

**TRUSTCO GROUP HOLDINGS LIMITED**

Incorporated in the Republic of Namibia  
(Registration number 2003/058)

NSX share code: TUC

JSE share code: TTO

ISIN Number: NA000A0RF067

("the Company" or "the Group" or "Trustco")

**Voluntary Announcement Relating to Trustco Mobile's Transaction With Econet Wireless And First Mutual Life**

Trustco announces that it has instructed its lawyers in Zimbabwe to apply for an interdict against Econet Wireless (Private) Limited ("Econet Wireless"). The interdict seeks to enforce Econet Wireless' compliance with its contractual obligations, as entered into in its tripartite agreement ("the agreement") with Trustco Mobile (Pty) Limited ("Trustco Mobile") and First Mutual Life Assurance Company (Pty) Limited ("First Mutual Life") ("the parties") dated 17 August 2010, and to prohibit Econet Wireless from infringing in any way on Trustco Mobile's Intellectual Property Rights which are protected under Zimbabwean and International intellectual property laws. The court documents will be in the public domain and will clearly present the facts.

**Background**

The introduction of Ecolife into the Zimbabwean life insurance industry has had a phenomenal impact on the accessibility of life insurance to the general public, and on the lives of the 1.85 million (as at 31 May 2011) Econet Wireless subscribers.

The uptake of life insurance through the Econet Wireless platform exceeded all expectations from the first month of inception in Zimbabwe. Consequently, Econet Wireless and First Mutual Life Assurance Company (Pty) Limited ("First Mutual Life") reacted to the resounding success of Ecolife by seeking an equity stake in Trustco Mobile during December 2010. The offer to acquire a stake was, however, declined by Trustco, the holding Company of Trustco Mobile.

Econet Wireless has during the last few weeks increased its holdings in Africa First ReNaissance Corporation Limited ("Afre Corporation"), the holding company of First Mutual Life, and now controls the contracted insurance underwriter. Since the inception of Ecolife seven months ago, policyholders in First Mutual Life increased from less than one hundred thousand to close to two million policy holders.

The specific allegations being lobbied against Trustco Mobile are as follows:

## **1. Trustco Mobile wanted more money**

Prior to the launch of Ecolife and subsequent to the signing of the initial agreement on 17 August 2010, the parties to the agreement sought guidance from the Commissioner of Insurance and Pension ("the Commissioner") to approve the roll-out of Ecolife in Zimbabwe. Initially a Royalty Fee of US\$1.00 ("Royalty Fee"), which included the insurance premium, was negotiated and contracted for by the parties. The Commissioner correctly advised that the scope of the product should be broadened to include subscribers who were HIV positive and/or who had pre-existing medical conditions. The parties agreed to the expansion of the scope of the insurance, recognising that this would result in an increase in insurance premium payable to First Mutual Life. The resultant increase was US\$0.22c per subscriber per month. Trustco Mobile agreed to share 50% of the premium increase [with Econet Wireless and First Mutual Life]. Consequently, the Royalty Fee, which included the Underwriting Fee, increased from US\$1.00 to US\$1.11. An amendment to the agreement to effect the amendment to the Royalty Fee was signed by the parties on 24 January, 2011. Subsequent to the increase, none of the parties challenged the contract on the basis of a US\$1.11 Royalty Fee.

## **2. Unilateral Termination of Contract**

Following the continuous delay by Econet Wireless of payment of the Royalty Fees to Trustco Mobile, and, more importantly, the Insurance premium to First Mutual Life, Trustco Mobile served Econet Wireless with a Notice of Default, pursuant to the terms of the agreement. Upon receipt of the Notice of Default, Econet Wireless unilaterally and immediately terminated the contract, severed Trustco Mobile and First Mutual Life's access to the Trustco Mobile system, and denied that payment was outstanding to Trustco Mobile.

On 1 June 2011 Econet Wireless conceded that payment was due to First Mutual Life. Econet Wireless further indicated that while payment was indeed outstanding it was nevertheless "available". First Mutual Life is by law not required to honour any cover if premiums are not paid. First Mutual Life could not confirm that it will honour claims when submitted.

As of 17 June 2011, Trustco Mobile has not been placed on notice for any breach of contract as required by the contract.

## **3. Disclosure of Confidential Information**

The allegation that Trustco Mobile disclosed confidential information to the public by way of the JSE Limited ("JSE") is

spurious. The information disclosed to the JSE and to shareholders via the Securities Exchange News Service of the JSE ("SENS") is in strict compliance with the regulations of the JSE. Similar information was disclosed by Econet Wireless to its shareholders and its analysts as is required by the disclosure regulations as both entities are Public Listed Companies.

#### **4. Misleading the Public**

It is further alleged that the Ecolife Wireless subscriber number of 1.6 million that was disclosed by Trustco Mobile was incorrect and intentionally misleading. However, this number was publically quoted by Econet Wireless in the international media. As at 31 May, 1 856 938 subscribers subscribed to the Ecolife package.

#### **5. Subscribers Inundated with Unsolicited Messages**

The number of messages sent to subscribers was strictly in accordance with the agreement, no more and no less.

#### **6. Trustco Pleas with Econet**

Trustco Mobile admits that it did plea with Econet Wireless, however, the plea was for the fulfilment of Econet Wireless' payment obligations under the agreement in order to continue providing free life insurance to qualified Ecolife subscribers.

Access to life insurance remains extremely limited in Africa where less than 5% of the continent's population have access. Access to free life insurance is extremely limited which is why Trustco Mobile remains committed to ensuring that Africa's 95% uninsured are not denied this indispensable service.

Requests from other role players in Zimbabwe for the Trustco Mobile proprietary product have been declined pending the outcome of the current matter with Econet.

#### **About Trustco Mobile**

Trustco Mobile, a subsidiary of Namibia-based Trustco and the first company to list on the Africa Board of the JSE, provides free life cover for mobile phone operators. Trustco focuses on microfinance for education and microinsurance in Africa.

By order of the Board

J Bazuin  
Company Secretary  
Windhoek, 17 June 2011

NSX Sponsor  
IJG Securities (Pty) Ltd

JSE Sponsor  
QuestCo Sponsors (Pty) Ltd