

IR 2021

TRUSTCO GROUP HOLDINGS LIMITED UNAUDITED CONDENSED CONSOLIDATED

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2021



INTERIM RESULTS

BUSINESS REVIEW AND OUTLOOK

Trustco operates as an investment holding company, with operational control and ownership of high-quality emerging market investments. Its investments are headquartered in Windhoek, Namibia, with operations spanning the continent, from as close as South Africa, to as far afield as Sierra Leone and Mauritius. Its investments for the period under review are concentrated in two main operating business segments, Financial Services (comprising of Insurance and its investments and Banking) and Resources, both of which are supported by the Shared Services segment.

The period under review saw progressively worse macroeconomic conditions, with Trustco's home country of Namibia experiencing its worst economic recession since independence. In the midst of the COVID-19 pandemic, with its associated effects on macroeconomic conditions, the country's economy contracted by 8% during 2020, together with a contraction in the first quarter of 2021 of 6.5%. Full details on the Namibian GDP are available from the Namibia Statistics Agency on their website <https://tinyurl.com/33cm9t5u>. The African continent's response to the pandemic lagged behind the rest of the world, with Namibia's first wave peaking during August 2020, its second wave peaking during December 2020/January 2021, and is as of the publication of this report in the midst of its third wave.

Trustco did not emerge unscathed from the pandemic, with the period under review seeing reported revenue of NAD 199 million compared to NAD 135 million and a reported loss for the period on NAD 253 million, compared to a loss of NAD 70 million in March 2020. A significant portion of the current reported loss, however, was due to foreign exchange losses – a non-cash item.

As such, these figures are not indicative of future performance. With the aim to minimize the impact of external conditions on the group, Trustco has implemented measures to improve operational efficiencies, and had available undrawn funding facilities of USD 19 million across segments as at the reporting date.

RESOURCES SEGMENT

The resources segment's focus currently is the underground development of Meya Mining, the diamond mine in Sierra Leone. The first underground production is slated to be available for sale during July 2021. While the current financial reporting period mainly reflects the cost of development, Meya Mining is now capitalised sufficiently to produce at least 10 000 carats per month from Quarter 1 of 2022, whereafter production is set to increase up to 30 000 carats per month. The segment reported a loss of NAD 239 million for the reporting period, which was primarily due to foreign exchange losses. Profit reported as at 31 March 2020 amounted to NAD 1.3 billion.

FINANCIAL SERVICES SEGMENT

The financial services segment was bolstered by lines of funding secured during the previous financial period, with new student loans advanced during the period amounting to NAD 95 million. With the segment already having adjusted its IFRS 9 provisions during the prior period, and the new advances performing well, only a minimal adjustment to current provisions were required. In combination with implemented operational efficiencies, the segment was thus able to boast revenues of NAD 143 million, with profit of NAD 23 million when adjusted for the minority interest. The banking division's revenues amounted to NAD 56 million, with a net profit of NAD 7 million. The segment's loss reported as at 31 March 2020 amounted to NAD 608 million.

In the properties division, which is an investment of the life insurance business, the Herboth's Property development was transferred into investment property, from available for sale, as that sale was unwound. However, the perfection of the Cumbrae transaction as announced resulted in the group acquiring an additional 720 000 square meters of investment property, with 36 000 square meters of serviced land, with a concomitant reduction in property advances of NAD 429 million. Despite the adverse economic conditions, the property division's previously serviced land that is available for sale converted to cash in the amount of NAD 21 million during the past six months reporting period. No fair value adjustment was accounted for during the period under review.

INTERIM RESULTS

SUBSEQUENT EVENTS

Management agreement between the group and Next Capital Ltd

As of the reporting date, the existing management agreement between Trustco Group and Next Capital ran to its conclusion. The group is currently in discussion with minority shareholders regarding a renewal of the management contract with Next Capital, focusing on aligning incentives to shareholder interests and operational performance.

Share buy back program

During the AGM conducted on 29 April 2021, the motion to approve the general authority to repurchase shares was passed. The view of the board is that the recent share price remains significantly below the group's intrinsic value.

Change of financial year

After the reporting period, the board resolved to change the group's year-end to 31 August 2021, as the group's capital and funding base is predominantly based in the Northern hemisphere, and Trustco aims the release of full-year results to coincide with the working calendars of those regions. The new financial year-end will allow full-year results to be released during November.

Helios Oryx Limited v Trustco Group Holdings Limited ("TGH")

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

Helios also instituted an action in Windhoek Namibia for the same amount. (Note, payment cannot be claimed twice), against Elisenheim Property Development Company Limited ("EPDC") in its capacity as security provider for the obligations of TGH in respect of the abovementioned facility agreement. EPDC has a substantive counterclaim against Helios that is in the process of being quantified whereafter it will be formally filed in the High Court of Namibia. Helios brought an application for summary judgement against EPDC, but subsequently abandoned their application. EPDC raised an exception against the Particulars of Claim on the basis that it lacks essential allegations to support their claim against EPDC and the exception application will be argued on 9 September 2021.

TGH's total exposure towards the Helios claim (inclusive of capital and interest) is 100% secured by way of a registered covering mortgage bond registered in favour of Helios over Remaining Extent of Portion 5 (a portion of portion 4) of the Farm Elisenheim, and 100% (one hundred percent) secured and provided for in these financials.

On 20 January 2021 the Commercial Court granted summary judgement in favour of Helios against TGH in the sum of USD 21 380 334 together with legal costs, and struck out TGH's defence and counterclaim.

TGH filed an application for permission to appeal against the judgement and order dismissing TGH's counterclaim. On 13 May 2021, TGH was given permission to appeal the dismissal of its counterclaim on the grounds that taking into consideration all circumstances that the remote hearing was not fair. Leave to appeal was granted upon condition that TGH secures the judgment sum and cost order by making payment into the English Commercial Court. TGH, however cannot comply because the English Commercial Court judgment has not yet been recognised by the Namibian High Court and no foreign exchange control approval has been given for such payment.

TGH applied for a variation of the conditions imposed by the order granting TGH permission to appeal based on the fact that EPDC has already provided sufficient security for Helios in Namibia to satisfy any judgement sum and cost order. The application for variation of the order will be argued on 15 July 2021.

The English Commercial Court informed the parties that the appeal hearing will be argued on 8-9 March 2022.

INTERIM RESULTS

INTERIM DIVIDEND

The board of directors has decided to defer the declaration of any 2021 interim dividend.

FUTURE OUTLOOK

The board is confident about the group's future growth prospects, with the resources segment starting commercial production in the next financial period, and the financial services segment that remains poised to return to historical growth levels.

Adv Raymond Heathcote SC
(Chairman)
Windhoek

Dr Q van Rooyen
(Chief Executive Officer)
30 June 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FIGURES IN NAMIBIA DOLLAR THOUSAND

		31 MARCH 2021 UNAUDITED	30 SEPTEMBER* 2020 AUDITED
ASSETS			
CASH AND CASH EQUIVALENTS		30,839	144,020
ADVANCES	1	547,898	921,859
TRADE AND OTHER RECEIVABLES		269,993	276,070
CURRENT TAX RECEIVABLE		2,473	2,473
ASSETS HELD FOR SALE	2	-	343,636
INVENTORIES		189,498	129,917
PROPERTY, PLANT AND EQUIPMENT	3	344,030	392,644
INVESTMENT PROPERTY	4	2,490,383	1,780,167
INTANGIBLE ASSETS		396,053	419,110
EVALUATION AND EXPLORATION ASSETS		517,405	474,211
MINING PROPERTIES		570,706	607,699
DEFERRED TAX ASSETS		169,173	125,401
TOTAL ASSETS		5,528,451	5,617,207
EQUITY AND LIABILITIES			
LIABILITIES			
BANK OVERDRAFT		3,005	-
BORROWINGS	5	1,483,824	1,413,600
TRADE AND OTHER PAYABLES		596,447	645,004
CURRENT TAX PAYABLE		25,344	24,829
LIABILITIES OF ASSETS HELD FOR SALE	2	-	1,161
INSURANCE CONTRACT LIABILITIES		52,089	51,551
AMOUNTS DUE TO RELATED PARTIES	6	215,006	206,094
LEASE LIABILITIES		66,967	78,308
DEFERRED TAX LIABILITIES		40,354	41,783
TOTAL LIABILITIES		2,483,036	2,462,330
CAPITAL AND RESERVES			
SHARE CAPITAL		371,691	371,691
SHARE PREMIUM		3,094,401	3,094,401
TREASURY SHARES	7	(231,343)	(228,680)
OTHER RESERVES		(3,122,746)	(3,275,208)
RETAINED INCOME		2,560,487	2,769,018
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT		2,672,490	2,731,222
NON-CONTROLLING INTEREST		372,925	423,655
TOTAL CAPITAL AND RESERVES		3,045,415	3,154,877
TOTAL EQUITY AND LIABILITIES		5,528,451	5,617,207

*In the previous reporting period the group's financial year end was changed from 31 March to 30 September.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FIGURES IN NAMIBIA DOLLAR THOUSAND

	6 MONTHS ENDED 31 MARCH 2021 UNAUDITED	6 MONTHS ENDED 31 MARCH 2020 UNAUDITED	12 MONTHS ENDED 31 MARCH 2020 AUDITED
REVENUE	198,841	135,153	455,321
COST OF SALES	(34,930)	(54,736)	(118,201)
GROSS PROFIT	163,911	80,417	337,111
INVESTMENT INCOME AND OTHER INCOME	105,176	357,719	1,425,671
OPERATING EXPENSES	(471,708)	(353,898)	(765,392)
INSURANCE BENEFITS AND CLAIMS	(12,753)	(11,521)	(28,098)
FINANCE COSTS	(82,133)	(121,740)	(263,467)
(LOSS)/PROFIT BEFORE TAXATION	8	(49,023)	705,825
INCOME TAX BENEFIT/(EXPENSE)	44,686	(21,116)	(37,666)
(LOSS)/PROFIT FOR THE PERIOD	(252,821)	(70,139)	668,159
OTHER COMPREHENSIVE INCOME/(LOSS):			
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS:			
EXCHANGE DIFFERENCES ON TRANSLATING FOREIGN OPERATIONS	146,022	(171,692)	(189,645)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(106,799)	(241,831)	478,514
(LOSS)/PROFIT ATTRIBUTABLE TO:			
OWNERS OF THE PARENT	(208,531)	(79,000)	669,004
NON-CONTROLLING INTEREST	(44,290)	8,861	(845)
	(252,821)	(70,139)	668,159
TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO:			
OWNERS OF THE PARENT	(56,069)	(254,946)	478,763
NON-CONTROLLING INTEREST	(50,730)	13,115	(249)
	(106,799)	(241,831)	478,514
(LOSS)/EARNINGS PER SHARE			
BASIC (LOSS)/EARNINGS PER SHARE (CENTS)	(13.28)	(6.61)	56.00
DILUTED (LOSS)/EARNINGS PER SHARE (CENTS)	(13.23)	(6.59)	55.77

CONDENSED CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY

FIGURES IN NAMIBIA DOLLAR THOUSAND

	SHARE CAPITAL	SHARE PREMIUM	TREASURY SHARES	OTHER RESERVES	RETAINED INCOME	EQUITY OF OWNERS OF THE COMPANY	NON CONTROLLING INTEREST	TOTAL EQUITY
6 MONTHS ENDED 30 MARCH 2021 UNAUDITED								
BALANCE AT 1 OCTOBER 2020	371,691	3,094,401	(228,680)	(3,275,208)	2,769,018	2,731,222	423,655	3,154,877
LOSS FOR THE PERIOD	-	-	-	-	(208,531)	(208,531)	(44,290)	(252,821)
OTHER COMPREHENSIVE PROFIT/(LOSS)	-	-	-	152,462	-	152,462	(6,440)	146,022
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	-	-	-	152,462	(208,531)	(56,069)	(50,730)	(106,799)
TREASURY SHARES PURCHASED	-	-	(2,663)	-	-	(2,663)	-	(2,663)
BALANCE AT 31 MARCH 2021	371,691	3,094,401	(231,343)	(3,122,746)	2,560,487	2,672,490	372,925	3,045,415
12 MONTHS ENDED 31 MARCH 2020 AUDITED								
OPENING BALANCE AS PREVIOUSLY REPORTED	224,084	921,719	(197,959)	(869,002)	3,158,409	3,237,251	537,723	3,774,974
PRIOR PERIOD ERROR	-	-	-	-	(191,169)	(191,169)	(47,792)	(238,961)
BALANCE AT 1 APRIL 2019 AS RESTATED	224,084	921,719	(197,959)	(869,002)	2,967,240	3,046,082	489,931	3,536,013
PROFIT/(LOSS) FOR THE PERIOD	-	-	-	-	669,004	669,004	(845)	668,159
OTHER COMPREHENSIVE (LOSS)/INCOME	-	-	-	(190,241)	-	(190,241)	596	(189,645)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	-	-	-	(190,241)	669,004	478,763	(249)	478,514
ISSUE OF SHARES								
• SETTLEMENT OF VENDOR SHARES	144,624	2,140,575	-	(2,285,199)	-	-	-	-
• ISSUE OF STAFF RETENTION AND INCENTIVE SHARES	2,981	32,019	(26,540)	-	-	8,460	-	8,460
• ISSUE OF SHARES PER WARRANTY AGREEMENT	2	88	-	-	-	90	-	90
TRANSFER BETWEEN RESERVES	-	-	-	(532)	532	-	-	-
TRANSACTION WITH NON-CONTROLLING INTEREST	-	-	-	-	67,348	67,348	14,040	81,388
BALANCE AT 31 MARCH 2020	371,691	3,094,401	(224,499)	(3,344,974)	3,704,124	3,600,743	503,722	4,104,465

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FIGURES IN NAMIBIA DOLLAR THOUSAND

	6 MONTHS ENDED 31 MARCH 2021 UNAUDITED	12 MONTHS ENDED 31 MARCH 2020 AUDITED
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH (USED IN)/ GENERATED FROM OPERATIONS	(32,165)	102,883
INTEREST RECEIVED	616	593
FINANCE COSTS	(16,264)	(214,124)
GROSS ADVANCES DISBURSED*	(94,915)	(34,911)
RECEIPTS FROM REPAYMENT OF ADVANCES*	24,967	91,544
PROCEEDS FROM FUNDING LIABILITIES FOR ADVANCES	118,960	-
TAXATION PAID	(2)	(510)
NET CASH GENERATED/(USED) FROM OPERATING ACTIVITIES	1,197	(54,525)
CASH FLOWS FROM INVESTING ACTIVITIES		
ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT	(143)	(7,129)
PROCEEDS FROM DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	3,037	74,388
ADDITIONS TO INVESTMENT PROPERTY	-	(3,349)
ADDITIONS TO INTANGIBLE ASSETS	(12,886)	(11,516)
PROCEEDS FROM DISPOSAL OF INTANGIBLE ASSETS	-	61
NET CASH OUTFLOW ON DISPOSAL OF AVIATION BUSINESS	-	(712)
ADDITIONS TO EVALUATION AND EXPLORATION ASSETS	(60,410)	(140,507)
ADDITIONS TO MINING ASSETS	-	(13,597)
NET CASH USED BY INVESTING ACTIVITIES	(70,402)	(102,361)
CASH FLOWS FROM FINANCING ACTIVITIES		
PROCEEDS FROM SHARE ISSUE	-	90
REPAYMENT OF BORROWINGS	(2,096)	(23,923)
REPAYMENT OF OTHER LIABILITIES	(11,341)	(2,543)
PROCEEDS FROM RELATED PARTIES BALANCES	-	19,588
REPAYMENT OF RELATED PARTY BALANCES	(28,800)	-
TRANSACTION WITH NON-CONTROLLING INTEREST	-	81,388
PURCHASE OF TREASURY SHARES	(2,663)	-
NET CASH (USED BY)/RECEIVED FROM FINANCING ACTIVITIES	(46,900)	74,600
NET CHANGE IN CASH AND CASH EQUIVALENTS	(114,105)	(82,286)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	144,020	172,791
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	29,915	90,505

*In the previous reporting period, disbursements and receipts for advances were presented as a net balance. However, in the current period, the group chose to disclose the movement in advance on a gross basis as it will be more informative to the users of the financial statements.

CONDENSED SEGMENT ANALYSIS

FIGURES IN NAMIBIA DOLLAR THOUSAND

	TOTAL	INSURANCE AND ITS INVESTMENTS	BANKING	RESOURCES
6 MONTHS ENDED 31 MARCH 2021 UNAUDITED				
REVENUE	239,626	180,517	59,109	-
EXTERNAL REVENUE	198,841	142,963	55,878	-
INTER-SEGMENT REVENUE	40,785	37,554	3,231	-
NET (LOSS)/PROFIT AFTER TAX	(252,821)	(20,855)	7,120	(239,086)
INCOME TAX BENEFIT/(EXPENSE)	44,686	(4,724)	49,410	-
DEPRECIATION AND AMORTISATION	(40,976)	(35,714)	(4,761)	(501)
INTEREST INCOME	85,223	85,217	-	6
INTEREST EXPENSE	(82,133)	(32,636)	(44,531)	(4,966)
CREDIT ALLOWANCE FOR CREDIT LOSSES ON ADVANCES	(11,655)	-	(11,655)	-
TOTAL ASSETS	5,528,451	2,977,253	1,078,424	1,472,774
TOTAL LIABILITIES	2,483,036	1,297,291	980,184	205,561
12 MONTHS ENDED 31 MARCH 2020 AUDITED				
REVENUE	496,508	237,183	244,074	15,251
EXTERNAL REVENUE	455,312	211,438	228,623	15,251
INTER-SEGMENT REVENUE	41,196	25,745	15,451	-
NET PROFIT/(LOSS) AFTER TAX	668,159	(506,804)	(101,925)	1,276,888
INCOME TAX EXPENSE	(37,666)	(8,485)	(12,146)	(17,035)
LOAN WAIVER	1,000,000	-	-	1,000,000
DEPRECIATION AND AMORTISATION	(67,792)	(58,798)	(7,993)	(1,001)
INTEREST INCOME	4,169	2,886	1263	20
INTEREST EXPENSE	(263,467)	(189,379)	(60,121)	(13,967)
CREDIT ALLOWANCE FOR CREDIT LOSSES ON ADVANCES	(202,910)	(39,290)	(163,620)	-
18 MONTHS ENDED 30 SEPTEMBER 2020 AUDITED				
TOTAL ASSETS	5,617,207	2,983,944	1,129,859	1,503,404
TOTAL LIABILITIES	2,462,330	1,530,967	696,498	234,865

Inter-segment sales are charged at prevailing market prices.
The group's revenues from its major products and services are disclosed in note 8.

NOTES TO THE CONDENSED INTERIM RESULTS

FIGURES IN NAMIBIA DOLLAR THOUSAND

	6 MONTHS ENDED 31 MARCH 2021 UNAUDITED	18 MONTHS ENDED 30 SEPT 2020 AUDITED
1 ADVANCES		
PROPERTY ADVANCES	35,216	464,090
STUDENT ADVANCES	483,628	425,086
OTHER ADVANCES	29,054	32,683
	547,898	921,859
RECONCILIATION OF ADVANCES		
ADVANCES AT THE BEGINNING OF THE PERIOD	921,859	1,387,091
LOANS ADVANCED	94,915	105,992
PAYMENTS RECEIVED	(24,967)	(113,567)
*DERECOGNITION OF PROPERTY LOANS THROUGH ACQUISITION	(432,254)	-
INCREASE IN LOSS ALLOWANCE	(11,655)	(497,466)
INTEREST CAPITALISED	-	39,809
	547,898	921,859
RECONCILIATION OF LOSS ALLOWANCE		
OPENING BALANCE	853,081	355,552
SUBSEQUENT CHANGES IN LOSS ALLOWANCE	10,948	492,255
LOSS ALLOWANCE ON NEW EXPOSURE RAISED	707	5,211
*DERECOGNITION OF PROPERTY LOANS THROUGH ACQUISITION	(691,238)	-
	173,435	853,018

*On 16 December 2020, the group purchased 100% shareholding in two investment entities; Cumbrae Island Investments (Pty) Ltd (Cumbrae) and Elisenheim Estate Property Number One Hundred And One (Pty) Ltd (EEP 101). EEP 101 and Cumbrae's sole assets were investment property and real estate inventory. At the time of purchase, Cumbrae and EEP 101 owed the group NAD 432 million. The amount due to the group was equivalent to the fair value of the underlying assets of Cumbrae and EEP 101. As a result of the transaction, the group now controls Cumbrae and EEP 101 and the property loans advanced became intergroup receivables which were eliminated on consolidation. The group classified the transaction as a purchase of assets as the transaction did not constitute a business purchase because the entities acquired were not operational.

NOTES TO THE CONDENSED INTERIM RESULTS

FIGURES IN NAMIBIA DOLLAR THOUSAND

6 MONTHS ENDED 31 MARCH 2021 UNAUDITED	18 MONTHS ENDED 30 SEPT 2020 AUDITED
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2 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

ASSETS CLASSIFIED AS HELD FOR SALE

INVESTMENT PROPERTY	-	343,636
TRADE AND OTHER RECEIVABLES	-	343,580
	-	56

LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

TRADE AND OTHER PAYABLES	-	(1,126)
CURRENT TAX PAYABLE	-	(1,070)
	-	(56)

NET TOTAL ASSETS CLASSIFIED AS HELD FOR SALE

-	342,510
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At 30 September 2020, the group resolved to dispose Herboth's Property Development (Pty) Ltd (indirect subsidiary) and a sales agreement was signed with an external party.

During the period under review, the negotiations were terminated; therefore, the Herboth's transaction will not proceed.

On derecognition of the transaction, no impairment loss was incurred on the assets classified as held for sale.

3 PROPERTY, PLANT AND EQUIPMENT

PROPERTY ACQUIRED	143	10,814
DISPOSALS	(4,813)	(188,368)
CAPITAL COMMITMENTS	1,274,524	1,300,000

The group intends to develop its mining operations, and the group will finance this expenditure from borrowing facilities. At the reporting date, no part of this expenditure has been contracted.

4 INVESTMENT PROPERTY

TRANSFER FROM/(TO) ASSETS CLASSIFIED AS HELD FOR SALE (NOTE 2)	343,580	(343,580)
*ADDITIONS	366,609	3,349
FAIR VALUE ADJUSTMENTS	-	(279,220)

*Refer to note 1 for further details on current year acquisition.

NOTES TO THE CONDENSED INTERIM RESULTS

FIGURES IN NAMIBIA DOLLAR THOUSAND

	6 MONTHS ENDED 31 MARCH 2021 UNAUDITED	18 MONTHS ENDED 30 SEPT 2020 AUDITED
5 BORROWINGS		
TERM LOANS	1,476,754	1,403,270
ASSET-BACKED FINANCING ARRANGEMENTS	2,552	5,160
MORTGAGE LOANS	4,518	5,170
	1,483,824	1,413,600

Included in the movement of term loans is foreign currency gain of NAD 81 million which reduced the balance due.

During the period under review, the group received funding of NAD120 million. The loan bears interest at a rate of 10% above LIBOR per annum. The loan is repayable quarterly from 31 December 2021 to 31 December 2025.

At the reporting date, the group had undrawn facilities of USD 19 million.

6 AMOUNTS DUE TO RELATED PARTIES

NEXT CAPITAL LTD	140,522	123,762
GERMINATE SL LTD	74,484	82,332
	215,006	206,094

The amount due to Next Capital Ltd bears interest at 12.08% per annum, is repayable on demand, apart from the subordinated amount, and is unsecured. The loan is subordinated to one of the international financiers of the group.

The amount due to Germinate SL Ltd bears interest at LIBOR plus 4% and is repayable on demand and is unsecured.

7 TREASURY SHARES

NUMBER OF SHARES ('000)	46,511	45,792
VALUE OF SHARES ('000)	231,343	228,680

During the reporting period, the group repurchased 719 491 shares on the open market at an average cost of NAD 3.70.

NOTES TO THE CONDENSED INTERIM RESULTS

FIGURES IN NAMIBIA DOLLAR THOUSAND

	6 MONTHS ENDED 31 MARCH 2021 UNAUDITED	6 MONTHS ENDED 31 MARCH 2020 UNAUDITED	12 MONTHS ENDED 31 MARCH 2020 AUDITED
8 REVENUE			
8.1 REVENUE			
INSURANCE PREMIUM REVENUE	69,934	52,111	109,452
PROPERTY SALES	20,981	6,568	54,358
TUITION AND OTHER RELATED FEES	45,719	19,893	40,993
INTEREST EARNED ON ADVANCES	54,681	51,142	221,231
DIAMOND SALES	-	4,811	15,239
OTHER REVENUE	7,526	628	14,039
	198,841	135,153	455,312
8.2 TIMING OF REVENUE RECOGNITION			
AT A POINT IN TIME	182,370	112,731	420,691
OVER TIME	16,471	22,422	34,621
	198,841	135,153	455,312
8.3 DISAGGREGATION OF REVENUE BY GEOGRAPHICAL REGIONS			
NAMIBIA	198,841	130,344	440,073
SIERRA LEONE	-	4,809	15,239
	198,841	135,153	455,312

Refer to the segment report for disaggregation of revenue by segments.

9 (LOSS)/PROFIT FOR THE PERIOD

THIS IS ARRIVED AT AFTER TAKING THE FOLLOWING INTO ACCOUNT:

*LOSS/(PROFIT) ON FOREX DIFFERENCES	132,204	(194,579)	(257,925)
SALARIES AND DIRECTORS' REMUNERATION	56,325	72,494	167,718
AMORTISATION AND DEPRECIATION	40,976	33,761	67,792
CREDIT LOSS ALLOWANCE ON ADVANCES	11,655	7,947	163,620
LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	1,776	4,960	4,960
IMPAIRMENT OF INTANGIBLE	-	4,862	4,862
CREDIT LOSS ALLOWANCE OF TRADE AND OTHER RECEIVABLES	-	39,290	39,290
AUDITORS' REMUNERATION - AUDIT FEES	9,884	2,074	13,373

*The foreign exchange differences between intragroup monetary assets and liabilities, which arose from the USD denominated loan between two group entities, are not eliminated on consolidation. The monetary asset and liability represents a commitment to convert USD into Namibia Dollar, thereby exposing the reporting entity to currency fluctuations.

NOTES TO THE CONDENSED INTERIM RESULTS

FIGURES IN NAMIBIA DOLLAR THOUSAND

	6 MONTHS ENDED 31 MARCH 2021 UNAUDITED	6 MONTHS ENDED 31 MARCH 2020 UNAUDITED	12 MONTHS ENDED 31 MARCH 2020 AUDITED
10 BASIC EARNINGS AND HEADLINE EARNINGS			
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	(208,531)	(79,000)	669,004
ADJUSTMENTS:			
LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	1,776	4,960	4,960
REVERSAL OF IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT	-	-	-
IMPAIRMENT REVERSAL OF INTANGIBLE	-	4,862	4,862
LOSS ON DISPOSAL OF AVIATION BUSINESS	-	4,682	4,682
TAX EFFECT	(568)	(4,454)	(4,454)
	(207,323)	(68,950)	679,054
SHARES			
THE WEIGHTED AVERAGE NUMBER OF ORDINARY SHARE USED FOR BASIC EARNINGS PER SHARE ('000)	1,570,849	1,194,751	1,194,751
ADJUSTED FOR:			
CONTINGENTLY ISSUABLE SHARES AS A RESULT OF BUSINESS COMBINATIONS ('000)	4,922	4,922	4,922
WEIGHTED NUMBER OF ORDINARY SHARES FOR THE PURPOSES OF DILUTED EARNINGS PER SHARE ('000)	1,575,771	1,199,673	1,199,673
(LOSS)/EARNINGS PER SHARE			
BASIC (LOSS)/EARNINGS PER SHARE (CENTS)	(13.28)	(6.61)	56.00
DILUTED (LOSS)/EARNINGS PER SHARE (CENTS)	(13.23)	(6.59)	55.77
HEADLINE (LOSS)/EARNINGS PER SHARE (CENTS)	(13.20)	(5.77)	55.84
DILUTED HEADLINE (LOSS)/EARNINGS PER SHARE (CENTS)	(13.16)	(5.75)	56.60

NOTES TO THE CONDENSED INTERIM RESULTS

FIGURES IN NAMIBIA DOLLAR THOUSAND

	6 MONTHS ENDED 31 MARCH 2021 UNAUDITED	6 MONTHS ENDED 31 MARCH 2020 UNAUDITED	12 MONTHS ENDED 31 MARCH 2020 AUDITED
11 TRANSACTIONS WITH RELATED PARTIES			
NEXT CAPITAL LTD*			
SALES TO RELATED PARTY	(350)	-	-
SURETY FEES ACCRUED TO RELATED PARTY	12,996	10,477	27,801
MANAGEMENT FEES ACCRUED TO RELATED PARTY	22,610	4,572	21,032
LOAN WAIVER	-	-	(1,000,000)
INTEREST ACCRUED TO RELATED PARTY	5,612	5,414	63,900
PORTSMUT HUNTING SAFARIS (PTY) LTD*			
SALES TO RELATED PARTY	(704)	-	-
TRUSTCO AIR SERVICES (PTY) LTD*			
SALES TO RELATED PARTY	(277)	-	-
RISKOWITZ VALUE FUND LLP**			
DISPOSAL OF EQUITY INTEREST TO RELATED PARTY	-	81,388	81,388

The group sold an equity stake in Trustco Resources to Riskowitz Value Fund LLP.

* Common director, Dr Q Van Rooyen.

** Non-controlling interest

Refer to note 6 for further information on amounts due to related parties.

12 FAIR VALUE

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

13 DIRECTORS

On 26 March 2021, Mr Richard Marney was appointed an independent non-executive member of the board of directors Trustco Group Holdings Ltd.

14 COMPARATIVES

In the previous financial period the financial period for the group was changed from 31 March to 30 September.

15 GOING CONCERN

The directors believe that the group has adequate financial resources to continue in operation for the foreseeable future, and accordingly, the consolidated interim financial statements have been prepared on a going concern basis. The directors are satisfied that the group is in a sound financial position to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the group. The directors are also unaware of any material non-compliance with statutory or regulatory requirements or any pending changes to legislation that may affect the group.

NOTES TO THE CONDENSED INTERIM RESULTS

16 EVENTS OCCURRING AFTER THE REPORTING PERIOD

The following event occurred after the reporting date, refer to subsequent events in the business review commentary.

- Management agreement between the group and Next Capital Ltd
- Change of financial year
- Share buy back program
- Helios Oryx Limited v Trustco Group Holdings Limited

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

17 CHANGE IN COMPOSITION OF THE GROUP

There were no other changes in the composition of the group during the interim period apart from the acquisition of long term assets in Cumbrae Island Investments (Pty) Ltd and Elisenheim Estate Property Number One Hundred And One (Pty) Ltd. Refer to note 1 for further information.

18 BASIS OF PREPARATION OF HALF-YEAR REPORT

The unaudited interim results have been prepared in accordance with the framework concepts and measurement and recognition criteria of IFRS and the results are presented in accordance with the requirements of IAS 34 Interim Financial Reporting, the interpretations adopted by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Limited and the Namibian Stock Exchange and in the manner as required by the Companies Act of Namibia and the Companies Act of South Africa, and are based upon appropriate accounting policies and supported by reasonable and prudent judgements and estimates.

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

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

These interim results are unaudited and have not been reviewed by the auditors.

PRESENTATION CURRENCY

The unaudited condensed consolidated financial statements are prepared in thousands of Namibian Dollars ("NAD'000"). The group's functional and presentation currency is Namibian Dollars. At 31 March 2021, NAD 1 was equal to ZAR 1 (South African Rand) and the USD (United States Dollar) was equal to ZAR 14.96.

NOTES TO THE CONDENSED INTERIM RESULTS

ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period except for the adoption of the amendment detailed in notes 18.1 and 18.3.

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

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

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

18.1 NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The following amended standards became applicable for the current reporting period.

A. STANDARDS WHICH DID NOT HAVE MATERIAL EFFECT ON THE GROUP'S FINANCIAL STATEMENTS

- IAS 1 Presentation of Financial Statements - Definition of Material
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material

The group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

B. STANDARD WHICH HAD A MATERIAL EFFECT ON THE GROUP'S FINANCIAL STATEMENTS

- IFRS 3 Business Combinations - Definition of Business
The details of changes in accounting policy of the group are set out in note 18.3.

NOTES TO THE CONDENSED INTERIM RESULTS

18.2 IMPACT OF STANDARDS ISSUED BUT NOT YET APPLIED BY THE ENTITY

The group has chosen not to early adopt the following standards which has been published and is mandatory for the group's accounting periods beginning on or after 1 April 2021.

A. STANDARDS THAT THE GROUP HAS ASSESSED

- IFRS 3 Business Combinations - Reference to the Conceptual Framework (effective for annual periods beginning on or after 1 January 2022)
- **IFRS 9 Financial Instruments - Annual Improvements to IFRS Standards 2018-2020 (effective for annual periods beginning on or after 1 January 2022)
- IAS 1 Presentation of Financial Statements - Disclosure of Accounting Policies (effective for annual periods beginning on or after 1 January 2023)
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023)
- IAS 16 Property, Plant and Equipment - Property, Plant and Equipment: Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022)

Management has assessed the impact of these new and revised standards on the group and concluded that they have no material effect on the group.

** This amendment clarifies that – for the purpose of performing the “10 per cent test” for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

B. STANDARDS THAT THE GROUP IS STILL ASSESSING

- IFRS 9 Financial Instruments - Interest Rate Benchmark Reform Phase 2 (effective for annual periods beginning on or after 1 January 2021)
- IFRS 17 Insurance contracts (effective for annual periods beginning on or after 1 January 2023)

Impact is currently being assessed

18.3 NEW ACCOUNTING POLICY

BUSINESS COMBINATIONS

The group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the group. In determining whether a particular set of activities and assets is a business, the group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

CORPORATE INFORMATION

TRUSTCO GROUP HOLDINGS LTD

(INCORPORATED IN THE REPUBLIC OF NAMIBIA AND REGISTERED AS AN EXTERNAL COMPANY IN SOUTH AFRICA)

COMPANY REGISTRATION NUMBER: 2003/058

EXTERNAL COMPANY REGISTRATION:

NUMBER 2009/002634/10

NSX SHARE CODE: TUC

JSE SHARE CODE: TTO

OTCQX SHARE CODE: TSCHY

ISIN NUMBER: NA000A0RF067

COMPANY SECRETARY

KOMADA HOLDINGS (PTY) LTD

AUDITORS: SOUTH AFRICA

NEXIA SAB&T

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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

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SANDTON

JSE DEBT SPONSOR

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(MERCHANTEC CAPITAL)

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F J ABRAHAMS

DR Q VAN ROOYEN

NON-EXECUTIVE DIRECTORS

W GEYSER

R TALJAARD

ADV R HEATHCOTE SC

R MARNEY (BRITISH CITIZEN)

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NAMIBIA

TRANSFER SECRETARIES SOUTH AFRICA

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FEEDBACK

We welcome the views of our stakeholders on the Interim Results

Kindly contact us at annualreport@tgh.na with your feedback