

Financial Results 2012

Trustco Group Holdings Limited

Reviewed Provisional Consolidated Condensed Financial Results
for the 12 Months Ended 31 March 2012 and Final Dividend Declaration



Incorporated in the Republic of Namibia
(Registration number: 2003/058)
NSX share code: TUC
JSE share code: TTO
ISIN: NAO00AORF067
("the Company" or "the Group" or "Trustco")



Nature of Business

Trustco is a high-growth diversified pan-African financial services group. Operational segment profit contributors are: a) micro insurance and technology, b) microfinance and education and c) property and mortgage loans. The Group's focus is to take financial services to underserved communities in Africa and BRICS through the application of high-end technology solutions.

Financial Overview for the Year

Group revenue increased by 22% to NAD713 million from NAD587 million. Gross profit increased by 22% to NAD393 million from NAD322 million and EBITDA increased by 15% to NAD300 million from NAD262 million. Profit after tax increased by 9% to NAD207 million from NAD190 million, while headline earnings grew by 5% to NAD139 million. These results should be viewed in the context of a) a global negative economic outlook, b) a once-off recognition of a damages award in FY 2011 and c) material revenue related to royalties due by Econet in Zimbabwe, that have not been included due to a legal dispute.

Review of Operations

Micro Insurance and Technology Solutions

As a segment, revenues increased by 10%, to NAD464 million from NAD420 million, with a corresponding increase in net profit after tax of 9%, to NAD98 million from NAD90 million.

Namibia

The Namibian insurers continued their growth trajectory with revenue growth of 13% to NAD126 million from NAD112 million. Net profit after tax increased 26% to NAD63 million from NAD50 million.

Zimbabwe

The Zimbabwean venture concluded during February 2012. Revenues were down 36% to NAD29 million from NAD45 million. Legal proceedings for outstanding royalties and damages are ongoing. Refer to subsequent events.

South Africa

Revenues increased 18% to NAD309 million from NAD263 million and net profit after tax decreased 31% to NAD11 million from NAD16 million. The business model of this division should see change in line with the Namibian business model focusing on owning a greater part of the value chain. Steps in this direction have already commenced at time of reporting.

Microfinance and Education

Namibia

This segment continues to perform well annually in Namibia. Revenue for the 12-month period to 31 March increased by 25%. Net profit after tax decreased by 14%, due to an increased cost of educational courses sold. Gross educational loans increased 18% from NAD226 million to NAD266 million. Non-performing loans decreased 23% to 6.1% of total loan book.

Adequate funding mechanisms are in place for the expected growth in the loan book for the next five years in Namibia.

Properties and Mortgage Loans

Namibia

Another 92 000 square metres of industrial serviced land has been sold during the 2012 financial year. This represents 2% of the total portfolio of sellable land sold during 2012. Revenue in the segment increased to NAD122 million from NAD64 million representing a 91%

growth. Net profit after tax increased to NAD130 million from NAD91 million, a 43% growth.

A total of 5% of the portfolio has been sold. The current property portfolio should be monetised within the next 10 to 15 years of which it is estimated that 40% of the sales will be vendor financed by way of mortgage loans to approved buyers.

Transfer of the property to the new owners should be completed by Q3 2012.

Put and Call Option

On 21 October 2011 the Group entered into an agreement with a long-time shareholder, The Renaissance Africa Master Fund ("the Fund"), to repurchase 10.5% of the issued share capital of the Company through the exercise of a put option by the Fund or the exercise of a call option by the Company ("the share repurchase"). All approvals were obtained at a general meeting of Trustco shareholders during January 2012.

Shareholders are referred to the announcement released on SENS on 28 October 2011 for further information in this regard.

The Group has accounted for the transaction through the recognition of treasury shares in equity and a concurrent liability for the settlement. At time of reporting neither party has exercised any of their rights in terms of the agreement.

Subsequent Events and Contingent Liabilities

Econet Matter

The contract with Econet expired during February 2012. The Group has recognised revenue as per the limited data provided by Econet while the legal process to recover damages and outstanding royalties continues. No liability was raised in respect of the insurance premiums for the period 1 June 2011 to 17 February 2012 as the Group believes that they do not have a constructive obligation. In addition, no asset was raised as a result of the loss of income for the remainder of the contract period, subsequent to 30 September 2011.

Shareholders are referred to the various SENS announcements published for additional information.

Dividends Paid

For the year under review an interim dividend of 1.75 cents per share was paid on 10 February 2012.

The directors of Trustco ("the board") are pleased to announce that the board has passed a resolution on 29 May 2012 to pay a final year dividend of 2.25 cents per share for the financial period ended 31 March 2012. This represents a 14% growth from the total dividend declared for the 2011 financial year.

The following information is provided to shareholders in respect of the new applicable Dividend Tax:

- The dividend has been declared from income reserves;
- The Company has no secondary tax on companies credits available;
- The dividend withholding tax rate for South Africa is 15% resulting in a net dividend of 1.9125 cents per share; and
- Trustco Group Holdings Limited's Namibian Income Tax Reference Number is 3356338011.

The salient dates for the payment of this dividend are set out below:

Last day to trade cum dividend	Friday, 29 June 2012
Trading ex dividend commences	Monday, 2 July 2012
Record date	Friday, 6 July 2012
Payment date	Friday, 20 July 2012

Share certificates may not be dematerialised or rematerialised between Monday, 2 July 2012 and Friday, 6 July 2012 both days included. The dividend is declared in Namibian Dollars and payable in the currencies of the Republics of South Africa and Namibia which is pegged 1:1. Shareholders are further advised that Namibian non-resident shareholders' tax of 15% on the declared dividend will be applicable to all shareholders with addresses outside Namibia.

Future outlook

The transactions already announced on SENS should be implemented during 2012. Greater emphasis will be placed on implementing the successful product offering in Namibia in other jurisdictions of current operation. Expansion into Africa and BRICS remains a priority of management despite global economic negativity.

Basis for Preparation and Presentation of Reviewed Condensed Consolidated Annual Financial Statements

Basis of Preparation

The provisional 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 2012, NAD1 was equal to ZAR1.

The accounting policies applied in the preparation of these reviewed provisional condensed consolidated results ("results"), which are based on reasonable judgements and estimates, are in accordance with International Financial Reporting Standards ("IFRS"). The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 March 2011. These results, as set out in this report, have been prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS and the AC 500 Standards as issued by the Accounting Practices Board, the Listings Requirements of JSE Limited ("JSE Listings Requirements") and the NSX Listings Requirements and contain the information as required by IAS 34 – Interim Financial Reporting.

The Company's auditors, BDO Namibia and BDO South Africa Inc., have reviewed the provisional condensed consolidated financial statements for the year ended 31 March 2012. The unmodified review 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 Group staff in order to achieve these results. The board would also like to express its thanks to the service providers and clients, without whom these results would not have been possible.

By order of the board

Adv. Raymond Heathcote
(Chairman)

Mr Q van Rooyen
(Managing Director)

Windhoek
30 May 2012

Directorate and Administration

Directors: Adv. Raymond Heathcote (Chairman), Mr Winton J Geyser (Non-executive), Mrs Veronica de Klerk (Non-executive), Mr Floors J Abrahams (Financial Director), Mr Quinton van Rooyen (Managing Director), Mr Adrian L Bock (Executive, South African)

Registered Office:

Namibia: 2 Keller Street, PO Box 11363, Windhoek. South Africa: Old Trafford 1, Isle of Houghton, 11 Boundary Road, Houghton Estate, 2198
Website: <http://www.tgi.na>, Registration No.: 2003/058, JSE share code: TTO, NSX share code: TUC

Transfer Secretary (Namibia):

Transfer Secretaries (Pty) Ltd, 4 Robert Mugabe Avenue, Windhoek, PO Box 2401, Windhoek, Namibia. Registration No.: 93/713, Telephone: +264 61 22 76 47, Facsimile: +264 61 24 85 31

Transfer Secretaries (South Africa):

Computershare Investor Services (Pty) Ltd. Registration No.: 2004/003647/07, Ground Floor, 70 Marshall Street, Johannesburg, 2001, (PO Box 61051, Marshalltown, 2107), Telephone: +27 11 370 7700, Facsimile: +27 11 688 7716

Auditors:

Namibia: BDO Namibia, Registered Accountants and Auditors, Chartered Accountants (Namibia), 61 Bismarck Street, Windhoek, Namibia. South Africa: BDO South Africa Inc., Registered Auditors, Riverwalk Office Park, Building C, 3rd Floor, 41 Matroosberg Road, Ashlea Gardens, Pretoria, South Africa

Sponsors:

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

South Africa: Sasfin Capital (a division of Sasfin Bank Limited), 29 Scott Street, Waverley, Johannesburg, 2090, PO Box 95104, Grant Park, 2051, Registration No.:1951/002280/06

Consolidated Statement of Comprehensive Income

		Reviewed Year ended 31 March 2012 NAD '000	Audited Year ended 31 March 2011 NAD '000
	% change		
Insurance premium revenue	13%	126 302	111 520
Revenue	23%	587 002	475 498
Total revenue	22%	713 304	587 018
Cost of sales	(21%)	(320 368)	(265 144)
Gross profit	22%	392 936	321 874
Investment income	(16%)	24 509	29 306
Fair value gains and losses	53%	97 101	63 514
Other income	(93%)	4 823	65 144
Insurance benefits and claims	12%	(18 872)	(21 405)
Transfer to policyholder liabilities	30%	(2 377)	(3 408)
Change in unearned premium provision	22%	(492)	(629)
Administrative expenses	3%	(202 743)	(208 303)
Finance costs	(36%)	(30 092)	(22 139)
Profit before taxation	18%	264 793	223 954
Taxation	(70%)	(58 079)	(34 183)
Profit for the period	9%	206 714	189 771
Other comprehensive income, net of tax	<(100%)	(1 813)	(684)
Revaluation of property, plant and equipment	<(100%)	(2 747)	(1 036)
Deferred taxation on revaluation of property, plant and equipment	>100%	934	352
Total comprehensive income for the period	8%	204 901	189 087
Earnings per share:			
Basic earnings per share (cents)	8%	30.24	28.02
Diluted earnings per share (cents)	8%	30.03	27.82

Consolidated Statement of Cash Flows

		Reviewed Year ended 31 March 2012 NAD '000	Audited Year ended 31 March 2011 NAD '000
	% change		
Cash flow from operating activities			
Cash generated by operations before working capital changes	(4%)	178 114	185 378
Changes in working capital	53%	(78 977)	(169 343)
Interest received	(16%)	24 509	29 306
Finance costs	(36%)	(30 092)	(22 139)
Net educational loans advanced	(43%)	(42 180)	(29 436)
Taxation paid	<(100%)	(12 848)	(5 517)
Net cash flow from operating activities	>100%	38 526	(11 751)
Cash flow from investing activities			
Additions to property, plant and equipment	8%	(12 095)	(13 128)
Additions to investment properties	75%	(1 604)	(6 411)
Additions to intangible assets	39%	(24 081)	(39 700)
Acquisition of subsidiary, net of cash acquired	100%	–	(7 254)
Additions to assets at fair value through profit and loss	43%	(4 223)	(7 425)
Acquisition of business, net of cash acquired	100%	–	(3 315)
Proceeds on sale of assets at fair value through profit and loss	100%	32 300	–
Proceeds on sale of property, plant and equipment	30%	1 160	895
Proceeds on sale of investment properties	100%	17 400	–
Net cash flow from investing activities	>100%	8 857	(76 338)
Cash flow from financing activities			
Proceeds on sale of deemed treasury shares	100%	21 172	–
Proceeds from long term liabilities	(87%)	10 625	80 266
Repayment of other liabilities	56%	(582)	(1 334)
Repayment of related party loans	38%	(7 413)	(12 008)
Dividends paid	<(100%)	(25 827)	(10 168)
Decrease in policy holder under insurance contracts	(30%)	2 377	3 408
Net cash flow from financing activities	(99%)	352	60 164
Net change in cash and cash equivalents	>100%	47 735	(27 925)
Cash and cash equivalents at the beginning of the period	(40%)	41 496	69 421
Cash and cash equivalents at the end of the period	>100%	89 231	41 496

Earnings and Headline Earnings per Share

		Reviewed 31 March 2012 NAD '000	Audited 31 March 2011 NAD '000
Profit attributable to ordinary shareholders	9%	206 714	189 771
Adjustments net of taxation:	(18%)	(68 175)	(57 831)
(Profit)/Loss on disposal of property, plant and equipment	<(100%)	(103)	353
Fair value adjustments on investment properties	(60%)	(64 087)	(40 079)
Impairment of intangible assets	(100%)	–	381
Profit on disposal of investment property	(100%)	(4 447)	–
Impairment of property, plant and equipment	100%	462	–
Negative goodwill on business acquisition	100%	–	(18 486)
Headline earnings	5%	138 539	131 940
Earnings per share:			
Basic earnings per share (cents)	8%	30.24	28.02
Diluted earnings per share (cents)	8%	30.03	27.82
Headline earnings per share (cents)	4%	20.27	19.48
Diluted headline earnings per share (cents)	4%	20.12	19.35
Dividends per share (cents)	100%	3.75	1.50
Share capital			
Total number of ordinary shares in issue ('000)	–	707 142	707 142
Weighted number of ordinary shares in issue ('000)	1%	683 622	677 240
Contingency issuable shares as a result of business acquisition ('000)	–	4 789	4 789
Weighted number of ordinary shares for diluted earnings per share ('000)	1%	688 411	682 029

Consolidated Statement of Financial Position

		Reviewed 31 March 2012 NAD '000	Audited 31 March 2011 NAD '000
	% change		
ASSETS			
Non-current assets			
Property, plant and equipment	24%	160 502	129 697
Investment property	37%	317 990	232 829
Intangible assets	9%	261 478	240 922
Deferred income tax assets	18%	73 136	62 096
Educational micro loans advanced	25%	150 115	120 266
Other loans advanced	2%	24 566	24 164
Finance lease receivable	(100%)	–	457
Total non-current assets	22%	987 787	810 431
Current assets			
Assets at fair value through profit and loss	(100%)	–	25 699
Short-term portion of educational micro loans advanced	14%	99 804	87 473
Short-term portion of other loans advanced	(3%)	804	833
Short-term portion of finance lease receivable	9%	457	419
Inventories	(24%)	12 623	16 541
Trade and other receivables	61%	317 425	197 500
Current income tax assets	(75%)	189	766
Cash and cash equivalents	22%	101 000	82 685
Total current assets	29%	532 302	411 916
Total assets	24%	1 520 089	1 222 347
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	–	162 645	162 645
Put options	(100%)	(52 832)	–
Deemed treasury shares	79%	(3 840)	(18 731)
Vendor shares	–	14 976	14 976
Contingency reserve	26%	2 970	2 361
Revaluation reserves	(12%)	13 601	15 414
Distributable reserves	38%	682 435	495 875
Total capital and reserves	22%	819 955	672 540
Non-current liabilities			
Long term liabilities	40%	211 931	151 435
Other liabilities	(23%)	257	334
Deferred income tax liabilities	42%	124 498	87 833
Policy holders' liability under insurance contracts	29%	10 684	8 307
Total non-current liabilities	40%	347 370	247 909
Current liabilities			
Current portion of long-term liabilities	(38%)	34 117	55 288
Current portion of other liabilities	(16%)	2 622	3 127
Trade and other payables	53%	256 323	167 262
Technical provisions	(3%)	17 917	18 428
Current income tax liabilities	>100%	28 603	7 778
Amounts due to related parties	(84%)	1 413	8 826
Bank overdraft	(71%)	11 769	41 189
Total current liabilities	17%	352 764	301 898
Total equity and liabilities	24%	1 520 089	1 222 347

Statement of Movements in Equity

	Share capital NAD '000	Deemed treasury shares NAD '000	Vendor shares NAD '000	Contin- gency reserve NAD '000	Revalua- tion reserve NAD '000	Retained earnings NAD '000	Put options NAD '000	Total NAD '000
Balance at 1 April 2010	162 645	(18 731)	–	1 902	16 098	316 731	–	478 645
Transfer to contingency reserve	–	–	–	459	–	(459)	–	–
Vendor shares movement	–	–	14 976	–	–	–	–	14 976
Dividends for the period	–	–	–	–	–	(10 168)	–	(10 168)
Total comprehensive income for the period	–	–	–	–	(684)	189 771	–	189 087
Balance at 31 March 2011	162 645	(18 731)	14 976	2 361	15 414	495 875	–	672 540
Balance at 1 April 2011	162 645	(18 731)	14 976	2 361	15 414	495 875	–	672 540
Transfer to contingency reserve	–	–	–	609	–	(609)	–	–
Sale of deemed treasury shares	–	14 891	–	–	–	–	–	14 891
Put option issued	–	–	–	–	–	–	(52 832)	(52 832)
Gain on sale of deemed treasury shares	–	–	–	–	–	6 282	–	6 282
Dividends for the period	–	–	–	–	–	(25 827)	–	(25 827)
Total comprehensive income for the period	–	–	–	–	(1 813)	206 714	–	204 901
Balance at 31 March 2012	162 645	(3 840)	14 976	2 970	13 601	682 435	(52 832)	819 955

Condensed Segment Results

	Micro insurance and technology solutions			Micro- finance and education	Property		Head office and strategic business	
	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
2012								
Segment revenue	–	29 076	309 229	114 566	122 471	425	89 043	664 810
Inter-segment revenue	–	–	–	–	(4 254)	–	(73 554)	(77 808)
Insurance income	126 302	–	–	–	–	–	–	126 302
External revenue	126 302	29 076	309 229	114 566	118 217	425	15 489	713 304
Segment result	49 366	22 819	11 482	6 681	132 954	(4 450)	57 268	276 120
Inter-segment	14 025	–	–	22 855	(2 554)	1 396	(105 128)	(69 406)
Profit attributable to equity holders	63 391	22 819	11 482	29 536	130 400	(3 054)	(47 860)	206 714
Segment assets	89 279	32 449	252 474	271 964	637 232	11 233	225 458	1 520 089
Segment liabilities	38 784	–	118 020	133 971	91 463	6 749	311 147	700 134
2011								
Segment revenue	–	45 317	263 123	95 793	64 118	174	98 677	567 202
Inter-segment revenue	–	–	–	(4 500)	(4 169)	–	(83 035)	(91 704)
Insurance income	111 520	–	–	–	–	–	–	111 520
External revenue	111 520	45 317	263 123	91 293	59 949	174	15 642	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 attributable to equity holders	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