

TRUSTCO GROUP HOLDINGS LIMITED  
Registration No. 2003/058  
Registered in Namibia  
ISIN Code: NA0000A0KE891  
NSX Share Code: TSO

## **Group Summary Of The Reviewed Financial Results For The 6 Months Ended 30 September 2008**

### **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 124M 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% from September 2007 to September 2008. 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

from 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 which was not capitalized at the time of reporting. 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 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 5cents 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 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

PJ Miller  
Company Secretary  
Windhoek, 29 November 2007

Directors:

Directors: Dr. D Namwandi (Acting Chairman), Mr. A Toivo Ya Toivo ,  
Mrs. V de Klerk, Mrs. M Nashandi, Mr. FJ Abrahams, Mr. G Walters, Mr.  
Q van Rooyen (Managing Director)

Registered office:  
2 Keller Street, PO Box 11363, Windhoek  
Website: [Http://www.trustco.na](http://www.trustco.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

Reviewed Consolidated Financial Statements For The Period Ended 30 September 2008

<b>INCOME STATEMENT</b>				
		Reviewed 6 months ended 30 September	Reviewed 6 months ended 30 September	Audited year ended 31 March
N\$ '000	% Change	2008	2007	2008
Insurance premium revenue	18.65	43 416	36 591	75 704
Revenue	211.44	178 783	57 406	208 207
Total revenue	136.39	222 199	93 997	283 911
Cost of sales	453.03	(113 211)	(20 471)	(118 928)
Gross profit	48.23	108 988	73 526	164 983
Investment income	(83.30)	1 550	9 284	22 406
Fair value gains and losses	21.90	1 024	840	1 889
Other income	-	1 511	-	37 776
Insurance benefits and claims	(1.06)	(10 053)	(10 161)	(19 688)
Transfer to policyholder liabilities	(42.34)	( 271)	( 470)	( 274)
Change in unearned premium provision	(125.38)	99	( 390)	( 759)
Administrative expenses	60.71	(77 457)	(48 197)	(109 581)
Finance costs	(30.89)	(11 278)	(16 319)	(38 201)
Profit before taxation	73.96	14 113	8 113	58 551
Taxation	84.32	6 923	3 756	19 364
<b>Profit for the period</b>	<b>77.23</b>	<b>21 036</b>	<b>11 869</b>	<b>77 915</b>
Attributable to:				
Equity holders of the parent	62.91	20 474	12 568	77 682
Minority interest	(180.40)	562	( 699)	233
<b>STATEMENT OF HEADLINE EARNINGS AND DIVIDENDS</b>				

		Reviewed 6 months ended 30 September	Reviewed 6 months ended 30 September	Audited year ended 31 March
N\$ '000	Change	2008	2007	2008
Attributable earnings	62.91	20 474	12 568	77 682
Adjusted for:	-			
Loss on sale of fixed assets	13.16	172	152	( 83)
Profit on revaluation of investment property	(27.88)	( 606)	( 840)	(1 284)
Negative goodwill	-	-	-	(27 702)
Disposal of intangible asset	-	-	-	(2 230)
<b>Headline earnings</b>	<b>68.69</b>	<b>20 040</b>	<b>11 880</b>	<b>46 383</b>
Weighted number of ordinary shares for the purposes of basic earnings per share('000)		125 882	119 430	119 440
Basic earnings per share (cents)	54.56	16.26	10.52	65.04
Diluted earnings per share (cents)	54.56	16.26	10.52	61.66
<b>Headline earnings per share (cents)</b>	<b>60.04</b>	<b>15.92</b>	<b>9.95</b>	<b>38.83</b>

<b>SEGMENTAL ANALYSIS</b>				
		Reviewed 6 months ended 30 September	Reviewed 6 months ended 30 September	Audited year ended 31 March
N\$ '000	Change	2008	2007	2008
Total revenue				
Micro Insurance	18.65	43 415	36 591	75 704
Micro Finance and Education	28.06	37 883	29 582	54 889
Financial services outside Namibia	-	113 264	-	103 589

Property holding and rental income	(46.45)	2 102	3 925	2 333
Development and media	6.85	25 535	23 899	47 396
	136.39	222 199	93 997	283 911
Net profit / (loss) after tax				
Micro Insurance	23.98	21 541	17 375	27 829
Micro Finance and Education	37.55	17 151	12 469	22 871
Financial services outside Namibia	-	8 780	-	21 159
Property holding and rental income	(108.19)	( 126)	1 538	1 556
Development and media	69.55	(3 174)	(1 872)	1 749
Investment related services	39.88	(23 698)	(16 942)	2 518
	62.91	20 474	12 568	77 682

<b>BALANCE SHEET</b>				
		Reviewed 6 months ended 30 September	Reviewed 6 months ended 30 September	Audited year ended 31 March
N\$ '000	%	2008	2007	2008
	Change			
<b>ASSETS</b>				
Property, plant and equipment	13.27	143 283	126 498	142 529
Investment properties	6.41	37 794	35 519	36 812
Intangible assets	1,179.44	181 859	14 214	174 605
Available-for-sale financial assets	(100.00)	-	147 823	-
Deferred income tax assets	80.25	23 133	12 834	18 296
Educational loans advanced	30.42	69 878	53 580	59 966
Finance lease receivables	-	1 598	-	1 613
Amounts due by related parties	(48.22)	3 434	6 632	-

Short-term portion of loans advanced	83.96	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	(1.22)	30 766	31 147	30 972
Trade and other receivables	66.25	25 915	15 588	33 358
Current income tax assets	(25.62)	90	121	167
Cash and cash equivalents	291.86	96 723	24 683	98 927
<b>Total Assets</b>	<b>35.59</b>	<b>668 080</b>	<b>492 720</b>	<b>635 940</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>LIABILITIES</b>				
Long term liabilities	(47.40)	120 529	229 149	109 503
Other liabilities	-	815	-	936
Deferred income tax liabilities	3.33	23 123	22 378	25 466
Policy holders' liability under insurance contracts	3.41	2 272	2 197	2 001
Amounts due to related parties	-	18 588	-	32 849
Current portion of long-term liabilities	(10.13)	10 208	11 359	14 854
Current portion of other liabilities	-	1 571	-	2 083
Trade and other payables	388.69	157 689	32 268	159 353
Technical provisions	25.39	14 820	11 819	11 018
Provision for share appreciation rights	-	2 272	-	1 361
Current income tax liabilities	(82.99)	164	964	169
Bank overdraft	(38.25)	22 559	36 531	15 511
<b>Total Liabilities</b>	<b>8.06</b>	<b>374 610</b>	<b>346 665</b>	<b>375 104</b>
<b>EQUITY</b>				
Stated capital	13.47	161 035	141 920	141 448



Deemed treasury shares	(57.52)	(19 137)	(45 051)	(35 359)
Vendor shares	-	14 976	-	35 526
Contingency reserve	(15.13)	( 303)	( 357)	( 303)
Revaluation reserves	45.21	12 796	8 812	12 801
Distributable reserves	191.29	124 680	42 802	107 862
Attributable to equity holders of the parent	98.51	294 047	148 126	261 975
Minority interest	(72.14)	( 577)	(2 071)	(1 139)
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>35.59</b>	<b>668 080</b>	<b>492 720</b>	<b>635 940</b>

CASH FLOW STATEMENT			
	Reviewed 6 months ended 30 September	Reviewed 6 months ended 30 September	Audited year ended 31 March
N\$ '000	2008	2007	2008
Net cash inflow/(outflow) from operating activities	230	(8 628)	22 662
Net cash inflow/(outflow) from financing activities	(15 915)	(19 713)	131 894
Net cash (outflow) from investment activities	6 433	10 247	(77 386)
Net increase/(decrease) in cash and cash equivalents	(9 252)	(18 094)	77 170
Cash and cash equivalents at beginning of the period	83 416	6 246	6 246
Cash and cash equivalents at end of the period	74 164	(11 848)	83 416

STATEMENT OF MOVEMENT IN EQUITY				
		Reviewed 6 months ended 30 September	Reviewed 6 months ended 30 September	Audited year ended 31 March

N\$ '000	%	2008	2007	2008
Balance at beginning of period as restated	91.97	260 836	135 873	135 873
Revaluation of property, plant and equipment, net of deferred tax and release of depreciation	(100.38)	( 5)	1 299	5 288
Profit / (loss) for the year	77.23	21 036	11 869	77 915
Dividends for the period	124.31	(6 698)	(2 986)	(2 986)
VAT on listing costs	-	-	-	( 472)
Vendor shares repaid in cash	-	( 914)	-	-
Costs of share issue	-	( 49)	-	-
Shares issued as result of business combination	-	-	-	35 526
Sale of deemed treasury shares by Trustco Staff Share Incentive Scheme Trust	-	16 222	-	9 692
Profit on sale of deemed treasury shares	-	3 042	-	-
Balance at end of period	100.93	293 470	146 055	260 836
Comprising of:				
Stated capital	13.47	161 035	141 920	141 448
Deemed treasury shares	(57.52)	(19 137)	(45 051)	(35 359)
Vendor shares	-	14 976	-	35 526
Other reserves	47.76	12 493	8 455	12 498
Distributable reserves	191.29	124 680	42 802	107 862
Minority interest	(72.14)	( 577)	(2 071)	(1 139)
	100.93	293 470	146 055	260 836