



FINANCIAL RESULTS 2011

Trustco Group Holdings Limited

Audited Condensed Consolidated Financial Results for the 12 months ended 31 March 2011



NATURE OF BUSINESS

Trustco Group Holdings Limited ("Trustco"), with its core activities in micro insurance and microfinance, is primarily a diversified financial services company serving the lower end of the consumer market. Through the use of technology, affordable and appropriate products and services, Trustco is able to better service the mass market, where access to finance and insurance remains limited. Following the recent launch of its mobile insurance product in Zimbabwe, its 2009 listing on the Africa Board of the JSE Limited ("JSE"), and its integration with mobile telephony to reach underserved communities, Trustco is poised to become a truly Pan-African group.

FINANCIAL OVERVIEW

Despite Southern Africa's slow emergence from the global recession, historical low interest rates and severe flooding in northern Namibia, Trustco was still able to provide a stellar performance. Profit after tax increased by 38% to NAD 190 million while headline earnings grew by 55% to NAD132 million compared to the previous corresponding financial period ended 31 March 2010. This financial period marked Trustco Mobile (Pty) Limited's ("Trustco Mobile") first contribution to the Group profits with the company adding NAD23 million to net profit after tax.

Earnings were further boosted by property sales from the Lafrenz property, Trustco's veritable "Land Bank", which houses prime industrial property on the outskirts of Windhoek. During the financial period ended 31 March 2011, the Group sold 54 000 square meters of the Lafrenz property for NAD68 million at an average sales price of NAD1, 250 per square meter. This recent sale represents only 3% of the approximate 1.8 million square meters of land available for sale. An additional 120 000 square meters are earmarked for sale during the next financial year.

Earnings were further enhanced by an award in favour of Trustco for damages

arising out of a breach of contract by the South African Broadcasting Commission ("SABC"). The award was recognised during this period to the extent of NAD 54 million.

Revenue in the microfinance and education segment declined marginally as a result of new loans being subjected to stricter credit criteria, therefore improving the quality of assets on the loan book. This is confirmed by the significantly reduced income statement charge during the period under review, which more than halved when compared to the comparative period, and this on a increased gross loan book in the period under review.

Administrative expenses increased 10% for the current financial period compared to the previous financial period. This is mainly due to a NAD17 million underwriting fee paid to a third party insurance firm in Zimbabwe as part of the Trustco Mobile business and NAD14 million impairment charge recognised on the loans provided on the sale of the restaurant business. Legal proceedings have been instituted against the relevant parties, however management deem it prudent to provide for the loans.

REVIEW OF OPERATIONS MICRO INSURANCE AND TECHNOLOGY SOLUTIONS Namibia

The financial period showed a marginal increase in revenue which amounted to NAD111.52 million for Micro insurance. The net profit after tax increased by 11% compared to the corresponding period, as result of effective expense controls being in place. With the recent introduction of new products, revenue for this segment is expected to achieve further growth. Premium increases were put on hold during 2010 as an incentive to members as the Company celebrated its 10th anniversary. Premium increases will resume during the current financial year.

Zimbabwe

The 2011 financial period has been a

momentous one for Trustco Mobile. On October 7, 2010, EcoLife, a partnership between Trustco Mobile, First Mutual Life Assurance Company (Pty) Limited and Econet Wireless (Private) Limited, was launched all across Zimbabwe. This marked the second step in Trustco's African expansion beyond Namibia. EcoLife has been well received in the Zimbabwean market, and continues to grow apace. On 31 March, Trustco Mobile boasted just over 1.6 million registered customers across Zimbabwe and it anticipates a rapid increase in this number as discussions with telecommunication operators and financial service providers develop into new business opportunities across the African continent.

While the current model leverages off the high mobile penetration rate to increase insurance permeation in Sub-Saharan Africa, where less than 5% of the population has access to insurance, the robustness and flexibility of the technology allows it to be applied to any transactional-based system. Given Trustco Mobile's potential replicability and adaptability across various emerging markets, this business is expected to blaze the trail for the expansion of Trustco's other subsidiaries into the rest of the African continent.

South Africa

Trustco Financial Services (Pty) Limited ("TFS") provides intermediary administrative and software solutions to the financial services and insurance market. The financial period ended March 2011 proved to be a challenging year for the South African insurance industry due to the global economic recession. Consequently, revenues declined by 10% and net profits dropped by 18% compared to the previous corresponding financial period. With the focus on enhancing services along the value chain and responding to the increased interest in TFS's software solutions, the next financial year should see a marked increase in top and bottom line performance.

MICRO FINANCE AND EDUCATION Namibia

Severe flooding in the northern

part of Namibia, where the bulk of students are located, resulted in a 13% decline in revenue and a 13% drop in net profit after tax compared to the period ending 31 March 2010. The reduction in the prime lending rate further adversely affected the yield on Educational loans.

Stricter credit criteria also subdued growth during the current financial period.

Despite the challenging conditions, gross Educational loans increased from NAD193 million to NAD226 million from 31 March 2010 to 31 March 2011. Trustco Finance concluded a loan agreement with the International Finance Corporation which should significantly improve the lending program and the growth of the loan book.

TRUSTCO PROPERTIES Namibia

Property investment and development has been an integral part of the Trustco business culture since the inception of Trustco. The current property portfolio consists primarily of residential, commercial and industrial properties in Namibia as well as strategic virgin land, a key driver in this business segment.

Following the acquisition in 2004 of 360 hectares (3.6 million square meters) of undeveloped industrial and residential land north of Windhoek, the Group's "Land Bank" has just yielded its first significant returns through the sale of industrial plots.

Capital requirements in the Group will be enhanced through the sale of land during the next financial period.

DIVIDENDS PAID

An interim dividend of 1,5 cps was paid on 27 of January 2011. A final dividend payment of 2 cps will be paid on 12 August 2012.

FUTURE OUTLOOK

The availability of term debt will support the growth of the microfinance book along with the anticipated sales of Lafrenz industrial property. With Trustco Mobile now well proven and accepted in the mobile and insurance

markets, growth of this segment is expected to significantly increase and pave the way for the expansion of Trustco's other products and service offerings into the rest of Africa.

BASIS FOR PREPARATION AND PRESENTATION OF AUDITED CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

BASIS OF PREPARATION

These audited condensed consolidated financial statements are prepared in thousands of Namibian Dollar ("NAD '000"). The Group's functional and presentation currency is Namibian Dollar. At 31 March 2010, NAD 1 was equal to ZAR 1.

The audited results have been prepared in accordance with and in compliance with the accounting policies of the Group that comply with the requirements of IFRS and the AC 500 standards as issued by the Accounting Practices Board, the JSE Limited Listings Requirements and the NSX Listing Requirements. The accounting policies have been consistently applied throughout the Group, and are consistent with those of the previous financial statements.

The Company's auditors, BDO Namibia and BDO South Africa Inc., have audited condensed consolidated financial statements for the year ended 31 March 2011. Their unqualified report is available for inspection at the registered office of the Company.

APPRECIATION

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

By order of the Board

Adv. Raymond Heathcote
(Chairman)
Mr Q van Rooyen
(Managing Director)

Windhoek, 30 June 2011

DIRECTORATE AND ADMINISTRATION

Directors: No. 2003/058
Adv. Raymond JSE Symbol:
Heathcote TTO, NSX
(Chairman), Symbol:
Mr Theo Mberirua TUC
(Deputy Chairman),
Dr Tobie Aupindi
(Non-Executive),
Mr Winton Geyser (Non-Executive),
Mrs V de Klerk
(Non-Executive),
Mrs M Nashandi
(Non-Executive),
Mr FJ Abrahams
(Financial Director), Mr
Q van Rooyen (South Africa):
(Managing Director)

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Registration

CONSOLIDATED STATEMENT OF FINANCIAL POSITION at 31 March 2011			
	% change	Audited 2011 NAD '000	Audited 2010 NAD '000
ASSETS			
Non-current assets			
Property, plant and equipment	(7%)	129 697	139 366
Investment properties	63%	232 829	143 233
Intangible assets	24%	240 922	194 718
Deferred income tax assets	22%	62 096	50 855
Educational loans advanced	13%	120 266	106 840
Other loans advanced	(35%)	24 164	37 163
Finance lease receivable	(48%)	457	872
Total non-current assets	20%	810 431	673 047
Current assets			
Assets at fair value through profit and loss	41%	25 699	18 274
Short-term portion of educational loans advanced	22%	87 473	71 463
Short-term portion of other loans advanced	(8%)	833	908
Short-term portion of finance lease receivables	8%	419	387
Inventories	(11%)	16 541	18 677
Trade and other receivables	>100%	197 500	46 549
Current income tax assets	2%	766	752
Cash and cash equivalents	(9%)	82 685	91 047
Total current assets	66%	411 916	248 057
Total assets	33%	1 222 347	921 104
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	-	162 645	162 645
Deemed treasury shares	-	(18 731)	(18 731)
Contingency reserves	24%	2 361	1 902
Vendor shares	100%	14 976	-
Revaluation reserves	(4%)	15 414	16 098
Distributable reserves	57%	495 875	316 731
Attributable to equity holders of the parent	41%	672 540	478 645
Non-current liabilities			
Long-term liabilities	36%	151 435	111 090
Other liabilities	(89%)	334	3 150
Deferred income tax liabilities	54%	87 833	57 082
Policy holders' liability under insurance contracts	70%	8 307	4 899
Amounts due to related parties	(100%)	-	20 834
Total non-current liabilities	26%	247 909	197 055
Current liabilities			
Current portion of long-term liabilities	>100%	55 288	15 367
Current portion of other liabilities	90%	3 127	1 645
Trade and other payables	(11%)	167 262	187 572
Technical provisions	7%	18 428	17 189
Amounts due to related parties	100%	8 826	-
Current income tax liabilities	>100%	7 778	2 005
Bank overdraft	90%	41 189	21 626
Total current liabilities	23%	301 898	245 404
Total equity and liabilities	33%	1 222 347	921 104

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 March 2011			
	% change	Audited 2011 NAD '000	Audited 2010 NAD '000
Insurance premium revenue	3%	111 520	108 365
Revenue	8%	475 498	442 083
Total revenue	7%	587 018	550 448
Cost of sales	5%	(265 144)	(279 087)
Gross profit	19%	321 874	271 361
Investment income	>100%	29 306	7 883
Fair value gains and losses	(28%)	63 514	88 261
Other income	>100%	65 144	23 754
Insurance benefits and claims	(26%)	(21 405)	(16 922)
Transfer to policyholder liabilities	(40%)	(3 409)	(2 427)
Change in unearned premium provision	(71%)	(6 29)	(3 67)
Administrative expenses	(10%)	(208 302)	(189 556)
Finance costs	(8%)	(22 139)	(20 489)
Profit before taxation	39%	223 954	161 498
Taxation	(43%)	(34 183)	(23 954)
Profit for the period	38%	189 771	137 544
Other comprehensive income, net of tax			
Revaluation of property, plant and equipment	9%	(684)	(753)
Total comprehensive income for the period	9%	(684)	(753)
Earnings per shares:			
Basic earnings per share (cents)	38%	28.02	20.31
Diluted earnings per share (cents)	37%	27.82	20.31

VOLUME ANALYSIS PER GEOGRAPHICAL AREA			
	% change	Unaudited 2011	Unaudited 2010
Micro insurance and technology solutions			
Namibia			
Insured members	7%	303 856	284 957
South Africa			
Premiums administered (NAD '000)	(25%)	1 061 049	1 408 506
Zimbabwe			
Registered clients ('000)	100%	1 568	-
Micro finance and education			
Namibia			
Students	19%	24 090	20 167
Loans	10%	28 595	25 899
Property			
Namibia			
Residential ('000 area sqm)	-	2 030	2 030
Industrial ('000 area sqm)	(3%)	1 516	1 570
Business ('000 area sqm)	-	155	155
South Africa			
Residential ('000 area sqm)	-	5	5

CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 March 2011			
	% change	Audited 2011 NAD '000	Audited 2010 NAD '000
Cash flow from operating activities			
Cash generated by operations before working capital changes	>100%	185 378	82 650
Changes in working capital	<(100%)	(169 343)	(9 015)
Investment income	>100%	29 306	7 883
Finance costs	(8%)	(22 139)	(20 489)
Net educational loans advanced	35%	(29 436)	(45 276)
Dividends paid	28%	(10 168)	(14 143)
Taxation paid	<(100%)	(5 517)	(397)
Net cash flow from operating activities	<(100%)	(21 919)	1 213
Cash flow from investing activities			
Additions to property, plant and equipment	(9%)	(13 128)	(20 180)
Additions to investment properties	<(100%)	(6 411)	(200)
Additions to intangible assets	<(100%)	(39 700)	(11 739)
Acquisition of business, net of cash acquired	(100%)	(3 315)	-
Acquisition of subsidiary, net of cash acquired	(100%)	(7 254)	-
Additions to assets at fair value through profit and loss	10%	(7 425)	(8 239)
Proceeds on sale of property, plant and equipment	(90%)	895	9 042
Net cash flow from investing activities	<(100%)	(76 338)	(31 316)
Cash flow from financing activities			
Sale of deemed treasury shares	(100%)	-	496
Proceeds from / (repayment of) long term liabilities	>100%	80 266	(7 075)
(Repayment of) / proceeds from other liabilities	<(100%)	(1 334)	2 077
(Repayment of) / proceeds from related party loans	<(100%)	(12 008)	8 050
Increase in policy holder under insurance contracts	40%	3 408	2 427
Net cash flow from financing activities	>100%	70 332	5 975
Net change in cash and cash equivalents	(16%)	(27 925)	(24 128)
Cash and cash equivalents at beginning of period	(26%)	69 421	93 549
Cash and cash equivalents at end of period	(40%)	41 496	69 421

EARNINGS AND HEADLINE EARNINGS PER SHARE for the year ended 31 March 2011			
	% change	Audited 2011 NAD '000	Audited 2010 NAD '000
Profit attributable to ordinary shareholders	38%	189 771	137 544
Adjustments net of taxation:			
Loss on disposal of property, plant & equipment	(11%)	(57 831)	(52 212)
Fair value adjustments on investment properties	(90%)	353	3 657
Fair value adjustments on investment properties	31%	(40 079)	(58 159)
Impairment of intangible assets	(83%)	381	2 290
Negative goodwill on business acquisition	100%	(18 486)	-
Headline earnings	55%	131 940	85 332
Weighted number of ordinary shares for basic earnings per share	-	677 240	677 240
Weighted number of ordinary shares for diluted earnings per share	-	677 240	677 240
Basic earnings per share (cents)	38%	28.02	20.31
Diluted earnings per share (cents)	37%	27.82	20.31
Headline earnings per share (cents)	55%	19.48	12.60
Diluted headline earnings per share (cents)	54%	19.35	12.60

CONDENSED SEGMENT RESULTS for the year ended 31 March 2011								
	Micro insurance and technology solutions			Micro finance and education	Property		Head office and strategic business	Group
	Namibia NAD '000	Zimbabwe NAD '000	South Africa NAD '000	Namibia NAD '000	Namibia NAD '000	South Africa NAD '000	Namibia NAD '000	Group NAD '000
2011 Audited								
Segment Revenue	-	45,317	263,123	95,793	64,118	174	98,678	567,202
Inter segment	-	-	-	-4,500	-4,169	-	-83,035	-91,704
Insurance income	111,520	-	-	-	-	-	-	111,520
External Revenue	111,520	45,317	263,123	91,293	59,948	174	15,643	587,018
Segment result	25,764	23,910	16,342	11,324	94,858	-4,527	32,772	200,443
Inter segment	23,998	-	-58	22,879	-3,954	5,512	-59,049	-10,672
Profit for the year	49,762	23,910	16,284	34,203	90,904	985	-26,277	189,771
Segment assets	59,631	15,167	216,843	220,824	169,163	13,275	527,444	1,222,347
Segment liabilities	30,638	-	128,804	105,566	63,028	7,219	214,552	549,807
2010 Audited								
Segment Revenue	-	-	291,699	104,542	29,100	232	122,463	548,036
Inter segment	-	-	-	-	-225	-	-105,728	-105,953
Insurance income	108,365	-	-	-	-	-	-	108,365
External Revenue	108,365	-	291,699	104,542	28,875	232	16,735	550,448
Segment result	38,488	-	23,367	2,338	69,589	-249	20,121	153,654
Inter segment	6,497	-	-3,430	37,004	225	-	-56,406	-16,110
Profit for the year	44,985	-	19,937	39,342	69,814	-249	-36,285	137,544
Segment assets	38,222	-	199,107	193,547	88,551	11,425	390,252	921,104
Segment liabilities	28,219	-	129,116	28,152	60,299	7,334	189,339	442,459

STATEMENTS OF MOVEMENT IN EQUITY for the year ended 31 March 2011							
	Share Capital NAD '000	Deemed treasury shares NAD '000	Vendor Shares NAD '000	Contingency Reserve NAD '000	Revaluation Reserve NAD '000	Distributable Reserves NAD '000	Total NAD '000
Balance at 1 April 2009	162 645	(19 137)	14 976	726	16 851	194 416	370 477
Transfer to contingency reserve	-	-	-	1 176	-	(1 176)	-
Gain on sale of deemed treasury shares	-	-	-	-	-	90	90
Vendor shares settled	-	-	(14 976)	-	-	-	(14 976)
Sale of deemed treasury shares of Trustco Staff Share Incentive Scheme Trust	-	406	-	-	-	-	406
Net income/(expense) recognised directly in equity	162 645	(18 731)	-	1 902	16 851	193 330	355 997
Total comprehensive income for the year	-	-	-	-	(753)	137 544	136 791
Total recognised income and expenses for 2010	162 645	(18 731)	-	1 902	16 098	330 874	492 788
Dividends for the period	-	-	-	-	-	(14 143)	(14 143)
Balance at 31 March 2010	162 645	(18 731)	-	1 902	16 098	316 731	478 645
Balance at 1 April 2010	162 645	(18 731)	-	1 902	16 098	316 731	478 645
Transfer to contingency reserve	-	-	-	459	-	(459)	-
Movement in Vendor shares	-	-	14 976	-	-	-	14 976
Net income/(expense) recognised directly in equity	162 645	(18 731)	14 976	2 361	16 098	316 272	493 621
Total comprehensive income for the year	-	-	-	-	(684)	189 771	189 087
Total recognised income and expenses for 2011	162 645	(18 731)	14 976	2 361	15 414	506 043	682 708
Dividends for the period	-	-	-	-	-	(10 168)	(10 168)
Balance at 31 March 2011	162 645	(18 731)	14 976	2 361	15 414	495 875	672 540