

# IAR

## 2020

### INTEGRATED ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

TRUSTCO GROUP HOLDINGS LIMITED



# INVESTMENT PROFILE



**MARKET CAPITALISATION** NAD **5.1 BILLION**

**NET ASSET VALUE** NAD **3.2 BILLION**

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. The company primarily invests in high quality, world class assets in the financial services and resources industries.

• Return on equity over 10 years	<b>17.2%</b>
• Share price annual growth over 10 years	<b>20.6%</b>
• Growth in net asset value per share over 10 years	<b>10.6%</b>
• Average return on assets over 10 years	<b>9.04%</b>
• Average price earnings ratio over 10 years	<b>8.71</b>

## FINANCIAL SERVICES

**NET ASSET VALUE** NAD **1.9 BILLION**

Trustco Financial Services is a large-scale full spectrum financial services provider with primary operations in banking, lending and insurance with its other investments being the properties and education businesses. This segment is the traditional mainstay of the group with established commercial operations dating back to the founding of Trustco.

## INSURANCE AND ITS INVESTMENTS

**NET ASSET VALUE** NAD **1.5 BILLION**

Insurance and its investments consists of the insurance division and its underlying investments, which includes Trustco Properties and the Institute for Open Learning. The insurance division offers a diversified range of financial and risk products to individuals and SMEs in Namibia and is the holder of short- and long-term insurance licences. The property division invests mostly in mixed-use land development, construction and the management thereof to contribute meaningfully to the high public demand for serviced land and housing for Namibians from all walks of life. The education division dedicates its resources, energy and passion to develop the institution to make education accessible to working students and students in the far rural areas of Namibia.

## BANKING AND FINANCE

**NET ASSET VALUE** NAD **0.4 BILLION**

Banking and finance comprises of a fully-fledged bank with innovative banking products which promotes economic development and caters to the banking needs of individuals and businesses alike. Trustco Finance provides financial assistance for educational and training purposes ensuring an optimal structure where profits and social investment are aligned, whilst Trustco Capital provides long-term financing in the form of property advances.

## RESOURCES

**NET ASSET VALUE** NAD **1.3 BILLION**

Trustco Resources was established in 2015 to pursue opportunities within the natural resources sector. Its focus during the last 5 years has been on the diamond industry and the 'mine-to-market' strategic plan which is in the process of being realised in accordance with the original vision.

INDUSTRY	LONG- AND SHORT-TERM INSURANCE	REAL ESTATE	EDUCATION
OPERATIONS			
SHAREHOLDING	80%	80%	100%

INDUSTRY	BANKING	FINANCE
OPERATIONS		
SHAREHOLDING	100%	100%

INDUSTRY	RESOURCES	RESOURCES	RESOURCES
OPERATIONS			
SHAREHOLDING	98.7%	100%	100%

INDUSTRY	DIAMOND MINING	ALLUVIAL DIAMOND MINING	DIAMOND CUTTING AND POLISHING
OPERATIONS			
SHAREHOLDING	65%	100%	100%

NAVIGATION TOOLS

  
ADDITIONAL  
INFORMATION

  
BANKING AND  
FINANCE

  
CORPORATE  
GOVERNANCE

  
DECREASE

  
FINANCIAL  
PERFORMANCE

  
FINANCIAL  
SERVICES

  
GO ONLINE

  
INCREASE

  
INSURANCE AND  
ITS INVESTMENTS

  
RESOURCES

  
SAME

  
SHARED  
SERVICES

  
STAKEHOLDERS

ABOUT THIS REPORT

SCOPE AND BOUNDARY

The 2020 integrated annual report addresses Trustco's stakeholders and presents the group's business performance, goals and strategy in a balanced and objective way, in line with international best practices.

In addition, it conforms to other international and local statutory and reporting frameworks, including the Listings Requirements (LR) of the JSE Limited (JSE) and the Namibian Stock Exchange (NSX).

The group audited annual financial statements (presented elsewhere in this report) were prepared in terms of the International Financial Reporting Standards (IFRS) and comply with the South African Institute of Chartered Accountants (SAICA) financial reporting guides as issued by the Accounting Practices Committee, financial reporting pronouncements as issued by the Financial Reporting Standards Council and in the manner as required by the Companies Act of Namibia and the Companies Act of South Africa, as amended, as far as applicable.

This report is available online on the group's website at [www.tgh.na](http://www.tgh.na) in portable document format (pdf).

**MATERIALITY**

Trustco defines materiality as both financial and non-financial information, which it considers to be of significant interest to current and prospective investors and any other stakeholders who wish to make an informed assessment of the ability of the group to generate value over the short-, medium- and long-term.

The report has been prepared on the 18 month period from 1 April 2019 to 30 September 2020.

Any informative and material information after 30 September 2020 has been included and is identified in the report where applicable.

ASSURANCES AND APPROVAL

It is the responsibility of the group board of directors to ensure the integrity of the group integrated annual report.

The board, assisted by the audit and risk committee, approved this report and has taken steps to ensure the integrity of its content.

Combined assurance oversight and monitoring from internal assurance providers includes the board and the relevant board committees, executive and senior management as well as the internal audit function. In Sierra Leone, Baker Tilly is the appointed internal auditor.

External assurance providers include oversight from the external auditors and the sponsors of the JSE and NSX.

The annual financial statements were audited and signed by the group external auditors, Nexia SAB&T South Africa. Apart from the group auditors, Moore Stephens provided external assurance to the board in respect of the Sierra Leone and Mauritius operations.

The board acknowledges that to the best of their knowledge the company is in compliance with the Companies Act and relevant laws of establishment specifically relating to its incorporation. The company is operating in conformity with its memorandum.

STATEMENT OF THE BOARD OF DIRECTORS OF TRUSTCO GROUP HOLDINGS LIMITED

The board, supported by the relevant board committees, acknowledges its responsibility to ensure the integrity of the contents of the integrated annual report. The board has applied its collective mind to the integrated annual report and is of the opinion that the report addresses all material issues and matters and fairly presents the group's integrated performance. The board unanimously approved this report and authorised its release.

  
ADV RAYMOND HEATHCOTE SC  
CHAIRMAN AND INDEPENDENT  
NON-EXECUTIVE DIRECTOR

  
DR QUINTON VAN ROOYEN  
GROUP MANAGING DIRECTOR  
AND CEO

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## DIRECTORATE

### REPORTS TO SHAREHOLDERS

CHAIRMAN'S REPORT

MANAGING DIRECTOR'S REPORT

### BOARD OF DIRECTORS

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CHAPTER

01

## REPORTS TO SHAREHOLDERS CHAIRMAN'S REPORT



**ADV RAYMOND HEATHCOTE SC**  
CHAIRMAN OF THE BOARD AND  
INDEPENDENT NON-EXECUTIVE  
DIRECTOR



The 2020 financial year has been many things, but no one can argue that it has not had more than its fair share of 'black swan' events. The COVID-19 pandemic and the associated lockdowns have not only disrupted what was our normal, but has also given us pause – and time to reflect on our past choices.

We too often fall into the trap of trying to evaluate and criticise our past decisions, based on information we have available at present. Despite not having all the information available at that time, we still had to make a decision. It thus remains of utmost importance to remain true to oneself and steadfast in decision-making. You have to take note of how information has changed or evolved between now and then, so that you can adapt your future decisions and change your outlook accordingly. Only by doing this, can your conscience remain clear.

This year saw all of us reeling from the shock and turmoil of events – not only on the social and medical front, but also on the political and economic front. It touched each of us personally and deeply. It will continue to do so – it is projected that the global economy will contract sharply this year, with the recovery in the following year not making up the loss. Yet, as we ponder this year, we cannot succumb to doom and gloom.

While it is inevitable that life will knock us down, it is how we get up again that defines us. While prosperity may be a great teacher, adversity is an even greater one. Adversity is also not without its comforts and hopes. Those who dare to change, to adapt, to renew thinking, to better themselves, to make the hard and difficult decisions are the ones that will face the dawn of a new day.

This has been a particularly difficult year as chairman of the Trustco board. We were questioned and evaluated on historic decisions, yet we remained steadfast in our resolve. I serve on a board where collective responsibility is a principle. Yet, no decision is ever taken lightly.

During this year, Trustco changed its financial year end, changed the composition of the board, changed auditors, commenced changing the operational structure of the segments and yet, through it all, we maintained our vision to create and maintain sustainable value for the future.

To chair the board of Trustco is as exciting now, as it was when I was approached to chair the board years ago. It remains a pleasure to work with the executive management team – to see their growth, how they change, and how they re-evaluate to adapt to the future. They are not afraid to make hard and difficult decisions, and never hesitate to implement tough directives. I look forward to the inputs of the two new directors who will be joining the board in the new financial year.

Thank you, my fellow board members, management and each and every employee for your commitment and dedication this year. You make an exceptional team.



# REPORTS TO SHAREHOLDERS

## MANAGING DIRECTOR'S REPORT



**DR QUINTON VAN ROOYEN**  
GROUP MANAGING DIRECTOR  
AND CEO



### SUSTAINABILITY THROUGH A WORLDWIDE CRISIS

The world was a different place at the beginning of this financial period. Namibia was suffering from a recession (and still is) which has only deepened during the pandemic. The changes sweeping the globe has left nobody – not even Trustco – untouched. It is during times such as these that you realise that no one can stand alone, and one is reminded that the support of your shareholders, directors, staff and stakeholders are critical to sustain oneself, as well as to explore the opportunities for wealth creation for stakeholders. Opportunities that will no doubt present themselves because of Trustco's culture of innovation. Let's review what happened and see how Trustco's world has changed.

### APRIL 2019: NAD 1 BILLION RELATED PARTY LOAN PROGRAMME / MEYA ACQUISITION AMENDED

Right at the beginning of the year, the group concluded the **Related Party Loan Programme (NAD 1 billion)**, which was oversubscribed by NAD 270 million, and provided capital for the group's continued expansion.

As a result, the **Meya Acquisition Agreement was amended**, with both the USD 25 million hurdle payment as well as the USD 20 million option price to increase Trustco's holding in the Sierra Leonian mine to 65%, to be settled in a combination of shares and cash.

### JUNE 2019: MEYA COMMUNITY DEVELOPMENT PROGRAMME / WARRANT AGREEMENT FACILITY

The **Meya Community Development Programme** was announced, allocating 0.25% of Meya's gross revenue to its primary host communities.

Trustco also entered into a **Warrant Agreement facility** which has the potential to raise an additional NAD 2 billion in capital for growth.

### JULY 2019: HUSO TRANCHES EXECUTED / HERBOTH'S DEVELOPMENT IN PRINCIPLE APPROVAL / MEYA MINING LICENCE ISSUED

The first two tranches of the Huso Agreement were executed after reaching the EBITDAASA targets, increasing Trustco's share in issue by 240 400 000 shares. The Huso Agreement resulted in Trustco Resources acquiring a diamond operation.

The group obtained in principle approval for the **Need and Desirability for the Township establishment on the Herboth's development**, a 2 605 hectare development on the outskirts of Namibia's capital, Windhoek.

In addition, the National Minerals Agency of Sierra Leone issued **Meya Mining's large scale mining licence**, allowing Meya to begin with the transition to commercial development and production and also concluding its acquisition as the final conditions precedent had been fulfilled, with both hurdle components on the exploration results being met – these hurdles being an intrinsic value of at least 3 million carats or at an international market value of at least USD 1 billion.

### SEPTEMBER 2019: GCR CREDIT RATING UPGRADE / UPLISTED TO OTCQX / WARRANT TRANSACTION FACILITY APPROVED

After the first six months of the financial period, Trustco's GCR Credit Rating was upgraded to B+ long term and B short term with a positive outlook.

In New York, the group uplisted its ADRs to the OTCQX market, while locally, **a general meeting approved the Warrant Transaction facility**.

## OCTOBER 2019: WARRANT CERTIFICATES ISSUED / HERBOTH'S DEVELOPMENT APPROVAL / NAD 1 BILLION RELATED PARTY LOAN WRITTEN OFF / SEGMENT RESTRUCTURING

The first **warrant certificates** were issued and the partial exercise of these warrants occurred.

The **Need and Desirability for Township establishment at the Herboth's development** was approved, paving the way for future development, as this allows for the subdivision of the property and installation of infrastructure, significantly increasing its value.

The NAD 1 billion related party loan to the group was waived. This further deleveraged the balance sheet of the group.

The group continued with the planned restructuring of its segments, **with the insurance segment initiating the acquisition of the banking & finance segment**, which includes both a banking and microlending licence, as well as a student loan book, and is valued at NAD 1.8 billion. This will result in the new financial services segment.

## NOVEMBER 2019: DISCUSSION OF ACQUISITION

With the insurance segment having initiated its restructuring in the prior month, it moved forward in **discussions with Conduit Capital for a potential acquisition**.

## DECEMBER 2019: ACQUISITION OF CONSTANTIA INSURANCE FROM CONDUIT

The group announced that it would **acquire Constantia Insurance from Conduit Capital** for NAD 2 billion. Constantia insurance is a 70 year old insurance company in South Africa, with assets of NAD 2.1 billion and reserves of NAD 700 million, with over 1 million retail clients and over 10 000 corporate clients.

## FEBRUARY 2020: SALE OF HERBOTH'S / AWAITING APPROVAL FOR RESTRUCTURING / HUSO TRANCHES EXECUTED

With the Need and Desirability for the Township establishment approved, Trustco announced the **sale of Herboth's to Constantia Insurance**, while the group still awaited Bank of Namibia approval for the insurance segment's acquisition of the banking and finance segment.

The final three tranches of the Huso Agreement executed after EBITDAASA targets were reached, increasing Trustco's issued shares by 388 400 000 shares.

## MARCH 2020: COVID-19 IN NAMIBIA / CONDUIT ACQUIRES FINANCIAL SERVICES / RESOURCES NEW MINORITY SHAREHOLDER AND SALE OF OPTION / DIRECTORS AND AUDITORS RESIGN / SHARES ISSUED TO STAFF / FINANCIAL YEAR END CHANGE

During this month, **COVID-19 was first encountered in Namibia. First Trustco, then Namibia goes into lockdown as a state of emergency is declared.**

The acquisition of Constantia Insurance was amended, with **Conduit Capital now acquiring the financial services segment for NAD 10.4 billion**, post acquisition of the banking and finance segment. This will be settled by the issue of Conduit Capital shares, which are also listed on the JSE.

In addition, **1.3% of Trustco Resources was sold to Riskowitz Value Fund for USD 4.5 million, who has an option to acquire a further 3.7% for USD 12.9 million.** Trustco Resources includes both the Namibian as well as Sierra Leonean mining assets, as well as the Namibian-based diamond cutting and polishing factory.

After the quarterly board meetings, where discussions were held about audit fees, two independent directors resigned, and the group's **South African auditors, Moore Johannesburg, resigned as well.**

The board furthermore approved the issue of 12.96 million shares to staff.

The board also decided to change the financial year end to 30 September, to align the release of the full year results with the working calendars of the group's capital and funder base in the northern hemisphere.

## APRIL 2020: NAMIBIA LOCKDOWN EXTENDED / ENGAGEMENT WITH INTERNATIONAL FUNDERS

To prevent COVID-19 from spreading, the **Namibian lockdown is extended until May.**

The group **engaged with its international funders to mitigate the economic effects of COVID-19.**

## MAY 2020: LOCKDOWN PARTIALLY LIFTED

The **Namibian lockdown is partially lifted, as the country moves into different levels of lockdown** depending on the region.

## JUNE 2020: TRUSTCO FINANCE USD 20 MILLION FACILITY APPROVAL / DEBT RESTRUCTURING DISCUSSIONS

**Trustco Finance, the student lending business of the group, received approval for a facility agreement of USD 20 million from an international lender**, allowing its students to access financing while enhancing online educational facilities.

**Debt restructuring discussions were initiated** with the group's international funders.

## JULY 2020: NEW AUDITORS APPOINTED / DELAY OF INTERIM RESULTS

Following the resignation of Moore Johannesburg, **Nexia SAB&T is appointed as the group's South African JSE accredited auditors.**

Due to the lockdown and travel restrictions imposed by the state of emergency and disrupting the engagement of the auditors, Trustco announced that the interim results for 31 March will only be released by 30 September.

## AUGUST 2020: TIMELINES OF CIRCULARS EXTENDED

With new auditors appointed, all circulars for ongoing transactions have their due dates extended to allow for their completion.

## SEPTEMBER 2020: TRUSTCO RESOURCES OPTION EXTENDED / DEBT RESTRUCTURING CONCLUDED

The **option for Riskowitz Value Fund to acquire an additional 3.7% of Trustco Resources was extended** until 31 March 2021.

**Trustco's debt restructuring discussions are concluded** with its US, Swiss and German based lenders, with interest payments, capital holidays and term extensions negotiated. Restructuring with the African lenders was also approved, with USD 15 million in new funding earmarked for strategic investments, subject to the legal documentation process.

As can be seen, both the management team and the board of directors have been exceptionally engaged in strategic matters during the financial period – but our efforts would have been in vain without the support we've received from stakeholders.

All the goals set by the board for the period under review was certainly not met, but I'm satisfied that the board properly reprioritised the essentials and management executed as such during the worldwide pandemic.

I am confident that the group is ideally positioned to resume its growth trajectory as it adjusts to the new normal, under the expert guidance of the board and our executive team in lockstep.

As I'm writing today, I've already seen the genesis of what will become Trustco 2.0.



# BOARD OF DIRECTORS



**ADV RAYMOND HEATHCOTE  
SC (57)**

**INDEPENDENT  
NON-EXECUTIVE DIRECTOR**

Namibian Citizen

**APPOINTED**  
29 September 2010

**QUALIFICATIONS**  
BA  
LLB

## ROLE AT THE COMPANY

- Chairman of the board of directors of Trustco Group Holdings Ltd
- Chairman of the nomination committee of Trustco Group Holdings Ltd
- Interim appointments:
  - Member of the audit and risk committee of Trustco Group Holdings Ltd
  - Member of the remuneration committee of Trustco Group Holdings Ltd

## EXPERTISE AND EXPERIENCE

Advocate Heathcote is an admitted advocate of the High Court of Namibia and was an acting judge of the High Court of Namibia in 2005, 2007, 2009 and 2011. He is also an admitted advocate in South Africa. Several of his judgments have been reported in both the Namibian and South African Law Reports. Adv Heathcote is a member of the Society of Advocates and was honoured by being appointed as senior counsel in 2009. Adv Heathcote previously served as the president of the Society of Advocates and president of the Law Society of Namibia.



**WINTON JOHN GEYSER  
(60)**

**INDEPENDENT  
NON-EXECUTIVE DIRECTOR**

Namibian Citizen

**APPOINTED**  
29 September 2010

**QUALIFICATIONS**  
BCompt  
BCompt (Hons)  
CA (SA)

## ROLE AT THE COMPANY

- Member of the board of directors of Trustco Group Holdings Ltd
- Chairman of the audit and risk committee of Trustco Group Holdings Ltd
- Member of the remuneration and nomination committee of Trustco Group Holdings Ltd
- Member of the social and ethics committee of Trustco Group Holdings Ltd
- Chairman of the board of directors of Legal Shield Holdings Ltd

- Chairman of the board of directors of Trustco Life Ltd
- Chairman of the board of directors of Trustco Insurance Ltd
- Member of the audit and risk committee of Legal Shield Holdings Ltd
- Member of the remuneration and nomination committee of Legal Shield Holdings Ltd
- Member of the board of directors of Trustco Bank Namibia Ltd
- Chairman of the audit and risk committee of Trustco Bank Namibia Ltd
- Member of the remuneration and nomination committee of Trustco Bank Namibia Ltd

## EXPERTISE AND EXPERIENCE

Mr Geyser is a member of the South African Institute of Chartered Accountants. He completed his articles with the audit firm Deloitte Haskins & Sells (now Deloitte) and later joined their financial management services division. Since then he has performed accounting, taxation and consultancy work and has held various senior positions, such as the general manager finance at Agra (Co-op) Ltd and the financial director of M Pupkewitz & Sons. Mr Geyser currently holds the position of group managing director of Epic Holdings (Pty) Ltd and various other directorships in Namibian companies.



**RENIER JACOBUS TALJAARD  
(61)**

**INDEPENDENT  
NON-EXECUTIVE DIRECTOR**

Namibian Citizen

**APPOINTED**  
5 July 2012

**QUALIFICATIONS**  
BEcon  
FCII  
FIISA

## ROLE AT THE COMPANY

- Member of the board of directors of Trustco Group Holdings Ltd
- Member of the audit and risk committee of Trustco Group Holdings Ltd
- Chairman of the remuneration committee of Trustco Group Holdings Ltd
- Member of the nomination committee of Trustco Group Holdings Ltd
- Chairman of the social and ethics committee of Trustco Group Holdings Ltd

- Member of the board of directors of Legal Shield Holdings Ltd
- Member of the board of directors of Trustco Life Ltd
- Member of the board of directors of Trustco Insurance Ltd
- Member of the audit and risk committee of Legal Shield Holdings Ltd
- Chairman of the remuneration committee of Legal Shield Holdings Ltd
- Member of the nomination committee of Legal Shield Holdings Ltd
- Chairman of the board of directors of Trustco Finance (Pty) Ltd

## EXPERTISE AND EXPERIENCE

Mr Taljaard has vast experience, of more than 31 years, in both the short- and long-term insurance industries. After completing his FCII studies, Mr Taljaard was admitted as a fellow member of the Insurance Institute of South Africa and Namibia. He held various senior positions within the industry including managing director at Swabou Insurance, Nasria, Harvest Reinsurance Company, Trustco Insurance Ltd and Trustco Life Ltd. He served on the board of Trustco Insurance Ltd from 2000 to 2006, was appointed to the board of Trustco Group Holdings Ltd in 2012 and to the board of Trustco Insurance Ltd and Trustco Life Ltd as an independent non-executive director in 2013. In 2018 he was appointed to the board of directors of Trustco Finance (Pty) Ltd.

BOARD OF DIRECTORS CONTINUED



**DR QUINTON VAN ROOYEN (55)**  
**EXECUTIVE DIRECTOR AND GROUP MANAGING DIRECTOR/CEO**

Namibian Citizen  
Acquired Trustco in 1992

**QUALIFICATIONS**  
BJuris  
LLB  
DBL (Honoris Causa)  
Business Leadership and Entrepreneurship (IUM)

**ROLE AT THE COMPANY**  
• Member of the board of directors of Trustco Group Holdings Ltd  
• Member of the board of directors of various subsidiaries in the Trustco Group of companies

**EXPERTISE AND EXPERIENCE**  
Dr van Rooyen's business acumen, skill and leadership are the determining factors that have transformed the group into a successful triple listed entity. His creative approach to life makes the mundane extraordinary. He has a fearless attitude towards challenges that makes him an easy leader to follow. His talent and passion is to create products and services that are sustainable, socially responsible and that will yield extraordinary wealth for stakeholders by harnessing opportunities in Namibia and throughout Africa. Dr van Rooyen wholeheartedly believes that the full potential of Africa is yet to be realised and that change is the spice of life.



**QUINTON ZANDR  VAN ROOYEN (34)**  
**DEPUTY CEO AND ALTERNATE DIRECTOR TO THE GROUP MANAGING DIRECTOR**

Namibian Citizen  
**APPOINTED**  
9 May 2016

**QUALIFICATIONS**  
BCom (Law)  
LLB

**AWARDS**

- 2014: Ranked the "Fittest Man in Africa" at the CrossFit Games held in South Africa
- 2014: Ranked 42nd in the international Reebok CrossFit Games "Fittest on Earth"
- 2014: Inducted into the prestigious Namibian Business Hall of Fame, under the auspices of Junior Achievement Namibia and the Namibian Chamber of Commerce and Industry

**ROLE AT THE COMPANY**  
• Alternate director to the group managing director of Trustco Group Holdings Ltd  
• Member of the board of directors of various subsidiaries in the Trustco Group of companies

**EXPERTISE AND EXPERIENCE**  
Mr van Rooyen joined Trustco in 2010 after the completion of his studies with the main purpose of gaining experience in the group. Showing a natural flair for business, he thereafter took up a position within the finance and education divisions in 2011 specialising in determination and execution of strategy, including focusing on and developing acquisitions within the division. Mr van Rooyen was appointed as head of the Namibian operations in 2013 and subsequently appointed to serve on various boards of subsidiaries within Trustco. In November 2014 he took charge of the insurance and its investments segment and following his success therein was appointed as head of group business in October 2015. He currently holds the position of group head of the financial services segment in addition to his role as deputy CEO of the group and alternate director to the group managing director.



**FLOORS JACOBUS ABRAHAMS (45)**  
**EXECUTIVE DIRECTOR AND GROUP FINANCIAL DIRECTOR**

Namibian Citizen  
**APPOINTED**  
22 August 2006

**QUALIFICATIONS**  
BCom

**ROLE AT THE COMPANY**  
• Member of the board of directors of Trustco Group Holdings Ltd  
• Member of the board of directors of various subsidiaries in the Trustco Group of companies

**EXPERTISE AND EXPERIENCE**  
Mr Abrahams completed his articles in 1999. During this period, he accumulated experience in the financial sector and serviced various audit clients. Mr Abrahams was appointed as group financial manager of Trustco in 2000 and subsequently group financial director in 2004. Mr Abrahams assumed the role of group treasurer in 2013. He was re-appointed as group financial director on a full-time basis in 2017, a position he holds to date.

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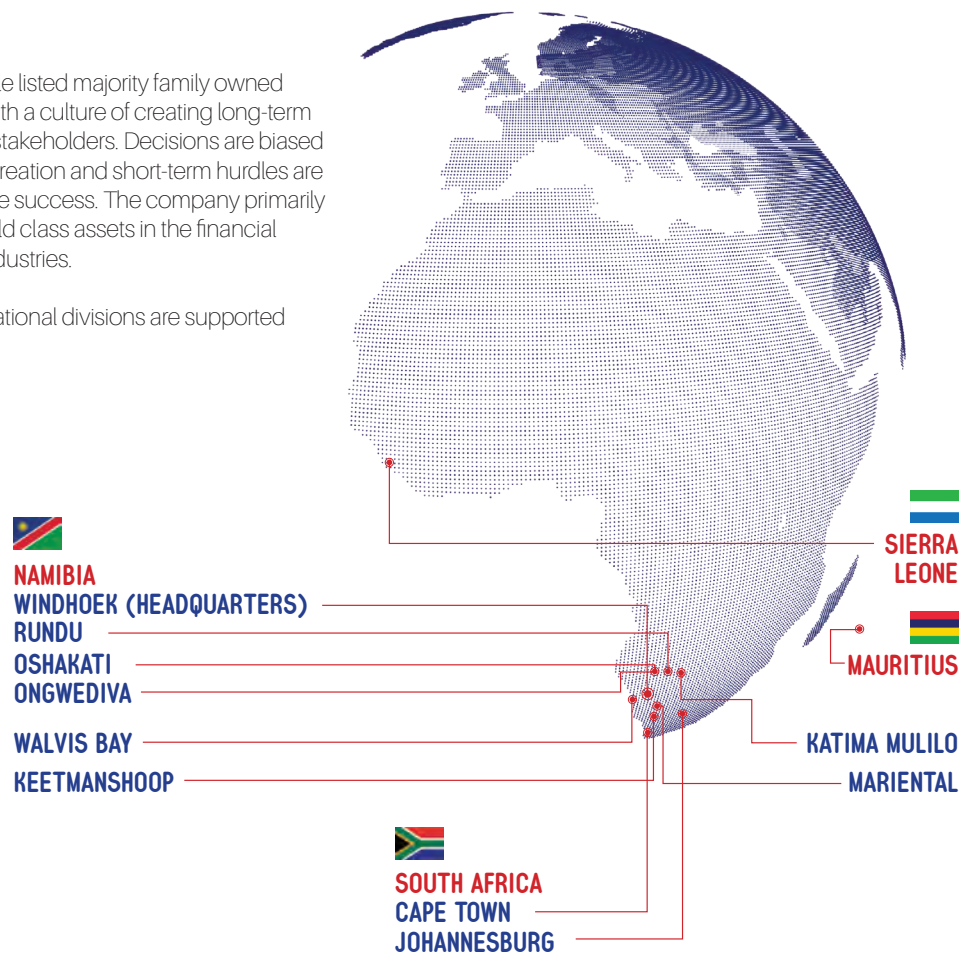
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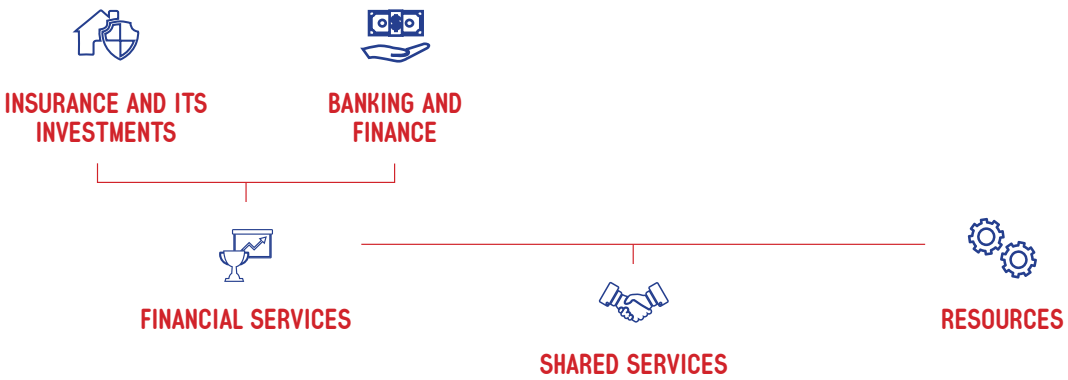
# WHO WE ARE

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. The company primarily invests in high quality, world class assets in the financial services and resources industries.

The businesses and operational divisions are supported by shared services.



# GROUP STRUCTURE



# VISION AND MISSION


**VISION**  
With our roots firmly in Namibia and our reach extended into the rest of Africa and the emerging markets beyond, we seek to generate above average growth over time to create wealth for our shareholders, customers and employees while impacting positively on society and our planet.


**MISSION**  
We provide efficient and dynamic services to our core industries, ensuring responsible and sustainable growth that will have a positive impact on society and our environment. We embrace technology to facilitate innovative and affordable solutions in each of our segments. We are accountable to all stakeholders to deliver value and sustainable returns on their investments. We value our employees and recognise their intellectual value and commitment as an important component of our success.


# INVESTMENT HIGHLIGHTS

 Winner of the large size category of Deloitte's annual "Best Company To Work For" survey in Namibia in 2019.

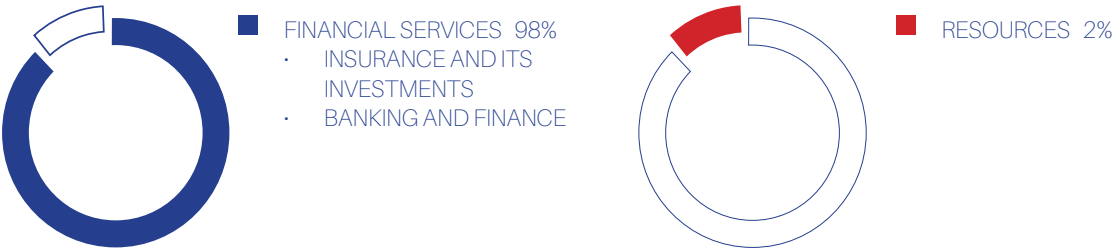
Recipient of the Deloitte Gold Seal of Achievement in recognition of the attractiveness of the organisation, its commitment to its people and consistent achievement of excellence.

 Trustco became the first Namibian company to qualify to have its American Depository Receipts (ADRs) trade on the OTCQX Best Market on 26 August 2019.

 A large-scale mining licence was issued to Meya Mining, a subsidiary of the resources segment, by the National Mineral Agency in Sierra Leone. The mining licence is valid for a 25 (twenty-five) year period from 26 July 2019.

 2020 PMR Gold Award Winner in the Leaders and Achievers category. Awarded to companies for their contribution to the economic growth and development of Namibia.

## 2020 REVENUE CONTRIBUTION (PERCENTAGE)





# INVESTMENT CASE AND VALUE CREATION

Trustco group has always operated as a majority family-owned business, creating a culture of generating long-term sustainable growth and value for all stakeholders. It holds three listings – the Namibian and Johannesburg Stock exchanges as well as the OTCQX in New York. With a presence in four African countries, and world-class national and continental assets, the group remains a strong investment opportunity, despite the setbacks caused by the COVID-19 pandemic.

### THE TRUSTCO ADVANTAGE

The group has operated in Namibia for over 28 years and has a large home-grown customer base in both insurance as well as student financing and education sectors. The Trustco brand has a footprint across the country, with a track record of creating sustainable value and outperforming its peers. Unlike other multinationals, Trustco vests its power of authority in Namibia, allowing its fully Namibian top management team, with an average of over 10 years executive experience in the group to execute on opportunities immediately.

The financial services segment provides ample investment opportunities via:

### PROVISION OF FINANCIAL AND RISK SOLUTIONS

The insurance business was started to protect the legal rights of Namibians from all walks of life and later diversified by also providing life insurance benefits and savings products to the mass market. The group provides affordable financial and risk solutions to all through a well-established branch network as well as other innovative distribution channels.

With more than 232 000 insured members, the core insurance business produces steady and predictable monthly cash flows at traditionally low loss ratios.

The student loans business, as the newer venture, has grown steadily since inception in 2005, with more than 25 000 active account holders which are projected to generate revenue in excess of NAD 100 million per annum.

### DEVELOPMENT AND DELIVERY OF SERVICED LAND

Over many years the property division has unlocked economic value by acquiring virgin land and improving it to enable delivery to the public to meet housing demand, one of Namibia's burning issues.

The four large property developments in this division include residential estates and industrial parks spanning more than 4 000 hectares of the highest quality, strategically located Namibian real estate. It is ideally situated to cater for the present and future housing, commercial and industrial needs of the country and will provide a sustainable source of cash flow for the next 20 to 25 years.

### INTERGROUP SYNERGIES

Being part of the Trustco group creates an extremely competitive advantage as opportunities are always available to create value for other product ranges in the group or to access new customers. Its banking, finance and education products lend themselves ideally to enhancement by the insurance product range while the property business and the bank also create an unmatched value proposition in Namibia.

### INNOVATION

It is in the nature of the group to be dynamic and to continuously innovate to create new value propositions for its customers. Innovation typically takes the form of product enhancements, greater utilisation of technology or optimisation of processes where a benefit is created that makes its products more appealing and valuable to its customers.

### BUSINESS PARTNERSHIPS

Value is also created by combining forces with external business partners to create win-win scenarios between Trustco and their business partners.

### A LOOK TOWARDS THE FUTURE

Existing investments are set to increase their returns during the coming years. New funding for student lending will unlock significant growth opportunities for the student loan book, education products and credit insurance on student loans, while the insurance business is expanding into the general insurance market through new product offerings.

The financial services segment is also developing its own commercial bank, which is expected to have state of the art transactional capabilities within the next 12 months, allowing it to provide services to the existing large customer base as well as to target new market segments. However, it is in combination with the property business that the bank is expected to provide the greatest returns, as synergies between the banking and property business can accelerate the monetisation of the group's significant property assets.

### THE RESOURCES BREAKTHROUGH

It is Trustco's fledgling investment into the resources sector that has the greatest long-term potential for exceptional returns. Meya Mining's initial exploration programme in Sierra Leone indicates a resource of 7 million carats, which underpin a 15 year mine plan. Apart from the exceptional economic potential, it should be noted that five of the largest stones discovered globally are from Meya's mining licence area. Meya's bulk sample results indicate that the mine not only contains high grade, but also very high average value per carat.

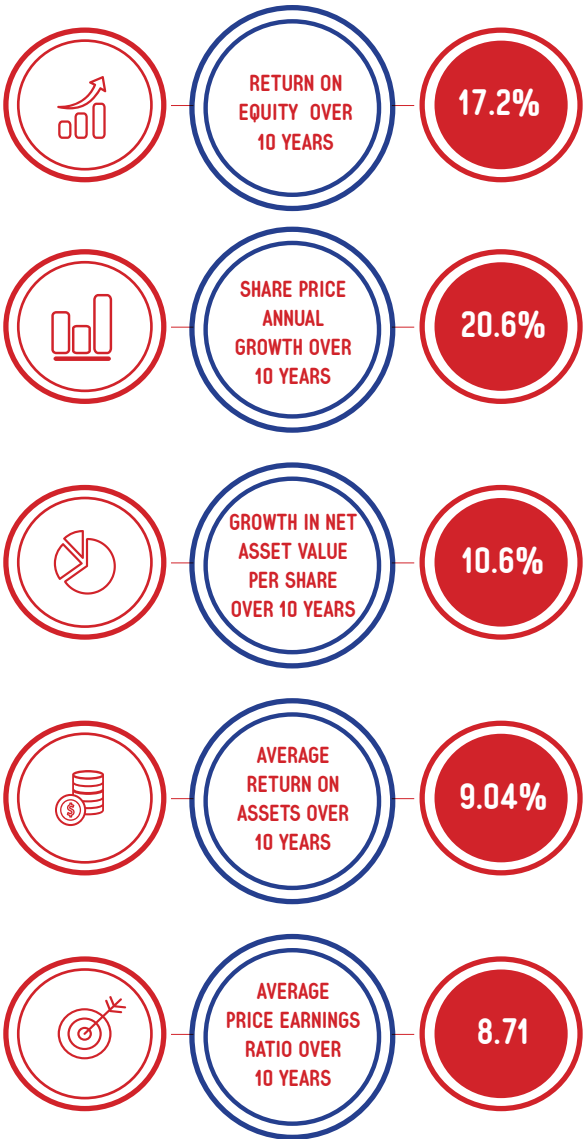
COVID-19 has impacted the diamond market, reducing demand, however, demand for high quality diamonds has recovered quickly and is holding steady. Meya is therefore well positioned, as a large stone, high value producer in the diamond sector.

The transition from exploration to commercial production is being overseen by a strong technical team with a proven track record in Sierra Leone. The host communities around the area will benefit from the socio-economic impact from this project.

### STRONG FUNDAMENTALS

Trustco is a diversified group that invests in and operates sustainable high growth assets in emerging markets, and has done so for years, seeing cyclical setbacks and constant changes in the operating environments as catalysts to drive success.

The group was not immune to the effect the COVID-19 pandemic has had on both the regional and local economies. While the group has had to make a greater provision for credit losses and reassessed its property assets during this time, its world class asset base remains sound and with low leverage is able to weather these storms. The group has restructured itself into more effective and efficient operations and ensures its investments remain sound and financially viable and sustainable. As a result, Trustco remains one of the few groups in Namibia ready to return to rapid growth within a short timeframe.





# KEY STATISTICS

FOR THE FINANCIAL PERIODS FROM TO	2020 1 APR 19 30 SEP 20	2019 1 APR 18 31 MAR 19	2018 1 APR 17 31 MAR 18	2017 1 APR 16 31 MAR 17	2016 1 APR 15 31 MAR 16	2015 1 APR 14 31 MAR 15	2014 1 APR 13 31 MAR 14	2013 1 APR 12 31 MAR 13	2012 1 APR 11 31 MAR 12	2011 1 APR 10 31 MAR 11	2010 1 APR 09 31 MAR 10
<b>STOCK EXCHANGE PERFORMANCE</b>											
MARKET PRICE ON THE JSE (R)											
HIGH FOR THE YEAR (c)	1 135	1 600	1 000	417	540	380	120	125	135	104	80
LOW FOR THE YEAR (c)	179	615	261	276	290	115	63	90	70	25	30
CLOSING (c)	315	1 047	875	404	310	300	119	118	114	97	44
VOLUME-WEIGHTED AVERAGE PRICE (c)	6.50	9.98	5.39	3.72	3.83	2.34	0.85	1.05	0.95	0.61	0.66
CLOSING PRICE PER SHARE/HEPS (TIMES)	(16.53)	16.31	32.17	5.71	5.61	7.58	6.33	25.11	5.62	4.47	3.49
CLOSING PRICE PER SHARE EPS (TIMES)	(15.79)	16.06	36.92	5.85	5.60	6.88	3.54	21.85	3.25	3.11	2.17
VOLUME OF SHARES TRADED ('000)	10 749	28 305	93 491	59 856	259 452	100 845	115 074	114 232	114 504	118 137	3 839
VALUE OF SHARES TRADED ('000)	69 881	282 580	503 951	222 401	993 248	235 502	98 001	120 348	108 225	72 303	2 524
VOLUME-TRADED SHARES (%)	0.7	2.9	11.3	7.8	33.6	13.1	14.9	14.8	14.8	15.3	0.5
<b>TRACK RECORD</b>											
HEADLINE EARNINGS ('000)	(254 240)	550 134	204 848	542 517	419 432	275 744	141 552	33 863	138 540	146 916	85 332
HEPS (c)	(19.1)	64.2	27.2	70.8	55.3	39.6	18.8	4.7	20.3	21.7	12.6
EARNINGS ('000)	(266 102)	558 705	273 628	529 952	419 798	303 238	252 672	39 384	239,824	211 513	137 544
EPS (c)	(20.0)	65.2	23.7	69.1	55.4	43.6	33.6	5.4	35.1	31.2	20.3
SHAREHOLDERS EQUITY ('000)	2 731 222	3 046 082	3 586 623	2 492 443	2 189 064	1 550 166	1 224 355	1 224 355	913 305	732 781	517 144
NET ASSET VALUE PER SHARE (c)	205	387	504	323	284	201	162	133	134	113	71
TOTAL ASSETS ('000)	5 617 207	6 380 335	6 112 002	5 268 093	4 014 001	3 159 100	2 474 484	1 532 927	1 520 089	1 222 347	921 104
MARKET CAPITALISATION											
GROSS OF TREASURY SHARES ('000)	5 090 522	10 200 561	7 237 493	3 119 454	2 393 640	2 316 426	918 849	911 128	880 242	748 978	339 743
NET OF TREASURY SHARES ('000)	4 946 249	9 733 742	6 843 163	2 949 641	2 393 640	2 131 224	828 521	911 128	873 402	720 589	326 865
NUMBER OF SHARES											
ISSUED ('000)	1 616 039	974 266	827 142	772 142	772 142	772 142	772 142	772 142	772 142	772 142	772 142
TREASURY SHARES ('000)	45 801	44 586	45 066	42 033	-	61 734	75 906	-	6 000	29 267	29 267
NET OF TREASURY SHARES ('000)	1 570 238	929 679	782 076	730 109	772 142	710 408	696 236	772 142	766 142	742 875	742 875
RETURN ON EQUITY (BASED ON HEADLINE EARNINGS) (%)	-9.3	18.1	5.7	21.8	19.2	17.8	11.6	2.8	15.2	20.0	16.5
RETURN ON EQUITY (BASED ON EARNINGS) (%)	-9.7	18.3	7.6	21.3	19.2	19.6	20.6	3.2	26.3	28.9	26.6

# REVIEW OF OPERATIONS

## NATURE OF THE 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. The company primarily invests in high quality, world class assets in the financial services and resources industries. Its head office and major investments and operations are situated in Namibia with operations in South Africa, Sierra Leone and Mauritius.

## BUSINESS REVIEW AND OUTLOOK

The 18 month financial period reported on turned out to not only be a challenging period for Trustco, but also for Namibia and the world. With the world at large experiencing worsening macroeconomic conditions due to the COVID-19 pandemic, Namibia's recessionary environment deteriorated. Trustco would not emerge unscathed from this financial reporting period.

Trustco, however, is nothing if not resilient, and implemented several measures to minimize the impact of external conditions on the group. During this reporting period, the group restructured its debt with its international funders, with interest payments, capital holidays as well as term extensions up to 7 years being negotiated. The group also negotiated a term loan facility of USD 20 million with an existing international funder to provide student financing and debt relief to students during the pandemic.

During this time, the group also changed its financial year-end to 30 September. While the above served to minimize the impact on stakeholders, it unfortunately did not nullify it. The group recorded revenues of NAD 618 million, down 57% from the previous period, or 72% down if normalised to 12 months. Group earnings similarly decreased by 148% to a NAD 266 million loss, or down 132% if normalised. A significant portion of this loss (NAD 279 million) was due to property revaluations triggered by adverse market conditions, which the group expects will recover once the current crisis subsides.

The group, however, remains lowly geared, diversified, well capitalised and is positioned to take advantage of the inevitable economic upswing in the wake of the pandemic. The board remains positive about future growth, especially as the resources segment transitions to commercial production.

## TRUSTCO'S INVESTMENTS AS AT 30 SEPTEMBER 2020 TRUSTCO FINANCIAL SERVICES

Financial services is an integrated financial services provider which has successfully operated in Namibia for the last 21 years. Since inception, it has been the key driver of Trustco group's returns for its investors and business partners, but in the last year has had to weather the perfect storm of adverse economic conditions and its subsequent consequences.

Through bold, decisive and innovative action, the financial services segment has remained resilient and positioned itself and its world class assets to execute the new opportunities that present themselves in the modern world. Financial services provide a full spectrum of modern and dynamic financial services to the growing middle class of Namibia as well as the rest of Africa. The business will continue to serve its customers across every stage of life, with a full bouquet of financial services products that can last a lifetime. By harnessing the existing client base and its high quality portfolio of assets, coupled with exceptional technological capabilities, it ensures sustainable value creation for all.

The financial services segment comprises of the following divisions:

- insurance and its investments consisting of
  - insurance
  - properties and
  - education
- banking and finance consisting of
  - commercial banking and
  - micro-finance.

## REVIEW OF OPERATIONS INSURANCE DIVISION (80% SHAREHOLDING)



- Simple and focused business model.
- Market leader with exceptional brand presence.
- Large and established customer base in excess of 232 000 insured members.
- Strong solvency position with significant growth prospects.
- Key competitive advantages through intergroup synergies.

The insurance division holds both long- and short-term insurance licences and continuously serves the needs of Namibians from all walks of life through its diversified product offering while building on its loyal customer base.

The short-term insurer primarily provides its members with access to high quality legal cover for those who otherwise would not be able to afford these benefits and in so doing, protected their constitutional rights.

The life insurer provides a range of affordable life products to suit the needs of ordinary citizens up to high income earners. Trustco Life boasts the first product in Namibia to offer life cover benefits that increase as your health and habits improve as well as the first in the country to offer a 100% premium cash refund after 15 years.

During the reporting period, the insurance division generated gross premium income of NAD 168 million, paid out claims amounting to NAD 43 million and issued 2 642 new policies. A new product, OnawaMed, was also launched during the review period providing affordable medical benefits to individuals who cannot access traditional medical aid products. With more than 30 contracted health care practitioners, this product is now available to Namibians countrywide.

More information about Trustco Insurance and Trustco Life is available at: [www.legalshield.na](http://www.legalshield.na) and [www.life.na](http://www.life.na)

## PROPERTY DIVISION (80% SHAREHOLDING)



- High quality real estate portfolio strategically located in high growth zones.
- Low gearing on property assets.
- Significant returns to shareholders over many years.
- Specialised and professionally qualified employees.
- High growth potential due to national serviced land shortages.

The property division has proven its resilience and adaptability, maintaining its status as one of the largest private property development companies in Namibia. The company's flagship project, the Elisenheim Lifestyle Estate, is regarded as one of the most unique and successful privately developed lifestyle estates within Namibia.

The acute shortage of serviced land in the country remains a priority and the most important constraint is the mismatch between the supply of developed land and the demand therefor. Although a depressed economy negatively impacted almost all sectors within Namibia, property sales experienced a reinvigoration during the reporting period with higher property transfers recorded compared to previous reporting periods. This was attributable to the

quality of the value proposition offered by the lifestyle estate, the accommodative national monetary policies increasing affordability as well as work-from-home related consequences of the COVID-19 pandemic where consumers have often been willing and able to upgrade their primary residences.

At the reporting date:

- Trustco Properties owned an estimated 4 092 hectares of high-quality real estate
- the total land bank creates an opportunity for the provision for over 25 000 mixed-use erven
- to date Trustco Properties has successfully serviced over 600 erven and
- revenues generated during the reporting period amounted to over NAD 130 million.

More information about Trustco Properties is available at: [www.trustcoproperties.na](http://www.trustcoproperties.na)

## COMMERCIAL BANKING DIVISION (100% SHAREHOLDING)



- Strong competitive advantages in the local market due to intergroup synergies.
- Alternative low-cost business model which enables value creation across the Trustco group.
- Flexible technology solutions allowing for modern and dynamic product development.
- Strong and sustainable growth potential.
- Fully Namibian commercial bank.

Trustco Bank Namibia is one of only two Namibian owned banks in Namibia. The bank aims to build a bank fit for future generations – one that can adapt rapidly to changing social and economic environments. The next phase of the Trustco Bank strategy will enhance its existing competitive strengths and create new capabilities. The focus areas for Trustco Bank include a banking system conversion, growing income streams, client-centric product development as well as strategic partnerships and synergies. More information about Trustco Bank is available at: [www.tbn.na](http://www.tbn.na)

## REVIEW OF OPERATIONS CONTINUED

### MICRO-FINANCE DIVISION (100% SHAREHOLDING)



- Business model which perfectly complements the education business.
- Market leader in tailor-made education lending which enables personal growth and development.
- Solid and sustainable returns with high growth potential.
- Well-established brand with incredible track record over 15 years.
- High quality loan portfolio, with more than 25 000 active account holders.

Trustco Finance, the licensed entity that operates the group's micro-finance business, is a well-established and leading student lending business that provides 100% financing on all courses offered by the Institute for Open Learning (IOL). The student lending business maintained its vision to better meet the needs of lower income Namibian consumers while playing a pivotal role in making financial inclusion a viable option for everyone.

Trustco Finance funds innovative educational courses that are tailored to add value to the lives and financial well-being of its customers. These courses encompass a variety of academic, information and communication technology, as well as other skills enhancing short courses. With more than 15 years microlending expertise and an initial loan portfolio of NAD 5 million which has grown to in excess of NAD 500 million, Trustco Finance is the preferred student loan financier in Namibia.

While the constraints of COVID-19 have seen forecast default rates increase, Trustco Finance has applied concerted strategies to manage credit checks to ensure that the quality of the loan book is not compromised, thereby limiting the impact of the pandemic on the quality of the overall student loan portfolio.

Trustco Finance secured USD 20 million of new funding for student lending from one of its existing international funders during the reporting period which has enabled the business to continue to provide significant financial support to Namibian students.

More information about Trustco Finance is available at: [www.trustcofin.na](http://www.trustcofin.na)

### EDUCATION DIVISION (100% SHAREHOLDING)



- Largest private distance learning institution in Namibia with more than 60 000 students since establishment.
- Accredited by the Namibia Qualifications Authority and registered with the National Council for Higher Education in Namibia.
- All qualifications registered on the National Qualifications framework in Namibia.
- Innovative business model providing affordable education and facilitating funding for students who need it.
- State of the art academic administration systems and online platforms.
- Environmentally conscience with various implemented green initiatives.

Through its distance learning model, the educational division which is operated by the Institute for Open Learning (IOL), ensures that access to higher education in Namibia is not limited to only the few who can afford to study full time. Education is made easily accessible to working students and students in the remote rural areas of Namibia by bringing distance learning to them affordably, efficiently and conveniently.

IOL is a higher education institution that works unwaveringly to be at the forefront of innovative educational developments. IOL's institutional governance and operational structures are continuously adapted to maintain and meet emerging regulatory requirements, socio-economic dynamics and the growth and development needs of Namibia.

The COVID-19 pandemic was extremely disruptive across the world, but it did create new opportunities for IOL to enhance its distance learning offerings. Despite the challenges encountered on the organizing and management of examinations and student assessments, IOL implemented the following initiatives:

- contact classes scheduled were cancelled and students were encouraged to access the pre-recorded contact classes and PowerPoint presentations on IOL's YouTube channel and the student portal
- the school based studies as well as the assignment rules were relaxed to ensure that the students remain on track with their studies and
- offsite examination for all subjects was commissioned.

These initiatives contributed to IOL's vision of becoming a fully-fledged online educational institution with the optimal roll-out of Office 365. This will enable cross-platform collaboration for remote learning and teaching as well as the online management and submission of assignments.

More information about the Institute for Open Learning is available at: [www.iol.na](http://www.iol.na)

### RESOURCES (100% SHAREHOLDING)



Trustco Resources was established in 2015 with the strategic intent to diversify Trustco's investment portfolio via the natural resources sector. By enabling the group to generate United States Dollar returns, an internalised hedge was created, to offset macroeconomic factors that might impact the group's traditional markets in Namibia and South Africa in the long-run. Whilst the segment's mandate is to build a diversified natural resources portfolio, its primary focus currently remains on unlocking and increasing value from its diamond assets.

There are four primary business units within the resources segment, namely:

- Northern Namibia Development Company (Pty) Ltd – diamond mine in Namibia
- Morse Investments (Pty) Ltd – diamond cutting and polishing factory in Namibia
- Morse Investments Mauritius – diamond trading globally and
- Meya Mining – diamond mine in Sierra Leone.

### REVIEW OF OPERATIONS

Since March 2020, the COVID-19 pandemic exacerbated the global economic setbacks both from a financing as well as trading perspective. The pandemic weighed heavily on the diamond sector in 2020, resulting in production decreases at mines around the globe, with retail closures and fractured supply chains. Given the prevailing circumstances, market conditions and the probability that the global economy would deteriorate even further, management made the decision in April 2020 to suspend the Namibian diamond mining and beneficiation operations, namely Northern Namibia Development Company (Pty) Ltd in northern Namibia and Morse Investments (Pty) Ltd. Focus was shifted towards Meya Mining, a world-class diamond asset, which is well positioned and destined to become a noteworthy participant in the post COVID-19 diamond value chain.

### MEYA MINING (65%)



- High grade, high value, primary diamond deposit in Sierra Leone.
- 25 year mining licence issued on 26 July 2019.
- Five of the world's largest stones were discovered from the licence area.
- Simple and focused business model:
  - underground mining method
  - bespoke processing plant and
  - mine configuration scalable/high margin.
- High barriers to entry:
  - scarcity of high quality primary diamond deposits
  - regulatory requirements and
  - capital intensive.
- High growth potential:
  - current resource only represents 5% of the geo-economic potential of the licence area and
  - current mine plan could be replicated across the licence area / increase depletion rate.

Meya Mining (Meya) is registered in the Republic of Mauritius and holds and operates a diamond mine within the eastern province of Sierra Leone, under a large-scale mining licence, ML 02/2019 (the Meya Project) covering an area of 129.38 km<sup>2</sup>. Its primary focus is to implement Meya's underground mine plan in accordance with the 15 year mine design and schedule as reviewed by SRK Consulting (Canada). The underground development kicked off in January 2021 with the Portal (underground access), which is scheduled to be concluded by Q2 2021. During this period Meya will extract the first 5 000 tonne ore (Kimberlite) from the same geological domain in which the 476 carat Meya Prosperity diamond was mined.



# REVIEW OF OPERATIONS CONTINUED

## A NOTEWORTHY PARTICIPANT

Key factors and trends shaping the diamond industry's future:

- sustainability, transparency and social welfare is an increasing priority for consumers and investors across the value chain
- transparent and digitally enabled reporting value chain
- desirability - medium and large stone accounting for 80% of global diamond revenue (25% by volume)
- widening of the global demand and supply gap
- provenance and socio economic impact from mine to market
- generation Z becoming both a growth engine and a change agent for the industry, with its evolving preferences, purchasing behaviours and sustainability focus
- prices for higher-quality polished diamonds continuing to outperform lower-quality diamonds and
- diamond producers forming partnerships with midstream players and high end brands to gain additional margins on polished diamond sales.

Due to the above factors, mining companies such as Meya, which hold high grade, high value, large stone primary (kimberlite) deposits are uniquely positioned to meet the needs of the future diamond market.





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CHAPTER

03



# LEADERSHIP AND ETHICS

## THE BOARD

The board plays a pivotal role in the group's corporate governance structure. An overriding principle with regard to the board's deliberations and approach to corporate governance is that of intellectual honesty and transparency. The board's mandate is to act in the best interest of the company, considering the interest of all stakeholders. The role of the board is focused on exercising sound leadership and independent judgement to lead ethically beyond mere legal compliance. The board is committed to maintaining the highest standard of corporate governance and transparency as key components to achieving the vision and growth strategy of the group, as well as to ensure long-term sustainability whilst protecting stakeholder value.

The board also advocates adherence to sound governance principles by all entities within the group. The structure within the group ensures that all unlisted subsidiaries and associated companies endorse the principles of the King IV report. Effective corporate governance forms part of Trustco's investment assessment criteria which are further monitored on a continuous basis by non-executive and executive board representation on investee companies' boards. Trustco acts as an investment holding company and accordingly all references to the group refers to the company and its subsidiaries. All subsidiaries are operated and managed as independent entities with independent boards. Trustco together with some of its other subsidiaries render management and support services to its businesses and recovers its costs through benchmarked fees for services rendered.

## ETHICAL TONE AT THE TOP

Setting an ethical tone from the top demands that the board and senior management in the group find ways to connect with people inside and outside the group. They openly communicate their values on an ongoing and transparent basis, using different platforms and distribution systems. While the board establishes core values and principles, management leads by example and actions are rewarded or punished.

Developing a sense of shared values – a set of beliefs against which all decisions can be measured and tested – is the basis on which long-term strategies and successful implementations are built. Failure to align ethics and values to business strategies and the execution of operating plans bears potential high risk. The board, management and employees of Trustco work together with common interests and shared values to achieve a common goal.

The board assumes its responsibility for its composition by setting the direction and approving the processes for it to attain the appropriate balance of knowledge, skills, experience, diversity and independence to objectively and effectively discharge its governance role and responsibilities.

Even though the group maintains a robust corporate governance structure, where the governance framework established subcommittees to support the board in the execution of its duties, the board remains ultimately responsible and accountable to all its stakeholders. Certain authorities have been delegated with specific authority to each subcommittee to enable effective control, while preserving the accountability of the directors of the board. The board is sensitive to balancing the strong entrepreneurial spirit in the group with the interests of all other stakeholders. The Delegation of Authority Policy (DOA) and the board charter establish a clear balance of power and authority at all levels. The company applies the four eyes principle to ensure that no director has unfettered powers of decision making.

## THE BOARD OF DIRECTORS

The board's primary governance role and responsibilities are to:

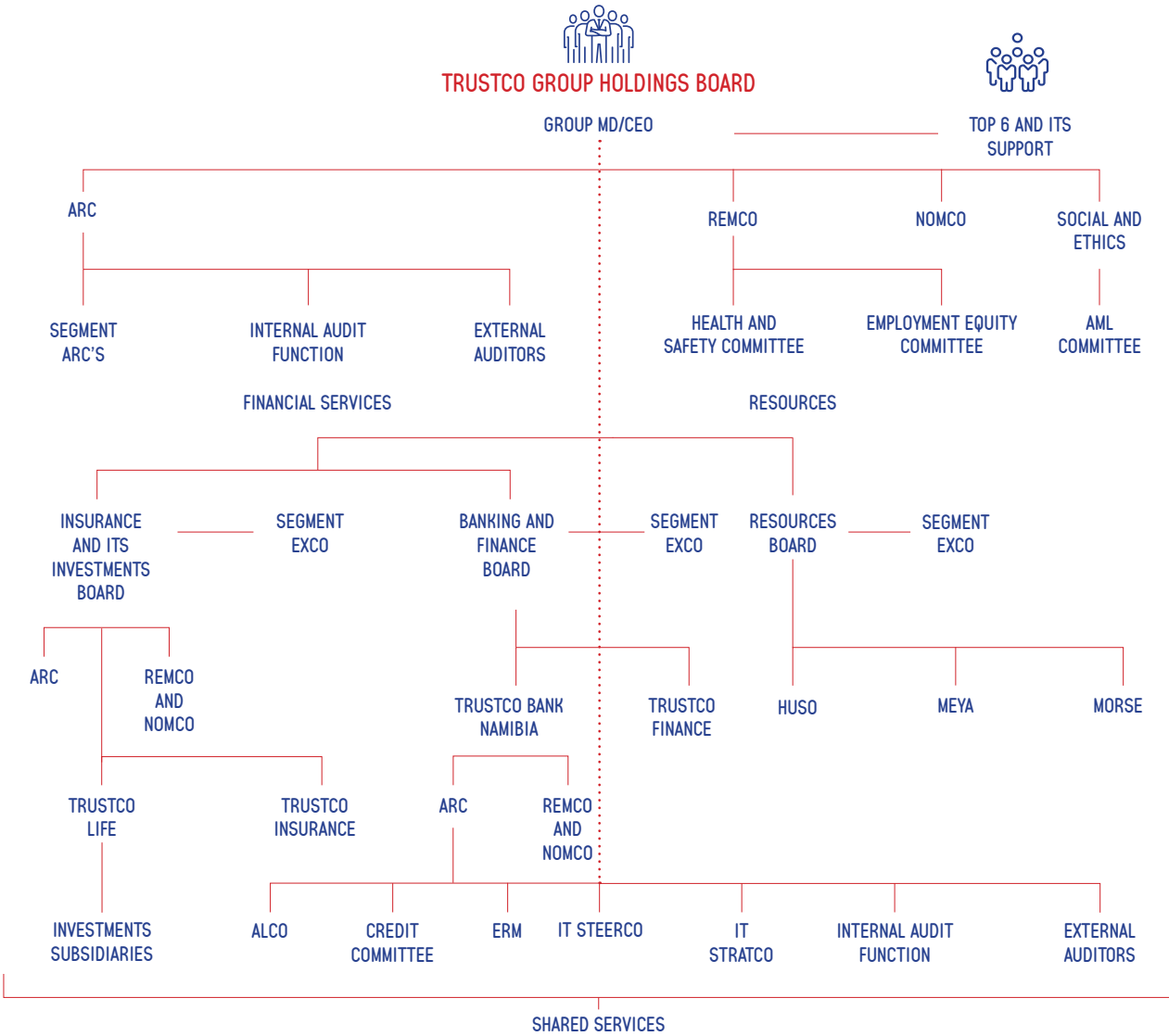
- set and steer strategic direction with regard to both the group's strategy and the way in which specific governance and regulatory areas are to be approached, addressed and conducted
- approve policies and plans that give effect to the strategy and set the direction
- ensure accountability for the group's performance through transparent detailed reporting and disclosures and
- oversee and monitor implementation and execution by management.

During the period under review the board:

- reviewed the Whistleblowing Policy
- reviewed the AML & KYC Policy
- implemented an Anti-Money Laundering oversight committee
- reviewed the Bribery, Solicitation and Extortion Policy
- conducted an informal evaluation of its own performance, the performance of its committees, the chairperson and the individual board members
- reviewed the audit and risk charter
- reviewed the remuneration and nomination committee charter and
- implemented a COVID-19 policy and response plan.

## BOARD ASSESSMENT

The board of directors conducted an evaluation of its own performance, the performance of its committees, the chairperson, the individual board members, the CEO, FD and company secretary. The evaluations were conducted informally and were not facilitated externally, but in accordance with a generally accepted methodology adopted by the board. The evaluation concluded that the board is effective, and that value and participation were considered satisfactory and positive in all material and compliance aspects. No remedial actions were required. The board is satisfied that the evaluation process is improving its performance and effectiveness and will continue to identify areas for improvement.



DIRECTOR DEVELOPMENT

Ongoing training is provided to the board of directors of Trustco and its subsidiaries. The board and management engaged in inclusive strategic sessions in terms whereof the overall strategy of the group was debated, analysed and formalised. The combined vast expertise, advice, insight, knowledge and specialised skills of the individual directors, senior executives and invited specialist consultants shared during these strategic sessions and discussions on complex issues, serve as valuable ongoing training, skills transfer and development of all parties involved in these sessions.

INDEPENDENT AND UNFETTERED ADVICE

The board of directors is encouraged to seek independent advice, at the company's cost, to assist with the execution of its fiduciary duties and responsibilities, if so required. During the period under review, the board members did seek independent advice. The board of directors also has direct access to the group's external and internal auditors, the external legal advisor, external compliance advisor, the company secretary, the CAE and the CEO at all times.

The group makes use of the technical and expert opinion of W Consulting, an independent JSE accredited IFRS expert, for all material transactions. The board has access to all expert reports and professional opinions obtained from independent experts.

BOARD OF DIRECTORS' INDEPENDENCE

If a director has served for a period of more than nine years, best practice requires the board to consider whether that director continues to be independent in executing his/ her fiduciary duties. As at the reporting date, two of the non-executive directors have served for longer than nine years. The board has considered whether the two directors continue to be independent in executing their fiduciary duties and is satisfied that they are and remain independent.

In light of the two non-executive directors who have been appointed for a period longer than nine years, Trustco deemed it prudent to restructure and redeploy directors throughout the group during the previous reporting period.

The board furthermore practices the review of director independence annually, conducted the assessment and has concluded that all non-executive directors are independent and meet the requirements for the test of independence.

The board considered the indicators set out in King IV report holistically and on a substance over form basis when assessing the independence of each director for purposes of categorisation.

The majority of directors serving on the board are classified as independent non-executive directors.

The board has conducted an assessment and has concluded that the members exercise objective judgement and there is no interest, position, association or relationship that, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision making.

In accordance with the company's memorandum, articles of association and in terms of the Companies Act, at least one third of non-executive directors shall retire from the board, and if available, may be re-elected by the shareholders at the AGM, provided that the board has confirmed and verified the eligibility of such directors.

BOARD COMPOSITION AND STRUCTURES

Directors are appointed through a formal process involving the whole board, with recommendations by the nomination committee. Appointments to the board are made based on the appropriate balance of knowledge, skills, experience, diversity and independence to objectively and effectively discharge its governance role and responsibilities. This selection criteria ensures a diversified, competent and balanced board.

The board continually analyses and reviews whether its governance structures are relevant and appropriate. There is a clear division of responsibilities at board level. Independent non-executive board members are rotated, deployed and allocated in line with their specific expertise to the various segments and board committees, as certain functions require different focus, skills and experience for effective oversight. The aim is to promote effective collaboration among committees with minimal overlap and fragmentation of duties. The delegation of power and authority promotes independent judgement and assists with effective discharge of duties.

The structure of quarterly board meetings continues to be inclusive. The board members together with all subsidiary board members, the internal and external auditors, the Top 6 and its support committee as well as senior management of the different businesses, all engage in an inclusive workshop where each business presents its budget, discuss material transactions, projected cash flow requirements and determine the risk appetite as well as strategic vision. The board and management openly share issues, challenge conclusions and debate strategic decisions in a constructive manner. This approach is also embraced and encouraged throughout the organisation.

CHANGES TO THE BOARD

During the reporting period, the following changes were made to the board:

- Prof Lana J Weldon resigned as independent non-executive director on 25 March 2020 and
- Ms Kristin N van Niekerk resigned as independent non-executive director on 25 March 2020.

The King IV report requires at least three members to serve on a board committee. Due to the remaining number of non-executive directors of the company, Trustco engaged with the JSE on the structure and composition of the committees and the interim restructuring was performed in accordance with a ruling from the JSE.

The group is in the process of appointing additional independent non-executive directors. At the time of publishing this report, the company was awaiting Bank of Namibia approval for such appointments.

SUCCESSION PLANNING

The group benefits from having a pool of executive directors with diverse experience and high levels of competence. Succession planning makes provision for the identification, mentorship and development of future members. The board is satisfied that it is able to identify suitable short-, medium- and long-term replacements from within the group structure.

THE GROUP MANAGING DIRECTOR (MD) AND CHIEF EXECUTIVE OFFICER (CEO)

The group MD, who is also the CEO of the group, is responsible for leading the implementation and execution of approved board strategies, policies, operational planning and for acting as the link between the board and management. The MD acts as the chair of the Top 6 and its support committee.

The MD is remunerated in accordance with a management agreement with the group (see annual financial statements for more information). The MD has no other professional commitments or directorships of governing bodies outside that of the group other than what was disclosed in terms of the Declaration of Conflict Policy of the group. The succession planning is in place for the position.

The functions of the chairman of the board and the MD are clearly separated in the board charter.

THE CHAIRMAN

The independence of the chairman was reviewed and evaluated. The chairman was found to be independent. Subsequent to the resignation of the two independent non-executive directors on 25 March 2020, Trustco engaged the JSE on the composition of the ARC, whereafter the JSE provided a ruling to confirm that the chairman of the

board can act as a member of the ARC until such a time that additional directors can be appointed. The chairman of the board also serves as the chairman of the nomination committee.

THE FINANCIAL DIRECTOR

During the financial year under review, Mr Abrahams continued to serve as the group financial director on a full-time basis. The audit and risk committee has assessed the expertise, experience and performance of Mr Abrahams and found his capabilities and performance satisfactory.

COMPANY SECRETARY

The company secretary is the gatekeeper and the provider of independent guidance on corporate governance to the board in the execution of its duties and responsibilities. On 1 March 2020 the company appointed Komada Holdings (Pty) Ltd as company secretary. Komada is a subsidiary company of Trustco and provides secretarial services to the companies in the group. The board is satisfied that the company secretary maintained an arm's length relationship with the board and its directors during the period under review.

The company secretary is not a director of the board. The board assessed the competence of the company secretary in accordance with best practice performance and evaluation criteria and found its services, experience and competence to be satisfactory.

NON-EXECUTIVE DIRECTORS ATTENDING TRUSTCO ANNUAL GENERAL MEETINGS (AGM) AND GENERAL MEETINGS (GM)

BOARD MEMBER	12 SEP '19 AGM	30 SEP '19 GM
RAYMOND HEATHCOTE (CHAIRMAN)	✓	✓
LANA WELDON (LEAD INDEPENDENT) (RESIGNED 25 MAR 2020)	✓	X
RENIER TALJAARD	✓	✓
WINTON GEYSER	✓	X
KRISTIN VAN NIEKERK (RESIGNED 25 MAR 2020)	✓	X

In terms of Section 187 (1) (c) of the Namibian Companies Act, the company is required to have its AGM within 15 months from the preceding AGM.

On 31 March 2020 the company changed its financial year end from 31 March to 30 September. With the change in the financial year, the annual financial statements (AFS) will only be completed and distributed to shareholders after the 15 month period.

## LEADERSHIP AND ETHICS CONTINUED

### BOARD MEETINGS AND ATTENDANCE GROUP MAIN BOARD MEETINGS

BOARD MEMBER	26 JUN '19	11 SEP '19	26 NOV '19	20 MAR '19	27 JUL '20	25 AUG '20	24 SEP '20
RAYMOND HEATHCOTE (CHAIRMAN)	✓	✓	✓	✓	✓	✓	✓
LANA WELDON (LEAD INDEPENDENT) (RESIGNED 25 MAR 2020)	✓	✓	✓	✓	n/a	n/a	n/a
RENIER TALJAARD	✓	✓	✓	✓	✓	✓	✓
WINTON GEYSER	✓	✓	✓	✓	✓	✓	✓
KRISTIN VAN NIEKERK (RESIGNED 25 MAR 2020)	✓	✓	✓	✓	n/a	n/a	n/a
FLOORS ABRAHAMS	✓	✓	✓	✓	✓	✓	✓
QUINTON VAN ROOYEN	✓	✓	✓	✓	✓	✓	✓

As provided for in the Act, the company submitted an application to the Business and Intellectual Property Authority (BIPA) for an extension of time to have its AGM after the 15 month period, which was subsequently approved.

### BOARD COMMITTEES

The board appointed an audit and risk committee, a remuneration and nomination committee as well as a social and ethics committee to whom certain functions were delegated. The chairpersons of the individual committees are non-executive independent directors of the board. The members of these standing committees are also non-executive independent directors of the board, except for the social and ethics committee.

### THE AUDIT AND RISK COMMITTEE (ARC)

The ARC provides independent oversight on the effectiveness of the group's assurance function and services. The ARC focuses on combined assurance arrangements, including external assurance service providers, internal audit, the finance function, the integrity of the annual financial statements as well as other external reports issued by the group to the extent delegated by the board. The ARC also has the oversight function of risk governance. In light of the group's varied investments and various regulatory compliance requirements, the group has three different ARCs. The ARC of insurance and its investments and Trustco Bank Namibia report to the group ARC of Trustco.

The ARC confirmed that appropriate financial reporting procedures exist, are applied, maintained and functioning effectively throughout the group.

The ARC and the external auditors, Nexia SAB&T, executed their duties and responsibilities pursuant to paragraph 22.15 of the JSE LR.

The internal auditors, the external auditors, the CEO, chief financial officers, the CAE and senior management attend the ARC meetings.

The ARC is well informed of the responsibilities and duties of the external auditors and is satisfied that the external auditors are independent of the company. The ARC reviewed the consolidated financial statements of the company and is satisfied that the statements comply with IFRS, SAICA financial reporting guidelines as issued by the Accounting Practices Committee, financial reporting pronouncements as issued by the Financial Reporting Standards Council and in the manner required by the Companies Act of Namibia and the South African Companies Act, as far as it is required.

The members of the ARC have the necessary financial literacy, skills and experience and have executed their functions satisfactorily.

Subsequent to the resignation of the two independent non-executive directors, on 25 March 2020, Trustco engaged the JSE on the composition of the ARC, whereafter the JSE provided a ruling to confirm that the chairman of the board can act as a member of the ARC until such a time that additional directors can be appointed.

### ARC MANDATE

The duties of the ARC include those assigned to it by the board and which have been documented in its charter. The ARC has, in the period under review, fulfilled its mandate which includes:

- nominated a registered, independent external auditor for appointment and determined the fees to be paid as well as the terms of their engagement
- ensured that the appointment of the auditors complies with applicable statutory provisions relating to the appointment of the auditors
- determined, subject to applicable statutory and regulatory provisions, the nature and extent of any non-audit services to be provided, or services that the auditor must not provide to the group or a related party and pre-approved any proposed agreement for the provision of non-audit services to the group
- prepared a report, addressing the items as prescribed in the applicable statutory and regulatory provisions
- made submissions to the board, where applicable, on any matter concerning the group's accounting policies, financial controls, records and reporting
- approved the annual internal audit plan
- maintained oversight over the internal audit function
- engaged the JSE on proactive monitoring and
- considered the proactive monitoring issued by the JSE
- ensure that the auditor reports on its responsibilities pursuant to paragraph 22 of the LR
- ensure that the committee has access to all financial information of the company to allow it to effectively evaluate and report on annual financials and
- oversee effective financial reporting for the group and its subsidiaries.

### THE GROUP REMUNERATION AND NOMINATION COMMITTEE (REMCO AND NOMCO)

The remco and nomco have dual responsibilities. The remco comprises of independent non-executive directors and assists the board to set and monitor the remuneration policies and makes recommendations to the board concerning succession planning and remuneration for all levels of employees within the group, including that of non-executive directors.

It ensures compliance with applicable laws and codes of conduct and reviews benefits and performance incentive schemes after considering the group strategy and objectives, which is to create stakeholder value whilst maintaining incentives and retaining essential skills. The remco is satisfied that incentives are based on stretched targets that are verifiable, measurable and relevant.

### REMCO MANDATE

The duties of the remco include those assigned to it by the board and which have been documented in its charter. The remco has fulfilled its mandate which includes *inter alia*:

- to ensure the company remunerates fairly, equitably and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short-, medium- and long-term
- assume responsibility for the governance of remuneration by setting the direction of how remuneration practices should be addressed throughout the group and
- approve policy that articulates and gives effect to its direction on fair, equitable, responsible and transparent remuneration and consider, recommend and review remuneration policies for the group.

### GROUP ARC MEETINGS AND ATTENDANCE COMMITTEE MEMBER

	26 JUN '19	11 SEP '19	26 NOV '19	20 MAR '20	7 JUL '20	25 AUG '20	24 SEP '20
WINTON GEYSER (CHAIRMAN)	✓	✓	✓	✓	✓	✓	✓
RENIER TALJAARD	✓	✓	✓	✓	✓	✓	✓
KRISTIN VAN NIEKERK (RESIGNED 25 MAR 2020)	✓	✓	✓	✓	n/a	n/a	n/a
LANA WELDON (RESIGNED 25 MAR 2020)	✓	✓	✓	✓	n/a	n/a	n/a
RAYMOND HEATHCOTE (INTERIM APPOINTMENT)	n/a	n/a	n/a	✓	✓	✓	✓



# LEADERSHIP AND ETHICS CONTINUED

The remco met three times during the financial period under review and committee members’ attendance was as follows:

GROUP REMCO MEETINGS AND ATTENDANCE COMMITTEE MEMBER	26 JUN '19	26 NOV '19	17 MAR '20
RENIER TALJAARD (CHAIRMAN)	✓	✓	✓
WINTON GEYSER	✓	✓	✓
KRISTIN VAN NIEKERK (RESIGNED 25 MAR 2020)	✓	✓	X

Following the resignation of Kristin van Niekerk, Raymond Heathcote was appointed for an interim period until such time the company appoints additional directors.

### NOMCO MANDATE

The duties of the nomco include those assigned to it by the board and which have been documented in its charter. The nomco has fulfilled its mandate which includes *inter alia*:

- making recommendations to the board on the appointment of new executive and non-executive directors through a formal process
- monitoring the composition of the board, the board structure, size and diversification and
- initiating and managing performance evaluations of the board.

GROUP NOMCO MEETINGS AND ATTENDANCE COMMITTEE MEMBER	26 JUN '19
RAYMOND HEATHCOTE (CHAIRMAN)	✓
RENIER TALJAARD	✓
KRISTIN VAN NIEKERK (RESIGNED 25 MAR 2020)	✓

Following the resignation of Kristin van Niekerk, Winton Geyser was appointed for an interim period until such time the company appoints additional directors.

### THE SOCIAL AND ETHICS COMMITTEE

The mandate of the social and ethics committee includes monitoring and oversight of the group’s activities concerning:

- ethical leadership
- responsible corporate citizenship
- sustainable development
- stakeholder inclusivity and
- social and economic development.

The committee held one meeting during the reporting period. The committee fulfilled its mandate as prescribed and there were no instances or material non-compliance found.

### GROUP SOCIAL AND ETHICS COMMITTEE MEETINGS AND ATTENDANCE

COMMITTEE MEMBER	26 NOV '19
KRISTIN VAN NIEKERK (CHAIRPERSON) (RESIGNED 25 MAR 2020)	✓
RENIER TALJAARD (APPOINTED CHAIRPERSON ) (25 MAR 2020)	✓
ELMARIE JANSE VAN RENSBURG (EXECUTIVE)	✓

Following the resignation of Kristin van Niekerk, Winton Geyser was appointed for an interim period until such time the company appoints additional directors.

### COMPLIANCE STATEMENTS

#### PRIMARY, SECONDARY AND OTCQX LISTINGS

The company’s primary listing on the JSE means the company is subject to the JSE Listings Requirements (LR). The company’s secondary listing on the Namibian Stock Exchange (NSX) means the company is further subject to the NSX LR. The board satisfied itself that the group has complied with the LR of the JSE and NSX.


Trustco established a sponsored Level 1 ADR program in the United States of America (USA) in 2014. The purpose of the ADR was to facilitate access to Trustco shares (TTO) in the USA and to enhance the international presence of the emerging markets vision of the group. Trustco has during the reporting period upgraded its Level 1 ADR program to a real-time Level 2 ADR program. The Trustco share has commenced trading on the OTCQX Best Market under the symbol TSCHY. The company’s listing on the OTCQX means the company is subject to the requirements of the OTCQX International and must comply with its US disclosure obligations under the Exchange Act Rule 12g3-2(b) and the OTCQX standard for international companies.

The board satisfied itself that the group has complied with the JSE and NSX LR as well as the OTCQX standard.


### ANNUAL COMPLIANCE CERTIFICATE

The annual compliance certificate confirming the company’s compliance with the JSE LR was completed and submitted to the JSE. The ARC considered the applicable report from the JSE and ensured that the company took the appropriate action.

### KING IV REPORT AND REGISTER

The board accepted and embraced the implementation of the King IV report and has adopted the principles of the King IV report insofar as the application thereof is in the best interest of the group. Where it was not possible, the board explained why it did not and applied alternative principles or practices in line with the overarching governance principles of fairness, accountability, responsibility and transparency. A complete compliance list is available on the company’s website at <https://tinyurl.com/ylmu3v17> 

### BROAD DIVERSITY POLICY

The board considered and applied the principles of the Broad Diversity Policy. Should replacement opportunities for directors arise, the balance of skills required to enable the board to properly perform its duties and meet its responsibilities will be taken into account. Although no voluntary targets have been set, the board will apply the Broad Diversity Policy with the envisaged new appointments of independent non-executive directors. In accordance with the JSE LR, the formal board approved policy on the promotion of broad diversity is available on the company’s website at <https://tinyurl.com/ylmu3v17> 

### DEALING IN SECURITIES

Trustco is a highly regulated entity and operates within strict rules and guidelines. Trustco always adheres to the highest standards of corporate governance, transparency and ethical behaviour and has sufficient policies and procedures in place to ensure that any trading in securities is done in accordance with the rules and regulations. The company secretarial department authorises all directors, associates of directors and employee trades in Trustco securities.

### DIRECTORS DEALINGS AND CONFLICTS OF INTEREST

Policies and procedures are in place to recognise, respond to and manage any actual, potential or perceived conflicts of interest. Directors are required to disclose their personal financial interests, and those of persons related to them, in contracts or other matters in which Trustco has a material interest or which are to be considered at a board meeting. All directors are required to assess any potential conflict of interest and report such instances to the attention of the chairperson of the board. Where a potential conflict of interest exists, directors are expected to recuse themselves from relevant discussions and decisions.

Declarations of interest and conflict of interest of directors are done annually as per the Declaration of Interest and Conflict of Interest Policy of the group. All information acquired by directors in the performance of their duties, which is not disclosed publicly, is treated as confidential. Directors may not use, or appear to use, such information for personal advantage or for the advantage of third parties. All directors of the company are required to comply with the relevant board policies of the group and the requirements of the JSE regarding insider information, dealings in securities and the disclosure of such dealings.

The activities and conduct of executive directors and senior management who act in an executive capacity on the boards of investee companies are governed by formal guidelines as approved by the board.

### SPONSOR

Vunani Ltd through Vunani Corporate Finance remains the company’s JSE equity sponsor. Merchantec (Pty) Ltd remains the company’s debt sponsor. Simonis Storm Securities (Pty) Ltd remains the company’s NSX sponsor for the reporting period. J P Galda was appointed on 25 August 2019 as the company’s OTCQX sponsor.

### WHISTLE BLOWING

The ARC is satisfied that adequate and appropriate provision is made for whistle blowing processes. No material instances requiring action were encountered during the financial year under review. Trustco has an established anonymous reporting facility for whistle blowing. This facility encourages employees and other stakeholders to report fraudulent, corrupt or unethical behaviour related to any of the group’s activities without fear of victimisation and retribution. There were no cases of significant fraud or theft that were reported during the period under review.

### SUSTAINABILITY REPORTING

The ARC oversaw the integrity of the integrated annual report and is satisfied that the disclosure of information pertaining to sustainability issues is reliable and consistent with the financial results and other information within the knowledge of the directors of the ARC.

LEADERSHIP AND ETHICS CONTINUED

TOP 6 GROUP EXECUTIVES

The Top 6 is chaired by the group MD/CEO and is responsible for the implementation and execution of operations in accordance with strategy approved by the board. The Top 6 with its support executives meet daily to monitor targets and progress to ensure that objectives

and policies remain relevant as well as to discuss operational matters which are material to sustainable growth and ongoing risk management. New initiatives are continuously recommended to the board for consideration and approval. The Top 6 comprises selected executives heading business investments and group functions.



**DR QUINTON VAN ROOYEN**  
GROUP MANAGING DIRECTOR  
AND CEO



**QUINTON Z VAN ROOYEN**  
GROUP DEPUTY CEO & GROUP  
HEAD: FINANCIAL SERVICES



**FLOORS ABRAHAMS**  
GROUP FINANCIAL DIRECTOR



**JAN JOUBERT**  
GROUP HEAD: RESOURCES



**ELMARIE JANSE VAN RENSBURG**  
GROUP HEAD: CORPORATE  
AFFAIRS



**CHRIS JACOBIE**  
GROUP HEAD: MEDIA



**MARCO ERASMUS**  
GROUP HEAD: CORPORATE  
FINANCE

TOP 6 SUPPORT EXECUTIVES

The Top 6 support executives are carefully handpicked and offered special guidance, mentorship and support by

the Top 6. These support executives are earmarked to join the Top 6 and provide essential support and advice as well as enhance the skills pool of the Top 6.



**RIAAN BRUYNs**  
GROUP HEAD: COMPLIANCE,  
RISK & LEGAL



**MARLIDA JACOBS**  
HEAD: TREASURY



**DESMOND VAN HEERDEN**  
GROUP HEAD: IT



**KATRINA BASSON**  
HEAD: FINANCIAL SERVICES  
OPERATIONS



**JACO KLYNSMITH**  
HEAD: MEDIA



**WAYNE MCTEER**  
GROUP HEAD: AUDIT,  
TAX AND CAE



# RISK MANAGEMENT AND INTERNAL CONTROL

## RISK MANAGEMENT

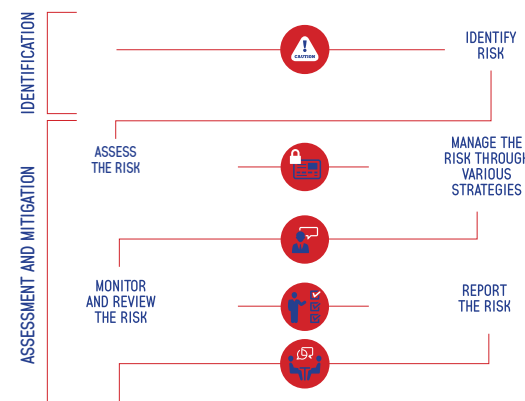
A robust and effective risk management system is crucial for the assessment, monitoring and mitigation of risk identified within the group. Ethical leadership and human capital are the cornerstone of Trustco's risk management as these ensure entrepreneurial flair, corporate reputation and effective governance. As an investment holding company, the risk management process takes cognizance of risks and opportunities within the group as well as the risks and opportunities inherent in its investment portfolio.

Some subsidiaries in the group for example have their specific risk policies, whilst others are covered by the group risk framework. The board evaluates the risk profile and appetite of the group for each material transaction prior to entering into it.

The board of directors is ultimately responsible and accountable for the management of risk within the group, the determination of risk appetite and risk tolerance as well as the implementation, oversight and monitoring through the ARCs. The board discharges its responsibilities for risk management through the group governance structure and more specifically the ARCs. The ARC is responsible for the oversight of risk management, which includes forming its own opinion on the actual effectiveness of the risk management process and policies in the group operations. This is escalated to the board which further ensures oversight of the framework, policies, opinions and maintenance of the systems of internal controls. Management is accountable to the board for the design, implementation, maintenance, monitoring and integration of the process of risk management in the day-to-day activities of the group. The following controls are in place to assist with risk management to ensure the group achieves its strategic and operational goals.

## RISK REVIEW

The group maintains effective risk management through internal controls and an assurance framework based on adherence to King IV, the JSE and NSX LR, the Namibian and South African Companies Acts and the NamCode. The group continues to remain compliant with the applicable laws and regulations.



## INTERNAL CONTROL SYSTEMS

The adherence to internal controls is governed by approved policies and procedures. These are reviewed on a regular basis by management, internal and external audit as well as management committees. Additional audit and risk committees operate throughout the group in the subsidiaries to ensure overall oversight of all risks before being escalated to the applicable boards.

## INTERNAL AUDIT

Internal audit is responsible for assisting the board and management to maintain an effective internal control environment by evaluating and testing the controls continuously to determine whether they are effective and adequately designed as well as to recommend improvements. The internal audit department provides the audit and risk committee with assurance on the effectiveness of the internal control systems.

## EXTERNAL AUDIT

The group Auditors' Rotation Policy ensures the independence of the external auditors. In terms of the JSE LR, the external auditor of the group must be accredited with the JSE. Moore resigned as the JSE accredited auditor for Trustco Group Holdings Ltd and the South African operations during March 2020, however remains appointed for the Mauritian entities as well as the Sierra Leone operations. Moore resigned after the ARC requested the auditors to review the fee structures submitted to the ARC regarding audit fees. Nexia SAB&T were appointed as the new JSE accredited auditors on 6 July 2020. BDO remained the auditor for the Namibian operations up to the end of November 2020. The independence of the external auditors is recognised and reviewed regularly by the ARC. The external auditor attends ARC meetings and has direct access to the chairman of the ARC. The Lenders Group of Trustco also performed an independent business review that continued into the current reporting period and was satisfactorily concluded.

## EXTERNAL ASSURANCE

Various external parties are used to assess the adequacy and effectiveness of controls and in certain instances, to provide risk assurance and to ensure compliance, for example environmental, ICT and safety audits.

The audit and risk committee as well as the board has access to an independent JSE accredited IFRS advisor, external compliance advisor and external legal advisor at all times.

## COMPLIANCE

The group faces complex challenges as it invests in diversified and various industries. It can only comply with all requirements, on all levels, with the different regulatory bodies for the different investee companies if a proper risk management system is in place and adhered to at all times. The compliance function identifies, assesses, advises, monitors and reports on the compliance risk of the group and its subsidiaries, as well as legal risk in terms of the potential impact of changes in laws and regulations. The company secretarial department, senior management with the assistance of the group CAE, internal audit and the legal department manage and ensure compliance with relevant laws and regulations. Any compliance issues or risks identified are mitigated, monitored and reported to the ARC.

## ICT GOVERNANCE

Information and communication technology is managed from group level and is designed to support Trustco in achieving its strategic objectives. The Group ICT Strategy and Steering Committee (ICT SSC) performs governance functions with its chairperson reporting to the Top 6. All ICT policies are continuously reviewed and approved by the ICT SSC. ICT is regarded as essential to the continued sustainable operations of the group and the ICT SSC meets quarterly on a formal basis and informally on a continuous basis. The group maintains policies that guide ICT service delivery, incident management, physical security, change management, patch management, passwords and acceptable use. IT risk management is included into the combined assurance process of the group and an ICT business continuity plan and disaster recovery plan are maintained, both of which are tested on an annual basis.

## INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

The board acknowledges the importance of keeping shareholders and the investor community informed of developments in the business of the group. Communication with shareholders is based on the principles of timely, balanced, clear and transparent information. Both positive and negative aspects of financial and non-financial information are provided. Interactions with institutional investors take place on a continuous basis.

## PRICE SENSITIVE INFORMATION

No director, officer, employee or associate of any of the aforementioned, may deal either directly or indirectly in the company's shares based on unpublished price sensitive information regarding the company's business or affairs. In addition to the above, no director, officer, employee or associate of any of the aforementioned, in possession of price sensitive information, may trade in the company's securities during closed periods.

The company also has a formal policy on trading in company shares that has been maintained to ensure that the securities dealings by employees and directors are conducted in compliance with the JSE LR, the Financial Markets Act (SA) and Financial Intelligence Act (Namibia). The company procedures also ensure that trading in the company's securities cannot occur without a thorough vetting, compliance and approval process at all levels throughout the group. The directors, senior management and their associates also have an additional policy that aligns the procedures for trading in the group's securities with the JSE LR.

## PROHIBITED PERIODS

Closed periods are from the end of the interim and annual reporting periods up to the announcement of financial results for the respective periods or while the company is under a cautionary announcement.

## ISSUING OF SHARES

Trustco issued 10.7 million shares under its general authority and 2.2 million shares as a specific issue of shares during the reporting period. The final payment in terms of the Huso transaction as well as 10 000 shares to Evo in terms of the Evo transaction were also issued.

## REPURCHASE OF SHARES

The group has a repurchase programme in place that also allows the company or its subsidiaries to acquire securities during closed periods.

The group will continue with its share repurchase programme for as long as the company and board resolves that the prevailing share price is below its intrinsic value.

## AMENDMENT TO THE FINANCIAL YEAR

The group amended its financial year end from 31 March to 30 September in line with the Companies Act 28 of 2004. All regulatory approvals were secured where required. Trustco Bank Namibia Ltd, Trustco Life Ltd and Trustco Insurance Ltd will align their year end within the next reporting period.

# PRINCIPAL RISKS

## COVID-19

The COVID-19 pandemic has had a detrimental effect globally on lost hours of work due to lockdowns and the health of the employed workforce. Economically, this has resulted in demand shifting between different products and services as well as loss of disposable income which affected supply chains.

Trustco group proactively implemented a comprehensive Coronavirus policy in the early stages when the pandemic was declared. As a result, minimal working hours in the group and its investee companies were lost. The following principal risks have been identified during the reporting period and since the onset of the pandemic in the investments of the group:

## INSURANCE AND ITS INVESTMENTS

- **INSURANCE** – the main insurance product is legal cover under the Legal Shield brand. Due to the nature of labour relations during the pandemic, this product has become more valuable to clients and was therefore maintained. Accordingly, premium income has remained fairly stable with only a slight decrease of 2% since March 2020.
- **PROPERTY INVESTMENTS** – while the Namibian residential property market has seen prices decline since 2015, Trustco's prices have remained stable and the property division was not affected by the decrease, although volumes have declined. As a result, the group decommissioned any further development of infrastructure as there is sufficient stock to meet current demand. This decommissioning in turn resulted in the necessary reduction of the workforce and operations in the construction division. With the reduction in interest rates caused by the pandemic, the group anticipates that there remains potential for a turnaround in the property market.
- **BANKING AND FINANCE** – due to the nature of the target market of the banking and finance division, very few retrenchments were seen amongst clients, resulting in collections remaining fairly stable with minimal decreases since March 2020. Due to these above-average results, approximately NAD 340 million in new funding will be injected into the loan book over the next reporting period, whilst maintaining the group's very stringent credit vetting controls and procedures.

## RESOURCES

- **MINING** – the diamonds produced by the Meya mine being Type IIa - exceptional high value diamonds due to their lack of impurities- make up between 1% and 2% of all natural diamonds. Demand did not decrease significantly during the pandemic due to their rarity.

## REGULATORY RISK

The principal regulatory risk is in the financial services sector, where the implementation of the Namibia National Reinsurance Corporation Act may result in a 20% reduction of profit in the insurance division. The Act is currently being contested in court and the group is focused on diversifying its insurance operations with a possible acquisition of another insurer to mitigate this risk.

## LIQUIDITY RISK

Due to the pandemic, liquidity pressures on the overall economy have also filtered down to the group's investments. The group has negotiated on behalf of its investee companies to secure additional funding lines, of which some have already materialised during and after the reporting period, with up to USD 50 million still being negotiated. With the pandemic's potential deleterious effect on the economy, the group sought to reduce liquidity risk across the board by restructuring its US, Swiss and German funding lines. This resulted in capital holidays and term extensions for existing debt, ensuring that its risks remain low.

## INTEREST RATE RISK

The Namibian Central Bank has reduced interest rates during the pandemic to ease pressure on consumers and businesses alike, but this had the unfortunate effect of reducing margins in the banking and finance division. Additional capital has been allocated to this division to ensure stable returns by offsetting the interest decrease with greater volumes.

## MARKET RISK

The start of the pandemic saw a significant decline in stock market prices, with stocks in financial services most affected. The group was therefore not immune to its operating environment and saw a significant decline in its market capitalisation as a result. Since this was identified as a non-standard market event, the group expects prices to return to normal over time.

# SUSTAINABLE DEVELOPMENT REPORT

## BACKGROUND

Trustco group is invested in various subsidiaries that operate over a diverse range of industries, which include financial services, insurance, banking, properties, resources, education and selected strategic investments.

The group and its investee companies subscribe to the implementation of CSI initiatives, which seek to augment and enhance the group's strategy whilst aligning their CSI portfolio to international best practices and governance principles. Trustco expects all its underlying investees to act responsibly in respect to environmental, social and governance matters and representatives on all subsidiary boards and committees ensure that best practices are adhered to.

The group aspires to remain an integral part of the broader societies in which it operates and at the forefront of corporate citizenry whilst investing and impacting the societies in which it operates. The impact of the group's CSI is evidenced in its standing as an exceptionally good corporate citizen.

The initiatives engaged in during the financial period under review encompassed the advancement of education, empowerment, community development and sport. These initiatives constitute the cornerstone of the group's CSI philosophy and augment its strategy whilst, most imperatively, giving back to the societies in which it operates.

Trustco's key focus is also conducting operations in a responsible manner with the least impact on the natural environment. Consequently, the group engages and participates in sustainable strategies to incorporate a broader agenda that is driven by the United Nations (UN) Sustainable Development Goals (SDGs). The SDGs are a set of global targets adopted unanimously by 193 UN member states including Namibia. Under the SDGs, targets and indicators are met through cross-cutting issues of environment, social and economics to ensure that sustainable development is achieved. The SDGs serve as a macro umbrella to the entire group and guide its sustainability efforts.

The group has always been committed to a holistic approach to corporate growth – an approach that focuses on maintaining not only economic development, but also sustainable growth, social and environmental development and protection. To improve competence, key sustainability issues are addressed and evaluated by management. Policies governing environmental, social and economic issues form a major component of the value creation process to ensure sustainability. In order to realise and maintain sustainable operations, SDG themes are implemented through ongoing initiatives in the group.

## ENVIRONMENTAL AND SOCIAL MATTERS ENVIRONMENT

The SDGs serve as principles for Trustco to emphasise effective, efficient and sustainable practices. This is stimulated by the existing Environmental and Social Management System (ESMS) and is supported by procedures and resources maintained by management to ensure that environmental and social risks are always taken into consideration. The ESMS is made up of interrelated parts to assess, control and continuously improve environmental and social performance. An integral part of the ESMS is the policy that advocates and ensures commitment from the board and senior management as well as effective communication of procedures internally and externally.

The group's ESMS guides environmental and social implementation with clear rules and objectives derived from the operations of investee companies. For effective ESMS implementation, employees are provided with career development and training to yield positive results of the system as they form an essential part of the group. Part of the ESMS requires monitoring of laws and regulations to promote compliance accountability. Compliance measurements ensure that the group and service providers adhere to environmental and social regulations on a consistent basis. To ensure internal environmental and social compliance, Trustco is compliant with the following documents in the relevant divisions supported by required licences; Environmental Impact Assessment (EIA), Environmental Management Plan (EMP) and Environmental and Social Due Diligence (ESDD).

## SOCIAL

Social duties are managed across the group and performance and impact are measured to ensure the incorporation of beneficiaries such as employees, communities and stakeholders. Shareholder integration promotes and maintains good relations and transformation efforts advance equality, human rights and prevent unfair discrimination. The group maintains a culture of participation in sustainable initiatives that can create long-term value for the communities in which it operates. These initiatives are incorporated in the Corporate Social Investment (CSI) initiatives of the group and include education, sports, charity and community development. Prospective beneficiaries are screened to identify meaningful projects where the community at large can benefit. The group engages heads of investee companies to assist in identifying projects and to nominate worthwhile beneficiaries in the different sectors in which it operates. The decision to proceed with the final selected beneficiaries is based on the proposal's alignment with the group objectives.

## ECONOMIC

Despite the economic climate in the country, the group is proactive and geared with expertise to ensure resilience during tough times. Diversification was identified as key to assist with the means to generate sustainable capital and income. Through diversification, Trustco has built strong fundamentals rooted in the important principles of service delivery.

## ADDING VALUE

Trustco is committed to transforming capitals by evaluating Key Performance Indicators (KPIs) through risks and opportunities, strategies and performance to ensure activities are ongoing and sustainable. Evaluation of capital input ensures that value is created for shareholders during the outcome process.

## ENVIRONMENTAL AND SOCIAL TRUSTCO GROUP

- Trustco United Sport Club: Founded in 1916, the United Sport Club has played a pivotal role in the development of sport in Namibia for over a century. Trustco entered into a joint venture with United Sport Club towards the end of 2011, giving rise to the unification and synergy of two premier local brands, culminating in the establishment of Trustco United Sport Club. Trustco, in line with its ongoing endeavour to invest in the development of the larger community, has committed itself

to this project with the aim to contribute to the development of local and international sporting ambassadors as well as to serve the local community with world class sporting events and facilities. In addition to an annual committed sponsorship amount, Trustco also assists bi-annually with new sporting kits for all the sport codes of the club as well as assistance on request and support via the media division in growing the brand.

- Namibia Tennis Association: Through the continued support of junior tennis over the past five years, Trustco group has ensured that the development and standard of junior tennis in Namibia has steadily grown. Trustco sponsors two major tournaments annually, namely the Trustco NTA Juniors Tournament as well as the Trustco NTA Juniors Masters.
- Trustco Top40: Trustco's Top40 visited the Bright Star and Genade Kinderbewaar Huis kindergartens, in Windhoek, for the group's annual soup drive initiative. The Top40 has been running the soup drive initiative for several years to provide nourishment support to less privileged communities during cold winter months.
- Trustco Top40 mental health awareness: Members of the Trustco Top40 also participated in Namibia's first Mental Health Awareness walk in November of 2019. This initiative aims to raise awareness around the importance of education relating to dealing with mental health issues.
- Janine & Suzelle Davin Sport Trust: The eleventh annual relay cycle of the Janine & Suzelle Davin Sport Trust was once again successfully concluded. Trustco group once again supported this annual initiative in aid of developing local sportsmen and women.
- In its support to foster sustainable regional and international relations for Namibia, Trustco attended a high-level business breakfast hosted for the President of Zimbabwe, HE Emmerson Mnangagwa. The breakfast was in recognition of the valuable support rendered to the Namibian-Zimbabwe Business Forum.
- Delta Secondary School rugby team: Trustco has been supporting Delta Secondary School's rugby team since 2018. This contributed to the team's growth which subsequently led to the school scooping its first major school's trophy. Trustco once again supported the team with a sponsorship of merchandise and promotional items during the reporting period.

- Dr Quinton van Rooyen motivational speaking: On special invitation by the Minister of Public Enterprises, Mr. Leon Jooste, Dr Quinton van Rooyen addressed the Chief Executive Officers of Namibian SOEs on reforms and issues facing the SOE-sector at Namibia's first National Public Enterprises Conference at the Dome in Swakopmund. Dr van Rooyen described the initiative as a ground-breaking step to improving service delivery and efficiency in SOEs to the benefit of the national household.
- Namibia Kyokushin Karate Organisation: Trustco's propensity for investing in progressive CSR activities nationwide was evidenced in another successful conclusion of the Kyokushin Karate 3rd All Africa Open Championships 2020.
- Namibia Civil Aviation Authority: Trustco flew into the hearts of senior citizens of Namibia by teaming up with the Namibia Civil Aviation Authority (NCAA). The senior citizens were treated to helicopter rides over the capital city, Windhoek, celebrating the 'International Day for Older Persons'.
- Trustco media free ads campaign: With the introduction of free advertising towards the end of 2018, *Informanté* news and radio, during the reporting period, has collectively injected approximately NAD 26.9 million into the Namibian economy through free advertisements support to smaller businesses as well as regular corporate clients. The 'Free Ads Campaign' was launched to support the Namibian business community during the current adverse economic times.

## FINANCIAL SERVICES

### INSURANCE AND ITS INVESTMENTS INSURANCE

- OnawaMed sanitiser stations: To help curb the spread of the global COVID-19 pandemic, OnawaMed donated hand sanitizing stations to various doctors' practices countrywide.
- Legal Shield bursaries: Trustco Insurance, through its Legal Shield insurance product, has devoted itself to support three University of Namibia Law students for the 2020 academic year. The students received financial support as well as an opportunity to conduct their work integrated learning at Trustco Insurance upon graduation. The Legal Shield bursary initiative has been running for more than a decade.

- Winter Knights: For the year 2020 the Round Table through its annual Winter Knights initiative together with Trustco Bank and Trustco Insurance and with other prominent companies, collected a sum of NAD 184 516. This is an annual project that companies support to assist to alleviate the winter struggles of the less privileged.

## PROPERTIES INVESTMENTS

### ELISENHEIM LIFESTYLE ESTATE

- Received its Environmental Clearance Certificate (ECC) renewal from the Ministry of Environment, Forestry and Tourism.
- Completion and surface improvement of the remaining gravel portion on the access road leading towards the Elisenheim Lifestyle Estate. This road forms part of the future arterial road network connecting the Elisenheim Lifestyle Estate and other developments in the vicinity. Completion of this section of road improves the overall safety for residents travelling to and from the Elisenheim Lifestyle Estate. No negative environmental impacts were recorded during construction activities.
- Construction commenced on a new access road improving traffic circulation at the new commercial centre at the Elisenheim Lifestyle Estate. No negative environmental impacts were recorded during construction activities.
- Completion of the Urban Village Shopping Centre at the Elisenheim Lifestyle Estate.
- Monitoring and analysis of the final effluent from the WWTP is conducted by an external contractor, to ensure that the effluent meets the set standards and guidelines. Maintenance and upgrading works were recently completed at the plant. No significant negative environmental impacts have been reported in this regard. Continued maintenance of the wastewater treatment plant ensure compliance to wastewater requirements as per guidelines of the Water Resource Management Act.

## LAFRENZ

- Construction of the intersection at the Lafrenz Industrial Park continued without any negative environmental impacts.
- During the period under review Farm Nubuamias received its ECC renewal from the Ministry of Environment, Forestry and Tourism.

## EDUCATION

### INSTITUTE FOR OPEN LEARNING

- IOL boosts reading culture: In its efforts to encourage a reading culture among Namibian youth, the Institute for Open Learning (IOL) sponsored books and educational tools, valued at NAD 110 894 to the Bethold Himumiane Primary School.
- Epukiro Senior Secondary School: IOL donated teaching and learning material, valued over NAD 130 000, to the Epukiro Post Senior Secondary School. The sponsorship is aimed to better equip the school to cater for its growing enrolment figures as it continues to add value to the development of the Namibian child.
- Huis Maerua Children's Home: IOL employees mobilised at the intersection of Robert Mugabe and Kenneth Kaunda roads in Windhoek to raise funds for the local orphanage based in the Namibian capital.
- Orange Babies Namibia Foundation: IOL donated books and computer equipment to the Orange Babies Namibia Foundation in order to assist in providing Namibian children with appropriate educational tools for development.
- Dr Fisher Primary School: After a devastating fire destroyed the school library at Dr Fischer Primary School in the Aminius constituency of the Omaheke region, IOL stepped in to assist the school to acquire new books.

## BANKING AND FINANCE

### TRUSTCO BANK NAMIBIA

- Bankers Association of Namibia: Trustco Bank Namibia joined local Namibian banks forming the Bankers Association of Namibia (BAN) to generate NAD 68 000 for the procurement of stationery for selected schools in need in Namibia.

## RESOURCES

### NORTHERN NAMIBIA DEVELOPMENT COMPANY (NNDC) (NAMIBIA)

- A delegation from the Skeleton Coast Transfrontier Park and SCONIA Project, which aims to strengthen cross-border ecosystem management and wildlife protection within the Skeleton Coast Park in Namibia and Iona National Park in Angola, was accommodated by NNDC whilst they conducted research and surveys

around the Kunene Mouth area in January 2020. The SCONIA Project is funded by the European Union and coordinated by the Namibia University of Science and Technology. Namibia's experience and success with community involvement in ecotourism and conservation is one of the corner stones that underpin the SCONIA Project.

- In June 2020, members of the Skeleton Coast Brown Hyena Project visited the NNDC mining licence/Kunene mouth area as part of a larger effort to observe, record, photograph and collar brown hyenas in the northern part of the Skeleton Coast Park. Apart from the project focused delegations, the Ministry of Environment and Tourism as well as the Governor of the Kunene Region conducted site inspections as part of its ongoing monitoring and review of the Park Management Plans.
- During the period under review, NNDC's water abstraction permit, for the abstraction of freshwater from the Kunene River for domestic and industrial purposes, was renewed by the Department of Water Affairs. The National Radiation Protection Authority also renewed the radiation licence related to NNDC's x-ray generating equipment.

### MEYA MINING (SIERRA-LEONE)

Meya Mining (Meya) is well aware of the socio-economic challenges within its host communities and remains committed to contribute positively to the development and betterment of the lives within these communities. In addition to the regulatory requirements stipulated by the various acts and regulations formulated by the Government of Sierra Leone (GoSL), Meya consciously engages with the various stakeholders within its sphere of operations in order to gain a holistic understanding of the various challenges and opportunities that will enable sustainable socio-economic development, beyond mining.

During the period under review, the company focused on community development programs that were aligned with the development needs of the primary host communities (PHCs), being the Tankoro, Nimikoro, Gbense and Kamara Chiefdoms, in Kono district, eastern Sierra Leone. The respective development needs were captured in the

Community Development Action Plan (CDAP), which was developed following a socio-economic needs assessment conducted by third party environment and social impact consultants (CEMMATS). The community development projects undertaken during the reporting period:

- Providing access to potable water in Nimikoro and Tankoro Chiefdoms. Four boreholes were drilled of which two were equipped with solar powered submersible pumps, pumping water to 20,000 litre tanks from which the water is distributed to the community.
- Access to quality basic education has been identified by the GoSL as well as the PHC's as a priority objective. Meya has been providing support to several primary schools and learning materials to 338 pupils within the PHC's. The vision is to broaden the scope of this specific program by increasing the number of pupils, refurbish schools that are in need and providing desks and chairs to the primary schools.
- Meya constructed two community centres within the Tankoro Chiefdom. Apart from community meetings, the centres serve as assembly points where affected people gather, outside the blast perimeter, during blasting.
- Meya continuously rehabilitates feeder roads within the PHCs, especially during the rainy season. These roads have visibly increased economic activities in the area.
- During the COVID-19 pandemic in 2020, Meya supported the Kono District Coronavirus Emergency Operations Centre (DICOVERC) by feeding community members who were quarantined at their homes. The company also provided fifty hand-washing stations. These were distributed to the district and city councils, who placed them at critical points around the municipality. In addition to donating the hand washing stations, the company also maintained these facilities in order to ensure they remained functional.

- Meya partnered with Welthungerhilfe, one of Germany's largest NGOs, based in Kono District on the Repurposing Reusable Waste Project, whereby recyclable plastic waste is exchanged for rice, which is then donated to the project affected community.

- Whilst the CDAP underpins the minimum development plans for mining communities, high impact transformation can only be achieved if Large Scale Mining Licence (LSML) holders wilfully include the PHC's needs in terms of employment, education, healthcare and sanitation, skills development and infrastructural development as part of its short- as well as long-term strategic planning. Subsequent to its annual oversight visit to Meya's operations in September 2020, the Sierra Leone Parliamentary Committee on the Environment commended the development efforts of the Meya and its commitment to the PHC's.

The USD 100 000 surface rent that is payable annually to the land owners, in accordance with the Surface Lease Agreement (SLA) between the company and four host Chiefdoms of Nimikoro, Gbense, Tankoro and Kamara, was paid during a public ceremony which was co-chaired by the National Minerals Agency (NMA) and Senior District Officer on the 30th of July 2020. The ceremony was attended by the Paramount Chiefs of Nimikoro, Gbense and Tankoro, the Speaker of Kamara Chiefdom, the Chairman of the Kono District, an Anti-Corruption Commission representative and the Director of Community Affairs NMA.

In addition to the annual surface rent, the PHC's shall receive 0.25% of the company's gross revenue for community development purposes. This contribution is higher than the 0.01% stipulated by law, i.e. section 138 of Sierra Leone's Mines and Minerals Act, 2009.

As part of Meya's transition from exploration to commercial production, it will upgrade the current Environmental and Social Impact Assessment (ESIA) to be compliant with the IFC / World Bank performance standards.



STAKEHOLDER ENGAGEMENT

The group firmly believes that engaging its stakeholders is an integral part of its daily operations as opposed to a separate function. Stakeholder engagement is therefore key to achieving the triple context as it contributes to the decision making and accountability of the group in respect of economic, social and environmental matters.

Each key stakeholder group provides a form of capital that contributes to the successful execution of the group strategy, vision and mission.

As an active corporate citizen of Namibia, South Africa, Mauritius and Sierra Leone, the group aspires to be known as a nation builder at the forefront of economic growth in the countries in which it operates. The group realises the importance of open and transparent dialogue with its stakeholders and continuously focuses on improving stakeholder engagement.

STRATEGIC OBJECTIVES AND PRINCIPLES

The overall objective is to improve ongoing engagement with the group's stakeholders and to ensure their needs are considered in decision making.

Strategic objectives:

- support sustainability of business in the long-term
- meet changing customer and community demands and expectations
- improve existing relationships with stakeholders and
- ensure best practice engagement and demonstrate leadership in the industries in which the group operates.

KEY PRINCIPLES THAT GUIDE ENGAGEMENT

- Best practice

—

Follow regulatory and best practices guidelines and demonstrate leadership in the industries in which the group operates.
- Inclusive

—

Be inclusive, inviting stakeholders' views where appropriate to improve engagement and to promote accessibility.
- Informative

—

Inform stakeholders via open, transparent, relevant and timeous communication.
- Transparency

—

Be transparent, clearly outlining what stakeholders can expect and how their feedback will be taken into consideration.
- Listen

—

Listen to and seek to understand stakeholders' views and concerns
- Responsive

—

Consider and respond to concerns, providing prompt and clear feedback.
- Consistent

—

A proactive, coordinated and consistent approach to engagement across the group.
- Targeted

—

Ensure engagement is prioritised, proactive and tailored to specific issues and projects.
- Measurable

—

Measure the success of engagement and apply outcomes in designing and developing future engagement.

The group is committed to working together with its stakeholders to understand their needs and to deliver services which address their needs.

SHAREHOLDERS, INVESTORS, FUNDERS AND ANALYSTS

STAKEHOLDER	FREQUENCY	ENGAGEMENT	2019/20 KEY MATTERS
Current share-holders	Periodically, quarterly, bi-annually, annually	Transparent reporting maintained at all times with shareholders through the integrated annual report, SENS announcements, voluntary announcements, group website, social media, print media, circulars, GMs and AGMs.	<div><div>• Overall strategic direction and updates</div><div>• Virtual investor conferences and webcasts</div><div>• ADR uplisting on OTCQX</div><div>• Governance, financial control and listed environmental matters</div><div>• 2020 interim and annual audits and results</div></div>
Investors, funders, potential shareholders and investment analysts	Periodically, quarterly, bi-annually, annually	Regular reporting to lenders and funders on covenants, general frequent updates and communication via telecons, face-to-face engagement and increased media coverage and exposure to offer additional confidence and security in the sustainability and governance of the group.	<div><div>• Tellimer issuer sponsored research</div><div>• Regular investors presentations</div><div>• Debt restructuring process</div><div>• Raising new debt facilities</div><div>• GCR credit rating review</div></div>



DIRECTORS AND EMPLOYEES

STAKEHOLDER	FREQUENCY	ENGAGEMENT	2019/20 KEY MATTERS
Board members	Periodically, quarterly, annually	<p>Formal and informal meetings, regular communication, telecons, memoranda and correspondence between management and the board via the company secretary.</p> <p>Regular site, offsite and other informal visits to ensure a better understanding of operations, projects, progress and issues.</p>	<ul style="list-style-type: none"><li>• Strategy sessions</li><li>• Operational and financial performance updates</li><li>• Corporate governance issues</li><li>• Debt restructuring process</li><li>• Raising new debt facilities</li><li>• Strategic annual planning and budget sessions between the board and senior management</li></ul>
Employees	Daily, weekly, monthly, periodically, quarterly, bi-annually and annually	<p>As an employer of choice employees are kept abreast of all company information, the latest content of the integrated annual reports as well as company policies, on an e-policy system.</p> <p>Group communication and engagement with employees through various committees and forums including a company intranet, emails, SMS and WhatsApp groups.</p> <p>Employees were offered both formal, informal and in-house training and skills transfer to ensure they are able to successfully fulfil their roles.</p> <p>Open door policy with management, daily coffee table meetings and one-on-one meetings with management and HR.</p> <p>Quarterly self-assessments with management input and formal one on one annual performance evaluations.</p>	<ul style="list-style-type: none"><li>• Compulsory tests on the group's annual reports in order to qualify for annual salary increments and quarterly bonuses</li><li>• Compulsory annual AML testing and fraud awareness refresher training</li><li>• Annual independent employee survey administered by Deloitte in which all employees participate – the survey audits employee sentiments regarding values, culture, care and feedback, fairness and integrity</li><li>• Uniform application of policies</li><li>• Job security as a result of recession, impact of COVID-19 pandemic and restructuring in the group</li><li>• Consequence management, transparency and accountability</li></ul>

GOVERNMENT, REGULATORS, COMMUNITY, CUSTOMERS, SERVICE PROVIDERS AND MEDIA

STAKEHOLDER	FREQUENCY	ENGAGEMENT	2019/20 KEY MATTERS
Government and regulatory bodies	Periodically, quarterly, bi-annually and annually	<p>Highest standard of compliance with corporate governance principles, legislation and regulations across all segments and to various regulatory bodies.</p> <p>Open and transparent communication with all government agencies and regulators.</p>	<ul style="list-style-type: none"><li>• Global COVID-19 pandemic created operational challenges as well as required reporting on compliance</li><li>• Group engaged with relevant regulators at all times prior and during this reporting period</li></ul>
Community	Daily, weekly, monthly, periodically, quarterly, bi-annually and annually	<p>Charitable donations, community outreach and upliftment programmes, sport development sponsorships as well as the QVR Code.</p>	<ul style="list-style-type: none"><li>• Refer to the CSI report</li></ul>
Customers, service providers and media	Daily, weekly, monthly, periodically, quarterly, bi-annually and annually	<p>Provision and maintenance of service excellence through constant improvement of products, research of customer expectations and needs, communication via call centres, electronic mail and SMS, social media, contact classes, phone calls.</p> <p>Active web and social media interaction to increase visibility (such as Facebook, Instagram, YouTube and Twitter), Informanté digital news, marketing community related topics and corporate activities, media briefings and information sessions.</p> <p>Continuous interaction and service level agreements with service providers.</p>	<ul style="list-style-type: none"><li>• Dedicated customer service and call centres</li><li>• Following up on all issues and complaints</li><li>• Active engagement on social media platforms</li><li>• Maintaining customer complaints registers which include conclusion of all matters reported</li><li>• Reporting material matters to social and ethics committee</li><li>• Information and contact sessions</li></ul>

SUSTAINABILITY

Trustco group remains convinced that a pure bottom-line growth focus cannot deliver the group's vision of long-term wealth creation. As such, it has instilled in its investee companies a holistic approach to growth, one focused not only on economic development, but also on social as well as environmental development.

These three pillars of sustainable development coalesce in different ways to create the six types of capital the group itself and its investee companies are focused on.

NATURAL CAPITAL–ENVIRONMENTAL–ECONOMIC CAPITAL

Natural capital is the underlying resource that all other capitals build upon. This not only includes those resources normally thought of as natural capital, such as water, land, minerals etc., but also broader resources, such as biodiversity and ecosystem health.

RESOURCES

It is critical that the capacity of the environment to provide ecological system integrity, biological diversity and productivity is protected. As such, Trustco's new projects and business expansions, especially under the resources segment that resorts under the domain of Namibia's Environmental Management Act (Act 7 of 2007) as well as Sierra Leone's Mines and Minerals Act of 2009, are addressed with Environmental Impact Assessments (EIA) and Environmental Management Plans (EMP). The EIA and EMP identify positive and negative impacts that the group may have on the surrounding environment and communities. Negative impacts are mitigated with the support input from the public and independent external and experienced consultants. All sites in the resources segment are awarded with Environmental Clearance Certificates (ECC) as proof of compliance with national, international and best practice regulations.

FINANCIAL SERVICES

Similar to resources, the property investee companies also comply with EIA and EMP and are awarded with ECC as proof of compliance with national, international and best practice regulations.

The other investee companies of the group have created cost competitiveness to deliver environmental gains through fuel cutting, by for example, increasing use of video and telephone conferencing to reduce travel costs. In addition, green technologies are utilised at its various operations, such as solar energy and energy efficiency bulbs to reduce impacts on the environment.

MANUFACTURED CAPITAL–ECONOMIC–ENVIRONMENTAL CAPITAL

Manufactured capital is generally distinguished from natural capital in that this form of capital is produced to enable a business to operate – to produce goods and provide services. This not only encompasses the capital as it is recorded on the balance sheets, but also of the available infrastructure provided by others in the economy the group can use to create value for stakeholders.

RESOURCES

As noted above, the resources segment creates and maintains infrastructure in its primary host communities, as it strives to upgrade its own operations to commercial production by improving and extending its mining infrastructure.

FINANCIAL SERVICES

Through its property investee companies, the financial services segment has a continuous development programme that includes roads as well as other essential services to its various property developments.

The other investee companies of the group focuses on maintaining and expanding its ICT infrastructure to enable business operations to be conducted smoothly.

HUMAN CAPITAL

Human capital is embodied in the individuals employed by the group. It comprises of their collective individual capabilities, knowledge and skills – from rank-and-file employee up to board level. The group aims for employees in all its investee companies to have a high standard of health through human resources-led health initiatives. Through the CSI programmes in every investee, Trustco remains active in social participation. Employees have high standards of personal development, and the group accommodates them by providing varied opportunities through work, creative outlets and, on occasion, recreational activities.

Trustco has received six consecutive Deloitte "Best Company To Work For" awards and has been participating in the survey for the same period. The group has consistently placed in the top three best companies to work for in Namibia. This proves a culture of consistent performance and demonstrates the company's commitment to its people, enabling Trustco to market itself as an employer of choice in the job market.

The first junior board programme, a mentorship and leadership initiative to empower and promote the development and transfer of skills to the youth, concluded during the reporting period, and the second training programme has been initiated. Trustco recognises that there is a limited pool of skilled persons available in the country and in addition to this external programme, also runs

an internal programme with the focus to retain talent. The Trustco Top40 employees are identified and elected by their colleagues. These professionals are committed, motivated and have the ability to lead, cooperate and create new business ideas in order to achieve company objectives.

SOCIAL AND RELATIONSHIP CAPITAL

Social and relationship capital is the level of trust that Trustco has accumulated over the years from stakeholders, and emphasize the common values between the group and the society that it operates in that allows it to conduct its business.

RESOURCES

The resources segment focused on community development programs that were aligned with the development needs of the primary host communities (PHCs), being the Tankoro, Nimikoro, Gbense and Kamara Chiefdoms in the Kono district, eastern Sierra Leone.

FINANCIAL SERVICES

This segment has through its investee companies provided substantially towards social capital, specifically with regards to 'social justice' and in such a way as to ensure trusted and accessible justice and governance can be secured by its clients.

The group's media operations, besides supporting the business segments, also operates the *Informanté* newspaper and radio, sharing news related to the community, focusing on topics and corporate activities and ensuring communities and society at large shares the key positive values of the group and unites with a sense of purpose.

To remain viable and relevant, the group and its investee companies work together with its stakeholders to find value-adding solutions within its operating industries. Long-term management of relationships is one of the group's goals to foster relationships with key suppliers and customers.

Communication with customers is also vital for improving efficiency and creating savings, and remain a key part to providing a safe, supportive working and living environment for everyone in the community in which the group operates.

INTELLECTUAL CAPITAL

Intellectual capital is formed by the interrelation of other intangible capitals, and does not only comprise of what is termed 'intellectual property', such as patents, copyrights and licences but encompass much more – the knowledge held by Trustco, its systems, procedures and protocols that provide it with a competitive advantage against its peers. Perhaps the most important fact about intellectual capital

development is that its value cannot be developed solely by the group – without its development in the wider socio-economic sphere, intellectual capital withers.

Internally, Trustco encourages and facilitate an environment that thrives towards innovation and change, embraces the ability to adapt quickly as well as proactively for an ever-changing environment. Trustco encourages employees to think of solutions for current and future issues, including its brand and reputation.

RESOURCES

The mining licences as well as the EIAs comprise the majority of the intellectual capital accumulated by resources. It ensures that the continued development proceeds in line with relevant regulations and facilitates sustainable development.

FINANCIAL SERVICES

Similarly, the property investee companies have significant intellectual capital invested in EIAs, as well as local municipality regulations and zoning approvals. However, most of the intellectual capital invested in financial services concerns its bespoke software systems, and the policies and procedures that ensure that these investee companies can continue to service their clients with the speed and efficiency that they've become accustomed to.

FINANCIAL CAPITAL

Financial capital aims to accurately represent the value of natural, human, social and manufactured capital, and is the ultimate output of the economic growth machine – the measure of wealth creation. In the end, this capital cannot be developed merely by hoarding it – it is the use of financial capital that paves the way for sustainable development.

As such, the group provides assurance to stakeholders by managing its portfolio efficiently and announcing financial information through SENS. The group also continuously examines its capital allocation to ensure that sustainable, long-term wealth generation takes places at every investee company. By measuring the financial capital generated by the group, a measure of Trustco's success in wealth creation can be established.

RESOURCES

This segment is in the process of acquiring financial capital, as its ongoing capital raising initiatives continue. This capital will then be transformed into manufactured capital as infrastructure, in order to commence with commercial production which will serve to utilize their natural capital.

FINANCIAL SERVICES

Additional financial capital has been secured during the period under review, which is earmarked for use in developing social and relationship capital, as it will be applied to student loans.

# REMUNERATION REPORT

Trustco Group Holdings as an investment holding company, and its unlisted investee companies have their own remuneration committees. The focus of the holding company is to ensure the growth of its investments that will secure sustainable long-term value creation for all shareholders.

The group remuneration committee (remco) oversees and strives to ensure that the reward practices of the group and its investee companies are sustainable and aligned with shareholders’ interests whilst it recognises the lasting contribution of employees to the overall growth of the group. The group remco also provides guidance to the remuneration committees of unlisted companies of the larger Trustco group.

The group promotes entrepreneurship and strives to optimise employee performance by providing a working environment conducive to extraordinary performance, characterised by passion and energy that results in a positive contribution to the success of the group and ultimately the economy it operates in.

The individuals the group aims to attract and employ are characterised by intellect, innovation, integrity and initiative, which impart the ability to adapt to an ever changing work environment and a unique and ethical culture, all of which are crucial to the group’s pursuit of excellence.

### REMUNERATION PHILOSOPHY

The group remuneration philosophy is to ensure that employees are fairly, equitably and responsibly rewarded for their individual value, merit, performance and contribution over a meaningful period to the overall operational and financial success of the group.

- The group is committed to a balanced remuneration philosophy that consists of the following components:
- individual performance related remuneration which positively influences and supports the creation of an exceedingly high performing organisation
  - rewarding of sustained performance and exceeded performance expectations through extraordinary increases, bonuses, incentives, additional benefits and company shares
  - rewards and recognition in the form of promotions and added responsibility
  - providing a balanced mix of remuneration, including above industry average salaries, innovative benefits, short-term cash incentives and long-term retention rewards

- creating a competitive total remuneration opportunity which aids in competing for the best talent locally and abroad among companies with global operations and global consumers
- prudent application of incentive schemes to safeguard and promote shareholder interests and create a direct and recognisable alignment between remuneration and risk exposure
- remuneration practices are transparent, aligned with strategy and managed to ensure responsible, equal and fair pay
- employee growth and development through measured performance management that is cemented in simplicity, transparency and structured to operate effectively and
- unparalleled working environment where performance is rewarded, linked to achieving demanding performance conditions, where employees can fulfil their potential.

The group recognises that lasting growth is what ultimately builds shareholder value and accordingly the remuneration philosophy is used as a management tool that, when aligned with an effective communication plan, is designed to support, reinforce and align values, business strategy, operational and financial needs with a goal of growth, profitability and ultimately the creation of wealth for all involved in the group.

### GOVERNANCE OF REMUNERATION

Remuneration is governed by the remuneration committee. The remuneration report provides an overview and understanding of Trustco’s remuneration principles, policies and practices. The information in this report has been approved by the board on recommendation from the remuneration committee. Detailed information on the roles and responsibilities of the committee can be found in the governance report. Executives attend the meetings by invitation only and in the interest of governance. The executives recuse themselves when the board discusses matters specifically relating to them. The remuneration committee confirms that it has discharged the functions and complied with its terms of reference for the financial period ended September 2020.

### SHAREHOLDER ENGAGEMENT AND VOTING

As required by the Companies Act and King IV, the resolutions that will be tabled for shareholder approval at the AGM can be found in the notice of the AGM of this report.

### SHAREHOLDERS VOTING RESULTS

	2019	2018	2017
REMUNERATION POLICY	99.49%	98.87%	99.23%
IMPLEMENTATION REPORT	99.49%	98.98%	N/A
NON-EXECUTIVE DIRECTORS REMUNERATION	99.49%	99.98%	99.97%

The voting results clearly indicate support for the remuneration policy and no changes were made to the policy.

### REMUNERATION IMPLEMENTATION REPORT

The group remuneration committee continues to apply the King IV principles to its remuneration practices and disclosures and engages actively with senior executives for advice on local and global remuneration trends. The committee remains confident that the remuneration philosophy of the group as well as its policies are aligned with shareholder values, market best practice and are subject to robust review each year.

### REMUNERATION STRUCTURE

The group rewards and provides a level of compensation that not only attracts and incentivises employees, but also retains and motivates existing employees to reach their full potential.

Remuneration packages are designed and administered to balance and align directors’ and employees’ interests in relation to those of all stakeholders. Overall rewards are considered and determined within an effective risk management environment in line with short-, medium- and long-term successes, strategies and goals of the group. The group is confident that including equity in performance and retention schemes for employees is the best way to align their interests with the long-term success and strategy of the group, thus creating optimal shareholder value.

The group participates in and makes use of several industry related salary surveys to substantiate its remuneration data and to position itself competitively against comparable peers. Individual salaries are benchmarked and reviewed internally and externally to ensure fairness and competitiveness.

REMUNERATION REPORT CONTINUED

<b>FIXED REMUNERATION</b> <b>Participation:</b> Executive directors, prescribed officers, management and employees. <b>Purpose:</b> Competitive base salaries to attract and retain top talent. <b>Performance conditions:</b> Annual inflation linked adjustments based on individual performance and key performance indicators aligned with group values and strategic focus areas. <b>Performance period:</b> Ongoing and reviewed on an annual basis.	
<b>SALARY</b>	<ul style="list-style-type: none"><li>Guaranteed base salary based on role, experience, qualifications, responsibilities, skills and industry rates.</li><li>The group has a minimum monthly salary of NAD 3 500 per month for a 40-hour work week across all employee levels in Namibia and South Africa which is above industry average minimum wages.</li></ul>
<b>COMMISSION</b>	Commission on sales performance for monthly sales targets.
<b>LIFESTYLE BENEFITS</b>	Staff social scheme including life cover, dread disease cover and disability cover, hospital plan, employee fund, housing allowance, company cell phone or allowance, pool car, extended lunch hours for purposes of physical exercise, transport allowance, staff transport, free parking, free lunch, Friday Afternoons Off Policy, long service appreciation bonuses, corporate wellness programme, shares gift, Top40 benefits awarded to elected Top40 members, in-house training and mentoring, external training, recruitment gift, paternity leave, "babbalas" (hangover) leave, paid maternity leave, sabbatical leave, birthday leave, additional sick leave, team building events and flexi time. Certain benefits are applicable to certain job levels and countries only.
<b>VARIABLE REMUNERATION AND REWARDS</b> <b>Participation:</b> Executive directors, prescribed officers, management and employees. <b>Purpose:</b> Short-term incentives encourage and reward the achievement of business targets in the financial year. Long-term incentives retain and align interests of employees with shareholders. <b>Performance conditions:</b> Quarterly and annual allocations based on financial performance targets. <b>Performance period:</b> Ongoing and reviewed annually and on a quarterly basis.	
<b>SHORT-TERM INCENTIVES</b>	<ul style="list-style-type: none"><li>Short-term cash incentives for quarterly extraordinary sales targets.</li><li>Quarterly short-term cash incentives, in terms of the approved Group Performance and Retention Incentive Scheme for all segments, with measured and set board approved financial, budget and other operational targets.</li><li>Annual increases.</li></ul>
<b>LONG-TERM INCENTIVES</b>	<ul style="list-style-type: none"><li>Quarterly long-term equity incentives, in terms of the approved Group Performance and Retention Incentive Scheme for all segments, with set board approved financial, budget and other operational targets.</li><li>Long service appreciation awards at five-year intervals.</li><li>Company equity gift to the value of NAD 50 000 for employees with one year of service purchased on behalf of the employee, subject to a five-year trading restriction.</li><li>A shares-based recruitment gift bought upfront for a new employee on appointment.</li><li>Dividend payments on company shares purchased on behalf of employees.</li></ul>
<b>TRUSTCO PERFORMANCE AND RETENTION INCENTIVE SCHEME</b>	<ul style="list-style-type: none"><li>The group currently has a 50:50 based incentive and retention scheme. 50% of this incentive is allocated in cash and paid directly to the employee and the remaining 50% is used to purchase Trustco shares for the employee. This incentive scheme aims to retain key skills and to motivate executives over the long-term which is essential for sustainable business.</li></ul>

Benefits and awards are granted on the basis that they aid employee retention and/or provide a resourceful work environment for the employee. The company regularly reviews these benefits for affordability, flexibility and perceived value to employees. All deferred awards are restricted and subject to specific long-term approved periods and continued employment.

The basic salary of each employee is reviewed annually on an individual basis. Annual increases are inflation linked based on personal key performance indicators, achieving set individual goals, quarterly employee self-assessments, increased skills or qualifications and market related benchmarking.

**ANNUAL SALARY INCREASES**  
Employees, management and executive directors whose performance is satisfactory and who achieve the minimum requirements as set out in the guidelines for the specific remco approved performance evaluation system that are in force at the time of the increase, receive an annual basic Cost Of Living Adjustment (COLA). The COLA is calculated as the average inflation rate of the preceding 12 months

in which an employee is appraised. If it is established that the expected performance of the employee is more than satisfactory, and the employee achieves and exceeds the minimum requirements as stipulated in the performance guidelines, standards and procedures that are in force at the time of the increase, an employee may be entitled to receive an above basic COLA increase but limited to a maximum of COLA plus 2%.

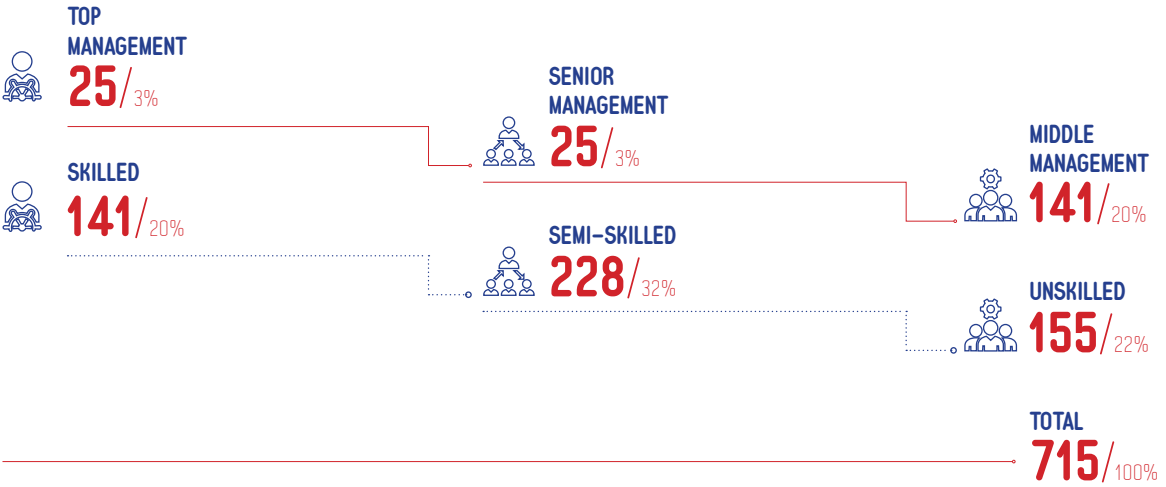
The average COLA over the current reporting period ending September was 3.96% in Namibia.

The protracted adverse economic climate and recession in Namibia combined with the COVID-19 pandemic, market conditions and probability that the global economy would deteriorate even further, the annual salary increases of all employees from supervisor level upwards (Supervisor, Manager, COO, Head, Top 6 Support and Top 6) including the Top40 were suspended with effect 1 April 2020 until further notice. Salary increases on employee level however continued but fixed on an annual basic COLA percentage only.

WORKFORCE STATISTICS (AS AT 30 SEPTEMBER 2020)



WORKFORCE ACCORDING TO OCCUPATIONAL LEVEL





TOP THREE SALARY EARNERS (AS AT 30 SEPTEMBER 2020)

	2020	2019	% CHANGE
EMPLOYEE (MONTHLY EARNINGS) NAD			
EMPLOYEE 1	300 000	303 426	-1%
EMPLOYEE 2	260 266	300 000	-13%
EMPLOYEE 3	209 260	234 956	-11%

The remuneration committee of the group reviews and ensures that the remuneration policies are enforced in a way that compensates employees fairly, transparently and reasonably to achieve the objectives of the group and to promote positive outcomes for all stakeholders.

The committee also strives to continue ensuring equitable and responsible remuneration processes are implemented and maintained for lasting and maximum shareholder value.

REMUNERATION IN CONTEXT

The table below reflects the total spend on employee remuneration and benefits in 2018, 2019 and 2020.

GROUP REMUNERATION COMPARATIVES FOR THE PAST THREE YEARS

		2020	2019	2018
EMPLOYEE COSTS	NAD	243.7 M	199.8 M	179.9 M
	%CHANGE	21%	11%	19%
EMPLOYEE TAX PAID	NAD	60.4 M	41.9 M	37.7 M
	%CHANGE	44. %	11%	30%
EMPLOYEE NUMBERS	COUNT	715	1 015	905
	%CHANGE	-29 %	12%	26%

\*M-Million

EMPLOYEE WELLNESS

The group remains committed to the continuous investment in the wellbeing of its valued employees and also supports the holistic health and happiness of employees.

STAFF SOCIAL SCHEME

The company offers a staff social scheme with equal employer and employee contributions that provides the following cover and additional benefits:

- hospital cover
- disability benefit
- dread disease cover
- life cover
- various types of additional leave i.e. paternity leave, sabbatical leave, birthday leave, afternoons off, additional sick leave and “babbalas” (hangover) leave
- a corporate wellness programme with additional benefits, including free daily staff lunches, physical exercise programmes, flu prevention injections, cancer prevention testing and various health and social awareness campaigns throughout the year and
- an employee fund with the same purpose as a savings fund or pension fund to empower employees by assisting to provide for future financial security and to foster and encourage a culture of saving.

The corporate wellness programme is offered by the company to the employees and is a combination of educational, organisational, nutritional, social and environmental awareness programmes. It also includes physical fitness programmes, life coaching, health coaching, general support, the importance of financial management, medical treatments, vaccinations and activities designed to support, enhance and promote behaviour conducive to maintaining good physical, social and mental health.

The group recognises that a regular and sound fitness regime is vital to maintain the health and well-being of its employees. With more stress comes an increased likelihood of becoming ill. As part of the wellness programme the company provides an annual exercise programme with external service providers. Fitness sessions are held twice a week for 3 months, after which employees are encouraged to continue in their own time. The company also engages service providers that give employees access to health screenings, counselling and nurse consultations. The company also has a policy that allows middle to senior management to have extended lunch or break time for the purposes of physical fitness exercises.

The corporate wellness programme is a proven success and extremely effective to motivate, educate and improve the overall health, emotional, physical and spiritual well-being of each valued employee. The programme is well established, maintained and ongoing.

HEALTH AND SAFETY

The group values, provides support and protects the health and safety of its employees.

The occupational health and safety management programme and system across the group and its investee companies is aligned with, operated and maintained according to the local regulatory and legislative requirements of each country in which it operates. Dedicated occupational health and safety officers manage employee health and safety daily on an ongoing basis.

During the reporting period and the declaration of the worldwide pandemic, the group implemented a detailed COVID-19 policy with a comprehensive response plan. Operational health and safety procedures were implemented and maintained from group down to investee company level. These procedures and risks are continuously assessed, updated and reviewed as regulations and stages are implemented by the respective Governments.

In addition to the policies and procedures, regular office emails and WhatsApp messages with information are communicated to employees. Health and safety officers, who are also members of the health and safety committees of the group, are stationed on the different floors in each office building for assistance to employees and information at any given time. In addition to the officers, a registered nurse is available at head office for consultations and advice when required. The nurse also conducted awareness and information sessions for employees in addition to continuous safety campaigns in the company and on its intranet.

All entities in the group have implemented contingency plans since March 2020 to ensure business continuity in all its departments, in and during an event of full, partial, departmental, company or countrywide lockdown and isolation.

EMPLOYEE ENGAGEMENT

During the reporting period, Trustco group participated for the sixth time in the Deloitte annual “Best Company To Work For” survey in Namibia. The independent survey has been conducted by Deloitte since the year 2000 and audited the employees’ sentiments covering areas inclusive of *inter alia* values and culture, care and feedback, accomplishment and growth as well as fairness and integrity. Trustco was awarded 1st place in Namibia for the third time as the most desirable company to work for in the large sized company category. Based on the ratings of its employees, Trustco was also awarded a gold seal of achievement as a demonstration of the attractiveness of the organization, its commitment to its people and to market itself as an employer of choice.

Trustco has consistently placed in the top three positions in the “Best Company To Work For” survey over the past six years in the large sized company category i.e. companies with more than 500 employees.

The employees participated in the survey administered by the independent audit company, Deloitte, to measure the degree of alignment between management and the employees. The company achieved a best company index score of 68.7 % in the survey, above the benchmark for Namibia which is currently 64.5%. The index measures the overall attractiveness of the organisation to its employees and the employees’ alignment with the organisation’s internal brand that supports overall employee retention.

COMMUNICATION AND CONSULTATION

The group is committed to and strives to ensure that all employees are heard and maintains an open communication channel environment where employees feel free to raise issues, air concerns and ask any questions. A key focus area of the group is to maintain communication capability and consultation from the top structures down to employee level. This approach ensures all communication and engagement focuses on driving the behaviours necessary to deliver on strategic business objectives.

DIVERSITY AND INCLUSION

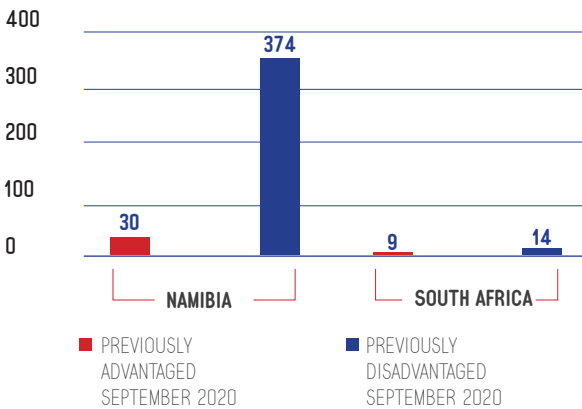
The company promotes and values diversity at all levels and strives to eliminate any employment barriers or any other practices and processes which may result in unfair discrimination in any form. Trustco group does not discriminate based on gender, therefore there is no pay differentiation.

EMPLOYMENT EQUITY

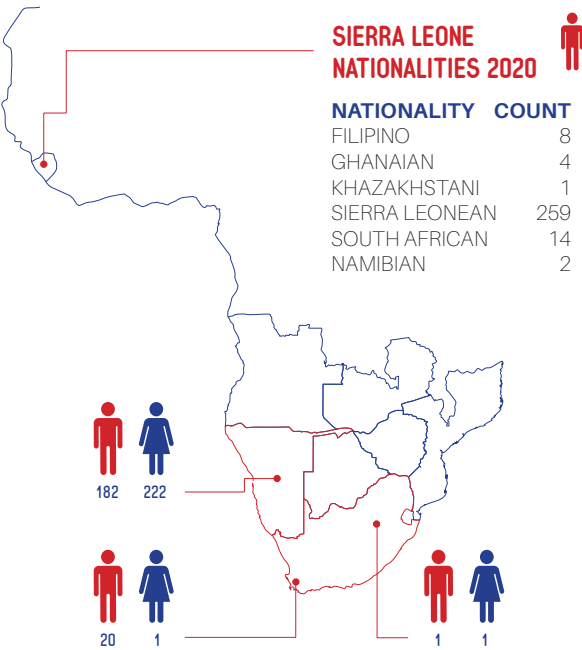
Employment equity is viewed by the group as an integral component of its overall group strategy, from board to employee level, to ensure diversity in the company workforce. The group is committed to maintaining a workforce that reflects country demographics in respect of race and gender. The group values its employees and recognises their intellectual value and commitment as an important component to the success of the group.

The group has a goal to create and sustain an environment of diversity as its competitive advantage for the future. During the financial period under review the group was issued its compliance certificate from the Employment Equity Commission in Namibia.

EMPLOYMENT EQUITY WORKFORCE PROFILE



WORKFORCE STATISTICS ACCORDING TO GENDER (AS AT SEPTEMBER 2020)



As a result of the current economic downturn in Namibia and the region as a whole the construction industry, mining as well as the vocational education sector in the country have been severely impacted by the protracted economic climate and recession. The financial services portfolio in which the group invests was impacted the most severely and decisions for the necessary reduction of the workforce were made by the boards of Trustco Construction Services (TCS), Northern Namibia Development Company (NNDC), Morse Investments (Morse), the Vocational Training Centre of the Institute for Open Learning (IOL) and Trustco Financial Services (TFS).

A total of one hundred and ninety three (193) employees were retrenched during the period from 26 April 2019 up to 31 July 2020, with the majority of retrenched employees from the mentioned divisions, but the total number also includes employees from Trustco Bank Namibia, the properties division, shared services, Trustco Insurance and IOL. The employees that were affected by the restructuring were treated in accordance with the applicable labour legislation and directives and more beneficial terms than required by basic conditions of employment were negotiated, agreed to and executed.

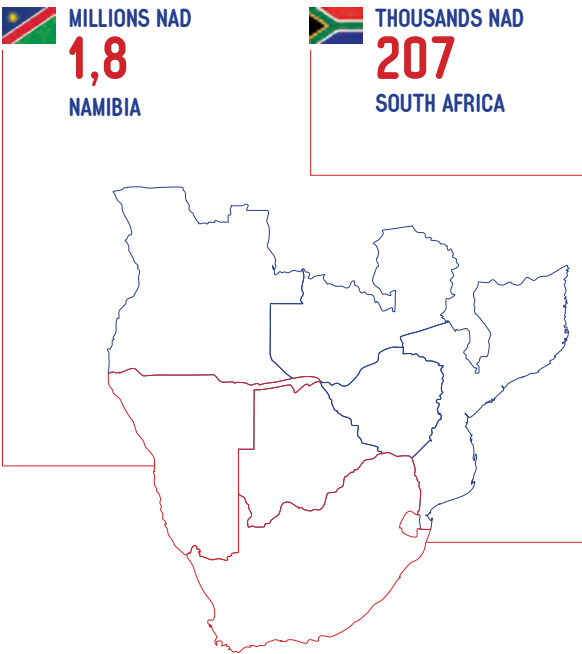
TRAINING AND DEVELOPMENT

The internal culture of the group enforces a strong emphasis on leadership, skills development and training. Ongoing and targeted training needs analysis and performance management measures are in place and maintained to ensure and manage sustainable performance of staff. Training needs of employees are identified in consultation with the human resources department and management. All employees can explore skills and career development opportunities through the established performance management process.

In-house training offered to new employees includes the opportunity to unlimited consultation, training, mentoring and advice with any of the senior employees of the group to ensure that the employee will be able to perform at an optimal standard.

In both Namibia and South Africa training levies are paid to the respective government institutions based on a percentage of payroll cost. These levies are designed to subsidise and provide skills training and to expand knowledge and competencies to provide a more skilled and productive workforce in each respective country.

TRAINING LEVIES PAID



As an employer of choice, the company strives to develop its employees to be well trained, mentored and continuously upskilled. To achieve this objective, the group offers comprehensive services, internal training, mentoring and development on a continuous basis to all current and new employees commencing their employment at the group.

The group is also committed to ensuring that a sound balance remains between experience, which is crucial to the operations of the group, and opportunities for younger employees. The company takes into consideration that the average life expectancy of individuals is increasing locally and globally and the policy of the group is that the compulsory retirement age for all employees is 60 years, but may be extended beyond the age of 60 up to a maximum age of 70 years.

LEADERSHIP DEVELOPMENT AND SUCCESSION PLANNING

The group recognises the important role that leaders and growing high potential employees will play in future leadership roles in the group. The development of these leaders is and will remain a key focus. The Trustco Top 6 support group, Top40 and junior board mentorship programmes are focused on identifying and developing the future leaders of the group.

TOP 6 SUPPORT GROUP

The Top 6 support executives are employees displaying high potential who are carefully selected and offered special guidance, mentorship and support by the Top 6. These support executives are earmarked to join the Top 6 and provide essential support and advice as well as enhance the skills pool of the Top 6.

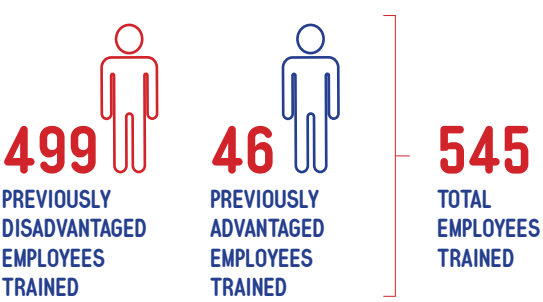
TRUSTCO Top40

The Trustco Top40 initiative was implemented in 2015 and maintained in the subsequent reporting periods and provides a platform within the group to retain and foster talent development. The aim of the initiative is to identify and reward employees that rise to and exceed the set high performance expectations of the group. The group aspires to motivate employees to grow, excel and be driven to perform at all times. The main objectives of the policy in appointing the Trustco Top40 is to give recognition to key employees on any level regardless of position, as well as to motivate and inspire all employees to attain the same level of performance. The Top40 is announced after an extensive review, nomination and election process by all employees in the group. The Trustco Top40 members are authentic brand ambassadors and true Trustconians that understand, represent and drive the culture of the group.

TOTAL EMPLOYEES TRAINED  
GENERAL TRAINING



AML TRAINING



JUNIOR BOARD MENTORSHIP PROGRAMME

The group implemented a junior board mentorship programme during the previous reporting period to empower young individuals with potential. The mentorship programme was initiated to educate and empower young successful Namibian individuals who showed strong leadership qualities, who have impressive *curriculum vitae et al*, but who lack essential boardroom experience. The scope of the programme was subsequently broadened to also include identified employees with the same potential within the group. The junior board members receive amongst others training, guidance and mentorship on all aspects of good corporate governance and ethical leadership.

The leadership and talent review processes and programmes of the group are continuously reviewed to evolve to more accurately identify high potential employees and potential successors for key positions. The importance of coaching and mentoring is also emphasised as an important capability in any leader and accordingly, managerial employees and senior executives are required to identify successors and transfer skills on an ongoing basis.

SUSTAINABILITY

The group will:

- maintain objectives set for talent development, succession planning and organisational development to ensure sustainable growth as well as to remain an employer of choice
- continue to identify opportunities to improve people management as well as optimise best practices to ensure employee productivity with optimum employee morale
- continue to focus on paying remuneration packages that are competitive to attract, motivate and retain top performers who deliver sustainable results
- strengthen its succession plan and broaden the diversity of its potential successors' list and
- continue to enhance HR systems and procedural effectiveness to leverage HR analytics to enhance employee productivity and engagement.

NON-EXECUTIVE DIRECTORS' FEES

Non-executive directors' fees are reviewed annually by the remco with the assistance of executive management and after review recommended to the board for endorsement. The fees are proposed at the AGM for shareholder approval. Market benchmarks are researched among companies of similar size and complexity and considered. In addition, non-executive directors are reimbursed for travel expenses on official business. Non-executive directors do not participate in the company's variable pay plans in order to maintain independence. The non-executive directors do not have employment agreements with the company as their appointments are made in terms of the company memorandum of incorporation and were confirmed initially at the first AGM of the group, following their appointment, and thereafter on rotation.

During the reporting period the non-executive directors of the Trustco board voluntarily resolved to forgo any increases and agreed to a 20% reduction of their fees as from 1 April 2020.

EXECUTIVE DIRECTORS' REMUNERATION

Executive directors and prescribed officers have permanent employment contracts with the group. The contracts prescribe notice periods in terms of applicable labour legislation and include restraint of trade clauses. Performance measures are in place and any awards or incentives are subject and conditional to stretch performance targets for the company. The conditions are measured over three-year or five-year periods and commensurate with the financial years of the group. Base salary adjustments are done annually based on inflation and linked to individual performance. Senior executives and directors' performance conditions and awards are reviewed by the group remco and recommended to the board for ratification.

The annual salary increases of all executive directors were suspended with effect 1 April 2020 until further notice.

ALLOCATION OF ONCE-OFF RESTRICTED SHARES

The executive directors and senior executives are regarded as key employees to ensure that the group delivers sustainable returns for shareholders. These executives hold pivotal roles in the group structure and the group considered it important to retain these crucial individuals for the continuity and delivery of long-term strategy. During the reporting period Trustco shares were awarded to retain the key and critical talent of Top 6 executives to the value of NAD 3 million each and Trustco shares to the value of NAD 2.4 million were awarded to each of the members of the Top 6 support group. These executives are not incentivised by and do not participate in the Performance and Incentive Retention Scheme of the group. The shares are restricted and vesting is conditional on the achievement of stringent and agreed performance targets over a five-year period. The proposal for shares allocation was submitted to the remco for review in November 2018 and was ratified as such. The vesting of these shares is subject to:

- meeting key performance measures and targets
- malus/clawback provisions and
- remaining in the employment of the group.

GROUP MD AND DEPUTY CEO

Dr Q van Rooyen, the group CEO and MD, is remunerated in terms of a management agreement between Trustco and Next Capital Ltd (Next), of which Dr van Rooyen is the sole shareholder. Mr QZ van Rooyen, the deputy CEO of the group, is also remunerated by Next. In terms of the management agreement, a management fee is paid quarterly to Next 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.
- if targets are not met, the management fee is halved, whilst, if growth exceeds inflation by more than 5%, the management fee is doubled. Inflation in Namibia for the financial period ending 30 September 2020 was recorded at 2.8%.
- 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 30 September 2020, the value of surety pledged was NAD 584 million (2019: NAD 1 738.4 million).

The five year management agreement expires on 31 March 2021 and will be renegotiated during the next reporting period.

For more information refer to note 26 and note 34 of the financial statements.

REMUNERATION REPORT CONTINUED

BOARD REMUNERATION

The tables below present the detail of the remuneration and fee structure of executive directors, non-executive directors and prescribed officers in 2019 and 2020.

BOARD REMUNERATION 2019  
FOR THE 12 MONTH PERIOD (TO 31 MARCH 2019)  
(NAD)

	FEES	BASIC	BONUS	SHARES	BENEFITS	TOTAL
HOLDING COMPANY DIRECTORS						
NON-EXECUTIVE DIRECTORS						
W GEYSER	338 786	-	-	-	-	338 786
R HEATHCOTE	637 177	-	-	-	-	637 177
J MAHLANGU	RESIGNED 20 APRIL 2018	15 028	-	-	-	15 028
R TALJAARD		376 031	-	-	-	376 031
K VAN NIEKERK	APPOINTED 26 APRIL 2018	325 170	-	-	-	325 170
L WELDON	APPOINTED 26 APRIL 2018	285 668	-	-	-	285 668
TOTAL	1 977 860	-	-	-	-	1 977 860
EXECUTIVE DIRECTORS						
FJ ABRAHAMS	-	2 230 140	-	-	116 185	2 346 325
Q VAN ROOYEN *	-	-	-	-	-	-
OZ VAN ROOYEN *	-	-	-	-	-	-
TOTAL	-	2 230 140	-	-	116 185	2 346 325
SUBSIDIARY COMPANY DIRECTORS						
NON-EXECUTIVE DIRECTORS						
R CHETWODE	APPOINTED 22 JUNE 2018	315 498	-	-	-	315 498
W GEYSER		1 635 830	-	-	-	1 635 830
T NEWTON		473 739	-	-	-	473 739
S SIMILO		157 601	-	-	-	157 601
R TALJAARD		823 294	-	-	-	823 294
NJ TSHITAYI	RESIGNED 11 MAY 2018	21 584	-	-	-	21 584
J VAN DEN HEEVER		326 672	-	-	-	326 672
K VAN NIEKERK	APPOINTED 26 APRIL 2018	448 356	-	-	-	448 356
L WELDON	APPOINTED 26 APRIL 2018	479 685	-	-	-	479 685
TOTAL	4 682 258	-	-	-	-	4 682 258
EXECUTIVE DIRECTORS						
A BRAND	-	901 936	-	40 000	207 741	1 149 677
I CALITZ	-	897 168	-	40 000	171 167	1 108 335
K FICK	RESIGNED 31 MARCH 2019	1 424 466	-	-	122 001	1 546 467
J JACOBS		3 328 444	-	-	212 611	3 541 056
J JOUBERT	2 700 000	-	-	-	-	2 700 000
E JANSE VAN RENSBURG	-	1 645 284	-	-	102 735	1 748 019
A LAMBERT	-	872 266	-	40 000	53 754	966 020
T SLABBERT	-	1 438 272	-	-	40 812	1 479 084
TOTAL	2 700 000	10 507 836	-	120 000	910 821	14 238 657
GRAND TOTAL	9 360 119	12 737 976	-	120 000	1 027 007	23 245 101

\* Dr Q van Rooyen is remunerated in terms of a management agreement between Trustco and Next, of which Dr Q van Rooyen, is the sole shareholder. Mr QZ van Rooyen, the deputy CEO, is also remunerated by Next.

BOARD REMUNERATION 2020  
FOR THE 18 MONTH PERIOD (TO 30 SEPTEMBER 2020)  
(NAD)

	FEES	BASIC	BONUS	SHARES	BENEFITS	TOTAL
HOLDING COMPANY DIRECTORS						
NON-EXECUTIVE DIRECTORS						
R HEATHCOTE	895 114	-	-	-	-	895 114
R TALJAARD	500 146	-	-	-	-	500 146
W GEYSER	448 780	-	-	-	-	448 780
K VAN NIEKERK	RESIGNED 25 MARCH 2020	403 694	-	-	-	403 694
L WELDON	RESIGNED 25 MARCH 2020	302 560	-	-	-	302 560
TOTAL	2 550 294	-	-	-	-	2 550 294
EXECUTIVE DIRECTORS						
Q VAN ROOYEN *	-	-	-	-	-	-
FJ ABRAHAMS	-	3 609 800	-	-	192 762	3 802 562
Q Z VAN ROOYEN *	-	-	-	-	-	-
TOTAL	-	3 609 800	-	-	192 762	3 802 562
SUBSIDIARY COMPANY DIRECTORS						
NON-EXECUTIVE DIRECTORS						
B SIMILO	221 010	-	-	-	-	221 010
J VAN DEN HEEVER	540 895	-	-	-	-	540 895
K VAN NIEKERK	RESIGNED 25 MARCH 2020	500 389	-	-	-	500 389
L WELDON	RESIGNED 25 MARCH 2020	626 980	-	-	-	626 980
R CHETWODE	548 006	-	-	-	-	548 006
R TALJAARD	1 377 725	-	-	-	-	1 377 725
T NEWTON	651 935	-	-	-	-	651 935
W GEYSER	2 245 945	-	-	-	-	2 245 945
TOTAL	6 712 885	-	-	-	-	6 712 885
EXECUTIVE DIRECTORS						
A BRAND	-	1 498 209	-	-	240 743	1 738 952
A LAMBERT	-	1 415 513	-	-	84 008	1 499 521
E JANSE VAN RENSBURG	-	2 690 028	-	-	158 709	2 848 737
I CALITZ	-	1 521 051	-	-	291 376	1 812 427
IS KAMARA		4 684 806	-	-	-	4 684 806
J JACOBS	RESIGNED 30 APRIL 2020	-	3 733 606	-	220 532	3 954 138
J JOUBERT	5 400 000	-	-	-	-	5 400 000
M ERASMUS	APPOINTED 20 MARCH 2020	-	1 012 953	-	67 547	1 080 500
T SLABBERT	-	2 286 374	-	-	65 281	2 351 655
TOTAL	5 400 000	18 842 540	-	-	1 128 196	25 370 736
GRAND TOTAL	14 663 179	22 452 340	-	-	1 320 958	38 436 477

\* Dr Q van Rooyen is remunerated in terms of a management agreement between Trustco and Next, of which Dr Q van Rooyen, is the sole shareholder. Mr QZ van Rooyen, the deputy CEO, is also remunerated by Next.



## FINANCIAL PERFORMANCE

CONSOLIDATED AUDITED FINANCIAL STATEMENTS  
FOR THE 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020

THE REPORTS AND STATEMENTS SET OUT BELOW COMPRISE  
THE FINANCIAL STATEMENTS PRESENTED TO THE SHAREHOLDERS

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CHAPTER

04

## GROUP FINANCIAL DIRECTOR'S REPORT



  
**FLOORS ABRAHAMS**  
EXECUTIVE DIRECTOR AND  
GROUP FINANCIAL DIRECTOR



### PERFORMANCE OVERVIEW

With Namibia still experiencing a recessionary environment, the global macroeconomic deterioration experienced in the wake of the COVID-19 pandemic resulted in adverse effects not only for Namibia, but for Trustco as well. Revenue for the group decreased from NAD1 450 million to NAD 618 million, down by 57% and 72% on a normalised basis of twelve months. When taking into account that in the prior year, a once off transfer of inventory to investment property of NAD 984 million occurred, revenue increased by 33% over the eighteen month period and on a normalised basis of twelve months the decrease to NAD 412 million was down by only 12%.

Profit attributable to the owners of the parent similarly decreased by 148% to a loss of NAD 266 million from a profit of NAD 559 million in the previous year, or down 132% if normalised. A significant portion of this loss, NAD 279 million, was due to property revaluations as a result of above-mentioned adverse market conditions, as well as an increase in IFRS 9 provisioning of NAD 492 million resulting from adjustment of loss assumptions due to the pandemic and its associated economic effects. Headline earnings per share of 64,21 cents in the previous year thus decreased to a loss of 19,06 cents per share in the current period.

During March 2020, the group's auditors, Moore Johannesburg, resigned. Subsequently, on 6 July 2020, Nexia SAB&T were appointed as the group's JSE accredited external auditors and for its South African operations. The group also changed its financial year-end to September, allowing it to align the release of its full year results with that of the group's capital and funding base in the northern hemisphere.

The group furthermore restructured its debt with its international funders, with interest payments, capital holidays as well as term extensions up to seven years being negotiated. In addition, it also negotiated a term loan facility of USD 20 million with one of its international funders to provide student financing and debt relief to students during the pandemic.

### SEGMENT OVERVIEW FINANCIAL SERVICES INSURANCE AND ITS INVESTMENTS

Cash collections from the core insurance businesses has declined slightly but cash from the property businesses has increased slightly despite the harsh economic environment.

Revenue from insurance premiums for the eighteen month period was NAD 168 million, an increase of 30%, and on a normalised basis of twelve months, premiums were NAD 112 million, a decrease of only 13%, compared with NAD 129 million in the previous twelve month period. Insurance continued with the diversification of revenue streams, restructuring and expanding existing products.

Revenue from tuition fees in the distance learning business decreased from NAD 45 million in the prior year to NAD 42 million, a decrease of only 7% but a decrease of 38% on a normalised basis.

Property sales revenue increased from NAD 71 million to NAD 130 million, an increase of 83% and increased to NAD 87 million on a normalised period of twelve months which is an increase of 23%. While revenue in most businesses has decreased, the increase in property sales, mainly serviced erven, is very promising. This was experienced due to the overall reduction of the prime interest rate, increasing affordability primarily within the residential segment of the property market.

The shopping mall at Elisenheim Lifestyle Estate was completed during the period and has significantly enhanced the living environment of residents and added value to the overall development. This value is being demonstrated by the increased property sales.

### BANKING AND FINANCE

The banking and finance division revenue increased to NAD 276 million from NAD 152, an increase of 82%. Results of a loss after tax of NAD 462 million compared to a loss of NAD 52 million in the prior year, is mainly attributable to increases in credit impairment charges as mentioned above. The assets decreased from NAD1 537 billion to NAD1 130 mirroring the increase in the loss recorded.

# GROUP FINANCIAL DIRECTOR'S REPORT

The student financing arm of the division, Trustco Finance, has during the period under review secured funding of USD 20 million. This will allow the student loan book portfolio to increase, while at the same time providing loans to distance learning students.

While the constraints of COVID-19 have seen forecast default rates increase, Trustco Finance has applied concerted strategies to manage credit checks to ensure that the quality of the loan book is not compromised, thereby limiting the impact of the pandemic on the ECLs.

## RESOURCES

The resources segment reported after tax profits of NAD 1 154 million, compared to NAD 486 million in the previous year. With additional investment into the exploration, evaluation and mining assets of the segment, net assets increased to NAD 1.3 billion from NAD 1.1 billion in the prior financial period.

## MEYA MINING

Meya Mining is a world class Kimberlite deposit, situated in Sierra Leone. Meya Mining was granted a twenty five year mining licence on 26 July 2019 which will enable Meya to exploit the current estimated three million carats valued at approximately NAD 14 billion as determined by the internal preliminary exploration conducted and reported on by independent international mining experts.

Due to the decline in mine output internationally and with consumer spending on diamonds exceeding expectations in Q4 2020, the market entered 2021 undersupplied. As a result, diamond prices have recovered to pre-pandemic levels. However, the diamond market's underlying supply challenges are anticipated to worsen during the next financial period. The group's primary focus in this segment is to implement Meya Mining's underground mine plan in accordance with its 15 year mine design and schedule.

## DIVIDENDS

During the period under review, no dividend declaration for the financial period ended 30 September 2020 was made by the board.

## COVID-19 IMPACT

Since 31 March 2020, the spread of COVID-19 has severely affected many economies around the globe including 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, quarantining, 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 (three) months. The Central Bank of Namibia has reduced the repo rate by 275 basis points since emergence of the pandemic, which will affect negatively on the income of the banking and finance division in future. The forward looking impact of COVID-19 has been incorporated into the expected credit loss model and impairment assessments.

## PROACTIVE MONITORING PROCESS

During the financial period, the Johannesburg Stock Exchange Limited (JSE) selected Trustco as part of the JSE's proactive monitoring process wherein the JSE reviewed Trustco's audited results for the 12 months ended 31 March 2019 and its unaudited results for the six months ended 30 September 2019.

Following the conclusion of the proactive monitoring process, the JSE informed Trustco that a decision had been made that Trustco's 2019 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 44 of the 2020 results.

Concerning matters 1 and 3, Trustco has objected to and appealed the JSE finding of incorrectness and its decision

to direct Trustco to apply a particular accounting method. The appeal was lodged in terms of Section 230 of the Financial Sector Regulation Act, 2017. 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 30 September 2020 as issued by Trustco's independent auditors.

The matters in question were 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 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.

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 the 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 and
- Group board review of annual financial statements as well as the reviews and the audit report obtained 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.

## DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act of Namibia and South Africa to maintain adequate accounting records and are responsible for the content and integrity of the consolidated financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated financial statements fairly present the state of affairs of the group 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 financial statements.

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and Interpretations as issued by the IFRS Interpretations Committee (IFRIC), and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the Listings Requirements (LR) of JSE Limited (JSE) and Namibia Stock Exchange (NSX) 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 financial statements incorporate full and responsible disclosure in line with the group's philosophy on corporate governance.

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 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 30 September 2021 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 financial statements. The group's external auditors have examined the consolidated financial statements, and their report is presented on pages 80 to 85.

The consolidated financial statements set out on pages 90 to 169, which have been prepared on the going concern basis, were approved by the board and were signed on their behalf by.



**ADV R HEATHCOTE SC**  
CHAIRMAN OF THE BOARD  
WINDHOEK  
26 FEBRUARY 2021



**DR Q VAN ROOYEN**  
GROUP MANAGING DIRECTOR AND CEO  
WINDHOEK  
26 FEBRUARY 2021

## AUDIT AND RISK COMMITTEE'S CERTIFICATION

In fulfilling their duties and responsibilities as required, the audit and risk committee performed and fulfilled the following responsibilities and duties during the reporting period:

- Ensured the operation of appropriate financial reporting procedures
- Consideration of significant accounting matters
- Transaction analysis with senior financial management
- Interpretation and interrogation of IFRS in relation to complex non-routine transactions
- Consultation with subject matter experts
- Obtained advice from JSE accredited IFRS consultants
- Interrogation of assumptions and principles used in fair value determinations
- Review of financial statements and integrated annual report
- Appointment of independent external JSE accredited auditors
- Determination of fees of external auditors
- Oversight of the internal audit function
- Assessment of going concern and
- Considered the JSE proactive monitoring reports.



**WINTON GEYSERS**  
CHAIRMAN OF THE AUDIT AND RISK COMMITTEE  
AND INDEPENDENT NON-EXECUTIVE DIRECTOR



**KOMADA HOLDINGS (PTY) LTD**  
COMPANY SECRETARY

### CHIEF EXECUTIVE OFFICER AND FINANCIAL DIRECTOR'S RESPONSIBILITY STATEMENT

The directors, whose names are stated in this report, hereby confirm that:

- The annual financial statements, set out on pages 90 to 169, fairly present in all material respects the financial position, financial performance and cash flows of the company in terms of IFRS
- No facts have been omitted or untrue statements made that would make the annual financial statements false or misleading
- Internal financial controls have been put in place to ensure that material information relating to the company and its consolidated subsidiaries have been provided to effectively prepare the annual financial statements of the group



**DR QUINTON VAN ROOYEN**  
GROUP MANAGING DIRECTOR  
AND CEO  
WINDHOEK  
26 FEBRUARY 2021

Declaration by the company secretary.

Komada Holdings (Pty) Ltd, being the company secretary of Trustco Group Holdings Ltd, certify that the company has, for the period under review, lodged all returns of a public company with the Business and Intellectual Authority of Namibia and that all such returns are, to the best of our knowledge and belief, true, correct and up to date.

- The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King IV Report and
- Where we are not satisfied, we have disclosed to the audit and risk committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action. No disclosure or remedial action was required.



**FLOORS ABRAHAMS**  
EXECUTIVE DIRECTOR AND  
GROUP FINANCIAL DIRECTOR  
WINDHOEK  
26 FEBRUARY 2021



INDEPENDENT AUDITOR'S REPORT

To the shareholders of Trustco Group Holdings Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of Trustco Group Holdings Limited and its subsidiaries (the group) set out on pages 90 to 169, which comprise the consolidated statement of financial position as at 30 September 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the group as at 30 September 2020, and its consolidated financial performance and consolidated cash flows for the period 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 Consolidated 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.

EMPHASIS OF MATTER

JSE LIMITED PROACTIVE MONITORING PROCESS

We draw attention to note 45 of the consolidated financial statements, which describes the conditions associated with the proactive monitoring and the instruction received by the JSE Limited to restate the annual financial statements for the period ended 31 March 2019, as well as management's steps taken with regard to the instruction.

HELIOS ORYX LIMITED LITIGATION

We draw attention to note 39 of the consolidated financial statements, which describes the ongoing litigation with Helios Oryx Limited relating to the facility agreement entered into between the parties amounting to NAD 349 million as at 30 September 2020, as well as the security provided against the facility.

Our opinion is not modified in respect of these matters.

KEY AUDIT MATTERS

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

KEY AUDIT MATTER

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

CREDIT LOSS ALLOWANCE OF TRADE RECEIVABLES AND ADVANCES

As at 30 September 2020, the group recognised trade and other receivables carried at amortised cost amounting to NAD 276 million (2019: NAD 332 million) and advances carried at amortised cost amounting to NAD 922 million (2019: NAD 1.39 billion).

Expected credit losses determined in accordance with IFRS 9 - Financial Instruments have been calculated as NAD 24 million for trade and other receivables in respect trade and other receivables and NAD 853 million for advances.

The application of IFRS 9's requirements related to credit loss allowances is considered to be a key audit matter due to the significant degree of judgement required in assessing the impairment of financial instruments.

- Our audit 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 management
  - we evaluated the source of data used by the management expert in their assessment to ensure there is no data discrepancies between the financial systems and accounting systems
  - we assessed the competency, capabilities, objectivity, experience and professional certification of the management's expert that performed assessments
  - we assessed the appropriateness of the valuation method/model, inputs and assumptions used by management in determining expected credit losses including assessing whether the inputs incorporate prior information, current information and forward-looking information and to ascertain whether the method/model and assumptions used are comparable with industry benchmarks and incorporated a further risk premium for the impact of COVID-19 a part of the testing
  - we 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 and followed up on any material differences identified and
  - we assessed whether disclosures made in the consolidated financial statements relating to the credit loss allowance of the trade receivables and advanced met the requirements of IFRS 9 - Financial Instruments.

INDEPENDENT AUDITOR'S REPORT CONTINUED

FAIR VALUE ADJUSTMENT ON INVESTMENT PROPERTY

<p>As at 30 September 2020, the group recognised investment property carried at fair value of NAD 1.78 billion (2019: NAD 2.4 billion).</p> <p>Investment property makes up a significant portion of the total assets of the group. Furthermore, the fair value adjustment on the investment property included in investment and other income, is significant.</p> <p>The valuations of the properties are based on a combination of both observable and un-observable inputs as disclosed in note 9. These judgments and assumptions significantly impact the valuations as can be seen by the sensitivity analysis disclosures in note 9.</p> <p>Valuation of investment property was considered a matter of most significance in our audit due to the amount of judgments applied and assumptions made by management with the valuation of investment property.</p>	<p>Our procedures included amongst others:</p> <ul style="list-style-type: none"><li>• we have tested the assumptions and data used by management or their 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</li><li>• we evaluated the competence, capabilities, objectivity and independence of the management or their expert</li><li>• we evaluated the appropriateness of the valuation methods used, based on the type and use of the properties</li><li>• we have also established through discussions with management and their experts that the valuations complied with the requirements of IFRS 13 Fair Value Measurement</li><li>• we critically assessed the measurement basis and disclosures for the valuation in accordance with International Financial Reporting Standards and</li><li>• we used an independent auditors' expert valuator to critically assess the management expert's key assumptions used on valuations of investment properties, which resulted in significant current period fair value adjustments.</li></ul>
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WAIVER OF DEBT IN THE AMOUNT OF NAD 1 BILLION

<p>Included within investment and other income is an amount of NAD 1 billion (2019: NAD 545 million), which contributes significantly to the earnings of the group, resulting from a loan waiver given by one of the group's lenders.</p> <p>With effect from 30 September 2019, Next Capital Limited, an associate of a major shareholder of the group, informed Trustco Resources (Pty) Ltd, a subsidiary of Trustco Group Holdings Limited of its intention to write-off the entire capital amount of NAD 1 billion, following which Trustco Resources (Pty) Ltd waived the thirty days' notice period and accepted the loan waiver.</p> <p>The loan was classified as a financial liability immediately prior to the waiver thereof.</p> <p>Due to the significant value the loan waiver, this was considered to be a matter of most significance for the current financial period.</p>	<p>Our procedures included amongst others:</p> <ul style="list-style-type: none"><li>• we reviewed the contractual agreement and confirmed the legal structure of the liability met the definition of a financial liability and confirming an obligation existed at inception</li><li>• we ensured the loan was correctly classified as a liability prior to the waiver thereof</li><li>• we ensured that the loan waiver complied with relevant contractual and legal requirements</li><li>• we ensured the loan waiver was in terms of the resolutions duly signed by the relevant parties</li><li>• we obtained management's expert's opinion on how this transaction should be accounted for, and we analysed if the treatment of the transaction was done in accordance with International Financial Reporting Standards 9: Financial Instruments and</li><li>• we consulted an auditor's expert on how this transaction should be accounted for and verified treatment thereof in accordance with International Financial Reporting Standards.</li></ul>
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IMPAIRMENT OF GOODWILL, EVALUATION AND EXPLORATION ASSETS AND MINING PROPERTIES

<p>The group recognised goodwill, evaluation and exploration assets and mining properties in the amount of NAD 258 million (2019: NAD 258 million), NAD 474 million (2019: NAD 530 million) and NAD 608 million, respectively, related to its Mining Operations – Meya Mining Limited.</p> <p>The directors are required to perform an annual impairment test on the recoverability of goodwill, evaluation and exploration assets and mining properties. The directors performed their assessment using discounted cash flow models to determine the value in use for each appropriate cash generating unit.</p> <p>There are a number of key sensitive judgements made in determining the inputs into these models which include: resource estimations; revenue growth; operating margins; discount rates applied to the projected cash flows; and the impact of COVID-19 on the assessment.</p> <p>The impairment test of goodwill, evaluation and exploration assets and mining properties is considered to be a key audit matter due to the judgements involved in determining the recoverable amount of the cash generating unit.</p>	<p>We evaluated the key assumptions made by the directors in assessing the goodwill, evaluation and exploration assets and mining properties for impairment.</p> <p>Some of our procedures included:</p> <ul style="list-style-type: none"><li>• evaluating the determination of the cash generating units</li><li>• analysing the future projected cash flows used in the models to determine whether they are reasonable and supportable given the current economic climate and expected future performance of the cash generating unit to which the goodwill, evaluation and exploration assets and mining properties relates</li><li>• calculating a discount rate for each cash generating unit using our independently sourced data and incorporated a further risk premium for the impact of COVID-19 as part of our testing</li><li>• comparing the projected cash flows, including the assumptions relating to revenue growth rates and operating margins, against historical performance to test the reasonableness of the directors' projections, as well as testing the underlying calculations and</li><li>• evaluating the inputs used by the directors in determining the discount rate against independent sources.</li></ul>
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GOING CONCERN

<p>Refer to note 38 of the financial statements for selected disclosures applicable to this matter.</p> <p>Subsequent to year end, the group concluded formal restructuring agreements with a number of its key lenders.</p> <p>Under these agreements, interest for the debt of the lenders is required to be serviced on an ongoing basis, whilst capital repayments were rescheduled for repayment over an extended period of time.</p> <p>A high degree of estimation is required over a variety of uncertain future outcomes, including the estimation of projected future cash flows in order to comply with the restructured debt agreements.</p> <p>Due to the significant estimation uncertainty involved in the determination of the projected future cash flows supporting the going concern of the group, this was considered a key audit matter.</p>	<p>We performed the following procedures during our audit:</p> <ul style="list-style-type: none"><li>• we reviewed and critically analysed assessment made by management on going concern, judgements applied and liquidity of the Group</li><li>• we performed a sensitivity analysis on management's "base case cash flow projections", including applying potential downside scenarios;</li><li>• we confirmed projected funding advances that were requested have been received as projected</li><li>• we reviewed significant areas of litigation against the group to determine the possible impact thereof on the Group's going concern assumptions</li><li>• we obtained written representation from management and, where appropriate, from those charged with governance, regarding their plan for future actions and</li><li>• we considered the adequacy of disclosure provided on the going concern assumption.</li></ul>
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## OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Trustco Group Holdings Limited – Consolidated Audited Financial Statements for the 18 month period ended 30 September 2020" which includes the Directors' Report, the Audit Committee's Report, Directors Certification and the Company Secretary's Certificate as required by the Companies Act of South Africa and JSE Limited Listing Requirements, which we obtained prior to the date of this report, and the document titled "Trustco Group Integrated Annual Report and Audited Financial Statements for the 18 month period ended 30 September 2020", which is expected to be made available to us after the date of this report. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 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 FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated 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 directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 directors 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 FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated 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 financial statements.

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

- identify and assess the risks of material misstatement of the consolidated 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 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 director's

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 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 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 to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Nexia SAB&T has been the auditor of Trustco Group Holdings Limited for 1 year.

## NEXIA SAB&T

DIRECTOR: J ENGELBRECHT  
REGISTERED AUDITOR  
26 FEBRUARY 2021  
119 WITCH-HAZEL AVENUE,  
HIGHVELD TECHNOPARK,  
CENTURION

# DIRECTORS' REPORT

The directors have the pleasure of submitting their report on the consolidated financial statements of Trustco Group Holdings Ltd (Trustco) for the period ended 30 September 2020.

## 1. FINANCIAL RESULTS

The financial results of the group for the reporting period are reflected in the consolidated financial statements set out on pages 90 to 169.

Net (loss)/profit after tax for the group for the 18 months ended 30 September 2020 was NAD (343) million (12 months ended 31 March 2019: NAD 663 million).

## 2. SHAREHOLDERS' VALUE

Based on the results, shareholders value for 2020 is NAD 2.7 billion (31 March 2019: NAD 3.0 billion). The directors are confident that this value will show growth for the foreseeable future and beyond.

## 3. DIVIDENDS

No dividends were declared by Trustco during the reporting period, nor were any dividends declared during the previous 12 months ended 31 March 2019. The directors will reassess the dividend declaration at the time of the half year 2021 results publication. The cash reserves of the group will be applied to the capitalisation of the group.

## 4. BORROWINGS

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

## 5. DIRECTORATE AND APPRECIATION

The group 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 period 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 SC and
- Q Z van Rooyen (alternate to Dr Q van Rooyen).

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

## 6. AUDITORS

Nexia SAB&T has been appointed in office as auditors for the group for 2020.

## 7. SECRETARY

The company secretary is Komada Holdings (Pty) Ltd.

## 8. SHARE CAPITAL

Refer to note 18 of the consolidated annual financial statements for detail of the movement in authorised and issued share capital.

## 9. 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 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 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 group.

## 10. REMUNERATION OF GROUP MANAGING DIRECTOR

Next Capital Ltd (Next) has a management agreement 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 CEO 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 2.43% for the period to 30 September 2020.

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. Management and surety fees were NAD 54.7 million (12 months ended 31 March 2019: NAD 79.1 million). Refer to notes 26 and 34 for more information.

## 11. SPECIAL RESOLUTION

There was no special resolution passed during the period.

## 12. DIRECTORS INTEREST IN SHARES

Details of beneficial direct and indirect interest of directors in the shares of the company are set out below:

### DIRECTORS' INTEREST (AS AT 31 MARCH 2019)

NAME	TOTAL SHAREHOLDING	TOTAL SHAREHOLDING %
ABRAHAMS, FLOORS JACOBUS	1 340 407	0.14
BRAND, ANNETTE*	53 106	0.01
CALITZ, ILANA*	161 792	0.02
GEYSER, WINTON JOHN	108 898	0.01
HEATHCOTE, RAYMOND	1 354 802	0.15
JANSE VAN RENSBURG, ELMARIE*	740 000	0.08
JOUBERT, JAN SEBASTIAN CILLIERS*	785 972	0.08
JACOBS, JOACHIM JOHANNES*	158 747	0.02
LAMBERT, ADRIANA*	215 016	0.02
SLABBERT, THOMAS JOHAN*	406 301	0.04
TALJAARD, RENIER JACOBUS	34 617	0.00
VAN ROOYEN, QUINTON	477 616 726	51.37
WELDON, LANA (INDIRECT)	25 400	0.00
<b>GRAND TOTAL</b>	<b>483 001 784</b>	<b>51.94</b>

Total issued shares as at 31 March 2019 – 974 265 619

Treasury shares as at 31 March 2019 – 44 586 350

Shares calculated net of treasury shares as at 31 March 2019 – 929 679 269

\* Executive directors of subsidiary companies

### DIRECTORS' INTEREST (AS AT 30 SEPTEMBER 2020)

NAME	DIRECT SHAREHOLDING	INDIRECT SHAREHOLDING	TOTAL SHAREHOLDING	TOTAL SHAREHOLDING %
ABRAHAMS, FLOORS JACOBUS	2 451 518	-	2 451 518	0.16
BRAND, ANNETTE*	60 476	-	60 476	0.00
CALITZ, ILANA*	165 202	-	165 202	0.01
ERASMUS, MARCO*	1 225 926	-	1 225 926	0.08
GEYSER, WINTON JOHN	116 088	-	116 088	0.01
HEATHCOTE, RAYMOND	1 354 802	-	1 354 802	0.09
JANSE VAN RENSBURG, ELMARIE*	1 851 111	-	1 851 111	0.12
JOUBERT, JAN SEBASTIAN CILLIERS*	1 915 602	-	1 915 602	0.12
KAMARA, IBRAHIM SORIE*	-	85 416 666	85 416 666	5.44
LAMBERT, ADRIANA*	194 873	-	194 873	0.01
SLABBERT, THOMAS JOHAN (RESIGNED)*	396 301	-	396 301	0.03
TALJAARD, RENIER JACOBUS	37 501	-	37 501	0.00
VAN DEN HEEVER, JANENE	7 085	-	7 085	0.00
VAN ROOYEN, QUINTON	307 137 454	696 862 606	1 004 000 060	63.94
WELDON, LANA (RESIGNED)	-	25 400	25 400	0.00
<b>GRAND TOTAL</b>	<b>316 913 939</b>	<b>782 304 672</b>	<b>1 099 218 611</b>	<b>70.00</b>

Total issued shares at 30 Sep 2020 – 1 616 038 581

Treasury shares issued shares at 30 Sep 2020 – 45 800 647

Shares calculated net of treasury shares at 30 Sep 2020 – 1 570 237 934

\* Executive directors of subsidiary companies



## 13. DEEMED TREASURY SHARES

As of the reporting date, the market value of treasury shares was NAD 144 million (31 March 2019: NAD 467 million).

## 14. EVENTS AFTER THE REPORTING DATE

### REVERSE ACQUISITION OF CONDUIT CAPITAL

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

- The Legal Shield Holdings group of companies (LSH) has a strong balance sheet, with highly profitable businesses when funded, but is limited by the scale of opportunities in the local market.
- Conduit Capital, the owner of Constantia Insurance, has a large and high-quality insurance book (with combined loss ratios of around 50%) but challenges concerning 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 the 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.

### HELIOS ORYX LIMITED VS TRUSTCO GROUP HOLDINGS LTD

Helios Oryx Limited issued a summons in the High Court of Justice (Business and Property Courts of England and Wales Commercial Court). The summons relates to a facility agreement entered into between the parties.

The action is being defended by Trustco Group Holdings Ltd (TGH). Helios declared all amounts outstanding under the facility agreement and demanded payment totalling USD 19.6 million. On 20 January 2021, the High Court of Justice of England and Wales (Commercial Court) granted summary judgement in favour of Helios against Trustco in the sum of USD 21.4 million together with legal costs.

Trustco's total exposure in respect of the Helios claim (inclusive of capital, interest and costs) are 100% provided for in the AFS.

Trustco together with its legal advisors are implementing all legal remedies available to TGH, including appealing against the judgement. Helios also instituted an action in Windhoek Namibia, which is pending. The group has a substantive counter claim against Helios in excess of USD 59 million which it is pursuing and is in the process of being quantified. The matter is still pending.

## 15. PROACTIVE MONITORING PROCESS

The Johannesburg Stock Exchange Limited (JSE) selected Trustco as part of the JSE's proactive 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 proactive 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 effect certain restatements.

The three matters were:

1. Treatment of reclassification of inventory to investment property.
2. Recognition of revenue from the sale of un-serviced erven (real estate inventory).
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 44 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 the JSE finding of incorrectness and its decision to direct Trustco to apply a particular accounting as allowed for in terms of Section 230 of the Financial Sector Regulations Act, 2017. 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 to matters 1 and 3 and by the unmodified audit opinion for the period ended 30 September 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 were therefore 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. Taking all of the above into account Trustco's board of directors take responsibility for the accounting treatment of these matters. Trustco has taken advice on this matter from our IFRS advisors WConsulting and their report (Independent IFRS advisor's report) is to be found on [www.tgh.na/investors/results-centre/](http://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.

## 16. ACKNOWLEDGEMENTS

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

		30 SEPTEMBER 2020	31 MARCH 2019 RESTATED*	31 MARCH 2018 RESTATED*
FIGURES IN NAMIBIA DOLLAR THOUSAND	NOTES			
<b>ASSETS</b>				
CASH AND CASH EQUIVALENTS	2	144 020	172 791	68 942
ADVANCES	3	921 859	1 387 091	1 754 103
TRADE AND OTHER RECEIVABLES	4	276 070	331 543	391 198
CURRENT TAX RECEIVABLE		2 473	4 495	6 004
ASSETS HELD FOR SALE	5	343 636	-	-
AMOUNTS DUE BY RELATED PARTIES	6	-	-	528 194
INVENTORIES	7	129 917	119 577	403 482
PROPERTY, PLANT AND EQUIPMENT	8	392 644	670 256	591 515
INVESTMENT PROPERTY	9	1 780 167	2 399 618	1 476 818
INTANGIBLE ASSETS	10	419 110	452 521	462 452
EVALUATION AND EXPLORATION ASSETS	11	474 211	530 275	278 638
MINE PROPERTIES	12	607 699	164 875	-
DEFERRED TAX ASSETS	13	125 401	147 293	150 656
<b>TOTAL ASSETS</b>		<b>5 617 207</b>	<b>6 380 335</b>	<b>6 112 002</b>
<b>EQUITY AND LIABILITIES</b>				
<b>LIABILITIES</b>				
BORROWINGS	14	1 413 600	1 251 066	1 332 551
TRADE AND OTHER PAYABLES	15	645 004	386 260	430 279
CURRENT TAX PAYABLE		24 829	10 243	8 938
LIABILITIES OF ASSETS HELD FOR SALE	5	1 161	-	-
INSURANCE CONTRACT LIABILITIES	16	51 551	45 393	63 057
AMOUNTS DUE TO RELATED PARTIES	6	206 094	1 021 276	-
LEASE LIABILITIES	17	78 308	63 447	71 760
DEFERRED TAX LIABILITIES	13	41 783	66 637	216 248
<b>TOTAL LIABILITIES</b>		<b>2 462 330</b>	<b>2 844 322</b>	<b>2 122 833</b>
<b>CAPITAL AND RESERVES</b>				
SHARE CAPITAL	18	371 691	224 084	190 245
SHARE PREMIUM	18	3 094 401	921 719	267 400
DEEMED TREASURY SHARES	19	(228 680)	(197 959)	(200 804)
OTHER RESERVES	20	(3 275 208)	(869 002)	44 933
RETAINED INCOME		2 769 018	2 967 240	3 284 849
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT</b>		<b>2 731 222</b>	<b>3 046 082</b>	<b>3 586 623</b>
NON-CONTROLLING INTEREST	21	423 655	489 931	402 546
<b>TOTAL CAPITAL AND RESERVES</b>		<b>3 154 877</b>	<b>3 536 013</b>	<b>3 989 169</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5 617 207</b>	<b>6 380 335</b>	<b>6 112 002</b>

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

AND OTHER COMPREHENSIVE INCOME

		18 MONTHS ENDED 30 SEPTEMBER 2020	12 MONTHS ENDED 31 MARCH 2019 RESTATED
FIGURES IN NAMIBIA DOLLAR THOUSAND	NOTES		
REVENUE	23	617 652	1 449 718
COST OF SALES		(183 077)	(562 159)
<b>GROSS PROFIT</b>		<b>434 575</b>	<b>887 559</b>
INVESTMENT AND OTHER INCOME	27	984 882	554 792
OPERATING EXPENSES	25	(1 303 793)	(708 576)
INSURANCE BENEFITS AND CLAIMS	24	(42 921)	(16 784)
FINANCE COSTS	28	(378 185)	(202 144)
<b>(LOSS)/PROFIT BEFORE TAX</b>	<b>25</b>	<b>(305 442)</b>	<b>514 847</b>
INCOME TAX (EXPENSE)/BENEFIT	29	(37 800)	148 280
<b>(LOSS)/PROFIT FOR THE PERIOD</b>		<b>(343 242)</b>	<b>663 127</b>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME:</b>			
<b>ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS:</b>			
LOSSES ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT NETT OF TAXATION		-	(2 700)
<b>ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS:</b>			
EXCHANGE DIFFERENCES ON TRANSLATING FOREIGN OPERATION NETT OF TAXATION		(123 651)	11 837
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>		<b>(123 651)</b>	<b>9 137</b>
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>		<b>(466 893)</b>	<b>672 264</b>
<b>(LOSS)/PROFIT ATTRIBUTABLE TO:</b>			
OWNERS OF THE PARENT		(266 102)	558 705
NON-CONTROLLING INTEREST	21	(77 140)	104 422
		<b>(343 242)</b>	<b>663 127</b>
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO:</b>			
OWNERS OF THE PARENT		(386 577)	556 483
NON-CONTROLLING INTEREST	21	(80 316)	115 781
		<b>(466 893)</b>	<b>672 264</b>
<b>(LOSS)/EARNINGS PER SHARE</b>			
BASIC (LOSS)/EARNINGS PER SHARE (CENTS)	30	(19.95)	65.21
DILUTED (LOSS)/EARNINGS PER SHARE (CENTS)	30	(19.87)	37.49

\*Prior period results have been restated to reflect the effect of correct treatment of the recognition of the sale of unserviced land. Refer to note 44 for further information.

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 PRIOR PERIOD ERROR (NOTE 44)	190 245	267 400	44 933	(200 804)	3 426 491 (141 642)	3 728 265 (141 642)	437 956 (35 410)	4 166 221 (177 052)
<b>BALANCE AT 31 MARCH 2018 AS RESTATED</b>	<b>190 245</b>	<b>267 400</b>	<b>44 933</b>	<b>(200 804)</b>	<b>3 284 849</b>	<b>3 586 623</b>	<b>402 546</b>	<b>3 989 169</b>
PROFIT FOR THE PERIOD	-	-	-	-	558 705	558 705	104 422	663 127
OTHER COMPREHENSIVE (LOSS)/INCOME	-	-	(2 222)	-	-	(2 222)	11 359	9 137
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME</b>	<b>-</b>	<b>-</b>	<b>(2 222)</b>	<b>-</b>	<b>558 705</b>	<b>556 483</b>	<b>115 781</b>	<b>672 264</b>
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 (NOTE 22.1B)	-	-	-	-	(615 225)	(615 225)	(28 396)	(643 621)
<b>BALANCE AT 31 MARCH 2019</b>	<b>224 084</b>	<b>921 719</b>	<b>(869 002)</b>	<b>(197 959)</b>	<b>2 967 240</b>	<b>3 046 082</b>	<b>489 931</b>	<b>3 536 013</b>
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 43)	-	-	-	-	(191 169)	(191 169)	(47 792)	(238 961)
<b>BALANCE AT 1 APRIL 2019 AS RESTATED</b>	<b>224 084</b>	<b>921 719</b>	<b>(869 002)</b>	<b>(197 959)</b>	<b>2 967 240</b>	<b>3 046 082</b>	<b>489 931</b>	<b>3 536 013</b>
(LOSS)/PROFIT FOR THE PERIOD	-	-	-	-	(266 102)	(266 102)	(77 140)	(343 242)
OTHER COMPREHENSIVE (LOSS)/INCOME	-	-	(120 475)	-	-	(120 475)	(3 176)	(123 651)
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME</b>	<b>-</b>	<b>-</b>	<b>(120 475)</b>	<b>-</b>	<b>(266 102)</b>	<b>(386 577)</b>	<b>(80 316)</b>	<b>(466 893)</b>
ISSUE OF SHARES	-	-	-	-	-	-	-	-
• SETTLEMENT OF VENDOR SHARES (NOTE 18)	144 624	2 140 575	(2 285 199)	-	-	-	-	-
• ISSUE OF STAFF SCHEME BONUS SHARES (NOTE 18)	2 981	32 019	-	(26 540)	-	8 460	-	8 460
• ISSUE OF SHARES PER WARRANTY AGREEMENT (NOTE 18)	2	88	-	-	-	90	-	90
TRANSFER BETWEEN RESERVES	-	-	(532)	-	532	-	-	-
TRANSACTION WITH NON-CONTROLLING INTEREST (NOTE 22.1A)	-	-	-	-	67 348	67 348	14 040	81 388
TREASURY SHARES ACQUIRED	-	-	-	(4 181)	-	(4 181)	-	(4 181)
<b>BALANCE AT 30 SEPTEMBER 2020</b>	<b>371 691</b>	<b>3 094 401</b>	<b>(3 275 208)</b>	<b>(228 680)</b>	<b>2 769 018</b>	<b>2 731 222</b>	<b>423 655</b>	<b>3 154 877</b>
<b>NOTE</b>								

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CONSOLIDATED STATEMENT OF CASH FLOWS

FIGURES IN NAMIBIA DOLLAR THOUSAND

		18 MONTHS ENDED 30 SEPTEMBER 2020	12 MONTHS ENDED 31 MARCH 2019
	<b>NOTES</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
CASH GENERATED FROM/(USED IN) OPERATIONS	31	148 722	(6 035)
FINANCE INCOME		927	18 243
FINANCE COSTS		(118 786)	(202 144)
NET ADVANCES RECEIVED		7 575	58 577
REPAYMENTS OF BORROWINGS FOR ADVANCES		-	(18 337)
PROCEEDS FROM BORROWINGS FOR ADVANCES		136 240	-
TAX RECEIVED		562	546
<b>NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES</b>		<b>175 240</b>	<b>(149 150)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT	8	(10 814)	(86 184)
PROCEEDS FROM DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	8	74 388	6 753
ADDITIONS TO INVESTMENT PROPERTY	9	(3 349)	-
ADDITIONS TO INTANGIBLE ASSETS	10	(23 680)	(23 010)
PROCEEDS FROM DISPOSAL OF INTANGIBLE ASSETS	10	61	566
NET CASH OUTFLOW ON DISPOSAL OF AVIATION BUSINESS		(712)	-
ADDITIONS TO MINING PROPERTIES	12	(13 597)	(18 008)
ADDITIONS TO EVALUATION AND EXPLORATION ASSETS	11	(199 638)	(163 853)
COMMON CONTROL TRANSACTION NET OF CASH ACQUIRED		-	157
<b>NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES</b>		<b>(177 341)</b>	<b>(283 579)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
PROCEEDS FROM SHARE ISSUE		90	-
REPAYMENT OF BORROWINGS	33	(101 835)	(58 848)
REPAYMENT OF OTHER LIABILITIES	33	(29 603)	(17 360)
PROCEEDS FROM DISPOSAL OF TREASURY SHARES		-	8 271
ACQUISITION OF TREASURY SHARES		(4 181)	(1 961)
PROCEEDS FROM RELATED PARTIES BALANCES	33	49 271	606 476
REPAYMENT OF RELATED PARTIES BALANCES	33	(21 800)	-
TRANSACTION WITH NON-CONTROLLING INTEREST	22	81 388	-
<b>NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES</b>		<b>(26 670)</b>	<b>536 578</b>
NET CHANGE IN CASH AND CASH EQUIVALENTS		(28 771)	103 849
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	2	172 791	68 942
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>2</b>	<b>144 020</b>	<b>172 791</b>

# ACCOUNTING POLICIES

## FOR THE EIGHTEEN MONTH PERIOD ENDED 30 SEPTEMBER 2020

### SIGNIFICANT ACCOUNTING POLICIES

#### 1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and Interpretations as issued by the IFRS Interpretations Committee (IFRIC), and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the Listings Requirements of the JSE 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 financial statements have been prepared on the historical cost basis, except for the measurement of certain property, plant and equipment, contingent consideration payables and properties at fair value, and incorporate the principal accounting policies set out below. The accounting policies are consistent with those of financial statements for the previous period, with the exception of IFRS 16 which has been adopted with effect from 1 April 2019.

The consolidated financial statements are presented in Namibia Dollar, which is the groups functional and presentation currency, 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 about the carrying amounts of assets and liabilities that are not readily apparent from other sources, which may affect the amounts presented in the financial statements and the related disclosures thereto. Use of available information and the application of judgement is inherent in the formation of estimates. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Changes to the key estimates and judgements applied in the determination of the value of selected assets and liabilities could significantly affect the group's valuation evaluations and consequently its results.

The nature of the accounting estimates and judgements are detailed in the respective notes.

#### 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 included the following:

##### (A) FAIR VALUE DETERMINATION - LAND AND BUILDINGS, INVESTMENT PROPERTY AND AIRCRAFT

The group measures and recognises land and buildings, investment property and aircraft initially at cost and subsequently at fair value. The fair value estimate is determined using a combination of independent external valuations and directors' valuations on an annual basis:

- land and buildings - valued using the income capitalisation method
- completed developments – completed developments valued using the discounted cash flow of future rental income are adjusted by the value of the straight-lining lease debtor
- developments under construction – an adjustment to the present value of the difference between the estimated fair value of the investment property at completion and the total estimated development cost and
- aircraft - valued using the international recognised blue book for aircraft which is the accepted source for aircraft valuations worldwide.

The above adjustments are made to reflect the fair value at which the asset could be exchanged between market participants at the reporting date under current market conditions.

There is significant judgement involved in the determination of the fair value of land and buildings, investment property and aircraft. The significant unobservable inputs into the valuations of land and buildings and investment property are capitalisation rates, discount rates, inflationary increases in rental and cost, development cost and market rental assumptions. Refer to notes 8 and 9 for the details relating to the significant unobservable inputs.

##### (B) IMPAIRMENT OF FINANCIAL ASSETS

The impairment allowance for financial assets is based on assumptions about the 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 history, existing market conditions as well as forward-looking estimates at the reporting date. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets. Refer to notes 3, 4 and 37 for further information.

##### (C) IMPAIRMENT ASSESSMENT OF NON FINANCIAL ASSETS INCLUDING GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Management undertakes an annual impairment test for goodwill and intangible assets with an indefinite useful life. For assets with finite useful lives, impairment testing is performed if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying amounts of assets can be supported by the higher of their fair value less costs of disposal and value in use.

Value in use is calculated as the net present value of future cash flows derived from assets using cash flow projections which have been discounted at appropriate discount rates.

In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- growth in turnover of the cash generating unit given the impact of COVID-19
- increase/decrease in expenses allocated to each cash generating unit
- increase following from inflation and
- the selection of appropriate discount rates to reflect the risks involved.

Refer to note 10 for the details relating to the significant unobservable inputs.

##### (D) 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 for the details relating to the significant unobservable inputs.

##### (E) TAX

Judgement is required in determining the accrual for income taxes due to the complexity of the legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain. The group recognises 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 recognises the net future tax benefit related to deferred income tax assets to the extent that the temporary deductible differences will temporarily reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group 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 to realise the net deferred tax assets recognised at each reporting date could be impacted.

##### (F) EXPLORATION AND EVALUATION ASSETS

A Mineral Reserve estimate is an estimate of the amount of mineral that can be economically and legally extracted from the group's mining assets. In order to calculate the Mineral Reserve, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates.

Estimating the quantity and/or grade of the Mineral Reserve requires the size, shape and depth of orebodies to be determined by analysing geological data such as the logging and assaying of drill samples. This process may require complex and difficult geological judgements and calculations to interpret the data.

Because the economic assumptions used to estimate changes in the Mineral Reserve from period to period change, estimates of the Mineral Reserve may change from period to period. Changes in the reported Mineral Reserve may affect the group's financial results and financial position in a number of ways, including the following:

- asset carrying values may be affected due to changes in estimated future cash flows and
- the carrying value of deferred tax assets may change due to changes in estimates of the likely recovery of the tax benefits.



## **(G) BASIS OF PRESENTATION OF FINANCIAL STATEMENTS**

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

## **(H) RESIDUAL VALUES AND USEFUL LIVES OF TANGIBLE AND INTANGIBLE ASSETS**

The useful lives and residual values of items of property, plant and equipment and intangible assets are estimated annually. The actual lives and residual values may vary depending on a variety of factors such as the nature of item, the condition as result of current usage and the expected physical wear and tear of each item and technical relevance of property, plant and equipment and intangible assets.

## **(I) MINING ASSETS AND DEVELOPMENT EXPENDITURE**

Development activities commence after project sanctioning by the appropriate level of management, following from receipt of a mining licence of the mineral reserve. Judgement is applied by management in determining when a project has reached a stage at which economically recoverable reserves exist such that development may be sanctioned. In exercising this judgement, management is required to make certain estimates and assumptions similar to those described in the accounting policy for exploration and evaluation assets. Any such estimates and assumptions may change as new information becomes available. If, after having started the development activity, a judgement is made that a development asset is impaired, the appropriate amount will be written off to the income statement.

## **1.1.2 CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES**

Judgements made in the application of IFRS that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are discussed below.

### **(A) TRANSFER OF INVENTORY TO INVESTMENT PROPERTY**

The group 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, corroborated through the implementation of decommissioning or discontinuation processes related to development projects would result in a change in use. Refer to note 9 for further information.

## **(B) WAIVER OF DEBT**

Judgement is required in determining whether a waiver of shareholder's debt is considered a capital contribution or extinguishing of debt. Where the shareholders debt is initially recognised and subsequently measured in accordance with the requirements as prescribed by IFRS 9, the subsequent waiver thereof is also considered in accordance with IFRS 9, taking into account the requirements of IFRIC 19. Debt waiver during the financial year was a release of a financial liability in accordance with IFRS 9 and was recognised as part of investment and other income in profit or loss and was recognised in profit or loss. Refer to note 27.

## **(C) CLASSIFICATION OF REPAYMENT OF/RECEIPTS FROM BORROWINGS AS PART CASH FLOW FROM OPERATING ACTIVITIES**

The group operates a lending business as part of its operating activities, in determining the appropriate classification of certain cash inflows and outflows it has taken into consideration its business model and the nature of the business activities as required by IAS 7. As such, certain of the cash flows associated with its lending activities have accordingly being classified as operating cash flows.

## **1.2 BASIS OF CONSOLIDATION CONTROL**

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.

### **(A) BUSINESS COMBINATIONS**

The Group applies the acquisition method to account for 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 the 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) 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. The guidance was obtained from UK GAAP, specifically FRS 6 Acquisitions and Mergers. 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 the 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.

### **(F) DISPOSAL OF SUBSIDIARIES**

When the group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group

had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

## **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 (the functional currency).

### **(B) TRANSACTIONS**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit and loss.

### **(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 the reporting date. Assets and liabilities of each statement of financial position are translated at the closing rate. Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of, such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant portion of the cumulative amount is reattributed to non-controlling interests. Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity.

### **(D) FOREIGN EXCHANGE GAINS OR LOSSES IN INTERGROUP LOANS**

Intragroup monetary assets and liabilities, which arose as a result of the USD denominated loan between two group entities, are not eliminated upon consolidation without reflecting the results of currency fluctuations. The monetary asset and liability represents a commitment to convert one currency into another, thereby exposing the reporting entity to currency fluctuations. The resultant exchange differences are recognized in profit or loss.

ACCOUNTING POLICIES CONTINUED

1.4 INVENTORIES

Real estate inventory is valued 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 or 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, as prescribed by IAS 40, par 64.

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 the 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.

Leased assets 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 exceed 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 and/or for capital appreciation, and are not occupied by companies within the group. Investment properties are initially measured at cost and subsequently measured at fair value.

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise and the cost of the investment property can be measured reliably.

INITIAL MEASUREMENT

Investment property is initially recognised at cost, including transaction costs. Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. Maintenance and repairs, which neither materially add to the value of the properties nor prolong their useful lives, are charged against profit or loss.

SUBSEQUENT MEASUREMENT

Subsequent to initial measurement, investment properties are measured and recognised at fair value. Investment property is valued annually and adjusted to fair value at the respective reporting dates as with reference to either an independent external valuation or directors valuation.

Developments under construction are initially recognised at cost and subsequently remeasured to fair value.

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

1.7 EXPLORATION AND EVALUATION ASSETS

Pre-licence costs relate to costs incurred before the group has obtained legal rights to explore 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 the commercial viability of an identified resource.

Exploration and evaluation activity includes:

- researching and analysing historical exploration data
- gathering exploration data through geophysical studies
- exploratory drilling and sampling
- determining and examining the volume and grade of the resource
- surveying transportation and infrastructure requirements and
- conducting market and finance studies.

The depreciation on items of plant and equipment used in the activities described above (for example, drilling and sampling) also represents exploration and evaluation expenditure. Any such depreciation is treated consistently 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 exploration and evaluation assets which is an intangible asset in nature. 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 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 the sale of mineral resources during the exploration phase is recognised in profit or loss in the group.

1.8 MINE PROPERTIES

Expenditure is transferred from 'exploration and evaluation assets' to 'mine properties', once the exploration and evaluation results support the future development of mining property and such development receives appropriate approvals.

ACCOUNTING POLICIES CONTINUED

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

When the group commences production, the capitalisation of certain mine development costs ceases and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development. It is also at this point that depreciation/ amortisation commences.

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 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 on a 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.

IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amount of the group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are first assessed individually and then if the asset does not generate cash flows individually, the asset is grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows of other assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the group on a pro rata basis.

Impairment losses are recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.10 FINANCIAL INSTRUMENTS

INITIAL RECOGNITION AND MEASUREMENT

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instruments. Financial instruments are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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 payments of principal on specified dates and interest solely.

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 from derecognition is recognised directly in profit or loss.

IMPAIRMENT

The group assesses on a forward-looking basis the expected credit losses (ECL) associated with its advances and trade receivables measured at amortised cost. Lifetime expected credit losses 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.

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.

The group recognises a loss allowance for expected credit losses on a financial asset that is measured at amortised cost or fair value through other comprehensive income (FVTOCI). The group uses 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 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 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.

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.

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 gross carrying amount and de-recognised immediately to credit loss allowances.



CURING

Continuous assessment is required to determine if the conditions that led to a financial asset being considered to be credit impaired (i.e. stage 3) still exist. Financial assets that no longer qualify as credit impaired remain within stage 3 for a minimum period of six months (i.e. six full consecutive monthly payments per the terms and conditions). Where after considering qualitative factors including compliance with existing financial asset terms and conditions, the asset is moved to stage 2. Where it has been determined that a financial asset no longer meets the criteria for SICR, the financial asset will be moved from stage 2 (lifetime expected credit loss model) back to stage 1 (12-month expected credit loss model) prospectively.

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. Expected credit 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, Due to the short-term nature of these assets and historical experience, trade and other receivables are regarded as having a low probability of default. Where an asset is in default it is provided for in full at reporting date.

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 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 a 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.

BORROWINGS

CLASSIFICATION

Borrowings (note 14) are classified as financial liabilities subsequently measured at amortised cost.

RECOGNITION AND MEASUREMENT

Borrowings are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability. Interest expense, calculated on the effective interest method, is included in profit or loss in interest and similar charges. Borrowings expose the company to liquidity risk and interest rate risk. Refer to note 37 for details of risk exposure and management thereof.

TRADE AND OTHER PAYABLES

CLASSIFICATION

Trade and other payables (note 15), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

RECOGNITION AND MEASUREMENT

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability. Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 37 for details of risk exposure and management thereof.

TRADE AND OTHER PAYABLES DENOMINATED IN FOREIGN CURRENCIES

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Namibia Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating expenses. Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management note (note 37).

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 all the risks and rewards of ownership substantially 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.

MODIFICATION OF FINANCIAL ASSETS AND LIABILITIES

Where an existing financial asset or liability is replaced by another with the same counterparty on substantially different terms, or the terms of an existing financial asset or liability are substantially modified, such an exchange or modification is treated as a derecognition of the original asset or liability and the recognition of a new asset or liability at fair value, including calculating a new effective interest rate, with the difference in the respective carrying amounts being recognised in other gains and losses on financial instruments within non-interest revenue.

The date of recognition of a new asset is consequently considered to be the date of initial recognition for impairment calculation purposes. If the terms are not substantially different for financial assets or financial liabilities, the company recalculates the new gross carrying amount by discounting the modified cash flows of the financial asset or financial liability using the original effective interest rate. The difference between the new gross carrying amount and the original gross carrying amount is recognised as a modification gain or loss within credit impairments (for distressed financial asset modifications) or in other gains and losses on financial instruments within non-interest revenue (for all other modifications).

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 the 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

Deferred tax liability is recognised for all temporary taxable 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.

Deferred tax assets are recognised for all deductible temporary differences, including the carry forward of unused tax losses, to the extent that taxable profit will probably 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 (loss) 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 if in the same jurisdiction and 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 are 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  
THE COMPANY AS A LESSEE (IFRS16 - 2020)

For any new contracts entered into on or after 1 April 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration’. To apply this definition the Group assesses whether the contract meets three key criteria which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

MEASUREMENT AND RECOGNITION OF LEASES AS A LESSEE

At lease commencement date, the group recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the group, and any lease payments made in advance of the lease commencement date. The group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The group also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the group’s incremental borrowing rate. In determining the present value of the lease liability the group has used its incremental borrowing rate of prime as the rate implicit in the lease was not readily available. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero. The group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in other financial liabilities.

FINANCE LEASES - LESSOR (IAS17 - 2019)

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.

OPERATING LEASES (IAS17 - 2019)

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the period of the lease.

1.13 EMPLOYEE BENEFITS  
SHORT-TERM EMPLOYEE BENEFITS

The cost of short-term employee benefits is 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

Revenue is measured at the fair value of the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control over products or services to a customer. The following indicators are used by the Group in determining when control has passed to the customer:

- the group has the right to payment for the product or service
- the customer has legal title to the product
- the group has transferred physical possession of the product to the customer
- the customer has the significant risks and rewards of ownership of the product and
- the customer has accepted the product.

The transaction price is allocated to specific performance obligations within the contract, these prices are specifically linked and disclosed in accordance to the performance obligations and are determined with reference to the stand alone selling prices of each of these obligations. Hence there is no need for management to make any assumptions as it relates to allocating the transaction price to the various performance obligations.

PROPERTY SALES REVENUE

The group sells serviced and un-serviced land to customers.

Sale of serviced land involves the following performance obligations:

- Sale of land
- Provision of bulk services

The transaction price for sales of serviced land is allocated to the performance obligations based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

Revenue is recognised when control of the serviced land is transferred to the customer on the date upon which the purchaser has the ability to unilaterally affect changes to the asset. The date at which control transfers is when the following occurs:

- The transfer of legal title of the property to the customer
- The customer has an obligation to pay
- The customer has accepted the asset
- And significant risks and rewards of ownership have transferred to the customer.

Where the sale relates to serviced land, these indicators are present for both the sale of the land and the services when the installation of services is complete.

TUITION FEES

Revenue from tuition services is recognised over time. Progress is measured as the amount of hours completed, as a percentage of the agreed hours required for the work to be done. This measure of progress faithfully depicts the transfer of the delivery of service to the customer.

DIAMONDS SALES

Revenue is recognised at a point in time when control of the diamond is transferred to the customer.

INTEREST RECEIVED ON FINANCIAL ASSETS (INCLUDES INTEREST RECEIVED ON 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.

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 is 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 variables.

- The following typical types of contracts issued by the group are classified as insurance contracts:
- policies which provide legal cover in the 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 or a combination of the above covers.

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 the 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 beneficiaries if a specified uncertain future event (the insured event) adversely affects the policyholder, or other beneficiaries, 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 period 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 claims. 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

A provision in respect of premiums written in the current period 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 the 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 insurance contract liabilities. 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 period, 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 Namibian Short-term Insurance Act of 1998.

1.16 SHARE CAPITAL (A) ORDINARY SHARES

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(B) TREASURY SHARES

The consideration paid/received for the purchase/sale of treasury shares is recognised directly in equity. The cost of treasury shares held is presented as a separate reserve. On disposal, the average cost of shares is adjusted against the treasury shares reserve. Any excess of the consideration received on the sale of 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. To calculate 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 01/2019 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 1/2019 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 NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets (or disposal groups) are classified as assets held for sale when the following criteria has been met, their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable and the asset or disposal group is available for sale in its present condition. They are stated at the lower of carrying amount and fair value less costs to sell.

1.20 SHARE-BASED PAYMENT TRANSACTIONS - EQUITY SETTLED

The grant date fair value of share-based payment instruments granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the number of instruments for which the related service and non-market conditions are met, such that the amount ultimately recognised as an expense is based on the number of instruments that meet the related service and non-market performance conditions at the vesting date.

1.21 NEW STANDARDS AND INTERPRETATIONS  
1.21.1 STANDARDS AND INTERPRETATIONS  
EFFECTIVE AND ADOPTED IN THE CURRENT PERIOD

In the current period, the company has adopted IFRS 16 Leases. IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in the accounting policy for leases.

The adoption of the standard did not have a material impact on the group nor material disclosure in the annual financial statements as historic finance leases continue to be recognised as lease liabilities on adoption of the new standard.

1.21.2 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The group has chosen not to early adopt the following standard which has been published and is mandatory for the group's accounting periods beginning on or after 30 September 2020.

IFRS 17: INSURANCE CONTRACTS (EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER 1 JANUARY 2023)

- 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 assessing 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 assessed the impact of this standard and concluded that it has no material impact to the group.

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 assessed the impact of this standard and concluded that it has no material impact to the group.

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 assessed the impact of this standard and concluded that it has no material impact to the group.

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 assessed the impact of this standard and concluded that it has no material impact to the group.



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. 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 assessed the impact of this standard and concluded that it has no material impact to the group.

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 assessed the impact of this standard and concluded that it has no material impact to the group.

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 assessed the impact of this standard and concluded that it has no material impact to the group.

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 assessed the impact of this standard and concluded that it has no material impact to the group.

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 assessed the impact of this standard and concluded that it has no material impact to the group.

2. CASH AND CASH EQUIVALENTS

FIGURES IN NAMIBIA DOLLAR THOUSAND	30 SEPTEMBER 2020	31 MARCH 2019	31 MARCH 2018
BANK BALANCES	144 020	172 791	68 942
	<b>144 020</b>	<b>172 791</b>	<b>68 942</b>

The carrying amount approximates fair value owing to their short-term nature. No significant guarantees, cessions, security or facilities are held against cash and cash equivalents with financial institutions.

3. ADVANCES

FIGURES IN NAMIBIA DOLLAR THOUSAND	30 SEPTEMBER 2020	31 MARCH 2019	31 MARCH 2018
PROPERTY ADVANCES	464 090	807 068	1 044 842
STUDENT ADVANCES	425 086	528 833	660 953
OTHER LOANS ADVANCED	32 683	51 190	48 308
	<b>921 859</b>	<b>1 387 091</b>	<b>1 754 103</b>

CURRENT ASSETS	615 757	413 636	272 204
NON-CURRENT ASSETS	306 102	973 455	1 481 899
	<b>921 859</b>	<b>1 387 091</b>	<b>1 754 103</b>

RECONCILIATION OF ADVANCES

ADVANCES AT BEGINNING OF THE PERIOD	1 387 091	1 754 103	1 818 811
EFFECT OF ADOPTION OF IFRS 9	-	(247 531)	-
LOANS ADVANCED (INCLUDING TRANSACTION COSTS)	105 992	62 998	41 603
PAYMENTS RECEIVED	(113 567)	(121 575)	(88 926)
EXPECTED CREDIT LOSSES	-	(7 533)	(3 559)
INCREASE IN LOSS ALLOWANCE	(497 466)	(53 371)	(13 826)
INTEREST CAPITALISED	39 809	-	-
	<b>921 859</b>	<b>1 387 091</b>	<b>1 754 103</b>

CONSISTING OF

GROSS ADVANCES	1 774 877	1 742 643	1 808 753
LOSS ALLOWANCE	(853 018)	(355 552)	(54 650)
	<b>921 859</b>	<b>1 387 091</b>	<b>1 754 103</b>

RECONCILIATION OF LOSS ALLOWANCE

OPENING BALANCE	355 552	54 650	40 824
ADJUSTMENT UPON APPLICATION OF IFRS 9	-	247 531	-
	355 552	302 181	40 824
SUBSEQUENT CHANGES IN LOSS ALLOWANCE	492 255	55 374	13 826
ADVANCES WRITTEN OFF AS UNCOLLECTABLE	-	(7 533)	-
LOSS ALLOWANCE ON NEW EXPOSURES RAISED	5 211	5 530	-
	<b>853 018</b>	<b>355 552</b>	<b>54 650</b>



# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## PROPERTY ADVANCES

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

### (A) COMMERCIAL FINANCE

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

- NAD 155.2 million (2019: NAD 264 million, 2018: NAD 344 million) the loan is repayable on demand (2019 and 2018: 3 instalments, over a period of 24 months) at an interest rate of 11.75% pa (2019 and 2018: 11.75% pa). Loan is secured against property sold.
- NAD 269.76 million (2019: NAD 503 million, 2018: NAD 666 million) loan to a property developer and is repayable on demand (2019 and 2018: 6 instalments, over 57 months) at an interest rate of 7.27% pa (2019: 7.27%, 2018: 7.27% pa to 11.75% pa). Loan is secured against property sold.

The group purchased the underlying assets of the commercial finance loans subsequent to the balance sheet date. Refer to note 39 for further information.

### (B) MORTGAGE LOANS

The balance of property advances with a carrying amount of NAD 20.19 million (31 March 2019: NAD 40 million, 2018: NAD 32 million) bear interest at rates ranging between 8.25% pa to 12.50% pa (31 March 2019: 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 (31 March 2019 and 2018: 220) monthly instalments of NAD 0.137 million (31 March 2019: NAD 0.496 million, 2018: NAD 0.585 million). Mortgage loans are secured by mortgage bonds over immovable property.

### (C) OTHER ADVANCES

The balance of other advances with a carrying amount of NAD 14.896 million (31 March 2019: NAD 27 million, 2018: NAD 16 million) bear interest at rates ranging between 10.50% pa to 15.50% pa (31 March 2019: 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 (31 March 2019: 32, 2018: 33) monthly instalments of NAD 0.709 million (31 March 2019: NAD 0.709 million, 2018: NAD 0.554 million). Personal sureties or cessions of shares in property holding companies are also obtained from buyers where deemed necessary. Loans are secured by security over motor vehicles purchased by the dealers. Personal sureties are obtained where deemed necessary.

## STUDENT ADVANCES

The balance of student advances with a carrying amount of NAD 585.4 million (31 March 2019: NAD 629.2 million) bears interest ranging between 7.5% - 15.0% pa (31 March 2019: 16.8% - 21.0% pa), are unsecured and repayable over periods between 12 and 60 months. The student advances serve as security for the borrowing facilities, as disclosed in note 14.

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

Refer to note 37 for details of financial risk management.

## SIGNIFICANT INCREASE IN CREDIT RISK

Globally the effects of COVID-19 are expected to result in an increase in expected credit losses and the Namibian economy is not an exception. To reflect this expected increase the group incorporated the forecast global default rates (Moody's) at 30 September 2021 compared to actual default rates at 30 September 2020. Using the Moody's global default estimates, the probability of default is expected to increase 2.76 times by 30 September 2021. The group adjusted PDs by this factor and the result was an increase in the provision for expected credit losses. This was also compounded by the property market for unserviced land that remained depressed as at reporting date. The underlying assets for the group's structured loans portfolio are unserviced properties. The decrease of fair values of underlying assets due to the pressure on the property market, resulted in the increase of the expected credit loss on structured loans.

## RECONCILIATION OF PROVISION CREDIT LOSS ALLOWANCE FOR ADVANCES

	STAGE 1	STAGE 2	STAGE 3	TOTAL
OPENING BALANCE AT 1 APRIL 2019	32 530	1 436	321 586	355 552
TRANSFERS (TO) FROM STAGE 1	(862)	229	633	-
TRANSFERS (TO) FROM STAGE 2	675	(2 059)	1 385	-
TRANSFERS (TO) FROM STAGE 3	1 562	25 389	(26 951)	-
SUBSEQUENT CHANGES IN ECL	10 409	(20 590)	502 426	492 255
ECL ON NEW EXPOSURES RAISED	5 211	-	-	5 211
IMPAIRED ACCOUNTS WRITTEN OFF	-	-	-	-

<b>CLOSING BALANCE AT 30 SEPTEMBER 2020</b>	<b>49 535</b>	<b>4 405</b>	<b>799 079</b>	<b>853 018</b>
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	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)

<b>CLOSING BALANCE AT 31 MARCH 2019</b>	<b>32 530</b>	<b>1 436</b>	<b>321 586</b>	<b>355 552</b>
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## RECONCILIATION OF PROVISION CREDIT LOSS ALLOWANCE FOR ADVANCES

	OPENING ECL 1 APRIL 2019	TOTAL TRANSFERS BETWEEN STAGES	ECL ON NEW EXPOSURES RAISED	IMPAIRED ACCOUNTS WRITTEN OFF	SUBSEQUENT CHANGES IN ECL	CLOSING ECL 30 SEPTEMBER 2020
<b>OTHER LOANS ADVANCED</b>						
• MORTGAGE LOANS						
STAGE 1	139	11	-	-	-	150
STAGE 2	24	(24)	-	-	-	-
STAGE 3	-	13	-	-	883	896
• SME LOANS						
STAGE 1	314	-	-	-	(229)	85
STAGE 2	-	-	-	-	-	-
STAGE 3	-	-	-	-	-	-
• PERSONAL LOANS						
STAGE 1	95	(15)	18	-	(16)	82
STAGE 2	6	4	-	-	(4)	6
STAGE 3	-	11	-	-	153	164
• FLOOR PLAN LOANS						
STAGE 1	20	-	-	-	(1)	19
STAGE 2	-	-	-	-	-	-
STAGE 3	-	-	-	-	-	-
<b>STUDENT LOANS</b>						
STAGE 1	31 962	(29 767)	5 124	-	41 880	49 199
STAGE 2	1 406	3 019	33	-	(59)	4 399
STAGE 3	66 406	26 748	36	-	34 937	128 127
<b>PROPERTY LOANS</b>						
STAGE 1	-	-	-	-	-	-
STAGE 2	-	-	-	-	-	-
STAGE 3	255 180	-	-	-	414 711	669 891
	<b>355 552</b>	<b>-</b>	<b>5 211</b>	<b>-</b>	<b>492 255</b>	<b>853 018</b>

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## RECONCILIATION OF PROVISION CREDIT LOSS ALLOWANCE FOR ADVANCES

	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
<b>OTHER LOANS ADVANCED</b>						
• MORTGAGE LOANS						
STAGE 1	283	(5)	87	-	(226)	139
STAGE 2	-	5	-	-	19	24
STAGE 3	-	-	-	-	-	-
• SME LOANS						
STAGE 1	1 803	-	47	-	(1 536)	314
STAGE 2	-	-	-	-	-	-
STAGE 3	-	-	-	-	-	-
• PERSONAL LOANS						
STAGE 1	12	(1)	66	-	18	95
STAGE 2	-	1	-	-	5	6
STAGE 3	7	-	-	(7)	-	-
• FLOOR PLAN LOANS						
STAGE 1	-	-	20	-	-	20
STAGE 2	-	-	-	-	-	-
STAGE 3	-	-	-	-	-	-
<b>STUDENT LOANS</b>						
STAGE 1	29 290	(3 144)	1 577	-	4 239	31 962
STAGE 2	491	60	-	-	855	1 406
STAGE 3	23 459	3 084	3 733	(7 526)	43 656	66 406
<b>PROPERTY LOANS</b>						
STAGE 1	-	-	-	-	-	-
STAGE 2	-	-	-	-	-	-
STAGE 3	246 836	-	-	-	8 344	255 180
	<b>302 181</b>	<b>-</b>	<b>5 530</b>	<b>(7 533)</b>	<b>55 374</b>	<b>355 552</b>

## RECONCILIATION OF GROSS CARRYING VALUE

	STAGE 1	STAGE 2	STAGE 3	TOTAL
OPENING BALANCE AT 1 APRIL 2019	458 795	6 732	1 277 116	1 742 643
TRANSFERS (FROM)/TO STAGE 1	(9 023)	870	8 153	-
TRANSFERS TO/(FROM) STAGE 2	897	(1 670)	773	-
TRANSFERS TO/(FROM) STAGE 3	4 956	1 082	(6 038)	-
(RECEIPTS)/TRANSFERS TO	(95 034)	(1 184)	(17 349)	(113 567)
NEW LOANS	50 016	129	95 656	145 801
<b>CLOSING BALANCE AT 30 SEPTEMBER 2020</b>	<b>410 607</b>	<b>5 959</b>	<b>1 358 311</b>	<b>1 774 877</b>

	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)/TO STAGE 1	(105 485)	4 405	101 080	-
TRANSFERS TO/(FROM) STAGE 2	977	(2 592)	1 615	-
TRANSFERS TO/(FROM) STAGE 3	4 262	794	(5 056)	-
(RECEIPTS)/TRANSFERS TO	(170 960)	1 331	48 054	(121 575)
NEW LOANS	38 124	-	24 874	62 998
ACCOUNTS WRITTEN OFF	-	-	(7 533)	(7 533)
<b>CLOSING BALANCE AT 31 MARCH 2019</b>	<b>458 795</b>	<b>6 732</b>	<b>1 277 116</b>	<b>1 742 643</b>

	GROSS CARRYING AMOUNT 1 APRIL 2019	TOTAL TRANSFERS BETWEEN STAGES	NEW LOANS	ACCOUNTS WRITTEN OFF	RECEIPTS	GROSS CARRYING AMOUNT 30 SEPTEMBER 2020
<b>OTHER LOANS ADVANCED</b>						
• MORTGAGE LOANS						
STAGE 1	13 931	(772)	3 330	-	1 855	18 344
STAGE 2	531	(531)	-	-	-	-
STAGE 3	-	1 303	-	-	90	1 393
• SME LOANS						
STAGE 1	31 437	-	-	-	(19 970)	11 467
STAGE 2	-	-	-	-	-	-
STAGE 3	-	-	-	-	-	-
• PERSONAL LOANS						
STAGE 1	3 170	(326)	607	-	(1 884)	1 567
STAGE 2	128	24	-	-	(51)	101
STAGE 3	-	302	-	-	-	302
• FLOOR PLAN LOANS						
STAGE 1	1 993	-	-	-	(78)	1 915
STAGE 2	-	-	-	-	-	-
STAGE 3	-	-	-	-	-	-
<b>STUDENT LOANS</b>						
STAGE 1	408 933	(2 030)	46 353	-	(87 116)	366 140
STAGE 2	6 074	789	129	-	(1 134)	5 858
STAGE 3	214 198	1 241	3 307	-	(5 279)	213 467
<b>PROPERTY LOANS</b>						
STAGE 1	-	-	11 174	-	-	11 174
STAGE 2	-	-	-	-	-	-
STAGE 3	1 062 248	-	80 901	-	-	1 143 149
	<b>1 742 643</b>	<b>-</b>	<b>145 801</b>	<b>-</b>	<b>(113 567)</b>	<b>1 774 877</b>

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

RECONCILIATION OF GROSS CARRYING VALUE

	GROSS CARRYING AMOUNT 1 APRIL 2018	TOTAL TRANSFERS BETWEEN STAGES	NEW LOANS	ACCOUNTS WRITTEN OFF	RECEIPTS	GROSS CARRYING AMOUNT 31 MARCH 2019
<b>OTHER LOANS ADVANCED</b>						
• 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	-	-	-	-	-	-
<b>STUDENT LOANS</b>						
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
<b>PROPERTY LOANS</b>						
STAGE 1	-	-	-	-	-	-
STAGE 2	-	-	-	-	-	-
STAGE 3	1 021 709	-	23 639	-	16 900	1 062 248
	<b>1 808 753</b>	<b>-</b>	<b>62 998</b>	<b>(7 533)</b>	<b>(121 575)</b>	<b>1 742 643</b>

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

RECONCILIATION OF GROSS CARRYING VALUE

	GROSS LOANS 30 SEPTEMBER 20	CARRYING AMOUNT NET OF ECL 30 SEPTEMBER 20	GROSS LOANS 31 MARCH 19	CARRYING AMOUNT NET OF ECL 31 MARCH 19
<b>OTHER LOANS ADVANCED</b>				
• MORTGAGE LOANS				
STAGE 1	18 344	18 194	13 931	13 931
STAGE 2	-	-	531	531
STAGE 3	1 393	497	-	-
• SME LOANS				
STAGE 1	11 467	11 382	31 437	31 437
STAGE 2	-	-	-	-
STAGE 3	-	-	-	-
• PERSONAL LOANS				
STAGE 1	1 567	1 485	3 170	3 170
STAGE 2	101	95	128	128
STAGE 3	302	138	-	-
• FLOOR PLAN LOANS				
STAGE 1	1 915	1 896	1 993	1 993
STAGE 2	-	-	-	-
STAGE 3	-	-	-	-
<b>STUDENT LOANS</b>				
STAGE 1	366 140	316 941	408 933	376 403
STAGE 2	5 858	1 459	6 074	4 638
STAGE 3	213 467	85 340	214 198	147 792
<b>PROPERTY LOANS</b>				
STAGE 1	11 174	11 174	-	-
STAGE 2	-	-	-	-
STAGE 3	1 143 149	473 258	1 062 248	807 068
	<b>1 774 877</b>	<b>921 859</b>	<b>1 742 643</b>	<b>1 387 091</b>

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	GROSS LOANS	CARRYING AMOUNT NET OF ECL
	31 MARCH 18	31 MARCH 18
<b>OTHER LOANS ADVANCED</b>		
• MORTGAGE LOANS		
STAGE 1	3 404	3 121
STAGE 2	-	-
STAGE 3	-	-
• SME LOANS		
STAGE 1	41 912	40 109
STAGE 2	-	-
STAGE 3	-	-
• PERSONAL LOANS		
STAGE 1	3 632	3 620
STAGE 2	-	-
STAGE 3	31	24
• FLOOR PLAN LOANS		
STAGE 1	-	-
STAGE 2	-	-
STAGE 3	-	-
<b>STUDENT LOANS</b>		
STAGE 1	643 600	614 310
STAGE 2	2 794	2 303
STAGE 3	91 671	68 212
<b>PROPERTY LOANS</b>		
STAGE 1	-	-
STAGE 2	-	-
STAGE 3	1 021 709	774 873
	<b>1 808 753</b>	<b>1 506 572</b>

## COLLATERAL AND OTHER CREDIT ENHANCEMENTS

30 SEPTEMBER 2020	MAXIMUM EXPOSURE TO CREDIT RISK	COLLATERAL	NET EXPOSURE
<b>OTHER LOANS ADVANCE</b>			
• MORTGAGE LOANS	19 737	(19 737)	-
• SME LOANS	11 467	(11 467)	-
• PERSONAL LOANS	1 970	(353)	1 617
• FLOOR PLAN LOANS	1 915	(1 915)	-
<b>STUDENT LOANS</b>	585 464	-	585 464
<b>PROPERTY LOANS</b>	1 154 324	(459 890)	694 433
	<b>1 774 877</b>	<b>(493 362)</b>	<b>1 281 514</b>

31 MARCH 2019	MAXIMUM EXPOSURE TO CREDIT RISK	COLLATERAL	NET EXPOSURE
<b>OTHER LOANS ADVANCED</b>			
• 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)	-
<b>STUDENT LOANS</b>	629 205	-	629 205
<b>PROPERTY LOANS</b>	1 062 248	(1 062 248)	-
	<b>1 742 643</b>	<b>(1 110 140)</b>	<b>632 503</b>

- 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 sureties are obtained from buyers where deemed necessary.

## WRITE OFF

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

## ASSUMPTIONS

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. The group also includes all forward-looking information, which is reasonable and available without undue cost or effort. The information will typically include expected macroeconomic conditions and factors that are expected to impact portfolios or individual counterparty exposure. A sample of exposures was selected and assessed the incorporation of forward looking information into their assigned credit risk rating. The group obtained an understanding of the forward-looking information like the potential impact of COVID-19 which was taken into account for the exposure and evaluating it for reasonability against management's expectations. The group increased PDs with the potential impact of COVID -19 and the result was as increase in ECL recognised at reporting date. COVID-19 has had a pervasive effect on the global

economy. Although customers have not defaulted as yet, there is an expectation that the Namibian GDP will decrease by an average of 5.6% during Q3, Q4 and Q1 2021. However, economic growth is estimated to be at 2.1% in for 2021. This will result in difficult trading conditions thus increasing the risk of a default occurring.

## STRUCTURED LOANS

The underlying assets for structured loans and advances are un-serviced properties, the terms of which are directly linked to the sale of the properties after bulk services are installed. Due to lack of adequate historical data to determine probability of default reliably ECLs for structured loans and advances is determined using the independent valuation of the underlying assets at reporting date. ECL is calculated as the difference between the property value and the gross carrying amount of the structured loans and advances at reporting date.



# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

The credit loss allowance for loans and advances to customers recognised in the period is impacted by a variety of factors. The main movements in the above tables are described below:

- Transfers between Stage 1, 2 and 3 due to balances experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL.
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments derecognised in the period
- Impact on the measurement of ECL due to changes to model assumptions, including changes in probability of default, exposure at default and loss given default in the period, arising from update of inputs to ECL models and
- Unwinding of discount due to the passage of time because ECL is measured on a present value basis.

The following table shows the PDs applicable for the various stages.

STAGE	PROBABILITY OF DEFAULT (AVERAGE)	LOSS GIVEN DEFAULT (AVERAGE)
STAGE 1	17.5%	26.7%
STAGE 2	59.85%	26.7%
STAGE 3	100%	26.7%

## CREDIT RATING

2020	STAGE 1	STAGE 2	STAGE 3	TOTAL
STANDARD (0-30 DAYS)	243 120	-	-	243 120
SUBSTANDARD (31-60 DAYS)	-	12 882	-	12 882
SPECIAL MONITORING (61-90 DAYS)	-	6 221	-	6 221
DEFAULT (90+ DAYS)	-	-	1 512 654	1 512 654

<b>GROSS CARRYING VALUE</b>	<b>243 120</b>	<b>19 103</b>	<b>1 512 654</b>	<b>1 774 887</b>
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2019	STAGE 1	STAGE 2	STAGE 3	TOTAL
STANDARD (0-30 DAYS)	446 805	-	-	446 805
SUBSTANDARD (31-60 DAYS)	-	3 816	-	3 816
SPECIAL MONITORING (61-90 DAYS)	-	2 226	-	2 226
DEFAULT (90+ DAYS)	-	-	1 289 797	1 289 797

<b>GROSS CARRYING VALUE</b>	<b>446 805</b>	<b>6 042</b>	<b>1 289 797</b>	<b>1 742 643</b>
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## 4. TRADE AND OTHER RECEIVABLES

FIGURES IN NAMIBIA DOLLAR THOUSAND	30 SEPTEMBER 2020	31 MARCH 2019 RESTATED	31 MARCH 2018 RESTATED
TRADE RECEIVABLES	71 026	88 968	60 240
PROPERTY SALES RECEIVABLES	179 208	201 965	293 456
OTHER RECEIVABLES	25 836	40 610	37 502
	<b>276 070</b>	<b>331 543</b>	<b>391 198</b>

## RECONCILIATION OF CREDIT LOSS ALLOWANCE

OPENING BALANCE	1 287	772	772
INCREASE IN LOSS ALLOWANCE	22 951	515	-
	<b>24 238</b>	<b>1 287</b>	<b>772</b>

The group holds collateral (in form of immovable property sold) to cover its credit risks associated with property receivables. The carrying amount of property receivables amounts to NAD 179 million (2019: NAD 202 million; 2018: NAD 293 million) and the fair value of the immovable property exceeds the carrying amount of property receivables. If the group repossesses the immovable property, the group expects to sell the property within twelve months. The group does not sell or repledge the collateral in the absence of default by the debtor. There have not been any significant changes in the quality of the collateral held for property receivables. Therefore, no provision for credit loss was raised as the expected credit loss is immaterial.

The group has not recognised a loss allowance for the property receivables because of these collaterals.

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 due to the short-term nature thereof.

## 5. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

FIGURES IN NAMIBIA DOLLAR THOUSAND	30 SEPTEMBER 2020	31 MARCH 2019	31 MARCH 2018
<b>ASSETS CLASSIFIED AS HELD FOR SALE</b>			
TRANSFER FROM INVESTMENT PROPERTY (NOTE 9)	343 580	-	-
TRADE AND OTHER RECEIVABLES	56	-	-
	<b>343 636</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE</b>			
TRADE AND OTHER PAYABLES	(1 070)	-	-
CURRENT TAX PAYABLE	(91)	-	-
	<b>(1 161)</b>	<b>-</b>	<b>-</b>
<b>NET TOTAL ASSETS CLASSIFIED AS HELD FOR SALE</b>	<b>342 475</b>	<b>-</b>	<b>-</b>

During the period under review, the board resolved to dispose of the Herboth's Property Development (Pty) Ltd and a sales agreement has been signed with Constantia Risk and Insurance Holdings (Pty) Ltd. An agreement in principle has been reached prior to year end to dispose of the property, however certain conditions precedent related to the conclusion of the transaction remain outstanding as at reporting period end. 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

FIGURES IN NAMIBIA DOLLAR THOUSAND	30 SEPTEMBER 2020	31 MARCH 2019	31 MARCH 2018
GERMINATE SL LTD	(82 332)	-	-
NEXT CAPITAL LTD	(123 762)	(1 021 276)	178 110
RISKOWITZ VALUE FUND LLP	-	-	350 084
	<b>(206 094)</b>	<b>(1 021 276)</b>	<b>528 194</b>
CURRENT ASSETS	-	-	528 194
CURRENT LIABILITIES	(64 255)	-	-
NON-CURRENT LIABILITIES	(141 839)	(1 021 276)	-
	<b>(206 094)</b>	<b>(1 021 276)</b>	<b>528 194</b>

The amount due to Next Capital Ltd, carries interest at 12.08% per annum, is repayable on demand apart from the subordinated amount, and is unsecured. As part of the restructuring of the debt of Trustco from its international funders, Dr Q van Rooyen through Next subordinated an amount of NAD 141.8 million in favour of one of the international funders. During the period ended September 2020, Next waived NAD 1 billion related to the purchase consideration paid on behalf of Trustco Resources for the acquisition of Meya Mining Ltd in previous financial periods. The waiver of the loan by Next resulted in the group being legally released from its contractual obligation to settle the loan, resulting in the financial liability being derecognised in accordance with requirements as prescribed by IFRS 9 paragraph 3.3.3 through profit or loss. Refer to note 26 for further information.

The amount due to Germinate SL Ltd emanates from the contingent consideration payable for the Meya Mine acquisition, subsequent to acquisition the contingent event was fulfilled and the balance became due and payable. The liability bears interest at LIBOR plus 4% and is repayable on demand, and is unsecured.

The amount due by Riskowitz Value Fund was the outstanding balance of the Legal Shield Holdings transaction. The balance bore interest of 11.50% pa and was settled in the previous financial period.

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

7. INVENTORIES

FIGURES IN NAMIBIA DOLLAR THOUSAND	30 SEPTEMBER 2020	31 MARCH 2019 RESTATED	31 MARCH 2018 RESTATED
WORK IN PROGRESS	80 418	73 905	364 951
FINISHED GOODS	49 499	45 672	38 531
	<b>129 917</b>	<b>119 577</b>	<b>403 482</b>

Work in progress relates to land under development. This land under development has been mortgaged as security for the borrowings as described in note 14.

The cost of inventories recognised as an expense and included in the cost of sales amounted to NAD 99 million (31 March 2019: NAD 344.7 million).

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

8. 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
<b>30 SEPTEMBER 2020</b>								
COST OR FAIR VALUE	164 669	103 812	98 133	12 462	41 671	-	283 857	704 604
ACCUMULATED DEPRECIATION AND IMPAIRMENT	(14 499)	(84 390)	(39 975)	(4 563)	(37 281)	-	(131 252)	(311 960)
	<b>150 170</b>	<b>19 422</b>	<b>58 158</b>	<b>7 899</b>	<b>4 390</b>	<b>-</b>	<b>152 605</b>	<b>392 644</b>
OPENING BALANCE	158 361	46 035	76 267	8 808	12 043	183 637	185 105	670 256
ADDITIONS	-	-	9 655	528	379	-	-	10 562
DISPOSALS	(358)	(48)	(9 680)	-	(678)	(177 604)	-	(188 368)
DEPRECIATION	(7 833)	(26 565)	(18 084)	(1 437)	(7 354)	(6 033)	(64 291)	(131 597)
EXCHANGE RATE MOVEMENT	-	-	-	-	-	-	31 791	31 791
	<b>150 170</b>	<b>19 422</b>	<b>58 158</b>	<b>7 899</b>	<b>4 390</b>	<b>-</b>	<b>152 605</b>	<b>392 644</b>
<b>31 MARCH 2019</b>								
COST OR FAIR VALUE	165 139	111 560	105 867	13 281	43 141	212 172	242 571	893 731
ACCUMULATED DEPRECIATION AND IMPAIRMENT	(6 778)	(65 525)	(29 600)	(4 473)	(31 098)	(28 535)	(57 466)	(223 475)
	<b>158 361</b>	<b>46 035</b>	<b>76 267</b>	<b>8 808</b>	<b>12 043</b>	<b>183 637</b>	<b>185 105</b>	<b>670 256</b>
OPENING BALANCE	162 924	14 370	70 318	8 961	9 718	169 352	155 872	591 515
ADDITIONS	583	32 219	17 167	1 547	8 133	-	35 582	95 231
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	(1 715)	(5 849)	(8 344)	(1 695)	(5 800)	(8 958)	(57 466)	(89 827)
IMPAIRMENT REVERSAL	-	-	-	-	-	23 243	-	23 243
EXCHANGE RATE MOVEMENT	-	-	-	-	-	-	51 117	51 117
	<b>158 361</b>	<b>46 035</b>	<b>76 267</b>	<b>8 808</b>	<b>12 043</b>	<b>183 637</b>	<b>185 105</b>	<b>670 256</b>

FIGURES IN NAMIBIA DOLLAR THOUSAND	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	MOTOR VEHICLES	OFFICE EQUIPMENT & FURNITURE	COMPUTER EQUIPMENT	AIRCRAFT	EXPLORATION ASSETS	TOTAL
<b>31 MARCH 2018</b>								
COST OR FAIR VALUE	168 238	41 722	92 828	13 441	35 175	188 929	176 476	716 809
ACCUMULATED DEPRECIATION AND IMPAIRMENT	(5 314)	(27 352)	(22 510)	(4 480)	(25 457)	(19 577)	(20 604)	(125 294)
	<b>162 924</b>	<b>14 370</b>	<b>70 318</b>	<b>8 961</b>	<b>9 718</b>	<b>169 352</b>	<b>155 872</b>	<b>591 515</b>
OPENING BALANCE	133 981	13 417	59 747	10 364	7 375	217 707	166 825	609 416
ADDITIONS	39 410	6 336	28 098	572	6 341	3 024	9 964	93 745
DISPOSALS	-	-	(9 565)	-	-	-	(313)	(9 878)
REVALUATIONS	(7 543)	-	-	-	-	-	-	(7 543)
DEPRECIATION	(2 924)	(5 383)	(7 962)	(1 975)	(3 998)	(9 206)	(20 604)	(52 052)
IMPAIRMENT LOSS	-	-	-	-	-	(42 173)	-	(42 173)
	<b>162 924</b>	<b>14 370</b>	<b>70 318</b>	<b>8 961</b>	<b>9 718</b>	<b>169 352</b>	<b>155 872</b>	<b>591 515</b>

The following capitalised right of use assets are included in property, plant and equipment:

FIGURES IN NAMIBIA DOLLAR THOUSAND	30 SEPTEMBER 2020	31 MARCH 2019	31 MARCH 2018
LAND AND BUILDINGS	29 901	36 903	39 410
MOTOR VEHICLES	31 766	34 441	45 018
EXPLORATION ASSETS (MINING PLANT)	-	-	55 448
<b>LEASED ASSETS CARRYING VALUE</b>	<b>61 667</b>	<b>71 344</b>	<b>139 876</b>

Refer to note 41 for capital commitments authorised.

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

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

Aircraft were disposed of during the period under review. In the previous year, valuation of aircraft was 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 incurred an impairment loss in the financial period ending 31 March 2018 and impairment loss reversal in the financial period ending 31 March 2019. The group aircraft’s revalued amount (reported in the group’s “Insurance and its investments” segment) was directly linked to the US dollar. The exchange rate was one of the significant inputs. The movement of the exchange rate of the Namibia dollar to the US Dollar from NAD 11.8 to NAD 14.1 in the financial period ending 31 March 2019

(31 March 2018: from NAD 13.4 to NAD 11.8) resulted in a significant increase (31 March 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 financial period ending 31 March 2018.

During the financial period ending 31 March 2019 the reversal of impairment loss of NAD 23.2 million (for period ended 31 March 2018: NAD 42.2 million impairment loss) was recognised in the “insurance and its investments” segment’s profit or loss. In the financial period ending 31 March 2019, the recoverable amount of the aircraft was NAD 184 million (31 March 2018: NAD 169 million) and is equal to its revalued amount less cost of disposal.

SENSITIVITY ANALYSIS

The effect of a 1% change in the exchange rate (US Dollar to Namibia Dollar) with all other variables held constant, the group’s profit for the period ended 31 March 2019 would decrease/increase by NAD 1.9 million (31 March 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 (2019: 31 March 2019). Gert Hamman Property Valuers CC and CP Marais are not connected to the group, are qualified property valuers and have recent experience in location and category of the property being valued.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Seeing as these properties are largely owner occupied, and there has been no significant change in the underlying assumptions impacting the valuation during the current period, the directors valuation for September 2020 is comparable in value to those of previous financial periods.

A register containing the information required by paragraph 22(3) of Schedule 4 of the Companies Act of Namibia is available for inspection at the registered office of the company.

If property, plant and equipment which are recognised on the revaluation model were stated on the historical cost basis, the carrying amounts would be as follows:

FIGURES IN NAMIBIA DOLLAR THOUSAND	30 SEPTEMBER 2020	31 MARCH 2019	31 MARCH 2018
LAND AND BUILDINGS	97 169	105 360	105 953
AIRCRAFT	-	218 223	203 983
<b>TOTAL HISTORICAL COST CARRYING VALUE</b>	<b>97 169</b>	<b>323 583</b>	<b>309 936</b>

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

## 9. INVESTMENT PROPERTY

FIGURES IN NAMIBIA DOLLAR THOUSAND	30 SEPTEMBER 2020	31 MARCH 2019	31 MARCH 2018
<b>RECONCILIATION FOR THE PERIOD ENDED</b>			
OPENING BALANCE	2 399 618	1 476 818	1 010 812
ADDITIONS	3 349	-	247
FAIR VALUE ADJUSTMENTS	(279 220)	(61 627)	465 759
INVESTMENT PROPERTY TRANSFERRED TO ASSETS HELD FOR SALE	(343 580)	-	-
TRANSFER FROM INVENTORY	-	984 427	-
<b>TOTAL</b>	<b>1 780 167</b>	<b>2 399 618</b>	<b>1 476 818</b>

### VALUATION OF INVESTMENT PROPERTY

LAFRENZ DEVELOPMENT	696 870	878 750	900 818
ELISENHEIM	1 015 990	1 306 354	344 441
ONDANGWA DEVELOPMENT	18 957	18 957	26 366
FARM HERBOTHs	-	189 957	200 000
DEVELOPED RENTAL PROPERTIES	23 250	5 600	5 193
REMAINDER OF FARM HERBOTHs	25 100	-	-
<b>TOTAL</b>	<b>1 780 167</b>	<b>2 399 618</b>	<b>1 476 818</b>

## INVESTMENT PROPERTY TRANSFERRED TO ASSETS HELD FOR SALE

At the reporting date, the Herboths Property Development was held for sale as disclosed in note 5.

## TRANSFER FROM INVENTORY TO INVESTMENT PROPERTY (FY 31 MARCH 2019)

In 2014 the group purchased a property 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. Furthermore, the group retrenched the entire workforce dedicated for the development of the identified piece of land and development activities ceased both internally and externally. The revised strategy is to hold the properties for long-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 use for the property. 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

The valuations are based on assessment by management. Investment property is measured using the fair value model in terms of IAS 40: Investment Property. The group carries investment property, at fair value which was previously determined with reference to a combination of comparable sales values and the residual land valuation techniques, depending on the condition of the property, which is dependent upon several inputs and underlying assumptions.

The group utilised both the comparable sales valuation technique and the residual land valuation technique during the period ended 30 September 2020.

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



NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

KEY VARIABLES

Key variables which will affect the value of investment properties are as follows:

	ELISENHEIM LIFESTYLE ESTATE	ELISENHEIM NATURE ESTATE	LAFRENZ INDUSTRIAL PARK	HERBOTH'S PORTION 3	FARM HERBOTH'S	ONDANGWA
ESTIMATED SELLABLE LAND (SQUARE METRES)	2 130 607	1 810 500	1 414 367	1 606 734	15 175 104	248 506
RESIDENTIAL ERVEN	1 319 780	1 810 500	-	-	10 782 004	248 506
GENERAL RESIDENTIAL	459 471	-	-	-	-	-
BUSINESS ERVEN	52 496	-	-	-	312 800	-
OFFICE	6 584	-	-	-	-	-
INSTITUTIONAL	292 276	-	-	-	-	-
INDUSTRIAL - SERVICED	-	-	1 414 367	-	-	-
PLOTS	-	-	-	1 606 734	4 080 300	-

SELLABLE LAND RATE PER SQUARE METRE (NAD)

RESIDENTIAL ERVEN	1 650	1 100	-	-	1 300	400
GENERAL RESIDENTIAL	1 650	-	-	-	-	-
BUSINESS ERVEN	1 300	-	-	-	1 500	-
OFFICE	1 300	-	-	-	-	-
INSTITUTIONAL	350	-	-	-	-	-
INDUSTRIAL	-	-	1 800	-	-	-
PLOTS	-	-	-	60	40	-

CONSTRUCTION COSTS PER SQUARE METRE(NAD)

DEVELOPMENT PERIOD TO START (YEARS)						
RESIDENTIAL ERVEN	4	9	-	-	5	2
GENERAL RESIDENTIAL	4	-	-	-	-	-
BUSINESS ERVEN	4	-	-	-	5	-
OFFICE	4	-	-	-	-	-
INSTITUTIONAL	4	-	-	-	-	-
INDUSTRIAL	-	-	3	-	-	-
PLOTS	-	-	-	3	5	-

	ELISENHEIM LIFESTYLE ESTATE	ELISENHEIM NATURE ESTATE	LAFRENZ INDUSTRIAL PARK	HERBOTH'S PORTION 3	FARM HERBOTH'S	ONDANGWA
DEVELOPMENT PERIOD TO END (YEARS)						
RESIDENTIAL ERVEN	14	24	-	-	29	4
GENERAL RESIDENTIAL	14	-	-	-	-	-
BUSINESS ERVEN	7	-	-	-	14	-
OFFICE	6	-	-	-	-	-
INSTITUTIONAL	7	-	-	-	-	-
INDUSTRIAL - SERVICED	-	-	-	-	-	-
INDUSTRIAL	-	-	19	-	-	-
PLOTS	-	-	-	4	19	-

SALES PERIOD START (YEARS)

5	10	-	-	6	3
RESIDENTIAL ERVEN					
GENERAL RESIDENTIAL	5	-	-	-	-
BUSINESS ERVEN	5	-	-	-	6
OFFICE	5	-	-	-	-
INSTITUTIONAL	5	-	-	-	-
INDUSTRIAL - SERVICED	-	-	-	-	-
INDUSTRIAL	-	-	4	-	-
PLOTS	-	-	-	4	6

SALES PERIOD END (YEARS)

15	25	-	-	30	5
RESIDENTIAL ERVEN					
GENERAL RESIDENTIAL	15	-	-	-	-
BUSINESS ERVEN	8	-	-	-	15
OFFICE	6	-	-	-	-
INSTITUTIONAL	8	-	-	-	-
INDUSTRIAL - SERVICED	-	-	-	-	-
INDUSTRIAL	-	-	20	-	-
PLOTS	-	-	-	5	20

RATES

8,0%	8,0%	8,0%	8,0%	8,0%	8,0%
FINANCING COST ON PROJECT FUNDING REQUIREMENT					
MARKETING & LEGAL FEES RATE ON GROSS DEVELOPMENT VALUE	3,0%	3,0%	3,0%	3,0%	3,0%
AGENT COMMISSION ON GROSS DEVELOPMENT VALUE	3,0%	3,0%	3,0%	3,0%	3,0%
DEVELOPER'S PROFIT ON GROSS DEVELOPMENT VALUE	10,0%	10,0%	10,0%	10,0%	10,0%
SELLING PRICE INFLATION RATE	5,0%	5,0%	5,0%	5,0%	5,0%
COST PRICE INFLATION RATE	5,0%	5,0%	5,0%	5,0%	5,0%
DISCOUNT RATE	12,0%	12,5%	12,0%	12,5%	12,0%

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

SENSITIVITY ANALYSIS

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

FIGURES IN NAMIBIA DOLLAR THOUSAND	ELISENHEIM		ELISENHEIM	LAFRENZ		HERBOTH'S	FARM	ONDANGWA
	LIFESTYLE ESTATE	NATURE ESTATE	INDUSTRIAL PARK	PORTION 3	HERBOTH'S	HERBOTH'S	HERBOTH'S	ONDANGWA
1 YEAR PROJECT DELAY	(44 090)	(16 740)	(42 080)	(1 770)	(43 080)	930		
1 YEAR PROJECT ACCELERATION	56 000	17 940	34 360	160	17 500	1 080		
5% INCREASE IN SELLING PRICE	67 610	25 050	49 370	2 830	194 800	2 970		
5% REDUCTION IN SELLING PRICE	(67 600)	(25 050)	(49 290)	(2 830)	(194 790)	(2 950)		
5% INCREASE IN DEVELOPMENT COST	(28 270)	(12 850)	(16 050)	(1 570)	(177 560)	(2 060)		
5% REDUCTION IN DEVELOPMENT COST	28 300	12 900	16 130	1 560	177 540	2 060		
1% INCREASE IN FINANCING COSTS	(3 000)	(940)	(1 130)	(160)	(30 030)	(550)		
1% REDUCTION IN FINANCING COST	3 000	950	1 120	170	30 050	540		
1% INCREASE IN MARKETING & LEGAL FEES RATE	(16 080)	(5 960)	(11 720)	(670)	(46 380)	(730)		
1% REDUCTION IN MARKETING & LEGAL FEES RATE	16 100	5 980	11 780	680	46 350	740		
1% INCREASE IN AGENT COMMISSION RATE	(16 080)	(5 960)	(11 720)	(670)	(46 380)	(730)		
1% REDUCTION IN AGENT COMMISSION RATE	16 100	5 980	11 780	680	46 350	740		
1% INCREASE IN DEVELOPER'S PROFIT	(16 080)	(5 960)	(11 720)	(670)	(46 380)	(730)		
1% REDUCTION IN DEVELOPER'S PROFIT	16 100	5 980	11 780	680	46 350	740		
1% INCREASE IN INFLATION RATE	72 040	40 750	66 940	1 150	118 340	920		
1% REDUCTION IN INFLATION RATE	(66 090)	(34 870)	(60 120)	(1 110)	(95 100)	(880)		
1% INCREASE IN DISCOUNT RATE	(68 010)	(34 370)	(61 510)	(1 260)	(92 880)	(1 010)		
1% REDUCTION IN DISCOUNT RATE	75 700	40 770	69 780	1 320	117 190	1 070		

10. INTANGIBLE ASSETS

FIGURES IN NAMIBIA DOLLAR THOUSAND	TRADEMARKS, LICENCES AND PATENTS	COMPUTER SOFTWARE	GOODWILL	TOTAL
30 SEPTEMBER 2020				
COST	73 416	268 517	268 018	609 951
ACCUMULATED AMORTISATION AND IMPAIRMENT	(25 090)	(156 254)	(9 497)	(190 841)
	48 326	112 263	258 521	419 110
OPENING BALANCE	54 378	139 622	258 521	452 521
ADDITIONS	481	23 199	-	23 680
DISPOSAL	(61)	-	-	(61)
OTHER CHARGES	(497)	-	-	(497)
AMORTISATION	(5 975)	(45 696)	-	(51 671)
IMPAIRMENT LOSS	-	(4 862)	-	(4 862)
	48 326	112 263	258 521	419 110
31 MARCH 2019				
COST	71 936	247 560	268 018	587 514
ACCUMULATED AMORTISATION AND IMPAIRMENT	(17 558)	(107 938)	(9 497)	(134 993)
	54 378	139 622	258 521	452 521
OPENING BALANCE	55 363	139 071	268 018	462 452
ADDITIONS	-	23 010	-	23 010
DISPOSAL	(566)	-	-	(566)
OTHER CHARGES	3 730	-	(9 497)	(5 767)
AMORTISATION	(4 149)	(22 459)	-	(26 608)
	54 378	139 622	258 521	452 521

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FIGURES IN NAMIBIA DOLLAR THOUSAND	TRADEMARKS, LICENCES AND PATENTS	COMPUTER SOFTWARE	GOODWILL	TOTAL
<b>31 MARCH 2018</b>				
COST	64 781	225 900	268 018	558 699
ACCUMULATED AMORTISATION AND IMPAIRMENT	(9 418)	(86 829)	-	(96 247)
	<b>55 363</b>	<b>139 071</b>	<b>268 018</b>	<b>462 452</b>
OPENING BALANCE	49 858	150 102	326 831	526 791
ADDITIONS	9 323	8 573	-	17 896
OTHER CHARGES	-	-	(58 813)	(58 813)
AMORTISATION	(3 818)	(19 604)	-	(23 422)
	<b>55 363</b>	<b>139 071</b>	<b>268 018</b>	<b>462 452</b>

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 in the prior financial 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 in the previous financial period was NAD 9.5 million. The impairment loss was accounted for in the financial services segment's profit or loss. The carrying amount of goodwill is NAD Nil (2019: NAD nil million).

## B) MINING OPERATIONS - MEYA MINING LTD

Goodwill of NAD 258.5 million (2019 and 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 the life of a mine plan with the following assumptions:

- turnover growth of 12.6% (2019: 16%, 2018: 15%)
- discount rate of 10% (2019: 6.86%, 2018: 6.86%)
- value of carats of USD 380
- expected life of mine - 15 years
- operating expenditure growth of 5.71% (2019: 15.5%, 2018: 15%) and
- an average annual capital outlay of USD 20.5 million.

Projections during the budget period are based on the same expected gross margins and raw materials with 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 production in the next financial period.

## SENSITIVITY ANALYSIS

The effect of a 1% change in the value of carat with all other variables held constant will result in the value of the mine for the year ended 30 September 2020 decrease/increase by USD 8.3 million.

The effect of a 1% change in the discount rate with all other variables held constant will result in the value of the mine for the year ended 30 September 2020 increase by USD 33.7 million and decrease by USD 37.3 million.

A 1% change identified above will not result in the impairment of goodwill.

## 11. EVALUATION AND EXPLORATION ASSETS

FIGURES IN NAMIBIA DOLLAR THOUSAND	30 SEPTEMBER 2020	31 MARCH 2019	31 MARCH 2018
COST	474 211	530 275	278 638
ACCUMULATED AMORTISATION	-	-	-
	<b>474 211</b>	<b>530 275</b>	<b>278 638</b>

## RECONCILIATION OF EVALUATION AND EXPLORATION ASSETS

OPENING BALANCE	530 275	278 638	52 491
ADDITIONS	305 237	221 319	226 147
EXCHANGE RATE MOVEMENT	10 441	30 318	-
TRANSFER TO MINE PROPERTIES	(371 742)	-	-
	<b>474 211</b>	<b>530 275</b>	<b>278 638</b>

A 25 year large scale mining licence was granted to Meya Mining Ltd 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.

## 12. MINE PROPERTIES

FIGURES IN NAMIBIA DOLLAR THOUSAND	30 SEPTEMBER 2020	31 MARCH 2019	31 MARCH 2018
COST	607 699	164 875	-
ACCUMULATED AMORTISATION	-	-	-
	<b>607 699</b>	<b>164 875</b>	<b>-</b>

## RECONCILIATION OF MINE PROPERTIES

OPENING BALANCE	164 875	-	-
ADDITIONS	32 756	164 875	-
TRANSFER FROM EVALUATION AND EXPLORATION ASSETS	371 742	-	-
EXCHANGE RATE MOVEMENT	38 326	-	-
	<b>607 699</b>	<b>164 875</b>	<b>-</b>

## VALUE OF MINE PROPERTIES

MEYA MINE	409 334	-	-
NORTHERN NAMIBIA DEVELOPMENT MINE	198 365	164 875	-
	<b>607 699</b>	<b>164 875</b>	<b>-</b>

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

ASSESSMENT OF IMPAIRMENT

NNDC has been placed under care and maintenance.

Neither of the operations have commenced extraction of the resources and continues to develop with the prospects of extraction, which is why the mine properties have not been depreciated as of yet.

Because they are not being depreciated - an impairment assessment is required by IFRS 6. Refer to note 10 for impairment assessment of the Meya Mine. Impairment assessment of NNDC is detailed below.

IMPAIRMENT TEST OF NNDC MINE

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 life of a mine plan with the following assumptions;

- Average annual turnover of USD 9.1 million
- Average annual operating expenditure USD 1.8 million; and
- Discount rate of 10%
- Value of carat of USD 160
- Expected life of mine of 15 years
- Initial and an average annual capital outlay of USD 7.2 million and US 0.5 million dollars.

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 production in the next financial period.

SENSITIVITY ANALYSIS OF THE NNDC MINE

The effect of a 1% change in the value of carat with all other variables held constant will result in the value of the mine for the year ended 30 September 2020 decrease/increase by USD 0.4 million.

The effect of a 1% change in the discount rate with all other variables held constant will result in the value of the mine for the year ended 30 September 2020 increase by USD 1.2 million and decrease by USD 1.1 million.

A 1% change in the key assumptions will not result in the impairment of the mine.

13. DEFERRED TAX ASSETS AND (LIABILITIES)

FIGURES IN NAMIBIA DOLLAR THOUSAND	30 SEPTEMBER 2020		31 MARCH 2019 (RESTATED)		31 MARCH 2018 (RESTATED)	
	OPENING BALANCE	MOVEMENT	CLOSING BALANCE	OPENING BALANCE	MOVEMENT	CLOSING BALANCE
PROPERTY, PLANT AND EQUIPMENT	(75 901)	56 844	(19 057)	(66 210)	(9 691)	(75 901)
LAND	-	-	-	(16)	16	-
INVENTORY	(15 183)	-	(15 183)	(36 022)	20 839	(15 183)
INVESTMENT PROPERTY	(20 088)	(828)	(20 916)	(14 114)	(5 974)	(20 088)
INTANGIBLE ASSETS	(8 117)	5 778	(2 339)	(3 772)	(4 345)	(8 117)
FINANCIAL LEASE LIABILITIES	6 693	(952)	5 741	8 549	(1 856)	6 693
PREPAYMENT	-	-	-	(1 818)	1 818	-
PROPERTY RECEIVABLES	(62 090)	3 727	(58 363)	(79 548)	17 458	(62 090)
LOSS ALLOWANCE	3 618	34 873	38 491	49	3 569	3 618
ACCUALS FOR LEAVE PAY AND BONUSES	2 032	339	2 371	2 227	(195)	2 032
INCOME RECEIVED IN ADVANCE	-	9 480	9 480	-	-	-
FOREIGN CURRENCY TRANSLATION	6 790	(6 790)	-	12 361	(5 571)	6 790
ASSESSED LOSSES	242 902	(99 509)	143 393	112 722	130 180	242 902
TOTAL	80 656	2 962	83 618	(65 592)	146 248	80 656
RECONCILIATION OF DEFERRED TAX ASSET						
AT THE BEGINNING OF THE YEAR			80 656			(213 969)
RECOGNISED IN PROFIT OR LOSS			(21 754)			134 050
RECOGNISED IN OTHER COMPREHENSIVE			8 903			14 327
DISPOSAL OF AVIATION BUSINESS			15 813			-
			83 618	80 656		(65 592)
DEFERRED TAX ASSETS			125 401			150 656
DEFERRED TAX LIABILITIES			(41 783)			(216 248)
			83 618	80 656		(65 592)

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.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

14. BORROWINGS

FIGURES IN NAMIBIA DOLLAR THOUSAND

	30 SEPTEMBER 2020	31 MARCH 2019	31 MARCH 2018
TERM LOANS	1 403 270	1 002 227	1 011 303
LISTED BONDS	-	-	30 564
ASSET-BACKED FINANCING ARRANGEMENTS	5 160	209 651	210 598
MORTGAGE BONDS	5 170	39 188	80 086
	<b>1 413 600</b>	<b>1 251 066</b>	<b>1 332 551</b>
NON-CURRENT PORTION	377 662	535 725	542 144
CURRENT PORTION	1 035 938	715 341	790 407
	<b>1 413 600</b>	<b>1 251 066</b>	<b>1 332 551</b>

Refer to note 39 for further information concerning restructuring of debt.

YEAR OF LOAN MATURITY		LOAN VALUE		ANNUAL INSTALMENT		INTEREST RATE	
		SEPTEMBER	MARCH	SEPTEMBER	MARCH	SEPTEMBER	MARCH
		2020	2019	2020	2019	2020	2019
						%	%
TERM LOANS		1 403 270	1 002 227	298 109	225 889	9.83	10.30
ASSET-BACKED FINANCING							
ARRANGEMENT	2017 - 2023	5 160	209 651	5 140	51 648	9.73	10.50
MORTGAGE BONDS	2017 - 2026	5 170	39 188	1 011	11 494	9.73	10.50
TOTAL		1 413 600	1 251 066	304 260	289 031		

SECURITY

The following securities are in place for borrowings:

- Unlimited surety by Dr Q van Rooyen and C van Rooyen in favour of Bank Windhoek Ltd.
- A guarantee by Q van Rooyen in favour of an international lender.
- Share pledge granted by Trustco Group Holdings Ltd and TBN Holdings Ltd as part of the Security Sharing Agreement.
- A guarantee in favour of an international lender by Trustco Group Holdings Ltd .
- Unlimited Suretyship by Trustco Group Holdings Ltd in favour of Bank Windhoek Ltd.
- Guarantee by Trustco Group Holdings Ltd in favour of Pinnacle Micro Namibia (Pty) Ltd for NAD 25 million.
- Guarantee by Trustco Group Holdings Ltd in favour of Inselberg Trust.
- Trustco Group Holdings Ltd guarantee in favour of Apple Bank/Air Finance.
- Limited suretyship by Trustco Group International (Pty) Ltd, Institute for Open Learning (Pty) Ltd and TBN Holdings Ltd each for an amount of R 45 million in favour of Trustco Finance (Pty) Ltd as part of the Security Sharing Agreement.
- Guarantees in favour of an international lender by Trustco Finance (Pty) Ltd, Trustco Capital (Pty) Ltd, Trustco Intermediary Solutions (Pty) Ltd and Trustco Group International (Pty) Ltd .
- Mortgage bond in favour of Bank Windhoek Ltd over Portion 130 (Portion of Portion A) of Farm Nubuamis number 37, Lafrenz, Windhoek, Namibia .
- Various bonds registered in favour of Absa over residential properties.
- Unlimited suretyship by Trustco Group Holdings Ltd, Institute for Open Learning (Pty) Ltd and TBN Holdings Ltd in favour of Development Bank of Namibia Ltd.
- Cession over Loan Book debts granted by Trustco Finance (Pty) Ltd as part of the Security Sharing Agreement.
- First demand guarantee by Trustco Finance (Pty) Ltd in favour of an international lender.
- Cession of policy number 8028338, 624645014 and 642757873 with Mutual and Federal for various bonds and asset financing.
- Finance lease from Avis Fleet Management Services is secured by vehicles.
- Unlimited surety by Trustco Property Holdings (Pty) Ltd in favour of Bank Windhoek Ltd.
- Various bonds over Elisenheim property in favour of Bank Windhoek Ltd, as well as unlimited suretyship by EPDC.
- A bond on Portion 5(A Portion of Portion 4) of the Farm Elisenheim no 68 and limited up to USD 47 million in favour of Helios.
- Asset-backed financing arrangements with Wesbank are secured over equipment and a guarantee by Trustco Group Holdings Ltd.
- Various bonds in favour of Bank Windhoek registered on commercial and residential properties and
- Guarantees by Trustco Resources (Pty) Ltd and Meya Mining in favour of Sierra Leone Commercial Bank for USD 1.5 million as well as a lien over the equipment of Meya Mining Ltd.
- A bond registered in favour of an international lender over Erf 8874, Windhoek.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## ASSET-BACKED FINANCING ARRANGEMENTS

Asset-backed financing arrangements are secured over aircraft with a carrying amount of nil (31 March 2019: NAD 183.6 million, 2018: NAD 169.3 million) (refer to note 8). These arrangements are further backed by the cession of shares by Dr Q van Rooyen.

## SUMMARY OF ASSETS PROVIDED AS SECURITY FOR THE GROUP

FIGURES IN NAMIBIA DOLLAR THOUSAND	30 SEPTEMBER 2020	31 MARCH 2019	31 MARCH 2018
PROPERTY, PLANT AND EQUIPMENT	119 811	117 100	126 000
INVESTMENT PROPERTIES	225 410	343 400	366 000
ADVANCES	372 395	528 833	611 000
INVENTORY	47 447	38 512	329 745
	<b>765 063</b>	<b>1 027 845</b>	<b>1 432 745</b>

The total value of security pledged by the managing director for which the group reimburses him for the suretyship in accordance with the management fee agreement was NAD 584 million (31 March 2019: NAD 1 738.4 million).

## UNUTILISED COMMITTED BORROWINGS

As at 30 September, there were no borrowing facilities not yet fully utilised or undrawn (31 March 2019: none).

## 15. TRADE AND OTHER PAYABLES

FIGURES IN NAMIBIA DOLLAR THOUSAND	30 SEPTEMBER 2020	31 MARCH 2019	31 MARCH 2018
TRADE PAYABLES	519 827	271 941	128 578
CONTINGENT CONSIDERATION*	-	59 233	258 521
OTHER PAYABLES	84 090	13 803	11 976
EMPLOYEE FUND	41 087	41 283	31 204
	<b>645 004</b>	<b>386 260</b>	<b>430 279</b>

\*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 6).

The carrying amount approximates the fair values as they are primarily linked to variable rates that reprice as interest rates change and are short-term in nature.

## 16. INSURANCE CONTRACT LIABILITIES

FIGURES IN NAMIBIA DOLLAR THOUSAND	30 SEPTEMBER 2020	31 MARCH 2019	31 MARCH 2018
LONG-TERM INSURANCE CONTRACTS	38 035	33 026	48 455
SHORT-TERM INSURANCE CONTRACTS	13 516	12 367	14 602
	<b>51 551</b>	<b>45 393</b>	<b>63 057</b>

### A) LONG-TERM INSURANCE CONTRACTS

CLAIMS INCURRED	87	151	919
UNEARNED PREMIUM RESERVE	2 442	2 764	6 329
POLICYHOLDERS' LIABILITY UNDER INSURANCE CONTRACTS	35 506	30 111	41 207
	<b>38 035</b>	<b>33 026</b>	<b>48 455</b>

### RECONCILIATION OF LONG-TERM INSURANCE CONTRACT LIABILITIES - 2020

	OPENING BALANCE	MOVEMENT	CLOSING BALANCE
CLAIMS INCURRED	151	(64)	87
UNEARNED PREMIUM RESERVE	2 764	(322)	2 442
POLICYHOLDERS' LIABILITY UNDER INSURANCE CONTRACTS	30 111	5 395	35 506
	<b>33 026</b>	<b>5 009</b>	<b>38 035</b>

### RECONCILIATION OF LONG-TERM INSURANCE CONTRACT LIABILITIES - 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
	<b>48 455</b>	<b>(15 429)</b>	<b>33 026</b>

### RECONCILIATION OF LONG-TERM INSURANCE CONTRACT LIABILITIES - 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
	<b>73 944</b>	<b>(25 489)</b>	<b>48 455</b>

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## B) SHORT-TERM INSURANCE CONTRACTS

FIGURES IN NAMIBIA DOLLAR THOUSAND	30 SEPTEMBER 2020	31 MARCH 2019	31 MARCH 2018
IBNR	1 821	2 034	2 222
CLAIMS INCURRED	5 908	3 994	4 682
UNEARNED PREMIUM RESERVE	5 787	6 339	7 698
	<b>13 516</b>	<b>12 367</b>	<b>14 602</b>

### RECONCILIATION OF SHORT-TERM INSURANCE CONTRACT LIABILITIES - 2020

	OPENING BALANCE	MOVEMENT	CLOSING BALANCE
IBNR	2 034	(213)	1 821
CLAIMS INCURRED	3 994	1 914	5 908
UNEARNED PREMIUM RESERVE	6 339	(552)	5 787
	<b>12 367</b>	<b>1 149</b>	<b>13 516</b>

### RECONCILIATION OF SHORT-TERM INSURANCE CONTRACT LIABILITIES - 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
	<b>14 602</b>	<b>(2 235)</b>	<b>12 367</b>

### RECONCILIATION OF SHORT-TERM INSURANCE CONTRACT LIABILITIES - 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
	<b>20 406</b>	<b>(5 804)</b>	<b>14 602</b>

### SOLVENCY MARGIN

	30 SEPTEMBER 2020	31 MARCH 2019	31 MARCH 2018
SOLVENCY MARGIN OF TRUSTCO INSURANCE LTD	27.5%	66.6%	49.7 %

The solvency margin represents shareholders' interest of NAD 12.4 million (31 March 2019: NAD 34.2 million, 2018: NAD 27.5 million) expressed as a percentage of net premium income of NAD 45.2 million (31 March 2019: 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 expected annual 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)

#### THE 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 INCREASED	3.9% PER ANNUM (31 MARCH 2019: 3.0%)	INVESTMENT EARNINGS ASSUMPTION WAS OR DECREASED BY 0.25% DEPENDING ON WHICH GIVES THE HIGHER LIABILITY
EXPECTED INFLATION	EXPECTED INFLATION 5.9% (31 MARCH 2019: 5.5%)	10% LOADING ON THE EXPECTED 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	ALLOWANCE FOR EXPENSES WAS INCREASED FROM 18.8% TO 31.3% OF THE PREMIUM	NOT APPLICABLE
MORTALITY DUE TO AIDS	ADDITIONAL MORTALITY OF 50% OF DOYLE II	THE ASSUMPTION WAS DECREASED BY 7.5% FOR ANNUITIES

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Overall these changes in the current financial period resulted in a reduction in the actuarial liabilities of NAD 2.7 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 the 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 the 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:

	31 MARCH 2020	31 MARCH 2019	31 MARCH 2018
	NAD '000	NAD '000	NAD '000
EXCESS OF ASSETS OVER LIABILITIES	1 028 419	1 089 309	1 052 059
MINIMUM STATUTORY REQUIREMENT	4 000	4 000	4 000
SAN CAPITAL ADEQUACY BENCHMARK*	21 022	22 764	26 176
CAR RATIO	4 892%	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 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 the 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 for more than one year is limited. There were no changes from the previous year.

**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 asset spread requirements 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 before being used. Annual investigations into mortality and morbidity experience are conducted. All applications for risk cover above specified limits are reviewed by experienced underwriters and evaluated against established standards. All risk-related liabilities above 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 enable 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.



# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 17. LEASE LIABILITIES

FIGURES IN NAMIBIA DOLLAR THOUSAND	30 SEPTEMBER 2020	31 MARCH 2019	31 MARCH 2018
MINIMUM LEASE PAYMENTS DUE			
WITHIN 1 YEAR	25 448	18 189	13 491
IN SECOND TO FIFTH YEAR INCLUSIVE	48 809	51 830	41 964
LATER THAN 5 YEARS	25 974	16 080	29 151
	<b>100 231</b>	<b>86 099</b>	<b>84 606</b>
LESS: FUTURE FINANCE CHARGES	(21 923)	(22 652)	(12 846)
<b>PRESENT VALUE OF MINIMUM LEASE PAYMENTS</b>	<b>78 308</b>	<b>63 447</b>	<b>71 760</b>
PRESENT VALUE OF MINIMUM LEASE PAYMENTS DUE			
WITHIN 1 YEAR	23 702	16 491	12 318
IN SECOND TO FIFTH YEAR INCLUSIVE	39 046	38 457	37 251
LATER THAN 5 YEARS	15 560	8 499	22 191
	<b>78 308</b>	<b>63 447</b>	<b>71 760</b>
CURRENT LIABILITIES	23 702	16 491	12 318
NON CURRENT LIABILITIES	54 606	46 956	59 442
	<b>78 308</b>	<b>63 447</b>	<b>71 760</b>

The average effective borrowing rate was 7.4% (2019: 10.3%, 2018: 9.5%) and an average annual repayment of NAD 2.1 million (2019: NAD 1.5 million, 2018: NAD 1.1 million) and the lease liabilities are secured by property, plant and equipment as disclosed on note 8.

## 18. SHARE CAPITAL

FIGURES IN NAMIBIA DOLLAR THOUSAND	30 SEPTEMBER 2020	31 MARCH 2019	31 MARCH 2018
AUTHORISED			
2 500 000 000 ORDINARY SHARES OF NAD 0.23 EACH	575 000	575 000	575 000
ISSUED AND FULLY PAID			
ORDINARY	371 691	224 084	190 245
SHARE PREMIUM	3 094 401	921 719	267 400
	<b>3 466 092</b>	<b>1 145 803</b>	<b>457 645</b>

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, 1 616 038 581 (31 March 2019: 974 265 619, 2018: 827 142 090) shares were issued.

The following shares were issued during the reporting period:

- 18.1 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 the issuance of 143.3 million shares and 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.
- 18.2 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.
- 18.3 The company issued 10 000 shares on 22 October 2019 in terms of a warranty agreement. Refer to the SENS announcement 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 respective securities exchanges in compliance with Schedule 6 of the Listings Requirements and were duly approved by shareholders.

## 19. TREASURY SHARES

FIGURES IN NAMIBIA DOLLAR THOUSAND	30 SEPTEMBER 2020	31 MARCH 2019	31 MARCH 2018
NUMBER OF SHARES	45 792	44 586	44 586
VALUE OF SHARES	228 680	197 959	200 804

At the reporting date, the market value of treasury shares was NAD 144 million (31 March 2019: NAD 467 million).

## 20. OTHER RESERVES

FIGURES IN NAMIBIA DOLLAR THOUSAND	30 SEPTEMBER 2020	31 MARCH 2019	31 MARCH 2018
SHARES FOR VENDORS	14 976	2 300 175	14 976
OTHER RESERVES	39 912	40 443	42 370
FOREIGN CURRENCY TRANSLATION RESERVE	(132 411)	(11 935)	(12 413)
COMMON CONTROL RESERVE	(3 197 685)	(3 197 685)	-
	<b>(3 275 208)</b>	<b>(869 002)</b>	<b>44 933</b>

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

COMMON CONTROL RESERVE

Common control reserve arose from the acquisition of Huso Group, refer to note 33 of the 2019 Annual Report for further information.

SHARES FOR VENDORS

Shares due to Dr Q van Rooyen for the acquisition of Huso Group were issued during the current period, as disclosed in note 18.

21. NON-CONTROLLING INTEREST

FIGURES IN NAMIBIA DOLLAR THOUSAND

	30 SEPTEMBER 2020	31 MARCH 2019 RESTATED	31 MARCH 2018 RESTATED
RECONCILIATION FOR THE PERIOD ENDED			
OPENING BALANCE	489 931	402 546	7
TOTAL COMPREHENSIVE (LOSS)/INCOME	(80 316)	115 781	50 664
CHANGES AS A RESULT OF ACQUISITION/(DISPOSAL)	14 040	(28 396)	351 875
BALANCE AT THE END OF THE PERIOD	423 655	489 931	402 546

22. INTERESTS IN OTHER ENTITIES

Set out below is summarised financial information for each subsidiary (refer to note 34 for domicile and place of business) 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 LTD	MEYAMINING LTD				
	30 SEPTEMBER 2020	31 MARCH 2019	31 MARCH 2018	30 SEPTEMBER 2020	31 MARCH 2019
SUMMARISED BALANCE SHEET					
CURRENT ASSETS	688 649	848 026	761 931	56 691	92 392
CURRENT LIABILITIES	(504 227)	(415 235)	(241 711)	(207 228)	(184 627)
NET CURRENT ASSETS/(LIABILITIES)	194 422	432 791	520 220	(150 537)	(92 235)
NON-CURRENT ASSETS	2 754 632	3 225 264	3 822 181	1 037 932	295 069
NON-CURRENT LIABILITIES	(1 477 789)	(1 606 702)	(2 976 830)	(714 476)	-
NET NON-CURRENT ASSETS	1 276 843	1 618 562	845 351	323 456	295 069
NET ASSETS	1 471 265	2 051 353	1 365 571	172 919	202 834
ACCUMULATED NCI	368 381	433 589	316 465	41 234	56 342
SUMMARISED STATEMENT PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME					
REVENUE	359 619	1 281 453	405 965	11 122	72 249
(LOSS)/PROFIT FOR THE PERIOD	(709 015)	686 253	369 794	(32 408)	(13 220)
OTHER COMPREHENSIVE INCOME	-	-	-	(5 241)	11 823
(LOSS)/PROFIT ALLOCATED TO NCI	(65 206)	129 505	-	(15 110)	(1 342)
TOTAL COMPREHENSIVE (LOSS)/PROFIT ALLOCATED TO NCI	(65 206)	129 505	-	(17 174)	10 481
SUMMARISED CASH FLOWS					
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	271 426	475 176	269 922	(40)	(142 438)
CASH FLOW USED IN INVESTING ACTIVITIES	(109 539)	(348 186)	(205 093)	(199 638)	(5 712)
CASH FLOW (USED IN)/FROM FINANCING ACTIVITIES	(180 182)	(101 166)	(57 103)	173 089	169 932
NET INCREASE IN CASH AND CASH EQUIVALENTS	20 255	25 824	7 726	(7 062)	21 782
PERCENTAGE OF SHAREHOLDING OF NCI	20	20	20	35	35

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 22.1 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

### A. PARTIAL DISPOSAL OF AN INTEREST IN TRUSTCO RESOURCES (PTY) LTD

On 30 March 2020, the Riskowitz Value Fund LLP acquired 52 ordinary shares (1.3%) of Trustco Resources (Pty) Ltd (indirect subsidiary) with a carrying amount of NAD 14.1 million for a purchase price of NAD 81.4 million.

The following table summarises the financial impact of the disposal to non-controlling interest without the loss of control:

PROCEEDS RECEIVED	81.4 MILLION
NET ASSET VALUE 1.3% SHAREHOLDING	(14.1) MILLION
<b>TRANSACTION WITH NON-CONTROLLING INTEREST</b>	<b>67.3 MILLION</b>

### B. 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	643.6 MILLION
NET ASSET VALUE 14% SHAREHOLDING	(28.4) MILLION
<b>ACQUISITION OF NON-CONTROLLING INTEREST</b>	<b>615.2 MILLION</b>

### C. 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 Trustco sold 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 a loss of control.

The following table summarises the details of the transaction:

CONSIDERATION RECEIVED	1 200.0 MILLION
NET ASSET VALUE 20% SHAREHOLDING	(351.9) MILLION
<b>TRANSACTION WITH NON-CONTROLLING INTEREST</b>	<b>848.1 MILLION</b>

## 23. REVENUE

FIGURES IN NAMIBIA DOLLAR THOUSAND

	18 MONTHS ENDED 30 SEPTEMBER 2020	12 MONTHS ENDED 31 MARCH 2019 RESTATED
REVENUE COMPRISES THE FOLLOWING CATEGORIES:		
INSURANCE PREMIUM REVENUE	167 638	128 562
PROPERTY SALES	130 085	70 915
TRANSFER OF INVENTORY TO INVESTMENT PROPERTY	-	984 427
TUITION AND OTHER RELATED FEES	41 531	44 749
INTEREST EARNED ON ADVANCES	244 159	122 287
DIAMOND SALES	14 463	71 145
OTHER REVENUE	19 776	27 633
<b>TOTAL REVENUE</b>	<b>617 652</b>	<b>1 449 718</b>

### TIMING OF REVENUE RECOGNITION

AT A POINT IN TIME	567 291	1 411 681
OVER TIME	50 361	38 037
	<b>617 652</b>	<b>1 449 718</b>

Refer to note 9 on revenue received from the transfer of inventory to investment property.

## 24. CLAIMS AND BENEFITS PAID ON INSURANCE CONTRACTS

FIGURES IN NAMIBIA DOLLAR THOUSAND

	18 MONTHS ENDED 30 SEPTEMBER 2020	12 MONTHS ENDED 31 MARCH 2019
<b>LONG-TERM INSURANCE CONTRACTS</b>		
DEATH CLAIMS PAID	22 348	21 506
CHANGE IN CLAIMS INCURRED LIABILITY	(64)	(768)
TRANSFER TO POLICYHOLDERS' LIABILITIES	5 395	(11 096)
	<b>27 679</b>	<b>9 642</b>
<b>SHORT-TERM INSURANCE CONTRACTS</b>		
CLAIMS PAID OUT	13 541	8 018
INCREASE IN INCURRED BUT NOT REPORTED CLAIMS	(213)	(188)
CHANGE IN CLAIMS INCURRED LIABILITY	1 914	(688)
	<b>15 242</b>	<b>7 142</b>
<b>TOTAL CLAIMS</b>	<b>42 921</b>	<b>16 784</b>

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 25. PROFIT BEFORE TAX

Operating (loss)/profit for the period is stated after accounting for the following:

	18 MONTHS ENDED 30 SEPTEMBER 2020	12 MONTHS ENDED 31 MARCH 2019
FIGURES IN NAMIBIA DOLLAR THOUSAND		
EMPLOYEE COSTS	243 774	199 847
LOSS ON FOREIGN EXCHANGE DIFFERENCES	133 457	97 798
AUDITORS' REMUNERATION - AUDIT FEES	18 104	10 462
LOSS ON DISPOSAL OF LONG TERM ASSETS	5 113	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	38 775	515
TRADE AND OTHER RECEIVABLES WRITTEN OFF	-	39 362
ADVANCES WRITTEN OFF	-	7 533
CREDIT LOSS ALLOWANCE ON ADVANCES	497 466	53 371
DEPRECIATION AND AMORTISATION	99 817	58 968

## 26. DIRECTORS' EMOLUMENTS

### 26.1 DIRECTORS IN EMOLUMENTS

18 MONTHS ENDED 30 SEPTEMBER 2020	BASIC	OTHER BENEFITS	DIRECTORS' FEES	TOTAL FEES
FIGURES IN NAMIBIA DOLLAR THOUSAND				
HOLDING COMPANY (EXECUTIVE DIRECTORS)				
DR Q VAN ROOYEN*	-	-	-	-
FJ ABRAHAMS	3 610	193	-	3 803
	<b>3 610</b>	<b>193</b>	<b>-</b>	<b>3 803</b>
NON-EXECUTIVE DIRECTORS				
W GEYSER	-	-	449	449
ADV R HEATHCOTE SC	-	-	895	895
R TALJAARD	-	-	500	500
PROF LJ WELDON (RESIGNED 25 MARCH 2020)	-	-	303	303
KN VAN NIEKERK (RESIGNED 25 MARCH 2020)	-	-	404	404
	<b>-</b>	<b>-</b>	<b>2 551</b>	<b>2 551</b>

18 MONTHS ENDED 30 SEPTEMBER 2020	BASIC	OTHER BENEFITS	DIRECTORS' FEES	TOTAL FEES
SUBSIDIARY COMPANY (EXECUTIVE DIRECTORS)				
A LAMBERT	1 416	84	-	1 500
E JANSE VAN RENSBURG	2 690	159	-	2 849
Q Z VAN ROOYEN*	-	-	-	-
I CALITZ	1 521	291	-	1 812
T SLABBERT	2 286	65	-	2 351
A BRAND	1 498	241	-	1 739
J JACOBS (RESIGNED 30 APRIL 2020)	3 734	221	-	3 955
J JOUBERT	-	-	5 400	5 400
IS KAMARA	4 685	-	-	4 685
M ERASMUS (APPOINTED 20 MARCH 2020)	1 013	68	-	1 081
	<b>18 843</b>	<b>1 129</b>	<b>5 400</b>	<b>25 372</b>
NON-EXECUTIVE DIRECTORS OF SUBSIDIARY BOARDS				
W GEYSER	-	-	2 246	2 246
R TALJAARD	-	-	1 378	1 378
T NEWTON	-	-	652	652
J VAN DEN HEEVER	-	-	541	541
S SIMILO	-	-	221	221
PROF LJ WELDON (RESIGNED 25 MARCH 2020)	-	-	627	627
KN VAN NIEKERK (RESIGNED 25 MARCH 2020)	-	-	500	500
R CHETWODE	-	-	548	548
	<b>-</b>	<b>-</b>	<b>6 713</b>	<b>6 713</b>
<b>TOTAL</b>	<b>22 453</b>	<b>1 322</b>	<b>14 664</b>	<b>38 439</b>

\*Next Capital Ltd has a management agreement with Trustco Group Holdings Ltd 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.

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 30 September 2020, the value of surety pledged was NAD 584 million (2019: NAD 1 738.4 million).

The 5 year management contract will expire on 31 March 2021 and will be renegotiated during the next reporting period.



# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

12 MONTHS ENDED 31 MARCH 2019	BASIC	OTHER BENEFITS	DIRECTORS' FEES	TOTAL FEES
<b>FIGURES IN NAMIBIA DOLLAR THOUSAND HOLDING COMPANY (EXECUTIVE DIRECTORS)</b>				
DR Q VAN ROOYEN	-	-	-	-
FJ ABRAHAMS	2 230	116	-	2 346
	<b>2 230</b>	<b>116</b>	<b>-</b>	<b>2 346</b>
<b>NON-EXECUTIVE DIRECTORS</b>				
W GEYSER	-	-	339	339
ADV R HEATHCOTE SC	-	-	637	637
J MAHLANGU (RESIGNED 22 APRIL 2018)	-	-	15	15
R TALJAARD	-	-	376	376
PROF LJ WELDON (APPOINTED 26 APRIL 2018)	-	-	286	286
KN VAN NIEKERK (APPOINTED 26 APRIL 2018)	-	-	325	325
	<b>-</b>	<b>-</b>	<b>1 978</b>	<b>1 978</b>
<b>SUBSIDIARY COMPANY (EXECUTIVE DIRECTORS)</b>				
A LAMBERT	872	94	-	966
E JANSE VAN RENSBURG	1 645	103	-	1 748
OZ VAN ROOYEN	-	-	-	-
I CALITZ	897	211	-	1 108
T SLABBERT	1 438	41	-	1 479
K FICK (RESIGNED 31 MARCH 2019)	1 424	122	-	1 546
A BRAND	902	248	-	1 150
J JACOBS	3 328	213	-	3 541
J JOUBERT	-	-	2 700	2 700
	<b>10 506</b>	<b>1 032</b>	<b>2 700</b>	<b>14 238</b>
<b>NON-EXECUTIVE DIRECTORS OF SUBSIDIARY BOARDS</b>				
W GEYSER	-	-	1 636	1 636
R TALJAARD	-	-	823	823
T NEWTON	-	-	474	474
NJ TSHITAYI (RESIGNED 22 APRIL 2018)	-	-	22	22
J VAN DEN HEEVER (APPOINTED 26 APRIL 2018)	-	-	327	327
S SIMILO	-	-	158	158
PROF LJ WELDON (APPOINTED 26 APRIL 2018)	-	-	480	480
KN VAN NIEKERK (APPOINTED 26 APRIL 2018)	-	-	448	448
R CHETWODE (APPOINTED 05 JUNE 2019)	-	-	315	315
	<b>-</b>	<b>-</b>	<b>4 683</b>	<b>4 683</b>
<b>TOTAL</b>	<b>12 736</b>	<b>1 148</b>	<b>9 361</b>	<b>23 245</b>

## 26.2 CHANGES IN THE BOARD OF DIRECTORS

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

## 27. INVESTMENT AND OTHER INCOME

	18 MONTHS ENDED 30 SEPTEMBER 2020	12 MONTHS ENDED 31 MARCH 2019
<b>FIGURES IN NAMIBIA DOLLAR THOUSAND</b>		
INTEREST ON INVESTMENTS AND EXTERNAL PARTY BALANCES	927	55 579
LOAN WAIVER*	1 000 000	545 601
OTHER INCOME	3 146	4 078
PROFIT ON EXCHANGE DIFFERENCES	260 029	11 161
FAIR VALUE LOSS ON INVESTMENT PROPERTY	(279 220)	(61 627)
	<b>984 882</b>	<b>554 792</b>

INVESTMENT INCOME, ANALYSED BY CATEGORY OF  
FINANCIAL ASSETS AS FOLLOWS:

DEBT INSTRUMENTS AT AMORTISED COST	927	55 579
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\* 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.

## 28. FINANCE COSTS

	18 MONTHS ENDED 30 SEPTEMBER 2020	12 MONTHS ENDED 31 MARCH 2019 RESTATED
<b>FIGURES IN NAMIBIA DOLLAR THOUSAND</b>		
LONG-TERM BORROWINGS	356 140	196 745
LEASE LIABILITIES	2 173	3 870
OTHER FINANCING ARRANGEMENTS	19 781	1 529
	<b>378 185</b>	<b>202 144</b>

Interest on borrowings increased as no capital repayments were made during the reporting period. Refer to note 39 for disclosure of the successful debt restructuring concluded after the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 29. TAX

	18 MONTHS ENDED 30 SEPTEMBER 2020	12 MONTHS ENDED 31 MARCH 2019 RESTATED
FIGURES IN NAMIBIA DOLLAR THOUSAND		
MAJOR COMPONENTS OF THE TAX EXPENSE (BENEFIT)		
<b>CURRENT</b>		
LOCAL INCOME TAX	15 716	1 791
FOREIGN INCOME TAX	330	477
	<b>16 046</b>	<b>2 268</b>
<b>DEFERRED</b>		
ORIGINATING AND REVERSING TEMPORARY DIFFERENCES - LOCAL TAX	21 754	(150 548)
<b>INCOME TAX EXPENSE/(BENEFIT)</b>	<b>37 800</b>	<b>(148 280)</b>
	18 MONTHS ENDED 30 SEPTEMBER 2020	12 MONTHS ENDED 31 MARCH 2019
FIGURES IN NAMIBIA DOLLAR THOUSAND		
<b>TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME</b>		
INCOME TAX RELATING TO ITEMS THAT WILL NOT BE RECLASSIFIED	-	1 270
INCOME TAX RELATING TO ITEMS THAT MAY BE RECLASSIFIED	(8 903)	(5 571)
	<b>(8 903)</b>	<b>(4 301)</b>
<b>RECONCILIATION OF THE INCOME TAX RATE</b>		
RECONCILIATION BETWEEN APPLICABLE TAX RATE AND AVERAGE EFFECTIVE TAX RATE		
	%	%
APPLICABLE TAX RATE	32.00	32.00
TAX FOR THE PERIOD AS A PERCENTAGE OF PROFIT BEFORE TAX	12.38	28.80
NON-TAXABLE INCOME FROM LONG-TERM INSURANCE OPERATIONS	7.21	2.62
EFFECT OF FOREIGN TAX RATE DIFFERENTIAL	-	0.01
LOSSES FOR WHICH NO DEFERRED TAX ASSET WAS RECOGNISED	(63.14)	(36.33)
NON-TAXABLE INCOME AND CAPITAL INCOME	104.8	40.75
NON-TAXABLE (LOSSES)/GAINS ON FAIR VALUE ADJUSTMENTS	(29.25)	(3.83)
	<b>32.00</b>	<b>32.00</b>

## 30. EARNINGS AND HEADLINE EARNINGS PER SHARE

	PROFIT BEFORE TAX	TAXATION	NON CONTROLLING INTEREST	NET PROFIT	NET PROFIT
FIGURES IN NAMIBIA DOLLAR THOUSAND	30 SEPTEMBER 2020	30 SEPTEMBER 2020	30 SEPTEMBER 2020	30 SEPTEMBER 2020	31 MARCH 2019 RESTATED
BASIC (LOSS)/EARNING	(305,442)	(37,800)	77,140	(266,102)	558,705
PROFIT ON DISPOSAL OF LONG TERM ASSETS	7,625	(5,307)	-	2,318	5,175
IMPAIRMENT REVERSAL OF INTANGIBLE	4,862	-	-	4,862	(23,243)
LOSS ON DISPOSAL OF AVIATION BUSINESS	4,682	-	-	4,682	9,497
<b>HEADLINE (LOSS)/EARNINGS</b>	<b>(288,273)</b>	<b>(43,107)</b>	<b>77,140</b>	<b>(254,240)</b>	<b>550,134</b>
			18 MONTHS ENDED 30 SEPTEMBER 2020		12 MONTHS ENDED 31 MARCH 2019 RESTATED
FIGURES IN NAMIBIA DOLLAR THOUSAND					
<b>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</b>					
THE WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES USED FOR					
BASIC EARNINGS PER SHARE ('000)			1 334 127		856 749
ADJUSTED FOR CONTINGENTLY ISSUABLE SHARES ('000)			4 922		633 722
<b>WEIGHTED NUMBER OF ORDINARY SHARES FOR THE PURPOSES OF DILUTED EARNINGS PER SHARE ('000)</b>			<b>1 339 049</b>		<b>1 490 471</b>
<b>(LOSS)/EARNINGS PER SHARE</b>					
BASIC (LOSS)/EARNINGS PER SHARE (CENTS)			(19.95)		65.21
DILUTED (LOSS)/EARNINGS PER SHARE (CENTS)			(19.87)		37.49
HEADLINE (LOSS)/EARNINGS PER SHARE (CENTS)			(19.06)		64.21
DILUTED HEADLINE (LOSS)/EARNINGS PER SHARE (CENTS)			(18.99)		36.91

The group has an estimated tax loss of NAD 2.2 billion (31 March 2019: NAD 1.8 billion) available for set off against future taxable income. The deferred tax was not recognised for the tax losses of NAD 1.8 billion (31 March 2019: NAD 1.1 billion).

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 31. CASH (UTILISED IN)/GENERATED FROM OPERATIONS

	18 MONTHS ENDED 30 SEPTEMBER 2020	12 MONTHS ENDED 31 MARCH 2019 RESTATED
FIGURES IN NAMIBIA DOLLAR THOUSAND		
(LOSS)/PROFIT BEFORE TAX	(305 442)	605 889
<b>ADJUSTMENTS FOR</b>		
DEPRECIATION AND AMORTISATION	99 817	58 968
LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	7 625	1 141
GAIN ON FOREIGN EXCHANGE DIFFERENCES	(260 029)	(11 161)
INVESTMENT INCOME	(927)	(18 243)
LOSS ON DISPOSAL OF THE AVIATION BUSINESS	4 682	-
NON-CASH INVESTMENT INCOME	-	(37 336)
FINANCE COSTS	378 185	202 144
FAIR VALUE ADJUSTMENTS	279 220	61 627
CREDIT LOSS ALLOWANCE MOVEMENT OF ADVANCES	497 466	60 904
IMPAIRMENT (REVERSAL)/LOSS ON AIRCRAFT	-	(23 243)
WAIVER OF LOAN	(1 000 000)	(545 601)
INVESTMENT PROPERTY RECLASSIFICATION	-	(655 627)
IMPAIRMENT LOSS ON INTANGIBLE ASSETS	4 862	9 497
FOREIGN EXCHANGE LOSS ON BORROWINGS	133 457	97 798
CREDIT LOSS ALLOWANCE MOVEMENT OF OTHER RECEIVABLES	39 290	39 877
CHANGE IN INSURANCE CONTRACT LIABILITIES	763	(6 568)
CHANGE IN POLICYHOLDERS' LIABILITY UNDER INSURANCE CONTRACTS	5 395	(11 096)
OTHER NON-CASH ITEMS	(9 990)	(5 431)
CASH USED IN OPERATIONS BEFORE WORKING CAPITAL CHANGES	(125 626)	(176 461)
<b>CHANGES IN WORKING CAPITAL</b>		
INVENTORIES	(10 340)	(203 236)
TRADE AND OTHER RECEIVABLES	16 698	125 144
TRADE AND OTHER PAYABLES	267 990	248 518
CHANGES IN WORKING CAPITAL	274 348	170 426
<b>CASH GENERATED FROM/(USED IN) OPERATIONS</b>	<b>148 722</b>	<b>(6 035)</b>

## 32. TAX PAID

	18 MONTHS ENDED 30 SEPTEMBER 2020	12 MONTHS ENDED 31 MARCH 2019
FIGURES IN NAMIBIA DOLLAR THOUSAND		
<b>BALANCE OUTSTANDING AT BEGINNING OF PERIOD</b>		
• CURRENT TAX ASSETS	(4 495)	(6 004)
• CURRENT TAX LIABILITIES	10 243	8 938
	5 748	2 934
CURRENT TAX FOR THE PERIOD RECOGNISED IN PROFIT OR LOSS	16 046	2 268
<b>BALANCE OUTSTANDING AT END OF PERIOD</b>		
• CURRENT TAX ASSETS	2 473	4 495
• CURRENT TAX LIABILITIES	(24 829)	(10 243)
	<b>562</b>	<b>(546)</b>

## 33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING

30 SEPTEMBER 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	128 129	44 464	(842 653)	(670 060)
CASH FLOWS RELATED TO OPERATIONS*	136 240	-	-	136 240
<b>SUB TOTAL</b>	<b>1 515 435</b>	<b>107 911</b>	<b>178 623</b>	<b>1 801 969</b>
CASH FLOWS RELATED TO FINANCING	(101 835)	(29 603)	27 471	(103 967)
<b>CLOSING BALANCE</b>	<b>1 413 600</b>	<b>78 308</b>	<b>206 094</b>	<b>1 698 002</b>
<b>31 MARCH 2019</b>				
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)
<b>SUB TOTAL</b>	<b>1 309 914</b>	<b>80 807</b>	<b>414 800</b>	<b>1 805 521</b>
CASH FLOWS RELATED TO FINANCING	(58 848)	(17 360)	606 476	530 268
<b>CLOSING BALANCE</b>	<b>1 251 066</b>	<b>63 447</b>	<b>1 021 276</b>	<b>2 335 789</b>

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

34. RELATED PARTIES

The group is controlled by Q van Rooyen who owns 63.94% (31 March 2019: 51.37%) of the company's shares. Material related parties are disclosed in notes 6 and 26.

Other related parties are:

Subsidiaries

Agricultural Export Company (Pty) Ltd  
Discus Properties (Pty) Ltd  
Elisenheim Property Development Company Ltd  
Erf 7179 (Pty) Ltd  
Herboth's Property Development (Pty) Ltd  
Huso Investments (Pty) Ltd  
ICE Insurance Claims Exchange (Pty) Ltd<sup>1</sup>  
Institute for Open Learning (Pty) Ltd  
Institute for Open Learning VTC (Pty) Ltd  
Komada Holdings (Pty) Ltd  
Legal Shield Holdings Ltd  
Meya Mining Ltd<sup>2</sup>  
Morse Investments (Pty) Ltd  
Morse Investments Mauritius<sup>2</sup>  
New Adventure Insurance Brokers (Pty) Ltd<sup>1</sup>  
Northern Industrial Estates (Pty) Ltd  
Northern Namibia Development Company (Pty) Ltd  
November Properties (Pty) Ltd  
Printas (Pty) Ltd  
TBN Holdings Ltd  
Trustco Administrative Support 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  
Trustco Estate Planners and Administrators (Pty) Ltd  
Trustco Finance (Pty) Ltd  
Trustco Financial Services (Pty) Ltd<sup>1</sup>  
Trustco Fleet Management Services (Pty) Ltd  
Trustco Group Holdings Ltd<sup>5</sup>  
Trustco Group International (Pty) Ltd  
Trustco Group International (Pty) Ltd<sup>1</sup>  
Trustco Informatix (Pty) Ltd<sup>1</sup>  
Trustco Insurance Ltd  
Trustco Intermediary Solutions (Pty) Ltd<sup>1</sup>  
Trustco Investments Group Ltd<sup>5</sup>  
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<sup>2</sup>  
Trustco Newspapers (Pty) Ltd

Trustco Property Holdings (Pty) Ltd  
Trustco Re-insure Ltd  
Trustco Resources Mauritius<sup>2</sup>  
Trustco Resources (Pty) Ltd  
Trustco Resources Ltd<sup>5</sup>  
Trustco Unit Trust Management Company Ltd

Entities in which board members have a significant influence

Sunda Island Investments (Pty) Ltd  
Thera Island Investments (Pty) Ltd  
Trustco Air Services (Pty) Ltd  
Trustco Tourism Holdings (Pty) Ltd  
Arru Island Investments (Pty) Ltd  
Foxtrot Properties (Pty) Ltd  
Golf Properties (Pty) Ltd  
Namibia Medical Investments (Pty) Ltd  
Next Capital Ltd  
Othinge Investments (Pty) Ltd  
Portsmut Hunting Safaris (Pty) Ltd  
Le-Hugo's Investments<sup>2</sup>  
Dolphin View 50 Langstrand (Pty) Ltd

Other related entities

Germinate SL Ltd<sup>3</sup>  
Trustco Senior Employees Trust  
Trustco Staff Share Incentive Scheme Trust  
Riskowitz Value Fund LP<sup>4</sup>

- 1. Inc. in the Republic of South Africa
  - 2. Inc. in the Republic of Mauritius
  - 3. Inc. in the Republic of Sierra Leone
  - 4. Inc. in the United States of America
  - 5. Inc. in the United Kingdom
- All other related parties are incorporated in Namibia.

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. Sale of goods to related parties was made at the group's usual list price. Purchases were made at market price. Details of transactions between the group and other related parties are disclosed below:

RELATED PARTY TRANSACTIONS

	18 MONTHS ENDED 30 SEPTEMBER 2020	12 MONTHS ENDED 31 MARCH 2019
FIGURES IN NAMIBIA DOLLAR THOUSAND		
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 21 for further information.

NEXT CAPITAL LTD^

SALES	-	2 326
MANAGEMENT FEES	(21 032)	(35 478)
SURETY FEES	(33 618)	(43 567)
INTEREST	(69 513)	(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
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^\*-Entity became an indirect subsidiary on 4 September 2018  
\*\*-Non-controlling interest  
^\*-Common shareholder: Q van Rooyen

35. SEGMENT INFORMATION  
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 primarily operates in Namibia and Sierra Leone.

The 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.



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

**PRODUCTS AND SERVICES FROM WHICH REPORTABLE SEGMENTS EARN THEIR REVENUE**  
The principal categories from which revenue is earned 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

	TOTAL	INSURANCE AND ITS INVESTMENTS	BANKING	RESOURCES
<b>30 SEPTEMBER 2020</b>				
REVENUE	<b>730 253</b>	439 735	276 055	14 463
EXTERNAL REVENUE	<b>617 652</b>	345 844	257 345	14 463
INTER-SEGMENT REVENUE	<b>112 601</b>	93 891	18 710	-
NET PROFIT/(LOSS) AFTER TAX	<b>(343 242)</b>	(1 023 286)	(461 866)	1 141 910
INCOME TAX EXPENSE	<b>(37 800)</b>	(8 464)	(12 146)	(17 014)
LOAN WAIVER	<b>1 000 000</b>	-	-	1 000 000
DEPRECIATION AND AMORTISATION	<b>(87 346)</b>	(88 463)	(9 851)	(1 503)
INTEREST INCOME	<b>927</b>	237	669	21
INTEREST EXPENSE	<b>(378 185)</b>	(251 500)	(92 747)	(33 938)
CREDIT ALLOWANCE FOR CREDIT LOSSES ON ADVANCES	<b>(567 620)</b>	(39 290)	(528 330)	-
<b>TOTAL ASSETS</b>	<b>5 617 207</b>	<b>2 983 944</b>	<b>1 129 859</b>	<b>1 503 404</b>
<b>TOTAL LIABILITIES</b>	<b>2 462 330</b>	<b>1 530 967</b>	<b>696 498</b>	<b>234 865</b>

	TOTAL	INSURANCE AND ITS INVESTMENTS	BANKING	RESOURCES
<b>31 MARCH 2019</b>				
REVENUE	<b>1 741 371</b>	1 445 295	151 618	144 458
EXTERNAL REVENUE	<b>1 449 718</b>	1 247 709	130 863	71 146
INTER-SEGMENT REVENUE	<b>291 653</b>	197 586	20 755	73 312
NET PROFIT/(LOSS) AFTER TAX	<b>663 127</b>	229 863	(52 342)	485 606
INCOME TAX (EXPENSE)/BENEFIT	<b>148 280</b>	146 177	4 793	(2 690)
LOAN WAIVER	<b>545 601</b>	-	-	545 601
DEPRECIATION AND AMORTISATION	<b>(58 968)</b>	(54 318)	(4 063)	(587)
INTEREST INCOME	<b>55 579</b>	53 450	2 129	-
INTEREST EXPENSE	<b>(202 144)</b>	(114 314)	(64 140)	(23 690)
CREDIT ALLOWANCE FOR CREDIT LOSSES ON ADVANCES	<b>(100 781)</b>	(32 759)	(68 022)	-
<b>TOTAL ASSETS</b>	<b>6 380 335</b>	<b>3 557 847</b>	<b>1 536 546</b>	<b>1 285 942</b>
<b>TOTAL LIABILITIES</b>	<b>2 844 322</b>	<b>2 170 240</b>	<b>478 589</b>	<b>195 493</b>

	30 SEPTEMBER 2020 18 MONTHS REVENUE	31 MARCH 2019 12 MONTHS REVENUE	30 SEPTEMBER 2020 ASSETS	31 MARCH 2019 ASSETS
NAMIBIA	603 189	1 378 573	4 264 062	5 327 783
SIERRA LEONE	14 463	71 145	1 353 145	1 052 552
<b>TOTAL</b>	<b>617 652</b>	<b>1 449 718</b>	<b>5 617 207</b>	<b>6 380 335</b>

Inter-segment sales are charged at prevailing market prices.

The group's revenues from its major products and services are disclosed in note 23.

**INFORMATION ABOUT MAJOR CUSTOMERS**  
No single customer contributed 10% or more to the group's revenue for both 2020 and 2019.

36. CATEGORIES OF FINANCIAL INSTRUMENTS

FIGURES IN NAMIBIA DOLLAR THOUSAND	30 SEPTEMBER 2020	31 MARCH 2019 RESTATED	31 MARCH 2018 RESTATED
<b>FINANCIAL ASSETS</b>			
AMORTISED COSTS			
CASH AND CASH EQUIVALENTS	144 020	172 791	68 942
ADVANCES	921 859	1 387 091	-
TRADE AND OTHER RECEIVABLES	240 466	270 140	-
LOANS AND RECEIVABLES			
ADVANCES	-	-	1 754 103
TRADE AND OTHER RECEIVABLES	-	-	351 278
AMOUNTS DUE BY RELATED PARTIES	-	-	528 194
<b>FINANCIAL LIABILITIES</b>			
AMORTISED COSTS			
AMOUNTS DUE TO RELATED PARTIES	(206 094)	(1 021 276)	-
BORROWINGS	(1 413 600)	(1 251 066)	(1 332 551)
TRADE AND OTHER PAYABLES	(618 043)	(372 674)	(422 066)
LEASES			
LEASE LIABILITIES	(78 308)	(63 447)	(71 760)

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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 concerning 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 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 note 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 41.39% (2019: 70.00%). The minimum Tier one leverage ratio is 6% and Trustco Bank Namibia Ltd’s ratio is currently 36.92% (31 March 2019: 57.00%).

From time to time the group purchases its shares on the market, the timing of which depends on market prices. Buy and sell decisions are made on the 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 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, liquidity risk and cash flow interest rate risk.

The use of financial instruments is governed by the group’s policies approved by the board of directors, which provide principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-financial derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits are reviewed by the internal auditors continuously. 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 Namibia 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	30 SEPTEMBER 2020	31 MARCH 2019	31 MARCH 2018
CASH AND CASH EQUIVALENTS	7 333	33 907	10 123
TRADE AND OTHER RECEIVABLES	5 863	19 302	17 855
BORROWINGS	(705 111)	(379 502)	(311 905)
TRADE AND OTHER PAYABLES	(236 323)	(207 537)	(372 319)
	(928 238)	(533 832)	(656 246)

FOREIGN CURRENCY RISK SENSITIVITY ANALYSIS

At the reporting date, the South African Rand was equal to the Namibia Dollar. A 10% weakening of Namibia Dollar exchange rate versus the US Dollar (most common foreign currency exposure) at 30 September 2020 as broadly anticipated by the market would decrease the group’s profit by NAD 92.8 million (31 March 2019: NAD 53.4 million). The analysis assumes that all other variables would remain constant.

- 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.

CREDIT RISK MANAGEMENT

Credit risk is the risk of financial loss to the group 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.

FORWARD-LOOKING INFORMATION (FLI)

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

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

FIGURES IN NAMIBIA DOLLAR THOUSAND	30 SEPTEMBER 2020	31 MARCH 2019 RESTATED	31 MARCH 2018 RESTATED
FINANCIAL ASSETS			
CASH AND CASH EQUIVALENTS	144 020	172 791	68 942
ADVANCES	921 859	1 387 091	1 754 103
TRADE AND OTHER RECEIVABLES	240 466	270 140	351 278
AMOUNTS DUE BY RELATED PARTIES	-	-	528 194
	1 306 345	1 830 022	2 702 517

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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's concentration of customer risk to a counterparty exceeding 5% of gross monetary assets during the period was for the two commercial property advances as disclosed in note 3. Refer to note 38, property acquisition for further detail on the repurchase of these financial assets.

RECEIVABLES FROM TRADE CUSTOMERS AND ADVANCES

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 broad 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.

INTEREST RATE RISK MANAGEMENT

The ultimate responsibility for interest rate risk management rests with the board of directors, which has established an appropriate framework for the 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 the reporting date. The analysis is prepared assuming the balance of the financial instrument at the reporting date was receivable/(payable) for the whole period. 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 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 profit for the period ended 30 September 2020 would decrease/increase by NAD 4.6 million (31 March 2019: decrease/increase by NAD 3.1 million). This is mainly attributable to the group'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.

The 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 the 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. Refer to note 39 for revised payment terms of borrowings.

30 SEPTEMBER 2020	EFFECTIVE INTEREST RATE	DUE IN LESS THAN ONE YEAR	DUE IN ONE TO TWO YEARS	DUE IN TWO TO FIVE YEARS	DUE AFTER FIVE YEARS	TOTAL
LIABILITIES MATURITY ANALYSIS NON-INTEREST BEARING		NAD' 000	NAD' 000	NAD' 000	NAD' 000	NAD' 000
• TRADE AND OTHER PAYABLES		618 043	-	-	-	618 043
VARIABLE INTEREST RATE INSTRUMENTS						
• TERM LOANS	9.83	1 285 841	135 427	264 720	21 800	1 707 788
• MORTGAGE LOANS	9.73	5 829	4 795	4 795	-	15 419
• ASSET-BACKED FINANCING AGREEMENTS	9.73	2 565	2 016	1 272	214	6 067
• LEASE LIABILITIES	11.25	25 448	17 064	31 745	25 973	100 230
• AMOUNTS DUE TO RELATED PARTIES	12.08	64 255	-	-	141 839	206 094
		2 007 103	159 874	290 657	177 100	2 634 734

31 MARCH 2019	EFFECTIVE INTEREST RATE	DUE IN LESS THAN ONE YEAR	DUE IN ONE TO TWO YEARS	DUE IN TWO TO FIVE YEARS	DUE AFTER FIVE YEARS	TOTAL
LIABILITIES MATURITY ANALYSIS NON-INTEREST BEARING		NAD' 000	NAD' 000	NAD' 000	NAD' 000	NAD' 000
• TRADE AND OTHER PAYABLES		372 674	-	-	-	372 674
VARIABLE INTEREST RATE INSTRUMENTS						
• TERM LOANS	5.00 - 15.50	865 081	57 585	70 751	34 645	1 028 062
• MORTGAGE LOANS	10.5	27 494	7 464	5 132	1 646	41 736
• ASSET-BACKED FINANCING AGREEMENTS	9.25 - 11.50	76 391	107 078	15 151	20 928	219 548
• LEASE LIABILITIES	10.5	16 142	18 687	13 776	28 179	76 784
• AMOUNTS DUE TO RELATED PARTIES	10.5	-	-	-	1 682 498	1 682 498
		1 357 782	190 814	104 810	1 767 896	3 421 302

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 38. GOING CONCERN

The board of directors annually assesses 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 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 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 group.

## 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 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 the emergence of the pandemic, this will affect negatively 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 assessments. 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.

## 39. EVENTS AFTER THE REPORTING DATE REVERSE-ACQUISITION OF CONDUIT CAPITAL

The acquisition of Conduit Capital by reverse take-over was entered into 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 the scale of opportunities in the local market.

- Conduit Capital, the 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.

## HELIOS ORYX LIMITED VS TRUSTCO GROUP HOLDINGS LTD

Helios Oryx Limited issued a summons in the High Court of Justice (Business and Property Courts of England and Wales Commercial Court). The summons relates to a facility agreement entered into between the parties.

The action is being defended by Trustco Group Holdings Ltd (TGH). Helios declared all amounts outstanding under the facility agreement and demanded payment totalling USD 19.6 million. On 20 January 2021, the High Court of Justice of England and Wales (Commercial Court) granted summary judgement in favour of Helios against Trustco in the sum of USD 21.4 million together with legal costs.

Trustco's total exposure in respect of the Helios claim (inclusive of capital, interest and costs) are 100% provided for in the AFS.

Trustco together with its legal advisors are implementing all legal remedies available to TGH, including appealing against the judgement. Helios also instituted an action in Windhoek Namibia, which is pending. The group has a substantive counter claim against Helios in excess of USD 59 million which it is pursuing and is in the process of being quantified. The matter is still pending.

## PROPERTY ACQUISITION

At reporting date, the group was awaiting the Namibian Competitions Commission's approval for the acquisition of Cumbrae Island Investments (Pty) Ltd. In terms of this transaction, Trustco Property Holdings (Pty) Ltd acquired 100% shareholding in Cumbrae Island. On perfection or approval of this transaction the structured loan portfolio will become related party loans within the group eliminating at consolidation level.

The carrying amount of the structured loans at reporting date is NAD 464,090 (2019: NAD 867,068). The acquisition was approved by the commission on 8 December 2020.

## DEBT RESTRUCTURING

Trustco concluded its debt restructuring with its long standing international funders after the reporting date. The restructuring includes deferred interest payments, capital holidays and bullet capital repayments of up to 7 years. This changed the debt repayment profile for the next 12 months from NAD 2.1 billion to NAD 1.4 billion, a cashflow saving of NAD 700 million.

## 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 Eisenheim development) amounting to NAD 0.66 million and NAD 3.93 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

FIGURES IN NAMIBIA DOLLAR THOUSAND	30 SEPTEMBER 2020	31 MARCH 2019
NOT YET CONTRACTED FOR BUT AUTHORISED BY DIRECTORS	1 300 000	665 100

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

## 42. AUDITORS

Nexia SAB&T Chartered Accountants Incorporated was 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. On 20 November 2020, BDO Namibia resigned as external auditors for the Namibian operations.

## 43. 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 the 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.

## 44. PRIOR PERIOD ERROR

Following a JSE proactive monitoring process (refer to note 15 of the directors report), the company reassessed its treatment of historical sales of unserviced erven which were subject to the installation of bulk services before legal transfer and occupation by the purchaser. 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 correct treatment is to recognise revenue at the date at which legal transfer of the property to the customer takes place, which occurs once the installation of services is completed. It is at this date the customer is obliged to make payment, and has the rights to take occupation of said property.

The correction results in the derecognition of the revenue and trade receivables associated to these transactions in previous periods, and the re-recognition of the associated inventory. Recognition of the revenue and associated costs is deferred to the period in which the property transfer occurs. IAS 18 was replaced by IFRS 15 Revenue from contracts with Customers for the period ending 30 March 2019. Refer to the accounting policy section for the applicable revenue recognition policy. Revenue recognition in accordance with IFRS 15 is consistent with the corrected treatment required by IAS 18 as noted above.

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 financial position and related performance as previously reported at 31 March 2018 and March 2019.



# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## STATEMENT OF FINANCIAL POSITION

FIGURES IN NAMIBIA DOLLAR THOUSAND

	31 MARCH 2019 (AS PREVIOUSLY REPORTED)	DEBIT/ (CREDIT)	31 MARCH 2019 (RESTATED)	31 MARCH 2018 (AS PREVIOUSLY REPORTED)	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)
<b>NET ASSETS</b>	<b>623 444</b>	<b>(238 961)</b>	<b>384 483</b>	<b>755 484</b>	<b>(177 052)</b>	<b>578 432</b>
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)
<b>TOTAL EQUITY</b>	<b>(3 696 132)</b>	<b>238 961</b>	<b>(3 457 171)</b>	<b>(3 864 447)</b>	<b>177 052</b>	<b>(3 687 395)</b>

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	31 MARCH 2019 (AS PREVIOUSLY REPORTED)	(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
<b>PROFIT FOR THE PERIOD</b>	<b>1 097 748</b>	<b>(61 909)</b>	<b>1 035 839</b>

### PROFIT ATTRIBUTABLE TO:

OWNERS OF THE PARENT	608 232	(49 527)	558 705
NON-CONTROLLING INTEREST	116 804	(12 382)	104 422
	<b>725 036</b>	<b>(61 909)</b>	<b>663 127</b>

### EARNINGS PER SHARE

	31 MARCH 2019 (AS PREVIOUSLY REPORTED)	(DEBIT)/ CREDIT	31 MARCH 2019 (RESTATED)
BASIC EARNINGS PER SHARE (CENTS)	70.99	(5.78)	65.21
DILUTED EARNINGS PER SHARE (CENTS)	40.81	(3.32)	37.49
HEADLINE EARNINGS PER SHARE (CENTS)	69.99	(5.78)	64.21
DILUTED HEADLINE EARNINGS PER SHARE (CENTS)	40.23	(3.32)	36.91

The underlying sales contracts to which this accounting error applies to remain in force and are legally binding and enforceable on 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:

- the gross value of unrecognised sales at 31 March 2019 was NAD 268.8 million and
- the gross value of unrecognised sales at 30 September 2020 was NAD 268.8 million.

There were no ECLs recognised on the associated trade receivables (refer to note 4), therefore no adjustments in respect of ECLs are required.

## 45. SHAREHOLDER INFORMATION

Details of the shareholders were as follows:

### LARGE SHAREHOLDERS (AS AT 31 MARCH 2019)

NAME	DIRECT SHAREHOLDING	INDIRECT SHAREHOLDING	SHAREHOLDING %
VAN ROOYEN, QUINTON	392 554 120	85 062 606	51.37
PERSHING LLC	339 264 269	-	36.49
- RISKOWITZ VALUE FUND	-	212 301 314	-
- ITHUBA INVESTMENTS	-	126 962 955	-
SNOWBALL WEALTH (PTY) LTD	30 577 183	-	3.29
MIDBROOK LANE (PTY) LTD	12 431 539	-	1.34
CONSTANTIA INSURANCE COMPANY LTD	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 MANAGEMENT	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
<b>GRAND TOTAL</b>	<b>802 173 678</b>	<b>887 236 284</b>	<b>95.43</b>

\* Total issued shares as at 31 March 2019 – 974 265 619  
 \* Treasury shares as at 31 March 2019 – 44 586 350  
 \* Shares calculated net of treasury shares – 929 679 269

### LARGE SHAREHOLDERS (AS AT 30 SEPTEMBER 2020)

NAME	DIRECT SHAREHOLDING	INDIRECT SHAREHOLDING	TOTAL SHAREHOLDING	TOTAL SHAREHOLDING %
VAN ROOYEN, QUINTON	307 137 454	696 862 606	1 004 000 060	63.94
PERSHING LLC	340 301 835	-	340 301 835	21.67
- RISKOWITZ VALUE FUND	-	213 429 696		
- ITHUBA INVESTMENTS	-	126 872 139		
GERMINATE SL LTD	85 416 666		85 416 666	5.44
SNOWBALL WEALTH PTY LTD	30 583 770		30 583 770	1.95
CONSTANTIA INSURANCE COMPANY LTD	8 151 152		8 151 152	0.52
MIDBROOK LANE (PTY) LTD	12 415 530		12 415 530	0.79
GOVERNMENT EMPLOYEES PENSION FUND PUBLIC INVESTMENT CORPORATION	5 461 236		5 461 236	0.35
SAXO BANK AS - CLIENT ASSETS	5 372 346		5 372 346	0.34
<b>GRAND TOTAL</b>	<b>794 839 989</b>	<b>696 862 606</b>	<b>1 491 702 595</b>	<b>95.00</b>

\* Total issued shares at 30 Sep 2020 – 1 616 038 581  
 \* Treasury shares issued at 30 Sep 2020 – 45 800 647  
 \* Shares calculated net of treasury shares at 30 Sep 2020 – 1 570 237 934

## SHAREHOLDERS

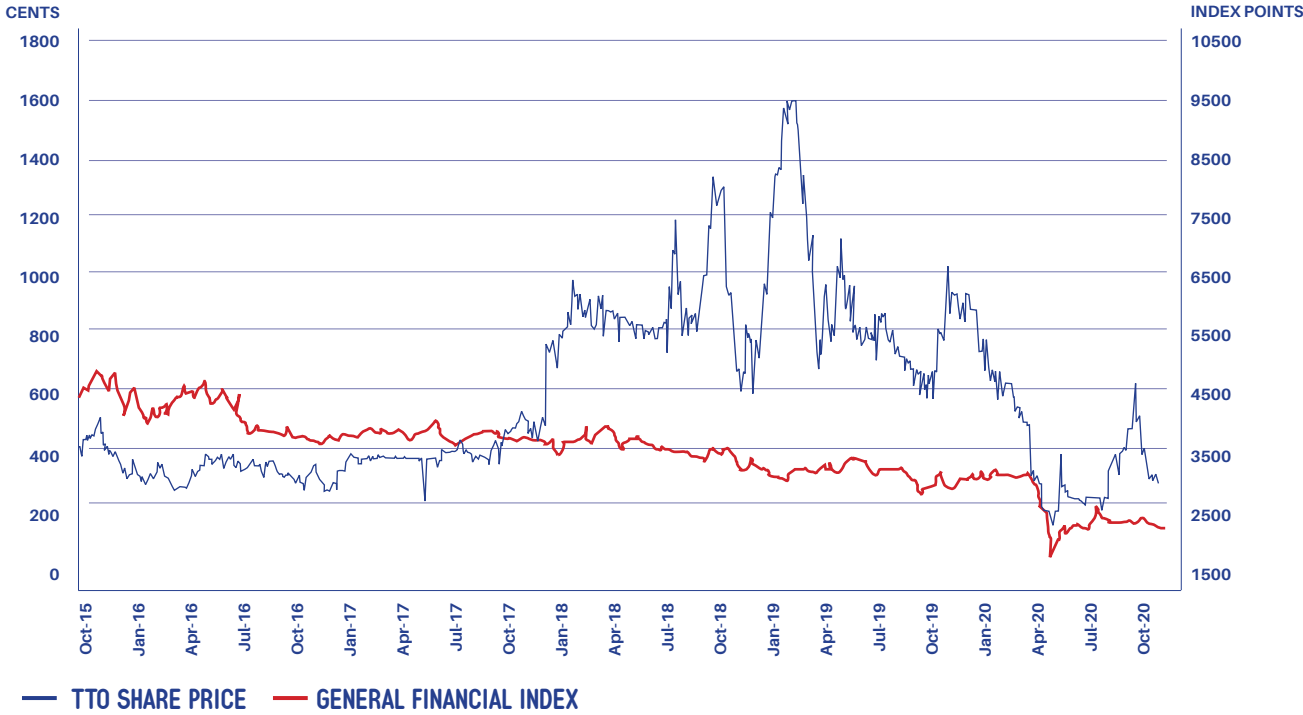
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CHAPTER

05

# SHAREHOLDERS' INFORMATION

## TRUSTCO SHARE PERFORMANCE



## ANALYSIS OF SHAREHOLDING (AS AT 30 SEPTEMBER 2020)

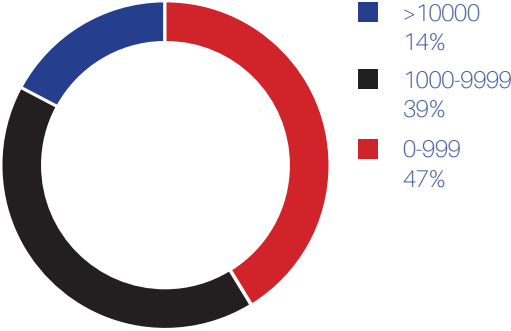
SHAREHOLDING	SHAREHOLDERS	SHAREHOLDER %	SHARES	SHAREHOLDING %
0-999	1 734	47.27	681 354	0.04
1000-1999	695	18.95	858 991	0.05
2000-2999	238	6.49	554 155	0.04
3000-3999	91	2.48	290 493	0.02
4000-4999	42	1.15	181 824	0.01
5000-5999	158	4.31	811 215	0.05
6000-6999	63	1.72	402 633	0.03
7000-7999	67	1.83	496 461	0.03
8000-8999	40	1.09	327 645	0.02
9000-9999	14	0.38	132 856	0.01
> 10000	526	14.34	1 565 500 307	99.70
<b>GRAND TOTAL</b>	<b>3 668</b>	<b>100.00</b>	<b>1 570 237 934</b>	<b>100.00</b>

\* Total issued shares at 30 Sep 2020 - 1 616 038 581  
\* Treasury shares issued shares at 30 Sep 2020 - 45 800 647  
\* Shares calculated net of treasury shares at 30 Sep 2020 - 1 570 237 934

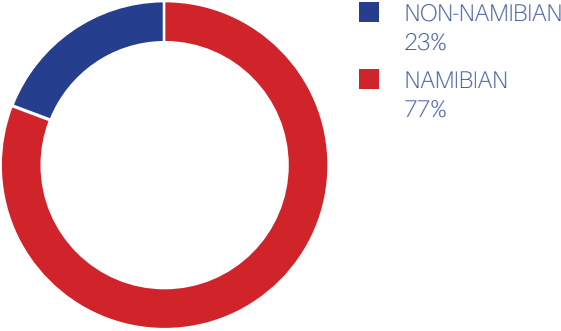
COUNTRY	SHAREHOLDERS	SHAREHOLDER %	SHARES	SHAREHOLDING %
NAMIBIAN	2 830	77.15	1 047 575 454	66.71
NON-NAMIBIAN	838	22.85	522 662 480	33.29
<b>GRAND TOTAL</b>	<b>3 668</b>	<b>100.00</b>	<b>1 570 237 934</b>	<b>100.00</b>

\* Total issued shares at 30 Sep 2020 - 1 616 038 581  
\* Treasury shares issued shares at 30 Sep 2020 - 45 800 647  
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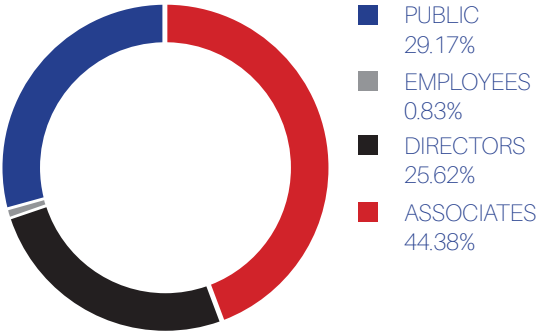
## SHAREHOLDING



## SHAREHOLDERS



## SHARES



## DISTRIBUTION OF SHARES (AS AT 30 SEPTEMBER 2020)

CATEGORY	SHAREHOLDERS	SHAREHOLDER %	SHARES	SHAREHOLDING %
CORPORATE	63	1.72	1 131 839 161	72.08
INDIVIDUAL	3 583	97.68	437 003 985	27.83
TRUST	22	0.60	1 394 788	0.09
<b>GRAND TOTAL</b>	<b>3 668</b>	<b>100.00</b>	<b>1 570 237 934</b>	<b>100.00</b>

NATURE	SHAREHOLDERS	SHAREHOLDER %	SHARES	SHAREHOLDING %
ASSOCIATE	5	0.14	696 934 149	44.38
DIRECTOR	14	0.38	402 330 605	25.62
EMPLOYEE	431	11.75	12 961 292	0.83
PUBLIC	3 218	87.73	458 011 888	29.17
<b>GRAND TOTAL</b>	<b>3 668</b>	<b>100.00</b>	<b>1 570 237 934</b>	<b>100.00</b>

SHAREHOLDERS' INFORMATION

LARGE SHAREHOLDERS (AS AT 31 MARCH 2019)

NAME	DIRECT SHAREHOLDING	INDIRECT SHAREHOLDING	SHAREHOLDING %
VAN ROOYEN, QUINTON	392 554 120	85 062 606	51.37
PERSHING LLC	339 264 269	-	36.49
- RISKOWITZ VALUE FUND	-	212 301 314	-
- ITHUBA INVESTMENTS	-	126 962 955	-
SNOWBALL WEALTH (PTY) LTD	30 577 183	-	3.29
MIDBROOK LANE (PTY) LTD	12 431 539	-	1.34
CONSTANTIA INSURANCE COMPANY LTD	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 MANAGEMENT	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	802 173 678	887 236 284	95.43

\* Total issued shares as at 31 March 2019 – 974 265 619  
\* Treasury shares as at 31 March 2019 – 44 586 350  
\* Shares calculated net of treasury shares – 929 679 269

LARGE SHAREHOLDERS (AS AT 30 SEPTEMBER 2020)

NAME	DIRECT SHAREHOLDING	INDIRECT SHAREHOLDING	TOTAL SHAREHOLDING	TOTAL SHAREHOLDING %
VAN ROOYEN, QUINTON	307 137 454	696 862 606	1 004 000 060	63.94
PERSHING LLC	340 301 835	-	340 301 835	21.67
- RISKOWITZ VALUE FUND	-	213 429 696		
- ITHUBA INVESTMENTS	-	126 872 139		
GERMINATE SL LTD	85 416 666		85 416 666	5.44
SNOWBALL WEALTH (PTY) LTD	30 583 770		30 583 770	1.95
CONSTANTIA INSURANCE COMPANY LTD	8 151 152		8 151 152	0.52
MIDBROOK LANE (PTY) LTD	12 415 530		12 415 530	0.79
GOVERNMENT EMPLOYEES PENSION FUND PUBLIC INVESTMENT CORPORATION	5 461 236		5 461 236	0.35
SAXO BANK AS - CLIENT ASSETS	5 372 346		5 372 346	0.34
GRAND TOTAL	794 839 989	696 862 606	1 491 702 595	95.00

\* Total issued shares at 30 Sep 2020 - 1 616 038 581  
\* Treasury shares issued shares at 30 Sep 2020 - 45 800 647  
\* Shares calculated net of treasury shares at 30 Sep 2020 - 1 570 237 934

DIRECTORS' INTEREST (AS AT 31 MARCH 2019)

NAME	SUM OF SHAREHOLDING 31 MARCH 2019	SHAREHOLDING %
ABRAHAMS, FLOORS JACOBUS	1 340 407	0.14
BRAND, ANNETTE	53 106	0.01
CALITZ, ILANA	161 792	0.02
GEYSER, WINTON JOHN	108 898	0.01
HEATHCOTE, RAYMOND	1 354 802	0.15
JANSE VAN RENSBURG, ELMARIE	740 000	0.08
JOUBERT, JAN SEBASTIAN CILLIERS	785 972	0.08
JACOBS, JOACHIM JOHANNES	158 747	0.02
LAMBERT, ADRIANA	215 016	0.02
SLABBERT, THOMAS JOHAN	406 301	0.04
TALJAARD, RENIER JACOBUS	34 617	0.00
VAN ROOYEN, QUINTON	477 616 726	51.37
WELDON, LANA (INDIRECT)	25 400	0.00
GRAND TOTAL	483 001 784	51.94

\* Total issued shares as at 31 March 2019 – 974 265 619  
\* Treasury shares as at 31 March 2019 – 44 586 350  
\* Shares calculated net of treasury shares – 929 679 269

DIRECTORS' INTEREST (AS AT 30 SEPTEMBER 2020)

NAME	DIRECT SHAREHOLDING	INDIRECT SHAREHOLDING	TOTAL SHAREHOLDING	TOTAL SHAREHOLDING %
ABRAHAMS, FLOORS JACOBUS	2 451 518	-	2 451 518	0.16
BRAND, ANNETTE	60 476	-	60 476	0.00
CALITZ, ILANA	165 202	-	165 202	0.01
ERASMUS, MARCO	1 225 926	-	1 225 926	0.08
GEYSER, WINTON JOHN	116 088	-	116 088	0.01
HEATHCOTE, RAYMOND	1 354 802	-	1 354 802	0.09
JANSE VAN RENSBURG, ELMARIE	1 851 111	-	1 851 111	0.12
JOUBERT, JAN SEBASTIAN CILLIERS	1 915 602	-	1 915 602	0.12
KAMARA, IBRAHIM SORIE	-	85 416 666	85 416 666	5.44
LAMBERT, ADRIANA	194 873	-	194 873	0.01
SLABBERT, THOMAS JOHAN (RESIGNED)	396 301	-	396 301	0.03
TALJAARD, RENIER JACOBUS	37 501	-	37 501	0.00
VAN DEN HEEVER, JANENE	7 085	-	7 085	0.00
VAN ROOYEN, QUINTON	307 137 454	696 862 606	1 004 000 060	63.94
WELDON, LANA (RESIGNED)	-	25 400	25 400	0.00
GRAND TOTAL	316 913 939	782 304 672	1 099 218 611	70.00

\* Total issued shares at 30 Sep 2020 - 1 616 038 581  
\* Treasury shares issued shares at 30 Sep 2020 - 45 800 647  
\* Shares calculated net of treasury shares at 30 Sep 2020 - 1 570 237 934



# SHAREHOLDERS' INFORMATION

## SHAREHOLDER DIARY

### FINANCIAL YEAR END

RESULTS	
AUDITED RESULTS FOR 12 MONTH PERIOD ENDED 31 MARCH 2020	NOVEMBER 2020
AUDITED RESULTS FOR 18 MONTH PERIOD ENDED 30 SEPTEMBER 2020	FEBRUARY 2021
RECORD DATE TO RECEIVE NOTICE OF ANNUAL GENERAL MEETING (AGM)	FRIDAY, 19 FEBRUARY 2021
LAST DATE TO TRADE TO BE ELIGIBLE TO VOTE	TUESDAY, 20 APRIL 2021
RECORD DATE TO BE ELIGIBLE TO VOTE	FRIDAY, 23 APRIL 2021
LAST DATE FOR LODGING FORMS OF PROXY FOR SOUTH AFRICAN SHAREHOLDERS	10:00AM MONDAY, 26 APRIL 2021
LAST DATE FOR LODGING FORMS OF PROXY FOR ALL OTHER SHAREHOLDERS	10:00AM MONDAY, 26 APRIL 2021
AGM 2021	10:00AM THURSDAY, 29 APRIL 2021

# NOTICE OF ANNUAL GENERAL MEETING

## TRUSTCO GROUP HOLDINGS LIMITED

Incorporated in the Republic of Namibia  
(Registration number 2003/058)  
Registered as an external company in South Africa  
(External registration number 2009/002634/10)  
NSX share code: TUC  
JSE share code: TTO  
OTCQX share code: TSCHY  
ISIN Number: NA000A0RF067

### IMPORTANT DATES:

SHAREHOLDERS ARE ADVISED OF THE FOLLOWING DATES:	2020/2021
RECORD DATE TO RECEIVE NOTICE OF AGM	19 FEBRUARY 2021
LAST DATE TO TRADE TO BE ELIGIBLE TO VOTE:	20 APRIL 2021
RECORD DATE TO BE ELIGIBLE TO VOTE:	23 APRIL 2021
LAST DATE FOR LODGING FORMS OF PROXY FOR SOUTH AFRICAN SHAREHOLDERS:	26 APRIL 2021
LAST DATE FOR LODGING FORMS OF PROXY FOR ALL OTHER SHAREHOLDERS:	26 APRIL 2021

## BUSINESS AT HAND

Notice is hereby given that the annual general meeting (AGM) of shareholders of the company in respect of the financial year ended 30 September 2020 will be held at Trustco House, 2 Keller Street, Windhoek and conducted by way of and will be accessible to shareholders through electronic communication on Thursday 29 April 2021 at 10H00, to deal with such business as may lawfully be dealt with at the AGM and to consider and if deemed fit, pass, with or without modification, the ordinary and special resolutions set out hereunder in the manner required by the Namibian Companies Act as amended (the Companies Act), read with the Listings Requirements (LR) of the JSE Limited (JSE) and the Namibian Stock Exchange (NSX) as required and the provisions of the company's articles of association.

The quorum requirement for the ordinary and special resolutions set out below is sufficient persons being present to exercise, in aggregate, at least 25% (twenty five percent) of all voting rights that are entitled to vote on the resolutions, provided that at least three shareholders of the company are present in person or by proxy at the AGM.

Save for the special resolutions and ordinary resolution number 7 and ordinary resolution number 8 which must be passed by at least 75% (seventy five percent) of the voting rights exercised as determined in the JSE LR, the

percentage of voting rights required to pass any of the remaining ordinary resolutions is more than 50% (fifty percent) of the voting rights exercised on any such ordinary resolution.

The integrated annual report is available at [www.tgh.na](http://www.tgh.na)

## PRESENTATIONS

All presentations made at the meeting will be available at [www.tgh.na](http://www.tgh.na)

## AGENDA

### ORDINARY DIVIDEND

To note that no dividend (interim or final) will be declared by the board of directors for the financial year ended 30 September 2020.

## RESOLUTIONS

### 1. ORDINARY RESOLUTION NUMBER 1 PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (AFS) AND REPORTS.

To receive, consider and adopt the AFS of the group for the financial period ended 30 September 2020, together with the independent auditors' reports thereon. The audited AFS, together with the reports, are contained in the company's integrated annual report (IAR).

### 2. ORDINARY RESOLUTION NUMBER 2 THE DETERMINATION OF THE MAXIMUM NUMBER OF DIRECTORS AND THE RE-ELECTION OF NON- EXECUTIVE DIRECTORS OF THE COMPANY.

The company's articles of association determine that the maximum number of directors shall be decided at every AGM.

Further to re-elect by separate resolutions, non-executive directors of the company who retire by rotation in accordance with the provisions of the JSE LR, the Companies Act and the articles of association of the company.

#### 2.1 ORDINARY RESOLUTION NUMBER 2.1

Resolved that the company may appoint a maximum number of up to twelve directors and shall not have less than five directors.

#### 2.2 ORDINARY RESOLUTION NUMBER 2.2

The following non-executive director of the company retires by rotation and being eligible, makes himself available for re-election.

### MR RENIER TALJAARD

Mr Taljaard has vast experience, of more than 31 years, in both the short- and long-term insurance industries. After completing his FCI studies, Mr Taljaard was admitted as a fellow member of the Insurance Institute of South Africa and Namibia. He held various senior positions within the industry including managing director at Swabou Insurance, Nasria, Harvest Reinsurance Company, Trustco Insurance Ltd and Trustco Life Ltd. He served on the board of Trustco Insurance Ltd from 2000 to 2006, was appointed to the board of Trustco Group Holdings Ltd in 2012 and to the board of Trustco Insurance Ltd and Trustco Life Ltd as an independent non-executive director in 2013. In 2018 he was appointed to the board of directors of Trustco Finance (Pty) Ltd.

### 3. ORDINARY RESOLUTION NUMBER 3 RE-APPOINTMENT OF EXTERNAL AUDITORS.

Resolved on recommendation of the ARC to appoint Nexia SAB&T and the auditing partner, Mr. Johandr  Engelbrecht at Nexia SAB&T, as the group independent external auditor for the ensuing year.

Further, that the terms of engagement and fees of the external auditors be determined by the ARC of the company.

### 4. ORDINARY RESOLUTION NUMBER 4 NON-BINDING ADVISORY ENDORSEMENT OF THE GROUP'S REMUNERATION POLICY AND IMPLEMENTATION REPORT.

#### 4.1 ORDINARY RESOLUTION NUMBER 4.1

The King IV recommends and the JSE LR requires, that the remuneration policy of a company be tabled for a non-binding advisory vote by shareholders at each AGM.

This enables shareholders to express their views on the remuneration policies adopted. Ordinary resolution number 4.1 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences on the existing remuneration arrangements. However, the board will engage with dissenting shareholders in good faith in the event that a vote of 25% or more is recorded against the remuneration policy, to ascertain with best reasonable effort the reasons for the dissenting votes, and to address legitimate and reasonable objections which may include amending the remuneration policy, or clarifying or adjusting remuneration governance and/or processes. Dissenting shareholders are also invited to engage with the company to communicate their concerns to the company secretary, Komada Holdings (Pty) Ltd, within a reasonable period after the AGM.

The board will take the outcome of the vote and any subsequent engagement with dissenting shareholders, into consideration when considering amendments to the company's remuneration policy.

Non-binding advisory endorsement of the company's remuneration policy.

Resolved to approve, through a non-binding advisory vote, the company's remuneration report and remuneration policy (excluding the remuneration of the non-executive directors for their services as directors and members of the board committees). Refer to page 60 to 69 of the Remuneration Report of this IAR.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

4.2 ORDINARY RESOLUTION NUMBER 4.2  
King IV recommends, and the LR require, that the implementation of a company’s remuneration policy be tabled for a non-binding advisory vote by shareholders at each AGM.

This enables shareholders to express their views on the implementation of the company’s remuneration policy. Ordinary resolution number 4.2 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences on the existing remuneration arrangements.

However, the board will engage with dissenting shareholders in good faith in the event that a vote of 25% (twenty five percent) or more is recorded against the remuneration implementation report, to ascertain with best reasonable effort the reasons for the dissenting votes, and to address legitimate and reasonable objections which may include amending the implementation report or clarifying or adjusting remuneration governance and/ or processes. Dissenting shareholders are also invited

The schedule of proposed fees is set out below:

		31 MAR '20		1 APRIL '20		30 SEPT '21	
		CHAIR- PERSON	MEMBER	CHAIR- PERSON	MEMBER	CHAIR- PERSON	MEMBER
BOARD	MONTHLY FEE	40 245	11 265	32 196	9 012	32 196	9 012
	FEE PER MEETING	19 487	-	15 590	-	15 590	-
ARC	ANNUAL FEE	89 126	54 070	71 301	43 256	71 301	43 256
	FEE PER MEETING	11 265	9 012	9 012	7 209	9 012	7 209
REMCO & NOMCO	ANNUAL FEE	54 070	36 047	43 255	28 837	43 255	28 837
	FEE PER MEETING	9 012	6 759	7 209	5 407	7 209	5 407
SOCIAL & ETHICS	ANNUAL FEE	54 070	36 047	43 255	28 837	43 255	28 837
	FEE PER MEETING	9 012	6 759	7 209	5 407	7 209	5 407
OUT OF OFFICE FEES	FEE PER MEETING	13 310	13 310	10 648	10 648	10 648	10 648

\* Boards and committees fees of subsidiaries are 75% of the above-mentioned fee structure

to engage with the company and communicate their concerns to the company secretary, Komada Holdings (Pty) Ltd, within a reasonable period after the after the AGM. The board will take the outcome of the vote and any subsequent engagement with dissenting shareholders, into consideration when considering amendments to the company’s remuneration implementation report.

Non-binding advisory endorsement of the company’s remuneration implementation report.

Resolved to approve, through a non-binding advisory vote, the company’s remuneration implementation report. Refer to page 61 to 69 of the Remuneration Report of this IAR.

5. SPECIAL RESOLUTION NUMBER 5  
REMUNERATION OF NON-EXECUTIVE DIRECTORS.

On 1 April 2020 the remco recommended and the board approved and implemented a 20% (twenty percent) reduction in the shareholders approved non-executive directors fees.

Resolved that the non-executive directors fees for their services as directors of the company for the period 1 April 2020 to 30 September 2020 are hereby approved.

The board recommended that the non-executive directors’ fees remain unchanged for the next reporting period 1 October 2020 to 30 September 2021.

Resolved that the non-executive directors’ fees for their services as directors of the company for the financial year ended 2021 are hereby approved.

6. ORDINARY RESOLUTION NUMBER 6  
APPROVAL FOR THE CONTROL OF THE  
AUTHORISED BUT UNISSUED SHARES.

Resolved that the authorised but unissued ordinary shares in the share capital of the company be and are hereby placed under the control and authority of the directors and that the directors be and are hereby authorised and empowered to allot, issue and otherwise dispose of such shares or to issue any options in respect of, or instruments that are convertible into, such shares, to such person/s on such terms and conditions and at such times as the directors may from time to time determine and at their discretion deem fit, subject to the provisions of the Companies Act, the memorandum and articles of association of the company and the JSE LR, when applicable.

This general authority will be valid until the earlier of the company’s next AGM or the expiry of a period of 15 (fifteen) months from the date that this authority is given.

7. ORDINARY RESOLUTION NUMBER 7  
GENERAL AUTHORITY TO DIRECTORS TO ALLOT  
AND ISSUE AUTHORISED BUT UNISSUED ORDINARY  
SHARES.

It is hereby resolved that the directors be and are hereby authorised to allot and issue, at their discretion, the unissued share capital of the company and /or grant options to subscribe for unissued shares, for such purposes and on such terms and conditions as they may determine, subject to the provisions of the Companies Act, the memorandum and articles of association of the company and the JSE and NSX LR, as amended from time to time.

- the general authority be valid until the company’s next AGM provided that it shall not extend beyond 15 months from the date of the passing of this ordinary resolution (whichever period is shorter)
- the allotment and issue of the shares must be made to public shareholders as defined in the JSE LR and not to related parties

- the shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue
- the general issue of shares for cash under this authority may not exceed 15% (fifteen percent) of the company’s issued ordinary share capital as at the date of this notice of AGM (net of treasury shares) being 235 535 690 shares
- any securities issued in terms of this general authority must be deducted from the initial number of securities available under this resolution
- in the event of a sub-division or consolidation of issued securities during the period of this general authority, the general authority must be adjusted accordingly to represent the same allocation ratio.
- the maximum discount at which ordinary shares may be issued is 10% (ten percent) of the volume weighted average traded price of those shares over the 30 business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the securities or any other price agreed to by the JSE
- once the company has issued shares for cash which represent, on a cumulative basis within a financial year, 5% (five percent) or more of the number of shares in issue prior to that issue, the company shall publish an announcement containing full details of the issue (including the number of shares issued, the average discount to the volume weighted average traded price of the shares over the 30 business days prior to the date that the price of the issue is agreed in writing between the issuer and the party subscribing for the shares and the effect of the issue on net asset value, net tangible asset value, earnings and headline earnings per share), or any other announcements that may be required in such regard in terms of the JSE LR which may be applicable from time to time
- in terms of the JSE LR, a 75% majority of the votes cast by shareholders present or represented by proxy at the general meeting is required to give effect to this resolution.

8. ORDINARY RESOLUTION NUMBER 8  
APPROVAL TO ISSUE OPTIONS OR CONVERTIBLE  
INSTRUMENTS FOR CASH.

Resolved that, in terms of paragraph 5.53(a)(ii) of the JSE LR, the directors be and are hereby authorised, by way of a general authority, to allot and issue any options in respect of, or instruments that are convertible into, any of the authorised but unissued ordinary shares in the capital of the company for cash, as and when they at their discretion

# NOTICE OF ANNUAL GENERAL MEETING CONTINUED

deem fit, subject to the Companies Act, the memorandum and articles of association of the company and the JSE LR, when applicable, provided that:

- the options or convertible instruments must be convertible into a class of share already in issue
- the options or convertible instruments must be issued to public shareholders as defined in the JSE LR and not to related parties
- the number of shares into which the options or convertible instruments may be exercised or converted into shall not, in the aggregate in any one financial year, exceed 15% of the company's relevant number of shares as at the date of this notice of AGM (net of treasury shares) being 235 535 690 shares
- this general authority will be valid until the earlier of the company's next AGM or the expiry of a period of 15 months from the date that this authority is given
- if shares are issued representing, on a cumulative basis, 5% (five percent) or more of the number of shares in issue prior to that issue as a result of the exercise of options or conversion of securities issued under this general authority, an announcement containing the full details of such issue shall be published on SENS
- in determining the strike or conversion price at which an option or convertible security may be issued in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE of the ordinary shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed between the issuer and the party subscribing for the options or convertible instruments. The JSE will be consulted for a ruling if the company's shares have not traded in such 30 (thirty) business day period
- if the strike or conversion price of the options or convertible instruments is at a discount that exceeds the maximum discount contemplated in paragraph 5.52(d) of the JSE LR, then the grant or issue may only proceed if the directors have obtained a fairness opinion, in accordance with Schedule 5 of the JSE LR, from an independent expert acceptable to the JSE confirming that the grant or issue is fair insofar as the shareholders of the company are concerned and
- in terms of the JSE LR, a 75% (seventy five percent) majority of the votes cast by shareholders present or represented by proxy at general meeting is required to give effect to resolution.

## 9. SPECIAL RESOLUTION NUMBER 9 GENERAL AUTHORITY TO REPURCHASE SHARES.

Resolved that, subject to compliance with the memorandum and articles of association of the company and its subsidiaries, section 89 of the Companies Act, the JSE LR and the requirements of any other stock exchange the company is listed on, the directors of the company are hereby authorised (at their discretion and whilst the prevailing share price does not reflect the intrinsic value of the group) to acquire on behalf of the company or any of its subsidiaries, by repurchase, on the JSE or any other stock exchange, ordinary shares issued by the company provided that:

- the repurchase of securities must be effected through the order book operated by the JSE trading system or any other exchange and done without any prior understanding or arrangement between the company and the counter party
- authorisation thereto must be given by the company's and its subsidiaries' memorandum and articles of association
- this general authority will be valid only until the company's next AGM, provided that it does not extend beyond fifteen months from the date of the passing of this special resolution
- the number of shares which may be repurchased pursuant to this authority in any financial year may not in the aggregate exceed 20% (twenty percent) of the company's issued share capital as at the date of passing of this general resolution or 10% (ten percent) of the company's issued share capital in the case of an acquisition of shares in the company by a subsidiary of the company
- in determining the price at which the company's ordinary shares are repurchased by the company or its subsidiaries in terms of this general authority, the maximum premium at which such ordinary shares may be repurchased will be 10% (ten percent) of the weighted average of the market price at which such ordinary shares are traded on the JSE, as determined over the five trading days immediately preceding the date of the repurchase of such ordinary shares by the company or its subsidiaries
- the board will have acknowledged by resolution that the company will satisfy the solvency and liquidity test immediately after the repurchase and that since the test was done there have been no material changes to the financial position of the company and the group
- neither the company nor its subsidiaries will repurchase securities during a prohibited period, as defined in paragraph 3.67 of the JSE LR, unless a repurchase programme is in place in terms of which the dates and quantities of securities to be traded

during the relevant period are fixed (not subject to any variation), and has been submitted to the JSE in writing prior to the commencement of the prohibited period. The company will instruct an independent third party, which makes its investment decisions in relation to the company's securities independently of, and uninfluenced by the company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE

- when the company has cumulatively repurchased 3% (three percent) of the initial number of the relevant class of securities, and for each 3% (three percent) in aggregate of the initial number of that class acquired thereafter, an announcement will be published on SENS and in the financial press and
- at any point in time the company will appoint only one agent to effect any repurchase(s) on its behalf.

The directors of the company undertake that they will not effect a general repurchase of shares as contemplated above, unless the following conditions are met:

- 1) the company and the group are in a position to repay their debt in the ordinary course of business for a period of 12 months after the date of the repurchase
- 2) the company's and the group's assets will be in excess of the liabilities of the company and the group for a period of 12 months after the date of the repurchase. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited consolidated AFS, which comply with the Companies Act
- 3) the share capital and reserves of the company and the group are adequate for a period of 12 months following the date of the repurchase and
- 4) the available working capital of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the repurchase.

## 10. ORDINARY RESOLUTION NUMBER 10 APPROVAL FOR DIRECTORS' AUTHORITY TO SIGN DOCUMENTS.

The adoption of the resolutions no 1 - 8 and the special resolution no 1 will authorise any director of the company to execute all documents and do all such further acts and things as he/she may in his/her discretion considers appropriate to implement and give effect to the resolutions mentioned above.

Resolved that each director of Trustco be and is individually authorised to sign all such documents and do all such other things as may be necessary for or incidental to the implementation of the resolutions mentioned above, passed at the AGM.

Voting for special resolution

The percentage voting rights required for this special resolution to be adopted is at least 75% (seventy five percent) of the voting rights exercised on the resolution.

*Disclosure in terms of section 11.26 of the JSE LR*

The following additional information is provided in terms of paragraph 11.26 the JSE LR for purposes of the special resolution:

There were no changes in the authorised share capital of the company during the period under review:

- The company has 883 961 419 unissued securities (as at 30 September 2020).
- The company does not have a share incentive scheme.
- The company repurchased 1 214 297 shares during the financial year under review.

The full note on share capital is set out on page 144 of the integrated annual report.

### MATERIAL CHANGE

Other than the facts and developments reported on in the IAR and the AFS of 30 September 2020, there have been no material changes in the affairs or financial position of Trustco and its subsidiaries from 30 September 2020 to the date of this notice.



# NOTICE OF ANNUAL GENERAL MEETING CONTINUED

## DIRECTORS' INTEREST

Details of the beneficial direct and indirect interests of directors in the shares of the company are set out below:

31 MARCH 2019 NAMES	DIRECT	INDIRECT	TOTAL 31 MARCH '19	SHAREHOLDING %
<b>EXECUTIVE DIRECTORS</b>				
Q VAN ROOYEN	392 554 120	85 062 606	477 616 726	51.37
FJ ABRAHAMS	1 340 407	-	1 340 407	0.18
<b>NON-EXECUTIVE DIRECTORS</b>				
W GEYSER	108 898	-	108 898	0.01
R HEATHCOTE	1 354 802	-	1 354 802	0.15
R TALJAARD	34 617	-	34 617	0.00
L WELDON	-	25 400	25 400	0.00
K VAN NIEKERK	-	-	-	0.00
THE % OF SHAREHOLDING IS NET OF TREASURY SHARES				

30 SEPTEMBER 2020 NAMES	DIRECT	INDIRECT	TOTAL 30 SEP '20	SHAREHOLDING %
<b>EXECUTIVE DIRECTORS</b>				
Q VAN ROOYEN	307 137 454	696 862 606	1 004 000 060	63.94
FJ ABRAHAMS	2 451 518	-	2 451 518	0.16
<b>NON-EXECUTIVE DIRECTORS</b>				
W GEYSER	116 088	-	116 088	0.01
R HEATHCOTE	1 354 802	-	1 354 802	0.09
R TALJAARD	37 501	-	37 501	0.00
L WELDON (RESIGNED 25 MAR 2020)	-	25 400	25 400	0.00
K VAN NIEKERK (RESIGNED 25 MAR 2020)	-	-	-	0.00
THE % OF SHAREHOLDING IS NET OF TREASURY SHARES				

There were no changes in the directors' interest between the reporting date and publishing date of this report.

## LARGE SHAREHOLDERS (AS AT 30 SEPTEMBER 2020)

NAME	DIRECT SHAREHOLDING	INDIRECT SHAREHOLDING	TOTAL SHAREHOLDING	TOTAL SHAREHOLDING %
VAN ROOYEN, QUINTON	307 137 454	696 862 606	1 004 000 060	63.94
PERSHING LLC	340 301 835	-	340 301 835	21.67
- RISKOWITZ VALUE FUND	-	213 429 696		
- ITHUBA INVESTMENTS	-	126 872 139		
GERMINATE SL LTD	85 416 666		85 416 666	5.44
SNOWBALL WEALTH (PTY) LTD	30 583 770		30 583 770	1.95
CONSTANTIA INSURANCE COMPANY LTD	8 151 152		8 151 152	0.52
MIDBROOK LANE (PTY) LTD	12 415 530		12 415 530	0.79
GOVERNMENT EMPLOYEES PENSION FUND PUBLIC INVESTMENT CORPORATION	5 461 236		5 461 236	0.35
SAXO BANK AS - CLIENT ASSETS	5 372 346		5 372 346	0.34
<b>GRAND TOTAL</b>	<b>794 839 989</b>	<b>696 862 606</b>	<b>1 491 702 595</b>	<b>95.00</b>

\* Total issued shares at 30 Sep 2020 - 1 616 038 581  
\* Treasury shares issued shares at 30 Sep 2020 - 45 800 647  
\* Shares calculated net of treasury shares at 30 Sep 2020 - 1 570 237 934

# NOTICE OF ANNUAL GENERAL MEETING CONTINUED

### DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names appear in this integrated report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to the special resolutions and certify that to the best of their knowledge and belief there are no facts in relation to special resolutions that have been omitted which would make any statement in relation to special resolutions false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that special resolutions, together with this notice, contain all information required by law and the JSE LR in relation to special resolutions

### VOTING AND PROXIES


A member entitled to attend and vote at the AGM is entitled to appoint a proxy/proxies to attend, speak, and on a poll, vote in his/her stead. A proxy need not to be a member of the company. A form of proxy is attached for the convenience of any certified shareholder and "own name" registered dematerialised shareholder who cannot attend the AGM, but wishes to be represented thereat.

Voting will be performed by way of a poll, so that each shareholder present or represented by way of proxy will be entitled to vote the number of shares held or represented by him or her. Equity securities held by a share trust or scheme will not have their voting at the AGM considered for the purposes of resolutions proposed in terms of the JSE LR.

Shares held as treasury shares are not entitled to vote.

Electronic participation in the AGM.

Shareholders or their proxy(ies) may participate in the AGM by way of electronic participation. Should any shareholder, representative, or proxy for a shareholder wish to participate in the AGM *via* electronic communication, that person should apply in writing to the company secretary, as detailed in Annexure A to this notice of AGM, and by delivering the application form set out thereafter at least seven (7) business days prior to the AGM to arrange for shareholders (or representative or proxy) to provide reasonable satisfactory identification to the company secretary to provide the shareholder (or representative or proxy) with details on how to access the AGM by means of electronic participation. This will also be announced *via* SENS.

  
By order of the board  
**KOMADA HOLDINGS (PTY) LTD**  
COMPANY SECRETARY  
26 FEBRUARY 2021

# FORM OF PROXY

Trustco Group Holdings Limited  
(Incorporated in the Republic of Namibia and registered as an external company in South Africa)  
Registration number 2003/058  
External Registration number: 2009/002634/10  
JSE share code: TTO; NSX share code: TUC  
(“Trustco Group Holdings Limited” or “the company”)  
ISIN number: NA 000A0RFO67

This form of proxy is for use by certificated ordinary shareholders and “own name” dematerialised ordinary shareholders of the company only at the AGM of the company’s shareholders to be held at Trustco House, 2 Keller Street, Windhoek on 26 April 2021 (“the annual general meeting” or “the AGM”).

Dematerialised shareholders, other than “own name” dematerialised shareholders, who wish to attend the AGM must instruct their CSDP or broker to issue them with the necessary authority to attend. Should dematerialised shareholders, other than “own name” dematerialised shareholders, be unable to attend the AGM in person, but wish to vote by proxy, they must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between them and their CSDP or broker.

Shareholders who have dematerialised their shares, other than “own name” dematerialised shareholders, must inform their CSDP or broker of their intention to attend the AGM and request their CSDP or broker to issue them with the necessary letter of representations to attend or provide their CSDP or broker with their voting instruction should they not wish to attend the company’s AGM in person. Such shareholders must not return this form of proxy to the transfer secretaries.

I/We .....  
Being member/s of Trustco Group Holdings Limited and holding shares entitled me/us to, ..... votes  
(1 vote per share) do hereby appoint: ..... or failing him/her  
..... of ..... or failing him/her  
..... of ..... or failing him/her  
the chairman of the AGM as my proxy to vote for me/us on my/our behalf at the AGM.

Signed at ..... on this .....  
day of ..... 2021.

Address: .....

Signature: .....

Mark with an X whichever is appropriate. Unless otherwise directed, the proxy will vote or abstain as he/she deems fit in respect of the member’s total holdings. A member entitled to attend and vote at the AGM may appoint one or more proxies to attend, speak, and on a poll, vote in his/her stead. A proxy need not to be a member of the company. Kindly complete and return the form to the Transfer Secretaries (Pty) Ltd, at 4 Robert Mugabe Avenue by 26 April 2021 at 10:00am. South African shareholders must kindly complete and return the form to the Transfer Secretary, Computershare Investor Services (Pty) Ltd Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, by 26 April 2021 at 10:00am.

GENERAL RESOLUTIONS (ORDINARY AND SPECIAL)	FOR	AGAINST	ABSTAIN
1. Approval of AFS and reports for financial year ended 30 September 2020	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. 2.1 To resolve that the company may appoint a maximum number of 12 directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.2 To re-appoint Mr Renier Taljaard as a non-executive director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To appoint Nexia SAB&T as independent group external auditors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. 4.1 Non-binding advisory endorsement of the company’s remuneration policy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.2 Non-binding advisory endorsement of the company’s remuneration implementation report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. 5.1 To approve the remuneration of non-executive directors for the period 1 April 2020 to 30 September 2020	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.2 To approve the remuneration of non-executive directors for the period 1 October 2020 to 30 September 2021	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. To approve the control of authorised but unissued ordinary shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. To approve the general authority to issue shares for cash	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. To approve the issue options or convertible instruments for cash	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. To approve the general authority to repurchase shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. To approve directors authority to sign documents	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signed at ..... on this .....  
day of ..... 2021.

Address: .....

Signature: .....

FORM OF PROXY CONTINUED

NOTES

1. All shareholders are entitled to attend, be represented and vote at the company's AGM. Each shareholder present in person or represented by proxy at the AGM shall be entitled, on a show of hands, to one vote irrespective of the number of shares he/she holds or represents, provided that a proxy shall, irrespective of the number of shareholders he/she represents, have only one vote. On a poll, at the AGM, a shareholder who is present in person or represented by proxy shall be entitled to one vote for each share held or represented.
2. Shareholders who have dematerialised their ordinary shares through a CSDP or broker, other than "own name" registered dematerialised shareholders and who wish to attend the AGM must request their CSDP or broker to issue them with a letter of representation. Alternatively, dematerialised shareholders other than own name registered dematerialised shareholders, who wish to be represented, must provide their CSDP or broker with their voting instructions in terms of the custody agreement between them and their CSDP or broker in the manner and by timeframe stipulated.
3. A shareholder may insert the name of a proxy or the names of two alternate proxies of the shareholder's choice in the space(s) provided, with or without deleting "the chairman of the AGM". If a deletion is made such deletion must be initialised by the shareholder. The person whose name appears first on the form of proxy and who is present at the company's AGM will be entitled to act as proxy to the exclusion of those names that follow.
4. A shareholder's instructions to the proxy as to whether to vote for, against or abstain from voting, and in respect of the relevant number of shares to vote in such a manner, shall, in respect of the resolution, be indicated as follows:

a) by the insertion of an "X" in the appropriate box provided to indicate whether to vote for, against, or abstain from voting. Such insertion, without the insertion of the relevant number of shares as contemplated in paragraph (b) below, shall require the proxy to vote or abstain from voting at the company's AGM as indicated by the "X" in respect of all (and not some) of the shareholder's votes exercisable thereat.

b) by the insertion of the relevant number of shares held by the shareholder in the company to indicate the number of shares to be voted for, against or abstain from voting (which will indicate the number of votes exercisable by the proxy on behalf of the shareholder on a poll), in the appropriate box provided. Such an insertion, with or without the insertion of an "X", shall require the proxy to vote or abstain from voting at the company's AGM as indicated by the number so inserted in respect of such inserted number (and not a portion) of shares.

c) by failure to insert anything in the appropriate box, such failure will be deemed to authorise the chairman of the AGM, if he is the proxy, to vote in favour and any other proxy to vote or abstain from voting at the company's AGM as he/she deems fit in respect of all (or a portion) of the shareholder's votes exercisable thereat.
5. A shareholder is not obliged to use all the votes exercisable by the shareholders, but the total of the votes cast, and in respect of which abstention is recorded, whether by the shareholder of the proxy, may not exceed the total of the votes exercisable by the shareholder.

6. A duly completed form of proxy must be lodged with or posted to the Transfer Secretaries who must receive the proxies for all Namibian and South African shareholders, no later than Monday 26 April 2021 by 10h00.

<b>TRANSFER SECRETARY:</b> <b>NAMIBIA</b> TRANSFER SECRETARIES (PTY) LTD 4 ROBERT MUGABE AVE WINDHOEK NAMIBIA PO BOX 2401 WINDHOEK NAMIBIA	<b>TRANSFER SECRETARY:</b> <b>SOUTH AFRICA</b> COMPUTERSHARE INVESTOR SERVICES (PTY) LTD ROSEBANK TOWERS 15 BIERMANN AVE ROSEBANK 2196 PO BOX 61051 MARSHALLTOWN 2107 SOUTH AFRICA
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7. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person at the exclusion of any proxy appointed in terms thereof.
8. Documentary evidence establishing the authority of a person signing this form of proxy, in a representative or other legal capacity, must be attached to this form of proxy unless previously recorded by the transfer secretaries or waived by the chairman of the AGM, as the case may be.
9. Any alteration or correction made to this form of proxy must be initialised by the signatory/ies.
10. The chairman of the AGM may reject or accept any form of proxy, which is completed and/or received, other than in compliance with the notes.
11. In respect of joint holders, any such person may vote at the company's AGM in respect of such joint shares as if he were solely entitled thereto, but if more than one of such joint holders are present or represented at the company's AGM, the person whose name appears first in the register in respect of such shares or his proxy as the case may be, is alone entitled to vote in respect thereof.
12. Equity securities held by a share trust or scheme will not have their votes at the AGM meeting considered for the purposes of resolutions proposed in terms of the JSE LR.
13. Unlisted securities (if applicable) and shares held as treasury shares may not vote.

ANNEXURE A

ELECTRONIC PARTICIPATION AT THE AGM

1. A shareholder, representative, or proxy for a shareholder who wishes to participate in the AGM via electronic communication (Participants), should apply in writing to the group's company secretary, by posting the application or via email, as per the contact details provided below, at least seven (7) business days prior to the AGM to arrange for shareholder (or representative or proxy) to provide reasonable satisfactory identification to the company secretary with details on how to access the AGM by means of electronic participation.

[komada@tgh.na](mailto:komada@tgh.na) \*;  
Trustco House  
2 Keller Street  
Windhoek  
Namibia

2. Participants must note that they will not be able to vote during the AGM. Such Participants, should they wish to have their vote(s) counted at the AGM, must act in accordance with the voting instructions contained in this notice of the AGM, i.e. to the extent applicable:

- i. Complete the form of proxy; or
- ii. Contact their CSDP.

3. Important notice

- 3.1 Each Participant will be contacted between 26 and 27 April 2021 via email and/or SMS with a code to allow them to dial in.
- 3.2 The cost of the Participant's electronic communication will be for his/her own expense and will be billed separately by his/her own service provider.
- 3.3 The cut-off time to participate in the meeting will be 09h00 on 29 April 2021. No late dial-in will be accommodated.

THE APPLICATION FORM

FULL NAME OF THE SHAREHOLDER	
ID NUMBER	
EMAIL ADDRESS	
CELL NUMBER	
TELEPHONE NUMBER	
NAME OF CSDP OR STOCKBROKER (IF SHARES ARE HELD IN DEMATERIALISED FORMAT)	
CONTACT NUMBER OF CSDP/STOCKBROKER	
CONTACT PERSON OF CSDP/STOCKBROKER	
NUMBER OF SHARE CERTIFICATES (IF APPLICABLE)	
SIGNATURE	
DATE	

TERMS AND CONDITIONS FOR PARTICIPATION AT THE AGM VIA ELECTRONIC COMMUNICATION

- The cost of dialling-in using electronic communication to participate in the AGM is for the expense of the Participant and will be billed separately by the Participant's own service provider.
- The Participant acknowledges the electronic communication provided by a third party and indemnifies the company against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic communication, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else. In particular, but not exclusively, the Participant acknowledges that he/she will have no claim against the company, whether for consequential damages or otherwise, arising from the use of the electronic communication or any defect in it or from total or partial failure of the electronic communication and connections linking the electronic communication to the AGM.
- The application will only be deemed successful if this application form has been completed and fully signed by the Participant.

Shareholder name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

## ADMINISTRATION SECTION

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CHAPTER

06



## ADDITIONAL INFORMATION

### DIRECTORATE OF KEY SUBSIDIARIES (AS AT 30 SEPTEMBER 2020)

#### LEGAL SHIELD HOLDINGS LTD

Mr Winton Geyser	Independent	Non-executive	Director and chairman	Namibian Citizen
Mrs Janene van den Heever	Independent	Non-executive	Director	Namibian Citizen
Mr Renier Taljaard	Independent	Non-executive	Director	Namibian Citizen
Mr Quinton Z van Rooyen		Executive	Director	Namibian Citizen
Mr Floors Abrahams		Executive	Director	Namibian Citizen
Dr Quinton van Rooyen		Executive	Director	Namibian Citizen

#### TRUSTCO LIFE LTD

Mr Winton Geyser	Independent	Non-executive	Director and chairman	Namibian Citizen
Mr Renier Taljaard	Independent	Non-executive	Director	Namibian Citizen
Mrs Janene van den Heever	Independent	Non-executive	Director	Namibian Citizen
Mr Quinton Z van Rooyen		Executive	Director	Namibian Citizen
Ms Annette Brand		Executive	Director	Namibian Citizen

#### TRUSTCO INSURANCE LTD

Mr Winton Geyser	Independent	Non-executive	Director and chairman	Namibian Citizen
Mr Renier Taljaard	Independent	Non-executive	Director	Namibian Citizen
Mrs Janene van den Heever	Independent	Non-executive	Director	Namibian Citizen
Mr Quinton Z van Rooyen		Executive	Director	Namibian Citizen
Ms Annette Brand		Executive	Director	Namibian Citizen

#### ELISENHEIM PROPERTY DEVELOPMENT COMPANY LTD

Mr Floors Abrahams		Executive	Director	Namibian Citizen
Mr Quinton Z van Rooyen		Executive	Director	Namibian Citizen

#### TRUSTCO GROUP INTERNATIONAL (PTY) LTD

Mr Floors Abrahams		Executive	Director	Namibian Citizen
Mr Quinton Z van Rooyen		Executive	Director	Namibian Citizen

#### TRUSTCO BANK NAMIBIA LTD

Mr Thomas Newton	Independent	Non-executive	Director and chairman	Namibian Citizen
Mr Stanley Similo	Independent	Non-executive	Director	Namibian Citizen
Dr Quinton van Rooyen		Executive	Director	Namibian Citizen
Mr Winton Geyser	Independent	Non-executive	Director	Namibian Citizen
Mr Thomas Slabbert	Resigned 31 Dec 2020	Executive	Director	Namibian Citizen

#### TRUSTCO FINANCE (PTY) LTD

Mr Renier Taljaard	Independent	Non-executive	Director and chairman	Namibian Citizen
Mr Quinton Z van Rooyen		Executive	Director	Namibian Citizen
Ms Adriana Lambert		Executive	Director	Namibian Citizen
Mr Floors Abrahams		Executive	Director	Namibian Citizen
Mr Thomas Slabbert	Resigned 31 Dec 2020	Executive	Director	Namibian Citizen

#### TRUSTCO RESOURCES (PTY) LTD

Mr Richard Chetwode	Independent	Non-executive	Director and chairman	British Citizen
Dr Quinton van Rooyen		Executive	Director	Namibian Citizen
Mr Quinton Z van Rooyen		Executive	Director	Namibian Citizen
Mr Floors Abrahams		Executive	Director	Namibian Citizen
Mr Jan Joubert		Executive	Director	Namibian Citizen

CREDIT RATINGS			
GLOBAL CREDIT RATING COMPANY (GCR)	SHORT-TERM	LONG-TERM	OUTLOOK
Trustco Oct 20	C (NA)	CCC- (NA)	Evolving
Trustco Sept 19	B (NA)	B+ (NA)	Positive
Trustco Dec 18	C (NA)	C (NA)	Evolving
Trustco Aug 18	LD (NA)	LD (NA)	
Trustco Aug 17	A2 (NA)	BBB+ (NA)	Stable
Trustco Jul 16	A2 (NA)	BBB+ (NA)	Stable
Trustco Jul 15	A2 (NA)	BB (NA)	Positive
Trustco Jul 14	A3 (NA)	BBB- (NA)	Stable
Trustco Jul 13	A3 (NA)	BBB- (NA)	Stable

FINANCIAL AND OTHER DEFINITIONS AND EXPLANATIONS

<b>A</b>	
AfDB	African Development Bank
ADR	American Depositary Receipt
AFS	Annual financial statements
AGM	Annual general meeting of Trustco
ALCO	Assets and liability committee of Trustco Bank
AML	Anti Money Laundering
ARC	Audit and risk committee
<b>B</b>	
Basel	Banking regulations set by the Basel commission on banking supervision
Basic earnings per share (EPS)	Earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue
BDO	Binder Dijker Otte
Board	The board of directors
BIPA	Business and Intellectual Property Authority of Namibia
<b>C</b>	
CAE	Chief Audit Executive
Capital adequacy ratio	Capital as a percentage of risk-weighted assets
CAR	Capital Adequacy Ratio
CEO	Chief Executive Officer
Companies Act	The Namibian Companies Act, Act, 28 of 2004
CSI	Corporate Social Investment
<b>D</b>	
DEG	Deutsche Investitions- und Entwicklungsgesellschaft
Dr	Doctor

<b>E</b>	
ECL	Expected credit loss
EBITDAASA	Earnings before interest, tax, depreciation, amortisation and after stock adjustments
Effective tax rate	Direct taxation as a percentage of income before taxation
Elisenheim or EPDC	The mixed-use development known as Elisenheim and registered in Elisenheim Property Development Company Ltd
EPZ	Export processing zone
ESMS	Environmental and social management system
Evo transaction	Transaction in terms whereof Trustco created and issued warrants which gave Evo the right but not obligation to be issued a number of shares, upon Evo exercising the warrant at a specific price. The transaction was approved by shareholders on 30 September 2019
<b>F</b>	
FSV	Financial soundness valuation
FVTOCI	Fair value through other comprehensive income
<b>G</b>	
GCR	Global Credit Rating Company
GM	A general meeting of shareholders called to approve a transaction
<b>H</b>	
Headline earnings	Determined, in terms of the circular issued by the South African Institute of Chartered Accountants at the request of JSE, by excluding from reported earnings specific separately identifiable remeasurements net of related tax and non-controlling interests
Headline earnings per share	Headline earnings divided by the weighted average number of ordinary shares in issue
HEPS	Headline earnings per share
Herboth's	Herboth's Property Development (Pty) Ltd situated on the remainder of Farm Herboth's No 485
HR	Human resources
Huso	Huso Investments (Pty) Ltd
Huso transaction	The transaction approved by shareholders on 5 October 2015 as amended, which amendment was approved by shareholders on 13 June 2017, with regards to the acquisition by Trustco, through Trustco Resources of the entire shareholding in Huso of which Morse and NNDC are wholly owned subsidiaries
<b>I</b>	
IBOR	Interbank offered rate
IBNR	Incurred but not reported
IT steerco	Information technology steering committee
<b>J</b>	
JSE	JSE Limited, a company duly registered and incorporated under the laws of South Africa, licenced as an exchange
<b>K</b>	
King IV Report	The King Code of Corporate Governance IV (2016)
KPI	Key Performance Indicator
Komada	Komada Holdings (Pty) Ltd
KYC	Know Your Customer

ADDITIONAL INFORMATION CONTINUED

<b>L</b>	
Lafrenz	Industrial development in Windhoek, owned by TGI
Land bank	The holding of undeveloped properties by Trustco
Legal Shield	Short-term insurance product of the insurance division
Legal Shield Holdings	Legal Shield Holdings Ltd and the holding company for the insurance and its investments segment
LR	Listings Requirements
<b>M</b>	
MD	Managing director of Trustco
Meya	Meya Mining incorporated in Mauritius with registration number 141003C1/GBL
ML	Mining licence
MMMR	Ministry of Mines and Mineral Resources in Sierra Leone
Moore Stephens	Moore Stephens Johannesburg
Moore Stephens International	The external auditor of the Sierra Leonean operations and the Mauritian entities
Morse	Morse Investments (Pty) Ltd
<b>N</b>	
NAD	Namibia dollar
NamCode	Corporate Governance Code of Namibia
Net asset value	Equity attributable to ordinary shareholders
Net asset value per share	Net asset value divided by the number of ordinary shares in issue at year end
Next	Next Capital Ltd
NGOs	Non-governmental organisations
NNDC	Northern Namibia Development Company (Pty) Ltd
Nomco	Nomination committee
NSAP	Namibian Standard of Actuarial Practice
NSX	Namibian Stock Exchange
NTA	Namibia Tennis Association
<b>O</b>	
Ondangwa	Proposed mixed use land development in Ondangwa of which the Ombala development forms a part of (registered in the name of Northern Industrial Estates (Pty) Ltd)
<b>P</b>	
PA	Per annum
PD	Probability of default
PMR	Professional Management Review Africa
PMR Awards	PMR Namibia Country Survey Business Excellence Awards
PDF	Portable Document Format
PPE	Property, Plant and Equipment
Profit for the period	Income statement profit attributable to ordinary shareholders
Prof	Professor
<b>Q</b>	
QVR Code	Empowerment initiative for aspiring young entrepreneurs and businessmen and women throughout Namibia

<b>R</b>	
Reinsurance	Insurance or investment risk that is ceded to another insurer in return for premiums
Remco	Remuneration committee
Return on equity	Headline earnings as a percentage of monthly average ordinary shareholders' funds (expressed as percentage)
Risk appetite	An expression of the maximum level of residual risk that the group is prepared to accept in order to achieve its business objectives
Riskowitz Value Fund	Riskowitz Value Fund LP a New York based partnership registered in accordance with the laws of Delaware, USA
ROE	Return on equity
<b>S</b>	
SAICA	The South Africa Institute of Chartered Accountants
SAN	Namibian Society of Actuaries
SENS	Stock Exchange News Service
Shares in issue	Number of ordinary shares in issue as listed on the exchange operated by the JSE
SL	Sierra Leone
SME	Small and medium enterprises
SRK Consulting	Global mining industry experts tasked to complete the competent persons report for Meya Mining Ltd
<b>T</b>	
TAS	Trustco Air Services (Pty) Ltd
Trustco Construction	Trustco Construction Services (Pty) Ltd,
TGI	Trustco Group International (Pty) Ltd
TGH   Trustco	Trustco Group Holdings Ltd
Trustco	Trustco Group Holdings Ltd
Trustco Bank	Trustco Bank Namibia Ltd
Trustco Capital	Trustco Capital (Pty) Ltd
Trustco Finance	Trustco Finance (Pty) Ltd
Trustco Fleet	Trustco Fleet Management Services (Pty) Ltd
Trustco Insurance	Trustco Insurance Ltd
Trustco Life	Trustco Life Ltd
Trustco Properties	Trustco Property Holdings (Pty) Ltd
Trustco Resources	Trustco Resources (Pty) Ltd
TTO	Trustco JSE share code
Top40	Programme to motivate and reward employees who exceed expectations and excel irrespective of level of employment
TUC	Trustco NSX share code
TSCHY	Trustco OTCQX share code
<b>U</b>	
UNAM	University of Namibia
USD	United States Dollar
<b>W</b>	
Weighted average number	The weighted average number of ordinary shares in issue during the financial year as listed on the JSE

ADDITIONAL INFORMATION CONTINUED

CORPORATE INFORMATION

BUSINESS ADDRESS AND REGISTERED OFFICES  
TRUSTCO GROUP HOLDINGS LTD

TRUSTCO HOUSE  
2 KELLER STREET  
WINDHOEK  
NAMIBIA

POSTAL ADDRESS

P O BOX 11363  
WINDHOEK  
NAMIBIA

HEAD OFFICE SWITCH BOARD

TEL: +264 61 275 4000  
FAX: +264 61 275 4090  
WEB: WWW.TGH.NA  
E-MAIL: INFO@TGH.NA

REGIONAL OFFICES

ONGWEDIVA  
MAIN ROAD  
ONGWEDIVA  
TEL: +264 65 233 300

KATIMA MULILO

347 HAGE GEINGOB STREET  
KATIMA MULILO  
TEL: +264 66 254 433

RUNDU

1267 EUGENE KAKUKURU STREET  
RUNDU  
TEL: +264 66 255 066

WALVIS BAY

168 SAM NUJOMA DRIVE  
WALVIS BAY  
TEL: +264 64 212 000

KEETMANSHOOP

SHOP 37  
MUTUAL MALL  
TEL: +264 61 270 9640

MARIENTAL

WOERMANN ARCADE  
SHOP NO 5, DR SAM NUJOMA AVENUE  
TEL: +264 61 270 9630

TRUSTCO BANK NAMIBIA OFFICES

OSHAKATI  
FRANS INDONGO COMPLEX  
UNIT 6  
OSHAKATI MAIN ROAD (B1)  
TEL: +264 61 434 8300

1 LOSSEN STREET, AUSSPANNPLATZ,  
WINDHOEK  
TEL: +264 61 434 8100

SOUTH AFRICAN OFFICES  
CAPE TOWN

303-305 OAKMOND  
SOMERSET LINKS BUSINESS PARK  
DE BEERS AVENUE  
SOMERSET WEST, 7130  
TEL: +27 21 852 0851

INTERNATIONAL OFFICES

SIERRA LEONE

38 WILKINSON ROAD  
FREETOWN  
SIERRA LEONE  
TEL: +232 767 50984

MAURITIUS

OCORIAN (NON-MINING OPERATIONS) LTD

6TH FLOOR, TOWER A  
1 CYBERCITY, 72201  
EBENE  
MAURITIUS

MAURITIUS (MINING OPERATIONS)

MONDIAL MANAGEMENT SERVICES LTD

UNIT 2L, 2ND, FLOOR STANDARD CHARTERED TOWER  
19 CYBERCITY  
EBÉNE  
MAURITIUS

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 SHARE CODE: TSCHY  
ISIN NUMBER: NA000A0RF067

COMPANY SECRETARY

KOMADA HOLDINGS (PTY) LTD

AUDITORS: SOUTH AFRICA

NEXIA SAB&T  
50 OXFORD ROAD PARKTOWN  
JOHANNESBURG 2193  
SOUTH AFRICA

BANKERS: NAMIBIA TRUSTCO BANK NAMIBIA LTD

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 LTD THROUGH VUNANI CORPORATE FINANCE  
VUNANI HOUSE, VUNANI OFFICE PARK  
151 KATHERINE STREET, SANDOWN,  
SANDTON

JSE DEBT SPONSOR

MERCHANTEC (PTY) LTD  
(MERCHANTEC CAPITAL)  
13TH FLOOR, ILLOVO POINT  
68 MELVILLE ROAD  
ILLOVO, SANDTON  
PO BOX 41480 CRAIGHALL 2024

EXECUTIVE DIRECTORS

F J ABRAHAMS  
DR Q VAN ROOYEN

NON-EXECUTIVE DIRECTORS

W GEYSER  
R TALJAARD  
ADV R HEATHCOTE SC

NSX SPONSOR

SIMONIS STORM SECURITIES (PTY) LTD  
(REGISTRATION NUMBER 96/421)  
4 KOCH STREET, KLEIN WINDHOEK, NAMIBIA  
PO BOX 3970, WINDHOEK,  
NAMIBIA

REGISTERED OFFICE: NAMIBIA

TRUSTCO HOUSE, 2 KELLER STREET  
P.O BOX 11363, WINDHOEK  
WWW.TGH.NA

REGISTERED OFFICE: SOUTH AFRICA

303-305 OAKMOND  
SOMERSET LINKS BUSINESS PARK  
DE BEERS AVENUE  
SOMERSET WEST, 7130  
TEL: +27 21 852 0851

TRANSFER SECRETARIES NAMIBIA

TRANSFER SECRETARIES (PTY) LTD  
(REGISTRATION NUMBER: 93/713)  
4 ROBERT MUGABE AVENUE,  
BURG STREET, WINDHOEK, NAMIBIA  
P O BOX 2401, WINDHOEK,  
NAMIBIA

TRANSFER SECRETARIES SOUTH AFRICA

COMPUTERSHARE INVESTOR SERVICES (PTY) LTD  
(REGISTRATION NUMBER: 2004/003647/07)  
ROSEBANK TOWERS, 15 BIERMANN AVENUE,  
ROSEBANK 2196, P O BOX 61051,  
MARSHALLTOWN, 2107



## FIND US ON



### FEEDBACK

We welcome the views of our stakeholders on the integrated annual report.

Kindly contact us at [annualreport@tgh.na](mailto:annualreport@tgh.na) with your feedback