

# Financial Results 2012

## Trustco Group Holdings Limited

Unaudited Condensed Consolidated Interim Results for the six months ended 30 September 2012 and Interim Dividend Declaration



### Nature of the business

The Group invests and operates subsidiaries in three main sectors across Southern Africa:

- A) Micro-Insurance and Technology;
- B) Micro-Finance and Education; and
- C) Property and Mortgage loans.

These investments have enabled the provision of financial services to underserved communities in emerging markets efficiently and affordably.

### Financial summary

The first six months of Trustco's financial year demonstrate the Group's commitment in targeting core strategic business lines and reducing dependencies on low-margin activities.

Trustco achieved Headline earnings of NAD 50 million for the six months ended 30 September 2012, compared to NAD 47 million against the comparative six months, demonstrating an increase of 6%.

Group revenue for the first six months, in relation to the comparative period, has decreased by 10% from NAD 331 million to NAD 297 million. This decrease is predominantly as a result of the cessation in February 2012 of the contract relating to the provision of Trustco mobile services in Zimbabwe.

Profit after tax experienced a marginal decrease of 3%, from NAD 52 million to NAD 50 million. This decline was driven by the decrease in revenues as noted above, although partially offset by the benefits gained from a favourable effective tax rate.

Shareholders are advised that historically the second half of the financial year has materially exceeded the performance of the first half, due to the cyclical nature of the business.

### Review of operations

Micro Insurance and Technology Segmental revenues, excluding

Zimbabwe, increased by 2% from NAD 191 million to NAD 194 million when compared to the comparative period.

### Namibia

In Namibia, the sub-segment showed growth in line with expectations with revenue growing from NAD 60 million to NAD 67 million, an increase of 11%. This translated to an increase in net profit after tax of 16%. The sub-segment continues to perform well and forms a critical part of the Group's core strategic focus.

### South Africa

In contrast to the Namibian sub-segment, this technology provider to Insurance Companies operates in a fiercely competitive market.

During this reporting period, revenues declined by 3% from NAD 131 million to NAD 127 million. Net profit after tax increased to NAD 13 million as a result of the restructuring of the operations and various cost saving initiatives in the sub-segment.

### Micro Finance and Education

Educational micro loans grew by 16% on the back of a renewed effort to provide financing for educational purposes to the market in Southern Africa. Appetite and demand for these loans in the region remains high, with the Group remaining firmly committed to growing this loan book in the future.

### Namibia

Revenue grew to NAD 61 million from NAD 57 million, a comparative increase of 8%. The micro finance loan book grew from NAD 231 million to NAD 268 million compared to 30 September 2011, demonstrating growth of 16%.

Net profit after tax increased by 10% from NAD 23 million to NAD 25 million, mainly due to increase in net interest margin and the release of impairment provisions. Provision for bad debts as a percentage of total loans

↑ Headline Earnings 6%

↑ Insurance premium revenue 11%

↑ Net Asset Value 35%

↑ Loan book growth 13%

↓ Administrative costs 12%

was 5% compared to 7% as at 30 September 2011.

### Property & Mortgage Loans

The demand remains high for serviced land in Namibia, in particular in the Windhoek Basin. Net profit after tax in this segment decreased by 26%. NAD 30 million of revenue was generated from the sale of erven under the Phase 1 of Trustco's "Land Bank" development in Namibia.

### Prospects

#### Micro Insurance and Technology

Trustco and Shoprite have entered into an agreement to provide free life cover insurance to regular Shoprite customers. The Group is confident that this unique way of making life cover free and accessible to thousands of Namibians who shop at Shoprite and have no access to the traditional distribution channels for insurance will provide generously to revenue in the future. The product was launched in Namibia in October 2012.

The Namibian micro insurance model is to be rolled out to South African clients in November 2012. This highly anticipated release should boost revenues in the South African operations and demonstrate an increased margin over the current product offerings.

The African continent's demand for micro insurance products has not been exhausted. Demand remains high and the current low penetration rates should provide further future growth in this segment.

### Property

Phase 1 of the Group's "Land Bank" development, comprising in total 3.7 million square meters of industrial erven, has been substantially completed.

Five erven out of 49 remain unsold from the Group's Phase 1 operation. Transfers of properties already sold are expected to be concluded in November 2012; this inflow of funds will result in a decrease in Group's

debtors' balance and improve the overall cashflow position of the Group.

### Dividends

The Directors of Trustco ("the Board") are pleased to announce that the Board has passed a resolution on 2 November 2012 to pay an interim dividend of 1.90 cents per share for the 6 months ended 30 September 2012.

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 1.615 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, 23 November 2012.

Trading ex dividend commence Monday, 26 November 2012.

Record Date Friday, 30 November 2012.

Payment Date Friday, 14 December 2012.

Share certificates may not be dematerialised or rematerialised between Monday, 26 November 2012 and Friday, 30 November 2012 both days included. The dividend is declared in Namibia 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 share-holders with addresses outside Namibia.

### Subsequent events

The Group has, subsequent to negotiations, reached an in-principle agreement with the International

Finance Corporation ("IFC") which if successfully concluded may have a material effect on the price of Trustco's securities.

i) The IFC will subscribe, pursuant to a specific new share issue for cash, to between 15 and 20% of Trustco's outstanding issued share capital, about ZAR 210 million, approximately USD 25 million; and

ii) The IFC will provide a partial credit guarantee of up to ZAR 210 million, approximately USD 25 million, in connection with Trustco's issuance of ZAR denominated bonds in the aggregate principal amount of up to ZAR 350 million, approximately USD 41.7 million. This is the envisaged first draw down from Trustco's listed domestic medium term note program totalling ZAR 1 billion.

The transactions are subject to a due diligence process to be undertaken by the IFC, which commenced on 1 October 2012. The transactions are further subject to both parties' final internal and Board approvals, regulatory approvals including but not limited to the JSE Limited, the NSX and shareholders approvals where required. The Group expects that the transactions will be completed during Q1, 2013. Shareholders are advised to refer to the SENS announcement released on 1 October 2012 for further information.

### Basis of preparation and presentation

Statement of compliance

The interim results have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the AC 500 standards as issued by the Accounting Practices Board and containing the information required by IAS34: Interim Financial Reporting, the Listings Requirements of the Namibian Stock Exchange (NSX) and JSE Limited, and the Companies Act of Namibia, 2004. The accounting policies applied are consistent with those of the previous annual financial statements.

Basis of preparation

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 30 September 2012, NAD 1 was equal to ZAR 1.

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

The preparation of the interim results has been supervised by the Financial Director, Floors Abrahams (B.Com (UNAM)).

### Changes in directorate and company secretary

Shareholders are advised that on 3 December 2012, Mrs Margot Gebhardt will no longer occupy the post of Company Secretary, Mr Dominic Steyn has been appointed to act as Company Secretary effective on the same day.

Effective 5 July 2012, Mr Renier Jacobus Taljaard was appointed to the Board of Directors of the Group as a Non-executive Director.

Effective 30 July 2012, Mr Ian Theodore Barnard resigned from his position as director of Trustco Group International (Pty) Ltd RSA, a major subsidiary of Trustco Group Holdings Ltd.

Effective 28 June 2012, Mr Ernest Cockcroft resigned from his position as director of Trustco Intermediary Solutions (Pty) Ltd, a significant subsidiary of the Group.

### Acknowledgments

The board of directors of Trustco (the "Board") acknowledge with gratitude the efforts and commitment from stakeholders and staff.

