**	**192,231**		

Asset backed financing arrangements
Asset backed financing arrangements are secured over aircraft with a carrying amount of NAD 169.3 million (2017: NAD 217.7 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, NAD 962 million (2017: NAD 800 million) of NAD 1 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 borrowings:

- Unlimited surety by Dr Q van Rooyen & C van Rooyen in favour of Bank Windhoek Ltd;
- Second cession by Trustco Finance (Pty) Ltd of the Trustco Finance Student Advances Book, to be shared pari passu with the AFDB, DEG and PROPARCO;
- Shares pledged by Dr Q van Rooyen & C van Rooyen to serve as security for Standard Bank Namibia Ltd loan, the loan has been repaid and the security will be released after reporting period;
- Shares pledged by Dr Q van Rooyen & C van Rooyen to serve as security for the asset backed financing arrangments from the Inselberg Trust;
- Unlimited surety by Dr Q van Rooyen & C van Rooyen in favour of Standard Bank Namibia Ltd;
- The mortgage loans are secured over land and buildings and investment properties with carrying values of NAD126.0 million (2017: NAD 134 million) and NAD 21.5 million (2017: NAD 64.5 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 NAD 344.4 million (2017: NAD 310.7 million) and real estate inventory with a carrying value of NAD 296.5 million (2017: NAD 286.9 million);
- Unlimited suretyship by the company, Trustco Education (Pty) Ltd and Institute for Open Learning (Pty) Ltd for Development Bank of Namibia's loan;
- Unlimited suretyship in favour of Bank Windhoek Ltd provided by Elisenheim Property Development Company (Pty) Ltd;
- 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.

Summary of assets provided as security for the group:
(NAD '000)

	2018	2017
Property, plant and equipment	126,000	134,000
Investment properties	366,000	375,000
Advances	611,000	704,000
Inventory	297,000	287,000
	1,400,000	**1,500,000**

Total value of security pledged by the managing director on which the group reimburses him for suretyship in accordance with the management fee agreement was NAD 1,972.5 million (2017: NAD 812.4 million).

Unutilised committed borrowings
As at 31 March, there were no borrowing facilities not yet fully utilised or undrawn (2017: NAD 391 million).

Figures in Namibia Dollar thousand	2018	2017

14. Trade and other payables

	Group	
Trade payables	66,022	33,400
VAT	8,213	4,911
Contingent consideration* (restated)	258,521	303,195
Deferred share payment**	-	180,312
Other payables	66,339	67,398
Employee fund	31,204	-
	430,279	**589,216**

Current liabilities	430,279	286,022
Non-current liabilities	-	191,491
	430,279	**477,513**

	Company	
Trade payables	4,102	5,602
Deferred share payment**	-	180,312
Other payables	1,892	6,633
	5,994	**192,547**
Current liabilities	5,994	192,547

* The amount, USD 25 million, arose from the purchase of Meya Mining Ltd in the 2017 financial year. In 2017, the fair value was based on significant inputs that were not observable in the market, key assumptions being a discount rate of 6.86% and an assumed probability of payment of 60%. With the positive results from the evaluation of the mineral resource at the mine, the group is 95% certain that the amount will be paid. Refer to note 9 for further information about Meya provisional accounting.

** Refer to note 18 for further information.

The carrying amount approximates the fair values as they primarily comprise variable rates that reprice as interest rates change.

Figures in Namibia Dollar thousand	2018	2017

15. Insurance contract liabilities

	Group	
Long-term insurance contracts	48,455	73,944
Short-term insurance contracts	14,602	20,406
	63,057	**94,350**

A) Long-term insurance contracts

Claims incurred	919	1,168
Unearned premium reserve	6,329	4,223
Policyholders' liability under insurance contracts	41,207	68,553
	48,455	**73,944**

Reconciliation of long-term insurance contract liabilities - Group - 2018

	Opening balance	Movement	Total
Claims incurred	1,168	(249)	919
Unearned premium reserve	4,223	2,106	6,329
Policyholders' liability under insurance contracts	68,553	(27,346)	41,207
	73,944	**(25,489)**	**48,455**

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

	Opening balance	Movement	Total
Claims incurred	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**

B) Short-term insurance contracts

IBNR	2,222	2,476
Claims incurred	4,682	10,463
Unearned premium reserve	7,698	7,467
	14,602	**20,406**

Reconciliation of short-term insurance contract liabilities - Group - 2018

	Opening balance	Movement	Total
IBNR	2,476	(254)	2,222
Claims incurred	10,463	(5,781)	4,682
Unearned premium reserve	7,467	231	7,698
	20,406	**(5,804)**	**14,602**

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

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

Solvency margin

Solvency margin of Trustco Insurance Ltd	49.7 %	36.5 %

The solvency margin represents shareholders' interest of NAD 27.5 million (2017: NAD 22.1 million) expressed as a percentage of net premium income of NAD 55.3 million (2017: NAD 60.6 million) for the year under review.

Assumptions and estimates (Short-term insurance)

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

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 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 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 NSAP 104, plus additional discretionary margins determined by the statutory actuary. The compulsory margins are summarised as follows:

Assumptions	Additional variables	Compulsory margin
Investment earnings	3.9% per annum (2017: 0.84%)	Investment earnings assumption was increased or decreased by 0.25% depending on which gives the higher liability
Expense Inflation	Expected inflation 5.9% (2017: 6.43%)	10% loading on the expense inflation assumption
Mortality	Assumptions for HIV related mortality and non HIV related mortality were decreased by 10% and 30 % respectively	Assumption was decreased by 7.5% for annuities and increased for all other classes of 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 disease 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 SAN* guidance.

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

Changes in assumptions

The valuation basis was changed based on the most recent experience investigations.

- Interest was increased from 0.84% p.a. to 3.9% p.a.
- Inflation was decreased from 6.34%p.a. to 5.9% p.a.
- The mortality assumption for the funeral business was decreased.

Overall these changes resulted in a reduction in the actuarial liabilities of NAD 8.3 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:

	2018 NAD '000	2017 NAD '000
Excess of assets over liabilities	1,052,059	1,002,672
Minimum statutory requirement	4,000	4,000
SAN Capital adequacy benchmark*	26,176	55,328
CAR ratio	4,019 %	1,812 %

* Note that the Namibian Society of Actuaries (SAN) CAR is not a requirement of the Act, it is based on SAN's NSAP104.

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 SAN. 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 (NAMFISA) 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 reporting 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 available cash resources from claims arising. Liabilities are matched by appropriate assets and the operations have significant liquid resources to cover obligations.

Figures in Namibia Dollar thousand	2018	2017

16. Other liabilities

	Group	
Lease liabilities	71,760	82,609
Lease liabilities		
Minimum lease payments due:		
• Within one year	24,569	59,677
• In second to fifth year inclusive	55,677	34,094
	80,246	93,771
Less: future finance cost	(8,486)	(11,162)
	71,760	**82,609**
Current portion	20,913	45,907
Non-current portion	50,847	36,702
	71,760	**82,609**

The lease liabilities bear interest at rates ranging between 8.25% to 12.75% pa (2017: 8.25% to 12.75% pa), and average monthly instalments of NAD 1.1 million (2017: NAD 1.1 million).

17. Share capital

	Group/Company	
Authorised		
2,500,000,000 Ordinary shares of NAD 0.23 each	**575,000**	**575,000**
Issued and fully paid		
Ordinary	190,245	177,595
Share premium	267,400	46,300
	457,645	**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. 827 142 090 shares were issued and outstanding on 31 March 2018.

The company entered into a convertible equity loan agreement with Riskowitz Value Fund dated 6 July 2017. In terms of the agreement, Riskowitz Value Fund advanced the company NAD 250 000 000 to be converted into 58 823 529 ordinary shares of the company at a conversion price of NAD 4.25. Trustco issued 55 000 000 ordinary shares on 30 October 2017 to Riskowitz Value Fund. The shares were issued at par value of NAD 0.23 per share and a premium of NAD 4.02. The shares were listed on the JSE in compliance with Schedule 6 of the Listings Requirements and the issue was duly approved by the shareholders on 26 October 2017.

At the reporting date, Trustco is still to issue 3.8 million shares to Riskowitz Value Fund.

18. Deemed treasury shares

	Group			
	Number of shares		Value of shares	
	2018 ‘000	**2017 ‘000**	**2018 NAD ‘000**	**2017 NAD ‘000**
Open market purchase of shares	**44,993**	**42,033**	**200,804**	**178,358**

18. Deemed treasury shares

	Company			
	Number of shares		Value of shares	
	2018 '000	2017 '000	2018 NAD '000	2017 NAD '000
Open market purchase of shares	**7,203**	**42,033**	**23,446**	**178,358**

On 15 February 2017, the company acquired 41,806,778 treasury shares at price of NAD 4.80. Settlement of the purchase consideration of NAD 200,672,534 was deferred to 31 January 2018 on which date the purchase consideration was settled. The company disposed of 37.8 million shares for NAD 197.6 million to Legal Shield Holdings (subsidiary).

The company (Trustco Group Holdings Ltd) purchased 2 959 858 treasury shares at an average price of NAD 7.58 during the year under review. As at the reporting date, the market value of treasury shares was NAD 400 million.

Figures in Namibia Dollar thousand	2018	2017
	Group	
19. Other reserves		
Foreign currency translation reserve	(12,413)	1,145
Convertible financial instrument	16,250	-
Revaluation reserve	23,942	29,071
Contingency reserve	2,178	2,683
Share for vendors	14,976	14,976
	44,933	**47,875**
	Company	
Convertible financial instrument	16,250	-
Share for vendors	14,976	14,976
	31,226	**14,976**
19.1 Shares for vendors	**Group/Company**	
Balance at beginning and end of year	**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 NAD 20 million in cash upfront and a further NAD 45 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 NAD 19.4 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 in various legal proceedings. The group's accounting policies require that this amount is not netted off against the outstanding receivables.

19.2 Revaluation reserve	**Group**	
Balance at beginning of year	29,071	77,258
Revaluation of property, plant and equipment	(7,543)	(32,494)
Release of revaluation reserve to distributable reserve	-	(24,283)
Deferred tax on revaluation	2,414	8,590
	23,942	**29,071**

Figures in Namibia Dollar thousand | 2018 | 2017

The revaluation reserve relates to 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.

19.3 Convertible financial instrument	**Group/Company**	
Convertible financial instrument	**16,250**	**-**

The company (Trustco Group Holdings Ltd) entered into a convertible loan agreement with Riskowitz Value Fund (Fund) dated 6 July 2017. In terms of the agreement, the Fund advanced Trustco NAD 250 000 000 (two hundred and fifty million). The loan was converted into 55,000,000 ordinary shares of the company at a conversion price of NAD 4.25. A balance of 3,823,529 shares are to be issued by the company.

20. Non-controlling interest	**Group**	
Opening balance	7	-
Total comprehensive income (Meya Mining)	86,074	-
Non-controlling interest from purchase of Meya Mining	-	7
Non-controlling interest from sale of Legal Shield Holdings	351,875	-
	437,956	**7**

As the effective date of sale of Legal Shield Holdings was 29 March 2018, the net profit was immaterial and no adjustment to comprehensive income was made.

Profit or loss and each component of other comprehensive income attributable to the non-controlling interests is allocated based on shareholding, even if the carrying amount of the non-controlling interests is in a deficit balance.

21. Transaction with non-controlling interest

On 24 November 2017, Trustco entered into an agreement with the Riskowitz Value Fund in terms of which the Trustco sold of 20% of its interest in Legal Shield Holdings for a purchase price of NAD 1.2 billion (One Billion Two Hundred Million Namibia Dollars).

The following table summarises the details of the transaction:

Selling price	1,200,000
Net asset value 20% shareholding	(351,875)
Transaction with non-controlling interest	**848,125**

At the reporting date the purchase consideration was partly settled, refer to note 5 for the balance outstanding.

Figures in Namibia Dollar thousand	2018	2017

22. Revenue

	Group	
Insurance premium revenue	133,154	153,726
Property sales*	166,750	770,039
Tuition and other related fees	52,668	80,068
Interest earned on student advances	148,810	160,237
Interest earned on property advances	-	39,681
Diamond sales	275,407	-
Other revenue	24,150	43,011
Total revenue	**800,939**	**1,246,762**

	Company	
Management fees	40,424	19,500
Dividends	1,100,000	-
Total revenue	**1,140,424**	**19,500**

*During the year, the group recognised NIL (2017: NAD 10.6 million) revenue on the construction of infrastructure on 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.

23. Claims and benefits paid on insurance contracts

	Group	
Long-term insurance contracts		
Death claims paid	55,982	18,223
Change in claims incurred liability	(249)	576
Transfer to policyholders' liabilities	(27,346)	15,794
	28,387	**34,593**
Short-term insurance contracts		
Claims paid out	12,089	12,793
Increase in IBNR	(254)	(101)
Change in claims incurred liability	(5,781)	1,007
	6,054	**13,699**
Total claims	**34,441**	**48,292**

24. Profit before tax

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

	Group	
Employee costs	179,927	151,130
Profit on foreign exchange differences	(317)	(25,179)
Auditors' remuneration - audit fees	6,539	6,408
(Profit)/loss on disposal of property, plant and equipment	(1,832)	18,393
Impairment of property, plant and equipment	42,173	-
Impairment of loans and receivables	3,559	3,000
Increase in allowance for credit losses on student advances	13,826	4,831

	Company	
Employee costs	1,313	10,852
Profit on foreign exchange differences	-	(15,683)
Auditors' remuneration - audit fees	1,919	1,191

25. Directors' emoluments

2018 **Holding company**	Number of shares '000	Market value of shares NAD'000	Basic NAD'000	Other benefits NAD'000	Directors' fees NAD'000	Total NAD'000
Executive directors						
Q van Rooyen**	392,554	3,434,849	-	-	-	-
FJ Abrahams*	1,437	12,575	2,101	352	-	2,453
	393,991	**3,447,424**	**2,101**	**352**	**-**	**2,453**
Non-executive directors						
W Geyser	98	857	-	-	309	309
Adv. R Heathcote	1,336	11,691	-	-	528	528
J Mahlangu (resigned 22.04.18)	-	-	-	-	187	187
R Taljaard	23	200	-	-	260	260
Prof LJ Weldon (appointed 26.04.18)	-	-	-	-	-	-
KN van Niekerk (appointed 26.04.18)	-	-	-	-	-	-
	1,457	**12,748**	**-**	**-**	**1,284**	**1,284**
Subsidiary company directors						
A Lambert*	232	2,034	824	323	-	1,147
E Janse van Rensburg*	814	7,122	1,541	505	-	2,046
Q Z van Rooyen**	-	-	-	-	-	-
I Calitz	162	1,416	783	148	-	931
T Slabbert	406	3,555	1,438	209	-	1,647
K Fick	-	-	1,315	86	-	1,401
A Brand (appointed 01.04.17)	67	586	846	144	-	990
J Jacobs (appointed 01.04.17)	-	-	3,166	429	-	3,595
J Joubert (appointed 01.04.17)	836	7,315	-	201	2,400	2,601
	2,517	**22,028**	**9,913**	**2,045**	**2,400**	**14,358**
Non-executive directors of subsidiary boards						
W Geyser	-	-	-	-	602	602
R Taljaard	-	-	-	-	288	288
T Newton	-	-	-	-	318	318
N J Tshitayi (resigned 22.04.18)	-	-	-	-	144	144
J van Heerden (appointed 26.04.18)	-	-	-	-	-	-
S Similo	-	-	-	-	134	134
Prof LJ Weldon (appointed 26.04.18)	-	-	-	-	-	-
KN van Niekerk (appointed 26.04.18)	-	-	-	-	-	-
	-	**-**	**-**	**-**	**1,486**	**1,486**
Total	**397,965**	**3,482,200**	**12,014**	**2,397**	**5,170**	**19,581**

From reporting date to the date of this report, there have been trades by directors as follows:
- W J Geyser acquired NIL (2017: 57 799 shares);
- T J Slabbert acquired NIL (2017: 14 139 shares);
- F J Abrahams acquired 14, 444 (2017: 5 822 shares);
- R J Taljaard acquired NIL (2017: 4 630 shares); and
- E Janse van Rensburg acquired NIL (2017: 46 230 shares).

* Sabbatical leave included in other benefits.
** Refer to note 7 of the directors' report for the remuneration arrangement of Group Managing Director and Deputy Managing Director.

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% p.a. of all outstanding suretyships on a quarterly basis.

At 31 March 2018, the value of surety pledged was NAD 1,972.5 million (2017: NAD 812.4 million).

During 2018, the group paid Next a management fee of NAD nil (2017: NAD 14.4 million) and guarantee fee of NAD nil (2017: NAD 21.7 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.

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**

Figures in Namibia Dollar thousand	2018	2017
	Group	

26. Investment income

	2018	2017
Interest on investments and external party balances	9,409	432
Other Income*	1,096	30,535
Fair value gains on investment property**	463,795	194,500
Interest on related party balances	6,494	-
	480,794	**225,467**
Investment income, analysed by category of financial assets is as follows:		
Loans and receivables	**9,409**	**432**

	2018	2017
Fair value gains from investment properties can be reconciled as follows:		
**Fair value gains - insurance company assets	463,795	194,500
Fair value gains/(loss) - other companies (included in other income)	1,964	(80)
Total fair value gains (refer to note 8)	**465,759**	**194,420**

Company

	2018	2017
Interest on related party balances	151,465	76,768
Investments and external party balances	3,797	1,027
Other Income*	-	15,753
Profit on disposal of investment	1,013,710	-
	1,168,972	**93,548**
Investment income, analysed by category of financial assets is as follows:		
Loans and receivables	**155,262**	**77,795**

* Included in other income are foreign currency translation gains on financial assets of NAD 2.2 million (2017: NAD 25.2 million) for the group and NAD nil (2017: NAD 15.6 million) for the company.

27. Finance costs

Group

	2018	2017
Bank overdraft	3,864	3,859
Long-term borrowings	182,100	165,523
Finance leases	2,917	4,287
	188,881	**173,669**

Company

	2018	2017
Bank overdraft	105	78
Long-term borrowings	123,776	69,012
	123,881	**69,090**

Figures in Namibia Dollar thousand	2018	2017
	Group	

28. Tax

Major components of the tax expense (benefit)

Current		
Local income tax	17,472	17,959
Foreign income tax	1,289	625
	18,761	**18,584**
Deferred		
Originating and reversing temporary differences - local tax	(50,730)	32,941
Income tax (benefit) / expense	**(31,971)**	**51,525**

Tax recognised in other comprehensive income

Income tax relating to items that will not be reclassified	2,414	8,590
Income tax relating to items that may be reclassified	11,913	(4,134)
	14,327	**4,456**

Reconciliation of the income tax expense

Reconciliation between applicable tax rate and average effective tax rate.	%	%
Applicable tax rate	32.00	32.00
Tax for the year as a percentage of profit before tax	(13.23)	8.86
Non-taxable income from Long-term Insurance operations	4.37	2.44
Effect of foreign tax rate differential	0.03	0.49
Losses for which no deferred tax asset was recognised*	(57.32)	(24.50)
Non-taxable income and capital income	36.47	34.01
Non-taxable gains on fair value adjustments	61.68	10.70
	32.00	**32.00**

	Company	
Major components of income tax benefit		
Deferred tax	855	-

Figures in Namibia Dollar thousand	2018	2017
	Company	

Reconciliation of the income tax expense

Reconciliation between applicable tax rate and average effective tax rate.	%	%
Applicable tax rate	32.00	32.00
Tax for the year as a percentage of profit before tax	(0.04)	-
Losses for which no deferred tax asset was recognised*	(0.48)	(17.90)
Non-taxable income and capital income	32.52	49.90
	32.00	**32.00**

The group has an estimated tax loss of NAD 867.3 million (2017: NAD 705.7 million) available for set off against future taxable income. The company has a tax loss of NAD 206.8 million (2017: NAD 246.1 million) available for set off against future taxable income. Deferred tax was not raised for the tax losses of NAD 651.7 million and NAD 86.1 (2017: NAD 489.7 million and NAD 42.4 million) for the group and the company respectively.

29. Earnings, headline earnings and dividends per share

Basic earnings per share	Group	
Reconciliation of profit or loss for the period to basic earnings		
Profit or loss for the period attributable to equity holders of the parent	178,830	529,952
Headline earnings		
Profit attributable to ordinary shareholders	178,830	529,952
Adjustments		
(Profit)/loss on disposal of property, plant and equipment	(1,832)	18,393
Fair value adjustments on investment properties*	(1,964)	80
Impairment of property, plant and equipment	42,173	-
Tax effect thereon	(12,359)	(5,908)
Headline earnings	**204,848**	**542,517**
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)	753,322	766,785
Adjusted for		
Shares issuable as a result of convertible equity loan ('000)	3,824	-
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)	**762,068**	**771,707**

* Refer to note 26. Fair value gains on investment properties held by insurance companies are not deducted when calculating headline earnings.

Figures in Namibia Dollar thousand	2018	2017
	Group	
Basic earnings per share (cents)	23.74	69.11
Diluted earnings per share (cents)	23.47	68.67
Headline earnings per share (cents)	27.19	70.75
Diluted headline earnings per share (cents)	26.88	70.30

Dividends per share

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

During the year under review normal dividends of nil cents per share (2017: 5.00 cents) amounting to a total of NAD nil (2017: NAD33.1 million) were declared and paid by the company.

30. Cash (utilised in) / generated from operations	**Group**	
Profit before tax	241,657	581,477
Adjustments for		
Depreciation and amortisation	54,870	54,492
(Profit)/loss on disposal of property, plant and equipment	(1,832)	18,393
Gains on foreign exchange differences	(316)	(25,179)
Investment income	(9,409)	(432)
Finance costs	188,881	173,668
Fair value adjustments	(465,759)	(194,420)
Impairment of loans and receivables	17,385	7,831
Impairment loss	42,173	-
(Decrease)/increase in insurance contract liabilities	(3,947)	3,191
(Decrease)/increase in policyholders' liability under insurance contracts	(27,346)	15,794
Other non-cash items	(3,359)	16,511
Cash generated by operations before working capital changes	32,998	651,326
Changes in working capital		
Inventories	(30,927)	(11,659)
Trade and other receivables	77,380	3,724
Trade and other payables	(100,124)	(211,351)
Changes in working capital	(53,671)	(219, 286)
	(20,673)	**432,040**

Figures in Namibia Dollar thousand	2018	2017
	Company	

30. Cash utilised in operations

Profit before tax	2,146,016	(28,042)
Adjustments for		
Gains on foreign exchange differences	-	(15,683)
Investment income	(155,262)	(77,795)
Finance costs	123,881	69,090
Profit on disposal of investment	(1,013,710)	-
Dividends received	(1,100,000)	-
Cash generated by operations / (utilised in) before working capital changes	925	(52,430)
Changes in working capital		
Trade and other receivables	481	76
Trade and other payables	(186,553)	(66,576)
Changes in working capital	(186,072)	(66,500)
	(185,147)	**(118,930)**

31. Tax paid

	Group	
Balance outstanding at beginning of year		
- Current tax assets	(7,534)	(7,496)
- Current tax liabilities	28,018	10,257
	20,484	**2,761**
Current tax for the period recognised in profit or loss	18,761	18,584
Balance outstanding at end of year		
- Current tax assets	6,004	7,534
- Current tax liabilities	(8,938)	(28,018)
	36,311	**861**

32. Reconciliation of liabilities arising from financing

Group

2018 NAD '000	Opening balance	New leases	Other non cash flow items	Cash flows related to operations	Sub total	Cash flows related to financing	Closing balance
Borrowings	1,657,445	-	-	(128,618)	1,528,827	(196,276)	1,332,551
Other liabilities	82,609	67,508	-	-	150,117	(78,357)	71,760
	1,740,054	**67,508**	**-**	**(128,618)**	**1,678,944**	**(274,633)**	**1,404,311**

2017							
Borrowings	1,104,695	-	54,604	308,810	1,468,109	189,336	1,657,445
Other liabilities	42,038	92,950	-	-	134,988	(52,379)	82,609
	1,146,733	**92,950**	**54,604**	**308,810**	**1,603,097**	**136,957**	**1,740,054**

Company

2018 NAD '000	Opening balance	Other non cash flow items	Sub total	Cash flows related to financing	Closing balance
Borrowings	751,845	-	751,845	(155,107)	596,738
Amounts due to related parties	496,197	-	496,197	(341,931)	154,266
	1,248,042	**-**	**1,248,042**	**(497,038)**	**751,004**

2017					
Borrowings	285,587	(15,683)	269,904	481,941	751,845
Amounts due to related parties	219,574	-	219,574	276,623	496,197
	505,161	**(15,683)**	**489,478**	**758,564**	**1,248,042**

33. Related parties

The group is controlled by Q van Rooyen who owns 47.5% (2017: 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 Re-insure Ltd
Farm Herboths (Pty) Ltd
Institute for Open Learning VTC (Pty) Ltd
ICE Insurance Claims Exchange (Pty) Ltd [1]
Trustco Tourism Holdings (Pty) Ltd
Institute for Open Learning (Pty) Ltd
Sunda Island Investments (Pty) Ltd
Komada Holdings (Pty) Ltd
Trustco Construction Services (Pty) Ltd
Legal Shield Holdings (Pty) Ltd
New Adventure Insurance Brokers (Pty) Ltd [1]
November Properties (Pty) Ltd
Meya Mining Ltd [2]
Morse Investments Mauritius [2]
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 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 [1]
Trustco Fleet Management Services (Pty) Ltd
Trustco Group International (Pty) Ltd [1]
Trustco Informatix (Pty) Ltd [1]
Trustco Insurance Ltd
Morse Investments Mauritius [2]
Trustco Intermediary Solutions (Pty) Ltd [1]
Trustco Life Ltd
Northern Industrial Estates (Pty) Ltd
Trustco Group International (Pty) Ltd
Trustco Business Developments (Pty) Ltd
Trustco Corporate Management Services (Pty) Ltd
Trustco Mobile Mauritius [2]

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
Le Hugo Investments [2]
Dolphin View 50 Langstrand (Pty) Ltd

Other related entities

Germinate SL Ltd [3]
Trustco Senior Employees Trust
Trustco Staff Share Incentive Scheme Trust
Riskowitz Value Fund LP [4]

1. inc. in Republic of South Africa
2. inc. in Republic of Mauritius
3. inc. in Republic of Sierra Leone
4. inc. in United States of America

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

Figures in Namibia Dollar thousand	2018	2017
	Group	
Related party transactions		
Interest received from related parties		
Riskowitz Value Fund LP	6,494	-
Sales to related parties		
Next Investments (Pty) Ltd^	2,715	1,367
Northern Namibia Development Company (Pty) Ltd^	2,527	2,001
Portsmut Hunting Safaris (Pty) Ltd^	313	467
Morse Investments (Pty) Ltd^	130	5
Management fees (paid to)/received from related parties		
Next Investments (Pty) Ltd^	-	(14,407)
Guarantee fee paid to related parties		
Next Investments (Pty) Ltd^	-	(21,694)

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

	2018	2017
	Company	
Related party transactions		
Interest received from / (paid to) related parties		
Trustco Capital (Pty) Ltd*	321	21,820
Trustco Property Holdings (Pty) Ltd *	-	54,948
Riskowitz Value Fund LP	6,494	-
Trustco Finance (Pty) Ltd*	(16,720)	-
Trustco Property Holdings (Pty) Ltd*	96,242	-
Trustco Business Developments (Pty) Ltd**	14,038	-
Elisenheim Property Development Company (Pty) Ltd*	4,005	-
Trustco Resources (Pty) Ltd*	20,438	-
Trustco Education (Pty) Ltd*	2,921	-
Trustco Corporate Management Services (Pty) Ltd*	7,006	-
Sales to related parties		
Trustco Administration and Support Services (Pty) Ltd*	5,840	8,800
Trustco Group International (Pty) Ltd*	17,422	6,400
Elisenheim Property Development Company (Pty) Ltd*	2,617	-
Trustco Resources (Pty) Ltd*	7,170	-
Trustco Capital (Pty) Ltd*	2,503	-
Trustco Insurance Ltd*	-	4,300

Figures in Namibia Dollar thousand	2018	2017
	Company	
Purchases from related parties		
Trustco Newspapers (Pty) Ltd*	(691)	(1,206)
Trustco Mixed Marketing (Pty) Ltd*	(1,262)	-
Trustco Air Services (Pty) Ltd*	(1,832)	(2,731)
Trustco Administration Support Services (Pty) Ltd*	(4,550)	-
Trustco Fleet Management Services (Pty) Ltd*	(850)	-
Trustco Capital (Pty) Ltd*	(5,179)	-
Trustco Group International (Pty) Ltd*	(746)	-
Management fees paid to related parties		
Next Investments (Pty) Ltd^	-	(14,407)
Guarantee fee paid to related parties		
Next Investments (Pty) Ltd^	-	(3,438)
Dividend received		
Legal Shield Holdings (Pty) Ltd**	1,100,000	-
Profit on disposal of shares		
Riskowitz Value Fund LP	1,013,710	-

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

34. Segment information

The group is organised into three segments. These segments form a basis by which the group executive committee (chief operating decision-maker) formulates key operating decisions, allocates resources and assesses performance. The reportable segments are differentiated and grouped by their relative size, namely: Insurance and its investments, Banking and finance and Resources. The group operates in Namibia, South Africa, Mauritius and Sierra Leone.

Insurance and its investments includes the short-term and long-term insurers, properties, air services and strategic media. This segment earns income from insurance premiums, 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.

Insurance and investments were previously identified as separate segments. During the year the group reporting was restructured due to the effect of the disposal of 20% of Legal Shield Holdings (Pty) Ltd. Insurance and investments have been combined into one segment and reports to the Group Executive Committee. Comparative segment disclosures have been restated as a result of this change.

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 finance activities and earn interest, fees and commissions from customers.

Resources primarily conducts mining operations in Namibia and Sierra Leone.

Segment revenue and results

2018	Total segment revenue	Inter-segment revenue	Revenue from external customers	Profit for the period	Depreciation, amortisation and impairment	Interest income	Interest expense	Impairment of receivables and loans	Income tax expense
	NAD '000	NAD '000	NAD '000	NAD '000	NAD '000	NAD '000	NAD '000	NAD '000	NAD '000
Banking and finance	201,222	(49,668)	151,555	(12,218)	2,714	1,550	69,832	24,237	(24,471)
Insurance & investments	1,717,252	(1,343,276)	373,976	146,439	94,322	7,920	117,485	18,740	52,229
Resources	316,123	(40,715)	275,408	139,407	6	(60)	1,564	-	4,213
Total	**2,234,597**	**(1,433,659)**	**800,939**	**273,628**	**97,042**	**9,410**	**188,881**	**42,977**	**31,971**

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	Income tax expense
	NAD '000	NAD '000	NAD '000	NAD '000	NAD '000	NAD '000	NAD '000	NAD '000	NAD '000
Banking and finance	226,676	(13,647)	213,029	60,593	878	636	68,690	7,408	31,426
Insurance & investments	1,220,133	(186,400)	1,033,733	480,501	53,613	(211)	101,766	-	20,099
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**

2018	Total assets	Total liabilities
	NAD '000	NAD '000
Banking and finance	1,924,420	463,933
Insurance & investments	3,675,251	1,387,083
Resources	772,701	355,135
Total	**6,372,372**	**2,206,151**

2017	Total assets	Total liabilities
	NAD '000	NAD '000
Banking and finance	1,908,870	605,912
Insurance & investments	2,765,060	1,765,723
Resources	594,163	404,008
Total	**5,268,093**	**2,775,643**

Geographical information	Revenue by location of customer 2018	Revenue by location of customer 2017	Assets by location of assets 2018	Assets by location of assets 2017
	NAD '000	NAD '000	NAD '000	NAD '000
Namibia	525,494	1,238,436	5,567,986	4,538,453
Outside Namibia	275,445	8,326	804,386	729,640
Total	**800,939**	**1,246,762**	**6,372,372**	**5,268,093**

Figures in Namibia Dollar thousand	2018	2017
Revenue from major products and services	**Group**	
The following is an analysis of the group's revenue from operations from its major products and services.		
Insurance premium revenue	133,154	153,726
Property sales	166,750	770,039
Tuition and other related fees	52,668	80,068
Interest earned on student advances	148,810	160,237
Interest earned on property advances	-	39,681
Diamond sales	275,407	-
Other revenue	24,150	43,011
Total revenue	**800,939**	**1,246,762**

Information about major customers
Included in revenue arising from direct sales of property of NAD 167 million (2017: NAD 770 million) is revenue of approximately NAD nil (2017: NAD 618 million) from the Investments segment which arose from sales to the group's largest customer. No other single customer contributed 10% or more to the group's revenue for both 2018 and 2017.

35. Fair values and fair value hierarchy

Determination of fair values
All financial instruments, are initially recognised at fair value. The fair value of a financial instrument on initial recognition is normally the transaction price, which 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.

Loans and advances
Loans and advances include mortgage loans, other asset-based loans 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) measured at fair value is generally measured with reference to market factors and calculated under a fair value observable model.

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.

Figures in Namibia Dollar thousand	2018	2017

The level appropriate for the group and company is level 3 with details below:

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 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.

		Group	
Financial assets (Loans and receivables)	Note		
Cash and cash equivalents	2	68,942	46,017
Advances	3	1,754,103	1,818,811
Trade and other receivables	4	644,925	678,425
Related party balances	5	528,194	39,283
Financial liabilities (Amortised cost)			
Bank overdraft	2	-	(12,640)
Related party balances	5	-	(2,678)
Borrowings	13	(1,332,551)	(1,657,445)
Trade and other payables	14	(422,066)	(584,305)
Insurance contract liabilities	15	(63,057)	(94,350)
Other liabilities	16	(71,760)	(82,609)

		Company	
Financial assets (Loans and receivables)			
Cash and cash equivalents	2	9,044	3,416
Trade and other receivables	4	4,313	1,826
Related party balances	5	3,688,864	1,711,095
Financial liabilities (Amortised cost)			
Related party balances	5	(154,266)	(496,197)
Borrowings	13	(596,738)	(751,845)
Trade and other payables	14	(5,994)	(192,547)

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

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

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 13 and 16, shareholders' funds and equity attributable to equity holders of the parent, comprising issued capital and reserves as disclosed in notes 17 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 financial position liabilities less insurance provision, net deferred tax 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 reporting date was 0.53 times (2017: 0.97 times). The liabilities amount used to compute the ratio was after reclassification of borrowings in breach to current liabilities (refer to notes 1.1.2 (b) and 13).

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 150.20% (2017: 109.65%). The minimum Tier one leverage ratio is 6%, Trustco Bank Namibia Ltd's ratio is currently 78.12% (2017: 52.40%).

From time to time the group purchases its own shares on the market, the timing of which 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 7.2 million (2017: 42.0 million) deemed 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, credit risk, liquidity risk and cash flow interest rate risk).

The use of financial instruments is governed by the group's policies approved by the board of directors, which provide principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-financial derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The group does not enter into or trade financial instruments for speculative purposes.

The historic debt service cover ratio is used to monitor cash flow available to service debt obligation, the minimum being 1: 1.2 as required by funders. At the reporting date, the group and company was in breach of the covenant (refer to note 13). The actual ratio at reporting date was 1: 0.3 (2017: 1:1.4). The liabilities amount used to compute the ratio was after reclassification of borrowings in breach to current liabilities (refer to notes 1.1.2 (b) and 13).

The long-term debt to EBITDA ratio is a measurement of the ability to pay incurred debt, a maximum of 350% is required by funders. The actual ratio at reporting date was 251% (2017: 189%). The liabilities amount used to compute the ratio was after reclassification of borrowings in breach to current liabilities (refer to notes 1.1.2 (b) and 13).

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.

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

Foreign currency risk 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.

Figures in Namibia Dollar thousand	2018	2017

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

	Group	
Cash and cash equivalents	10,123	1,164
Trade and other receivables	17,855	2,975
Trade and other payables	(372,319)	(233,864)
Borrowings	(311,905)	(380,669)
	(656,246)	**(610, 394)**

	Company	
Borrowings	(299,109)	(322,807)
	(299,109)	**(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 2018 as broadly anticipated by the market would decrease the group's and company's profit by NAD 65.6 million and NAD 29.9 million (2017: NAD 61.0 million and NAD 32.3 million) 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 reporting date were as follows:

Financial instruments	Group	
Cash and cash equivalents	68,942	46,017
Advances	1,754,103	1,818,811
Trade and other receivables	644,925	717,708
Amounts due by related parties	528,194	-
	2,996,164	**2,582,536**

Financial instruments	Company	
Cash and cash equivalents	9,044	3,416
Trade and other receivables	4,313	1,826
Amounts due by related parties	3,688,864	1,711,095
	3,702,221	**1,716,337**

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 receivables 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.

Except for 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.

Receivables from customers

The group's exposure to credit risk is influenced mainly by the default risk of the sectors in which they operate. 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 criteria may transact with the group only on a prepayment basis.

The group establishes an allowance for credit losses 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 recognised in the financial statements, is net of credit losses and 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 built 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 reporting date was 113% (2017: 160%). The liabilities amount used to compute the ratio was after reclassification of borrowings in breach to current liabilities (refer to notes 1.1.2 (b) and 13).

Interest rate risk management
Ultimate responsibility for interest rate risk management rests with the board of directors, 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 has been determined based on the exposure to interest rates for financial assets or financial liabilities at reporting date. The analysis is prepared assuming the balance of the financial instrument at the end of the reporting date 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 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 2018 would decrease/increase by NAD 4.7 million and NAD 14.7 million (2017: decrease/increase by NAD 0.4 million and NAD 4.1 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 contractual / cash flows of financial liabilities based on the earliest date on which the group and the company can be required to pay. The liabilities associated to breached covenants included in less than 1 year is the loans are due at short notice. Refer to notes 1.1.2 (b) and 13 for further information.

2018	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		422,066	-	-	-	-	422,066
Variable interest rate instruments		**943,363**	**373,213**	**178,091**	**117,393**	**76,282**	**1,688,342**
- Term loans	5.00 - 15.50	863,995	260,248	53,329	29,136	-	1,206,708
- Listed bonds	12.40	35,261	-	-	-	-	35,261
- Mortgage loans	10.50	6,564	6,674	6,674	64,670	1,738	86,320
- Liabilities under instalment sale agreement	9.25 - 11.50	11,874	77,563	98,100	9,738	19,476	216,751
- Finance lease obligations	10.50	15,119	18,178	9,438	3,299	34,211	80,245
- Insurance contract liabilities	10.50	10,550	10,550	10,550	10,550	20,857	63,057
		1,365,429	**373,213**	**178,091**	**117,393**	**76,282**	**2,110,408**

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**

	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
2018							
Company: Liabilities							
Maturity analysis							
Other financial liabilities							
Non-interest bearing							
- Trade and other payables		5,994	-	-	-	-	5,994
Variable interest rate instruments							
- Term loans	9.96 - 15.50	667,681	-	-	-	-	667,681
- Listed bonds	8.98 - 11.53	35,261	-	-	-	-	35,261
- Amounts due to related parties	0 - 10	-	154,266	-	-	-	154,266
		708,936	**154,266**	**-**	**-**	**-**	**863,202**

	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**

37. Going concern concept

Management is fully aware of the need to continuously assess the going concern of the group throughout the year. Subsequent to the reporting period, Trustco and its long standing institutional investors (Lenders Group) engaged to facilitate a potential consensual restructuring of the long-term debt arrangement offered by the Lenders Group. Management have received correspondence from the Lenders Group reserving the rights currently in place, both in terms of the covenants set out as well as the repayment terms. During these discussions, management has assessed and reconsidered the restrictive financial covenants, as certain of these are deemed to be outdated as they were entered into as far back as ten years ago. Trustco along with the Lenders Group intend to replace the original covenants entered into with a series of updated covenants. These covenants will be more aligned to Trustco's current capital structure as well as development and dynamic nature of its operating segments. Management is confident that an agreement will be entered into, but at the time of this report the parties had a standstill agreement and are working towards a revised agreement. Further refer to accounting policy note 1.1.2(b) (Liquidity and going concern).

The directors have reviewed the group's budget and cash flow forecast for the year to 31 March 2019. On the basis of the review, and in the light of the current financial position, the expected raising of further finance including the successful renegotiation with the current lenders group 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.

Refer to note 13, for further information.

38. Events after the reporting date

Except for the matters referred in note 37 and 39, 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. Huso transaction

At the time of reporting, the Huso transaction had not been concluded as the mining licence for Northern Namibia Development Company (NNDC) was still outstanding. However, during the reporting period, the Ministry of Mines and Energy of Namibia (MME) issued a notice of preparedness to grant a mining licence to NNDC subject to a revised environmental clearance certificate from the Ministry of Environment and Tourism of Namibia (MET). A revised environmental assessment and management plan together with an application for the environmental clearance certificate for large scale mining was submitted to the MET in March 2018. The Environment Clearance Certificate has subsequently been issued on 13 July 2018.

NNDC received a notice of preparedness to grant application for mining licence for a period of 15 (fifteen) years in terms of Section 48 (4) of the Minerals Act from the MME on 20 July 2018, (the "Notice"). The Notice is subject to acceptance of the terms and conditions by NNDC within 30 (thirty) days from the date on which the Notice was received.

The group expect to finalise the Huso transaction in the next reporting period.

40. Contingent liabilities and guarantees

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

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

41. Capital commitments authorised capital expenditure	**Group**	
Not yet contracted for but authorised by directors	**170,867**	**68,522**

The group intends to finance this expenditure from existing borrowing facilities and from internally generated funds. No part of this expenditure has been contracted for at reporting date.

42. New Standards and Interpretations

42.1 Standards and interpretations effective and adopted in the current year

In the current year, the group 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**	**Impact:**
• Amendments to IAS 7: Disclosure initiative	1 January, 2017	The impact of the amendment is additional disclosure. (Refer to note 31 for further disclosure)
• Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 January, 2017	The impact of the amendment is not material.

42.2 Standards and interpretations not yet effective

The group 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, 2018 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	*
• IFRS 17 Insurance Contracts	1 January 2021	**

**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 transitional 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 has completed the evaluation of the impact of the standard and no material impact is anticipated. There will be additional disclosures once the standards are adopted. The group will recognise the cumulative effect of change in the standard as an adjustment to the opening balance of equity as at the date of initial application.

***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 transitional method to be applied or the application of exceptions related to short term and low value asset leases.

****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. No changes to the classification of financial instruments are expected. The group is assessing the anticipated impact of impairment adjustment and as such is still to make a decision on the transitional method to be applied.

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

SHAREHOLDERS INFORMATION

LARGE SHAREHOLDERS 2018

Names	Sum of shareholding 31 March 2018	Shareholding %
Dr Quinton van Rooyen*	392 554 120	50.19
Pershing LLC***	275 262 477	35.20
Ithuba Investments LP**	127 806 103	16.34
Riskowitz Value Fund LP**	144 420 433	18.47
Standard Bank nominees**	3 035 941	0.39
Snowball Wealth Pty Ltd**	30 604 785	3.91
Midbrook Lane (Pty) Ltd**	12 402 902	1.59
Constantia Insurance Company Limited**	9 323 377	1.19
Chou Leo Chih Hao**	4 289 760	0.55
Government Employees Pension Fund**	3 389 457	0.43
Acc 10 Percent Wht 1 Bnymsanv As**	3 132 531	0.40
Namibia Capricorn Asset*	2 850 000	0.36
Grand total	**775 616 186**	**93.77**
Total number of issued shares	**782 075 768**	
Less deemed treasury shares (45 066 322)		

* Namibian
** Non-Namibian
*** Pershing LLC is the custodian of record of the shares held by Riskowitz Value Fund LP, Ithuba Investments LP and Standard Bank nominees

LARGE SHAREHOLDERS 2017

Names	Sum of shareholding 31 March 2017	Shareholding %
Dr Quinton van Rooyen *	392 554 120	50.84
Pershing LLC ***	237 965 389	30.82
Ithuba Investments LP**	130 370 673	
Riskowitz Value Fund LP**	65 787 938	
Buckley Capital Partners LP and Buckley Capital Advisors LLC****	41 806 778	
Snowball Wealth (Pty) Ltd**	30 600 000	3.96
Constantia Insurance Company Limited**	14 614 050	1.89
Midbrook Lane (Pty) Ltd**	12 710 389	1.65
Chou, Leo Chih Hao**	8 000 000	1.04
Morgan Stanley Smith Barney LLC**	3 600 000	0.47
Government Employees Pension Fund**	3 389 457	0.44
Grand total	**703 433 405**	**91.11**
Total number of issued shares	**772 142 090**	**100**

* Namibian
** Non-Namibian
*** Pershing LLC is the custodian of record of the shares held by Riskowitz Value Fund, Ithuba Investments LP, Buckley Capital Partners LP and Buckley Capital Advisors LLC.
**** The shares held by Buckley Capital Partners LP and Buckley Capital Advisors LLC relate to the Buckley transaction, refer to SENS announcement dated 14 February 2017 for more information.

CORPORATE INFORMATION

Trustco Group Holdings Ltd
(Incorporated in the Republic of Namibia and registered as an external company in South Africa)
Company registration number: 2003/058
External company registration:
Number 2009/002634/10
NSX Share code: TUC
JSE Share code: TTO
ISIN Number:
NA000A0RF067

Executive directors
F J Abrahams
Dr Q Van Rooyen

Non-executive directors
W Geyser
R Taljaard
Adv R Heathcote
Prof L J Weldon (South African)
K N van Niekerk (South African)

Company secretary
A Bruyns

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

Auditors: South Africa
Moore Stephens
50 Oxford Road
Parktown
Johannesburg 2193
South Africa

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

NSX Sponsor
Simonis Storm Securities Proprietary Ltd
(Registration number 96/421)
4 Koch Street, Klein Windhoek, Namibia
PO Box 3970 Windhoek, Namibia

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

Bankers: South Africa
ABSA
First National Bank South Africa Ltd
Standard Bank South Africa Ltd

Transfer Secretaries Namibia
Transfer Secretaries (Pty) Ltd
(Reg no: 93/713)
4 Robert Mugabe Avenue, Burg Street, Windhoek, Namibia
PO Box 2401 Windhoek, Namibia

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

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 three business segments being;
- Insurance and its investments (properties, air services and strategic media);
- Resources; and
- Banking and finance.

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