



FINANCIAL RESULTS 2011

Trustco Group Holdings Limited

Unaudited Condensed Consolidated Interim Results
for the 6 months ended 30 September 2011

Revenue
38%



Gross Profit
84%



Interim Dividend Growth
17%



Loan Book Growth
30%



Total Assets
31%



Net Asset Value
32%



NATURE OF 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 Group is proud to present its latest interim financial results, especially in the light of an unsure global financial environment.

Group revenue for the first six months, in relation to the comparative period, has increased by 38% from NAD 241 million to NAD 331 million. Profit before taxation increased by 4%, from NAD 58 million to NAD 60 million. This apparent modest increase should be seen in light of a once-off recognition of damages awarded against the South African Broadcasting Corporation (SABC). Profit after tax declined by 9%, from NAD 57 million to NAD 52 million, as a result of a higher tax charge. 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 SOLUTIONS**

As a segment, revenues increased by 19%, from NAD 191 million to NAD 228 million, in comparison to the comparative period, with a corresponding increase in net profit after tax of 13%, from NAD 40 million to NAD 45 million.

Namibia

In Namibia the sub-segment showed growth in line with expectations with revenue growing from NAD 51 million to NAD 60 million, an increase of 18%. This sub-segment's performance is exemplified by the corresponding growth of 20% in net profit after tax (from NAD 27 million to NAD 33 million).

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 6% from NAD 140 million to NAD 131 million. The net profit after tax similarly, contracted to NAD 1.7 million, a decrease from the prior year profit after tax of NAD 12.8 million.

Zimbabwe

The technology based mobile micro insurance concept of Trustco has been deployed in the Zimbabwean market with resounding financial and operational success. Revenue amounted to NAD 36 million and profit after tax was NAD 11 million.

It must be noted that only data received from the contracted parties until 31 May 2011 has been verified and accepted by

Trustco. The data received after 31 May 2011 was incomplete. The process has commenced to receive all outstanding data until 30 September 2011.

PROSPECTS

MICRO INSURANCE AND TECHNOLOGY SOLUTIONS

A wholly owned subsidiary of Trustco, Trustco Mobile (Pty) Limited is in advanced negotiations with parties regarding a potential transaction, shareholders are referred to the SENS announcements in this regard, the last of which was released on 10 November 2011.

The African continent's demand for micro insurance products has not been exhausted and demand remains strong with low penetration rates, which should provide further future growth in this segment.

- **MICRO FINANCE AND EDUCATION**

The demand for loans for educational purposes should increase towards the financial year-end as students register for the new academic year commencing in January. The demand for loans for educational purposes remains strong in Southern Africa.

Namibia

Revenue has grown from NAD 39 million to NAD 57 million, a comparative increase of 45%. The micro finance loan book grew from NAD 177 million to NAD 231 million year-on-year, equating to a growth of 30%. However, due to a higher interest rate expense incurred on external funding, net profit after tax for the period increased by 9% when compared to the corresponding period last year, reflecting an increase from NAD 21 million to NAD 23 million. Provision for bad debts as a percentage of total loans was 7% compared to 8% as at 31 March 2011.

- **PROPERTY & MORTGAGE LOANS**

The demand remains high for serviced land in Namibia, in particular in the Windhoek Basin. The Group expects the development and selling of its "Land Bank" to gain momentum. The first phase comprising 6% of total available land for sale is due for completion during the first half of 2012. The Group has embarked on an accelerating program to monetize the "Land Bank".

Namibia

Development has commenced on the "Land Bank" comprising a total of 3.7 million square meters that is available for sale, with the implementation of bulk services on phase 1, and the continuation of sales of industrial plots. Revenues of NAD 40 million and accompanying net profit after tax of NAD 19 million are reported during this period.

SUBSEQUENT EVENTS

(i) 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").

The implementation of the share repurchase remains contingent on shareholder approval being obtained at a general meeting. A circular, containing details of the proposed share repurchase, will be posted to shareholders in due course. Shareholders are referred to the announcement released on SENS on 28 October 2011 for further information in this regard.

(ii) The arbitration matter with the SABC has been concluded. At the time of reporting the Group was expecting payment of the capital award and accrued interest from the SABC. The award was NAD 24 million plus interest at 15.5% per annum, from October 2004.

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.

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 2011, NAD 1 was equal to ZAR 1.

These interim results are unaudited and have not been reviewed by the auditors. The unaudited results have been prepared in accordance with accounting policies of the Group that comply with IFRS, the Listings Requirements of the JSE Limited and the NSX and have been consistently applied throughout the Group. The accounting policies applied are consistent with those of the previous annual financial statements.

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

CHANGES IN DIRECTORATE AND COMPANY SECRETARY

On 22 August 2011, Mrs J Bazuin resigned as Company Secretary and on the same day Mrs M Gebhardt was appointed as Company Secretary. There have been no further changes in the Company Secretary. At the Annual General Meeting held on the 19th of August 2011, Mrs Monica Nashandi retired by rotation as a director and Mr Adrian Lee Bock was elected and appointed to the Board.

ACKNOWLEDGMENTS

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

By order of the Board

Adv. Raymond Heathcote
(Chairman)

Mr Q van Rooyen
(Managing Director)

Windhoek, 25 November 2011

DIRECTORATE AND ADMINISTRATION

Directors:

Adv. Raymond Heathcote (Chairman), Mr Theo Mberirua (Deputy Chairman), Dr Tobie Aupindi (Non-Executive), Mr Winton Geyser (Non-Executive), Mrs V de Klerk (Non-Executive), Mr FJ Abrahams (Financial Director), Mr Q van Rooyen (Managing Director), Mr. A L Bock (Executive Director)

Registered office:

Namibia
2 Keller Street,
PO Box 11363,
Windhoek
Website:
<http://www.tgi.na>
Registration No.
2003/058
JSE Symbol: TTO,
NSX Symbol: TUC

Transfer secretary

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

Registration number
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70 Marshall Street
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2001
(PO Box 61051,
Marshalltown,
2107)
Telephone:
+27 11 370 7700
Facsimile:
+27 11 688 7716

Auditors:

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

BDO South Africa
Incorporated Registered Auditors
Riverwalk Office Park, Building C,
3rd Floor, 41 Matroosberg Road, Ashlea Gardens
Pretoria, 0081

Sponsors:

Namibia
P O Box 186,
Windhoek, Namibia
Registration No. 95/505
1st Floor,
Wrigley Field Bryanston
20121

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION at 30 September 2011				
	% change	6 Months 30 Sept 2011 Unaudited N\$'000	6 Months 30 Sept 2010 Unaudited N\$'000	12 Months 31 Mar 2011 Audited N\$'000

ASSETS				
Non-current assets				
Property, plant and equipment	(10%)	129 875	143 806	129 697
Investment properties	53%	219 935	143 861	232 829
Intangible assets	18%	246 390	208 894	240 922
Deferred income tax assets	2%	67 129	66 022	62 096
Educational loans advanced	28%	138 492	108 071	120 266
Other loans advanced	8%	24 405	22 694	24 164
Finance lease receivable	(48%)	457	872	457
Total non-current assets	19%	826 683	694 220	810 431
Current assets				
Assets at fair value through profit and loss	31%	28 240	21 514	25 699
Short-term portion of educational loans advanced	33%	92 117	69 190	87 473
Short-term portion of other loans advanced	31%	833	634	833
Short-term portion of finance lease receivables	8%	419	387	419
Inventories	(32%)	12 971	18 999	16 541
Trade and other receivables	>100%	279 407	114 302	197 500
Current income tax assets	66%	905	546	766
Cash and cash equivalents	(5%)	91 828	96 437	82 685
Total current assets	57%	506 720	322 009	411 916
Total assets	31%	1 333 403	1 016 229	1 222 347

EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	-	162 645	162 645	162 645
Deemed treasury shares	-	(18 731)	(18 731)	(18 731)
Contingency reserves	(6%)	2 361	2 522	2 361
Vendor shares	100%	14 976	-	14 976
Revaluation reserves	(15%)	15 244	17 982	15 414
Distributable reserves	43%	534 237	373 322	495 875
Attributable to equity holders of the parent	32%	710 732	537 740	672 540
Non-current liabilities				
Long-term liabilities	45%	153 456	105 836	151 435
Other liabilities	(74%)	202	767	334
Deferred income tax liabilities	30%	90 333	69 567	87 834
Policy holders' liability under insurance contracts	51%	9 212	6 103	8 307
Amounts due to related parties	(100%)	-	9 297	-
Total non-current liabilities	32%	253 203	191 570	247 910
Current liabilities				
Current portion of long-term liabilities	21%	74 481	61 353	55 288
Current portion of other liabilities	10%	2 678	2 445	3 127
Trade and other payables	17%	198 103	168 754	167 261
Technical provisions	8%	19 161	17 667	18 428
Amounts due to related parties	100%	17 548	-	8 826
Current income tax liabilities	>100%	13 948	4 083	7 778
Bank overdraft	34%	43 549	32 617	41 189
Total current liabilities	29%	369 468	286 919	301 897
Total equity and liabilities	31%	1 333 403	1 016 229	1 222 347

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the 6 months ended 30 September 2011				
	% change	6 Months 30 Sept 2011 Unaudited N\$'000	6 Months 30 Sept 2010 Unaudited N\$'000	12 Months 31 Mar 2011 Audited N\$'000
Insurance premium revenue	18%	60 434	51 121	111 520
Revenue	43%	270 973	189 495	475 498
Total revenue	38%	331 407	240 616	587 018
Cost of sales	(1%)	(133 954)	(133 181)	(265 144)
Gross profit	84%	197 453	107 435	321 874
Investment income	(91%)	2 951	34 643	29 306
Fair value gains and losses	<(100%)	-	329	63 514
Other income	(87%)	4 497	35 470	65 144
Insurance benefits and claims	(25%)	(10 247)	(8 221)	(21 405)
Transfer to policyholder liabilities	25%	(905)	(1 205)	(3 409)
Change in unearned premium provision	<(100%)	(149)	(68)	(629)
Administrative expenses	(19%)	(119 101)	(99 806)	(208 302)
Finance costs	(35%)	(14 299)	(10 624)	(22 139)
Profit before taxation	4%	60 200	57 953	223 954
Taxation	<(100%)	(8 282)	(743)	(34 183)
Profit for the period	(9%)	51 918	57 210	189 771
Other comprehensive income, net of tax				
Revaluation of property, plant and equipment	<(100%)	(170)	1 885	(684)
Total comprehensive income for the period	(12%)	51 748	59 095	189 087
Earnings per shares:				
Basic earnings per share (cents)	(9%)	7.67	8.45	28.02
Diluted earnings per share (cents)	(10%)	7.61	8.45	27.82
Dividends per share (cents)	100%	2.00	-	1.50

EARNINGS AND HEADLINE EARNINGS PER SHARE for the 6 months ended 30 September 2011				
	% change	6 Months 30 Sept 2011 Unaudited N\$'000	6 Months 30 Sept 2010 Unaudited N\$'000	12 Months 31 Mar 2011 Audited N\$'000
Profit attributable to ordinary shareholders	(9%)	51 918	57 210	189 771
Adjustments net of taxation:	6%	(4 447)	(4 752)	(57 831)
Loss on disposal of property, plant & equipment	-	-	-	353
Profit on disposal of investment property	100%	(4 447)	-	-
Fair value adjustments on investment properties	-	-	-	(40 079)
Impairment of intangible assets	-	-	-	381
Negative goodwill on business acquisition	100%	-	(4 752)	(18 486)
Headline earnings	(10%)	47 471	52 458	131 940
Weighted number of ordinary shares for basic earnings per share	-	677 240	677 240	677 240
Contingently issuable shares as a result of business acquisition	100%	4 789	-	4 789
Weighted number of ordinary shares for diluted earnings per share	1%	682 029	677 240	682 029
For the period:				
Basic earnings per share (cents)	(9%)	7.67	8.45	28.02
Diluted earnings per share (cents)	(10%)	7.61	8.45	27.82
Headline earnings per share (cents)	(10%)	7.01	7.75	19.48
Diluted headline earnings per share (cents)	(10%)	6.96	7.75	19.35

EARNINGS AND HEADLINE EARNINGS PER SHARE for the 6 months ended 30 September 2011				
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Headline earnings per share (cents)	(10%)	7.01	7.75	19.48
Diluted headline earnings per share (cents)	(10%)	6.96	7.75	19.35

STATEMENTS OF MOVEMENT IN EQUITY for the period ended 30 September 2011							
	Share capital N\$'000	Deemed treasury shares N\$'000	Vendor shares N\$'000	Contingency reserve N\$'000	Revaluation reserve N\$'000	Retained earnings N\$'000	Total N\$'000
Balance at 1 April 2010	162 645	(18 731)	-	1 902	16 098	316 731	478 645
Transfer to contingency reserve	-	-	-	620	-	(620)	-
Total comprehensive income for the period	-	-	-	-	1 885	57 210	59 095
Balance at 30 September 2010	162 645	(18 731)	-	2 522	17 983	373 321	537 740
Balance at 1 October 2010	162 645	(18 731)	-	2 522	17 983	373 321	537 740
Transfer to contingency reserve	-	-	-	(161)	-	161	-
Vendor shares movement	-	-	14 976	-	-	-	14 976
Dividends for the period	-	-	-	-	-	(10 168)	(10 168)
Total comprehensive income for the period	-	-	-	-	(2 569)	132 561	129 992
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
Dividends for the period	-	-	-	-	-	(13 556)	(13 556)
Total comprehensive income for the period	-	-	-	-	(170)	51 918	51 748
Balance at 30 September 2011	162 645	(18 731)	14 976	2 361	15 244	534 237	710 732

CONSOLIDATED STATEMENT OF CASH FLOWS for the 6 months ended 30 September 2011				
	% change	6 Months 30 Sept 2011 Unaudited N\$'000	6 Months 30 Sept 2010 Unaudited N\$'000	12 Months 31 Mar 2011 Audited N\$'000

Cash flow from operating activities				
Cash generated by operations before working capital changes	20%	70 269	58 525	185 378
Changes in working capital	64%	(30 915)	(86 894)	(169 343)
Interest received	(91%)	2 951	34 643	29 306
Finance costs	(35%)	(14 299)	(10 624)	(22 139)
Net educational loans advanced	<(100%)	(22 870)	1 042	(29 436)
Dividends paid	(100%)	(13 556)	-	(10 168)
Taxation paid	(222%)	(154)	(48)	(5 517)
Net cash flow from operating activities	(155%)	(8 574)	(3 356)	(21 919)

Cash flow from investing activities				
Additions to property, plant and equipment	44%	(6 953)	(12 524)	(13 128)
Additions to investment properties	80%	(59)	(299)	(6 411)
Additions to intangible assets	55%	(6 750)	(14 999)	(39 700)
Acquisition of subsidiary, net of cash acquired	-	-	-	(7 254)
Acquisition of business, net of cash acquired	-	-	-	(3 315)
Additions to assets at fair value through profit and loss	22%	(2 541)	(3 240)	(7 425)
Proceeds on sale of investment property	100%	1 400	-	-
Proceeds on sale of property, plant and equipment	-	-	-	895
Net cash flow from investing activities	52%	(14 903)	(31 062)	(76 338)

Cash flow from financing activities				
Proceeds from / (repayment of) long term liabilities	(48%)	21 214	40 732	80 266
(Repayment of) / proceeds from other liabilities	63%	(581)	(1 583)	(1 334)
(Repayment of) / proceeds from related party loans	>100%	8 722	(11 536)	(12 008)
Decrease in policy holder under insurance contracts	(25%)	905	1 204	3 408
Net cash flow from financing activities	5%	30 260	28 817	70 332

Net change in cash and cash equivalents				
Cash and cash equivalents at beginning of period	(40%)	41 496	69 421	69 421
Cash and cash equivalents at end of period	(24%)	48 279	63 820	41 496

CONDENSED SEGEMENT RESULTS for the 6 months ended 30 September 2011				
	% change	6 Months 30 Sept 2011 Unaudited N\$'000	6 Months 30 Sept 2010 Unaudited N\$'000	12 Months 31 Mar 2011 Audited N\$'000
Total revenue	38%	331,407	240,616	587,018

Micro insurance and technology solutions				
Namibia	18%	60,434	51,121	111,520
South Africa	(6%)	130,749	139,662	263,123
Zimbabwe	100%	36,453	-	45,317
Micro finance and education				
Namibia	45%	56,942	39,248	91,293
Property				
Namibia	>100%	39,864	456	59,949
South Africa	12%	119	106	174
Head office and strategic business				
Namibia	(32%)	6,846	10,023	15,642

Net profit after tax				
Micro insurance and technology solutions				
Namibia	20%	32,691	27,349	49,762
South Africa	(87%)	1,724	12,784	16,284
Zimbabwe	100%	10,816	-	23,910
Micro finance and education				
Namibia	9%	22,808	20,967	34,203
Property				
Namibia	>100%	20,101	1,311	90,904
South Africa	46%	-676	-1,261	985
Head office and strategic business				
Namibia	<100%	-35,546	-3,940	-26,278

Total assets				
	31%	1,333,403	1,016,229	1,222,347
Micro insurance and technology solutions				
Namibia	63%	67,389	41,306	59,631
South Africa	10%	238,101	216,939	216,843
Zimbabwe	100%	23,825	-	15,167
Micro finance and education				
Namibia	25%	246,358	196,885	220,824
Property				
Namibia	>100%	250,180	101,510	169,163
South Africa	(2%)	13,275	13,518	13,275
Head office and strategic business				
Namibia	11%	494,275	446,071	527,444

Total liabilities			
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