



Financial Results 2012

Trustco Group Holdings Limited

Unaudited Condensed Consolidated Interim Results for the six months ended 30 September 2012 and Interim Dividend Declaration



Nature of the 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 first six months of Trustco's financial year demonstrate the Group's commitment in targeting core strategic business lines and reducing dependencies on low-margin activities.

Trustco achieved Headline earnings of NAD 50 million for the six months ended 30 September 2012, compared to NAD 47 million against the comparative six months, demonstrating an increase of 6%.

Group revenue for the first six months, in relation to the comparative period, has decreased by 10% from NAD 331 million to NAD 297 million. This decrease is predominantly as a result of the cessation in February 2012 of the contract relating to the provision of Trustco mobile services in Zimbabwe.

Profit after tax experienced a marginal decrease of 3%, from NAD 52 million to NAD 50 million. This decline was driven by the decrease in revenues as noted above, although partially offset by the benefits gained from a favourable effective tax rate.

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

Segmental revenues, excluding Zimbabwe, increased by 2% from NAD 191 million to NAD 194 million when compared to the comparative period.

Namibia

In Namibia, the sub-segment showed growth in line with expectations with revenue growing from NAD 60 million to NAD 67 million, an increase of 11%. This translated to an increase in net profit after tax of 16%. The sub-segment continues to perform well and forms a critical part of the Group's core strategic focus.

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 3% from NAD 131 million to NAD 127 million. Net profit after tax increased to NAD 13 million as a result of the restructuring of the operations and various cost saving initiatives in the sub-segment.

Micro Finance and Education

Educational micro loans grew by 16% on the back of a renewed effort to provide financing for educational purposes to the market in Southern Africa. Appetite and demand for these loans in the region remains high, with the Group remaining firmly committed to growing this loan book in the future.

Namibia

Revenue has grown to NAD 61 million from NAD 57 million, a comparative increase of 8%. The micro finance loan book grew from NAD 231 million to NAD 268 million compared to 30 September 2011, demonstrating growth of 16%.

Net profit after tax increased by 10% from NAD 23 million to NAD 25 million, mainly due to increase in Net Interest margin and the release of impairment provisions. Provision for bad debts

as a percentage of total loans was 5% compared to 7% as at 30 September 2011.

Property & Mortgage Loans

The demand remains high for serviced land in Namibia, in particular in the Windhoek Basin. Net profit after tax in this segment decreased by 26%. NAD 30 million of revenue was generated from the sale of erven under the Phase 1 of Trustco's "Land Bank" development in Namibia.

Prospects

Micro Insurance and Technology

Trustco and Shoprite have entered into an agreement to provide free life cover insurance to regular Shoprite customers. The Group is confident that this unique way of making life cover free and accessible to thousands of Namibians who shop at Shoprite and have no access to the traditional distribution channels for insurance will provide generously to revenue in the future. The product was launched in Namibia in October 2012.

The Namibian micro insurance model is to be rolled out to South African clients in November 2012. This highly anticipated release should boost revenues in the South Africa operations and demonstrate an increased margin over the current product offerings.

The African continent's demand for micro insurance products has not been exhausted. Demand remains high and the current low penetration rates should provide further future growth in this segment.

Property

Phase 1 of the Group's "Land Bank" development, comprising in total 3.7 million square meters of industrial erven, has been substantially completed.

Five erven out of 49 remain unsold from the Group's Phase 1 operation. Transfers of properties already sold are expected to be concluded in November 2012; this inflow of funds will result in a decrease in Group's debtors' balance and improve the overall cashflow position of the Group.

Dividends

The Directors of Trustco ("the Board") are pleased to announce that the Board has passed a resolution on the 2 November 2012 to pay an interim dividend of 1.90 cents per share for the 6 months ended 30 September 2012.

The following information is provided to shareholders in respect of the new applicable Dividend Tax:

- The dividend has been declared from income reserves;
- The company has no secondary tax on companies' credits available;
- The dividend withholding tax rate for South Africa is 15% resulting in a net dividend of 1.615 cents per share; and
- Trustco Group Holdings Limited's Namibian Income Tax Reference Number is 3356338011.

The salient dates for the payment of this dividend are set out below:

Last day to trade cum-dividend	Friday, 23 November 2012.
Trading ex dividend commences	Monday, 26 November 2012.
Record Date	Friday, 30 November 2012.
Payment Date	Friday, 14 December 2012.

Share certificates may not be dematerialised or rematerialised between Monday, 26 November 2012 and Friday, 30 November 2012 both days included. The dividend is declared in Namibia Dollars and payable in the currencies of the Republics of South Africa and Namibia which is pegged 1:1. Shareholders are further advised that Namibian non-resident shareholders' tax of 15% on the declared dividend will be applicable to all shareholders with addresses outside Namibia.

Subsequent events

The Group has, subsequent to negotiations, reached an in principle agreement with the International Finance Corporation ("IFC") which if successfully concluded may have a material effect on the price of Trustco's securities.

i) The IFC will subscribe, pursuant to a specific new share issue for cash, to between 15 and 20 % of Trustco's outstanding issued share capital, about ZAR 210 million, approximately USD 25 million; and

ii) The IFC will provide a partial credit guarantee of up to ZAR 210 million, approximately USD 25 million, in connection with Trustco's issuance of ZAR denominated bonds in the aggregate principal amount of up to ZAR 350 million, approximately USD 41.7 million. This is the envisaged first draw down from Trustco's listed domestic medium term note program totalling ZAR 1 billion.

The transactions are subject to a due diligence process to be undertaken by the IFC, which commenced on 1 October 2012. The transactions are further subject to both parties' final internal and Board approvals, regulatory approvals including but not limited to the JSE Limited, the NSX and shareholders approvals where required. The Group expects that the transactions will be completed during Q1, 2013. Shareholders are advised to refer to the SENS announcement released on 1 October 2012 for further information.

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. The accounting policies applied are consistent with those of the previous annual financial statements.

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 2012, NAD 1 was equal to ZAR 1.

These interim results are unaudited and have not been reviewed by the auditors.

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

Changes in directorate and company secretary

Shareholders are advised that on the 3rd December 2012, Mrs Margot Gebhardt will no longer occupy the post of Company Secretary, Mr Dominic Steyn has been appointed to act as Company Secretary effective on the same day.

Effective 5th July 2012, Mr Renier Jacobus Taljaard was appointed to the Board of Directors of the Group as a Non-executive Director.

Effective 30th July 2012, Mr Ian Theodore Barnard resigned from his position as director of Trustco Group International (Pty) Ltd RSA, a major subsidiary of Trustco Group Holdings Ltd.

Effective 28th June 2012, Mr Ernest Cockcroft resigned from his position as director of Trustco Intermediary Solutions (Pty) Ltd, a significant subsidiary of the Group.

Acknowledgments

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

Directorate and Administration Directors: Executive Q. van Rooyen (Managing Director), J. Jones (Alternate to Q. van Rooyen), F.J. Abrahams (Financial Director), A. L. Bock Non-executive Adv. R. Heathcote (Chairman), Mr W. Geyser, Mrs V de Klerk, Mr R Taljaard Company Secretary M. A. Gebhardt Registered office: Namibia – Trustco House, 2 Keller Street, P O Box 11363, Windhoek, Namibia, Telephone: +264 61 275 4000, Facsimile: +264 61 275 4090 Registered office: South Africa – Old Trafford 1, Isle of Houghton, 11 Boundary Road, Houghton Estate, Johannesburg, 2198, South Africa Website: http://www.tgi.na Auditors: Namibia – BDO - Namibia, Registered Accountants and Auditors, Chartered Accountants (Namibia), 61 Bismarck Street, Windhoek, Namibia	Auditors: South Africa , BDO – South Africa, Registered Auditors, Riverwalk Office Park, Building C, 3rd Floor, 41 Matroosberg Road, Ashlea Gardens, Pretoria, 0081, South Africa Corporate partners Transfer secretaries: Namibia , Transfer Secretaries (Pty) Ltd, 4 Robert Mugabe Avenue, PO Box 2401, Windhoek, Namibia, Registration Number: 93/713, Telephone: +264 61 22 76 47, Facsimile: +264 61 24 85 31 Sponsors: Namibia , IJG Securities (Pty) Ltd, 100 Robert Mugabe Avenue, PO Box 186, Windhoek, Namibia, Registration Number: 95/505 Bankers: Namibia , Bank Windhoek Limited, First National Bank of Namibia Limited, Standard Bank Namibia Limited Transfer secretaries: South Africa , Computershare Investor Services (Pty) Ltd, Ground Floor, 70 Marshall Street, Johannesburg, 2001, South Africa	Registration Number: 2004/003647/07 Telephone: +27 11 370 7700, Facsimile: +27 11 688 7716 Sponsors: South Africa , Sasfin Capital (a division of Sasfin Bank Limited), 29 Scott Street, Waverley, Johannesburg, 2090, South Africa Registration No.:1951/002280/06 Bankers: South Africa ABSA, First National Bank of South Africa Limited, Standard Bank South Africa Limited Incorporated in the Republic of Namibia (Registration number: 2003/058) NSX share code: TUC JSE share code: TTO ISIN: NA000A0RF067 ("the Company" or "the Group" or "Trustco")
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Consolidated Statement of Financial Position				
		Six months 30 Sept 2012	Six months 30 Sept 2011	12 Months 31 Mar 2012
	% change	Unaudited NAD'000	Unaudited NAD'000	Audited NAD'000
ASSETS				
Non-current assets				
Property, plant and equipment	26%	163 419	129 875	160 502
Investment properties	46%	320 793	219 935	317 990
Intangible assets	10%	270 625	246 390	261 478
Deferred income tax assets	21%	81 080	67 129	73 136
Educational loans advanced	13%	156 261	138 492	150 115
Other loans advanced	5%	25 584	24 405	24 566
Finance lease receivable	(100%)	–	457	–
Total non-current assets	23%	1 017 762	826 683	987 787
Current assets				
Assets at fair value through profit and loss	(100%)	–	28 240	–
Short-term portion of educational loans advanced	21%	111 301	92 117	99 804
Short-term portion of other loans advanced	(3%)	804	833	804
Short-term portion of finance lease receivables	9%	457	419	457
Inventories	27%	16 440	12 971	12 623
Trade and other receivables	28%	357 198	279 407	317 425
Current income tax assets	10%	996	905	189
Cash and cash equivalents	(49%)	47 190	91 828	101 000
Total current assets	5%	534 386	506 720	532 302
Total assets	16%	1 552 148	1 333 403	1 520 089

EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	4%	169 545	162 645	162 645
Share premium	100%	24 600	–	–
Deemed treasury shares	100%	–	(18 731)	(3 840)
Put options	(100%)	(52 832)	–	(52 832)
Contingency reserves	26%	2 970	2 361	2 970
Vendor shares	–	14 976	14 976	14 976
Revaluation reserves	13%	17 273	15 244	16 806
Distributable reserves	36%	808 959	594 478	772 580
Attributable to equity holders of the parent	28%	985 491	770 973	913 305

Non-current liabilities				
Long-term liabilities	49%	228 771	153 456	211 931
Other liabilities	>100%	2 042	202	257
Deferred income tax liabilities	17%	35 114	30 092	31 148
Policyholders' liability under insurance contracts	34%	12 322	9 212	10 684
Total non-current liabilities	44%	278 249	192 962	254 020

Current liabilities				
Current portion of long-term liabilities	(43%)	42 161	74 481	34 117
Current portion of other liabilities	(2%)	2 622	2 678	2 622
Trade and other payables	(10%)	178 082	198 103	256 323
Technical provisions	2%	19 600	19 161	17 917
Amounts due to related parties	(100%)	33	17 548	1 413
Current income tax liabilities	>100%	34 156	13 948	28 603
Bank overdraft	(73%)	11 754	43 549	11 769
Total current liabilities	(22%)	288 408	369 468	352 764
Total equity and liabilities	16%	1 552 148	1 333 403	1 520 089

Consolidated Statement of Changes in Equity				
		Unaudited six months ended 30 Sept 2012	Unaudited six months ended 30 Sept 2011	Audited year ended 31 Mar 2012
	% change	NAD'000	NAD'000	NAD'000
Balance at beginning the period	24.64%	913,305	732,781	732,781
Issue of shares	100.00%	31,500	–	–
Sale of deemed treasury shares	100.00%	5,719	–	17,967
Put option issued		–	–	(52,832)
Dividends for the period	17.37%	(15,911)	(13,556)	(25,827)
Total comprehensive income for the period	(1.68%)	50,878	51,748	241,216
Balance at end of the period	27.82%	985,491	770,973	913,305
Comprising of:				
Share capital	4.24%	169,545	162,645	162,645
Share premium	100.00%	24,600	–	–
Deemed treasury shares	100.00%	–	(18,731)	(3,840)
Vendor shares	0.00%	14,976	14,976	14,976
Put option issued	(100.00%)	(52,832)	–	(52,832)
Contingency reserve	25.79%	2,970	2,361	2,970
Revaluation reserve	13.31%	17,273	15,244	16,806
Retained earnings	36.08%	808,959	594,478	772,580
	27.82%	985,491	770,973	913,305

Consolidated Statement of Comprehensive Income				
		Unaudited six months ended 30 Sept 2012	Unaudited six months ended 30 Sept 2011	Audited year ended 31 Mar 2012
	% change	NAD'000	NAD'000	NAD'000
Insurance premium revenue	11%	66 786	60 434	126 302
Revenue	(15%)	230 144	270 973	587 002
Total revenue	(10%)	296 930	331 407	713 304
Cost of sales	13%	(116 614)	(133 954)	(320 368)
Gross profit	(9%)	180 316	197 453	392 936
Investment income	(29%)	2 096	2 951	24 509
Fair value gains and losses	–	–	–	97 101
Other income	(89%)	489	4 497	4 823
Insurance benefits and claims	(7%)	(10 929)	(10 247)	(18 872)
Transfer to policyholder liabilities	(81%)	(1 638)	(905)	(2 377)
Change in unearned premium provision	<(100%)	(629)	(149)	(492)
Administrative expenses	12%	(105 343)	(119 101)	(202 743)
Finance costs	9%	(13 053)	(14 299)	(30 092)
Profit before taxation	(15%)	51 309	60 200	264 793
Taxation	89%	(898)	(8 282)	(24 969)
Profit for the period	(3%)	50 411	51 918	239 824
Other comprehensive income, net of tax				
	>100%	467	(170)	1 392
Revaluation of property, plant and equipment	>100%	467	(170)	1 392
Total comprehensive income for the period	(2%)	50 878	51 748	241 216

Earnings per shares:				
Basic earnings per share (cents)	(6%)	7,17	7,67	35,08
Diluted earnings per share (cents)	(6%)	7,12	7,61	34,84
Dividends per share (cents)	13%	2,25	2,00	3,75

Consolidated Statement of Cash Flows				
		Six months 30 Sept 2012	Six months 30 Sept 2011	12 Months 31 Mar 2012
	% change	Unaudited NAD'000	Unaudited NAD'000	Audited NAD'000
Cash flow from operating activities				
Cash generated by operations before working capital changes	(3%)	68 357	70 269	178 114
Changes in working capital	<(100%)	(121 831)	(30 915)	(78 977)
Interest received	(29%)	2 096	2 951	24 509
Finance costs	9%	(13 053)	(14 299)	(30 092)
Net educational loans advanced	23%	(17 643)	(22 870)	(42 180)
Taxation paid	93%	(11)	(154)	(12 848)
Net cash flow from operating activities	<(100%)	(82 085)	4 982	38 526
Cash flow from investing activities				
Additions to property, plant and equipment	(24%)	(8 620)	(6 953)	(12 095)
Additions to investment properties	<(100%)	(2 586)	(59)	(1 604)
Additions to intangible assets	(64%)	(11 051)	(6 750)	(24 081)
Proceeds on sale of assets at fair value through profit and loss	–	–	–	32 300
Additions to assets at fair value through profit and loss	100%	–	(2 541)	(4 223)
Proceeds on sale of investment property	(100%)	–	1 400	17 400
Proceeds on sale of property, plant and equipment	100%	2 312	–	1 160
Net cash flow from investing activities	(22%)	(19 945)	(14 903)	(8 857)
Cash flow from financing activities				
Proceeds of share issue	100%	31 500	–	–
Proceeds on the sale of deemed treasury shares	100%	5 719	–	17 967
Proceeds from long-term liabilities	17%	24 884	21 214	13 830
Proceeds/(Repayment) of other liabilities	>100%	1 785	(581)	(582)
(Repayment)/Proceeds of related party loans	<(100%)	(1 380)	8 722	(7 413)
Dividends paid	(17%)	(15 911)	(13 556)	(25 827)
Increase in policyholder liability under insurance contracts	81%	1 638	905	2 377
Net cash flow from financing activities	>100%	48 235	16 704	352
Net change in cash and cash equivalents	<(100%)	(53 795)	6 783	49 935
Cash and cash equivalents at beginning of period	>100%	89 231	41 496	41 496
Cash and cash equivalents at end of period	(24%)	35 436	48 279	89 231

Condensed Segment Analysis				
		Six months 30 Sept 2012	Six months 30 Sept 2011	12 Months 31 Mar 2012
	% change	Unaudited NAD'000	Unaudited NAD'000	Audited NAD'000
Total revenue	(10%)	296 930	331 407	713 304
Micro insurance and technology solutions				
Namibia	11%	66 786	60 434	126 302
South Africa	(3%)	127 466	130 749	309 229
Zimbabwe	(100%)	–	36 453	29 076
Micro finance and education				
Namibia	8%	61 455	56 942	114 566
Property				
Namibia	(22%)	31 137	39 864	118 217
South Africa	>100%	299	119	425
Head office and strategic business				
Namibia	43%	9 787	6 846	15 489
Net profit after tax	(3%)	50 411	51 918	239 824
Micro insurance and technology solutions				
Namibia	16%	37 895	32 691	63 391
South Africa	>100%	13 288	1 724	11 482
Zimbabwe	<(100%)	(3 134)	10 816	22 819
Micro finance and education				
Namibia	10%	25 089	22 808	29 536
Property				
Namibia	(20%)	16 033	20 101	130 400
South Africa	<(100%)	(1 677)	(676)	(3 054)
Head office and strategic business				
Namibia	(4%)	(37 083)	(35 546)	(14 750)

Total assets	16%	1 552 148	1 333 403	1 520 089
Micro insurance and technology solutions				
Namibia	31%	88 016	67 389	89 279
South Africa	(15%)	203 261	238 101	252 474
Zimbabwe	38%	32 916	23 825	32 449
Micro finance and education				
Namibia	21%	297 217	246 358	271 964
Property				
Namibia	>100%	645 243	250 180	637 232
South Africa	(6%)	12 441	13 275	11 233
Head office and strategic business				
Namibia	(45%)	273 054	494 275	225 458

Total liabilities	1%	566 657	562 430	606 784
Micro insurance and technology solutions				
Namibia	9%	43 643	40 113	38 784
South Africa	(63%)	50 350	134 774	118 020
Zimbabwe	–	–	–	–
Micro finance and education				
Namibia	1%	142 056	140 736	133 971
Property				
Namibia	74%	99 745	57 251	64 330
South Africa	(3%)	6 803	6 978	6 749
Head office and strategic business				
Namibia	23%	224 060	182 578	244 930

Earnings and Headline Earnings per Share				
		Unaudited six months ended 30 Sept 2012	Unaudited six months ended 30 Sept 2011	Audited year ended 31 Mar 2012
	% change	NAD'000	NAD'000	NAD'000
Profit attributable to ordinary shareholders	(3%)	50 411	51 918	239 824
Adjustments:	95%	(209)	(4 447)	(101 284)
(Profit)/loss on disposal of property, plant & equipment	(100%)	(316)	–	(156)
Profit on disposal of investment property	100%	–	(4 447)	(4 447)
Fair value adjustments on investment properties	–	–	–	(97 196)
Impairment of intangible assets	–	–	–	700
Tax effect	100%	107	–	(185)
Headline earnings	6%	50 202	47 471	138 540

Total number of ordinary shares in issue	4%	737 142	707 142	707 142
Weighted number of ordinary shares for basic earnings per share	4%	702 756	677 240	683 622
Contingently issuable shares as a result of business acquisition	–	4 789	4 789	4 789
Weighted number of ordinary shares for diluted earnings per share	4%	707 545	682 029	688 411
For the period				
Basic earnings per share (cents)	(6%)	7.17	7.67	35.08
Diluted earnings per share (cents)	(6%)	7.12	7.61	34.84
Headline earnings per share (cents)	2%	7.14	7.01	20.27
Diluted headline earnings per share (cents)	2%	7.10	6.96	20.12