

FINANCIAL
REPORT

Reviewed consolidated group results for the year ended 31 March 2008 - Registration No. 2003/058


85%
Revenue
Financial Highlights

Trustco Group Holdings Limited continued the trend of exceptional growth experienced during the past five years. Revenue, excluding insurance revenue, increased by 85% and attributable earnings increased by 136%. Distributable reserves increased by 224% to NAD107M while cash and cash equivalents increased to NAD81.8M, up from NAD6.2M. Basic earnings increased by 127% while headline earnings per share increased by 66.7% to 39cents per share.


54%
Gross Profit
Nature of Business

Trustco operates mainly in the Namibian economy. However, it recently expanded business operations to South Africa. This was achieved through an acquisition of a financial services group with effect from 1 November 2007. The group divested its interest in the retail maize meal market to focus on its core functions in insurance, education and financial services. Other major activities include development and media.



90%
Net Profit before Tax
Review of Operations**Insurance businesses**

Insurance businesses consist of short term and life insurance. An increase in revenue of 11.1% was recorded in the period under review. Claims expenses increased significantly by 28%. Remedial steps taken to address the issue resulted in a marked decrease in claims expenses after year end. After tax profit in this sector grew by 27%. A new venture, Trustco Mobile, was launched after 31 March 2008. The product affords free life cover to airtime users. It is expected to yield significant growth in the next financial year. This product has the potential to be expanded throughout Africa.


67%
HEPS
Education and Finance (Namibia)

This sector achieved growth in revenue of 14% and net profits after tax of 22.2%. Growth was hampered by the severe floods in the north of Namibia during January to March 2008. This is the period when most enrollments for the new academic year take place. The focus on e-learning yielded the desired results and the Group recorded its first revenue from Grade 12 courses in the year under review. The Educational loan book grew by 47.2% from NAD63.8M to NAD93.9M. Further, above average growth is expected in this sector as the demand for further education remains high. Significant further increases in real interest rates may inhibit growth.


27%
Net Profit for Insurance


22%
Net Profit for Education
Development & 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 decline in profit after tax of 21.7%. Further capital investment in this sector aimed at improved capacity and economies of scale is envisaged. The Group is presently in discussion to increase its shareholding in Free Press Printers (Pty) Ltd. This


37%
Total Assets

sector is affected by fluctuations in the exchange rates and the price of raw materials.

Financial Services outside Namibia

The Group acquired Dex Financial Services (Pty) Ltd (a South African registered company) on 1 November 2007. The results achieved, exceeded expectations, held at the time of the acquisition by more than 500%. Dex contributed NAD20.8M to group earnings. This is the first time the Group receives profits from its business ventures beyond Namibia. Growth for the new year is expected to be above average because synergies in the Group are conducive to cross pollination in the various sectors. This will enhance business opportunities.

Litigation

Trustco Group International (Pty) Ltd initiated arbitration proceedings against the SABC claiming damages of R134.0M. The claim arose from the alleged repudiation by the SABC of two agreements concluded between the parties on 9 March 2004. At the outset the arbitrator was asked to only determine the liability of the SABC. After a protracted hearing the arbitrator on 2 April 2007 held that the SABC had indeed repudiated both agreements and was liable in damages. The SABC noted an appeal which it subsequently withdrew. The SABC indicated that it was willing to settle an amount of damages. If the matter cannot be settled the arbitrator will hear evidence on the issue during 2008 and award such damages as he deems appropriate.

Emphasis of Matter

The directors disclosed the following under the heading "Micro Lending" in the Annual Report of Trustco Group Holdings Limited for the year ended 31 March 2007, which led to an emphasis of matter in the audit report. "All micro lenders in Namibia, with a deduction code facility granted by the Ministry of Finance, have five year contracts which expire on 31 August 2007. The industry is in consultation with the Minister for the renewal of these facilities."

The Group has received written confirmation from the Ministry of Finance on 12 September 2007, extending the micro lending payroll deduction code facility granted to Trustco Finance (Pty) Ltd for a further two years, until 31 August 2009. The matter of emphasis was uplifted following this confirmation.

Basis of Preparation & Accounting Policies

The reviewed financial results for TGH for the year ended 31 March 2008 are prepared on the historical cost basis except for the measurement of investment properties and certain financial instruments at fair value. The accounting policies comply with the NSX listing requirements, the Companies Act of Namibia and IFRS, which the Group adopted for the first time with effect from

the year ending 31 March 2006. These accounting policies are consistent with previous periods.

Capital Raising

The Group is in the process of raising capital, to fund expansion, in a combination of debt and equity. This will be coupled with a secondary listing on the JSE.

Dividend

The policy of the Group is to declare dividends of between four and five times cover. The board will consider on 24 June 2008, in view of the financial results and growth prospects, what dividend, if any, should be declared.

Auditors review opinion

The condensed results for the period ended 31 March 2008 have been 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.

By order of the Board


PJ Miller
Company Secretary

Windhoek, 29 May 2008

Registered office:
2 Keller Street, PO Box 11363, Windhoek
Website: [Http://www.tgi.na](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)
Registered Accountants and Auditors
Chartered Accountants (Namibia)
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

FINANCIAL REPORT

Reviewed consolidated group results for the year ended 31 March 2008 - Registration No. 2003/058

BALANCE SHEETS

as at 31 March 2008

	Note	31/03/08 Reviewed N\$ '000	31/03/07 Audited N\$ '000
ASSETS			
Non-current assets			
Property, plant and equipment		142 529	125 217
Investment properties		36 812	32 627
Intangible assets		174 605	12 688
Available-for-sale financial assets		-	136 490
Deferred income tax assets		18 296	7 994
Loans and receivables		61 901	40 074
Total non-current assets		434 143	355 090
Current assets			
Amounts due by related parties	1	-	1 544
Short-term portion of loans advanced		32 082	23 773
Available-for-sale financial assets		6 291	-
Inventories		30 972	30 818
Trade and other receivables		33 358	24 279
Current income tax assets		167	121
Cash and cash equivalents		98 927	27 580
Total current assets		201 797	108 115
Total assets		635 940	463 205
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital		106 089	96 869
Contingency reserves		(303)	(357)
Vendor shares		35 526	-
Other reserves		12 801	7 513
Distributable reserves		107 862	33 220
Attributable to equity holders of the parent		261 975	137 245
Minority interest		(1 139)	(1 372)
Total capital and reserves		268 836	135 873
Non-current liabilities			
Long-term liabilities		109 503	216 727
Other liabilities		936	2 920
Deferred income tax liabilities		25 466	21 091
Policy holders' liability under insurance contracts		2 001	1 727
Amounts due to related parties		32 849	-
Total non-current liabilities		170 755	242 465
Current liabilities			
Current portion of long-term liabilities		14 854	9 281
Current portion of other liabilities		2 083	1 803
Trade and other payables		157 775	40 568
Technical provisions		11 018	11 596
Provision for share appreciation rights	3	1 361	-
Current income tax liabilities		169	285
Bank overdraft		17 089	21 334
Total current liabilities		204 349	84 897
Total equity and liabilities		635 940	463 205

CASH FLOW STATEMENTS

for the year ended 31 March 2008

	31/03/08 Reviewed N\$ '000	31/03/07 Audited N\$ '000
Cash flow from operating activities		
Cash generated from operations	60 432	30 714
Interest received	3 988	3 820
Dividends received	18 418	10 241
Finance costs	(38 201)	(24 755)
Net educational loans advanced	(30 136)	(43 857)
Dividends paid	(2 986)	-
Taxation paid	(1 122)	314
Net cash flow from operating activities	11 393	(23 523)
Cash flow from investing activities		
Additions to property, plant and equipment	(20 121)	(55 065)
Additions to investment property	(2 461)	(9 088)
Additions to intangible assets	(24 281)	(2 693)
Acquisition of subsidiary, net of cash acquired	45 483	(60 751)
Additions to available-for-sale financial assets	-	(136 490)
Proceeds on sale of property, plant and equipment	613	14 347
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	-
Net cash flow from investing activities	131 893	(249 740)
Cash flow from financing activities		
Proceeds from treasury shares	9 220	96 869
Proceeds from long term debt raised	33 402	167 886
Loans advanced to related parties	3 388	-
Loans obtained from related parties	22 779	-
Proceeds from repayments received from related parties	-	15 527
Decrease / (increase) in policy holder under insurance contracts	274	(773)
Repayment of long term debt	(135 053)	-
Repayment of other debt	(1 704)	-
Net cash flow from financing activities	(67 694)	279 509
Net change in cash and cash equivalents	75 592	6 246
Cash and cash equivalents at beginning of year	6 246	-
Cash and cash equivalents at end of year	81 838	6 246

STATEMENTS OF MOVEMENT IN EQUITY

for the year ended 31 March 2008

	Share Capital N\$ '000	Vendor Shares N\$ '000	Other Reserves N\$ '000	Distributable Reserves N\$ '000	Minority Interest N\$ '000	Total N\$ '000
Balance at 1 April 2006	-	-	-	-	-	-
Transfer to stated capital	68 549	-	-	-	-	68 549
Release of pre-listed contingency reserve	-	-	(357)	357	-	-
Public issue of ordinary shares	76 516	-	-	-	-	76 516
Listing costs	(3 145)	-	-	-	-	(3 145)
Revaluation of property, plant and equipment	-	-	9 854	-	-	9 854
Deferred tax on revaluations	-	-	(2 371)	-	-	(2 371)
Consolidation of Staff share incentive scheme trust (deemed treasury shares)	(45 051)	-	-	-	-	(45 051)
Net income/(expense) recognised directly in equity	96 869	-	7 156	357	-	104 382
Profit for the year	-	-	-	32 863	(1 372)	31 491
Balance at 31 March 2007	96 869	-	7 156	33 220	(1 372)	135 873
Balance at 1 April 2007	96 869	-	7 156	33 220	(1 372)	135 873
Transfer to contingency reserve	-	-	54	(54)	-	-
Listing cost adjustment	(472)	-	-	-	-	(472)
Revaluation of property, plant and equipment	-	-	8 135	-	-	8 135
Deferred tax on revaluations	-	-	(2 847)	-	-	(2 847)
Shares to be issued as result of business combination	-	35 526	-	-	-	35 526
Transfer from deemed treasury shares of Trustco Staff Share Incentive Scheme Trust	9 692	-	-	-	-	9 692
Net income/(expense) recognised directly in equity	106 089	35 526	12 488	33 166	(1 372)	185 907
Profit for the year per the income statement	-	-	-	77 682	233	77 915
Total recognised income and expenses for 2008	106 089	35 526	12 488	110 848	(1 139)	263 822
Dividends for the period	-	-	-	(2 986)	-	(2 986)
Balance at 31 March 2008	106 089	35 526	12 488	107 862	(1 139)	260 836

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2008

	31/03/08 Reviewed N\$ '000	31/03/07 Audited N\$ '000
1. Related party balances	-	1,544
The subsidiaries of the Group provide management services and infrastructural services to Belisima Security Nine (Pty) Ltd in terms of an agreement dated 26 June 2007. This amount is repayable at the end of each financial year.		
2. Elimination of related party transactions		
During the review of the balance sheet for the period ended 30 September 2007 and the related statements of income and cash flows, it was found that revenue, administrative expenses and cost of sales for the year ended 31 March 2007 was overstated by N\$ 10 889, N\$ 2 701 and N\$ 8 188 million respectively. This was as a result of the non-elimination of related party transactions on consolidation. However, the effect on the balance sheet and the net profit for the period was nil.		
3. Trustco Group Holdings Limited Staff Share Incentive Scheme Trust		
Options vested at fair value	1,381	-
The Trustco Group Holdings Limited Staff Share Incentive Scheme Trust was approved at the Annual General Meeting of Shareholders held on 15 August 2007. This scheme is a cash-settled share-based payment scheme as defined, and is governed by IFRS 2: Share-based Payments. The fair value effect the implementation of the scheme had on the balance sheet and income statement for the period ended 31 March 2008 is N\$ 1 380 781, and is accounted for under administrative expenses and current liabilities respectively.		
4. Adoption of IFRS 7		
Full disclosure of the impact for first time adoption of IFRS 7, Financial Instruments: Disclosures, will be disclosed in detail in the notes to the audited annual financial statements of the Group for the year ended 31 March 2008.		
5. Business Combinations		
On 1 November 2007 the Group acquired all of the shares in DexGroup Financial Services (Pty) Ltd for N\$ 55 million. The purchase price is made up as follows:		
- N\$ 20 million in cash at the effective date, and		
- issue of ordinary shares in Trustco Group Holdings Ltd at N\$ 3.80 per share as would total the net profit after tax achieved by DexGroup Financial Services (Pty) Ltd for the years ended 31 March 2008, 31 March 2009, 31 March 2010 and 31 March 2011 respectively. These payments are due by 31 May 2008, 31 May 2009, 31 May 2010 and 31 May 2011 respectively.		
The total value of ordinary shares to be issued to the seller shall not exceed N\$ 45 million.		
The acquired business contributed revenues of N\$ 106,668,567 and net profit after tax of N\$ 21,158,696 to the Group for the period from 1 November 2007 to 31 March 2008.		
The fair value of assets acquired and liabilities assumed were as follows:		
Non-current assets	141 551	-
Current assets	79 319	-
Non-current liabilities	(8 508)	-
Current liabilities	(118 688)	-
Net assets / (liabilities)	85 734	-
Minority interest	-	-
Cost of acquisition	(1 032)	-
Consideration	(65 000)	-
Negative goodwill	27 702	-
Cash flow on acquisition		
Bank overdraft	67 530	-
Net cash acquired	(557)	-
Cash and cash equivalents	66 973	-
Paid in cash	(21 490)	-
Consideration	(65 000)	-
Cost of acquisition	(1 490)	-
Less: non-cash portion	45 000	-
Cash inflow on acquisition, net of cash acquired	45 483	-

INCOME STATEMENTS

for the year ended 31 March 2008

	Note	31/03/08 Reviewed N\$ '000	31/03/07 Audited N\$ '000
Revenue	2	211 287	114 210
Cost of sales	2	(118 928)	(54 325)
Gross profit		92 359	59 885
Insurance income		75 704	68 085
Claims and benefits paid on insurance contracts		(19 827)	(15 485)
Transfer to policyholder liabilities		(274)	972
Change in unearned premium provision		(620)	(2 071)
Other income		147 342	111 398
Administration expenses	2 & 3	34 385	5 008
		(109 270)	(84 595)
Profit before investment income, fair value adjustments and finance cost		72 457	31 799
Investment revenue		22 406	14 061
Profit before finance costs		94 863	45 860
Fair value adjustments		1 889	9 694
Finance costs		(38 201)	(24 755)
Profit before taxation		58 551	30 799
Taxation		19 364	692
Profit for the year		77 915	31 491
Attributable to:			
Equity holders of the parent		77 682	32 863
Minority interest		233	(1 372)
		77 915	31 491
Earnings per share:			
Basic earnings per share (cents)		64.91	28.64

CONDENSED SEGMENT RESULTS

for the year ended 31 March 2008

	31/03/08 Reviewed N\$ '000	31/03/07 Audited N\$ '000
Earnings per share and headline earnings per share		
Earnings for the purposes of basic earnings per share being the profit attributable to ordinary shareholders.	77 682	32 863
Adjustments:	(30 995)	(5 972)
- Loss on sale of property, plant and equipment	165	329
- Fair value adjustments on investment properties	(1 228)	(6 301)
- Negative goodwill	(27 702)	-
- Disposal of intangible asset	(2 230)	-
Headline earnings	46 687	26 891
Weighted number of ordinary shares:	119 680	114 757
Basic earnings per share (cents)	64.9	28.6
Headline earnings per share (cents)	39.0	23.4
Condensed segment results		
Total revenue:		
Insurance related services	75 704	68 085
Educational and financial services	54 889	48 195
Financial services outside Namibia	106 669	-
Property holding and rental income	2 333	9 782
Development and media	47 396	56 233
	286 991	182 295
Net profit / (loss) after tax:		
Insurance related services	27 829	21 902
Educational and financial services	22 871	18 707
Financial services outside Namibia	21 159	-
Property holding and rental income	1 556	1 211
Development and media	1 749	2 235
Head office costs not distributed to group of companies	(25 184)	(11 192)
Negative goodwill	27 702	-
	77 682	32 863
Total assets:		
Insurance related services	27 746	32 917
Educational and financial services	106 997	76 041
Financial services outside Namibia	154 265	-
Property holding and rental income	63 700	66 027
Development and media	126 339	106 288
Investment related services	155 293	181 932
	835 940	463 205
Total liabilities:		
Insurance related services	17 205	20 100
Educational and financial services	17 146	20 518
Financial services outside Namibia	123 323	-
Property holding and rental income	8 168	43 734
Development and media	127 873	69 991
Investment related services	81 389	172 889
	375 104	327 332

↑ **85%**
Revenue