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INTERIM **RESULTS**

AUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS & RESTATEMENT

TRUSTCO GROUP HOLDINGS LIMITED

2020

31 MARCH

AUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SALIENT FEATURES OF THE AUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND SELECTED NOTES

The audited condensed interim consolidated financial statements comprise the Condensed Consolidated Statements of Financial Position as at 31 March 2020, the Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flows and selected notes for the period then ended.

When reference is made to the "group" in the accounting policies, it should be interpreted as referring to Trustco Group Holdings Ltd and/or the company, where the context requires, unless otherwise noted.

BASIS OF PREPARATION

The audited condensed interim consolidated financial statements for the period ended 31 March 2020 have been prepared in accordance with the group's accounting policies under the supervision of the group financial director, Floors Abrahams, BCom. The accounting policies adopted are consistent with those of financial statements for the year ended 31 March 2019, except where stated. The audited condensed interim consolidated financial statements comply with IAS 34 Interim Financial Reporting, the framework concepts and the recognition and measurement requirements of International Financial Reporting Standards (IFRS), SAICA Financial Reporting Guides as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Limited (JSE) and the Namibian Stock Exchange (NSX) and the requirements of the Namibian Companies Act (Act 28 of 2004), as amended.

The audited condensed interim consolidated financial statements of the group are prepared as a going concern on the historical basis except for certain financial instruments and investment properties which are stated at fair value as applicable and property, plant and equipment which is stated using the revaluation model.

ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The preparation of the audited condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of the assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

PRESENTATION CURRENCY

The audited condensed interim consolidated financial statements are presented in Namibian Dollars (NAD), the functional currency of the group. All amounts are rounded to the nearest thousand, except where another rounding measure has been indicated in the condensed consolidated financial statements.

At 31 March 2020, NAD 1 was equal to ZAR 1 and USD 17.86.

PRO-ACTIVE MONITORING PROCESS

Shareholders are advised that the Johannesburg Stock Exchange Limited ("JSE") selected Trustco as part of the JSE's pro-active monitoring process wherein the JSE reviewed Trustco's audited results for the 12 months ended 31 March 2019 ("Year-end Results") and its unaudited results for the six months ended 30 September 2019 ("Interim Results").

Following the conclusion of the pro-active monitoring process, the JSE informed Trustco that a decision had been made that Trustco's Year-end Results and Interim Results were not fully compliant with IFRS with respect to three matters (listed below) and consequently were required to affect certain restatements.
The three matters were:

1. Treatment of reclassification of inventory to investment property;
2. Recognition of revenue from the sale of unserviced erven (real estate inventory); and
3. Treatment of loan waivers.

With regards to matter 2, Trustco agreed to effect a restatement for the 2018 and 2019 financial years as disclosed in note 11 of the 2020 results. Trustco is objecting to the decisions with respect to matters 1 and 3 hence no further adjustments will be made to either the Year-end Results or the Interim Results until the above objection process and the exhaustion of all other legal avenues available to Trustco have been completed.

Concerning matters 1 and 3, Trustco has objected to JSE finding of incorrectness and its decision to direct Trustco to apply a particular accounting as allowed for in paragraph 1.4 of the JSE Listings Requirements. The directors of Trustco, having consulted with the IFRS expert, following a review by the JSE accredited auditors, maintain the view that the transactions were correctly accounted for. This outcome is reflected in the fact that the group has not made any restatements with regards matters 1 and 3 and by the unmodified audit report for the period ended 31 March 2020 dated 30 October 2020 as issued by our independent auditors.

The matters in question were correctly identified by Trustco as complex and non-routine and as such the company sought expert IFRS advice at the time of determining the accounting treatment thereof. The transactions were significant and as such were the subject of detailed discussions with our previous auditors and their IFRS experts as part of the audit process. At the conclusion it was agreed that accounting adopted by Trustco was correct and this is reflected in the unmodified audit opinion issued. Taking all of the above into account Trustco's board of directors take responsibility for the accounting treatment of these matters.

Apart from objecting to the findings of incorrectness by the JSE, Trustco is also objecting to the accounting it is being directed to apply with respect to matters 1 and 3 by the JSE as it is of the view that the JSE has not furnished it with a clear record of the basis of the accounting. In the absence of that clear record of the accounting basis, Trustco is unable to articulate to users the nature of the error which is sought to be corrected nor the basis of the corrected accounting as is required by IFRS. The powers of the JSE to direct a company to adopt a particular accounting treatment must be accompanied by a responsibility to place on record the IFRS basis for that treatment. We have taken advice on this matter from our IFRS advisors WConsulting and their report (Independent IFRS advisor's report) is to be found on https://www.tgh.na/investors/results-centre/.

Notwithstanding the disappointing outcome that the company and the JSE were unable to reach agreement on the appropriate application of IFRS on these few matters, the group and the board maintains a robust process for the review of complex accounting matters and the approval of financial statements. These include inter alia:

- Interrogation of management's assessment and accounting for specific transactions in terms of IFRS by the relevant board-appointed committees
- Consultation with subject matter experts and IFRS advisors accredited by the JSE
- For significant transactions, a review of accounting entries by independent JSE accredited IFRS advisors from whom a formal written opinion is obtained before entries are processed
- Assessment by group Board of the above sourced opinions for the appropriate accounting entries in terms of IFRS
- Audit by Namibian and JSE accredited auditors with their internal quality control processes which include independent IFRS reviews
- Independent review of the annual financial statements by JSE accredited IFRS consultants for compliance with IFRS
- Group board review of annual financial statements as well as the reviews and the audit report obtained above, by both main board as well as subsidiary boards, with their respective audit and risk committees

The board remains responsible and accountable to shareholders for the preparation of the financial statements and their compliance with IFRS. The board will not abdicate this responsibility to third parties. The board refers shareholders to the unmodified audit report of Nexia SAB&T.

AUDIT OPINION

These condensed consolidated interim financial statements for the period ended 31 March 2020 have been audited by Nexia SAB&T, who expressed an unmodified audit opinion, containing certain Key Audit Matters. The audit opinion also included an Emphasis of Matter paragraphs related to the JSE Limited proactive monitoring process.

"EMPHASIS OF MATTER

We draw attention to note 26 of the interim condensed consolidated financial statements, which describes the conditions associated with the proactive monitoring and the instruction received from the JSE Limited to restate the annual financial statements for the year ended 31 March 2019, as well as management's steps taken with regard to the instruction. Our opinion is not modified in respect of this matter."

A copy of the auditor's report is available for inspection at the company's registered office.

ACKNOWLEDGEMENTS

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

AUTHORISATION OF AUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These audited condensed interim consolidated financial statements were approved for issue by the board of directors on 30 October 2020, and were signed on their behalf by:

Adv Raymond Heathcote SC
(Chairman)

Dr Q van Rooyen
(Chief Executive Officer)

Windhoek
30 October 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Figures in Namibia Dollar thousand	Notes	31 March 2020	31 March 2019 (Restated)	31 March 2018 (Restated)
Assets				
Cash and cash equivalents		90 505	172 791	68 942
Advances	1	1 238 568	1 387 091	1 754 103
Trade and other receivables	2	246 273	331 543	391 198
Current tax receivable		3 446	4 495	6 004
Assets held for sale	3	250 056	-	-
Amounts due by related parties	4	-	-	528 194
Inventories		133 226	119 577	403 482
Investment property	5	2 213 011	2 399 618	1 476 818
Intangible assets		441 410	452 521	462 452
Property, plant and equipment	6	444 692	670 256	591 515
Evaluation and exploration assets	7	392 393	530 275	278 638
Mine properties	8	627 008	164 875	-
Deferred tax assets		126 068	147 293	150 656
Total assets		**6 206 656**	**6 380 335**	**6 112 002**
Equity and liabilities				
Liabilities				
Borrowings	9	1 183 921	1 251 066	1 332 551
Trade and other payables	10	503 116	386 260	430 279
Current tax payable		24 694	10 243	8 938
Liabilities of assets held for sale	3	1 161	-	-
Insurance contract liabilities		44 169	45 393	63 057
Amounts due to related parties	4	238 541	1 021 276	-
Other liabilities		60 904	63 447	71 760
Deferred tax liabilities		45 685	66 637	216 248
Total liabilities		**2 102 191**	**2 844 322**	**2 122 833**
Capital and reserves				
Share capital	12	371 691	224 084	190 245
Share premium	12	3 094 401	921 719	267 400
Treasury shares		(224 499)	(197 959)	(200 804)
Other reserves	13	(3 344 973)	(869 002)	44 933
Retained earnings		3 704 123	2 967 240	3 284 849
Equity attributable to equity holders of parent		**3 600 743**	**3 046 082**	**3 586 623**
Non-controlling interest	14	503 722	489 931	402 546
Total capital and reserves		**4 104 465**	**3 536 013**	**3 989 169**
Total equity and liabilities		**6 206 656**	**6 380 335**	**6 112 002**

Prior period results have been restated to reflect the effect of correct treatment of recognition of sale of unserviced land. Refer to note 11 for further information.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

AND OTHER COMPREHENSIVE INCOME

Figures in Namibia Dollar thousand	Notes	12 Months ended 31 March 2020	12 Months ended 31 March 2019 (Restated)
Revenue	15	455 312	1 449 718
Cost of sales		(118 201)	(562 159)
Gross profit		**337 111**	**887 559**
Investment and other income	16	1 425 671	554 792
Operating expenses		(765 392)	(708 576)
Insurance benefits and claims		(28 098)	(16 784)
Finance costs	17	(263 467)	(202 144)
Profit before tax	**18**	**705 825**	**514 847**
Income tax (expense)/benefit		(37 666)	148 280
Profit for the period		**668 159**	**663 127**
Other comprehensive (loss)/income:		**(189 645)**	**9 137**
Items that will not be reclassified to profit or loss:			
Losses on revaluation of property plant and equipment		-	(2 700)
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		(189 645)	11 837
Total comprehensive income for the period		**478 514**	**672 264**
Profit attributable to:			
Owners of the parent		669 004	558 705
Non-controlling interest		(845)	104 422
		668 159	**663 127**
Total comprehensive income attributable to:			
Owners of the parent		478 763	556 483
Non-controlling interest		(249)	115 781
		478 514	**672 264**
Earnings per share			
Basic earnings per share (cents)		56.00	65.21
Diluted earnings per share (cents)		55.77	37.49
Headline earnings per share (cents)		56.84	64.21
Diluted headline earnings per share (cents)		56.60	36.91

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Figures in Namibia Dollar thousand	Share capital	Share premium	Other reserves	Treasury shares	Retained income	Equity attributable to owners of the company	Non-controlling interest	Total equity
Balance at 31 March 2018 as previously reported	190 245	267 400	44 933	(200 804)	3 426 491	3 728 265	437 956	4 166 221
Prior period error (note 11)	-	-	-	-	(141 642)	(141 642)	(35 410)	(177 052)
Balance at 31 March 2018 as restated	**190 245**	**267 400**	**44 933**	**(200 804)**	**3 284 849**	**3 586 623**	**402 546**	**3 989 169**
Profit for the year	-	-	-	-	558 705	558 705	104 422	663 127
Other comprehensive (loss)/income	-	-	(2 222)	-	-	(2 222)	11 359	9 137
Total comprehensive (loss)/income	**-**	**-**	**(2 222)**	**-**	**558 705**	**556 483**	**115 781**	**672 264**
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
Treasury shares sold	-	-	-	4 806	3 465	8 271	-	8 271
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)**	**2 967 240**	**3 046 082**	**489 931**	**3 536 013**
Opening balance as previously reported	224 084	921 719	(869 002)	(197 959)	3 158 409	3 237 251	537 723	3 774 974
Prior period error (note 11)	-	-	-	-	(191 169)	(191 169)	(47 792)	(238 961)
Balance at 1 April 2019 as restated	**224 084**	**921 719**	**(869 002)**	**(197 959)**	**2 967 240**	**3 046 082**	**489 931**	**3 536 013**
Profit for the year	-	-	-	-	669 004	669 004	(845)	668 159
Other comprehensive (loss)/income	-	-	(190 241)	-	-	(190 241)	596	(189 645)
Total comprehensive (loss)/income	**-**	**-**	**(190 241)**	**-**	**669 004**	**478 763**	**(249)**	**478 514**
Issue of shares								
• Settlement of vendor shares (Note 12.1)	144 624	2 140 575	(2 285 199)	-	-	-	-	-
• Issue of staff scheme bonus shares (Note 12.2)	2 981	32 019	-	(26 540)	-	8 460	-	8 460
• Issue of shares per warranty agreement (Note 12.3)	2	88	-	-	-	90	-	90
Transfer from contingency reserve (Note 13)	-	-	(531)	-	531	-	-	-
Transaction with non-controlling interest (Note 14)	-	-	-	-	67 348	67 348	14 040	81 388
Balance at 31 March 2020	**371 691**	**3 094 401**	**(3 344 973)**	**(224 499)**	**3 704 123**	**3 600 743**	**503 722**	**4 104 465**

CONSOLIDATED STATEMENT OF CASH FLOWS

Figures in Namibia Dollar thousand	Note	12 Months ended 31 March 2020	12 Months ended 31 March 2019
Cash flows from operating activities			
Cash used in operations before working capital changes		(104 244)	(176 461)
Changes in working capital		207 127	170 426
Cash generated from/(used in) operations		**102 883**	**(6 035)**
Finance income		593	18 243
Finance costs		(214 124)	(202 144)
Net advances received		56 633	58 577
Repayments of borrowings for advances		-	(18 337)
Tax (paid)/received		(510)	546
Net cash used in operating activities		**(54 525)**	**(149 150)**
Cash flows from investing activities			
Additions to property, plant and equipment		(7 129)	(86 184)
Proceeds from disposal of property, plant and equipment		74 388	6 753
Additions to investment property		(3 349)	-
Additions to intangible assets		(11 516)	(23 010)
Proceeds from disposal of intangible assets		61	566
Net cash outflow on disposal of aviation business		(712)	-
Additions to mining properties		(13 597)	(18 008)
Additions to evaluation and exploration assets		(140 507)	(163 853)
Common control transaction, net of cash acquired		-	157
Net cash used in investing activities		**(102 361)**	**(283 579)**
Cash flows from financing activities			
Proceeds from share issue		90	-
Repayment of borrowings	24	(23 923)	(58 848)
Repayment of other liabilities	24	(2 543)	(17 360)
Proceeds from treasury shares		-	8 271
Acquisition of treasury shares		-	(1 961)
Proceeds from related parties	24	19 588	606 476
Transaction with non-controlling interest		81 388	-
Net cash from financing activities		**74 600**	**536 578**
Net change in cash and cash equivalents		(82 286)	103 849
Cash and cash equivalents at the beginning of the period		172 791	68 942
Cash and cash equivalents at the end of the period		**90 505**	**172 791**

NOTES TO THE FINANCIAL STATEMENTS

Figures in Namibia Dollar thousand	31 March 2020	31 March 2019 (Restated)	31 March 2018 (Restated)

1. ADVANCES

Property advances	783 290	807 068	1 044 842
Student advances	415 680	528 833	660 953
Other loans advanced	39 598	51 190	48 308
	1 238 568	**1 387 091**	**1 754 103**

While the impact of the pandemic cannot be estimated with certainty, management incorporated an additional 5% forward-looking impact of COVID-19 into the expected credit loss model at the reporting date, which incorporates the potential effect of COVID-19 related credit losses as estimated by Moodys during 2020. The adjustment increased the expected credit loss allowance by NAD 21.6 million. Refer to note 18 for total movement in credit allowance for the credit loss allowance.

2. TRADE AND OTHER RECEIVABLES

Trade receivables	33 266	88 968	60 240
Property sales receivables	172 188	201 965	293 456
Other receivables	40 819	40 610	37 502
	246 273	**331 543**	**391 198**

During the period, property sales receivables were restated. Refer to note 11. Refer to note 18 for the total movement in credit loss allowances recognised during the reporting period.

3. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

Assets classified as held for sale			
Investment property	250 000	-	-
Trade and other receivables	56	-	-
	250 056	**-**	**-**
Liabilities associated with assets classified as held for sale			
Trade and other payables	(1 070)	-	-
Current tax payable	(91)	-	-
	(1 161)	**-**	**-**
Net total assets classified as held for sale	**248 895**	**-**	**-**

During the period under review, the board resolved to dispose of the Herboths Property and entered into negotiations with Constantia Risk and Insurance Holdings (Pty) Ltd. An agreement in principle has been reached prior to year end to dispose of the property. The sale of the investment property, which is expected to be concluded within 12 months, has been presented as a non-current asset classified as held for sale.

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

Next Capital Ltd *	(153 597)	(1 021 276)	178 110
Riskowitz Value Fund LLP	-	-	350 084
Germinate SL Ltd	(84 944)	-	-
	(238 541)	**(1 021 276)**	**528 194**

Figures in Namibia Dollar thousand	31 March 2020	31 March 2019 (Restated)	31 March 2018 (Restated)

* The effective interest rate for the year was 12.08%. In the reporting period, Next waived NAD 1 billion related to the purchase consideration paid on behalf of Trustco for the Meya Mine asset in previous financial periods. 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. Refer to note 16 for further information.

The amount due to Germinate is the contingent consideration payable on the Meya Mine acquisition. The balance bore interest of Libor plus 4% and is repayable within the next 12 months.

5. INVESTMENT PROPERTY

Opening balance	2 399 618	1 476 818	1 010 812
Additions	3 349	-	247
Fair value adjustments	60 044	(61 627)	465 759
Investment property transferred to assets held for sale	(250 000)	-	-
Transfer from inventory	-	984 427	-
	2 213 011	**2 399 618**	**1 476 818**

Valuation of investment property

Lafrenz development	878 750	878 750	900 818
Elisenheim	1 309 704	1 306 354	344 441
Ondangwa development	18 957	18 957	26 366
Farm Herboths	-	189 957	200 000
Developed rental properties	5 600	5 600	5 193
Total	**2 213 011**	**2 399 618**	**1 476 818**

Investment property transferred to assets held for sale

On the 7th of October 2019 the group received approval of the Need and Desirability for Township establishment for the Herboths Property Development by the Ministry of Urban and Rural Development. The valuation was based on the Residual Land Value method, which incorporates direct sales comparison. The valuation includes the following key unobservable assumptions:

- Land selling price of between NAD 1,200 and NAD 1,250 per bulk square metre (2019: NAD 29);
- 40% (2019: 50%) not usable factor for roads;
- Cost as a percentage of land selling price:
  i. Professional fees comprising architectural and engineering fees of 12%;
  ii. Bulk servicing of 59% (2019: 28%);
  iii. Marketing fees of 6% (2019: 4%);
  iv. Developers profit of 15% (2019: 15%);
- Average erven size of 450 – 1 100 sqm (2019: 1 100 sqm);
- Average development period of 25 – 30 years (2019: 7 years).

At reporting date the Herboths Property Development was held for sale as disclosed in note 3.

Sensitivity analysis for the Herboths Property Development

A change in key unobservable variables will affect the value of investment properties as follows:

	Increase/(Decrease) to carrying value	Increase/(Decrease) to carrying value	Increase/(Decrease) to carrying value
A 10 % increase in serviced land prices	291 784 493	30 595 725	31 650 750
A 1% increase in development costs	(24 281 790)	(1 167 040)	(11 717 290)
A 1% increase in promotion, commissions & legal fees	(36 934 852)	(3 777 250)	(14 327 500)
A 1% increase in developer's profit	(36 934 852)	(3 777 250)	(14 327 500)
Completion of the development 5 years earlier	112 030 401	(159 660 322)	(170 210 572)
Completion of the development 5 years later	(136 001 531)	(177 035 999)	(187 586 249)

The basis of valuation for the Herboths Property Development changed from 2019 where in the absence of the Need and Desirability approval its highest and best use calculation was not based on a residential township development like in the current year, but on a low density development on the zoned farm land.

Investment property is classified in level 3 of the fair value hierarchy.

6. PROPERTY, PLANT AND EQUIPMENT

Figures in Namibia Dollar thousand	Land and buildings	Machinery and equipment	Motor vehicles	Office equipment & furniture	Computer equipment	Aircraft	Exploration assets	Total
31 March 2020								
Opening balance	158 361	46 035	76 267	8 808	12 043	183 637	185 105	670 256
Additions	-	-	6 280	491	358	-	-	7 129
Disposals	(172)	(48)	(5 908)	(678)	-	(177 604)	-	(184 410)
Depreciation capitalised to mining assets	-	(10 361)	-	-	-	-	-	(10 361)
Depreciation capitalised to exploration assets	-	-	-	-	-	-	(45 677)	(45 677)
Depreciation	(7 660)	(5 148)	(13 659)	(629)	(5 242)	(6 033)	-	(38 371)
Exchange rate movement	-	-	-	-	-	-	46 126	46 126
	150 529	**30 478**	**62 980**	**7 992**	**7 159**	**–**	**185 554**	**444 692**
31 March 2019								
Opening balance	162 924	14 370	70 318	8 961	9 718	169 352	155 872	591 515
Additions	583	32 219	8 120	1 547	8 133	-	35 582	86 184
Non-cash additions through instalment sale agreement	-	-	9 047	-	-	-	-	9 047
Disposals	-	(4 499)	(3 114)	(281)	-	-	-	(7 894)
Addition through common control	539	9 794	240	276	(8)	-	-	10 841
Revaluations	(3 970)	-	-	-	-	-	-	(3 970)
Depreciation capitalised to exploration assets	-	-	-	-	-	-	(57 466)	(57 466)
Depreciation	(1 715)	(5 849)	(8 344)	(1 695)	(5 800)	(8 958)	-	(32 361)
Impairment gain	-	-	-	-	-	23 243	-	23 243
Exchange rate movement	-	-	-	-	-	-	51 117	51 117
	158 361	**46 035**	**76 267**	**8 808**	**12 043**	**183 637**	**185 105**	**670 256**
31 March 2018								
Opening balance	133 981	13 417	59 747	10 364	7 375	217 707	166 825	609 416
Additions	-	6 336	-	572	6 341	3 024	9 964	26 237
Non-cash additions	39 410	-	28 098	-	-	-	-	67 508
Disposals	-	-	(9 565)	-	-	-	(313)	(9 878)
Revaluations	(7 543)	-	-	-	-	-	-	(7 543)
Depreciation capitalised to exploration assets	-	-	-	-	-	-	(20 604)	(20 604)
Depreciation	(2 924)	(5 383)	(7 962)	(1 975)	(3 998)	(9 206)	-	(31 448)
Impairment loss	-	-	-	-	-	(42 173)	-	(42 173)
	162 924	**14 370**	**70 318**	**8 961**	**9 718**	**169 352**	**155 872**	**591 515**

Capital commitments (not yet contracted for but authorised by directors) for the year NAD 1.3 billion (2019: NAD 665.1 million).

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

Figures in Namibia Dollar thousand	31 March 2020	31 March 2019 (Restated)	31 March 2018 (Restated)

7. EVALUATION AND EXPLORATION ASSETS

Opening balance	530 275	278 638	52 491
Additions	140 507	163 853	226 147
Exchange rate movement	24 088	30 318	-
Transfer to mine properties	(371 742)	-	-
Non cash additions	69 265	57 466	-
	392 393	**530 275**	**278 638**

A 25 year Large Scale Mining Licence was granted to Meya Mining during the period under review. As the mine is in the process of transitioning from the exploration and evaluation stage to commercial production, NAD 372 million was transferred from evaluation and exploration assets to mining assets.

8. MINING PROPERTIES

Opening balance	164 875	-	-
Additions	13 597	18 008	-
Additions through common control transactions	-	146 867	-
Transfer from evaluation and exploration assets	371 742	-	-
Non cash additions	10 361	-	-
Exchange rate movement	66 433	-	-
	627 008	**164 875**	**–**

9. BORROWINGS

Term loans	1 164 271	1 002 227	1 011 303
Listed bonds	-	-	30 564
Asset-backed financing arrangements	8 378	209 651	210 598
Mortgage bonds	11 272	39 188	80 086
	1 183 921	**1 251 066**	**1 332 551**

The decrease in asset-backed financing arrangements is due to the disposal of the aircraft division.

Subsequent to the reporting date but before the signing of these interim results, the group completed its debt restructuring process with its US, Swiss and German based debt funders. Interest payments, capital holidays, as well as term extensions up to seven years were agreed.

10. TRADE AND OTHER PAYABLES

Trade payables	397 901	271 941	128 578
Contingent consideration	-	59 233	258 521
Other payables	62 242	13 803	11 976
Employee fund	42 973	41 283	31 204
	503 116	**386 260**	**430 279**

The contingent consideration payable to Germinate SL Ltd in terms of the purchase agreement of Meya Mining Ltd was partly paid and the balance of the liability was transferred to amounts due to related parties (note 4).

Figures in Namibia Dollar thousand

11. PRIOR PERIOD ERROR

After a JSE pro-active monitoring process, the company has considered its treatment of historical sales of unserviced erven which were subject to the installation of bulk services before legal transfer and possession by the purchaser could be completed. In doing so, the company has determined that its treatment, in terms of which the related revenue was recognised at contract signature date, was not correct in terms of the application of IAS 18 and as such has corrected for that error in these financial statements.

The correction of this error relates to the sale of unserviced land which occurred in the periods prior to and leading up to 31 March 2020, as such the correction impacted the related receivables as previously reported at 31 March 2018, and March 2019 as reflected on the comparative statement of financial position and the consolidated statement of profit or loss.

Statement of financial position

	31 March 2019	Debit/ (Credit)	31 March 2019 (Restated)	31 March 2018	Debit/ (Credit)	31 March 2018 (Restated)
Trade and other receivables	520 556	(189 013)	331 543	684 845	(293 647)	391 198
Inventories	281 977	(162 400)	119 577	370 205	33 277	403 482
Deferred tax liabilities	(179 089)	112 452	(66 637)	(299 566)	83 318	(216 248)
Net assets	**623 444**	**(238 961)**	**384 483**	**755 484**	**(177 052)**	**578 432**
Retained earnings	(3 158 409)	191 169	(2 967 240)	(3 426 491)	141 642	(3 284 849)
Non-controlling interest	(537 723)	47 792	(489 931)	(437 956)	35 410	(402 546)
Total equity	**(3 696 132)**	**238 961**	**(3 457 171)**	**(3 864 447)**	**177 052**	**(3 687 395)**

Consolidated statement of profit or loss and other comprehensive income

	31 March 2019	(Debit)/ Credit	31 March 2019 (Restated)
Revenue	1 478 918	(29 200)	1 449 718
Cost of sales	(500 317)	(61 842)	(562 159)
Income tax benefit	119 147	29 113	148 280
Profit for the period	**1 097 748**	**(61 909)**	**1 035 839**
Profit attributable to:			
Owners of the parent	608 232	(49 527)	558 705
Non-controlling interest	116 804	(12 382)	104 422
	725 036	**(61 909)**	**663 127**

The underlying sales contracts to which this accounting error applies remain in force and are legally binding and enforceable by both Trustco as the seller and the respective purchasers, notwithstanding the accounting treatment adopted. The gross amount of unrecognized sales represented by such contracts were as follows at the respective dates:

- Gross value of unrecognised sales at 31 March 2019 was NAD 268.8 million; and
- Gross value of unrecognised sales at 31 March 2020 was NAD 268.8 million.

12. SHARE CAPITAL

The following shares were issued during the reporting period:

12.1 On 4 September 2018 the group acquired control of 100% of the voting equity interest of the Huso group for NAD 2.96 billion, payable by issuance of 143.3 million shares and a further issuance of 628.8 million shares to Dr Q van Rooyen shares upon the Resources segment reaching prescribed Earnings Before Interest, Tax, Depreciation, Amortisation and After Stock Adjustments (EBITDAASA) targets (contingent consideration). These targets were achieved in the 2019 and 2020 financial periods. During the reporting period the group issued the 628.8 million shares due to Dr Q van Rooyen who nominated Le-Hugo's Investments as the beneficiary of the shares for settlement of the contingent consideration of the purchase of Huso Group. The shares were issued at par value of NAD 0.23 per share and a premium of NAD 4.46 per share.

Figures in Namibia Dollar thousand	31 March 2020	31 March 2019 (Restated)	31 March 2018 (Restated)

12.2 The company issued 12 962 962 shares to the group's employees on 23 March 2020. The shares were issued at par value of NAD 0.23 per share and a premium of NAD 2.47 per share.

12.3 The company issued 10 000 shares to EVO Fund on 22 October 2019 in terms of warranty agreement. Refer to SENS annoucement published on 24 October 2019 for further information. The shares were issued at par value of NAD 0.23 per share and a premium of NAD 8.77 per share.

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.

13. OTHER RESERVES

Foreign currency translation reserve	(202 176)	(11 935)	(12 413)
Convertible financial instrument	-	-	16 250
Revaluation reserve	38 736	38 735	23 942
Contingency reserve	1 176	1 708	2 178
Shares for vendors	14 976	2 300 175	14 976
Common control reserve	(3 197 685)	(3 197 685)	-
	(3 344 973)	**(869 002)**	**44 933**

Common control reserve

Common control reserve arose from the acquisition of Huso Group, refer to note 33 of the 2019 Annual Report (https://www.tgh.na/investors/results-centre/) for futher information.

Shares for vendors

Shares due to Dr Q van Rooyen for the acquisition of Huso Group were issued.

14. NON-CONTROLLING INTEREST

Opening balance	489 931	402 546	7
Total comprehensive (loss)/income	(249)	115 781	86 074
Prior period error (Note 11)	-	-	(35 410)
Non-controlling interest from the acquisition of Meya Mining	-	(28 396)	-
Non-controlling interest on the disposal of Trustco Resources	14 040	-	-
Non-controlling interest on the disposal of Legal Shield Holdings	-	-	351 875
Balance at the end of the year	**503 722**	**489 931**	**402 546**

On 30 March 2020, Riskowitz Value Fund LLP acquired 52 ordinary shares (1.3%) of Trustco Resources (Pty) Ltd (indirect subsidiary) with a carrying amount of NAD 14.4 million for a purchase price of NAD 81.4 million. The carrying amount was based on the net asset value of the Trustco Resources (Pty) Ltd. The transaction was finalised before the end of the financial period.

The following table summarises the details of the transaction:

Selling price	81.4 million
Net asset value 1.3% shareholding	(14.4) million
Transaction with non-controlling interest	**67.3 million**

Figures in Namibia Dollar thousand	12 Months ended 31 March 2020	12 Months ended 31 March 2019 (Restated)

15. REVENUE

Insurance premium revenue	109 452	128 562
Property sales	54 358	70 915
Transfer of inventory to investment property	-	984 427
Tuition and other related fees	40 993	44 749
Interest earned on advances	221 231	122 287
Diamond sales	15 239	71 145
Other revenue	14 039	27 633
Total revenue	**455 312**	**1 449 718**
Timing of revenue recognition		
At a point in time	420 691	1 411 681
Over time	34 621	38 037
	455 312	**1 449 718**

16. INVESTMENT AND OTHER INCOME

Interest received on investments and external party balances	593	55 579
Loan waiver*	1 000 000	545 601
Other income	3 576	4 078
Fair value gain/(loss) on investment property	60 044	(61 627)
Profit on exchange differences	361 458	11 161
	1 425 671	**554 792**

* Next Capital Ltd (sole shareholder is Dr Q van Rooyen) waived a portion of the debt due by the group to Next Capital Ltd. An amount of NAD 1 billion (2019: NAD 546 million) was written-off and was disclosed as investment and other income.

17. FINANCE COSTS

Bank overdraft	1 775	1 529
Long-term borrowings	260 158	196 745
Asset-backed financing arrangements	1 534	3 870
	263 467	**202 144**

18. PROFIT BEFORE TAX

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

Employee costs	167 718	199 847
Net (profit)/loss on foreign exchange differences	(257 925)	86 637
Auditors' remuneration - audit fees	13 373	10 462
Loss on disposal of property, plant and equipment	4 960	1 141
Reversal of impairment of property, plant and equipment	-	(23 244)
Impairment of intangible	4 862	9 497
Credit loss allowance of trade and other receivables	39 290	39 877
Credit loss on advances written off	-	7 533
Credit loss allowance on advances	163 620	53 371
Depreciation and amortisation	67 792	58 968

Figures in Namibia Dollar thousand	12 Months ended 31 March 2020	12 Months ended 31 March 2019 (Restated)

19. BASIC EARNINGS AND HEADLINE EARNINGS

Basic earnings per share		
Profit for the period attributable to equity holders of the parent	669 004	558 705
Headline earnings		
Profit attributable to ordinary shareholders	669 004	558 705
Adjustments		
Loss on disposal of long term assets	4 960	1 141
Impairment of intangible assets	4 862	9 497
Loss on disposal of aviation business	4 682	-
Reversal of impairment of property, plant and equipment	-	(23 243)
Tax effect thereon	(4 454)	4 034
Headline earnings	**679 054**	**550 134**
Reconciliation of the weighted average number of ordinary shares used for earnings per share to weighted average number of ordinary shares used for diluted earnings per share.		
The weighted average number of ordinary shares used for basic earnings per share ('000)	1 194 751	856 749
Adjusted for		
Contingently issuable shares ('000)	4 922	633 722
Weighted number of ordinary shares for the purposes of diluted earnings per share ('000)	**1 199 673**	**1 490 471**
Earnings per share		
Basic earnings per share (cents)	56.00	65.21
Diluted earnings per share (cents)	55.77	37.49
Headline earnings per share (cents)	56.84	64.21
Diluted headline earnings per share (cents)	56.60	36.91

20. RELATED PARTIES

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

Riskowitz Value Fund LLP**		
Interest received	-	15 431
Disposal of equity interest to related party	81 388	-
The group sold an equity stake in Trustco Resources to Riskowitz Value Fund LLP. Refer to note 14 for further information.		
Next Capital Ltd^		
Sales	-	2 326
Management fees	(21 032)	(35 478)
Surety fees	(27 801)	(43 567)
Interest	(63 900)	(9 903)
Loan waiver	1 000 000	545 601
Purchases from related party	-	2 957 275
The group purchased Huso Group of Companies from Dr. Q van Rooyen during 2019.		
Northern Namibia Development Company (Pty) Ltd^*		
Sales	-	128

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

Figures in Namibia Dollar thousand

21. SEGMENT INFORMATION

31 March 2020	Total	Insurance and its investments	Banking	Resources
Revenue	**496 508**	237 183	244 074	15 251
External revenue	**455 312**	211 438	228 623	15 251
Inter-segment revenue	**41 196**	25 745	15 451	-
Net profit/(loss) after tax	**668 159**	(506 804)	(101 925)	1 276 888
Income tax expense	**(37 666)**	(8 485)	(12 146)	(17 035)
Loan waiver	**1 000 000**	-	-	1 000 000
Depreciation and amortisation	**(67 792)**	(58 798)	(7 993)	(1 001)
Interest income	**4 169**	2 886	1 263	20
Interest expense	**(263 467)**	(189 379)	(60 121)	(13 967)
Credit allowance for credit losses on advances	**(202 910)**	(39 290)	(163 620)	-
Total assets	**6 206 656**	**3 358 942**	**1 352 962**	**1 494 752**
Total liabilities	**2 102 191**	**1 364 116**	**511 636**	**226 439**

31 March 2019 (restated)	Total	Insurance and its investments	Banking	Resources
Revenue	**1 741 371**	1 445 295	151 618	144 458
External revenue	**1 449 718**	1 247 709	130 863	71 146
Inter-segment revenue	**291 653**	197 586	20 755	73 312
Net profit/(loss) after tax	**663 127**	229 863	(52 342)	485 606
Income tax (expense)/benefit	**148 280**	146 177	4 793	(2 690)
Loan waiver	**545 601**	-	-	545 601
Depreciation and amortisation	**(58 968)**	(54 318)	(4 063)	(587)
Interest income	**55 579**	53 450	2 129	-
Interest expense	**(202 144)**	(114 314)	(64 140)	(23 690)
Credit allowance for credit losses on advances	**(100 781)**	(32 759)	(68 022)	-
Total assets	**6 380 335**	**3 557 847**	**1 536 546**	**1 285 942**
Total liabilities	**2 844 322**	**2 170 240**	**478 589**	**195 493**

	31 March 2020 Revenue	31 March 2019 Revenue	31 March 2020 Assets	31 March 2019 Assets
Namibia	440 073	1 378 573	4 875 549	5 327 783
Sierra Leone	15 239	71 145	1 331 107	1 052 552
Total	**455 312**	**1 449 718**	**6 206 656**	**6 380 335**

Inter-segment sales are charged at prevailing market prices.

The group's revenues from its major products and services are disclosed in note 15.

Organisation of segments

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 and strategic investments. 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.

The 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.
The resources segment primarily conducts mining operations in Namibia and Sierra Leone.

Products and services from which reportable segments derive their revenue

The principal categories from which revenue is derived are as follows:

Insurance and its investments

- Insurance premiums;
- Property sales;
- Tuition and related fees; and
- Other revenue.

Banking

- Interest on advances; and
- Other revenue.

Resources

- Diamond sales.

Figures in Namibia Dollar thousand

22. BOARD OF DIRECTORS

22.1 Directors in emoluments

12 Months ended 31 March 2020	Basic benefits	Other benefits	Directors' fees	Total
Holding company (Executive directors)				
Dr. Q van Rooyen*	-	-	-	-
FJ Abrahams	2 354	129	-	2 483
	2 354	**129**	**–**	**2 483**
Non-executive directors				
W Geyser	-	-	320	320
Adv. R Heathcote	-	-	630	630
R Taljaard	-	-	374	374
Prof LJ Weldon (resigned 25.03.20)	-	-	290	290
KN van Niekerk (resigned 25.03.20)	-	-	370	370
	–	**–**	**1 984**	**1 984**
Subsidiary company (Executive directors)				
A Lambert	886	56	-	942
E Janse van Rensburg	1 738	106	-	1 844
Q Z van Rooyen*	-	-	-	-
I Calitz	963	256	-	1 219
T Slabbert	1 529	43	-	1 572
A Brand	940	213	-	1 153
J Jacobs (resigned 30.04.20)	3 426	220	-	3 646
J Joubert	-	-	3 600	3 600
IS Kamara	-	-	2 967	2 967
	9 482	**894**	**6 567**	**16 943**
Non-executive directors of subsidiary boards				
W Geyser	-	-	1 624	1 624
R Taljaard	-	-	981	981
T Newton	-	-	472	472
J van den Heever	-	-	375	375
S Similo	-	-	149	149
Prof LJ Weldon (resigned 25.03.20)	-	-	605	605
KN van Niekerk (resigned 25.03.20)	-	-	469	469
R Chetwode	-	-	391	391
	–	**–**	**5 066**	**5 066**
Total	**11 836**	**1 023**	**13 617**	**26 476**

From reporting date to the date of this report, there have been no trades by directors.

*Next Capital Ltd (Next) has a management contract with Trustco in terms of which a management fee is earned quarterly as follows:
- 0.5% of the turnover of the group;
- 1% of the headline earnings of the group; and
- 1% of the basic earnings of the group.

Dr Q van Rooyen, the group managing director, is the sole shareholder of Next. Q Z van Rooyen, the deputy group managing director, is remunerated by Next. If targets are not met, the management fee is halved, whilst, if growth exceeds the average inflation rate of Namibia plus 5%, then the management fees are doubled. Inflation in Namibia was recorded at 3.17% for the year to 31 March 2020.

A surety fee is payable based on all sureties pledged by the managing director for exposure in the group. The fee is calculated at 2% p.a. of all outstanding suretyships on a quarterly basis. At 31 March 2020, the value of surety pledged was NAD 522 million (2019: NAD 1 738.4 million).

During 2020, the management fee was NAD 21.03 million (2019: NAD 35.5 million) and the surety fee was NAD 27.8 million (2019: NAD 43.6 million).

Figures in Namibia Dollar thousand

12 Months ended 31 March 2019	Basic benefits	Other benefits	Directors' fees	Total
Holding company (Executive directors)				
Q van Rooyen	-	-	-	-
FJ Abrahams	2 230	116	-	2 346
	2 230	**116**	**–**	**2 346**
Non-executive directors				
W Geyser	-	-	339	339
Adv. R Heathcote	-	-	637	637
J Mahlangu (resigned 22.04.18)	-	-	15	15
R Taljaard	-	-	376	376
Prof LJ Weldon (appointed 26.04.18)	-	-	286	286
KN van Niekerk (appointed 26.04.18)	-	-	325	325
	–	**–**	**1 978**	**1 978**
Subsidiary company (Executive directors)				
A Lambert	872	94	-	966
E Janse van Rensburg	1 645	103	-	1 748
Q Z van Rooyen	-	-	-	-
I Calitz	897	211	-	1 108
T Slabbert	1 438	41	-	1 479
K Fick (resigned 31.03.19)	1 424	122	-	1 546
A Brand	902	248	-	1 150
J Jacobs	3 328	213	-	3 541
J Joubert	-	-	2 700	2 700
	10 506	**1 032**	**2 700**	**14 238**
Non-executive directors of subsidiary boards				
W Geyser	-	-	1 636	1 636
R Taljaard	-	-	823	823
T Newton	-	-	474	474
NJ Tshitayi (resigned 22.04.18)	-	-	22	22
J van den Heever (appointed 26.04.18)	-	-	327	327
S Similo	-	-	158	158
Prof LJ Weldon (appointed 26.04.18)	-	-	480	480
KN van Niekerk (appointed 26.04.18)	-	-	448	448
R Chetwode (appointed 05.06.19)	-	-	315	315
	–	**–**	**4 683**	**4 683**
Total	**12 736**	**1 148**	**9 361**	**23 245**

22.2 Changes in the board of directors

Prof LJ Weldon and KN van Niekerk resigned as independent directors on 25 March 2020.

23. FAIR VALUE

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

Figures in Namibia Dollar thousand

24. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING

31 March 2020	Borrowings	Other liabilities	Related parties	Total
Opening balance	1 251 066	63 447	1 021 276	2 335 789
Other non cash flow items	(43 222)	-	(802 323)	(845 545)
Sub total	**1 207 844**	**63 447**	**218 953**	**1 490 244**
Cash flows related to financing	(23 923)	(2 543)	19 588	(6 878)
Closing balance	**1 183 921**	**60 904**	**238 541**	**1 483 366**

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

*Borrowings used to finance the operations of the student loan book are classified as operating activities.

25. 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. In concluding that the group is a going concern, management considered the following debt restructurings which were successfully concluded post year end:

25.1 New funding

After the reporting date, Trustco Finance, the group's subsidiary, secured a USD20 million loan from a financial institution. The funds will be used exclusively for the student lending operations of the group. The disbursements will be scheduled as follows:
- USD8 million in September 2020;
- USD8 million in February 2021; and
- USD4 million in August 2021.

The loan will attract interest at Libor +10% per annum which will be settled quarterly in arrears. The loan capital will be repayable in the following instalments:
- 31 December 2021: USD 3 million;
- 31 December 2022: USD 4 million;
- 31 December 2023: USD 4 million;
- 31 December 2024: USD 4 million; and
- 31 December 2025: USD 5 million.

25.2 Restructuring of the lender group

On the 23 September 2020, a portion of historic borrowings were restructured as follows:

1. Facility 1:
   - All interest to be capitalised up to the effective date;
   - 12-month capital and interest standstill where interest is capitalised;
   - 24-month capital standstill where interest is settled on a quarterly basis;
   - 48-month period where interest is settled on a quarterly basis and 12.5% capital repayments are made on a semi-annual basis.

2. Facility 2:

- For 50% of the debt due on facility 2:
  - All interest to be capitalised up to the effective date;
  - 12-month capital and interest standstill where interest is capitalised;
  - 24-month capital standstill where interest is settled on a quarterly basis; and
  - 48-month period where interest is settled on a quarterly basis and 12.5% capital repayments are made on a semi-annual basis.
- For the rest of the 50% of the debt due to on this facility:
  - PIK note to be issued to accrue interest at the existing rates and settled in a bullet payment in 48 months.

3. Facility 3:

- All interest to be capitalised up to the effective date;
- 12-month capital and interest standstill where interest is capitalised;
- This period will be followed by a 24-month capital standstill where interest is settled on a quarterly basis; and
- This period will be followed by a 48-month period where interest is settled on a quarterly basis and 12.5% capital repayments are made on a semi-annual basis.

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 other matters that may 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.

26. PRO-ACTIVE MONITORING PROCESS

The Johannesburg Stock Exchange Limited ("JSE") selected Trustco as part of the JSE's pro-active monitoring process wherein the JSE reviewed Trustco's audited results for the 12 months ended 31 March 2019 ("Year-end Results") and its unaudited results for the six months ended 30 September 2019 ("Interim Results").

Following the conclusion of the pro-active monitoring process, the JSE informed Trustco that a decision had been made that Trustco's Year-end Results and Interim Results were not fully compliant with IFRS with respect to three matters (listed below) and consequently were required to affect certain restatements.
The three matters were:

1. Treatment of reclassification of inventory to investment property;
2. Recognition of revenue from the sale of unserviced erven (real estate inventory); and
3. Treatment of loan waivers.

With regards to matter 2, Trustco agreed to effect a restatement for the 2018 and 2019 financial years as disclosed in note 11 of the 2020 results. Trustco is objecting to the decisions with respect to matters 1 and 3 hence no further adjustments will be made to either the Year-end Results or the Interim Results until the above objection process and the exhaustion of all other legal avenues available to Trustco have been completed.

Concerning matters 1 and 3, Trustco has objected to JSE finding of incorrectness and its decision to direct Trustco to apply a particular accounting as allowed for in paragraph 1.4 of the JSE Listings Requirements. The directors of Trustco, having consulted with the IFRS expert, following a review by the JSE accredited auditors, maintain the view that the transactions were correctly accounted for. This outcome is reflected in the fact that the group has not made any restatements with regards matters 1 and 3 and by the unmodified audit report for the period ended 31 March 2020 dated 30 October 2020 as issued by our independent auditors.

The matters in question were correctly identified by Trustco as complex and non-routine and as such the company sought expert IFRS advice at the time of determining the accounting treatment thereof. The transactions were significant and as such were the subject of detailed discussions with our previous auditors and their IFRS experts as part of the audit process. At the conclusion it was agreed that accounting adopted by Trustco was correct and this is reflected in the unmodified audit opinion issued. Taking all of the above into account Trustco's board of directors take responsibility for the accounting treatment of these matters.

Apart from objecting to the findings of incorrectness by the JSE, Trustco is also objecting to the accounting it is being directed to apply with respect to matters 1 and 3 by the JSE as it is of the view that the JSE has not furnished it with a clear record of the basis of the accounting. In the absence of that clear record of the accounting basis, Trustco is unable to articulate to users the nature of the error which is sought to be corrected nor the basis of the corrected accounting as is required by IFRS. The powers of the JSE to direct a company to adopt a particular accounting treatment must be accompanied by a responsibility to place on record the IFRS basis for that treatment. We have taken advice on this matter from our IFRS advisors WConsulting and their report (Independent IFRS advisor's report) is to be found on https://www.tgh.na/investors/results-centre/.

Notwithstanding the disappointing outcome that the company and the JSE were unable to reach agreement on the appropriate application of IFRS on these few matters, the group and the board maintains a robust process for the review of complex accounting matters and the approval of financial statements. These include inter alia:

- Interrogation of management's assessment and accounting for specific transactions in terms of IFRS by the relevant board-appointed committees
- Consultation with subject matter experts and IFRS advisors accredited by the JSE
- For significant transactions, a review of accounting entries by independent JSE accredited IFRS advisors from whom a formal written opinion is obtained before entries are processed
- Assessment by group Board of the above sourced opinions for the appropriate accounting entries in terms of IFRS
- Audit by Namibian and JSE accredited auditors with their internal quality control processes which include independent IFRS reviews
- Independent review of the annual financial statements by JSE accredited IFRS consultants for compliance with IFRS
- Group board review of annual financial statements as well as the reviews and the audit report obtained above, by both main board as well as subsidiary boards, with their respective audit and risk committees

The board remains responsible and accountable to shareholders for the preparation of the financial statements and their compliance with IFRS. The board will not abdicate this responsibility to third parties. The board refers shareholders to the unmodified audit report of Nexia SAB&T.

27. AUDITORS

Nexia SAB&T Chartered Accountants Incorporated were appointed as the company's external auditors during July 2020 for the South African operation and as JSE accredited auditors of the company.

On 20 March 2020 Moore Stephens MWM Inc. resigned as the company's external auditors for the South African operations.

28. CHANGE OF FINANCIAL YEAR

The financial year end of the Company was changed from 31 March to 30 September.

The reasons for the change in financial year include inter alia:

- The group's capital and funding base is predominantly based in the Northern hemisphere, and Trustco aims to time the release of full-year results to coincide with the working calendars of those regions. The previous year-end results in financial information being distributed during European and American Summer breaks, while the new year end will allow full-year results to be released in December, allowing roadshows during January, which is ideal for capital raising exercises.
- With the changed year end, the group will have sufficient time to integrate financial and operational reporting with its proposed acquisitions, in order to report on combined operations by the new year-end date, as well as optimally align its business strategies going forward by that time.

29. EVENTS AFTER THE REPORTING DATE

Reverse-acquisition of Conduit Capital

The acquisition of Conduit Capital by reverse take-over was contemplated on the following basis:

- The Legal Shield Holdings Group ('LSH') of companies has a strong balance sheet, with highly profitable businesses when funded, but is limited by scale of opportunities in the local market.
- Conduit Capital, owner of Constantia Insurance, has a large and high-quality insurance book (with combined loss ratios of around 50%) but challenges with respect to its operational structure and its capital position.
- The combination of the two businesses will create significant synergies as LSH will gain access to the scale of the Conduit client base and market, while Conduit's operating structures and capital position can be strengthened within the LSH Group.

Refer to SENS announcement by the group and Conduit Capital Ltd issued on 27 March 2020 for further information. The transaction was not finalised at the reporting period date, as certain conditions precedent have not yet been met, thus control of the operations have not yet been obtained and the acquisition not completed.

Litigation

Helios Oryx Limited (Helios) issued a summons in the High Court of Justice (Business and Property Courts of England and Whales Commercial Court). The summons relates to a facility agreement entered into between the parties. The action is being defended by Trustco.

On 20 April 2020, Helios sent an acceleration notice and declared all amounts outstanding under the facility agreement and demanded payment totaling USD 19,634,795.54.

Trustco's position is that Helios acted in a mala fide manner by refusing to reduce its excess security held over immovable property of Trustco to its actual financial exposure, notwithstanding numerous requests thereto. Due to this refusal Trustco suffered fianancial damages exceeding USD 59 million and instituted a counterclaim against Helios to that effect.

Trustco has accounted for the claim from Helios, but no recognition was made for the counterclaim instituted by Trustco.

COVID 19 Impact

Since 31 March 2020, the spread of COVID 19 has severely affected many economies around the globe and the Namibian economy. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. The Government of Namibia and the Central Bank of Namibia have responded with monetary and fiscal interventions to stabilise economic conditions.

The group has been impacted by the pandemic from a cash flow perspective as some clients applied and were approved for payment holidays of up to 3 months. The Central Bank of Namibia has reduced the repo rate by 275 basis points since emergence of the pandemic, this will affect negatively on the income of the bank in future.

The forward looking impact of COVID 19 has been incorporated into the expected credit loss model and impairment assesments.

The directors are not aware of any other 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.

30. STANDARDS AND INTERPRETATIONS

A. Standards and interpretations effective and adopted in the current year

In the current period, the company has adopted IFRS 16 Leases.

The adoption of the standard did not have a material impact on the group or material disclosure in the interim financial statements.

B. International Financial Reporting Standards (IFRS), Standards and Interpretations not yet effective

The company has chosen not to early adopt the following standard which has been published and is mandatory for the company's accounting periods beginning on or after 31 March 2020:

IFRS 17: Insurance contracts (effective for annual periods beginning on or after 01 January 2021)

a) IFRS 17 creates one accounting model for all insurance contracts in all jurisdictions that apply IFRS.
b) IFRS 17 requires an entity to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and take into account any uncertainty relating to insurance contracts.
c) The financial statements of an entity will reflect the time value of money in estimated payments required to settle incurred claims.
d) Insurance contracts are required to be measured based only on the obligations created by the contracts.
e) An entity will be required to recognise profits as an insurance service is delivered, rather than on receipt of premiums.
f) This standard replaces IFRS 4 – Insurance contracts.

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.

IFRS 3 Business Combinations (effective for annual periods beginning on or after 1 January 2020)

Definition of Business: The amendments:

a) confirmed that a business must include inputs and a process, and clarified that:
   - the process must be substantive; and
   - the inputs and process must together significantly contribute to creating outputs.
b) narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and
c) added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

Management has not yet assessed the impact of this standard.

IFRS 7 Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2020)
Interest Rate Benchmark Reform: The amendments to IFRS 9, IAS 39 and IFRS 7 amend requirements for hedge accounting to support the provision of useful financial information during the period of uncertainty caused by the phasing out of interest-rate benchmarks such as interbank offered rates (IBORs) on hedge accounting.

a) The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform.
b) In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

Management has not yet assessed the impact of this standard.

IFRS 7 Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2021)
Interest Rate Benchmark Reform Phase 2: The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 amend requirements relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures.

a) The amendment to IFRS 7 requires a company to make additional disclosures in its financial statements so that investors can better understand the effects of IBOR reform on that company.

Management has not yet assessed the impact of this standard.

IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2020)
Interest Rate Benchmark Reform: The amendments to IFRS 9, IAS 39 and IFRS 7 amend requirements for hedge accounting to support the provision of useful financial information during the period of uncertainty caused by the phasing out of interest-rate benchmarks such as interbank offered rates (IBORs) on hedge accounting.

a) The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform.
b) In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

Management has not yet assessed the impact of this standard.

IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2021)
Interest Rate Benchmark Reform Phase 2: The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 amend requirements relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures.

a) The amendments to IFRS 9 enable a company to apply a practical expedient to account for a change in the contractual cash flows that are required by IBOR reform by updating the effective interest rate to reflect any change arising from the reform. o The amendments to IFRS 9 enable (and require) companies to continue hedge accounting in circumstances when changes to hedged items and hedging instruments arise as a result of changes required by the IBOR reform, by requiring companies to amend their hedging relationships to reflect:
    - designating an alternative benchmark rate as the hedged risk; or
    - changing the description of the hedged item, including the designated portion, or of the hedging instrument.

Management has not yet assessed the impact of this standard.

IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2022)
Annual Improvements to IFRS Standards 2018–2020: The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.
Management has not yet assessed the impact of this standard.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
(effective for annual periods beginning on or after 1 January 2020)
Definition of Material: The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.
Management has not yet assessed the impact of this standard.

IAS 39 Financial Instruments: Recognition and Measurement
(effective for annual periods beginning on or after 1 January 2020)
Interest Rate Benchmark Reform: The amendments to IFRS 9, IAS 39 and IFRS 7 amend requirements for hedge accounting to support the provision of useful financial information during the period of uncertainty caused by the phasing out of interest-rate benchmarks such as interbank offered rates (IBORs) on hedge accounting.

a) The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform.
b) In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

Management has not yet assessed the impact of this standard.

IAS 39 Financial Instruments: Recognition and Measurement
(effective for annual periods beginning on or after 1 January 2021)

Interest Rate Benchmark Reform Phase 2: The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 amend requirements relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures.

a) The amendments to IAS 39 enable (and require) companies to continue hedge accounting in circumstances when changes to hedged items and hedging instruments arise as a result of changes required by the IBOR reform by requiring companies to amend their hedging relationships to reflect:
    - designating an alternative benchmark rate as the hedged risk;
    - changing the description of the hedged item, including the designated portion, or of the hedging instrument; or
    - changing the description of how the entity would assess hedge effectiveness.

Management has not yet assessed the impact of this standard.

CORPORATE **INFORMATION**

TRUSTCO GROUP HOLDINGS LTD

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
OTCQX: TSCHY
ISIN Number: NA000A0RF067

EXECUTIVE DIRECTORS
F J Abrahams
Dr Q van Rooyen (alternate: QZ van Rooyen)

NON-EXECUTIVE DIRECTORS
W Geyser
R Taljaard
Adv R Heathcote
Prof L J Weldon (South African) (resigned 25 March 2020)
K N van Niekerk (South African) (resigned 25 March 2020)

COMPANY SECRETARY
A Bruyns (resigned 27 September 2019)
H Steyn (appointed 27 September 2019, resigned 1 March 2020)
Komada Holdings (Pty) Ltd (appointed 1 March 2020)

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

AUDITORS: SOUTH AFRICA
Nexia SAB&T
119 Witch-Hazel Avenue Highveld Technopark,
Centurion, 0046
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
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151 Katherine Street, Sandown
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JSE DEBT SPONSOR
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NSX SPONSOR
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Namibia

OTCQX SPONSOR
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Rosebank Towers, 15 Biermann Avenue,
Rosebank 2196, PO Box 61051
Marshalltown, 2107

PRINCIPAL BUSINESS
Trustco is a diversified triple-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;
- Banking and finance; and
- Resources.

TRUSTCO
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