



Registration No. 2003/058

Trustco Group Holdings Limited

# INTERIM RESULTS 2009

## Nature of Business

Trustco Group Holdings Ltd ("Trustco") has always been proud of its array of social justice enabling products. With core business units focusing on micro-insurance, micro finance and education, Trustco is a pioneer in making high quality financial services accessible to that segment of the world that remains largely unserved. Trustco listed on the Namibian Stock Exchange (symbol: TUC) on 27 September 2006, and supplemented that listing with a dual primary listing on the new Africa Board of the JSE Limited (symbol: TTO) on 19 February 2009. Trustco is proud of its Namibian roots. With the initial African expansion plans now in motion, Trustco is pleased to present its interim results for the six months ending 30 September 2009.

## Financial Highlights

With approximately 70% of the Group's profits customarily attributable during the second half of the financial year, Trustco reports significant growth compared to the previous comparative period. Profit after tax increased by 43.8% to NAD 30.2M. Group revenue grew by 24% to NAD 275M, due to the outstanding performance by all units. Earnings per share rose by 37.2% to 4.47c per share and headline earnings per share grew by 43.3% to 4.57c per share.

## Review of Operations Micro Insurance

Micro short-term and micro life insurance are consolidated into this segment. With revenue increasing 28.5% to NAD 55.7M, and profit after tax growing by 27.6% to NAD 27.4M compared to last year, Trustco's commitment to its policyholders in Namibia remains sound. This sector's performance in challenging market conditions, with its claims expenses as a percentage of revenue remaining stable, is testimony to the effectiveness of expense controls.

## Micro Finance and Education

With education being the "greatest equalizer", this segment managed to achieve

35.1% growth in net profit after tax compared to the previous year. Given the interest rate declines during the past year, it nevertheless reported revenues of NAD 46.9M, a 24% increase compared to the previous year. Given the aforementioned interest rate drops, Trustco reports that the educational loan book grew by 47.1% to NAD 167.9M.

## Private Equity

The Group increased its focus on its core units which saw the disposal of the printing press and related equipment in Printas (Pty) Ltd to DMH Holdings Ltd. Trustco's former segments of Property, Development & Media and Investment Related Services are internally reported on as one component and have thus been consolidated and renamed as "Private Equity" as part of the adoption of IFRS 8: *Operating Segments*. This segment encompasses Trustco's strategic development projects which promise to yield significant returns over the short to medium term, such as the property development project. Of the 3.5 million square meters the Group initially bought, 0.4% have been sold to date. While this segment recorded a 8% reduction in revenue (mainly due to the loss of revenue after the sale of the printing press), loss after tax was only 2.1% more than the comparative period.

## Trustco Mobile

A large segment of individuals in Trustco's target market possess no form of life cover although more than half owns a mobile phone. Trustco Mobile's innovative concept of providing free life cover to mobile phone subscribers upon the purchase of airtime from selected mobile operators uniquely caters for this sector. A test phase agreement was entered into with PowerCom (Pty) Ltd (trading as leo, a subsidiary of Telecel Globe Ltd). It was subsequently replaced by a new agreement to cover prepaid leo subscribers in Namibia. Trustco Mobile is now poised to roll out the concept in the rest of the world. Strategies with various mobile operators and insurers are ongoing.

Management believes that this product will form the new core of Trustco's expansion.

## Financial Services outside Namibia (South Africa)

Trustco Financial Services (Pty) Ltd ("TFS") recorded a net profit after tax of NAD 7.2M, and revenue increased by 32.4%, to NAD 149.9M. Continuing strategies are underway in various countries for the roll-out of the highly successful underwriting software that is TFS's backbone. Profit before tax in this division increased by 42% to NAD 5.5M compared to the previous period.

## Dividends Paid

Given Trustco's policy of four to five times dividend cover, the Board recommended a dividend of 2c per share to be approved by the shareholders during the Annual General Meeting of 4 September 2009. This dividend was approved at the meeting, and was paid out on 2 October 2009. No interim dividend has been declared for the period.

## Subsequent events SABC Legal Action

Trustco Group International (Pty) Ltd ("TGI"), a subsidiary in the Group is currently in an arbitration process with the South African Broadcasting Corporation ("SABC") because of a breach of contract by the SABC. A ruling was made on 2 April 2007 in favour of TGI by an independent arbitrator. The arbitration is scheduled to continue during the week commencing 25 January 2010, to determine the amount of damages payable by the SABC. The amount claimed is NAD 140M. The amount to be awarded is in the discretion of the arbitrator.

## Micro Finance Government Deduction Code

The government deduction code has been extended to 31 March 2010. Trustco has a written undertaking from government that the current deduction code will remain effective on all existing government loans. The deduction code grants

Trustco the right to collect monthly loan instalments directly from government payroll for all government employees.

## Future outlook

With signs that the world wide economic recovery is underway, Trustco expects the growth path maintained during the past five years to continue. Given that the Groups tax assets will be fully utilised during this financial year, it is the Boards opinion that most of this growth will be realised via Trustco Mobile's expansion, as well as continued growth from Trustco's resilient Namibian operations and the property division.

## Basis of preparation and presentation of interim financial statements Statement of compliance

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the recognition and measurement criteria of IFRS, its interpretations adopted by the IASB, the presentation and the disclosure requirements of IAS 34: *Interim Financial Reporting*, the Listing Requirements of the NSX and JSE, and the Companies Act of Namibia, 1973.

## Basis of preparation

The unaudited condensed consolidated financial statements are prepared in thousands of Namibian Dollar ("N\$ '000") on the historical cost basis, except for the measurement of investment properties and certain financial instruments at fair value. The Group's functional and presentation currency is Namibian Dollar. At 30 September 2009, NAD 1 was equal to ZAR 1. These interim results are unaudited and have not been reviewed by the auditors.

Other than IAS 1 and IFRS 8, the accounting policies are those presented in the audited annual financial statements for the year ended 31 March 2009 and have been applied consistently to the periods presented in these unaudited condensed consolidated financial statements and by all Group entities. Consequently the com-

parative information has been restated for the new disclosures as required in IAS 1 and IFRS 8.

## Adoption of IFRS 8

The Group has adopted IFRS 8: *Operating Segments* with effect from 1 April 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14: *Segment Reporting*) required an entity to identify two sets of segments (business and geographical). In prior years, segment information reported externally was analysed on the basis of operating divisions. However, information reported to the Group's Executive Committee, its chief operating decision maker, for the purposes of resource allocation and assessment of segment performance is more specifically focused on type of industry and business risk. The Group's reportable segments under IFRS 8 are therefore as follows: Micro Insurance; Micro Finance and Education; Financial Services outside Namibia; and Private Equity.

## Appreciation

With all the success enjoyed by the Group during the year, the Board expresses its gratitude for the tremendous effort from all Trustco staff in order to achieve these results. The Board would also like to extend its thanks to the service providers and clients without whom this Company would not have prospered as it did.

By order of the Board

  
Dr. D Namwandi  
Chairman

  
Q van Rooyen  
Managing Director

Windhoek, 18 November 2009

## Directorate and Administration Directors:

Dr. D Namwandi (Chairman), Mr. A Toivo Ya Toivo (Non-Executive), Mrs. V de Klerk (Non-Executive), Mrs. M Nshandhi (Non-Executive), Mr. FJ Abrahams (Financial Director), Mr. G Walters (Director: New Business), Mr. Q van Rooyen (Managing Director)

## Registered office:

Namibia  
2 Keller Street, PO Box 11363, Windhoek  
Website: [Http://www.tgi.na](http://www.tgi.na)  
Registration No. 2003/058

## Transfer secretary (Namibia):

Transfer Secretaries (Pty) Ltd  
Kaiserkrone Centre, Post Street Mall  
P O Box 2401, Windhoek, Namibia  
Registration No. 93/713  
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## Transfer Secretaries (South Africa):

Computershare Investor Services (Pty) Ltd  
Registration number 2004/003647/07  
Ground Floor, 70 Marshall Street  
Johannesburg, 2001  
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Telephone: +27 11 370 7700  
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## Auditors:

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

South Africa - BDO  
Registered Auditors  
BDO Place 457, Rodericks Road  
Lynnwood, 0081, Pretoria, South Africa

## Sponsors:

Namibia  
UG Securities (Pty) Ltd  
Member of the NSX  
100 Robert Mugabe Avenue  
P O Box 186, Windhoek, Namibia  
Registration No. 95/505

South Africa  
Questco  
Member of the JSE  
The Campus, 57 Sloane Street  
1st Floor,  
Wrigley Field  
Bryanston  
20121

### Statement of Financial Position as at 30 September 2009

	% change	6 Months 30 Sept 2009 Unaudited N\$'000	6 Months 30 Sept 2008 Reviewed N\$'000	12 Months 31 Mar 2009 Audited N\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	1%	144 321	143 283	154 210
Investment properties	(10%)	34 192	37 794	33 753
Intangible assets	4%	189 104	181 859	186 842
Deferred income tax assets	107%	47 938	23 133	45 147
Educational loans advanced	53%	106 708	69 878	79 003
Other loans advanced	100%	24 284	-	24 188
Finance lease receivables	(20%)	1 276	1 598	1 276
<b>Total non-current assets</b>	20%	<b>547 823</b>	<b>457 545</b>	<b>524 519</b>
<b>Current assets</b>				
Available-for-sale financial assets	45%	12 981	8 670	10 035
Short-term portion of educational loans advanced	38%	61 277	44 300	54 024
Short-term portion of other loans advanced	100%	1 184	-	386
Short-term portion of finance lease receivables	-	337	337	337
Amounts due by related parties	(13%)	2 973	3 434	3 062
Inventories	2%	31 232	30 766	30 244
Trade and other receivables	4%	36 210	25 915	31 018
Current income tax assets	49%	539	90	263
Cash and cash equivalents	9%	105 281	96 723	108 456
<b>Total current assets</b>	20%	<b>251 934</b>	<b>210 539</b>	<b>237 805</b>
<b>Total assets</b>	20%	<b>799 757</b>	<b>668 080</b>	<b>762 324</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Share capital	100%	162 645	-	162 645
Stated capital	(100%)	-	161 035	-
Deemed treasury shares	5%	(18 137)	(19 137)	(19 137)
Vendor shares	-	14 976	14 976	14 976
Contingency reserve	544%	1 346	(303)	726
Revaluation reserves	33%	16 979	12 796	16 851
Retained earnings	6%	209 500	124 020	194 416
Attributable to equity holders of the parent	32%	387 709	294 047	370 477
Non-controlling interest	100%	-	(577)	-
<b>Total capital and reserves</b>	32%	<b>387 709</b>	<b>293 470</b>	<b>370 477</b>
<b>Non-current liabilities</b>				
Long-term liabilities	(11%)	107 505	120 529	117 832
Other liabilities	221%	2 615	815	1 550
Deferred income tax liabilities	15%	26 690	23 123	27 062
Policyholders' liability under insurance contracts	150%	5 691	2 272	2 472
Amounts due to related parties	(35%)	12 037	18 588	15 766
<b>Total non-current liabilities</b>	(7%)	<b>154 538</b>	<b>165 327</b>	<b>164 742</b>
<b>Current liabilities</b>				
Current portion of long-term liabilities	42%	14 524	10 208	15 700
Current portion of other liabilities	39%	2 178	1 571	1 128
Trade and other payables	22%	192 128	157 685	179 368
Technical provisions	16%	17 140	14 820	15 834
Provision for share appreciation rights	(100%)	-	2 272	-
Current income tax liabilities	135%	385	164	128
Bank overdraft	38%	31 855	22 555	14 947
<b>Total current liabilities</b>	23%	<b>257 510</b>	<b>209 293</b>	<b>227 105</b>
<b>Total equity and liabilities</b>		<b>799 757</b>	<b>668 080</b>	<b>762 324</b>

### Income Statement for the six months ended 30 September 2009

	% change	6 Months 30 Sept 2009 Unaudited N\$'000	6 Months 30 Sept 2008 Reviewed N\$'000	12 Months 31 Mar 2009 Audited N\$'000
Insurance premium revenue	25%	54 246	43 416	93 847
Revenue	24%	221 225	178 783	350 557
<b>Total revenue</b>	24%	<b>275 471</b>	<b>222 199</b>	<b>454 514</b>
Cost of sales	(30%)	(146 883)	(113 211)	(257 172)
<b>Gross profit</b>	18%	<b>128 588</b>	<b>108 988</b>	<b>197 342</b>
Investment income	25%	1 943	1 550	4 500
Fair value gains and losses	(63%)	352	1 024	2 730
Other income	(50%)	752	1 511	33 521
Insurance benefits and claims	7%	(9 385)	(10 053)	(21 750)
Transfer to policyholder liabilities	(1151%)	(3 391)	(2 711)	(4 471)
Change in unearned premium provision	(222%)	(1 121)	99	(1 650)
Administrative expenses	(6%)	(82 290)	(77 457)	(153 796)
Finance costs	12%	(9 904)	(11 278)	(25 375)
<b>Profit before taxation</b>	88%	<b>26 574</b>	<b>34 113</b>	<b>56 526</b>
Taxation	(47%)	3 674	6 523	26 852
<b>Profit for the period</b>	44%	<b>30 248</b>	<b>21 036</b>	<b>93 378</b>
<b>Attributable to:</b>				
Equity holders of the parent	48%	30 248	20 474	92 423
Non-controlling interest	(100%)	-	562	955
	44%	<b>30 248</b>	<b>21 036</b>	<b>93 378</b>
<b>Earnings per share:</b>				
Basic earnings per share (cents)	37%	4.47	3.25	14.00
Diluted earnings per share (cents)	37%	4.47	3.25	13.49
Headline earnings per share (cents)	47%	4.57	3.16	10.81
Weighted number of ordinary shares in issue ('000)	8%	677 240	629 408	660 197

### Statement of Comprehensive Income for the six months ended 30 September 2009

	% change	6 Months 30 Sept 2009 Unaudited N\$'000	6 Months 30 Sept 2008 Reviewed N\$'000	12 Months 31 Mar 2009 Audited N\$'000
<b>Profit for the period</b>	44%	<b>30 248</b>	<b>21 036</b>	<b>93 378</b>
Other comprehensive income, net of tax	2660%	128	(5)	4 234
Revaluation of property, plant and equipment, net of deferred tax and release of depreciation	2660%	128	(5)	4 050
Share of other comprehensive income of non-controlling interest	-	-	-	184
<b>Total comprehensive income for the period</b>	44%	<b>30 376</b>	<b>21 031</b>	<b>97 612</b>
<b>Attributable to:</b>				
Equity holders of the parent	48%	30 376	20 469	96 473
Non-controlling interest	(100%)	-	562	1 139
	44%	<b>30 376</b>	<b>21 031</b>	<b>97 612</b>

### Earnings & Headline Earnings for the six months ended 30 September 2009

	% change	6 Months 30 Sept 2009 Unaudited N\$'000	6 Months 30 Sept 2008 Reviewed N\$'000	12 Months 31 Mar 2009 Audited N\$'000
Profit attributable to ordinary shareholders	48%	30 248	20 474	92 423
Adjustments net of taxation:				
Loss on disposal of property, plant & equipment	255%	671	(4 361)	(21 059)
Fair value adjustments on investment properties	419%	892	172	131
Gain on loan written off	54%	(2 211)	(605)	(1 662)
Profit on disposal of non-core divisions	-	-	-	(1 202)
<b>Headline earnings</b>	54%	<b>30 919</b>	<b>20 040</b>	<b>71 364</b>

### Statement of Changes in Equity for the six months ended 30 September 2009

	Stated capital N\$'000	Share capital N\$'000	Share premium N\$'000	Deemed treasury shares N\$'000	Vendor shares N\$'000	Contingency reserve N\$'000	Revaluation reserve N\$'000	Retained earnings N\$'000	Minority interest N\$'000	Total N\$'000
<b>Balance at 1 April 2008</b>	141 448	-	-	(35 359)	35 526	(303)	12 801	107 862	(1 139)	260 836
Vendor shares issued as result of business combination	19 636	-	-	-	(19 636)	-	-	-	-	-
Vendor shares repaid in cash	-	-	-	-	(9 914)	-	-	-	-	(9 914)
Costs of share issue	(49)	-	-	-	-	-	-	-	-	(49)
Sale of deemed treasury shares by Trustco Staff Share Incentive Scheme Trust	-	-	-	10 222	-	-	-	-	-	10 222
Gain on sale of deemed treasury shares	-	-	-	-	-	-	-	3 042	-	3 042
Dividends for the period	-	-	-	-	-	-	-	(6 698)	-	(6 698)
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	(5)	20 474	562	21 031
<b>Balance at 30 September 2008</b>	<b>161 035</b>	-	-	<b>(19 137)</b>	<b>14 976</b>	<b>(303)</b>	<b>12 796</b>	<b>124 680</b>	<b>(577)</b>	<b>293 470</b>
<b>Balance at 1 October 2008</b>	<b>161 035</b>	-	-	<b>(19 137)</b>	<b>14 976</b>	<b>(303)</b>	<b>12 796</b>	<b>124 680</b>	<b>(577)</b>	<b>293 470</b>
Transfer to contingency reserve	-	-	-	-	-	1 029	-	(1 029)	-	-
Conversion of no-par value shares to par value shares	(161 035)	161 035	-	-	-	-	-	-	-	-
Share issue	-	1 610	3 361	-	-	-	-	-	-	4 971
Issuing costs	-	-	(3 361)	-	-	-	-	-	-	(3 361)
Acquisition of non-controlling interest in entry under common control	-	-	-	-	-	-	-	(1 194)	-	(1 194)
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	-	4 055	71 949	76 581
<b>Balance at 31 March 2009</b>	-	<b>162 645</b>	-	<b>(19 137)</b>	<b>14 976</b>	<b>726</b>	<b>16 851</b>	<b>194 416</b>	-	<b>370 477</b>
<b>Balance at 1 April 2009</b>	-	<b>162 645</b>	-	<b>(19 137)</b>	<b>14 976</b>	<b>726</b>	<b>16 851</b>	<b>194 416</b>	-	<b>370 477</b>
Transfer to contingency reserve	-	-	-	-	-	620	-	(620)	-	-
Sale of deemed treasury shares by Trustco Staff Share Incentive Scheme Trust	-	-	-	1 000	-	-	-	-	-	1 000
Dividends for the period	-	-	-	-	-	-	-	(14 144)	-	(14 144)
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	128	30 248	-	30 376
<b>Balance at 30 September 2009</b>	-	<b>162 645</b>	-	<b>(19 137)</b>	<b>14 976</b>	<b>1 346</b>	<b>16 979</b>	<b>209 900</b>	-	<b>387 709</b>

### Cash Flow Statement for the six months ended 30 September 2009

	% change	6 Months 30 Sept 2009 Unaudited N\$'000	6 Months 30 Sept 2008 Reviewed N\$'000	12 Months 31 Mar 2009 Audited N\$'000
<b>Cash flow from operating activities</b>				
Cash generated from operations	56%	60 715	38 971	95 744
Interest received	25%	1 943	1 550	4 500
Finance costs	12%	(9 904)	(11 278)	(25 375)
Net educational loans advanced	(58%)	(34 958)	(22 130)	(40 979)
Dividends paid	(111%)	(14 144)	(6 698)	(6 668)
Taxation paid	338%	441	(185)	(1 327)
<b>Net cash flow from operating activities</b>	1683%	<b>4 693</b>	<b>230</b>	<b>27 055</b>
<b>Cash flow from investing activities</b>				
Additions to property, plant and equipment	(51%)	(8 761)	(5 816)	(13 694)
Additions to investment properties	(18%)	(1 991)	(1 550)	(1 721)
Additions to intangible assets	24%	(5 889)	(7 729)	(13 434)
Additions to available-for-sale financial assets	(10%)	(2 946)	(2 679)	(3 744)
Acquisition of non-controlling interest in entry under common control	-	-	-	(1 000)
Proceeds on sale of property, plant and equipment	76%	3 108	359	1 324
<b>Net cash flow from investing activities</b>	8%	<b>(14 587)</b>	<b>(16 915)</b>	<b>(30 620)</b>
<b>Cash flow from financing activities</b>				
Costs of share issue	-	-	-	(49)
Redemption of vendor shares in cash	100%	-	(1 157)	(1 157)
Sale of deemed treasury shares	(35%)	1 000	19 200	19 204
(Repayment of) proceeds from long-term liabilities	(280%)	(11 503)	6 380	9 175
Proceeds from (repayment of) other liabilities	42%	2 075	(633)	(301)
Repayment of related party loans	79%	(3 720)	(17 694)	(13 765)
Decrease in policy holder under insurance contracts	1068%	3 219	271	471
<b>Net cash flow from financing activities</b>	(239%)	<b>(8 929)</b>	<b>6 433</b>	<b>13 658</b>
<b>Net change in cash and cash equivalents</b>	(110%)	<b>(19 423)</b>	<b>(9 252)</b>	<b>10 133</b>
Cash and cash equivalents at beginning of period	12%	93 549	83 416	83 416
<b>Cash and cash equivalents at end of period</b>	(0%)	<b>74 126</b>	<b>74 164</b>	<b>93 549</b>

### Segment Results for the six months ended 30 September 2009

	% change	6 Months 30 Sept 2009 Unaudited N\$'000	6 Months 30 Sept 2008 Reviewed N\$'000	12 Months 31 Mar 2009 Audited N\$'000
<b>Total revenue</b>				
Micro Insurance	29%	55 792	43 415	93 847
Micro Finance and Education	24%	46 958	37 883	71 197
Financial services outside Namibia	32%	149 921	113 264	267 843
"Private equity"	(8%)	55 248	80 027	141 458
Elimination of intersegment revenue	(0%)	(32 448)	(32 390)	(89 831)
	24%	<b>275 471</b>	<b>222 169</b>	<b>484 514</b>
<b>Net profit after tax</b>				
Micro Insurance	28%	27 482	21 541	36 227
Micro Finance and Education	35%	23 171	17 151	30 615
Financial services outside Namibia	(16%)	7 166	8 780	19 561
"Private equity"	(2%)	(27 571)	(26 995)	6 620
	48%	<b>30 248</b>	<b>20 474</b>	<b>92 423</b>
<b>Total assets</b>				
Micro Insurance	11%	31 158	28 070	29 688
Micro Finance and Education	42%	183 580	129 166	150 755
Financial services outside Namibia	13%	211 859	180 405	195 822
"Private equity"	29%	372 236	330 439	386 019