



# Trustco Group Holdings Limited

# INTERIM RESULTS



Reviewed condensed consolidated group results for the six months ended 30 September 2008 - Registration No. 2003/058

## BALANCE SHEETS

as at 30 September 2008

	6 Months 30 Sept 2008 Reviewed NS'000	6 Months 30 Sept 2007 Reviewed NS'000	12 Months 31 Mar 2008 Audited NS'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	143 283	126 498	142 529
Investment properties	37 794	35 519	36 812
Intangible assets	181 859	14 214	174 605
Available-for-sale financial assets	-	147 823	-
Deferred income tax assets	23 133	12 834	18 296
Educational loans advanced	69 878	53 580	59 966
Finance lease receivables	1 598	-	1 613
<b>Total non-current assets</b>	<b>457 545</b>	<b>390 468</b>	<b>433 821</b>
<b>Current assets</b>			
Amounts due by related parties	3 434	6 632	-
Short-term portion of loans advanced	44 300	24 081	32 082
Short-term portion of finance lease receivables	337	-	322
Available-for-sale financial assets	8 970	-	6 291
Inventories	30 766	31 147	30 972
Trade and other receivables	25 915	15 588	33 358
Current income tax assets	90	121	167
Cash and cash equivalents	96 723	24 683	98 927
<b>Total current assets</b>	<b>210 535</b>	<b>102 252</b>	<b>202 119</b>
<b>Total assets</b>	<b>668 080</b>	<b>492 720</b>	<b>635 940</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Stated capital	161 035	141 920	141 448
Deemed treasury shares	(19 137)	(45 051)	(35 359)
Vendor shares	14 976	-	35 526
Contingency reserve	(303)	(357)	(303)
Revaluation reserves	12 796	8 812	12 801
Distributable reserves	124 680	42 802	107 862
Attributable to equity holders of the parent	294 047	148 126	261 975
Minority interest	(577)	(2 071)	(1 139)
<b>Total capital and reserves</b>	<b>293 470</b>	<b>146 055</b>	<b>260 836</b>
<b>Non-current liabilities</b>			
Long term liabilities	120 529	229 149	109 503
Other liabilities	815	-	936
Deferred income tax liabilities	23 123	22 378	25 466
Policy holders' liability under insurance contracts	2 272	2 197	2 001
Amounts due to related parties	18 588	-	32 849
<b>Total non-current liabilities</b>	<b>165 327</b>	<b>253 724</b>	<b>170 755</b>
<b>Current liabilities</b>			
Current portion of long-term liabilities	10 208	11 359	14 854
Current portion of other liabilities	1 571	-	2 083
Trade and other payables	157 689	32 268	159 353
Technical provisions	14 820	11 819	11 018
Provision for share appreciation rights	2 272	-	1 361
Current income tax liabilities	164	964	169
Bank overdraft	22 559	36 531	15 511
<b>Total current liabilities</b>	<b>209 283</b>	<b>92 941</b>	<b>204 349</b>
<b>Total equity and liabilities</b>	<b>668 080</b>	<b>492 720</b>	<b>635 940</b>

## CONDENSED SEGMENT RESULTS

for the six months ended 30 September 2008

	6 Months 30 Sept 2008 Reviewed NS'000	6 Months 30 Sept 2007 Reviewed NS'000	12 Months 31 Mar 2008 Audited NS'000
<b>Total revenue</b>			
Micro Insurance	43 415	36 591	75 704
Micro Finance and Education	37 883	29 582	54 889
Financial services outside Namibia	113 264	-	103 589
Property holding and rental income	2 102	3 925	2 333
Development and media	25 535	23 899	47 396
	<b>222 199</b>	<b>93 997</b>	<b>283 911</b>
<b>Net profit / (loss) after tax</b>			
Micro Insurance	21 541	17 375	27 829
Micro Finance and Education	17 151	12 469	22 871
Financial services outside Namibia	8 780	-	21 159
Property holding and rental income	(126)	1 538	1 556
Development and media	(3 174)	(1 872)	1 749
Investment related services	(23 698)	(16 942)	2 518
	<b>20 474</b>	<b>12 568</b>	<b>77 682</b>
<b>Total assets</b>			
Micro Insurance	28 070	23 397	27 746
Micro Finance and Education	129 166	79 438	106 597
Financial services outside Namibia	180 405	-	154 265
Property holding and rental income	78 990	69 165	76 705
Development and media	166 554	122 762	128 339
Investment related services	84 895	197 958	142 288
	<b>668 080</b>	<b>492 720</b>	<b>635 940</b>
<b>Total liabilities</b>			
Micro Insurance	19 699	12 552	17 205
Micro Finance and Education	14 750	26 468	17 491
Financial services outside Namibia	116 315	-	123 323
Property holding and rental income	68 655	45 192	15 563
Development and media	129 647	78 630	127 873
Investment related services	25 544	183 823	73 649
	<b>374 610</b>	<b>346 665</b>	<b>375 104</b>

## INCOME STATEMENTS

for the six months ended 30 September 2008

	6 Months 30 Sept 2008 Reviewed NS'000	6 Months 30 Sept 2007 Reviewed NS'000	12 Months 31 Mar 2008 Audited NS'000
Insurance premium revenue	43 416	36 591	75 704
Revenue	178 783	57 406	208 207
<b>Total revenue</b>	<b>222 199</b>	<b>93 997</b>	<b>283 911</b>
Cost of sales	(113 211)	(20 471)	(118 928)
<b>Gross profit</b>	<b>108 988</b>	<b>73 526</b>	<b>164 983</b>
Investment income	1 550	9 284	22 406
Fair value gains and losses	1 024	840	1 889
Other income	1 511	-	37 776
Insurance benefits and claims	(10 053)	(10 161)	(19 688)
Transfer to policyholder liabilities	(271)	(470)	(274)
Change in unearned premium provision	99	(390)	(759)
Administrative expenses	(77 457)	(48 197)	(109 581)
Finance costs	(11 278)	(16 319)	(38 201)
<b>Profit before taxation</b>	<b>14 113</b>	<b>8 113</b>	<b>58 551</b>
Taxation	6 923	3 756	19 364
<b>Profit for the period</b>	<b>21 036</b>	<b>11 869</b>	<b>77 915</b>
<b>Attributable to:</b>			
Equity holders of the parent	20 474	12 568	77 682
Minority interest	562	(699)	233
	<b>21 036</b>	<b>11 869</b>	<b>77 915</b>
<b>Earnings per share:</b>			
Basic earnings per share (cents)	16.26	10.52	65.04
Diluted earnings per share (cents)	16.26	10.52	61.66
Headline earnings per share (cents)	15.92	9.95	38.83
<b>Weighted number of ordinary shares in issue ('000)</b>			
	<b>125 882</b>	<b>119 430</b>	<b>119 440</b>

## EARNINGS AND HEADLINE EARNINGS PER SHARE

for the six months ended 30 September 2008

	6 Months 30 Sept 2008 Reviewed NS'000	6 Months 30 Sept 2007 Reviewed NS'000	12 Months 31 Mar 2008 Audited NS'000
Earnings for the purposes of basic earnings per share being the profit attributable to ordinary shareholders	20 474	12 568	77 682
Adjustments net of taxation:	(434)	(688)	(31 299)
- Loss / (profit) on sale of property, plant and equipment	172	152	(83)
- Fair value adjustments on investment properties	(606)	(840)	(1 284)
- Negative goodwill	-	-	(27 702)
- Disposal of intangible asset	-	-	(2 230)
<b>Headline earnings</b>	<b>20 040</b>	<b>11 880</b>	<b>46 383</b>

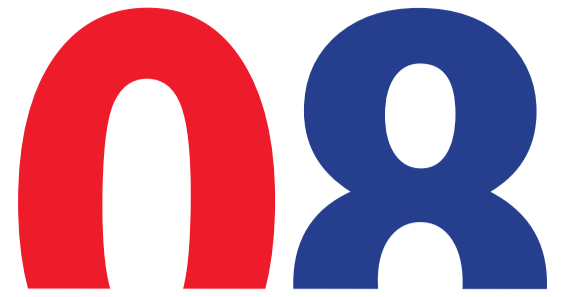
## CASH FLOW STATEMENTS

for the six months ended 30 September 2008

	6 Months 30 Sept 2008 Reviewed NS'000	6 Months 30 Sept 2007 Reviewed NS'000	12 Months 31 Mar 2008 Audited NS'000
<b>Cash flow from operating activities</b>			
Cash generated from operations	38 971	15 207	69 766
Interest received	1 550	-	3 988
Dividends received	-	9 284	18 418
Finance costs	(11 278)	(16 319)	(38 201)
Net educational loans advanced	(22 130)	(13 814)	(28 201)
Dividends paid	(6 698)	(2 986)	(2 986)
Taxation paid	(185)	-	(122)
<b>Net cash flow from operating activities</b>	<b>230</b>	<b>(8 628)</b>	<b>22 662</b>
<b>Cash flow from investing activities</b>			
Additions to property, plant and equipment	(5 816)	(4 204)	(20 600)
Additions to investment properties	(50)	(2 892)	(2 461)
Additions to intangible assets	(7 729)	(1 928)	(24 280)
Acquisition of subsidiary, net of cash acquired	-	-	45 483
Additions to available-for-sale financial assets	(2 679)	(11 333)	-
Proceeds on sale of property, plant and equipment	359	644	1 092
Proceeds on sale of investment properties	-	-	141
Proceeds on sale of intangible assets	-	-	1 270
Proceeds on sale of available-for-sale financial assets	-	-	131 249
<b>Net cash flow from investing activities</b>	<b>(15 915)</b>	<b>(19 713)</b>	<b>131 894</b>
<b>Cash flow from financing activities</b>			
VAT on listing costs	-	-	(472)
Redemption of vendor shares in cash	(1 157)	-	-
Sale of deemed treasury shares	19 266	-	-
Proceeds from long term liabilities	6 380	9 777	33 874
Repayment of other liabilities	(633)	-	(1 704)
Loans advanced to related parties	(5 104)	-	-
Repayment of related party loans	(12 590)	-	-
Proceeds from related party loans raised	-	-	26 167
Decrease in policy holder under insurance contracts	271	470	274
Repayment of term loan	-	-	(135 525)
<b>Net cash flow from financing activities</b>	<b>6 433</b>	<b>10 247</b>	<b>(77 386)</b>
<b>Net change in cash and cash equivalents</b>	<b>(9 252)</b>	<b>(18 094)</b>	<b>77 170</b>
Cash and cash equivalents at beginning of period	83 416	6 246	6 246
<b>Cash and cash equivalents at end of period</b>	<b>74 164</b>	<b>(11 848)</b>	<b>83 416</b>



# INTERIM RESULTS



Reviewed condensed consolidated group results for the six months ended 30 September 2008 - Registration No. 2003/058

## STATEMENTS OF MOVEMENT IN EQUITY

for the six months ended 30 September 2008

	Stated capital NS'000	Deemed treasury shares NS'000	Vendor shares NS'000	Other reserves NS'000	Distributable reserves NS'000	Minority interest NS'000	Total NS'000
<b>Balance at 1 April 2007</b>	141 920	(45 051)	-	7 156	33 220	(1 372)	135 873
Revaluation of property, plant and equipment, net of deferred tax and release of depreciation	-	-	-	1 299	-	-	1 299
<i>Net income / (expense) recognised directly in equity</i>	141 920	(45 051)	-	8 455	33 220	(1 372)	137 172
Profit / (loss) for the year	-	-	-	-	12 568	(699)	11 869
<i>Total recognised income and expenses for the period</i>	141 920	(45 051)	-	8 455	45 788	(2 071)	149 041
Dividends for the period	-	-	-	-	(2 986)	-	(2 986)
<b>Balance at 30 September 2007</b>	141 920	(45 051)	-	8 455	42 802	(2 071)	146 055
<b>Balance at 1 October 2007</b>	141 920	(45 051)	-	8 455	42 802	(2 071)	146 055
Transfer to contingency reserve	-	-	-	54	(54)	-	-
VAT on listing costs	(472)	-	-	-	-	-	(472)
Revaluation of property, plant and equipment, net of deferred tax and release of depreciation	-	-	-	3 989	-	-	3 989
Shares to be issued as result of business combination	-	-	35 526	-	-	-	35 526
Sale of deemed treasury shares by Trustco Staff Share Incentive Scheme Trust	-	9 692	-	-	-	-	9 692
<i>Net income / (expense) recognised directly in equity</i>	141 448	(35 359)	35 526	12 498	42 748	(2 071)	194 790
Profit for the year	-	-	-	-	65 114	932	66 046
<b>Balance at 31 March 2008</b>	141 448	(35 359)	35 526	12 498	107 862	(1 139)	260 836
<b>Balance at 1 April 2008</b>	141 448	(35 359)	35 526	12 498	107 862	(1 139)	260 836
Revaluation of property, plant and equipment, net of deferred tax and release of depreciation	-	-	-	(5)	-	-	(5)
Shares issued as result of business combination	19 636	-	(19 636)	-	-	-	-
Vendor shares repaid in cash	-	-	(914)	-	-	-	(914)
Costs of share issue	(49)	-	-	-	-	-	(49)
Sale of deemed treasury shares by Trustco Staff Share Incentive Scheme Trust	-	16 222	-	-	-	-	16 222
Profit on sale of deemed treasury shares	-	-	-	-	3 042	-	3 042
<i>Net income / (expense) recognised directly in equity</i>	161 035	(19 137)	14 976	12 493	110 904	(1 139)	279 132
Profit for the period	-	-	-	-	20 474	562	21 036
<i>Total recognised income and expenses for the period</i>	161 035	(19 137)	14 976	12 493	131 378	(577)	300 168
Dividends for the period	-	-	-	-	(6 698)	-	(6 698)
<b>Balance at 30 September 2008</b>	161 035	(19 137)	14 976	12 493	124 680	(577)	293 470

and certain financial instruments at fair value. The accounting policies comply with the NSX listing requirements, the Companies Act of Namibia and IFRS. These accounting policies are consistent with previous periods.

### Dividends Paid

Trustco declared its second dividend on 8 July 2008 since its initial listing on the NSX. A dividend of 5 cents per share was paid to the ordinary shareholders on 30 September 2008. The Board of directors did not recommend an interim dividend for the half year results.

### Subsequent events

#### SABC Legal Action

The arbitration was scheduled to continue during the week, commencing 1 December 2008, to determine the amount of damages payable by the SABC. However, the arbitrator issued a ruling on 6 November 2008 that the matter will now proceed only from 27 July 2009 until 3 August 2009.

#### Transaction with Barclays Capital

The Group entered into a transaction with Barclays Capital PLC ("Barclays") in terms whereof Barclays will raise debt funding for the Group in the sum of USD 52M, for purposes of further expansion of the Group's business. The transaction was approved by the Board and is subject to shareholder approval.

#### Listing on JSE Africa board

On 5 November 2008 the Group announced that it intends to list by way of introduction on the Africa Board of the JSE by the middle of February 2009. The Group will maintain its listing on the Namibian Stock Exchange (NSX).

### Future outlook

The Board remains optimistic about the future and expects the extraordinary organic growth to continue. Additional growth is expected with Trustco Mobile and the Lafrenz housing project. The Board reminds shareholders that about 70% of the Group's profits accrues in the second half of the financial year and the company is constantly on the lookout for valuable acquisitions.

### Auditors review opinion

The condensed financial statements for the period ended 30 September 2008 were reviewed by BDO Spencer Steward (Namibia). The unqualified reviewed opinion, which is in accordance with Rule 3.16 and 3.20 of the Listings Requirements, is available for inspection at the Company's registered office.

### Appreciation

The Board and management wish to thank service providers and clients who have contributed in again achieving exceptional results. In particular the staff is thanked for their continuing extraordinary efforts.

### By order of the Board

Dr D Namwandi  
Acting Chairman

Q van Rooyen  
Managing Director

Windhoek, 13 November 2008

Registered office: 2 Keller Street,  
PO Box 11363, Windhoek, Namibia  
Website: <http://www.tgi.na>  
Registration No. 2003/058

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

Auditor: BDO Spencer Steward (Namibia)  
Chartered Accountants (Namibia)  
Registered Accountants and Auditors  
61 Bismarck Street, Windhoek, Namibia

Sponsor: IJG Securities (Pty) Ltd  
Member of the NSX, 12 Love Street, P O Box 186, Windhoek, Namibia  
Registration No. 95/505

### Nature of Business

Trustco Group Holdings Ltd ("Trustco"), a Namibian company with its core focus on micro financial services, again achieved excellent results for the half year ended 30 September 2008. Headline earnings grew by 69% against the comparative period of September 2007. Trustco Financial Services (Pty) Ltd (formerly Dex Financial Services (Pty) Ltd), the South African subsidiary contributed NAD 8.8M of the NAD 20.5M profit recorded by the Group.

### Financial Highlights

Trustco continued the trend of exceptional growth experienced during the past five years. Total revenue increased by 136% compared to September 2007 and attributable earnings increased by 63%. Basic earnings per share increased by 55% while headline earnings per share increased by 60%. Distributable reserves increased by 16% from March 2008 to NAD 125M while educational loans advanced increased by 24% to NAD 114M for the same period.

### Review of Operations

#### Micro Insurance

Micro insurance consists of micro short term and micro life insurance. Revenue increased by 19% compared to September 2007 and claims expenses as a percentage of revenue decreased by 5% to 23% from 28%. The remedial steps taken to address the significant increase in legal claims in the prior year resulted in this decrease. After tax profit in this sector grew by 24% from September 2007 to September 2008.

#### Micro Finance and Education

This sector achieved growth in revenue of 28% and net profits after tax of 38%. The focus on e-learning contributed largely to the results. The Group foresees that grade 12 courses and the further introduction of new courses will yield excellent growth for this sector in the second

half of the financial year. The Educational loan book grew with 24% from NAD 92M at the end of March 2008 to NAD 114M at the end of September 2008. Further, above average growth is expected in this sector as the demand for further education remains high.

#### Development and Media

This sector comprises of activities which are to some extent in a fledgling state but are showing potential for growth. The sector recorded a loss after tax of NAD 3.1M, mainly due to Trustco Mobile. Further capital investment in this sector aimed at improved capacity and economies of scale is envisaged.

Trustco Mobile was launched during the period under review. The product affords free life cover to airtime users. It recorded a loss of NAD 4.2M due to start-up costs. Trustco expects a break-even situation for this product within the next 12 months. This product has the potential to be expanded throughout Africa. Significant contributions both in revenue and profits are expected from Trustco Mobile in future.

#### Financial Services outside Namibia (South Africa)

The Group acquired Dex Financial Services (Pty) Ltd (now Trustco Financial Services (Pty) Ltd), a South African registered company on 1 November 2007. Trustco Financial Services (Pty) Ltd contributed NAD 8.8M to Group earnings which is in line with projections.

#### Property holding and rental

Although this sector recorded a small loss, it will contribute significant profits when the housing project is developed. It is estimated that the project will contribute NAD 1 billion in revenue with a 10% net return over a 10 year period.

### Basis of preparation and accounting policies

The reviewed condensed financial statements of Trustco for the six months ended 30 September 2008 were prepared on the historical cost basis except for the measurement of investment properties

↑ **136%**  
Revenue

↑ **24%**  
Micro Insurance Profit After Tax

↑ **55%**  
Basic Earnings Per Share

↑ **60%**  
Headline Earnings Per Share

↑ **24%**  
Educational Loans

↑ **63%**  
Attributable Earnings

