FINANCIAL STATEMENTS 2019

TRUSTCO

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

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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 financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate financial statements fairly present the state of affairs of the group and company as at the end of the reporting period 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 financial statements.

The consolidated and separate 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 South Africa, and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. The consolidated and separate 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 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 2020 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 financial statements. The consolidated and separate 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 financial statements set out on pages 18 to 81, which have been prepared on the going concern basis, were approved by the board and were signed on their behalf by:

ADV. R HEATHCOTE
Chairman of the board

DR. Q VAN ROOYEN
Group managing director

Windhoek
4 July 2019

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
4 July 2019

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 81, which comprise the statements of financial position as at 31 March 2019, 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 and other explanatory information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, consolidated and separate financial position of Trustco Group Holdings Limited as at 31 March 2019, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

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 Consolidate and Separate Financial Statements section of our report. We are independent of the group in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. 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.

1. Huso transaction

Refer to the accounting policies note 1.2 (f) relating to common control transaction and notes 19 and 33 to the financial statements for selected disclosures applicable to this matter.

On 4 September 2018 Trustco Group acquired control of 100% of the voting equity interest of the Huso Group, once the final requirement, being the issue of the mining licence to Northern Namibia Development Company (Pty) Ltd (NNDC) had been achieved. Huso is the holding company of NNDC and Morse Investments (Pty) Ltd (Morse). At the time of acquisition, the Huso Group was under the control of Dr Q. Van Rooyen who is also the controlling shareholder of the Trustco Group through his direct and indirect interests. As such, the transaction is deemed a common control transaction and falls outside the scope of IFRS 3 Business Combinations. The Company therefore applied its previous adopted policy on common control transaction which was based on UK GAAP FRS6 Acquisitions and Mergers. In the absence of guidance within FRS6 with regards to the contingent consideration, IFRS3 itself was therefore applied.

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 we evaluated the appropriateness of the group's accounting policy in terms of a common control transaction;
- We reviewed the terms of the share purchase agreement and amended share purchase agreement to ensure that the transaction was accounted for in terms of the agreements and at the correct value;
- We reviewed management technical expert computation of the purchase consideration including the accounting entries processed to account for the Huso Transaction, in order to ensure that the transaction was accounted for at the correct value;

- We ensured that the effective date used was correct;
- We verified that the company had obtained the necessary regulatory and shareholder approvals for the transaction;
- We tested the reasonableness of the assumptions and the accuracy of the data used by management's expert to calculate the contingent consideration.

2. Transfer of inventory property to investment property

Refer to the accounting estimates and judgements note 1.1.1(a), 1.1.2(b), the accounting policies note 1.6 and note 8 to the financial statements for selected disclosures applicable to this matter.

During the year under review management changed its business model, therefore changing the intention with regards to the property held by one of the groups subsidiaries, Elisenheim Property Development Company Ltd (EPDC). The property, in prior financial years had been accounted for as inventory. With the change in its business model the property was transferred to and accounted for as investment property. The revised strategy allows the group to hold the property for capital appreciation, and not for short-term development and sale.

In November 2018, Trustco Group reclassified the property from inventory to investment property. The fair value of the property at this date amounted to N$984 million. The cost of inventories amounting to N$291 million was expensed to cost of sales, and revenue of N$984 million was recognised. IAS 40 requires that, subsequent to the date of transfer, changes in the fair value of the property assets also be recognised in profit or loss.

Due to the amount of judgment involved in the valuation of property and the accounting treatment around the transfer, this was considered a key audit matter.

Our procedures included amongst others:

- We obtained management's experts opinion on how this transaction should be accounted for. We analysed and concluded on their treatment in accordance with International Financial Reporting Standards as well as the accuracy thereon;
- We used an independent auditors' expert to evaluate the accounting treatment and disclosure to confirm that this was accounted for in terms of International Financial Reporting Standards;
- We critically assessed the reasonability of management's expert's key assumptions used in the valuation process;
- We evaluated the appropriateness of the valuation methods used, based on the type and use of the properties;
- In addition, we used an independent auditors' expert valuator to test the reasonableness of the assumptions used by the managements expert who performed a valuation on the fair value of the inventory property held at date of transfer;
- We critically assessed the measurement basis and disclosures for the valuation in accordance with International Financial Reporting Standards.

3. Fair value adjustments on investment property

Refer to the accounting estimates and judgements note 1.1.1(a), the accounting policies note 1.6 and note 8 to the 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 adjustment 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 the 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 independent auditors' expert valuator to critically assess management's expert's key assumptions used on valuations of investment properties with significant current period fair value adjustments.

4. Educational loans advanced impairment
Refer to the accounting estimates and judgements note 1.1.1(c), accounting policies note 1.10 and notes 3 and 36 to the 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.

Our procedures included amongst others:
- We have tested the design, implementation and operating effectiveness of key controls over identification of significant increase in credit risk, measurement of expected credit losses and evaluation of the consistency of methodologies and appropriateness of the assumptions used by the management;
- The independent auditor's experts evaluated the source of data used by the management expert in their valuation to ensure there is no data discrepancies between loan administration systems, accounting systems and the actuarial data extract from the actuarial valuation systems;
- We assessed the independence of management's expert that performed the valuations, their competency, capabilities, objectivity, experience and professional certification;
- The independent auditor's experts assessed the appropriateness of the valuation method/model, inputs and assumptions used by the actuaries in the determining expected credit losses including assessing whether the inputs incorporates prior information, current information and forward looking information and to ascertain whether the method/model and assumptions used are comparable with industry benchmarks;
- The independent auditor's experts recalculated the expected credit losses using an independently calculated expected credit loss that result from those default events on the financial instrument that are possible within 12 months after the reporting date or expected credit losses that result from all possible default events over the life of the financial instrument as calculated by the management experts;
- We followed up on material differences. We performed a retrospective review of expected credit losses recognised at date of implementation;
- We assessed whether disclosures made in the financial statements relating to the impairment of the loans advanced met the requirements of IFRS 9 - Financial Instruments.

5. Long term Insurance contracts
Refer to the accounting estimates and judgements note 1.1.1(f), accounting policies note 1.15, and notes 16 and 36 to the 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 assessed the independence of management's expert that performed the valuations (the actuaries), their experience and professional certification;
- We 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 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 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.

6. Waiver of debt
Refer to the critical accounting judgements note 1.1.2(c) and note 26 to the financial statements for selected disclosures applicable to this matter.

Preceding the transaction as recorded in the KAM of the HUSO transaction above, the sole shareholder of HUSO Investments (Pty) Ltd (HUSO), Dr Q van Rooyen provided funding to HUSO and its subsidiaries, Morse Investments (Pty) Ltd (Morse) and Northern Namibia Development Company (Pty) Ltd (NNDC). The intention thereof was for the loans to be repaid by HUSO and its subsidiaries. These loans were classified as financial liabilities. During the current period, the shareholder waived the loans owing to the Trustco Group.

Due to the significance of this transaction, this was considered a key audit matter.

Our procedures included amongst others;

- We ensured that the loan waiver complied with relevant Regulatory requirements;
- We ensured the loan waiver was in terms of the resolutions duly signed by the relevant parties;
- We obtained management's experts opinion on how this transaction should be accounted for. We analysed and concluded on their treatment in accordance with International Financial Reporting Standards.

7. Going concern

Refer to note 6 of the Directors report and note 38 to the financial statements for selected disclosures applicable to this matter.

As at the reporting date, the group operated under a formal standstill agreement with its Lenders group. Under this standstill agreement interest for debt of the Lenders group was serviced as and when due, while capital repayments were on hold pending a successful restructuring. This standstill agreement expired on 15 June 2019. Management along with the Lender group have successfully negotiated the rescheduling of debt repayment terms as set out in the draft rescheduling agreement.

A high degree of estimation is required over a variety of uncertain future outcomes, including the estimation of projected future cash flows.

Due to the significant estimation an uncertainty is involved in the determination of the going concern of the company, this was considered a key audit matter.

Our procedures included amongst others:

- We inspected confirmations received from Lenders confirming their intention to reschedule the debt repayment terms as set out in the draft rescheduling agreement;
- We reviewed and critically analysed management's going concern assessment, judgements and liquidity;
- We considered the adequacy of the disclosure provided on the going concern assumption;
- We performed sensitivity analysis on management's "base case cashflow projections" 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.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Directors' Report, shareholder information and corporate information as required by the Companies Act of South Africa, which we obtained prior to the date of this report. 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 do 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, 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, and for such internal control as the director 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 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 director either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing 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 International Standards on Auditing, 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 and 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 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 or 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 compiled with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be through 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 statement of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless laws 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 dated 4 December 2015, we report that Moore Stephens MWM Inc. has been the auditor of Trustco group for 2 years.

Moore Stephens MWM Inc

Moore Stephens MWM Inc.
Registered Auditors

Per: CA Whitefield
Partner
Registered Auditor

4 July 2019

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 81, which comprise the statements of financial position as at 31 March 2019, 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 Trustco Group Holdings Limited as at 31 March 2019, 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.

1. Huso transaction

Refer to the accounting policies note 1.2 (f) relating to common control transaction and notes 19 and 33 to the financial statements for selected disclosures applicable to this matter.

On 4 September 2018 Trustco Group acquired control of 100% of the voting equity interest of the Huso Group, once the final requirement, being the issue of the mining licence to Northern Namibia Development Company (Pty) Ltd (NNDC) had been achieved. Huso is the holding company of NNDC and Morse Investments (Pty) Ltd (Morse). At the time of acquisition, the Huso Group was under the control of Dr Q. Van Rooyen who is also the controlling shareholder of the Trustco Group through his direct and indirect interests. As such, the transaction is deemed a common control transaction and falls outside the scope of IFRS 3 Business Combinations. The Company therefore applied its previous adopted policy on common control transaction which was based on UK GAAP FRS6 Acquisitions and Mergers. In the absence of guidance within FRS6 with regards to the contingent consideration, IFRS3 itself was therefore applied.

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 we evaluated the appropriateness of the group's accounting policy in terms of a common control transaction;
- We reviewed the terms of the share purchase agreement and amended share purchase agreement to ensure that the transaction was accounted for in terms of the agreements and at the correct value;
- We reviewed management technical expert computation of the purchase consideration including the accounting entries processed to account for the Huso Transaction, in order to ensure that the transaction was accounted for at the correct value;
- We ensured that the effective date used was correct;
- We verified that the company had obtained the necessary regulatory and shareholder approvals for the transaction;
- We tested the reasonableness of the assumptions and the accuracy of the data used by management's expert to calculate the contingent consideration.

2. Transfer of inventory property to investment property

Refer to the accounting estimates and judgements note 1.1.1(a), 1.1.2(b) the accounting policies note 1.6 and note 8 to the financial statements for selected disclosures applicable to this matter.

During the year under review management changed its business model, therefore changing the intention with regards to the property held by one of the groups subsidiaries, Elisenheim Property Development Company Ltd (EPDC). The property, in prior financial years had been accounted for as inventory. With the change in its business model the property was transferred to and accounted for as investment property. The revised strategy allows the group to hold the property for capital appreciation, and not for short term development and sale.

In November 2018, Trustco Group reclassified the property from inventory to investment property. The fair value of the property at this date amounted to N$984 million. The cost of inventories amounting to N$291 million was expensed to cost of sales, and revenue of N$984 million was recognised. IAS 40 requires that, subsequent to the date of transfer, changes in the fair value of the property assets also be recognised in profit or loss.

Due to the amount of judgment involved in the valuation of property and the accounting treatment around the transfer, this was considered a key audit matter.

Our procedures included amongst others:

- We obtained management's experts opinion on how this transaction should be accounted for. We analysed and concluded on their treatment in accordance with International Financial Reporting Standards as well as the accuracy thereon;
- We used an independent auditors' expert to evaluate the accounting treatment and disclosure to confirm that this was accounted for in terms of International Financial Reporting Standards;
- We critically assessed the reasonability of management's expert's key assumptions used in the valuation process;
- We evaluated the appropriateness of the valuation methods used, based on the type and use of the properties;
- In addition, we used an independent auditors' expert valuator to test the reasonableness of the assumptions used by the managements expert who performed a valuation on the fair value of the inventory property held at date of transfer;
- We critically assessed the measurement basis and disclosures for the valuation in accordance with International Financial Reporting Standards.

3. Fair value adjustments on investment property

Refer to the accounting estimates and judgements note 1.1.1(a), the accounting policies note 1.6 and note 8 to the 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 unobservable data. The valuator makes various key estimates and assumptions that directly affect the valuations and as a result the fair value adjustment 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 the 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 independent auditors' expert valuator to critically assess management's expert's key assumptions used on valuations of investment properties with significant current period fair value adjustments.

4. Educational loans advanced impairment

Refer to the accounting estimates and judgements note 1.1.1(c), accounting policies note 1.10 and notes 3 and 36 to the 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 have tested the design, implementation and operating effectiveness of key controls over identification of significant increase in credit risk, measurement of expected credit losses and evaluation of the consistency of methodologies and appropriateness of the assumptions used by the management;
- The independent auditor's experts evaluated the source of data used by the management expert in their valuation to ensure there is no data discrepancies between loan administration systems, accounting systems and the actuarial data extract from the actuarial valuation systems;
- We assessed the independence of management's expert that performed the valuations, their competency, capabilities, objectivity, experience and professional certification;
- The independent auditor's experts assessed the appropriateness of the valuation method/model, inputs and assumptions used by the actuaries in the determining expected credit losses including assessing whether the inputs incorporates prior information, current information and forward looking information and to ascertain whether the method/model and assumptions used are comparable with industry benchmarks;
- The independent auditor's experts recalculated the expected credit losses using an independently calculated expected credit loss that result from those default events on the financial instrument that are possible within 12 months after the reporting date or expected credit losses that result from all possible default events over the life of the financial instrument as calculated by the management experts;
- We followed up on material differences. We performed a retrospective review of expected credit losses recognised at date of implementation;
- We assessed whether disclosures made in the financial statements relating to the impairment of the loans advanced met the requirements of IFRS 9 - Financial Instruments.

5. Long term Insurance contracts

Refer to the accounting estimates and judgements note 1.1.1(f), accounting policies note 1.15, and notes 16 and 36 to the 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 assessed the independence of management's expert that performed the valuations (the actuaries), their experience and professional certification;
- We 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 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 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.

6. Waiver of debt

Refer to the critical accounting judgements note 1.1.2(c) and note 26 to the financial statements for selected disclosures applicable to this matter.

Preceding the transaction as recorded in the KAM of the HUSO transaction above, the sole shareholder of HUSO Investments (Pty) Ltd (HUSO), Dr Q van Rooyen provided funding to HUSO and its subsidiaries, Morse Investments (Pty) Ltd (Morse) and Northern Namibia Development Company (Pty) Ltd (NNDC). The intention thereof was for the loans to be repaid by HUSO and its subsidiaries. These loans were classified as financial liabilities. During the current period, the shareholder waived the loans owing to the Trustco Group.

Due to the significance of this transaction, this was considered a key audit matter.

Our procedures included amongst others;

- We ensured that the loan waiver complied with relevant Regulatory requirements;
- We ensured the loan waiver was in terms of the resolutions duly signed by the relevant parties;
- We obtained management's experts opinion on how this transaction should be accounted for. We analysed and concluded on their treatment in accordance with International Financial Reporting Standards.

7. Going concern

Refer to note 6 of the Directors report and note 38 to the financial statements for selected disclosures applicable to this matter.

As at the reporting date, the group operated under a formal standstill agreement with its Lenders group. Under this standstill agreement interest for debt of the Lenders group was serviced as and when due, while capital repayments were on hold pending a successful restructuring. This standstill agreement expired on 15 June 2019. Management along with the Lender group have successfully negotiated the rescheduling of debt repayment terms as set out in the draft rescheduling agreement.

A high degree of estimation is required over a variety of uncertain future outcomes, including the estimation of projected future cash flows.

Due to the significant estimation an uncertainty is involved in the determination of the going concern of the company, this was considered a key audit matter.

Our procedures included amongst others:

- We inspected confirmations received from Lenders confirming their intention to reschedule the debt repayment terms as set out in the draft rescheduling agreement;
- We reviewed and critically analysed management's going concern assessment, judgements and liquidity;
- We considered the adequacy of the disclosure provided on the going concern assumption;
- We performed sensitivity analysis on management's "base case cashflow projections" 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.

OTHER INFORMATION

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

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

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

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

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

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

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

BDO

BDO (Namibia)
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: M Nel
Partner

Windhoek
4 July 2019

Directors' Report

The directors have pleasure in submitting their report on the consolidated and separate financial statements of Trustco Group Holdings Ltd (Trustco) and the group for the year ended 31 March 2019.

1. FINANCIAL RESULTS

The financial results of the company and group for the reporting period 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 2019 was NAD 725 million (2018: NAD 274 million).

2. SHAREHOLDERS' VALUE

Based on the results, shareholders value for 2019 is NAD 3.8 billion (2018: NAD 4.2 billion). The directors are confident that this value will show growth for the foreseeable future and beyond.

3. DIVIDENDS

During the reporting period no dividends (2018: no dividends) were declared by the group. The directors will reassess the dividend declaration at the time of the half year 2020 results publication. The cash reserves of the group will be applied towards capitalisation of the group.

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. 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

The directors must annually assess the going concern of the group as part of its responsibility. As part of this assessment, factors considered include access to adequate financial resources, i.e. funding facilities and equity raising strategies, to continue operations as a going concern for the foreseeable future and to fund future growth.

The group has successfully concluded the restructuring with its international lender group on 28 June 2019 (refer note 39) which has created certainty as regards its cash flow forecasts. The most significant terms of the debt restructure are:

- Historic covenants by the lenders have been waived;
- The restructured debt of NAD814 million, as at the end of the reporting period (see note 39), is repayable as follows:
    - 30% of outstanding principal repayable within 12 months;
    - 30% of outstanding principal repayable within 13 to 24 months; and
    - Remaining 40% of outstanding principal repayable over 25 to 26 months.
- New long-term debt to fund growth across all business segments may be raised and deployed, as long as the total aggregated long-term debt of the group, including the current long-term debt, does not exceed NAD 2 billion excluding related party debt; and
- In addition to the long-term debt above, additional asset-backed finance of up to NAD 700 million may be raised, which can be increased by another NAD 700 million after 12 months, provided principal payments are met. The asset-backed finance is to be deployed after the issuance of the Meya mining licence to enable operations to transition to commercial production.

The 25 year large scale mining licence application was filed by Meya mining on 20 May 2019 and the group expects resolution of the application in due course.

The majority shareholder provided a NAD 1billion subordinated loan, specifically for the Resources segment. This enabled the Resources segment to increase its shareholding in Meya mining to 65%.

The restructuring of the existing debt enables the group to execute on its funding pipeline, which funds are required to support the planned growth across all segments.

In addition to borrowings, the group has included in its funding plans funds to be raised from equity instruments. These initiatives include:

- Placement of treasury shares held with a market value of NAD 467 million at the reporting date (refer note 18 to the financial statements);
- Equity placement programme, (refer note 10 of this report) with the potential to raise an additional NAD 2 billion; and
- The placement of equity under the group's general authority to issue shares for cash.

All equity placements run the risk that funds will either be raised at valuations not expected by the group due to the general volatility of the equity markets, which by their nature are unpredictable, or will not be raised at all. The board remains confident, however, that with:

(i) the phase 1 exploration results of Meya having exceeded expectations;
(ii) the successful completion of the debt restructuring;
(iii) the imminent issuance of the 25 year large scale mining licence of Meya which will enable transitioning to commercial production;
(iv) the unlocking of debt and equity funding pipelines;
(v) the group's core businesses' proven track record of delivering value to shareholders; and
(vi) the group's continuing strategy to invest in high growth opportunities, the group will continue to unlock positive sentiment in the equity markets. As such, the board is of the opinion that these equity placements will not deviate substantially from their expected valuations and should conclude successfully in the near future. The group possesses a portfolio of world-class assets and a large customer base from which significant value can continue to be created for our stakeholders for the foreseeable future.

With all of the above noted, the directors have considered the group's liquidity requirements and, based on these factors, along with a robust review of the budget and cash flow forecast, are confident that the group will remain a going concern for the foreseeable future.

The directors are not aware of any new material changes that may adversely impact the company and the group. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

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 6.7% for the year to 31 March 2019.

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 group paid management and surety fees totalling NAD 79.1 million (2018: Next waived NAD 61.5 million).

8. SPECIAL RESOLUTION

Directors were granted authority to repurchase shares of the company.

9. DEEMED TREASURY SHARES

As at the reporting date, the market value of treasury shares was NAD 467 million (2018: NAD 400 million).

10. EVENTS AFTER THE REPORTING DATE

Debt Restructuring

The group successfully concluded the restructuring with its international lender group on 28 June 2019. The details of the structure are contained in note 6 dealing with issues of going concern.

Equity placements:

Target Issue Program

The group concluded and announced a warrant agreement on 27 June 2019, whereby a potential NAD 2 Billion is envisaged to be raised as equity by the exercising of four warrant tranches during the next 3 years.

Number of warrants:	***Strike prices***
20 million	NAD 9.00 per share
20 million	NAD 13.00 per share
20 million	NAD 22.00 per share
37 million	NAD 30.00 per share

Huso payment shares

The Resources segment achieved an EBITDAASA target of NAD 511 million. In terms of the Huso Agreement as amended, 240.4 million ordinary shares will be issued to Dr Quinton van Rooyen or his nominee after publication of this report. See note 33 for more information.

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

11. ACKNOWLEDGMENTS

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

Consolidated Statement of Financial Position

AS AT 31 MARCH

Figures in Namibia Dollar thousand	*Notes*	GROUP 2019	GROUP 2018
Assets			
Cash and cash equivalents	2	172 791	68 942
Advances	3	1 387 091	1 754 103
Trade and other receivables	4	520 556	684 845
Current tax receivable		4 495	6 004
Amounts due by related parties	5	-	528 194
Inventories	6	281 977	370 205
Property, plant and equipment	7	670 256	591 515
Investment property	8	2 399 618	1 476 818
Intangible assets	9	452 521	462 452
Evaluation and exploration assets	10	530 275	278 638
Mine properties	11	164 875	-
Deferred tax assets	13	147 293	150 656
Total Assets		**6 731 748**	**6 372 372**
Equity and Liabilities			
Liabilities			
Borrowings	14	1 251 066	1 332 551
Trade and other payables	15	386 260	430 279
Current tax payable		10 243	8 938
Insurance contract liabilities	16	45 393	63 057
Amounts due to related parties	5	1 021 276	-
Other liabilities		63 447	71 760
Deferred tax liabilities	13	179 089	299 566
Total Liabilities		**2 956 774**	**2 206 151**
Capital and reserves			
Share capital	17	224 084	190 245
Share premium	17	921 719	267 400
Deemed treasury shares	18	(197 959)	(200 804)
Other reserves	19	(869 002)	44 933
Retained income		3 158 409	3 426 491
Equity attributable to equity holders of parent		3 237 251	3 728 265
Non-controlling interest	20	537 723	437 956
Total capital and reserves		**3 774 974**	**4 166 221**
Total Equity and Liabilities		**6 731 748**	**6 372 372**

Statement of Financial Position

AS AT 31 MARCH

		COMPANY	
		2019	**2018**
Figures in Namibia Dollar thousand	*Notes*		
Assets			
Cash and cash equivalents	2	13 444	9 044
Trade and other receivables	4	11 287	17 139
Current tax receivable		1 002	1 002
Amounts due by related parties	5	7 394 805	3 688 864
Investments in subsidiaries	12	903 149	903 149
Deferred tax assets	13	16 276	36 276
Total Assets		**8 339 963**	**4 655 474**
Equity and Liabilities			
Liabilities			
Borrowings	14	578 249	596 738
Trade and other payables	15	6 783	5 994
Amounts due to related parties	5	1 270 811	154 266
Total Liabilities		**1 855 843**	**756 998**
Capital and reserves			
Share capital	17	224 084	190 245
Share premium	17	921 719	267 400
Deemed treasury shares	18	(20 601)	(23 446)
Other reserves	19	2 300 175	31 226
Retained income		3 058 743	3 433 051
Total capital and reserves		**6 484 120**	**3 898 476**
Total Equity and Liabilities		**8 339 963**	**4 655 474**

Consolidated Statement of Profit or Loss

AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH

		GROUP	
Figures in Namibia Dollar thousand	*Notes*	**2019**	**2018**
Revenue	22	1 478 918	800 939
Cost of sales		(500 317)	(274 265)
Gross profit		**978 601**	**526 674**
Investment and other income	26	554 792	480 794
Operating expenses		(708 576)	(542 489)
Insurance benefits and claims		(16 784)	(34 441)
Finance costs	27	(202 144)	(188 881)
Profit before tax		**605 889**	**241 657**
Income tax benefit	28	119 147	31 971
Profit for the period		**725 036**	**273 628**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Losses on revaluation of property plant and equipment net of tax		(2 700)	(5 129)
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations net of tax		11 837	(22 281)
Other comprehensive income (loss) for the period net of tax		9 137	(27 410)
Total comprehensive income for the period		**734 173**	**246 218**
Profit attributable to:			
Owners of the parent		608 232	178 830
Non-controlling interest		116 804	94 798
		725 036	**273 628**
Total comprehensive income attributable to:			
Owners of the parent		606 010	160 144
Non-controlling interest		128 163	86 074
		734 173	**246 218**
Earnings per share			
Basic earnings per share (cents)	29	70.99	23.74
Diluted earnings per share (cents)	29	40.81	23.47

Statement of Profit or Loss

AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH

		COMPANY	
		2019	**2018**
Figures in Namibia Dollar thousand	*Notes*		
Revenue	22	13 213	1 140 424
Gross profit		**13 213**	**1 140 424**
Investment and other income	26	286 281	1 168 972
Operating expenses	24	(569 833)	(39 499)
Finance costs	27	(87 434)	(123 881)
(Loss)/profit before tax		**(357 773)**	**2 146 016**
Income tax expense	28	(20 000)	(855)
(Loss)/profit for the period		**(377 773)**	**2 145 161**
Total comprehensive (loss)/income for the period		**(377 773)**	**2 145 161**

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH

Group *Figures in Namibia Dollar thousand*	Share capital	Share premium	Other reserves	Deemed treasury shares	Retained income	Equity attributable to owners of the company	Non-controlling interest	Total equity
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 acquired	-	-	-	(22 446)	-	(22 446)	-	(22 446)
Transaction with non-controlling interest	-	-	-	-	848 125	848 125	351 875	1 200 000
Balance at 1 April 2018	**190 245**	**267 400**	**44 933**	**(200 804)**	**3 426 491**	**3 728 265**	**437 956**	**4 166 221**
Profit for the year	-	-	-	-	608 232	608 232	116 804	725 036
Other comprehensive income	-	-	(2 222)	-	-	(2 222)	11 359	9 137
Total comprehensive income	**-**	**-**	**(2 222)**	**-**	**608 232**	**606 010**	**128 163**	**734 173**
Issue of shares	33 839	654 319	(16 250)	-	-	671 908	-	671 908
Adjustment on initial application of IFRS 9	-	-	-	-	(247 531)	(247 531)	-	(247 531)
Transfer between reserves	-	-	17 023	-	(17 023)	-	-	-
Common control transaction	-	-	(3 197 685)	-	-	(3 197 685)	-	(3 197 685)
Shares for vendors	-	-	2 285 199	-	-	2 285 199	-	2 285 199
Deemed treasury shares sold	-	-	-	4 806	3 465	8 271	-	8 271
Deemed treasury shares acquired	-	-	-	(1 961)	-	(1 961)	-	(1 961)
Transaction with non-controlling interest	-	-	-	-	(615 225)	(615 225)	(28 396)	(643 621)
Balance at 31 March 2019	**224 084**	**921 719**	**(869 002)**	**(197 959)**	**3 158 409**	**3 237 251**	**537 723**	**3 774 974**
Note	*17*	*17*	*19*	*18*			*20*	

Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH

Company
Figures in Namibia Dollar thousand

	Share capital	Share premium	Other reserves	Deemed treasury shares	Retained income	Total equity
Balance at 1 April 2017	**177 595**	**46 300**	**14 976**	**(178 358)**	**1 267 613**	**1 328 126**
Profit for the year	-	-	-	-	2 145 161	2 145 161
Issue of shares	12 650	221 100	(233 750)	-	-	-
Convertible financial instrument	-	-	250 000	-	-	250 000
Deemed treasury shares sold	-	-	-	177 358	20 277	197 635
Deemed treasury shares acquired	-	-	-	(22 446)	-	(22 446)
Balance at 1 April 2018	**190 245**	**267 400**	**31 226**	**(23 446)**	**3 433 051**	**3 898 476**
Loss for the year	-	-	-	-	(377 773)	(377 773)
Issue of shares	33 839	654 319	(16 250)	-	-	671 908
Common control transaction	-	-	2 285 199	-	-	2 285 199
Deemed treasury shares acquired	-	-	-	(1 961)	-	(1 961)
Deemed treasury shares sold	-	-	-	4 806	3 465	8 271
Balance at 31 March 2019	**224 084**	**921 719**	**2 300 175**	**(20 601)**	**3 058 743**	**6 484 120**
Note	*17*	*17*	*19*			

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH

		GROUP	
		2019	**2018**
Figures in Namibia Dollar thousand	*Notes*		
Cash flows from operating activities			
Cash (used in)/generated by operations before working capital changes	30	(176 461)	32 998
Changes in working capital	30	170 426	(53 671)
Cash used in operations		**(6 035)**	**(20 673)**
Finance income		18 243	9 409
Finance costs		(202 144)	(188 881)
Net advances received		58 577	47 323
Repayments of funding liabilities for advances		(18 337)	(128 618)
Tax received/(paid)		546	(36 311)
Net cash used in operating activities		**(149 150)**	**(317 751)**
Cash flows from investing activities			
Additions to property, plant and equipment	7	(86 184)	(26 237)
Proceeds from property, plant and equipment	7	6 753	11 710
Additions to investment property	8	-	(247)
Additions to intangible assets	9	(23 010)	(17 896)
Proceeds from intangible assets	9	566	-
Additions to mining properties	11	(18 008)	-
Additions to evaluation and exploration assets	10	(163 853)	(226 147)
Common control transaction, net of cash acquired	33	157	-
Advances to related parties		-	(180 788)
Net cash used in investing activities		**(283 579)**	**(439 605)**
Cash flows from financing activities			
Proceeds from convertible financial instrument		-	250 000
Repayment of borrowings	32	(58 848)	(196 276)
Repayment of other liabilities	32	(17 360)	(78 357)
Proceeds from deemed treasury shares		8 271	-
Acquisition of deemed treasury shares		(1 961)	(22 446)
Proceeds from related parties	32	606 476	-
Transaction with non-controlling interest		-	840 000
Net cash from financing activities		**536 578**	**792 921**
Net change in cash and cash equivalents		103 849	35 565
Cash and cash equivalents at the beginning of the period	2	68 942	33 377
Cash and cash equivalents at the end of the period	**2**	**172 791**	**68 942**

Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH

		COMPANY	
		2019	2018
Figures in Namibia Dollar thousand	*Notes*		
Cash flows from operating activities			
Cash generated by operations before working capital changes	30	(458 822)	925
Changes in working capital	30	6 640	(186 072)
Cash generated used in operations		**(452 182)**	**(185 147)**
Finance income		286 281	155 262
Finance costs		(87 434)	(123 881)
Net cash used in operating activities		**(253 335)**	**(153 766)**
Cash flows from investing activities			
Capital injection in subsidiaries		-	(90 988)
Proceeds from disposal of shares in investment in subsidiaries		-	840 000
Advances to related parties		-	(517 770)
Net cash from investing activities		**-**	**231 242**
Cash flows from financing activities			
Proceeds from convertible financial instrument		-	250 000
Repayment of borrowings	32	(36 239)	(155 107)
Proceeds from/(repayments to) related parties	32	287 664	(341 931)
Acquisition of deemed treasury shares		(1 961)	(22 446)
Proceeds from disposal of deemed treasury shares		8 271	197 636
Net cash from/(used in) financing activities		**257 735**	**(71 848)**
Net change in cash and cash equivalents		**4 400**	**5 628**
Cash and cash equivalents at the beginning of the period	2	9 044	3 416
Cash and cash equivalents at the end of the period	**2**	**13 444**	**9 044**

Accounting Policies

FOR THE YEAR ENDED 31 MARCH 2019

Significant accounting policies

1. BASIS OF PREPARATION

The consolidated and separate 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, 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, and are based upon appropriate accounting policies and supported by reasonable and prudent judgements and estimates. The consolidated and separate financial statements have been prepared on the historical cost basis, except for the measurement of certain property, plant and equipment, contingent consideration payables and investment properties, and incorporate the principal accounting policies set out below.

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

1.1 ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts presented in the 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 financial statements.

1.1.1 ESTIMATES

Estimation relates to uncertain future events and their effect on certain assets and liabilities accounted for in the 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) Contract liability

Management assesses an appropriate land servicing period, in which property sales revenue will be likely to be received. The service obligation (contract liability) is offset (as there is a current legally enforceable right of set-off between the liability and receivable) against property receivables and is subsequently recognised on stage of completion of the servicing obligation. When the estimated period differs from the previous estimate, the change is applied prospectively. Refer note 4 for further information.

(c) Impairment of financial assets

The impairment allowance for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward looking estimates at reporting date. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets. Refer notes 3 and 4 for further information.

(e) Intangibles (Impairment testing)

The recoverable amounts of cash-generating units or individual assets have been determined based on the value-in-use calculations. 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.

(f) 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.

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. The group seeks to provide appropriate levels of claims provisions taking the known facts and experience into account. Refer to note 16.

(g) 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.

(h) 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.

(i) 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 use. 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.

(j) Basis of presentation of financial statements

The group presents its statement of financial position in order of liquidity because it is mainly a financial services group.

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

Property sale contracts are split between sale of land and servicing of land. Judgement was applied in determining whether land and servicing of land met criteria to be identified as separate performance obligations as they are capable of being provided independently of each other. Refer to notes 3, 4 and 22.

(b) Transfer of inventory to investment property

The company transfers from inventory to investment property when there is evidence of a change in use. A degree of uncertainty is involved in the determination of what constitutes change in use. A change in the business strategy and the decommissioning of the asset resulted in change in use. Refer to note 8 for further information.

(c) Waiver of debt

Judgement is required in determining whether a waiver of shareholder's debt is extinguishing debt, capital contribution and or equity distribution. Debt waiver during the year was a release of a financial liability and was recognised in profit or loss. Refer to note 26.

1.2 BASIS OF CONSOLIDATION

(a) Business combinations

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.

(b) Intercompany transactions
Intercompany 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. The difference between fair value of any consideration paid/received and the relevant share acquired/disposed at the carrying value of the net assets of the subsidiary is recognised 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.

(f) Common control transactions
Transactions in which combining entities are controlled by the same party or parties before and after the transaction and where that control is not transitory are referred to as common control transactions.
As IFRS does not specifically govern the accounting treatment of common control transactions, guidance was sought by investigating the treatment of similar transactions in other jurisdictions. Guidance was obtained from UK GAAP, specifically FRS 6.

The group's accounting policy for the acquiring entity would be to account for the transaction at book values as reflected in the consolidated financial statements of the selling entity. The group accounts for the merger prospectively, thus the acquired entity's results are included in the acquirer's financial statements from the date of the common control transaction. There is no restatement of comparative information.

For common control transactions, the group determines the purchase consideration as the transaction cost adjusted for time value of money where applicable.

The excess of the purchase consideration over the acquirer's proportionate share of the net asset value acquired in common control transactions is recognised in the common control reserve in equity.

1.3 FOREIGN CURRENCY
(a) Functional and presentation currency
Items included in the 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).

(b) Transactions
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 that have a functional currency different from the presentation currency of the group are translated into the presentation currency at reporting date. Assets and liabilities of each statement of financial position are translated at the closing rate.

1.4 INVENTORIES
The inventory of real estate is presented at the lower of cost (including development and preparation expenses) and net realisable value.

The cost of inventories comprises 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.

In a transfer from inventory to investment property, which is measured at fair value, any difference between the fair value of the real estate on transfer date and its prior carrying value in the books is recorded directly to profit and loss. Under such circumstances when the group transfers items from inventories to investment property, the transfer is treated in a manner that is consistent with the treatment of sales of inventories.

1.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is initially measured at cost. Cost comprises expenditure which is directly attributable to the acquisition of the asset. 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
• Mining plant	5 years

The residual value, useful life and depreciation method of each asset are reviewed at each reporting date. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

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.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

1.6 INVESTMENT PROPERTY

Investment properties are held for long-term rental yields or/and for capital appreciation, and are not occupied by companies within the group. Investment properties are measured at cost and subsequently 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.

1.7 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 commercially 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 in the period when the new information becomes available.

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.

1.8 MINE PROPERTIES

Expenditure is transferred from 'Exploration and evaluation assets' to 'Mine under development', which is a subcategory of 'Mine properties', once the exploration and evaluation results support the future development of a mining property and such development receives appropriate approvals.

After transfer of the exploration and evaluation assets, all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalised under 'Mines under construction'. Any costs incurred in testing the assets to determine if they are functioning as intended, are capitalised.

1.9 INTANGIBLE ASSETS

Intangible assets are initially recognised at cost.

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 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.

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 measured at cost 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

(A) Financial instruments under provisions IFRS 9

Classification
Financial Assets at amortised cost
The group classifies its financial assets as those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. These assets are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest.

Measurement
Subsequently the group measures advances and trade receivables at amortised cost and impairment is recognised on these assets.

Interest income from these financial assets is included in finance income using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss.

Impairment
The group assesses on a forward-looking basis the expected credit losses associated with its advances and trade receivables measured at amortised cost. Lifetime expected credit losses (ECL) are recognised when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

IFRS 9 requires an entity to recognise a loss allowance for expected credit losses (ECL) on a financial asset that is measured at amortised cost or fair value through other comprehensive income (FVTOCI). IFRS 9 outlines a 'three-stage' approach ('general approach') for impairment based on changes in credit quality since initial recognition:

The stages are defined as follows:
Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses ('ECL') are recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset weighted by the probability that the loss will occur in the next 12 months.

Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised, but interest revenue is still calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument. Expected credit losses are the weighted average credit losses with the probability of default ('PD') as the weight.

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised and interest revenue is calculated on the net carrying amount (that is, net of credit allowance).

Measurement and recognition of expected credit losses
The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Impairment losses are included in profit or loss.

Write off policy
The group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised for receivables.

Significant increase in credit risk
In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the group has reasonable and supportable information that demonstrates otherwise.

Financial assets with an objective evidence of impairment, considering the rebuttable presumption that default does not occur later than when a financial asset is 90 days past due, are assessed as being in default unless the group has reasonable and supportable information that demonstrates otherwise.

The group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Financial liabilities at amortised cost
The group classifies its financial liabilities as those measured at amortised cost.

Derecognition
Financial assets
The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities
The group derecognises financial liabilities when, and only when, the group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(B) Financial instruments under provisions IAS 39 comparatives

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, 14 and 15.

1.11 TAX

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

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

Tax assets and liabilities are offset at the taxpayer level and in same jurisdiction as the law allows net settlement. The different balances are shown accordingly either as assets or liabilities on the statement of financial position.

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 are offset at the taxpayer level and in same jurisdiction as the law allows net settlement. The different balances are shown accordingly either as assets or liabilities on the statement of financial position.

Tax expense
Current and deferred taxes are recognised 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 recognised directly in equity if the tax relates to items that are recognised, 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.

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 is included in the statement of financial position as part of borrowings.

The discount rate used in calculating the present value of the minimum lease payments is the group's incremental borrowing rate. 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 is 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 bonus payments is recognised as an expense when there is an obligation to make such payments as a result of past performance.

1.14 REVENUE

(A) New revenue policy after adopting IFRS 15

Revenue comprises the consideration received or receivable from contracts entered into with customers in the ordinary course of the group's activities. It is determined at an amount that depicts the consideration to which the group expects to be entitled in exchange for transferring the goods and services promised to the customer.

Revenue is shown net of taxes, discount and amounts collected on behalf of third parties. Revenue is recognised at the amount of the transaction price that is allocated to each distinct performance obligation, and is recognised when control of the performance obligation is transferred to the customer.

Property sales revenue
In property sale transactions, the land is a distinct performance obligation. Revenue is recognised when control of the land is transferred to the customer upon signature of the sales contract.

Revenue from servicing the land and revenue from construction contracts, each of which is identified as a performance obligation, which is recognised over time and is measured with reference to independently certified progress certificates issued by the appointed project engineer.

Tuition fees
Revenue from tuition services is recognised over time. Progress is measured as the amount of work completed, as a percentage of the agreed work to be done.

Diamonds sales
Revenue is recognised when control (legal title) of the diamond is transferred to the customer.

Interest received on financial assets (includes interest received on student advances)
Interest income on financial assets that are classified as debt instruments at amortised cost is determined using the effective interest method. The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan. The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.

Dividends received
Dividends are recognised when the company's right to receive payment has been established.

(B) Revenue policy before adopting IFRS 15

Property sales revenue
Revenue from the sale of property is recognised for 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 is recognised when control of the land is transferred to the customer upon signature of the sales contract.
- Revenue from the servicing portion of the contract is recognised on the basis of stage of completion.

Stage of completion is determined by the proportion of costs incurred to date bear to the total estimated costs of the transaction. 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

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:

(i) 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.

(ii) Claims
Claims incurred consist of claims and claims handling expenses paid during the reporting period 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.

(iii) 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.

(iv) 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.

(v) 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.

(vi) 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
(i) 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.

(ii) 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 reporting 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.

(D) 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"). On disposal the average cost of shares is adjusted against the deemed treasury shares reserve. Any excess of the consideration received on the sale of deemed treasury shares over the average cost of the shares sold is credited to retained income.

1.17 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).

1.18 FINANCE COSTS

Finance costs comprise interest payable on borrowings, calculated using the effective interest 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.

1.19 NEW STANDARDS AND INTERPRETATIONS

1.19.1 Standards and interpretations effective and adopted in the current year

This note explains the impact of the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers on the group's financial statements and also discloses the new accounting policies that have been applied from 1 April 2018, where they are different to those applied in prior periods.

a) IFRS 9 Financial Instruments

i) Impact on the financial statements

As explained below, IFRS 9 was adopted without restating comparative information. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the statement of financial position as at 31 March 2018, but are recognised in retained income on 1 April 2018.

The group has adopted IFRS 9 with a date of transition of 1 April 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements.

ii) IFRS 9 Financial instruments – impact of adoption

IFRS 9 replaces the requirements of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments and impairment of financial assets.

In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated. The total impact on the group's retained income as at 1 April 2018 is as follows:

(Figures in Namibia Dollar thousand)	
Closing retained income 31 March 2018 - IAS 39	3 426 491
Adjustment to retained income from adoption of IFRS 9 on 1 April 2018*	(247 531)
Opening retained income 1 April 2018 - IFRS 9	**3 178 960**

*Adjustment to retained income from adoption of IFRS 9 is made up of the following:	
Increase in expected credit loss for bank advances and loans	(2 105)
Increase in expected credit loss for property advances	(245 426)
	(247 531)

Refer to note 2 for comparative disclosures on credit exposure information of financial instruments.

iii) Classification and measurement
On 1 April 2018, advances, loans and trade receivables previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. There was no impact as a result of IFRS 9 reclassification. These are now classified and measured as debt instruments at amortised cost. There are no changes in classification and measurement for the group's financial liabilities.

iv) Impairment of financial assets
The adoption of IFRS 9 has fundamentally changed the group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the group to recognise an allowance for ECLs for all debt instruments at amortised cost.

The group was required to revise its impairment methodology under IFRS 9 for its financial assets. The impact of the change in impairment methodology on the group's retained income is disclosed in the table in note ii) above.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Refer to Note 1.10 for the new financial instruments policy.

b) IFRS 15 Revenue from contracts with customers
The group has adopted IFRS 15 Revenue from Contracts with Customers from 1 April 2018 which resulted in a change in the accounting policy. There were no adjustments to the amounts recognised in the financial statements.

Refer to Note 1.14 for the new revenue accounting policy.

1.19.2 Standards and interpretations not yet effective
The group has decided 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 2019.

IFRS 16 LEASES
IFRS 16 was issued in January 2016. For lessees, almost all leases will be recognised in the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a lease liability to pay rentals are recognised. There are two exemptions, namely short-term and low-value leases.

The standard will affect primarily the accounting for the group's operating leases. At the reporting date, the group had non-cancellable operating lease commitments which were insignificant. The group's commitments are immaterial and will not result in the recognition of an asset and a liability for future payments and this will not affect the group's profit or classification of cash flows.

The standard is effective for the group for the financial reporting period commencing 1 April 2019.

IFRS 17 INSURANCE CONTRACTS
The standard is effective for periods commencing on or after 1 January 2022 (tentative effective date). The standard will be adopted by the group for the financial reporting period commencing 1 April 2022.

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

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.

Notes to the Annual Financial Statements

FOR THE YEAR ENDED 31 MARCH

Figures in Namibia Dollar thousand	*2019*	*2018*

2. CASH AND CASH EQUIVALENTS

	GROUP	
Bank balances	146 591	68 942
Call deposits	26 200	-
	172 791	**68 942**

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

3. ADVANCES

	GROUP	
Property advances	807 068	1 044 842
Student advances	528 833	660 953
Other loans advanced	51 190	48 308
	1 387 091	**1 754 103**
Current assets	413 636	272 204
Non-current assets	973 636	1 481 899
	1 387 091	**1 754 103**
Reconciliation of advances		
Advances at beginning of the year	1 754 103	1 818 811
Effect of adoption of IFRS 9	(247 531)	-
Other movements		
Loans advanced (including transaction costs)	62 998	41 603
Payments received	(121 575)	(88 926)
Impairment losses	(7 533)	(3 559)
Increase in loss allowance	(53 371)	(13 826)
	1 387 091	**1 754 103**
Consisting of:		
Gross advances	1 742 643	1 808 753
Loss allowance	(355 552)	(54 650)
	1 387 091	**1 754 103**
Reconciliation of loss allowance		
Opening balance	54 650	40 824
Adjustment upon application of IFRS 9	247 531	-
	302 181	-
Increase in loss allowance for the period	53 371	13 826
Closing balance	**355 552**	**54 650**

Property advances

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

(A) Property advances - commercial finance

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

- NAD 264 million (2018: NAD 344 million) loan repayable in 3 instalments (2018: 3 instalments) over a period of 24 months (2018:24 months) at an interest rate of 11.75% pa (2018: 11.75% pa).
- NAD 503 million (2018: NAD 666 million) loan to a property developer and is repayable in 6 instalments (2018: 6 instalments) over 57 months (2018:57 months) with the final repayment date December 2022, at an interest rate of 7.27% pa (2018: 7.27% pa to 11.75% pa).

(B) Other advances - property advances

The balance of property advances with a carrying amount of NAD 40 million (2018: NAD 32 million) bear interest at rates ranging between 11.25% pa to 15.50% pa (2018: 11.75% pa to 13.75% pa), the average mortgage type contracts are repayable over an average of 220 (2018: 220) monthly instalments of NAD 0.496 million (2018: NAD 0.585 million). Mortgage loans are secured by mortgage bonds over immovable property.

(C) Other advances - other

The balance of other advances with a carrying amount of NAD 27 million (2018: NAD 16 million) bear interest at rates ranging between 10.50% pa to 15.50% pa (2018: 11.50% pa to 15.5% pa), the average mortgage-type contracts are repayable over an average of 32 (2018: 33) monthly instalments of NAD 0.709 million (2018: NAD 0.554 million). Loans are secured by properties sold. Personal surety or cession of shares in property holding companies are also obtained from buyers were deemed necessary. Loans are secured by mortgage loans over immovable property or by security over motor vehicles purchased by the dealers. Personal surety is obtained from where deemed necessary.

Student advances

These loans bear interest rates ranging between 16.8% - 21.0% pa (2018: 16.8% - 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 14.

All advances are classified as debt instruments at amortised cost. The carrying amounts approximate fair value owing to variable rates that reprice as interest rates change.

Reconciliation of provision for impairment of loans and receivables

	Stage 1	Stage 2	Stage 3	Total
Opening balance at 1 April 2018	31 388	491	270 302	302 181
Transfers (to) from stage 1	(5 119)	183	4 936	-
Transfers (to) from stage 2	181	(450)	269	-
Transfers (to) from stage 3	1 788	333	(2 121)	-
Subsequent changes in ECL	2 495	879	52 000	55 374
ECL on new exposures raised	1 797	-	3 733	5 530
Impaired accounts written off	-	-	(7 533)	(7 533)
	32 530	**1 436**	**321 586**	**355 552**

	Opening ECL 1 April 2018	Total transfers between stages	ECL on new exposures raised	Impaired accounts written off	Subsequent changes in ECL	Closing ECL 31 March 2019
Mortgage loans						
Stage 1	283	(5)	87	-	(365)	-
Stage 2	-	5	-	-	(5)	-
Stage 3	-	-	-	-	-	-
SME loans						
Stage 1	1 803	-	47	-	(1 850)	-
Stage 2	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-
Personal loans						
Stage 1	12	(1)	66	-	(77)	-
Stage 2	-	1	-	-	(1)	-
Stage 3	7	-	-	(7)	-	-
Floor plan loans						
Stage 1	-	-	20	-	(20)	-
Stage 2	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-
Student loans						
Stage 1	29 290	(3 144)	1 577	-	4 807	32 530
Stage 2	491	60	-	-	885	1 436
Stage 3	23 459	3 084	3 733	(7 526)	43 656	66 406
Property loans						
Stage 1	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-
Stage 3	246 836	-	-	-	8 344	255 180
	302 181	**-**	**5 530**	**(7 533)**	**55 374**	**355 552**

Figures in Namibia Dollar thousand

Reconciliation of gross carrying value

	Stage 1	Stage 2	Stage 3	Total
Opening balance at 1 April 2018	691 877	2 794	1 114 082	1 808 753
Transfers (from) stage 1	(105 485)	4 405	101 080	-
Transfers (from) stage 2	977	(2 592)	1 615	-
Transfers (from) stage 3	4 262	794	(5 056)	-
Net pay downs	(170 960)	1 331	48 054	(121 575)
New loans	38 124	-	24 874	62 998
Accounts written off	-	-	(7 533)	(7 533)
	458 795	**6 732**	**1 277 116**	**1 742 643**

	Gross carrying amount 1 April 2018	Total transfers Between stages	New loans	Accounts written off	Net pay downs	Closing carrying amount 31 March 2019
Mortgage loans						
Stage 1	3 404	(538)	11 162	-	(97)	13 931
Stage 2	-	538	-	-	(7)	531
Stage 3	-	-	-	-	-	-
SME loans						
Stage 1	41 912	-	47	-	(10 522)	31 437
Stage 2	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-
Personal loans						
Stage 1	3 632	(161)	1 242	-	(1 543)	3 170
Stage 2	-	161	-	-	(33)	128
Stage 3	31	-	-	(31)	-	-
Floor plan loans						
Stage 1	-	-	1 993	-	-	1 993
Stage 2	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-
Student loans						
Stage 1	643 600	(99 549)	23 680	-	(158 798)	408 933
Stage 2	2 794	1 909	-	-	1 371	6 074
Stage 3	91 671	97 640	1 235	(7 502)	31 154	214 198
Property loans						
Stage 1	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-
Stage 3	1 021 709	-	23 639	-	16 900	1 062 248
	1 808 753	**-**	**62 998**	**(7 533)**	**(121 575)**	**1 742 643**

1) All loans advanced have no credit risk rating grades

2) No modifications were made to financial assets that resulted in derecognition.

Figures in Namibia Dollar thousand

	Gross Loans 31 March 18	Carrying amount net of ECL 31 March 18	Gross Loans 31 March 19	Carrying amount net of ECL 31 March 19
Mortgage loans				
Stage 1	3 404	3 121	13 931	13 931
Stage 2	-	-	531	531
Stage 3	-	-	-	-
SME loans				
Stage 1	41 912	40 109	31 437	31 437
Stage 2	-	-	-	-
Stage 3	-	-	-	-
Personal loans				
Stage 1	3 632	3 620	3 170	3 170
Stage 2	-	-	128	128
Stage 3	31	24	-	-
Floor plan loans				
Stage 1	-	-	1 993	1 993
Stage 2	-	-	-	-
Stage 3	-	-	-	-
Student Loans				
Stage 1	643 600	614 310	408 933	376 403
Stage 2	2 794	2 303	6 074	4 638
Stage 3	91 671	68 212	214 198	147 792
Property Loans				
Stage 1	-	-	-	-
Stage 2	-	-	-	-
Stage 3	1 021 709	774 873	1 062 248	807 068
	1 808 753	**1 506 572**	**1 742 643**	**1 387 091**

Reconciliation of impairment allowance from IAS 39 to IFRS 9 at 1 April 2018

Impairment	
Portfolio impairment under IAS 39	54 650
Additional impairment under IFRS 9	247 531
Impairment under IFRS 9	**302 181**
Categorised as:	
Stage 1	31 388
Stage 2	491
Stage 3	270 302
IFRS 9 impairment as at 1 April 2018	**302 181**

Collateral and other credit enhancements

	Maximum exposure to credit risk	Collateral	Net Exposure
Mortgage loans	14 462	(14 462)	-
SME loans	31 437	(31 437)	-
Personal loans	3 298	-	3 298
Floor plan loans	1 993	(1 993)	-
Student loans	629 205	-	629 205
Property loans	1 062 248	(1 062 248)	-
	1 742 643	**(1 110 140)**	**632 503**

- Mortgage loans are secured by mortgage bonds over immovable property.
- SME loans are secured by mortgage loans over immovable property or personal surety is obtained from buyers where deemed necessary.
- Floor plan loans are secured by security over motor vehicles purchased by the dealer.
- Structured loans are secured by properties sold. Personal surety is obtained from buyers where deemed necessary.

Figures in Namibia Dollar thousand | 2019 | 2018

Write off

All contractual amounts outstanding on financial assets that were written off during the reporting period are still subject to enforcement activity.

4. TRADE AND OTHER RECEIVABLES

	GROUP	
	2019	2018
Trade receivables	27 565	20 295
Property sales receivables*	390 978	587 103
VAT	61 403	39 920
Other receivables	40 610	37 527
	520 556	**684 845**

*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 40 months (2018: 20 months). Property sales receivables are disclosed net of contract liabilities amounting to NAD 51 million (2018: NAD 61 million).

These receivables are secured by property disposed of which exceeded the value of these receivables as such exposure at default is nil, therefore no expected credit loss has been provided.

As at 31 March 2019, NAD 172 million (2018: NAD 469 million) of property sales receivables relating to sales of erven in Elisenheim are due to be received after 12 months from the reporting date.

	GROUP	
	2019	2018
Current assets	348 724	186 447
Non-current assets	171 832	498 398
	520 556	**684 845**

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable. No trade receivables have been pledged as collateral for liabilities or contingent liabilities.

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

5. AMOUNTS (DUE TO) / DUE BY RELATED PARTIES

	GROUP	
	2019	2018
Next Investments (Pty) Ltd	(1 021 276)	178 110
Riskowitz Value Fund LP	-	350 084
	(1 021 276)	**528 194**

The amount due to Next Investments (Pty) Ltd (Next) arises from the NAD 1 billion loan transaction announced on the 8th of October 2018 in terms of which Dr Q van Rooyen together with his investment vehicle, Next would lend to Trustco Group Holdings Ltd.

The loan is repayable on 31 March 2024 and bears interest at the Namibian prime lending rate of 10.50%. The loan is convertible into Trustco's shares at the option of the lender and is subordinated until it is settled. No dilutive effect on headline earnings and earnings per share was calculated as the average share price during the year was lower than the exercise price of the option. During the period Next waived a portion of its loan. Refer to note 26.

The amount due by Riskowitz Value Fund was the outstanding balance of the Legal Shield Holdings transaction. The balance bore interest of 11.50% p.a. and was repaid during the period. Refer to note 32 for the cash flow effect of the balance.

Figures in Namibia Dollar thousand	*2019*	*2018*
	COMPANY	
Trustco Finance (Pty) Ltd*	-	(117 550)
Trustco Capital (Pty) Ltd	-	5 018
Trustco Insurance Ltd	(1 332)	(2 093)
Trustco Life Ltd	(6 974)	(8 119)
Trustco Property Holdings (Pty) Ltd	(17 088)	1 198 578
Legal Shield Holdings (Pty) Ltd	35 766	1 129 112
TBN Holdings Ltd	(194 433)	37 290
Trustco Investment Management Company (Pty) Ltd	-	(233)
Trustco Unit Trust Management Company Ltd	-	(2 559)
Trustco Bank Namibia Ltd	(6 569)	(8 008)
Trustco Mobile (Pty) Ltd	7 069	-
Trustco Estate Planners and Administrators (Pty) Ltd	39	-
Morse Investments Mauritius	(10 363)	(2 985)
Trustco Mobile Mauritius	3 756	3 756
Elisenheim Property Development Company (Pty) Ltd	-	80 846
Trustco Business Developments (Pty) Ltd	7 285 675	226 544
Trustco Resources (Pty) Ltd	-	301 359
Trustco Corporate Management Services (Pty) Ltd	-	87 298
Riskowitz Value Fund LP	-	350 084
Next Investments (Pty) Ltd	(1 021 333)	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
	6 123 994	**3 534 598**

Current assets	-	556 563
Non-current assets	7 394 805	3 132 301
Non-current liabilities	(1 270 811)	(154 266)
	6 123 994	**3 534 598**

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 8.5% to 10% per annum) and have no fixed terms of repayment, other than not being repayable within the next 12 months.

* In the previous reporting period, these amounts due 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 rate of three month Johannesburg Interbank Average Rate (JIBAR) 7.03% (2018: 7.36%) plus 8.25% per annum. In the prior reporting period the amount was disclosed separately from the amount due to Trustco Finance (Pty) Ltd of NAD 117.6 million as there was 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.

6. INVENTORIES

	GROUP	
Work in progress	236 305	331 674
Finished goods	45 672	38 531
	281 977	**370 205**

Work in progress relates to real estate. This real estate has been mortgaged as security for the liability described in note 14.

The cost of inventories recognised as an expense and included in cost of sales amounted to NAD 344.7 million (2018: NAD 166.7 million).

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

7. PROPERTY, PLANT AND EQUIPMENT

Group

	2019			2018		
	Cost or value	Accumulated depreciation & impairment	Carrying value	Cost or value	Accumulated depreciation & impairment	Carrying value
	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000
Land and buildings	165 139	(6 778)	158 361	168 238	(5 314)	162 924
Machinery and equipment	111 560	(65 525)	46 035	41 722	(27 352)	14 370
Motor vehicles	105 867	(29 600)	76 267	92 828	(22 510)	70 318
Office equipment & furniture	13 281	(4 473)	8 808	13 441	(4 480)	8 961
Aircraft	212 172	(28 535)	183 637	188 929	(19 577)	169 352
Computer equipment	43 141	(31 098)	12 043	35 175	(25 457)	9 718
Exploration assets (Vehicles & equipment)	-	-	-	4 303	(736)	3 567
Exploration assets (Mining plant)	242 571	(57 466)	185 105	168 962	(19 467)	149 495
Exploration assets (Buildings)	-	-	-	3 211	(401)	2 810
Total	**893 731**	**(223 475)**	**670 256**	**716 809**	**(125 294)**	**591 515**

	2019	2018
	NAD'000	*NAD'000*
The following capitalised leased assets are included in property, plant and equipment:		
Land and buildings	36 903	39 410
Motor vehicles	34 441	45 018
Exploration assets (mining plant)	-	55 448
Leased assets carrying value	**71 344**	**139 876**

Refer to note 41 for capital commitments authorised.

Reconciliation of property, plant and equipment - Group - 2019

	Opening balance	Additions	Disposals	Additions through common control note 33	Revaluations and transfers	Depreciation capitalised to exploration assets	Depreciation	Other changes	Total
	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000
Land & buildings	162 924	583	-	539	(3 970)&	-	(1 715)	-	158 361
Machinery & equipment	14 370	32 219	(4 499)	9 794	-	-	(5 849)	-	46 035
Motor vehicles	70 318	8 120	(3 114)	240	-	-	(8 344)	9 047"	76 267
Office equipment & furniture	8 961	1 547	(281)	276	-	-	(1 695)	-	8 808
Computer equipment	9 718	8 133	-	(8)	-	-	(5 800)	-	12 043
Aircraft	169 352	-	-	-	-	-	(8 958)	23 243*	183 637
Exploration assets (Vehicles & equipment)	3 567	-	-	-	(3 567)#	-	-	-	-
Exploration assets (Mining plant)	149 495	35 582	-	-	6 377#	(57 466)	-	51 117^	185 105
Exploration assets (Buildings)	2 810	-	-	-	(2 810)#	-	-	-	-
	591 515	**86 184**	**(7 894)**	**10 841**	**(3 970)**	**(57 466)**	**(32 361)**	**83 407**	**670 256**

Reconciliation of property, plant and equipment - Group - 2018

	Opening balance	Additions	Disposals	Non-cash additions	Revaluations note 19.2	Depreciation capitalised to exploration assets	Depreciation	Other changes	Total
	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000
Land & buildings	133 981	-	-	39 410	(7 543)	-	(2 924)	-	162 924
Machinery & equipment	13 417	6 336	-	-	-	-	(5 383)	-	14 370
Motor vehicles	59 747	-	(9 565)	28 098	-	-	(7 962)	-	70 318
Office equipment & 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 (Vehicles & equipment)	84 340	432	-	-	-	(736)	-	(80 469)#	3 567
Exploration assets (Mining plant)	78 961	9 532	-	-	-	(19 467)	-	80 469#	149 495
Exploration assets (Buildings)	3 524	-	(313)	-	-	(401)	-	-	2 810
	609 416	**26 237**	**(9 878)**	**67 508**	**(7 543)**	**(20 604)**	**(31 448)**	**(42 173)**	**591 515**

*Impairment gain/(loss) refer below for additional information "Non-cash additions through instalment sale agreement ^Exchange rate movement
#Transfer between categories to better reflect the financial position of the group &Revaluation of building refer to note 19.2 for further information

Property, plant and equipment encumbered as security
Refer to note 14 for details of property, plant and equipment encumbered as security for borrowings.

Revaluation of land and buildings and aircraft
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 and the applicable deferred taxes are recognised in other comprehensive income and presented in 'other reserves' in equity.

Valuation techniques used to determine fair values

(a). Aircraft

Valuation of aircraft is based on the International Recognised Blue Book for aircraft which is the accepted source for aircraft valuations worldwide. The effective date of revaluation was 31 March 2019 (2018: 31 March 2018). 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 for such transactions in the market that would be used to replace these assets.

Impairment loss
The group aircraft's revalued amount (reported in the group's "Insurance and its investments" segment) is directly linked to the US dollar. The exchange rate is one of the significant inputs. The movement of the exchange rate of the Namibian dollar to the US dollar from NAD 11.8 to NAD 14.1 (from NAD 13.4 to NAD 11.8 in previous reporting period) resulted in significant increase (2018: decrease) in the revalued amount. The 2019 increase was recognised as a reversal of impairment loss in profit or loss to the extent of impairment loss recognised in the previous reporting period.

During the period the reversal of impairment loss of NAD 23.2 million (for 12 months period ended 31 March 2018: NAD 42.2 million impairment loss) was recognised in the "Insurance and its investments" segment's profit or loss. The recoverable amount of the aircraft is NAD 184 million (2018: NAD 169 million) and is equal to its revalued amount less cost of disposal.

Sensitivity analysis
The effect of a 1% change in exchange rate (US Dollar to Namibian Dollar) with all other variables held constant, the group's profit for the year ended 31 March 2019 would decrease/increase by NAD 1.9 million (2018: NAD 1.8 million).

(b). Land and buildings

Land and buildings were valued by using the income capitalisation method. This method involves the determination of the net income of the property that is capitalised at a rate sought by prudent investors to determine the revalued amount of the subject property. The expected income of the property is determined by the comparison of the market rentals of similar properties.

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 2019 (2018: 31 March 2018). Gert Hamman Property Valuers CC and CP Marais are not connected to the group, are qualified property valuators and have recent experience in location and category of the property being valued.

The properties are valued at their highest and best use as commercial properties. Properties are valued using the following assumptions:

- Rental fee of NAD 130 to NAD 500 (2018: NAD 130 to NAD 500) per square metre, depending on space being rented;
- 15% (2018: 15%) expenses have been applied to gross income;
- 5% (2018: 5%) vacancy factor; and
- 8.5% (2018: 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 2019 would decrease/increase by NAD 1.6 million (2018: NAD 1.6 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.

Figures in Namibia Dollar thousand	2019	2018

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	105 360	105 953
Aircraft	218 223	203 983
Total historical cost carrying value	**323 583**	**309 936**

Land and buildings and aircraft are classified in level 3 of the fair value hierarchy.

8. INVESTMENT PROPERTY

Reconciliation of investment property - Group - 2019

	Opening balance	Transfer from Inventory	Fair value adjustments	Total
Investment property	1 476 818	984 427	(61 627)	2 399 618

Reconciliation of investment property - Group - 2018

	Opening balance	Additions	Fair value adjustments	Total
Investment property	1 010 812	247	465 759	1 476 818

Valuation of investment property		
Lafrenz development	878 750	900 818
Elisenheim	1 306 354	344 441
Ondangwa development	18 957	26 366
Farm Herboths	189 957	200 000
Developed rental properties	5 600	5 193
Total historical cost carrying value	**2 399 618**	**1 476 818**

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 2019 (2018: 31 March 2018). Valuation of investment properties was 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.

Transfer from Inventory to Investment Property

In 2014 the group purchased a property development company (the developer), that owned property assets. These properties were held with the intention of being developed and disposed of in the ordinary course of business and therefore treated as inventory by the group. Due to the decline in the property market, as evidenced by relatively low demand and a decline in property prices, caused by the slowdown of the Namibian economy, management decided to review its plan and developed a new strategy as regards the extraction of value from these property assets. The revised strategy is to hold the properties for longer term capital appreciation and not for short term development and sale. As a consequence the board decided that the planned imminent development of the affected property assets be cancelled immediately. The strategy adopted for the affected property assets is now aligned with that adopted for other similar property assets within the property portfolio of the group which have been accounted for as investment properties.

Consequently, the group reclassified the affected properties from inventory to investment property as required by IAS 40 Investment Property when there is a change in the intention and actions of an entity under these circumstances. It is the group's policy to measure investment properties at fair value. Under such circumstances when an entity transfers items from inventories to investment property that will be measured at fair value, IAS 40 requires that the transfer be treated in a manner that "is consistent with the treatment of sales of inventories" and to "recognise any difference between the fair value of the property at that date and its previous carrying amount in profit or loss". The group has applied these requirements by recognising as revenue from "deemed sales of inventory" an amount of NAD 984 million (fair value was determined using the valuation technique disclosed below used for the Elisenheim investment property), being the fair value of the property assets, and recognising as "deemed cost of sales" an amount of NAD 291 million being the carrying amount property assets (as inventory) at the date of transfer. A gain of NAD 693 million has therefore been recognised in profit or loss as required.

Subsequent to the transfer, the property assets will be accounted for as investment properties in a manner consistent with all other investment properties and as disclosed in full in our prior financial statements.

Certain investment properties as described above have been mortgaged as security for liabilities described in note 14. 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 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 (2018: NAD 1 300) per bulk square metre, depending on services installed and intended usage, based on recent comparable sales;
- 39% - 50% (2018: 45% - 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 30% - 32% (2018: 28% - 32%), based on recent construction costs;
  - ii. Professional fees of 12% (2018: 12%);
  - iii. Marketing fee of 4% (2018: 4%); and
  - iv. Developers' profit of 15% (2018: 15% - 20%) of gross capital value.
- Average erven size of 2 500 sqm (2018: 2 500sqm); and
- Average development period of 5 - 7.5 years (2018: 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 350 (2018: NAD 360) per bulk square metre for Nature Estate, based on recent comparable sales;
- land selling price of NAD1 550 per bulk square metre for Lifestyle Estate, based on recent comparable sales
- 42% - 50% (2018: 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 33% - 43% (2018: 42%) based on recent construction costs;
  - ii. Professional fees of 12% (2018: 12%);
  - iii. Marketing fee of 4% (2018: 4%); and
  - iv. Developers' profit of 15% - 20% (2018: 15%) of gross capital value.
- Average erven size for Nature Estate is 5 000 sqm (2018: 5 000sqm);
- Average erven size for Lifestyle Estate is 450 - 1 100 sqm; and
- Average development period of 2 – 7 years (2018: 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 400 (2018: 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% (2018: 12%);
  - ii. Marketing fee of 4% (2018: 4%);
  - iii. A cost to establish bulk servicing of 54% (2018: 51%) based on recent construction costs; and
  - iv. Developers' profit of 15% (2018: 20%) of gross capital value.
- 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:

- land selling price of NAD 29 per bulk square metre (2018: NAD 30 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% (2018: 28% - 32%) based on recent construction costs;
    ii. Professional fees of 12%;
    iii. Marketing fee of 4%; and
    iv. Developers' profit of 15% of gross capital value.
- Average erven size of 50 000 sqm (2018: 50 000 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.

Other information
Refer to note 14 for details of investment property encumbered as security for borrowings. Refer to note 41 for details on capital commitments on investment 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 2019 would decrease/increase by NAD 59.6 million (2018: NAD 26.8 million).

Investment properties are classified in level 3 of the fair value hierarchy.

9. INTANGIBLE ASSETS

Group

	2019			2018		
	Cost	**Accumulated amortisation & impairment**	**Carrying amount**	**Cost**	**Accumulated amortisation & impairment**	**Carrying amount**
	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000
Trademarks, licences and patents	71 936	(17 558)	54 378	64 781	(9 418)	55 363
Computer software	247 560	(107 938)	139 622	225 900	(86 829)	139 071
Goodwill	268 018	(9 497)	258 521	268 018	-	268 018
Total	**587 514**	**(134 993)**	**452 521**	**558 699**	**(96 247)**	**462 452**

Reconciliation of intangible assets - Group - 2019

	Opening balance	**Additions**	**Disposals**	**Other changes**	**Amortisation**	**Total**
	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000
Trademarks, licences and patents	55 363	-	(566)	3 730*	(4 149)	54 378
Computer software	139 071	23 010	-	-	(22 459)	139 622
Goodwill	268 018	-	-	(9 497)^	-	258 521
	462 452	**23 010**	**(566)**	**(5 767)**	**(26 608)**	**452 521**

* Additions through common control transaction (note 33)
^ Impairment loss

Reconciliation of intangible assets - Group - 2018

	Opening balance	**Additions**	**Other changes**	**Amortisation**	**Total**
	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000
Trademarks, licences and patents	49 858	9 323	-	(3 818)	55 363
Computer software	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**

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 reporting period. An impairment loss was recognised during the reporting period as the recoverable amount of the business unit was significantly affected by a depressed operating environment. The other assets within this cash generating unit were deployed for use in other units within the group. The total amount recognised as an impairment loss in profit or loss during the period was NAD 9.5 million. The impairment loss was accounted for in the "Insurance and its investments" segment's profit or loss. The carrying amount of goodwill is NAD Nil (2018: NAD 9.5 million).

b) Mining Operations - Meya Mining Ltd

Goodwill of NAD 258.5 million (2018: NAD 258.5 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 value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by the directors based on past experience covering a 5 year period with the following assumptions;

- Turnover growth of 16% (2018: 15%);
- Discount rate of 6.86% (2018: 6.86%);
- Cost of sales growth of 15.5% (2018: 15%); and
- Operating expenditure growth of 15.5% (2018: 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 mine will commence full production in the next financial period. A 1% change in the key assumptions will not result in the impairment of goodwill.

10. EVALUATION AND EXPLORATION ASSETS

		2019			2018	
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000
Evaluation and exploration assets	530 275	-	530 275	278 638	-	278 638

Reconciliation of evaluation and exploration assets - Group - 2019

Opening balance	Additions	Depreciation capitalised	Foreign exchange	Total
NAD'000	NAD'000	NAD'000	NAD'000	NAD'000
278 638	163 853	57 466	30 318	530 275

Reconciliation of evaluation and exploration assets - Group - 2018

Opening balance	Additions	Total
NAD'000	NAD'000	NAD'000
52 491	226 147	278 638

Direct costs related to exploration and evaluation activities are capitalised.

11. MINE PROPERTIES

Reconciliation of mining properties - Group - 2019

	Addition through common control	Additions*	Total
	NAD'000	NAD'000	NAD'000
NNDC mining operation	146 867	18 008	164 875

Refer to common control transaction (note 33) for further information on the acquisition of the NNDC mining operation.

* Development costs capitalised

12. INVESTMENT IN SUBSIDIARIES

Company

	Issued share capital		Company's interest		Cost of shares	
	2019	2018	2019	2018	2019	2018
	NAD	NAD	%	%	NAD	NAD
Legal Shield Holdings (Pty) Ltd	800	800	80	80	745 160 434	745 160 434
Trustco Bank Namibia Ltd	200 000 000	200 000 000	100	100	157 987 562	157 987 562
Trustco Business Develop--ments (Pty) Ltd	100	100	100	100	100	100
Trustco Corporate Manag--ement Services (Pty) Ltd	100	100	100	100	100	100
TBN Holdings Ltd	100	100	100	100	100	100
Trustco Group International (Pty) Ltd (Inc. in RSA)	100	100	100	100	100	100
Trustco Mobile Mauritius	100	100	100	100	100	100
					903 148 496	**903 148 496**

The aggregate contribution made by the subsidiaries in the group amounted to NAD 1 001 million (2018: NAD 366 million) and the company contributed a loss NAD 276 million (2018: loss of NAD 92.3 million) to group profit or loss.

13. DEFERRED TAX ASSETS AND (LIABILITIES)

	Group 2019			Group 2018		
	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	(66 210)	(9 691)	(75 901)	(63 335)	(2 875)	(66 210)
Land	(16)	16	-	(16)	-	(16)
Inventory	(27 764)	(36 528)	(64 292)	(25 335)	(2 429)	(27 764)
Investment property	(14 114)	(5 974)	(20 088)	(11 596)	(2 518)	(14 114)
Intangible assets	(3 772)	(4 345)	(8 117)	(4 140)	368	(3 772)
Financial lease liabilities	8 549	(1 856)	6 693	7 026	1 523	8 549
Prepayment	(1 818)	1 818	-	(3 813)	1 995	(1 818)
Property receivables	(234 803)	102 556	(132 247)	(221 903)	(12 900)	(234 803)
Loss allowance	49	3 569	3 618	49	-	49
Contract liabilities	55 568	(27 403)	28 165	36 660	18 908	55 568
Accruals for leave pay and bonuses	2 227	(195)	2 032	2 908	(681)	2 227
Foreign currency translation	12 361	(5 571)	6 790	430	11 931	12 361
Assessed losses	120 833	100 718	221 551	69 096	51 737	120 833
Total	**(148 910)**	**117 114**	**(31 796)**	**(213 969)**	**65 059**	**(148 910)**

	Company 2019			Company 2018		
	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	(2 589)	-	(2 589)	(1 584)	(1 005)	(2 589)
Deferred tax on assessed losses	38 865	(20 000)	18 865	38 715	150	38 865
Total	**36 276**	**(20 000)**	**16 276**	**37 131**	**(855)**	**36 276**

	2019	**2018**
	NAD'000	*NAD'000*
Reconciliation of deferred tax asset / (liability)		
	GROUP	
At the beginning of the year	(148 910)	(213 969)
Recognised in profit or loss	121 415	50 732
Recognised in other comprehensive	(4 301)	14 327
	(31 796)	**(148 910)**
Deferred tax assets	147 293	150 656
Deferred tax liabilities	(179 089)	(299 566)
	(31 796)	**(148 910)**

Figures in Namibia Dollar thousand	*2019*	*2018*

Reconciliation of deferred tax asset

	COMPANY	
At the beginning of the year	36 276	37 131
Recognised in profit or loss	(20 000)	(855)
	16 276	**36 276**

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.

14. BORROWINGS

	GROUP	
Term loans	1 002 227	1 011 303
Listed bonds	-	30 564
Asset-backed financing arrangements	209 651	210 598
Mortgage bonds	39 188	80 086
	1 251 066	**1 332 551**
Non-current portion	535 725	542 144
Current portion	715 341	790 407
	1 251 066	**1 332 551**

	COMPANY	
Term loans	578 249	566 174
Listed bonds	-	30 564
	578 249	**596 738**
Current portion	**578 294**	**596 738**

Refer to note 38 for further information concerning new repayment terms of international debt lenders.

Group

		Loan value		Annual instalment		Interest rate	
	Year of loan maturity	**2019**	**2018**	**2019**	**2018**	**2019 %**	**2018 %**
Term loans	2017 - 2026	1 002 227	1 011 303	225 889	225 889	10.30	10.30
Listed bonds	2017 - 2019	-	30 564	-	141 337	10.50	12.40
Asset-backed financing arrangement	2017 - 2021	209 651	210 598	51 648	51 648	10.50	10.50
Mortgage bonds	2017 - 2029	39 188	80 086	11 494	11 494	10.50	10.50
Total		**1 251 066**	**1 332 551**	**289 031**	**430 368**		

Company

		Loan value		Annual instalment		Interest rate	
	Year of loan maturity	**2019**	**2018**	**2019**	**2018**	**2019 %**	**2018 %**
Term loans	2017 - 2026	578 294	566 174	89 672	89 672	10.30	10.30
Listed bonds	2017 - 2019	-	30 564	-	141 337	-	12.40
Total		**578 294**	**596 738**	**89 672**	**231 009**		

Asset-backed financing arrangements
Asset-backed financing arrangements are secured over aircraft with a carrying amount of NAD 183.6 million (2018: NAD 169.3 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 (listed bonds)
As at 31 March, NAD 1 billion (2018: NAD 962 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;

Figures in Namibia Dollar thousand 2019 2018

- Shares pledged by Dr Q van Rooyen & C van Rooyen to serve as security for the asset backed financing arrangements 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 NAD117.1 million (2018: NAD 126.0 million) and NAD 21.5 million (2018: NAD 21.5 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 321.9 million (2018: NAD 344.4 million) and real estate inventory with a carrying value of NAD 200.9 million (2018: NAD 296.5 million);
- Unlimited suretyship by the company, TBN Holdings 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 Ltd;
- Cession of policy number 8028338 with Mutual and Federal;
- Cession of policy number MA/M/2/SURE/8062617;
- Cession of moneys due by way of rentals - Erf 5741 Ongwediva, 3rd Floor Trustco Building;
- Trustco Air Services guarantee - Apple Bank & Trustco Group Holdings Ltd guarantee;
- Guarantee for full obligation by Dr Q van Rooyen - Inselberg Trust;
- Blue Orchard guarantee by Trustco Group Holdings Ltd;
- First demand guarantee by the company in favour of Symbiotics;
- Northern Industrial Estates (Pty) Ltd suretyship of N$5 million for Standard Bank Namibia Ltd;
- Northern Namibia Development Company (Pty) Ltd suretyship; and
- 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.

Summary of assets provided as security for the group:

	2019	2018
Property, plant and equipment	117 100	126 000
Investment properties	343 400	366 000
Advances	528 833	611 000
Inventory	200 900	297 000
	1 190 233	**1 400 000**

Total value of security pledged by the managing director for which the group reimburses him for suretyship in accordance with the management fee agreement was NAD 1 738.4 million (2018: NAD 1 972.5 million).

Unutilised committed borrowings

As at 31 March, there were no borrowing facilities not yet fully utilised or undrawn (2018: none).

15. TRADE AND OTHER PAYABLES

	GROUP	
Trade payables	207 648	66 022
VAT	13 586	8 213
Contingent consideration	59 233	258 521
Other payables	64 510	66 339
Employee fund	41 283	31 204
	386 260	**430 279**
Current portion	**386 260**	**430 279**

The carrying amount approximates the fair values as they primarily comprise variable rates that reprice as interest rates change and short term nature of the balance.

Figures in Namibia Dollar thousand 2019 2018

16. INSURANCE CONTRACT LIABILITIES

	GROUP	
Long-term insurance contracts	33 026	48 455
Short-term insurance contracts	12 367	14 602
	45 393	**63 057**

A) Long-term insurance contracts

	GROUP	
Claims incurred	151	919
Unearned premium reserve	2 764	6 329
Policyholders' liability under insurance contracts	30 111	41 207
	33 026	**48 455**

Reconciliation of long-term insurance contract liabilities - Group - 2019

	Opening balance	Movement	Closing balance
Claims incurred	919	(768)	151
Unearned premium reserve	6 329	(3 565)	2 764
Policyholders' liability under insurance contracts	41 207	(11 096)	30 111
	48 455	**(15 429)**	**33 026**

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

	Opening balance	Movement	Closing balance
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**

B) Short-term insurance contracts

	GROUP	
IBNR	2 034	2 222
Claims incurred	3 994	4 682
Unearned premium reserve	6 339	7 698
	12 367	**14 602**

Reconciliation of short-term insurance contract liabilities - Group - 2019

	Opening balance	Movement	Closing balance
IBNR	2 222	(188)	2 034
Claims incurred	4 682	(688)	3 994
Unearned premium reserve	7 698	(1 359)	6 339
	14 602	**(2 235)**	**12 367**

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

	Opening balance	Movement	Closing balance
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**

Solvency margin

Solvency margin of Trustco Insurance Ltd	66.6%	49.7 %

The solvency margin represents shareholders' interest of NAD 34.2 million (2018: NAD 27.5 million) expressed as a percentage of net premium income of NAD 51.3 million (2018: NAD 55.3 million).

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

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

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:

Assumption	Additional variable	Compulsory margin
Investment earnings	3.0% per annum (2018: 3.9%)	Investment earnings assumption was increased or decreased by 0.25% depending on which gives the higher liability
Expense Inflation	Expected inflation 5.5% (2018: 5.9%)	10% loading on the expense inflation assumption
Mortality	Assumptions for HIV related mortality and non HIV related mortality were unchanged	Assumptions were unchanged
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

Overall these changes resulted in a reduction in the actuarial liabilities of NAD 0.9 million.

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 tax 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).

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:

	2019	**2018**
	NAD '000	NAD '000
Excess of assets over liabilities	1 089 309	1 052 059
Minimum statutory requirement	4 000	4 000
SAN Capital adequacy benchmark*	22 764	26 176
CAR ratio	4 785 %	4 019 %

*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. There were no changes from the previous year.

Figures in Namibia Dollar thousand 2019 2018

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.

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.

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.

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	224 084	190 245
Share premium	921 719	267 400
	1 145 803	**457 645**

The unissued shares are under the control of the directors for which renewed authority is to be sought at the forthcoming annual general meeting. At the reporting date 974 265 619 (2018: 827 142 090) shares were issued and outstanding.

The following shares were issued during the reporting period:

- The balance of the Riskowitz Value Fund shares of 3 823 529. The shares were issued at par value of NAD 0.23 per share and a premium of NAD 4.02 per share. The share issue was settled through conversion of an equity loan (refer to note 19.3) entered into by the group and Riskowitz Value Fund.

- The Huso transaction as amended was perfected during the reporting period. The group made a first payment of NAD 672 077 000, payable by way of an issue of 143 300 000 shares, as compensation for the purchase of Huso. The shares were issued at par value of NAD 0.23 per share and a premium of NAD 4.46 per share to Dr Q van Rooyen who nominated Next Investments (Pty) Ltd and Le-Hugo Investments as the beneficiaries of the shares in terms of the Huso transaction. Refer to note 33 for further information.

The shares were listed on the Namibian Stock Exchange and the JSE Ltd in compliance with Schedule 6 of the Listings Requirements and were duly approved by shareholders.

18. DEEMED TREASURY SHARES

	GROUP	
2019	**Number of shares '000**	**Cost of shares**
Balance at reporting date	44 586	197 959
2018		
Balance at reporting date	44 993	200 804

	COMPANY	
2019	**Number of shares '000**	**Cost of shares**
Balance at reporting date	6 569	20 601
2018		
Balance at reporting date	7 203	23 446

At reporting date, the market value of treasury shares was NAD 467 million (2018: NAD 400 million).

19. OTHER RESERVES

	GROUP	
Foreign currency translation reserve	(11 935)	(12 413)
Convertible financial instrument	-	16 250
Revaluation reserve	38 735	23 942
Contingency reserve	1 708	2 178
Shares for vendors	2 300 175	14 976
Common control reserve (refer to note 33)	(3 197 685)	-
	(869 002)	**44 933**

	COMPANY	
Convertible financial instrument	-	16 250
Shares for vendors	2 300 175	14 976
	2 300 175	**31 226**

19.1 Shares for vendors

	GROUP/COMPANY	
Balance at the beginning of the year	14 976	14 976
Movement during the year*	2 285 198	-
Balance at the end of the year	**2 300 174**	**14 976**

***Dr Q van Rooyen**
During the reporting period the group finalised the acquisition of Huso Investment (Pty) Ltd (Huso) from Dr Q van Rooyen. A fixed number of shares (in total 628.8 million shares) will be payable to Dr Q van Rooyen should the Resources Segment reach certain prescribed targets. Refer to note 33 for further information about the Huso acquisition.

19.2 Revaluation reserve

	GROUP	
Balance at the beginning of the year	23 942	29 071
Revaluation of property, plant and equipment	(3 970)	(7 543)
Transfer between reserves*	17 493	-
Deferred tax on revaluation	1 270	2 414
Balance at the end of the year	**38 735**	**23 942**

*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.

Figures in Namibia Dollar thousand	*2019*	*2018*

19.3 Convertible financial instrument

	GROUP/COMPANY	
Balance at the beginning of the year	16 250	-
Proceeds from convertible financial instrument	-	250 000
Issue of shares	(16 250)	(233 750)
Balance at the end of the year	**-**	**16 250**

The company (Trustco Group Holdings Ltd) entered into a convertible loan agreement with Riskowitz Value Fund (Fund) dated 6 July 2017 to issue 58 823 529 shares. In terms of the agreement, the Fund advanced Trustco NAD 250 000 000 (two hundred and fifty million Namibia Dollars). In the previous reporting period, 55 000 000 ordinary shares of the company were issued and the balance of 3 823 529 shares (note 17) was issued by the company during the reporting period.

20. NON-CONTROLLING INTEREST

	GROUP	
Opening balance	437 956	7
Total comprehensive income	128 163	86 074
Non-controlling interest from acquisition of Meya Mining	(28 396)	-
Non-controlling interest from disposal of Legal Shield Holdings	-	351 875
Balance at the end of the year	**537 723**	**437 956**

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. INTERESTS IN OTHER ENTITIES

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

	Legal Shield Holdings (Pty) Ltd		**Meya Mining**	
	31 March 2019	**31 March 2018**	**31 March 2019**	**31 March 2018**
Summarised balance sheet				
Current assets	848 026	761 931	92 392	50 298
Current liabilities	(415 235)	(241 711)	(184 627)	(14 059)
Current net assets/(liabilities)	**432 791**	**520 220**	**(92 235)**	**36 239**
Non-current assets	3 225 264	3 822 181	295 069	152 220
Non-current liabilities	(1 606 702)	(2 976 830)	-	(12 796)
Non-current net assets	**1 618 562**	**845 351**	**295 069**	**139 424**
Net assets	2 051 353	1 365 571	202 834	175 663
Accumulated NCI	481 380	351 875	56 342	86 081
Summarised statement profit or loss and other comprehensive income				
Revenue	1 281 453	405 965	72 249	229 645
Profit/(loss) for the period	686 253	369 794	(13 220)	193 466
Other comprehensive income	-	-	11 823	(9 079)
Profit/(loss) allocated to NCI	129 505	-	(1 342)	86 074
Summarised cash flows				
Cash flows from/(used in) operating activities	475 176	269 922	(142 438)	37 183
Cash flow used in investing activities	(348 186)	(205 093)	(5 712)	(71 396)
Cash flow (used in)/from financing activities	(101 166)	(57 103)	169 932	42 257
Net increase in cash and cash equivalents	**25 824**	**7 726**	**21 782**	**8 044**

Figures in Namibia Dollar thousand	*2019*	*2018*

21.1 Transactions with non-controlling interests

a. Acquisition of non-controlling interest in Meya Mining

On 29 March 2019, Trustco entered into an agreement with Germinate SL Ltd in terms of which the group acquired a further 14% of Meya Mining from Germinate for a purchase price of NAD 644 million (six hundred and forty four million Namibia Dollars) bringing its total interest to 65%.

The following table summarises the details of the transaction:

Consideration paid	643 621
Net asset value 14% shareholding	(28 396)
Acquisition of non-controlling interest	**615 225**

b. Partial disposal of interest in Legal Shield Holdings

On 24 November 2017, Trustco entered into an agreement with the Riskowitz Value Fund in terms of which the Trustco sold off 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 transaction did not result in loss of control.

The following table summarises the details of the transaction:

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

22. REVENUE

	GROUP	
Insurance premium revenue	128 562	133 154
Property sales	100 115	166 750
Transfer of inventory to investment property	984 427	-
Tuition and other related fees	44 749	52 668
Interest earned on advances	122 287	148 810
Diamond sales	71 145	275 407
Other revenue	27 633	24 150
Total revenue	**1 478 918**	**800 939**

Refer to note 8 on revenue received from transfer of inventory to investment property.

Refer to note 35 for disaggregation of revenue from contracts with customers and timing of revenue recognition.

	COMPANY	
Management fees	13 213	40 424
Dividends	-	1 100 000
Total revenue	**13 213**	**1 140 424**

23. CLAIMS AND BENEFITS PAID ON INSURANCE CONTRACTS

Long-term insurance contracts

	GROUP	
Death claims paid	21 506	55 982
Change in claims incurred liability	(768)	(249)
Transfer to policyholders' liabilities	(11 096)	(27 346)
	9 642	**28 387**
Short-term insurance contracts		
Claims paid out	8 018	12 089
Increase in incurred but not reported claims	(188)	(254)
Change in claims incurred liability	(688)	(5 781)
	7 142	**6 054**
Total claims	**16 784**	**34 441**

Figures in Namibia Dollar thousand	*2019*	*2018*

24. PROFIT BEFORE TAX

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

	GROUP	
Employee costs	199 847	179 927
Loss/(profit) on foreign exchange differences	86 637	(317)
Auditors' remuneration - audit fees	10 462	6 539
Loss/(profit) on disposal of property, plant and equipment	11 141	(1 832)
Reversal of impairment of property, plant and equipment	(23 244)	-
Impairment of property, plant and equipment	-	42 173
Impairment of goodwill	9 497	-
Impairment of other receivables	39 877	-
Impairment of advances	7 533	3 559
Increase in allowance for credit losses on advances	53 371	13 826

	COMPANY	
Employee costs	4 214	1 313
Auditors' remuneration - audit fees	4 381	1 919
Loss on foreign exchange differences	97 798	-
Loan waiver*	300 000	-

*During the reporting period Trustco Group Holdings Ltd waived NAD 300 million, a portion of which was a short term working capital support facility previously provided to fund the operations of Trustco Capital (Pty) Ltd. The waiver of the loan facility by Trustco Group Holdings Ltd resulted in Trustco Capital (Pty) Ltd being legally released from its contractual obligation to settle the loan, and the financial liability was derecognised. Owing to the fact that there was no consideration paid by the Trustco Capital (Pty) Ltd, nor equity instruments issued by the Trustco Capital (Pty) Ltd in exchange for this release of debt, the waiver was recognised in profit or loss.

25. DIRECTORS' EMOLUMENTS

2019	**Number of Shares ('000)**	**Market value of shares**	**Basic**	**Other benefits**	**Directors' fees**	**Total**
Holding company (Executive directors)						
Q van Rooyen**	483 769	5 065 066	-	-	-	-
FJ Abrahams*	1 340	14 034	2 230	116	-	2 346
	485 109	**5 079 100**	**2 230**	**116**	**-**	**2 346**
Non-executive directors						
W Geyser	109	1 140	-	-	339	339
Adv. R Heathcote	1 355	14 185	-	-	637	637
J Mahlangu (resig. 22.04.18)	-	-	-	-	15	15
R Taljaard	35	362	-	-	376	376
Prof LJ Weldon (appt. 26.04.18)	-	-	-	-	286	286
KN van Niekerk (appt 26.04.18)	-	-	-	-	325	325
	1 499	**15 687**	**-**	**-**	**1 978**	**1 978**
Subsidiary company (Executive directors)						
A Lambert	215	2 251	872	94	-	966
E Janse van Rensburg	740	7 748	1 645	103	-	1 748
Q Z van Rooyen**	-	-	-	-	-	-
I Calitz	162	1 694	897	211	-	1 108
T Slabbert	406	4 254	1 438	41	-	1 479
K Fick (resig. 31.03.19)	-	-	1 424	122	-	1 546
A Brand	53	556	902	248	-	1 150
J Jacobs	-	-	3 328	213	-	3 541
J Joubert	786	8 229	-	-	2 700	2 700
	2 362	**24 732**	**10 506**	**1 032**	**2 700**	**14 238**

2019	Number of Shares ('000)	Market value of shares	Basic	Other benefits	Directors' fees	Total
Non-executive directors of subsidiary boards						
W Geyser	-	-	-	-	1 636	1 636
R Taljaard	-	-	-	-	823	823
T Newton	-	-	-	-	474	474
N J Tshitayi (resig. 22.04.18)	-	-	-	-	22	22
J van den Heever (appt. 26.04.18)	-	-	-	-	327	327
S Similo	-	-	-	-	158	158
Prof LJ Weldon (appt. 26.04.18)	-	-	-	-	480	480
KN van Niekerk (appt. 26.04.18)	-	-	-	-	448	448
R Chetwode (appt. 05.06.19)	-	-	-	-	315	315
	-	**-**	**-**	**-**	**4 683**	**4 683**
Total	**488 970**	**5 119 519**	**12 736**	**1 148**	**9 361**	**23 245**

2018	Number of Shares ('000)	Market value of shares	Basic	Other benefits	Directors' fees	Total
Holding company (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 (resig. 22.04.18)	-	-	-	-	187	187
R Taljaard	23	200	-	-	260	260
Prof LJ Weldon (appt. 26.04.18)	-	-	-	-	-	-
KN van Niekerk (appt 26.04.18)	-	-	-	-	-	-
	1 457	**12 748**	**-**	**-**	**1 284**	**1 284**
Subsidiary company (Executive 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	67	586	846	144	-	990
J Jacobs	-	-	3 166	429	-	3 595
J Joubert	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 (resig. 22.04.18)	-	-	-	-	144	144
J van den Heever (appt. 26.04.18)	-	-	-	-	-	-
S Similo	-	-	-	-	134	134
Prof LJ Weldon (appt. 26.04.18)	-	-	-	-	-	-
KN van Niekerk (appt. 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:
- F J Abrahams acquired NIL (2018: 14 444 shares).

Figures in Namibia Dollar thousand 2019 2018

• At the date of this report the company was in the process of issuing 240.4 million shares to Le Hugo Investments (controlled by Dr Q van Rooyen) as part of settlement of the contingent consideration as disclosed in note 33.

** 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 2019, the value of surety pledged was NAD 1 738.4 million (2018: NAD 1 972.5 million).

During 2019, the group paid Next a management fee of NAD 35.5 (2018: NAD nil) and surety fee of NAD 43.6 (2018: NAD nil).

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

*Sabbatical leave included in other benefits.

26. INVESTMENT AND OTHER INCOME

	GROUP	
	2019	2018
Interest on investments and external party balances	55 579	9 409
Loan waiver*	545 601	-
Other income**	15 239	7 590
Fair value (loss)/gain on investment property***	(61 627)	463 795
	554 792	**480 794**
Investment income, analysed by category of financial assets as follows:		
Debt instruments at amortised cost	55 579	9 409

*During the reporting period Next Investments (Pty) Ltd (Next is controlled by Dr Q van Rooyen) waived NAD 546 million, a portion of which was a short term working capital support facility previously provided to fund the operations of Huso group (Huso). The waiver of the loan facility by Next resulted in the group being legally released from its contractual obligation to settle the loan, and the financial liability was derecognised. Owing to the fact that there was no consideration paid by the group, nor equity instruments issued by the group in exchange for this release of debt, the gain has been recognised in profit or loss.

**Included in other income are foreign currency translation gains on financial assets of NAD 11.2 million (2018: NAD 0.3 million) for the group.

	2019	2018
Fair value (loss)/gain from investment properties can be reconciled as follows:		
***Fair value (loss)/gain - insurance company assets	(61 627)	463 795
Fair value gain - other companies (included in other income)	-	1 964
Total fair value (loss)/gain (refer to note 8)	**(61 627)**	**465 759**

	COMPANY	
	2019	2018
Interest on related party balances	284 557	151 465
Investments and external party balances	1 724	3 797
Profit on disposal of non-controlling interest	-	1 013 710
	286 281	**1 168 972**
Investment income, analysed by category of financial assets as follows:		
Debt instruments at amortised cost	286 281	155 262

27. FINANCE COSTS

	GROUP	
	2019	2018
Bank overdraft	1 529	3 864
Long-term borrowings	196 745	182 100
Finance leases	3 870	2 917
	202 144	**188 881**

Figures in Namibia Dollar thousand	2019	2018
	COMPANY	
Bank overdraft	-	105
Long-term borrowings	87 434	123 776
	87 434	**123 881**

28. TAX

Major components of the tax expense (benefit)

Current

	GROUP	
Local income tax	1 791	17 472
Foreign income tax	477	1 289
	2 268	18 761
Deferred		
Originating and reversing temporary differences - local tax	(121 415)	(50 732)
Income tax expense/(benefit)	**(119 147)**	**(31 971)**
Tax recognised in other comprehensive income		
Income tax relating to items that will not be reclassified	1 270	2 414
Income tax relating to items that may be reclassified	(5 571)	11 913
	(4 301)	**14 327**

Reconciliation of the income tax rate

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	19.66	(13.23)
Non-taxable income from long-term insurance operations	2.23	4.37
Effect of foreign tax rate differential	0.01	0.03
Losses for which no deferred tax asset was recognised	(21.28)	(57.32)
Non-taxable income and capital income	34.63	36.47
Non-taxable (losses)/gains on fair value adjustments	(3.25)	61.68
	32.00	**32.00**

	COMPANY	
Major components of income tax benefit		
Deferred tax	20 000	855

Reconciliation of the income tax rate

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	5.59	(0.04)
Losses for which no deferred tax asset was recognised	-	(0.48)
Non-taxable income and capital income	26.41	32.52
	32.00	**32.00**

The group has an estimated tax loss of NAD 1.8 billion (2018: NAD 867.3 million) available for set off against future taxable income. The company has a tax loss of NAD 340.5 million (2018: NAD 206.8 million) available for set off against future taxable income. Deferred tax was not recognised for the tax losses of NAD 1.1 billion and NAD 281.5 (2018: NAD 651.7 million and NAD 86.1 million) for the group and the company respectively.

Figures in Namibia Dollar thousand	2019	2018

29. EARNINGS, HEADLINE EARNINGS AND DIVIDENDS PER SHARE

	GROUP	
Basic earnings per share		
Profit for the period attributable to equity holders of the parent	608 232	178 830
Headline earnings		
Profit attributable to ordinary shareholders	608 232	178 830
Adjustments		
Loss/(profit) on disposal of property, plant and equipment	1 141	(1 832)
Impairment of intangible assets	9 497	-
Fair value gain on investment properties*	-	(1 964)
Reversal of impairment of property, plant and equipment	(23 243)	-
Impairment of property, plant and equipment	-	42 173
Tax effect thereon	4 034	(12 359)
Headline earnings	**599 661**	**204 848**
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)	856 749	753 322
Adjusted for		
Shares issuable as a result of convertible equity loan ('000)	-	3 824
Contingently issuable shares as a result of common control transaction ('000)	633 722	4 922
Weighted number of ordinary shares for the purposes of diluted earnings per share ('000)	**1 490 471**	**762 068**

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

Basic earnings per share (cents)	70.99	23.74
Diluted earnings per share (cents)	40.81	23.47
Headline earnings per share (cents)	69.99	27.19
Diluted headline earnings per share (cents)	40.23	26.88

30. CASH (UTILISED IN) / GENERATED FROM OPERATIONS

	GROUP	
Profit before tax	605 889	241 657
Adjustments for		
Depreciation and amortisation	58 968	54 870
Loss/(profit) on disposal of property, plant and equipment	1 141	(1 832)
Gain on foreign exchange differences	(11 161)	(316)
Investment income	(18 243)	(9 409)
Non-cash investment income	(37 336)	-
Finance costs	202 144	188 881
Fair value adjustments	61 627	(465 759)
Impairment of loans and receivables	60 904	17 385
Impairment (reversal)/loss on aircraft	(23 243)	42 173
Waiver of loan	(545 601)	-
Investment property reclassification	(655 627)	-
Impairment loss on intangible assets	9 497	-
Foreign exchange loss on borrowings	97 798	-
Impairment of other receivables	39 877	-
Decrease in insurance contract liabilities	(6 568)	(3 947)
Decrease in policyholders' liability under insurance contracts	(11 096)	(27 346)
Other non-cash items	(5 431)	(3 359)
Cash (used in)/generated by operations before working capital changes	(176 461)	32 998

Figures in Namibia Dollar thousand	*2019*	*2018*
Changes in working capital		
Inventories	(203 236)	(30 927)
Trade and other receivables	125 144	77 380
Trade and other payables	248 518	(100 124)
Changes in working capital	170 426	(53 671)
	(6 035)	**(20 673)**

COMPANY

Profit before tax	(377 773)	2 146 016
Adjustments for		
Investment income	(286 281)	(155 262)
Finance costs	87 434	123 881
Foreign exchange loss on borrowings	97 798	-
Profit on disposal of investment	-	(1 013 710)
Dividends received	-	(1 100 000)
Cash generated by operations before working capital changes	(478 822)	925
Changes in working capital		
Trade and other receivables	5 852	481
Trade and other payables	788	(186 553)
Changes in working capital	6 640	(186 072)
	(472 181)	**(185 147)**

31. TAX PAID

GROUP

Balance outstanding at beginning of year		
• Current tax assets	(6 004)	(7 534)
• Current tax liabilities	8 938	28 018
	2 934	20 484
Current tax for the period recognised in profit or loss	2 268	18 761
Balance outstanding at end of year		
• Current tax assets	4 495	6 004
• Current tax liabilities	(10 243)	(8 938)
	(546)	**36 311**

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING

Group 2019	**Opening balance**	**New leases**	**Other non cash flow items**	**Cash flows related to operations***	**Sub total**	**Cash flows related to financing**	**Closing balance**
Borrowings	1 332 551	-	(4 300)	(18 337)	1 309 914	(58 848)	1 251 066
Other liabilities	71 760	9 047	-	-	80 807	(17 360)	63 447
Related party balance	(528 194)	-	942 994#	-	414 800	606 476	1 021 276
	876 117	**9 047**	**938 694**	**(18 337)**	**1 805 521**	**530 268**	**2 335 789**

2018	**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**

*Borrowings used to finance the operations of the student loan book are classified as operating activities.
#Included in the non-cash flow items is a portion of the NAD 1.0 billion loan advance to the group by Dr Q van Rooyen. Refer to note 5 for further information.

Figures in Namibia Dollar thousand

Company 2019	**Opening balance**	**Other non cash flow items**	**Sub total**	**Cash flows related to financing**	**Closing balance**
Amounts due to related parties	154 266	828 881	983 147	287 664	1 270 811
Borrowings	596 738	17 795	614 533	(36 239)	578 294
	751 004	**846 676**	**1 597 680**	**251 425**	**1 849 105**

2018	**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**

33. COMMON CONTROL TRANSACTION

On 4 September 2018 the group acquired control of 100% of the voting equity interest of the Huso group. Huso is the holding company of Northern Namibia Development Company (Pty) Ltd (NNDC) and Morse Investments (Pty) Ltd (Morse). At the time of acquisition the Huso group was under the control of Dr Q Van Rooyen who is also the controlling shareholder of the Trustco group through his direct and indirect interests. As such the transaction is a common control transaction and as a result IFRS 3 Business Combinations is not applicable to it.

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

Book value of assets acquired and liabilities assumed of Huso

Property, plant and equipment	10 842
Intangible assets	3 730
Evaluation and exploration assets	146 867
Related party balances	115
Inventories	1 400
Trade and other receivables	7 215
Cash and cash equivalents	157
Related party balances	(401 407)
Trade and other payables	(9 329)
Total identifiable net assets	(240 410)
Common control reserve	3 197 685
	2 957 275

Acquisition date book value of consideration paid	
Shares issued	672 077
Contingent consideration arrangement	2 285 198
	2 957 275

Cash flow on acquisition	
Cash and cash equivalents	157
Bank overdraft	–
Net cash acquired	157
Consideration paid	–
Cash inflow on acquisition, net of cash acquired	**157**

Figures in Namibia Dollar thousand

Contingent consideration arrangements
A fixed number of shares will be payable to the seller at any time during the payment term (being not later than nine years from the 4 September 2018), upon the Resources Segment reaching the following cumulative Earnings Before Interest, Tax, Depreciation, Amortisation and After Stock Adjustments (EBITDAASA) targets:

Event	EBITDAASA target NAD' million	Number of Shares million
Upon reaching the first EBITDAASA target of	250	120.2
Upon reaching the second EBITDAASA target of	250	120.2
Upon reaching the third EBITDAASA target of	250	120.2
Upon reaching the fourth EBITDAASA target of	250	120.2
Upon reaching the fifth EBITDAASA target of	308.1	148.0
Total	**1 308.1**	**628.8**

The purchase consideration, recognised at cost adjusted for time value of money, is based on significant inputs that are not observable in the market, a discount rate of 10.5% and an assumed probability of achieving the targets by the 2023 financial period. The contingent consideration is included in shares for vendors. The contingent consideration was classified as equity as it does not meet the definition of a financial liability.

Acquisition related costs
No acquisition-related costs were incurred and recognised in administrative expenses in profit or loss for the reporting period.

Group revenue and profit or loss for full year
The acquired business contributed revenues of NAD Nil, other income of NAD 424.4 million (loan waiver note 26) and a profit of NAD 419.5 million to the group for the period from 1 September 2018 to 31 March 2019.

Had the common control transaction taken place at the beginning of the reporting period, the revenue for the group would have been NAD Nil, other income of NAD 424.4 million and the net profit would have been NAD 415.3 million.

Other information
The resources segment achieved EBITDAASA of NAD 511 million which entitled Dr Q van Rooyen to 240.4 million new Trustco shares in terms of the Huso amendment agreement. EBITDAASA was calculated as follows:

EBITDAASA - Resources Segment	
Segment Consolidated profits 31 March 2019	471 573
Add:	
Finance costs	44 958
Tax	(4 992)
Depreciation and amortisation	587
Stock adjustment (Morse Investments (Pty) Ltd)	(1 163)
Stock adjustment (Meya Mining Ltd)	428
EBITDAASA - 31 March 2019	**511 391**

Figures in Namibia Dollar thousand 2019 2018

34. RELATED PARTIES

The group is controlled by Q van Rooyen who owns 52.04% (2018: 50.19%) of the company's shares (refer to shareholders information section). Material related parties are disclosed in notes 5 & 25.

Other related parties are:

Subsidiaries
Agricultural Export Company (Pty) Ltd
Arru Island Investments (Pty) Ltd
Discus Properties (Pty) Ltd
Elisenheim Property Development Company Ltd
Erf 7179 (Pty) Ltd
Farm Herboths (Pty) Ltd
Huso Investments (Pty) Ltd
ICE Insurance Claims Exchange (Pty) Ltd[1]
Institute for Open Learning (Pty) Ltd
Institute for Open Learning VTC (Pty) Ltd
Komada Holdings (Pty) Ltd
Legal Shield Holdings (Pty) Ltd
Meya Mining Ltd [2]
Morse Investments (Pty) Ltd
Morse Investments Mauritius[2]
New Adventure Insurance Brokers (Pty) Ltd[1]
Northern Industrial Estates (Pty) Ltd
Northern Namibia Development Company (Pty) Ltd
November Properties (Pty) Ltd
Printas (Pty) Ltd
Sunda Island Investments (Pty) Ltd
Thera Island Investments (Pty) Ltd
Trustco Administrative Support Services (Pty) Ltd
Trustco Air Services (Pty) Ltd
Trustco Bank Namibia Ltd
Trustco Business Developments (Pty) Ltd
Trustco Capital (Pty) Ltd
Trustco Construction Services (Pty) Ltd
Trustco Corporate Management Services (Pty) Ltd
TBN Holdings 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
Trustco Group International (Pty) Ltd[1]
Trustco Informatix (Pty) Ltd[1]
Trustco Insurance Ltd
Trustco Intermediary Solutions (Pty) Ltd[1]
Trustco Investment Management Company (Pty) Ltd
Trustco Life Ltd
Trustco Media (Pty) Ltd
Trustco Mixed Marketing (Pty) Ltd
Trustco Mobile (Pty) Ltd
Trustco Mobile Mauritius[2]
Trustco Newspapers (Pty) Ltd
Trustco Property Holdings (Pty) Ltd
Trustco Re-insure Ltd
Trustco Resources (Pty) Ltd
Trustco Tourism Holdings (Pty) Ltd
Trustco Unit Trust Management Company Ltd

Entities in which board members have significant influence
Foxtrot Properties (Pty) Ltd
Golf Properties (Pty) Ltd
Namibia Medical Investments (Pty) Ltd
Next Investments (Pty) Ltd
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:

Related party transactions

	GROUP	
	2019	2018
Riskowitz Value Fund LP**		
Interest received	15 431	6 494
Next Investments (Pty) Ltd^		
Sales	2 326	2 715
Management fees paid	(35 478)	-
Surety fees paid	(43 567)	-
Interest paid	(9 903)	-
Loan waiver	545 601	-
Northern Namibia Development Company (Pty) Ltd^*		
Sales	128	2 527
Portsmut Hunting Safaris (Pty) Ltd^		
Sales	-	313
Morse Investments (Pty) Ltd^*		
Sales	-	130

Figures in Namibia Dollar thousand	*2019*	*2018*

Refer to note 5, 32 and 33 for further details on related party transaction and balances.
^*-Entity became an indirect subsidiary on 4 September 2018
**-Non-controlling interest
^-Common shareholder: Q van Rooyen

Related party transactions

	COMPANY	
Elisenheim Property Development Company Ltd*		
Interest received	-	4,005
Sales	-	2,617
Trustco Administration and Support Services (Pty) Ltd*		
Sales	3 600	5,840
Purchases	(16 580)	(4,550)
Trustco Air Services (Pty) Ltd*		
Purchases	(2 755)	(1,832)
Trustco Business Developments (Pty) Ltd**		
Interest received	245 946	14,038
Trustco Capital (Pty) Ltd*		
Purchases	(11 297)	(5,179)
Interest received	507	321
Sales	-	2,503
Loan waiver	(300 000)	-
Trustco Corporate Management Services (Pty) Ltd*		
Interest received	-	7,006
Trustco Education (Pty) Ltd*		
Interest received	-	2,921
Trustco Finance (Pty) Ltd*		
Interest paid	-	(16,720)
Sales	5 799	-
Trustco Fleet Management Services (Pty) Ltd*		
Purchases	(2 922)	(850)
Trustco Group International (Pty) Ltd*		
Purchases	-	(746)
Sales	6 179	17 422
Trustco Insurance Ltd*		
Sales	3 814	-
Trustco Mixed Marketing (Pty) Ltd*		
Purchases	(2 365)	(1 262)
Trustco Newspapers (Pty) Ltd*		
Purchases	-	(691)
Trustco Property Holdings (Pty) Ltd*		
Interest received	-	96 242
Trustco Resources (Pty) Ltd*		
Interest received	22 673	20 438
Sales	-	7 170
Next Investments (Pty) Ltd^		
Management fees paid	(35 478)	-
Surety fees paid	(43 567)	-
Interest paid	(9 903)	-
Legal Shield Holdings (Pty) Ltd**		
Dividend received	-	1 100 000
Riskowitz Value Fund LP		
Profit on disposal of shares	-	1 013 710
Interest received	15 431	6 494
Trustco Intermediary Solutions (Pty) Ltd*		
Purchases	(13 320)	-
Trustco Mobile Mauritius**		
Purchases	(2 400)	-

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

35. 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 identified segments constitute business units that are organised in such a way that they generate revenues and profits with assets that are collectively pooled (cash-generating unit). The business synergies created by the successful leveraging of the assets (in the different companies) necessitate an evaluation that takes cognisance of originating entities. The group operates in Namibia, South Africa, Mauritius and Sierra Leone.

Insurance and its investments segment 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.

For the purposes of monitoring segment performance and allocating resources between segments the group's Chief Operating Decision Maker (CODM) monitors the tangible, intangible and financial assets attributable to each segment.

Banking and finance segment 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 segment primarily conducts mining operations in Namibia and Sierra Leone.

FIGURES IN NAMIBIA DOLLAR THOUSAND

2019	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 benefit/ (expense)
Banking and finance	151 618	(20 755)	130 863	(52 342)	4 063	2 129	64 140	68 022	(2 690)
Insurance and its investments*	1 474 495	(197 586)	1 276 909	291 772	54 318	53 450	114 314	32 759	117 044
Resources	144 458	(73 312)	71 146	485 606	587	-	23 690	-	4 793
Total	**1 770 571**	**(291 653)**	**1 478 918#**	**725 036**	**58 968**	**55 579**	**202 144**	**100 781**	**119 147**

2018	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 benefit/ (expense)
Banking and finance	201 223	(49 668)	151 555	(12 218)	2 714	1 550	69 832	24 237	(24 471)
Insurance and its investments*	1 717 252	(1 343 276)	373 976	146 439	94 322	7 920	117 485	18 470	52 229
Resources	316 123	(40 715)	275 408	139 407	6	(60)	1 564	-	4 213
Total	**2 234 598**	**(1 433 659)**	**800 939#**	**273 628**	**97 042**	**9 410**	**188 881**	**42 707**	**31 971**

Inter-segment sales are charged at prevailing market prices.

*Insurance and its investments above includes the Insurance and its investments segment as well as the TGH company and all subsidiaries allocated to the Incubator unit.
Revenue is earned at a point in time.

	Total assets (2019)	Total assets (2018)	Total liabilities (2019)	Total liabilities (2018)
Banking and finance	1 536 546	1 924 420	(478 589)	(463 933)
Insurance and its investments	3 909 260	3 675 251	(2 282 692)	(1 387 083)
Resources	1 285 942	772 701	(195 493)	(355 135)
Total	**6 731 748**	**6 372 372**	**(2 956 774)**	**(2 206 151)**

Geographic information	Revenue 2019	Revenue 2018	Assets 2019	Assets 2018
Namibia	1 407 773	525 494	5 679 196	5 567 986
Sierra Leone	71 145	275 445	1 052 552	804 386
Total	**1 478 918**	**800 939**	**6 731 748**	**6 372 372**

Figures in Namibia Dollar thousand	*2019*	*2018*

Revenue from major products and services

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

Insurance premium revenue	128 562	133 154
Property sales	100 115	166 750
Transfer of inventory to investment property	984 427	-
Tuition and other related fees	44 749	52 668
Interest earned on student advances	122 287	148 810
Diamond sales	71 145	275 407
Other revenue	27 633	24 150
Total revenue	**1 478 918**	**800 939**

Information about major customers

No single customer contributed 10% or more to the group's revenue for both 2019 and 2018.

36. FAIR VALUE HIERARCHY

All financial instruments, are initially recognised at fair value plus transaction costs, if any. 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.

	Note	GROUP	
Financial assets			
Cash and cash equivalents	2	172 791	68 942
Advances	3	1 387 091	1 754 103
Trade and other receivables	4	459 153	644 925
Amounts due by related parties	5	-	528 194
Financial liabilities			
Amounts due to related parties	5	(1 021 276)	-
Borrowings	14	(1 251 066)	(1 332 551)
Trade and other payables	15	(372 674)	(422 066)
Insurance contract liabilities	16	(45 393)	(63 057)
Other liabilities		(63 447)	(71 760)

		COMPANY	
Financial assets			
Cash and cash equivalents	2	13 444	9 044
Trade and other receivables	4	76	4 313
Amounts due by related parties	5	7 394 805	3 688 864
Financial liabilities			
Amounts due to related parties	5	(1 270 811)	(154 266)
Borrowings	14	(578 294)	(596 738)
Trade and other payables	15	(6 783)	(5 994)

The fair values of financial assets and liabilities are not materially different to their carrying amounts, since the interest receivable/payable is either approximates current market rates or the instruments are short-term in nature.

Refer to notes 7 and 8 for fair value information of non-financial assets.

37. FINANCIAL RISK MANAGEMENT

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

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

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

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

The capital structure of the group consists of debt, which includes the borrowings disclosed in notes 14 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.

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% and Trustco Bank Namibia Ltd is currently at 70.00% (2018: 150.20%). The minimum Tier one leverage ratio is 6% and Trustco Bank Namibia Ltd's ratio is currently 57.00% (2018: 78.12%).

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.

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

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 and liquidity risk and interest rate 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.

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.

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

Figures in Namibia Dollar thousand	*2019*	*2018*
	GROUP	
Cash and cash equivalents	33 907	10 123
Trade and other receivables	19 302	17 855
Trade and other payables	(207 537)	(372 319)
Borrowings	(379 504)	(311 905)
	(533 832)	**(656 246)**
	COMPANY	
Borrowings	(379 504)	(299 109)
	(379 504)	**(299 109)**

Foreign currency risk sensitivity analysis

At the reporting date the South African Rand was equal to the Namibian Dollar. A 10% weakening of Namibian Dollar exchange rate versus the US Dollar (most common foreign currency exposure) at 31 March 2019 as broadly anticipated by the market would decrease the group's and company's profit by NAD 53.4 million and NAD 38.0 million (2018: NAD 65.6 million and NAD 29.9 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.

The group determines the increase in credit risk for advances based on missed loan payments. Loans are determined as credit impaired and in default if the arrears are greater than 90 days.

- Loans with no missed repayments are categorised in the 12-month expected loss category per IFRS 9.
- Loans with missed repayments but less than 90 days in arrears are categorised in the lifetime expected credit loss category per IFRS 9.
- Loans in arrears greater than 90 days are categorised as credit impaired financial assets per IFRS 9.

Forward-looking information (FLI)

We regressed historical default rates against selected relevant macroeconomic factors to investigate if there exists any relationship. Where there is correlation between macroeconomic factors and historical default rates, the probabilities of default (PD) were adjusted to arrive at point in time PDs.

Financial assets exposed to credit risk at reporting date were as follows:

	GROUP	
Financial assets		
Cash and cash equivalents	172 791	68 942
Advances	1 387 091	1 754 103
Trade and other receivables	459 153	644 925
Amounts due by related parties	-	528 194
	2 019 035	**2 996 164**
	COMPANY	
Financial assets		
Cash and cash equivalents	13 444	9 044
Trade and other receivables	76	4 313
Amounts due by related parties	7 394 805	3 688 864
	7 408 325	**3 702 221**

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.

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 credit losses in respect of advances, 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.

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 and financial liabilities at reporting date. The analysis is prepared assuming the balance of the financial instrument at 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 2019 would decrease/increase by NAD 3.1 million and NAD 27.7 million (2018: decrease/increase by NAD 4.7 million and NAD 14.7 million) respectively. This is mainly attributable to the group's and company's exposure to interest rates on its variable rate borrowings.

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.

Liquidity tables
The following tables detail the group's 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.

2019	Effective interest rate	Due in less than one year	Due in one to two years	Due in two to three years	Due in three to four years	Due after four years	Total
Group: Liabilities maturity analysis		NAD' 000	NAD' 000	NAD' 000	NAD' 000	NAD' 000	NAD' 000
Non-interest bearing							
· Trade and other payables		372 674	-	-	-	-	372 674
Variable interest rate instruments		**995 658**	**201 364**	**90 208**	**35 702**	**1 771 089**	**3 094 021**
· Term loans	5.00 - 15.50	865 081	57 585	60 196	10 555	34 645	1 028 062
· Mortgage loans	10.5	27 494	7 464	4 664	468	1 646	41 736
· Asset-backed financing agreements	9.25 - 11.50	76 391	107 078	8 175	6 976	20 928	219 548
· Finance lease obligations	10.5	16 142	18 687	6 623	7 153	28 179	76 784
· Amounts due to related parties	10.5	-	-	-	-	1 682 498	1 682 498
· Insurance contract liabilities	10.5	10 550	10 550	10 550	10 550	3 193	45 393
		1 368 332	**201 364**	**90 208**	**35 702**	**1 771 089**	**3 466 695**
2018							
Group: Liabilities maturity analysis							
Non-interest bearing							
· Trade and other payables		422 066	-	-	-	-	422 066
Variable interest rate instruments		**802 231**	**375 199**	**169 989**	**117 577**	**83 978**	**1 548 974**
· Term loans	5.00 - 15.50	729 188	264 792	47 784	29 320	7 696	1 078 780
· Listed bonds	12.4	30 564	-	-	-	-	30 564
· Mortgage loans	10.5	6 564	6 674	6 674	64 670	1 738	86 320
· Asset-backed financing agreements	9.25 - 11.50	11 874	77 563	98 100	9 738	19 476	216 751
· Finance lease obligations	10.5	13 491	15 620	6 881	3 299	34 211	73 502
· Insurance contract liabilities	10.5	10 550	10 550	10 550	10 550	20 857	63 057
		1 224 297	**375 199**	**169 989**	**117 577**	**83 978**	**1 971 040**
2019							
Company: Liabilities maturity analysis							
Non-interest bearing							
Trade and other payables		6 783	-	-	-	-	6 783
Variable interest rate instruments							
Term loans	9.96 - 15.50	489 733	47 343	47 343	-	-	584 419
Amounts due to related parties	8 - 10.5	-	304 619	-	-	1 682 498	1 987 117
		496 516	**351 962**	**47 343**	**-**	**1 682 498**	**2 578 319**
2018							
Company: Liabilities maturity analysis							
Non-interest bearing							
Trade and other payables		5 994	-	-	-	-	5 994
Variable interest rate instruments							
Term loans	9.96 - 15.50	566 174	-	-	-	-	566 174
Listed bonds	8.98 - 11.53	30 564	-	-	-	-	30 564
Amounts due to related parties	0 - 10	-	154 266	-	-	-	154 266
		602 732	**154 266**	**-**	**-**	**-**	**756 998**

38. GOING CONCERN

The directors must annually assess the going concern of the group as part of its responsibility. As part of this assessment, factors considered include access to adequate financial resources, i.e. funding facilities and equity raising strategies, to continue operations as a going concern for the foreseeable future and to fund future growth.

The group has successfully concluded the restructuring with its international lender group on 28 June 2019 (refer note 39) which has created certainty as regards its cash flow forecasts. The most significant terms of the debt restructure are:

- Historic covenants by the lenders have been waived;
- The restructured debt of NAD814 million, as at the end of the reporting period (see note 39), is repayable as follows:
    - 30% of outstanding principal repayable within 12 months;
    - 30% of outstanding principal repayable within 13 to 24 months; and
    - Remaining 40% of outstanding principal repayable over 25 to 26 months.
- New long-term debt to fund growth across all business segments may be raised and deployed, as long as the total aggregated long-term debt of the group, including the current long-term debt, does not exceed NAD 2 billion excluding related party debt; and
- In addition to the long-term debt above, additional asset-backed finance of up to NAD 700 million may be raised, which can be increased by another NAD 700 million after 12 months, provided principal payments are met. The asset-backed finance is to be deployed after the issuance of the Meya mining licence to enable operations to transition to commercial production.

The 25 year large scale mining licence application was filed by Meya mining on 20 May 2019 and the group expects resolution of the application in due course.

The majority shareholder provided a NAD 1 billion subordinated loan, specifically for the Resources segment. This enabled the Resources segment to increase its shareholding in Meya mining to 65%.

The restructuring of the existing debt enables the group to execute on its funding pipeline, which funds are required to support the planned growth across all segments.

In addition to borrowings, the group has included in its funding plans funds to be raised from equity instruments. These initiatives include:

- Placement of treasury shares held with a market value of NAD 467 million at the reporting date (refer note 18);
- Equity placement programme (refer note 39) with the potential to raise an additional NAD 2 billion; and
- The placement of equity under the group's general authority to issue shares for cash.

All equity placements run the risk that funds will either be raised at valuations not expected by the group due to the general volatility of the equity markets, which by their nature are unpredictable, or will not be raised at all. The board remains confident, however, that with:

(i) the phase 1 exploration results of Meya having exceeded expectations;
(ii) the successful completion of the debt restructuring;
(iii) the imminent issuance of the 25 year large scale mining licence of Meya which will enable transitioning to commercial production;
(iv) the unlocking of debt and equity funding pipelines;
(v) the group's core businesses' proven track record of delivering value to shareholders; and
(vi) the group's continuing strategy to invest in high growth opportunities, the group will continue to unlock positive sentiment in the equity markets. As such, the board is of the opinion that these equity placements will not deviate substantially from their expected valuations and should conclude successfully in the near future. The group possesses a portfolio of world-class assets and a large customer base from which significant value can continue to be created for our stakeholders for the foreseeable future.

With all of the above noted, the directors have considered the group's liquidity requirements and, based on these factors, along with a robust review of the budget and cash flow forecast, are confident that the group will remain a going concern for the foreseeable future.

The directors are not aware of any new material changes that may adversely impact the company and the group. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

39. EVENTS AFTER THE REPORTING DATE

Debt Restructuring
The group successfully concluded the restructuring with its international lender group on 28 June 2019. The details of the structure are contained in note 38 dealing with issues of going concern.

Equity placements: Target Issue Program
The group concluded and announced a warrant agreement on 27 June 2019, whereby a potential NAD 2 Billion is envisaged to be raised as equity by the exercising of four warrant tranches during the next 3 years.

Number of warrants:	***Strike prices***
20 million	NAD 9.00 per share
20 million	NAD 13.00 per share
20 million	NAD 22.00 per share
37 million	NAD 30.00 per share

Huso payment shares
The Resources segment achieved an EBITDAASA target of NAD 511 million. In terms of the Huso Agreement as amended, 240.4 million ordinary shares will be issued to Dr Quinton van Rooyen or his nominee after publication of this report. See note 33 for more information.

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

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 approximately NAD10 million.

41. CAPITAL COMMITMENTS AUTHORISED CAPITAL EXPENDITURE

Not yet contracted for but authorised by directors (Group - NAD'000)	665 100	170 867

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

Shareholders Information

LARGE SHAREHOLDERS 2019

Name	Sum of Shareholding	Shareholding[1] %
Van Rooyen, Quinton (and his related companies)*	483 769 453	52.04
Pershing Llc***	339 239 512	36.49
Snowball Wealth Pty Ltd**	30 577 183	3.29
Midbrook Lane (Pty) Ltd**	12 431 539	1.34
Constantia Insurance Company Limited**	10 216 591	1.10
Government Employees Pension Fund Public Investment Corporation	6 191 195	0.67
Chou , Leo Chih Hao**	3 000 000	0.32
Std Namibia Capricorn Asset Managem Ent	2 850 000	0.31
Etofa Corporation (Pty) Ltd	2 656 250	0.29
Bnymsanv As Agent/Clients Bt G Main Acc 10 Percent Wht 1	2 432 531	0.26
Grand Total	**893 364 254**	**96.09**
Shares before treasury shares	929 679 269	
Deemed treasury shares	44 586 350	
Total number of issued shares	**974 265 619**	

LARGE SHAREHOLDERS 2018		
Dr Quinton van Rooyen*	392 554 120	50.19
Pershing LLC (and related companies)***	275 262 477	35.20
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	**733 809 409**	**93.82**
Shares before treasury shares	782 075 768	
Deemed treasury shares	45 066 322	
Total number of issued shares	**827 142 090**	

* 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

1. Shareholding percentage is calculated using issued shares net of deemed treasury shares.

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: NA000AORF067

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 MWM Inc.
50 Oxford Road Parktown
Johannesburg 2193
South Africa

BANKERS: NAMIBIA
Bank Windhoek Ltd
First National Bank of Namibia Ltd
Standard Bank Namibia Ltd

BANKERS: SOUTH AFRICA
ABSA
First National Bank South Africa Ltd
Standard Bank South Africa Ltd

JSE EQUITY SPONSOR
Vunani Limited through Vunani Corporate Finance
Vunani House, Vunani Office park
151 Katherine Street, Sandown,
Sandton

JSE DEBT SPONSOR
Merchantec Proprietary Limited (Merchantec Capital)
13th floor Illovo Point
68 Melville Road
Illovo Sandton
PO Box 41480 Craighall 2024

NSX SPONSOR
Simonis Storm Securities Proprietary Ltd
(Registration number 96/421)
4 Koch Street, Klein Windhoek, Namibia
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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
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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 majority family owned and operated business, with a culture of creating long-term sustainable growth for all stakeholders. Decisions are biased towards long-term value creation and short-term hurdles are viewed as catalysts to drive success. Trustco operates from three business segments being;

- Insurance and its investments
- Resources and
- Banking and finance.