Trencor Limited is a holding company quoted in the Industrial Transportation sector of the JSE Securities Exchange South Africa. Its core business is the owning, financing, leasing-out and managing of marine cargo containers worldwide, finance related activities and supply chain management services to enable the controlled movement of goods, by providing and integrating the use of equipment, services, knowledge and information, mainly in the transportation industry. Other interests are in the manufacture and export of tank containers for international markets and trailer manufacturing.

2001

TRENCOR

TRENCOR LIMITED ANNUAL REPORT 2001
FOR THE 18 MONTH PERIOD 1 JULY 2000 TO 31 DECEMBER 2001

DIRECTORS	AUDIT COMMITTEE	REMUNERATION COMMITTEE
* N I Jowell CHAIRMAN	D M Nurek CHAIRMAN	* N I Jowell CHAIRMAN
A M Brown (BRITISH)	H A Gorvy	D M Nurek
H A Gorvy		
* C Jowell		
* J E McQueen		
D M Nurek		
* H R van der Merwe		

* EXECUTIVE

Note: Following a change in the financial year-end from 30 June to 31 December, the current reporting period is for the 18 months to 31 December 2001 and the comparative figures should be viewed accordingly.

HIGHLIGHTS

		18 MONTHS 31 DECEMBER 2001	YEAR 30 JUNE 2000	YEAR 30 JUNE 1999
REVENUE	RM	**4 436**	1 780	1 464
INCOME / (LOSS) BEFORE TAXATION	RM	**1 151**	(144)	23
HEADLINE INCOME ATTRIBUTABLE TO SHAREHOLDERS	RM	**721**	252	63
TOTAL ASSETS	RM	**10 406**	5 908	5 766
HEADLINE EARNINGS PER SHARE (UNDILUTED)	CENTS	**471,9**	165,0	41,1
NET ASSET VALUE PER SHARE	CENTS	**1 521**	859	928
INTEREST-BEARING DEBT, EXCLUDING CONVERTIBLE DEBENTURES / AGGREGATE OF TOTAL SHAREHOLDERS' FUNDS AND CONVERTIBLE DEBENTURES				
WITH TEXTAINER CONSOLIDATED	%	**173**	169	143
WITH TEXTAINER EQUITY ACCOUNTED*	%	**41**	64	64

* Debt in the Textainer Group is ring-fenced, with no recourse to Trencor.

GROUP CHART

MOBILE INDUSTRIES

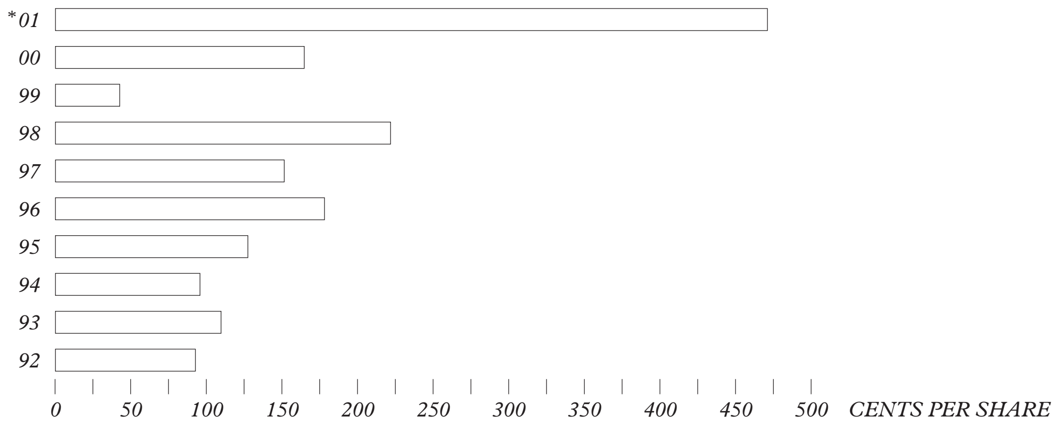
MOBILE ACCEPTANCES 74% — *Credit financing of transport equipment.*

TRENCOR 47%

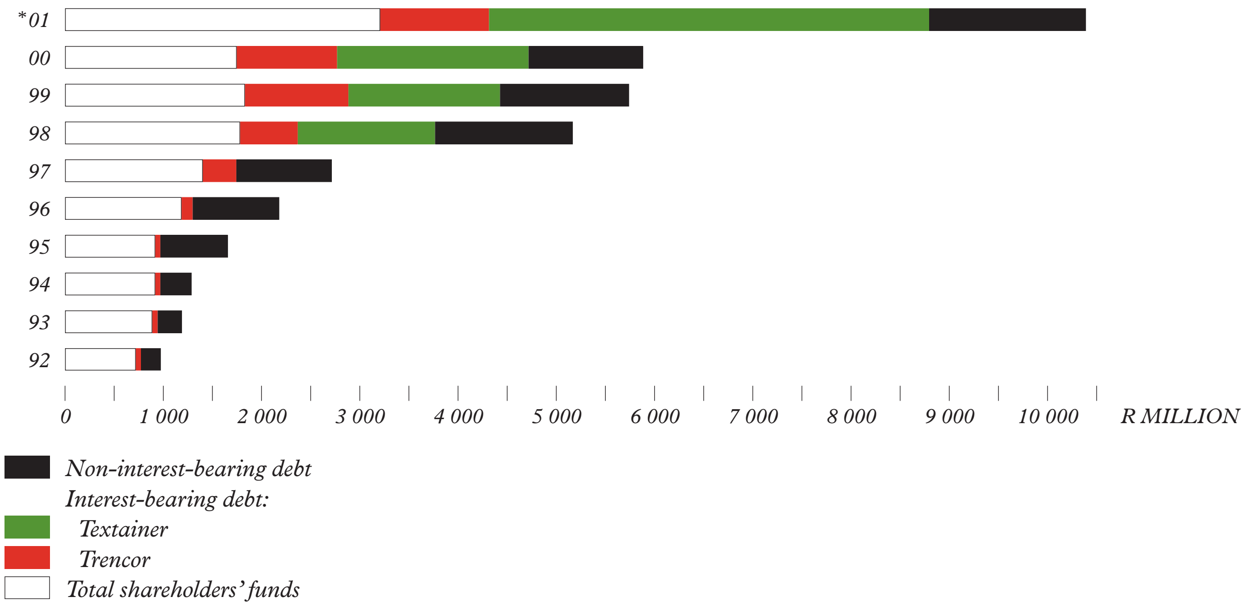
CONTAINERS	TEXTAINER 74%	*The Textainer group companies own, manage and lease out dry freight marine containers worldwide.*
	TRENCOR SERVICES 100%	*Exporting, marketing and financing of marine containers.*
	TAC 44%	*Owning of containers.*
	TRENCOR TANK CONTAINERS 100%	*Manufacturing and exporting of stainless steel tank containers.*
SUPPLY CHAIN MANAGEMENT	TRENCOR SOLUTIONS 100%	*Development of solutions for managing the movement of goods (such as returnable packaging) utilising track and trace technology, and the manufacture and rental of intermediate bulk containers and other forms of re-usable packaging units.*
	TRENSTAR 61%	*A global business, incorporating MicroStar Logistics in the USA and KTP in the UK, which owns, manages and leases out returnable packaging equipment and provides technology and software solutions in transportation logistics.*
MANUFACTURING	HENRED-FRUEHAUF TRAILERS/ SA TRUCK BODIES GROUP 40%	*Manufacturing of truck trailers, road tankers and trailer components and servicing trailers throughout Southern Africa.*

GRAPHS

HEADLINE EARNINGS PER SHARE (UNDILUTED)



FUNDING OF TOTAL ASSETS



* *Following a change in the financial year-end from 30 June to 31 December, the current reporting period is for the 18 months to 31 December 2001.*

TEN YEAR REVIEW

OPERATING RESULTS	**01* RM**	00 RM	99 RM	98 RM	97 RM	96 RM	95 RM	94 RM	93 RM	92 RM
Revenue	**4 436**	1 780	1 464	1 550	1 415	1 317	1 194	922	790	644
Income/(Loss) before taxation	**1 151**	(118)	23	483	316	371	221	201	223	161
Income attributable to shareholders (headline)	**721**	252	63	337	227	264	186	137	157	130
BALANCE SHEET SUMMARY										
Shareholders' equity	**2 324**	1 313	1 418	1 370	1 105	895	655	613	587	443
Outside shareholders' interest	**635**	186	148	139	26	24	13	47	36	29
Total shareholders' funds	**2 959**	1 499	1 566	1 509	1 131	919	668	660	623	472
Convertible debentures	**261**	261	261	261	261	261	261	261	261	261
Interest-bearing debt	**5 566**	2 978	2 606	1 984	339	131	20	39	49	43
FUNDING OF TOTAL NET ASSETS	**8 786**	4 738	4 433	3 754	1 731	1 311	949	960	933	776
Property, plant and equipment	**6 113**	2 684	2 364	2 018	232	197	178	166	139	123
Other non-current assets	**3 178**	2 376	2 291	2 242	1 846	1 319	883	536	505	284
Current assets	**1 115**	848	1 111	918	628	676	583	585	552	585
Total assets	**10 406**	5 908	5 766	5 178	2 706	2 192	1 644	1 287	1 196	992
Non-interest-bearing liabilities	**1 620**	1 170	1 333	1 424	975	881	695	327	263	216
TOTAL NET ASSETS	**8 786**	4 738	4 433	3 754	1 731	1 311	949	960	933	776
STATISTICS										
Number of issued shares (million)	**153**	153	153	153	151	149	146	145	145	145
Equity book value per share (cents)	**1 521**	859	928	896	731	600	448	422	404	305
Headline earnings per share (cents) – undiluted	**472**	165	41	222	151	178	128	94	108	91
Dividends per share (cents)	**–**	–	28	48	43	43	34	25	25	20
Dividend cover (times)	**–**	–	1	5	4	4	4	4	4	5
LIQUIDITY (%)										
Ratio to aggregate of total shareholders' funds and convertible debentures										
Total liabilities excluding convertible debentures	**223**	236	216	193	94	86	77	40	35	35
Interest-bearing debt excluding convertible debentures	**173**	169	143	112	24	11	2	4	5	6
Current ratio (times)	**0,9**	1,0	1,3	1,3	1,6	1,6	1,6	2,3	2,4	2,9
PROFITABILITY BASED ON HEADLINE EARNINGS (%)										
Taxed income/total shareholders' funds	**24**	19	5	26	22	34	29	23	30	33
Taxed income before interest/total assets	**10**	9	5	11	11	13	14	13	16	19
Taxed income before interest/total net assets	**12**	11	7	15	17	22	21	17	21	24
Income attributable to shareholders/shareholders' equity	**27**	19	5	27	23	34	29	23	32	35
Burden cover (times)	**4**	3	2	5	6	9	9	9	9	6
Number of employees	**591**	1 263	2 676	2 542	5 126	5 475	5 192	5 043	4 772	4 960

* *Following a change in the financial year-end from 30 June to 31 December, the current reporting period is for the 18 months to 31 December 2001 and the comparatives should be viewed accordingly. Profitability ratios have been annualised.*

BURDEN COVER

The number of times that interest, lease instalments for movable assets and rentals for immovable property are covered by income before tax, depreciation, interest, lease instalments and rentals paid by the company and its subsidiaries.

Chairman's statement

I am pleased to report an increase in headline earnings to R721 million or 471,9 cents per share for the eighteen months to 31 December 2001 (12 months to 30 June 2000: R252 million and 165,0 cents per share).

The net asset value of the group increased by R1,0 billion to R2,3 billion (by 662 cents to 1 521 cents per share).

The dominating feature of the financial results is the impact of the 44% decline in the value of the rand from R6,78 to R12,06 to the US dollar over the reporting period.

In accordance with South African Statements of Generally Accepted Accounting Practice ('GAAP'), our dollar denominated monetary assets and liabilities were translated into rand at the spot $/R exchange rate on 31 December 2001. The translation of the net present value of our long-term receivables, discounted at 9,5% p.a., gave rise to an increase of R2,1 billion in their value. In compliance with GAAP, this gain has been included in income before tax. The translation into rand of the net present value of dollar denominated provisions against the receivables similarly caused an increase of R900 million in the value of these provisions. A further R200 million provision has been made due to the difficult current conditions in the container leasing industry – all resulting in a net gain of R1,0 billion.

In view of the significant impact on headline earnings of this yet to be realised gain, we have again investigated the possibility of reflecting the unrealised portion of this gain in ways other than through the income statement, for example, by way of a transfer to reserves. However, current accounting conventions do not allow us to do so without a qualified audit report.

I again remind members that the positive effect of the weak rand on our net earnings will be reduced to the extent that the rand may appreciate against the US dollar. To provide some perspective, note that if the rand had been, say, R11,00 to the dollar at 31 December 2001, income before tax would have been some R245 million lower.

The above gains are, nonetheless, an outcome of our strategy to focus on the international container industry and maximise assets in offshore locations earning revenue in hard currencies – mainly US dollars.

TRADING PERFORMANCE

Our main operation in the container industry, Textainer, traded very well in difficult conditions and contributed R166 million to headline earnings for the 18-month period. The company has taken certain steps to improve its position for the future; in the short-term by positioning many containers in depots in the East in readiness to meet the needs of its customers when demand increases in that area; and in the longer term, by increasing (currently to 68%) the proportion of its owned fleet under long-term lease, thus mitigating the effect of the cyclicality that is inherent in this industry.

During the year Textainer completed three separate financings totalling US$595 million. These achieved more effective and lower cost funding and have positioned the company well to take full advantage of any upturn in business conditions. Gearing nevertheless remains fairly low for an equipment leasing company in the USA.

We are confident that Textainer's performance and earnings this year are well ahead of its competitors and that Textainer will continue to do well in the context of its industry.

Our business in the supply chain logistics management industry has progressed well, although we only expect this division, as a whole, to become profitable over the next two years.

It has for some time been our plan to realise the potential of this business by extending it offshore. During the past year it has been restructured and the international operations are now conducted through TrenStar Inc based in Denver, USA. This company was formed through the merger of the intellectual property and offshore interests of Trencor Solutions with the MicroStar Group in the USA to form TrenStar and subsequently with KTP Ltd in the United Kingdom. Trencor now has a 61% interest in TrenStar. Both MicroStar and KTP have successful operations in management in the supply chain area and do business with major international customers. The completion of these moves, together with developments since then, boost our confidence that the TrenStar model is addressing an important market need that will add value to the operations of our customers and provide good returns on our investment.

Subsequent to the year-end, TrenStar entered into an important contract in terms whereof the entire beer keg fleet (1,9 million units) of a major UK beer brewer was acquired by a special purpose company, 75% owned by TrenStar. This fleet will, under a 15-year service agreement, be made available to and managed for the brewer by TrenStar subsidiaries at an availability/service fee calculated on a 'per fill fee' basis, subject to certain minimums. This transaction is an important validation of our product and we believe it provides a strong base for the further global expansion of TrenStar.

LONG-TERM RECEIVABLES

The long-term container export receivables remain an important contributor to our earnings. Over the past two years it has been necessary to make considerable provisions due to poor trading conditions in the industry, resulting in lower utilisation and lease rates which have adversely affected leasing companies' cashflows. We believe these are unlikely to decline much further and we are, in fact, hopeful of modest improvement leading to better trading conditions towards the end of the year.

BANKING FACILITIES

In November 2000, we entered into a 3-year facility with our South African banks to meet the changes in our needs following the cessation of the formation of new container export partnerships and closure of our dry freight container factories. In December 2001 we effectively refinanced these facilities by way of a letter of credit issued by two of our foreign banks. This change led to improved terms and flexibility and it marked the end of the difficult period caused by the closure of our factories. More importantly, our offshore bankers operate in the international business areas where we are active and are thus better acquainted with the international asset-based type financing that our operations and future plans require.

Subsequent to the approval of the annual financial statements, we procured a draw down under the US dollar denominated letter of credit and repaid our South African banks in full, as more fully detailed in the Subsequent Events section on page 13 of this report.

FORECAST

Shareholders will appreciate the significant changes Trencor has undergone in the past few years in implementing our stated strategy of 'enabling the controlled movement of goods by providing and integrating the use of equipment, services, knowledge and information'. We have disposed of several businesses that were important parts of the group. This includes merging our Trailer Division with the businesses of SA Truck Bodies Group in exchange for a 40% holding in the merged entity.

The net result is that our businesses are now more focussed and hold better promise for the future.

Textainer has become a leader in its field and is performing strongly. We look forward to improved returns in the leasing industry – especially if the worldwide oversupply of new containers, which has prevailed in recent years, is reduced.

Our business of supply chain management has achieved in a relatively short period a good base in an international market that has considerable potential and we look forward, in time, to a satisfactory contribution.

DIVIDENDS

The board has decided not to declare a dividend because a large proportion of earnings (relating to the revaluation of the long-term receivables) is unrealised. The full cash benefit from this source is only due over some years.

Furthermore, in the present difficult times being experienced in the container leasing industry, we believe it is in the group's interest to conserve cash and reduce borrowings.

ACKNOWLEDGEMENTS

Alex Brown joined the group in 1969 and after more than 30 years of service as an executive, assumed a less active, non-executive role from 1 October 2001. During his tenure he played a major role in all spheres of our manufacturing and overseas container operations and his long and dedicated service as a group executive will be missed, although we are very pleased to retain his services in a non-executive capacity.

Gavan Ryan, who joined the board in November 1996 when Coronation Holdings Ltd acquired a strategic shareholding in Mobile (which was subsequently distributed in specie to Coronation shareholders), resigned from the board on 6 March 2002. We extend our appreciation to him for his clear and objective advice over the years.

I express my appreciation to our committed and dedicated employees, both locally and internationally, for their sterling efforts in a difficult period. Also to my co-directors for their guidance in a very demanding time.

N I JOWELL 10 MAY 2002

Review of operations

TEXTAINER

Textainer Group Holdings Ltd, our 74% offshore subsidiary, is primarily engaged in the business of owning and leasing-out standard and special dry freight marine cargo containers to global transportation companies. It achieved very satisfactory results for the period under review and further strengthened its position as the world's largest lessor of standard dry freight containers.

Textainer's administrative headquarters are based in San Francisco and over 300 customers, including virtually all of the leading international shipping lines, are served by Textainer's offices, agents and depots located in strategic markets throughout the world. Its dedicated team of specialists provides excellent service by ensuring high quality containers with lower repair costs for customers. It remains the only container leasing company to have received worldwide ISO 9002 multi-site certification. Textainer's carefully designed specifications, in-house production quality control, unique depot selection and audit programme and the industry's most comprehensive labour and material repair tariffs, are all part of a quality system built to reduce customer costs.

In addition to its own fleet, Textainer manages containers for a number of other owners. These include six United States public limited partnerships (which initially raised almost US$500 million and own approximately 18% of the containers managed by Textainer), as well as container owners associated with the Trencor group, such as TAC and PrimeSource. Management fees and container sales commissions resulting from a contract, awarded in 1999, for the management of a fleet of 230 000 TEU (20-foot equivalent unit) owned by Xtra International, a large transportation equipment rental company listed on the New York Stock Exchange, are contributing significantly to operating results. The success of this arrangement and the improvement in performance of the large Xtra fleet proves that Textainer is an excellent candidate to manage additional fleets for other owners.

An average of over 75 000 TEU of new production has been added to the fleet annually over the last ten years and the total fleet under management currently exceeds 940 000 TEU. The portion of the fleet owned by the Textainer group itself is now 403 000 TEU of which 68% is on long-term lease resulting in higher utilisation and less volatile revenues.

The Equipment Resale Division which purchases second hand containers across the globe and sells them in the world's major demand markets, made a satisfactory profit and an important contribution to total value realised by the owners of containers. Textainer is the sole supplier to the Mobile Storage Group, a US-based international provider of storage facilities.

The Logistics Division ensures that the repositioning of containers from surplus locations to demand locations is completed in the most cost efficient manner possible. This Division assists shipping lines, container lessors and others with their repositioning needs.

During the period under review, Textainer Marine Containers Ltd ('TMCL') and Textainer Ltd ('TL'), the two financing arms of the Textainer group, completed three separate financings totalling US$595 million. These achieved more effective and lower cost financing.

TMCL issued two series of notes using a master indenture structure totalling US$550 million. These notes, guaranteed by MBIA Insurance Corporation, received AAA and Aaa ratings by Standard & Poor's Ratings Services and Moody's Investor Service Inc, respectively. The notes were fully subscribed and were placed in a private offering with various institutional investors. The proceeds were used primarily to replace existing indebtedness. While the notes may be repaid earlier, the expected final payment date is November 2011 and the legal final payment date is November 2016. TMCL has also been provided with interest rate swaps to mitigate the risk of fluctuations in the floating rate index.

TMCL also re-issued certain notes. Drawdowns under these notes will be used to purchase additional marine cargo containers over the coming years. It is expected that these notes will be refinanced within two years by issuing a new series of term notes under the master indenture. Security for these notes consists primarily of a fleet of intermodal marine cargo containers on lease to various shipping lines and an interest in the associated leases.

TL entered into a US$45 million revolving credit facility which will be used primarily for general corporate purposes.

Lower cargo volumes due to the general recession, at a time when shipping lines added 13% in vessel capacity, placed pressure on lessors. Textainer's fleet operated at 85% utilisation in August 2000, declining to 81,4% at the beginning of the year and 72,7% by June 2001. It remained within a 1% range of this level until year-end and averaged 73,9% for the calendar year.

Textainer's earnings amounted to US$14,8 million for the 12 months to 31 December 2001. Its contribution to Trencor's headline earnings for the eighteen months was R166 million. A summarised balance sheet and income statement for Textainer appear on pages 50 and 51.

LONG-TERM RECEIVABLES

The aggregate amount of long-term receivables, now entirely denominated in US dollars, was US$588 million at 31 December 2001 (30 June 2000: US$659 million). At their net present values, discounted at 9,5% per annum and after marking forward exchange contracts to market, the value of these receivables totalled R5,15 billion. An exchange rate of US$1=R12,06 was used to translate dollar amounts into rand at 31 December 2001 (30 June 2000: US$1=R6,78). In compliance with the requirements of Generally Accepted Accounting Practice, the resulting translation gain, amounting to R2,1 billion at net present value, has been included in income before tax.

The portion of the long-term receivables which is attributable to our export partners is denominated in rand. During the period under review, the rate at which these rand amounts were discounted to their net present values was reduced from 15% per annum to 12% per annum. This change in the discount rate resulted in an additional charge against current income before tax amounting to R88 million.

The decline in the value of the rand also required an upward revaluation in the net present value of the dollar-denominated provisions. At the same time, it was considered prudent to increase the amount of these provisions in dollar terms, to take account of the difficult conditions in the container leasing industry at the present time and the effect that this may have on the timing and collectability of the long-term receivables. The aggregate increase in the net present value of the provision, net of amounts attributable to third parties, was R1,1 billion, of which approximately R209 million is attributable to the increase in the dollar provision and R866 million to the decline in the exchange rate.

At 31 December 2001, the net present value of long-term receivables after provisions amounted to R3,2 billion (30 June 2000: R2,4 billion) and the net present value of the amount attributable to third parties, after adjustments, was R471 million (30 June 2000: R548 million).

SUPPLY CHAIN MANAGEMENT

TRENCOR SOLUTIONS

The business of the Trencor Solutions group is the provision of returnable packaging solutions and services to various industries in South Africa. This group offers financing, asset management, information technology and technology integration for the mobile assets in the supply chain. In addition to providing packaging assets/units by means of short- and long-term leases, the software systems and infrastructure made available by Trencor Solutions to its customer base aim at improving the efficiency of the supply chain and to add value to the use of returnable packaging.

Users of the systems and infrastructure increasingly find that they are able to enhance their own supply chain efficiencies and achieve substantial savings in the process. During the period under review, Trencor Solutions was able to enhance its position in South Africa as a leader in this field.

The results of Trencor Solutions were impacted negatively during the 18-month period by substantial expenditure incurred in the process of sourcing an international client base and further improving its intellectual property. Considerable value was generated through this expenditure in the form of Trencor Solutions' shareholding in TrenStar, reported below. Ignoring these expenses, Trencor Solutions achieved a more or less breakeven operating position, before finance costs, a satisfactory result bearing in mind that its business was still in a development phase during this period.

TRENSTAR

In our previous annual report we mentioned that, as the world moves from expendable packaging to returnable/re-usable packaging, the products of Trencor Solutions had attracted international attention as a solution to managing returnable packaging. The steps we took to exploit these opportunities internationally led to the merger of our USA subsidiary, Trencor Solutions Inc (started in Atlanta, USA in late 2000), and the intellectual property of Trencor Solutions (excluding South Africa) with the operations of the MicroStar Group of companies, operating out of Denver in the USA, to create TrenStar Inc, 66% owned by Trencor. The operations of MicroStar consist of the ownership, licensing of the use of, tracking and retrieval of specialised containers.

In December 2001, TrenStar acquired, against the issue of shares, 100% of KTP Limited, a leading United Kingdom-based provider of bar code and RFID (radio frequency identification) integration solutions and, as a result, Trencor's interest in TrenStar was diluted to 61%. In this transaction, TrenStar was valued at US$45 million.

Thus, TrenStar is now a holding company directing and managing business activities undertaken through wholly owned operating subsidiaries located primarily in the USA, the United Kingdom and Australia. They include (i) ownership and licensing of the use of beer kegs, intermediate bulk containers and other high value portable assets primarily for the beverage, food and chemical industrial sectors and (ii) providing, implementing and managing information technologies for data capture applications, including real-time asset positioning and content information, and monitoring and controlling the movement of information, goods and returnable packaging. The company now offers asset-based financing, management services, information technology and technology integration for the returnable packaging assets of the supply chain.

TrenStar is currently in negotiations with a number of large prospective new customers in the US and the UK. We believe this business has excellent potential.

CENTRICITY AND THE DESCARTES SYSTEMS GROUP

We previously reported the acquisition of a 40% interest in Centricity Inc, a recently established Internet-based transportation and logistics business services provider and systems developer. In the course of canvassing strategic investors, Centricity was identified by the Descartes Systems Group Inc (a Canadian corporation listed on NASDAQ and the Toronto Stock Exchanges) as an ideal addition to their own products, services and people skills. Trencor believes access to the skills at Centricity as well as those of Descartes and its global information networks, would enhance the ability of Trencor's operating companies to contract business globally and offer a better value proposition. As a result, during June 2001, the shareholders of Centricity (including Trencor) exchanged their holdings in the company for shares in Descartes.

In the exchange, Trencor acquired 546 757 shares (just over 1% of the total in issue) in Descartes valued at US$19,70 per share, the weighted average listed price on NASDAQ over 20 days prior to the conclusion of the contract. The transaction yielded a net gain of R76 million which is included in abnormal items. In line with the general drop in US equity markets, Descartes shares were trading at US$7,45 per share at 31 December 2001. These shares were marked to market at that date and written down to R49 million.

In a separate transaction Trencor, on behalf of all its operating companies and associates, entered into a network partner agreement with Descartes, in terms of which these operations now have access to all of Descartes' existing and future logistics information networks without having to pay up-front technology transfer fees. With over 5 000 connected companies in over 60 countries, these networks constitute some of the largest logistics information networks in the world.

CONTAINER MANUFACTURING

DRY FREIGHT CONTAINERS

The closure of our dry freight marine container factory at Isithebe, KwaZulu-Natal, and the disposal of the production materials, plant and equipment were completed during the period under review. The production materials and components were sold to a Chinese container manufacturer. Following lengthy investigations into various disposal options for the plant and machinery, and negotiations with interested parties, the plant and equipment were sold for US$5 million under an instalment sale agreement and shipped to a container manufacturer in China. We also provided the purchaser with technical assistance in installing and commissioning the plant.

TANK CONTAINERS

The tank container manufacturing plant in Parow in the Western Cape continued to operate at a low but steady level throughout the 18-month period to December 2001. Tank container prices came under renewed pressure. Market conditions dictated a continuing move to non-standard tank containers as operators sought new markets and applications for their fleets. Over-capacity amongst tank manufacturers in the industry continued to put competitive pressure on manufacturers worldwide. Our emphasis on quality, on-time delivery and expansion of our product range helped to expand our customer base. This was partly offset by mergers and closures amongst operators and lessors that reduced the number of potential customers in the market.

Marketing efforts have been intensified, both by increased customer contacts and greatly stepped-up technical support services and quotations.

The lower levels of activity required a reduction in manpower during the period. Rigorous attention to cost reduction continues. Low production volumes continue to adversely affect costs per unit in spite of some successes in reducing operating expenses. The plant operated below breakeven during the period under review.

STAKBEDS

Following a further deterioration in the market for stakbeds, our manufacturing plant at Montague Gardens was closed at the end of December 2000. All remaining finished containers were sold and most of the equipment was transferred to other group manufacturing operations, with the remainder sold or scrapped. The property was disposed of in May 2001.

TPI EQUIPMENT MANAGEMENT ('TPI')

As noted in our 2000 annual report, TPI, our London-based 35% associate engaged in the management and leasing out of tank containers, had not reached critical mass and was unlikely to do so while current weak market conditions in the tank container leasing industry persist.

Effective 1 December 2001, TPI concluded an agreement with Exsif Worldwide Inc, the world's largest lessor of tank containers, whereby Exsif assumed the management of the TPI tank container fleet on behalf of the owners of the equipment.

TAC

The TAC group, in which Trencor has a 44% shareholding, owns about 224 000 TEU of various types which are managed by a number of equipment managers. Textainer manages the largest portion of the TAC dry freight container fleet.

TAC has continued to experience very difficult trading conditions. After signs of improvement at the beginning of the financial period, fleet income has come under renewed pressure as utilisation throughout the container leasing industry fell steadily until the middle of 2001. Utilisation has now stabilised at levels just above 70%.

During December 2001, management of the tank container fleet owned by TAC was passed from TPI to Exsif Worldwide Inc. Exsif now manages the largest part of the company's tank container fleet.

Amounts owing by TAC for containers acquired in the past from South Africa on extended credit terms are included in long-term receivables.

The adverse conditions currently being experienced in the container leasing industry have greatly reduced opportunities for TAC to purchase containers and grow and refresh its fleet during the past financial period. The company will resume its new container purchases from China as soon as it becomes economically viable to do so.

TRAILERS

The difficult trading conditions experienced by the Trailer Division of Henred-Fruehauf, as reported in our previous annual report, continued throughout the review period. Principal amongst these were production over-capacity in South Africa, uncertain trading conditions which caused customers to take a wait-and-see attitude before placing orders and problems encountered by purchasers in raising finance for the acquisition of trailers due to several major banks taking a pessimistic view of the transportation industry.

Despite improvements that resulted from commendable efforts on the part of the Division's management team, it became clear that acceptable investment returns from this Division would only be possible if the over-capacity in the industry was addressed. After investigating a number of alternatives, we pursued the possibility of merging the business of the Trailer Division with that of another manufacturer in an effort to enhance the financial performance of such a merged entity through economies of scale, scaling down excess manufacturing capacity and other merger benefits. We were able to conclude a merger of the Trailer Division with the businesses of a major competitor, ADF Holdings (Pty) Ltd ('ADF') and its subsidiaries ('SA Truck Bodies Group'), into a single new entity. The merger was approved unconditionally by the Competition Commission and came into effect on 1 December 2001.

As a result, the assets and liabilities of the Trailer Division and its personnel have been merged with the trailer business of SA Truck Bodies Group in exchange for a 40% interest in the new merged entity, with corresponding board representation for Trencor. Management control vests with ADF as 60% shareholder. The new merged entity has a total net asset value of some R87 million.

Whilst the proposed transaction will, in the short-term, not have a significant effect on Trencor, the Trencor board is of the opinion that the new merged entity will become a major force in the Southern African trailer manufacturing and retailing industry. The merger creates a more sustainable operation with resultant reduction in production costs, increased financial strength and a stronger asset base to operate within the local and foreign trailer markets.

Trencor has granted ADF an option, for a period of three years, to acquire its 40% shareholding in the merged entity in accordance with a price formula that will enable Trencor to share in the value created by an improvement in the business of the merged entity.

The Division incurred pre-tax losses of R38 million up to the date that the merger became effective.

PROPERTY INTERESTS

Trencor has a 15% interest in the companies which own the land at and operate Grand Central Airport and a 31% interest in a property development in Midrand known as Midrand Town Centre.

The airport continues to provide satisfactory returns on our investment and the Midrand Town Centre is substantially let.

Our current aggregate exposure to these property interests is R20 million. Trencor intends to disinvest from these non-core property investments when an opportunity arises.

FINANCE

The principal financial ratios at 31 December 2001 and the comparative figures for 30 June 2000 are reflected in the table below. In order to demonstrate the impact of the consolidation of Textainer, the ratios are also stated on the basis of notionally accounting for Trencor's interest in Textainer using the equity accounting method. It should be noted that Textainer's liabilities are secured by its own balance sheet and are without recourse to Trencor.

	18 months 31 December 2001	*Year 30 June 2000*
Ratio to the aggregate of total shareholders' funds and convertible debentures:		
Total liabilities excluding convertible debentures		
With Textainer consolidated	*223%*	*236%*
Had Textainer notionally been equity accounted	*87%*	*124%*
Interest-bearing liabilities excluding convertible debentures		
With Textainer consolidated	*173%*	*169%*
Had Textainer notionally been equity accounted	*41%*	*64%*
Current ratio		
With Textainer consolidated	*0,9*	*1,0*
Had Textainer notionally been equity accounted	*0,7*	*0,7*

In December 2001, the company announced that it had concluded arrangements in terms of which it had effectively refinanced the existing funding facilities extended by its South African banks on terms which are more favourable than those which existed before. This has been more fully dealt with in the directors' report and in note 31 to the financial statements.

During the current financial period, the group disposed of its interests in Waco International Ltd for a net cash receipt of R170 million, realising a net capital gain of R94 million. The company also merged its trailer manufacturing division with the businesses of the SA Truck Bodies Group in exchange for a 40% interest in the new merged entity.

Capital expenditure during the financial period amounted to R1,5 billion of which R1,4 billion was incurred by Textainer in replacing and expanding its container fleet. Textainer was committed to R7,8 million of capital expenditure at 31 December 2001 which will be funded from its existing facilities.

RETIREMENT BENEFIT FUNDS

Membership of the Trencor Pension Fund, a defined contribution fund governed by the Pension Funds Act, is compulsory for all permanent employees who are not members of industry funds. Certain categories of employees are members of industry funds within the industries in which they are employed.

At 31 December 2001 the Trencor Pension Fund had 329 members whose aggregate share of the Fund amounted to R118 million. The market value of the Fund's investments at that date was R168 million. The Fund has no liability in respect of pensions as all pensioners were transferred to an insurer and all new retirees purchase annuities from insurers.

COMMUNITY INVESTMENTS

Financial support is provided to selected institutions and educational assistance in the form of bursaries is granted to students. The group also assists various community and welfare organisations.

Subsequent events

Subsequent to 6 March 2002, being the date of this report, the following major transactions were entered into:

TRENSTAR ACQUISITION OF BEER KEG FLEET

TrenStar Inc entered into a transaction whereby a special purpose company, 75% owned by TrenStar, acquired the entire beer keg fleet of 1,9 million units of a major UK beer brewer for a consideration of £60 million with effect from 24 April 2002. Funding for this acquisition has been provided by a major UK bank against the security of the keg fleet and the future income generated from it, and without recourse to TrenStar or Trencor. This fleet will be made available to and managed for the brewer by TrenStar subsidiaries under a 15-year container services agreement at an availability/service fee.

BANKING FACILITIES – DRAW DOWN UNDER THE LETTER OF CREDIT ('LC')

Further to the report on Banking Facilities referred to in the Directors' Report on page 15 and note 31 to the financial statements, Trencor elected, in terms of the arrangements with its South African and foreign bankers, to procure a draw down under the US dollar denominated LC provided by its two foreign banks and, from the proceeds, repaid its financial indebtedness to its South African banks in full.

An amount of US$56 385 000 was drawn down under the LC facility on 9 May 2002. The amount drawn down is repayable in fourteen quarterly instalments of US$4 027 500 each commencing on 20 July 2002 with the final instalment payable on 20 October 2005. The outstanding balance bears interest at LIBOR plus 1,825% per annum; the current effective interest rate payable on the loan in 3,6625% per annum.

The combined effects of the changing value of the rand against the dollar and the current interest rate profiles in South Africa and the US respectively made it beneficial for Trencor to have these borrowings in US dollars.

NOTICE TO SHAREHOLDERS

Notice is hereby given that the forty-sixth annual general meeting of shareholders of Trencor Limited will be held at 1313 Main Tower, Standard Bank Centre, Heerengracht, Cape Town on 11 July 2002 at 16h00 for the following purposes:

1. To consider and adopt the annual financial statements of the company and the group for the eighteen months ended 31 December 2001.
2. To consider, and if deemed fit, to re-elect by way of a single resolution the directors who retire by rotation in terms of the articles of association.
3. To re-elect Messrs H A Gorvy, C Jowell and H R van der Merwe who retire by rotation but, being eligible, offer themselves for re-election.
4. To renew the directors' general authority over the unissued share capital of the company until the next annual general meeting.
5. To confirm, in terms of the articles of association of the company, the directors' fees payable for the eighteen months ended 31 December 2001.
6. To transact such other business as may be transacted at an annual general meeting.

A member entitled to attend and vote at the meeting may appoint a proxy or proxies to attend, speak and on a poll to vote in his stead. A proxy need not be a member of the company.

Shareholders which are companies, close corporations or other bodies corporate may in terms of section 188 of the Companies Act, No 61 of 1973 (as amended), authorise any person to act as its representative.

A proxy form, for completion only by shareholders holding shares in certificated form or shareholders recorded on the sub-register in electronic form in 'own name', is bound in at the end of this document. In order to be effective the proxy form and the power of attorney or other authority, if any, under which it is signed, must be received by the transfer secretaries of the company not less than 24 hours before the time appointed for the holding of the meeting, or any adjournment thereof, as the case may be, at which the proxy proposes to vote.

Beneficial holders who have dematerialised their shares through a Central Securities Depository Participant ('CSDP') or broker, other than those in 'own name', must provide the CSDP or broker with their voting instruction in terms of the custody agreement between the beneficial owner and the CSDP or broker. Alternatively, they must request the CSDP or broker to provide them with a letter of representation should they wish to attend the meeting in person in terms of the custody agreement.

By order of the board

TRENCOR SERVICES (PTY) LTD
SECRETARIES
PER: G W NORVAL
CAPE TOWN 6 MARCH 2002

Note: The approval of a Share Option Plan and adoption of new articles of association are being proposed by way of a separate leaflet, inserted with this document, for consideration at a general meeting of shareholders to be held after the annual general meetings of Trencor and Mobile Industries Limited on 11 July 2002.

DECLARATION BY THE COMPANY SECRETARY

It is hereby certified that for the eighteen months ended 31 December 2001, the company has lodged, with the Registrar of Companies, all returns required in terms of the Companies Act and that such returns are true, correct and up to date.

TRENCOR SERVICES (PTY) LTD
SECRETARIES
PER: G W NORVAL
CAPE TOWN 6 MARCH 2002

TRENCOR LIMITED
AND SUBSIDIARIES

ANNUAL FINANCIAL STATEMENTS

RESPONSIBILITY FOR ANNUAL FINANCIAL STATEMENTS

The board of directors is responsible for the preparation of financial statements, on a consistent basis and supported by reasonable and prudent judgements and estimates, that fairly present the state of affairs of the company and of the group in accordance with South African Statements of Generally Accepted Accounting Practice.

The board is satisfied that adequate internal accounting controls and systems are maintained, aimed at providing reasonable assurance that assets are adequately safeguarded, based on established policies and procedures implemented by competent personnel who are required to maintain the highest ethical standards at all times. In the opinion of the directors, the company and the group will continue as a going concern for the foreseeable future.

The audit committee is composed of two non-executive directors and meets formally at least twice a year with the external auditors and management. The external auditors have unrestricted access to this committee and to all company records and personnel.

BOARD APPROVAL

The annual financial statements and group annual financial statements for the eighteen months ended 31 December 2001, which have been approved by the board of directors, are attached:

Signed on behalf of the board

N I JOWELL CHAIRMAN

D M NUREK DIRECTOR
CAPE TOWN 6 MARCH 2002

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF TRENCOR LIMITED

We have audited the annual financial statements and group annual financial statements of Trencor Limited, as set out on pages 15 to 47, for the eighteen months ended 31 December 2001. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements.

SCOPE

We conducted our audit in accordance with South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

* examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
* assessing the accounting principles used and significant estimates made by management; and
* evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

AUDIT OPINION

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company and the group at 31 December 2001 and the results of their operations and cash flows for the period then ended, in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act in South Africa.

KPMG Inc.

KPMG INC
REGISTERED ACCOUNTANTS AND AUDITORS
CHARTERED ACCOUNTANTS (SA)
CAPE TOWN 6 MARCH 2002

Directors' report

GENERAL REVIEW

The nature of the company's business is described on page 1. The financial results are reflected in the financial statements on pages 18 to 47.

The net income/(loss) attributable to the various classes of business of the group is as follows:

	18 MONTHS 31/12/01 RM	YEAR 30/06/00 RM
CONTAINER OPERATIONS		
SALES AND FINANCE	**104,6**	42,7
TEXTAINER	**166,6**	90,6
EXCHANGE RATE GAINS	**1 477,8**	242,8
NET LONG-TERM RECEIVABLE ADJUSTMENT	**(752,6)**	(35,6)
TRAILERS	**(27,0)**	(4,4)
SUPPLY CHAIN MANAGEMENT	**(29,4)**	(6,6)
INTEREST AND OTHER	**(218,8)**	(77,4)
ABNORMAL ITEMS – CONTINUING OPERATIONS	**80,2**	(26,8)
DISCONTINUING OPERATIONS (INCLUDING ABNORMAL ITEMS)	**3,6**	(312,9)
	805,0	(87,6)

DIRECTORS AND SECRETARY

The names of the directors appear on page 3 and that of the secretary on page 52. Mr A M Brown retired as an executive director on 1 October 2001 and, from that date, his status changed to that of a non-executive director. He acts as a consultant to the group and assumes certain duties as agreed from time to time. Mr G M C Ryan resigned as a director effective 6 March 2002.

In terms of the articles of association Messrs H A Gorvy, C Jowell and H R van der Merwe retire by rotation at the forthcoming annual general meeting but, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

The aggregate of the direct and indirect interests of the directors in the issued share capital of the company were as follows:

	31/12/01	30/06/00
BENEFICIAL %	**1,7**	1,7
NON-BENEFICIAL %	**12,9**	12,9
	14,6	14,6

The direct and indirect interests of each director who held in excess of 1% of the issued share capital were as follows:

	31/12/01	30/06/00
BENEFICIAL %		
G M C RYAN	**1,5**	1,5
NON-BENEFICIAL %		
C JOWELL	**6,4**	6,4
N I JOWELL	**6,4**	6,4

AUDITORS

The board appointed KPMG Inc as auditors to the company and to all South African group entities in the place of Andersen (formerly known as Arthur Andersen & Co) effective 29 June 2001. KPMG were auditors to the majority of the group's overseas subsidiaries and associates, whilst Andersen provided audit services to the Trencor group locally. It became necessary to appoint a single firm as auditors to the group, and both firms submitted bids for the appointment, which was awarded to KPMG.

INCOME TAX QUERIES

As previously reported, during September and October 1999 the South African Revenue Service ('SARS') issued queries to some of the group's export partners relating to the tax treatment of their participation in the container export trade through export partnerships. It is not possible to anticipate when SARS' continuing enquiries will be concluded.

The income tax principles underlying the tax treatment of the participation of our partners in the export trade have been the subject of a number of supportive legal opinions, including from various Senior Counsel, and we remain confident that the legal advice received will prevail should SARS seek to challenge the tax treatment.

A successful challenge by SARS may result in the acceleration of the payment of certain amounts attributable to third parties (ie our export partners) which are carried at their net present values and which would otherwise be paid over periods of up to fourteen years. Details of the total amounts owing to our export partners and the net present value thereof are the amounts reflected as attributable to third parties in note 8.4 to the financial statements.

BANKING FACILITIES

On 10 December 2001, it was announced that the group had, in effect, concluded a refinancing of existing funding facilities extended by its South African banks, details of which had been published in the annual report in respect of the year ended 30 June 2000.

This was achieved through securing these funding facilities by means of a US dollar denominated Letter of Credit ('LC') in an amount of US$65 835 000 provided by two foreign banks which are bankers to Textainer Group Holdings Ltd ('Textainer'), Trencor's 74% offshore subsidiary. The amount of the local debt and of the LC will reduce to zero over a period of four years. In addition, the US dollar loan taken up by the Trencor group from its South African banks in 1998 to finance the acquisition of an additional shareholding in Textainer, has been repaid from facilities extended by these foreign banks.

In view of the security afforded by the LC, the South African banks agreed to revised terms that were more favourable to Trencor than those that applied previously. The undertakings and banking covenants previously agreed to by Trencor have been cancelled and, save in respect of asset-based financing, most of the securities provided in relation to the facilities have been released. Trencor provided the foreign banks with a pledge over the shares held by it in Textainer (previously pledged to the South African banks).

The LC arrangement will expire on the earlier of the date on which all local borrowings are repaid to the South African banks or 20 October 2005. It is anticipated that all South African banking facilities will be repaid by that date.

The Facility Fee, Arrangement Fee and certain other costs incurred in procuring the issue of the LC and repaying the US dollar loan taken up by the group from its South African banks in 1998 amounted to R31 million in aggregate. This has been charged against current income.

In order to provide for the event that the LC does not adequately cover the exposure of the South African banks, and to ensure that the Trencor group will have sufficient working capital facilities in place, the new arrangements include a standby facility of R50 million from the South African banks which will be available in the event that a draw down under the facility occurs. This facility is secured by a pledge of certain assets, as referred to in note 31.

DIVIDENDS

The board of directors has decided not to declare a dividend at this time because a large proportion of earnings (relating to the revaluation of the long-term receivables) is unrealised; the full cash benefit from this source will only be received over a period of some years. Furthermore, in the present difficult times being experienced in the container industry, the board believes it is in the group's interest to conserve cash and reduce borrowings.

6% CONVERTIBLE DEBENTURE INTEREST PAYMENTS

PAYMENT NUMBER	REGISTRATION/ RECORD DATE	PAYMENT DATE	AMOUNT PER DEBENTURE	TOTAL
			CENTS	R'000
18	08/12/00	31/12/00	27,3	7 815
19	08/06/01	29/06/01	27,3	7 815
20	28/12/01	31/12/01	27,3	7 815

CHANGE IN FINANCIAL YEAR-END

Textainer Group Holdings Ltd, a 74% subsidiary, is required to end its financial year at 31 December. In view of its increasing materiality in relation to Trencor, audited accounts for Textainer at its half-year were required for purposes of consolidation into Trencor at 30 June. It was therefore decided that the year-ends of the groups should be co-terminous.

Accordingly, the board of Trencor resolved to change the financial year-end of the company from 30 June to 31 December. The current financial period is therefore for the eighteen months from 1 July 2000 to 31 December 2001.

STRATE

The company transferred to the STRATE (share transactions totally electronic) system of electronic settlement on the JSE Securities Exchange South Africa with effect from 12 November 2001.

Trading for electronic settlement commenced on 3 December 2001 and, from that date, paper certificates are no longer good for delivery. Holders of securities who have not yet dematerialised their certificates are urged to submit their certificates to a selected Central Securities Depository Participant or qualifying stockbroker for conversion into an electronic record, to render them eligible for settlement in the STRATE environment.

CORPORATE GOVERNANCE PRINCIPLES

Trencor endorses the Code of Corporate Practices and Conduct recommended in the King Report on Corporate Governance. Ongoing enhancement of corporate governance principles is a global phenomenon, fully supported by the board, and the board will continue to adopt existing and new principles which advance corporate governance and add value within Trencor's businesses.

The board has satisfied itself that Trencor has adhered to key corporate governance principles during the period under review.

CODE OF ETHICS

The board, management and staff have agreed a code of ethical conduct which seeks to ensure high ethical standards. All directors, managers and employees are expected to strive at all times to adhere to this code, and to enhance the reputation of the group.

COMMITTEES OF THE BOARD

The audit committee of the board, comprising two non-executive directors, meets formally at least twice a year with the external auditors and members of senior management to evaluate aspects of accounting practices, auditing, control systems and management of risk areas. The external auditors have direct and unrestricted access to the audit committee.

The remuneration committee of the board comprises one non-executive director and the executive chairman. The remuneration committee reviews the compensation of senior management, and reports directly to the board.

INTEREST IN MATERIAL SUBSIDIARIES

	ISSUED CAPITAL	EFFECTIVE HOLDING 31/12/01	EFFECTIVE HOLDING 30/06/00	SHARES AT COST OR VALUATION 31/12/01	SHARES AT COST OR VALUATION 30/06/00	AMOUNT OWING TO/(BY) COMPANY 31/12/01	AMOUNT OWING TO/(BY) COMPANY 30/06/00
	'000	%	%	R'000	R'000	R'000	R'000
INDIRECT:							
TEXTAINER GROUP HOLDINGS LTD (Incorporated in Bermuda) Owning and leasing-out of containers	**US$187**	**74**	74	**–**	–	**–**	–
TRENSTAR INC (Incorporated in Delaware, USA) Owning and leasing-out of returnable packaging units, tracking and logistics management services	**US$108,9**	**61**	–	**–**	–	**–**	–
DIRECT:							
HENRED-FRUEHAUF (PTY) LTD (Incorporated in the Republic of South Africa) Manufacturing	**R4 200**	**100**	100	**50 717**	50 717	**(426)**	–
TRENCOR SERVICES (PTY) LTD (Incorporated in the Republic of South Africa) Exporting and financing of containers and management services	**R2 222,5**	**100**	100	**810 814**	414 159	**105 947**	(49 817)
TRENCOR SOLUTIONS (PTY) LTD (Incorporated in the Republic of South Africa) Manufacturing and rental of mini-containers and tracking and logistics management services	**R2,7**	**100**	100	**9 001**	9 001	**–**	–
				870 532	473 877	**105 521**	(49 817)
Aggregate of other subsidiaries				**1 328**	1 328	**–**	–
				871 860	475 205	**105 521**	(49 817)

A complete list of subsidiary companies is available on request. The interest of the company in their aggregate profits and losses after taxation is as follows:

	18 MONTHS 31/12/01 R'000	YEAR 30/06/00 R'000
PROFITS	**846 722**	83 467
LOSSES	**(130 372)**	(171 041)
	716 350	(87 574)

SPECIAL RESOLUTIONS OF SUBSIDIARIES

Effective 14 December 2001, Trencor Services (Pty) Ltd, a wholly-owned subsidiary, passed a special resolution to, inter alia, increase its authorised share capital from R50 000 to R650 000 by the creation of two further classes of shares.

No other special resolutions of material interest or of substantive nature were passed by other subsidiaries.

ACQUISITIONS AND DISPOSALS

In line with the group's increasing focus on providing and integrating the use of equipment, management and other services, knowledge and information related to the global transportation industry, the following transactions were concluded:

* Effective 30 June 2000, the 50% interest in Budget-Tainer Services (Pty) Ltd was disposed of for a consideration of R1,45 million.
* Effective 7 July 2000, the interest in Dynanet Solutions (Pty) Ltd was increased from 51% to 100% for a consideration of R5,5 million.
* Effective 9 July 2000, the interest in Centricity Inc was increased from 12% to 40% for a consideration of US$3,5 million. In July 2001, the 40% interest in Centricity Inc was exchanged for a 1% holding in the Descartes Systems Group Inc.
* On 11 July 2000, shareholders in general meeting ratified the disposal by Trencor of its entire direct and indirect interests in Waco International Ltd to a consortium led by Ethos Private Equity Ltd. After settlement of certain costs and obligations, Trencor realised a net cash amount of R170 million on 31 July 2000, which has been utilised in the normal course of operations.
* In August 2001, TrenStar Inc was established with the merger of Trencor Solutions Inc (a subsidiary of Trencor Solutions (Pty) Ltd) and MicroStar Logistics Inc, 66% of which was held by Trencor Solutions (Pty) Ltd and the balance of 34% by the previous shareholders of MicroStar.
* Effective 1 December 2001, TrenStar Inc acquired, against the issue of shares, 100% of KTP Ltd, a supplier of barcoding and transponder technology and services, operating in the United Kingdom. As a result the interest of Trencor Solutions (Pty) Ltd in TrenStar was diluted to 61%.
* Effective 1 October 2001, the interest in Warehouse Works (Pty) Ltd was increased from 70% to 100% for a consideration of R3,6 million.
* Effective 1 December 2001, management of the tank container fleet was transferred from TPI Equipment Management Ltd to Exsif Worldwide Inc.
* Effective 1 December 2001, the Trailer Division of Henred-Fruehauf Trailers (Pty) Ltd was merged with the businesses of ADF Holdings (Pty) Ltd and its subsidiaries (commonly known as SA Truck Bodies Group) into a single new entity, Madikor Drie (Pty) Ltd, in exchange for a 40% interest in the holding company, Marlio Beleggings Sewe (Pty) Ltd.

ANALYSIS OF SHAREHOLDERS

An analysis of shareholders and of holders who held 5% or more of the issued securities at 31 December 2001 is presented on pages 52 to 54.

TRENCOR LIMITED AND SUBSIDIARIES

Balance sheets

AT 31 DECEMBER 2001

	NOTES	GROUP 31 DECEMBER 2001 R'000	GROUP 30 JUNE 2000 R'000	COMPANY 31 DECEMBER 2001 R'000	COMPANY 30 JUNE 2000 R'000
ASSETS					
NON-CURRENT ASSETS					
PROPERTY, PLANT AND EQUIPMENT	2	**6 112 577**	2 684 165	**–**	–
INTANGIBLE ASSETS	3	**27 571**	–	**–**	–
GOODWILL	4	**7 976**	–	**–**	–
INVESTMENTS	5	**141 885**	113 247	**49 124**	84 330
INTEREST IN SUBSIDIARIES	6	**–**	–	**977 381**	425 388
LONG-TERM LOANS	7	**29 467**	58 215	**–**	–
LONG-TERM RECEIVABLES	8	**2 900 498**	2 195 998	**4 724**	4 962
NET INVESTMENT IN DIRECT FINANCE LEASES	9	**70 949**	8 468	**–**	–
		9 290 923	5 060 093	**1 031 229**	514 680
CURRENT ASSETS					
INVENTORIES	10	**93 862**	153 004	**–**	–
ACCOUNTS RECEIVABLE	11	**714 097**	443 399	**261**	1 639
CASH AND CASH EQUIVALENTS	27.6	**307 470**	251 548	**2 368**	31 820
		1 115 429	847 951	**2 629**	33 459
TOTAL ASSETS		**10 406 352**	5 908 044	**1 033 858**	548 139
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES					
SHARE CAPITAL AND PREMIUM	12	**164 521**	164 521	**164 521**	164 521
RESERVES		**2 159 379**	1 148 400	**574 944**	69 755
SHAREHOLDERS' EQUITY		**2 323 900**	1 312 921	**739 465**	234 276
INTEREST OF OUTSIDE SHAREHOLDERS IN SUBSIDIARIES		**635 040**	186 617	**–**	–
TOTAL SHAREHOLDERS' FUNDS		**2 958 940**	1 499 538	**739 465**	234 276
CONVERTIBLE DEBENTURES	13	**260 504**	260 504	**260 504**	260 504
OTHER NON-CURRENT LIABILITIES					
INTEREST-BEARING BORROWINGS	14	**4 763 930**	2 549 856	**15 455**	–
AMOUNTS ATTRIBUTABLE TO THIRD PARTIES IN RESPECT OF LONG-TERM RECEIVABLES	8	**431 594**	510 785	**–**	–
DERIVATIVE INSTRUMENTS	15	**130 923**	–	**–**	–
DEFERRED TAXATION	16	**594 121**	209 462	**2 666**	2 913
		9 140 012	5 030 145	**1 018 090**	497 693
CURRENT LIABILITIES					
ACCOUNTS PAYABLE		**359 204**	377 342	**4 009**	9 410
PROVISIONS	17	**76 141**	69 056	**–**	–
TAXATION		**8 973**	3 387	**850**	1 036
BANK OVERDRAFTS AND SHORT-TERM LOANS	18	**179 364**	184 565	**–**	40 000
CURRENT PORTION OF INTEREST-BEARING BORROWINGS	14	**623 486**	243 549	**10 909**	–
DEFERRED INCOME		**19 172**	–	**–**	–
		1 266 340	877 899	**15 768**	50 446
TOTAL EQUITY AND LIABILITIES		**10 406 352**	5 908 044	**1 033 858**	548 139

TRENCOR LIMITED
AND SUBSIDIARIES

Income statements

FOR THE 18 MONTHS ENDED
31 DECEMBER 2001

		GROUP						COMPANY	
		CONTINUING		DISCONTINUING		ENTERPRISE AS A WHOLE			
	NOTES	18 MONTHS 31 DECEMBER 2001 R'000	12 MONTHS 30 JUNE 2000 R'000	18 MONTHS 31 DECEMBER 2001 R'000	12 MONTHS 30 JUNE 2000 R'000	18 MONTHS 31 DECEMBER 2001 R'000	12 MONTHS 30 JUNE 2000 R'000	18 MONTHS 31 DECEMBER 2001 R'000	12 MONTHS 30 JUNE 2000 R'000
REVENUE	1,19	**4 362 294**	1 676 323	**73 828**	103 606	**4 436 122**	1 779 929	**76 476**	221 585
LESS: COST OF GOODS SOLD, BEFORE CHARGING/(CREDITING) ITEMS BELOW:		**509 196**	450 069	**65 516**	142 170	**574 712**	592 239	**–**	–
CONTAINER LEASING DIRECT EXPENSES		**218 069**	94 767	**–**	–	**218 069**	94 767	**–**	–
STAFF COSTS		**328 969**	189 532	**9 328**	34 815	**338 297**	224 347	**–**	–
DEPRECIATION	2	**483 925**	199 677	**528**	5 910	**484 453**	205 587	**–**	–
OTHER ADMINISTRATION AND SELLING EXPENSES/(INCOME)		**184 539**	47 450	**6 414**	(816)	**190 953**	46 634	**610**	347
NET LONG-TERM RECEIVABLE ADJUSTMENT		**1 075 218**	50 816	**–**	299 184	**1 075 218**	350 000	**–**	–
EMPLOYEE RETRENCHMENT COSTS		**–**	–	**1 274**	30 328	**1 274**	30 328	**–**	–
(RECOVERY ON DISPOSAL)/ WRITE DOWN OF INVENTORY	10	**–**	–	**(12 550)**	24 448	**(12 550)**	24 448	**–**	–
LEASES AND OTHER COMMITMENTS		**–**	–	**551**	37 654	**551**	37 654	**–**	–
INCOME/(LOSS) FROM OPERATIONS		**1 562 378**	644 012	**2 767**	(470 087)	**1 565 145**	173 925	**75 866**	221 238
LESS: NET INTEREST EXPENSE/(INCOME)	20	**474 405**	240 756	**(1)**	–	**474 404**	240 756	**683**	4 061
		1 087 973	403 256	**2 768**	(470 087)	**1 090 741**	(66 831)	**75 183**	217 177
ATTRIBUTABLE (LOSS)/INCOME OF ASSOCIATE COMPANIES		**(15 468)**	328	**–**	–	**(15 468)**	328	**–**	–
INCOME/(LOSS) BEFORE ABNORMAL ITEMS AND ASSET IMPAIRMENT	20	**1 072 505**	403 584	**2 768**	(470 087)	**1 075 273**	(66 503)	**75 183**	217 177
ABNORMAL ITEMS AND ASSET IMPAIRMENT	21	**76 179**	(26 781)	**–**	(51 063)	**76 179**	(77 844)	**36 821**	–
INCOME/(LOSS)BEFORE TAXATION		**1 148 684**	376 803	**2 768**	(521 150)	**1 151 452**	(144 347)	**112 004**	217 177
TAXATION	22	**268 474**	63 381	**809**	(153 345)	**269 283**	(89 964)	**3 470**	100
INCOME/(LOSS) AFTER TAXATION		**880 210**	313 422	**1 959**	(367 805)	**882 169**	(54 383)	**108 534**	217 077
INCOME ATTRIBUTABLE TO OUTSIDE SHAREHOLDERS IN SUBSIDIARIES		**77 201**	33 207	**–**	–	**77 201**	33 207	**–**	–
NET INCOME/(LOSS) FOR THE PERIOD		**803 009**	280 215	**1 959**	(367 805)	**804 968**	(87 590)	**108 534**	217 077
EARNINGS/(LOSS) PER SHARE (CENTS)	23								
UNDILUTED						**526,7**	(57,3)		
DILUTED						**452,6**	–		
HEADLINE EARNINGS PER SHARE (CENTS)	23								
UNDILUTED						**471,9**	165,0		
DILUTED						**406,5**	145,0		

Statements of changes in shareholders' equity

*FOR THE 18 MONTHS ENDED
31 DECEMBER 2001*

	SHARE CAPITAL	SHARE PREMIUM	NON-DISTRIBUTABLE RESERVES: REVAL-UATION RESERVE	NON-DISTRIBUTABLE RESERVES: FOREIGN CURRENCY TRANSLATION RESERVE	NON-DISTRIBUTABLE RESERVES: UNRECOGNISED LOSS ON DERIVATIVE INSTRUMENTS	NON-DISTRIBUTABLE RESERVES: RETAINED INCOME OF ASSOCIATES	RETAINED INCOME	TOTAL
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
GROUP								
BALANCE AT 30 JUNE 1999	764	163 757	50 555	78 870	–	1 580	1 122 736	1 418 262
UNREALISED (LOSSES)/GAINS NOT RECOGNISED IN THE INCOME STATEMENT			(48 132)	33 983				(14 149)
DECREASE IN CARRYING VALUE OF LAND AND BUILDINGS ON REVALUATION AS PREVIOUSLY STATED			(29 023)	–				(29 023)
CHANGE IN ACCOUNTING POLICY (REFER NOTE 2.2)			(19 109)	–				(19 109)
CURRENCY TRANSLATION DIFFERENCES			–	33 983				33 983
TRANSFERS BETWEEN RESERVES			(364)			(429)	793	–
REALISED SURPLUS ON DISPOSAL OF PROPERTY			(364)			–	364	–
RESERVES OF ASSOCIATE COMPANIES DISPOSED OF			–			(429)	429	–
GOODWILL ON ACQUISITION OF SUBSIDIARY COMPANIES WRITTEN OFF							(3 602)	(3 602)
NET LOSS FOR THE YEAR							(87 590)	(87 590)
BALANCE AT 30 JUNE 2000	764	163 757	2 059	112 853	–	1 151	1 032 337	1 312 921
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING POLICY UNRECOGNISED LOSS ON DERIVATIVE INSTRUMENTS (REFER NOTE 15)					(21 936)			(21 936)
RESTATED BALANCE AT 30 JUNE 2000	764	163 757	2 059	112 853	(21 936)	1 151	1 032 337	1 290 985
UNREALISED (LOSSES)/GAINS NOT RECOGNISED IN THE INCOME STATEMENT			**(1 664)**	**275 523**				**273 859**
DECREASE IN CARRYING VALUE OF LAND AND BUILDINGS ON REVALUATION			**(1 664)**	**–**				**(1 664)**
CURRENCY TRANSLATION DIFFERENCES			**–**	**275 523**				**275 523**
TRANSFERS BETWEEN RESERVES RESERVES OF ASSOCIATE COMPANIES DISPOSED OF						**(837)**	**837**	**–**
LOSS INCLUDED IN REVALUATION RESERVE INCLUDED IN EARNINGS			**2 164**					**2 164**
NET CHANGE IN UNRECOGNISED LOSS ON DERIVATIVE INSTRUMENTS (REFER NOTE 15)					**(48 076)**			**(48 076)**
NET INCOME FOR THE PERIOD							**804 968**	**804 968**
BALANCE AT 31 DECEMBER 2001	**764**	**163 757**	**2 559**	**388 376**	**(70 012)**	**314**	**1 838 142**	**2 323 900**

	SHARE CAPITAL	SHARE PREMIUM	NON-DISTRIBUTABLE RESERVES: REVAL-UATION RESERVE	NON-DISTRIBUTABLE RESERVES: SURPLUS ON DISPOSAL OF BUSINESSES	NON-DISTRIBUTABLE RESERVES: MARKED TO MARKET ADJUSTMENT ON PREFERENCE SHARES	RETAINED INCOME	TOTAL
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
COMPANY							
BALANCE AT 30 JUNE 1999	764	163 757	264 628	787	–	62 891	492 827
NET LOSS NOT RECOGNISED IN THE INCOME STATEMENT LOSS ON REVALUATION OF SUBSIDIARIES			(76 234)				(76 234)
NET INCOME FOR THE YEAR						217 077	217 077
BALANCE AT 30 JUNE 2000	764	163 757	188 394	787	–	279 968	633 670
TRANSFER BETWEEN RESERVES (REFER NOTE 6.1)			211 000			(211 000)	–
EFFECT OF CHANGE IN ACCOUNTING POLICY (REFER NOTE 6.1)			(399 394)				(399 394)
RESTATED BALANCE AT 30 JUNE 2000	764	163 757	–	787	–	68 968	234 276
MARKED TO MARKET ADJUSTMENT ON PREFERENCE SHARES – PRIOR YEAR (REFER NOTE 6.2)					**241 178**		**241 178**
– CURRENT PERIOD (REFER NOTE 6.2)					**155 477**		**155 477**
TRANSFER FROM NON-DISTRIBUTABLE RESERVE				**(787)**		**787**	**–**
NET INCOME FOR THE PERIOD						**108 534**	**108 534**
BALANCE AT 31 DECEMBER 2001	**764**	**163 757**	**–**	**–**	**396 655**	**178 289**	**739 465**

TRENCOR LIMITED
AND SUBSIDIARIES

Cash flow statements

FOR THE 18 MONTHS ENDED
31 DECEMBER 2001

	NOTES	GROUP 18 MONTHS 31 DECEMBER 2001 R'000	GROUP 12 MONTHS 30 JUNE 2000 R'000	COMPANY 18 MONTHS 31 DECEMBER 2001 R'000	COMPANY 12 MONTHS 30 JUNE 2000 R'000
CASH FLOWS FROM OPERATING ACTIVITIES					
CASH GENERATED FROM/(UTILISED BY) OPERATIONS	27.1	**656 078**	39 366	**(5 937)**	43 586
INTEREST RECEIVED		**28 743**	23 719	**31 202**	28 023
INTEREST PAID		**(502 756)**	(264 475)	**(31 885)**	(32 088)
DIVIDENDS RECEIVED		**100**	4 925	**76 476**	221 585
DIVIDENDS PAID	27.2	**–**	(21 398)	**–**	(21 398)
DIVIDENDS PAID TO OUTSIDE SHAREHOLDERS		**(23 454)**	(9 958)	**–**	–
TAXATION PAID	27.3	**(24 659)**	(13 565)	**(4 635)**	(2 692)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		**134 052**	(241 386)	**65 221**	237 016
CASH FLOWS FROM INVESTING ACTIVITIES					
ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT		**(1 467 455)**	(426 758)	**–**	–
INCREASE IN UNLISTED INVESTMENTS		**(23 132)**	(8 730)	**(24 507)**	(9 315)
PROCEEDS FROM DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT		**175 267**	49 856	**–**	–
PROCEEDS ON DISPOSAL OF INVESTMENTS		**171 315**	4 224	**97 837**	15
(INCREASE)/DECREASE IN LOAN TO/FROM SUBSIDIARY		**–**	–	**(155 338)**	91 917
INCREASE IN DIRECT FINANCE LEASES		**(38 787)**	(3 367)	**–**	–
DECREASE/(INCREASE) IN LONG-TERM LOANS		**16 781**	(56 609)	**–**	–
ACQUISITION OF OUTSIDE SHAREHOLDERS' INTEREST IN SUBSIDIARY COMPANIES		**(41 919)**	(4 500)	**–**	–
ACQUISITIONS OF SUBSIDIARIES, NET OF CASH	27.4	**(8 428)**	(4 674)	**–**	–
DISPOSAL OF DIVISION, NET OF CASH	27.5	**(49)**	–	**–**	–
NET RECEIPT FROM/(INVESTMENT IN) EXPORT PARTNERSHIPS		**–**	–	**971**	(2 102)
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES		**(1 216 407)**	(450 558)	**(81 037)**	80 515
CASH FLOWS FROM FINANCING ACTIVITIES					
INTEREST-BEARING BORROWINGS RAISED/(REPAID)		**312 597**	220 033	**(13 636)**	–
RECEIPTS FROM LONG-TERM RECEIVABLES		**644 705**	451 367	**–**	–
PAYMENTS TO THIRD PARTIES IN RESPECT OF LONG-TERM RECEIVABLES		**(162 090)**	(81 742)	**–**	–
OUTSIDE SHAREHOLDERS' INVESTMENT IN SUBSIDIARY		**166 822**	–	**–**	–
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		**962 034**	589 658	**(13 636)**	–
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(120 321)**	(102 286)	**(29 452)**	317 531
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**66 983**	153 335	**(8 180)**	(325 711)
CASH AND CASH EQUIVALENTS CONVERTED TO INTEREST-BEARING BORROWINGS		**40 000**	–	**40 000**	–
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**141 444**	15 934	**–**	–
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	27.6	**128 106**	66 983	**2 368**	(8 180)

Notes to the financial statements

1 ACCOUNTING POLICIES

A. GENERAL

The financial statements incorporate the principal accounting policies set out below, which are consistent with those adopted in the previous financial year, except as referred to in notes 2, 6 and 15. The financial statements and group financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and the requirements of the South African Companies Act. Accounting Statement AC 133, Financial Instruments: Recognition and Measurement, has been adopted in the consolidated financial statements prior to its required implementation date.

Basis of preparation

The financial statements and group financial statements are prepared on the historical cost basis, except for land and buildings carried at revalued amounts, financial instruments and recognised assets and liabilities that are hedged.

B. BASIS OF CONSOLIDATION

Investment in subsidiaries

Subsidiaries are those entities over whose financial and operating policies the group has the power to exercise control, so as to obtain benefits from their activities.

The group financial statements incorporate the assets, liabilities and results of the operations of the company and its subsidiaries. The results of subsidiaries acquired and disposed of during a financial period are included from the effective dates of acquisition and to the effective dates of disposal.

Investment in associates

An associate is an enterprise over whose financial and operating policies the group has the ability to exercise significant influence and which is neither a subsidiary nor a joint venture of the group.

The equity method of accounting for associates is adopted in the group financial statements. In applying the equity method, account is taken of the group's share of accumulated retained earnings and movements in reserves from the effective date on which the enterprise became an associate and up to the effective date of disposal.

Goodwill arising on the acquisition of associates is treated in accordance with the group's accounting policy for goodwill.

The share of associated retained earnings and reserves is generally determined from the latest audited financial statements of the associate but, in some instances, unaudited financial statements are used. Dividends received from associates have been credited against the carrying value of the investment.

Where the group's share of losses of an associate exceeds the carrying amount of the associate, the associate is carried at nil value. Further losses are recognised only to the extent that the group has incurred obligations or made payments on behalf of an associate.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

C. GOODWILL

Goodwill is any excess of the cost of an acquisition over the group's interest in the fair value of the identifiable assets and liabilities acquired at the date of acquisition.

Goodwill is carried at cost, less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis over its estimated useful life.

The calculation of the gain or loss on disposal of an entity includes the unamortised balance of the goodwill relating to the entity disposed of.

D. PROPERTY, PLANT AND EQUIPMENT

Land and buildings are stated at fair value. These items are revalued every five years by a sworn appraiser using the open market value method. The unrealised adjustments to carrying value arising on revaluation, so far as they concern the group, are taken directly to the revaluation reserve which is a non-distributable reserve. Deficits on revaluation are charged directly against the revaluation reserve only to the extent that the decrease does not exceed the amount held in the revaluation reserve in respect of the same asset. Other deficits are recognised in the income statement.

Plant and equipment is stated at historical cost or valuation less accumulated depreciation and accumulated impairment losses. The cost of self constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

Depreciation is provided on the straight-line basis, at rates calculated to amortise the assets over their estimated useful lives. Land and buildings are classified as investment properties and are not depreciated. However, buildings on leasehold land are written-off over the initial lease periods.

Subsequent expenditure relating to an item of property, plant and equipment is capitalised when it is probable that future economic benefits from the use of the asset will be increased. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Surpluses/(deficits) on the disposal of property, plant and equipment are credited/(charged) to income. The surplus or deficit is the difference between the net disposal proceeds and the carrying amount of the asset.

E. LEASES

Finance leases

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the group are classified as finance leases. Assets acquired in terms of finance leases are capitalised at the lower of fair value and the present value of the minimum lease payments at inception of the lease, and depreciated over the estimated useful life of the asset. The capital element of future obligations under the leases is included as a liability in the balance sheet. Lease payments are allocated using the effective interest rate method to determine the lease finance cost, which is charged against income over the lease period, and the capital repayment, which reduces the liability to the lessor.

Operating leases

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are charged against income as incurred.

F. INTANGIBLE ASSETS

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, and expenditure on internally generated goodwill and brands are charged to the income statement in the period in which they are incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for self developed computer software, is capitalised if the software is technically and commercially feasible and the group has sufficient resources to complete such development. The expenditure capitalised includes the direct labour and an appropriate proportion of overheads. Other development expenditure is charged to the income statement in the period in which it is incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

Other intangible assets acquired by the group are stated at cost less accumulated amortisation and impairment losses. Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other subsequent expenditure is expensed as incurred. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets.

The difference between the net disposal proceeds and the carrying amount of an intangible asset is the gain or loss on disposal of that asset. These gains and losses are recognised in income.

G. IMPAIRMENT

The carrying amounts of the group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount is the higher of its net selling price and its value in use.

In assessing value in use, the expected future cash flows from the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

For an asset that does not generate cash inflows that are largely independent of those from other assets the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised in the income statement whenever the carrying amount of the cash-generating unit exceeds its recoverable amount.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years. For goodwill, a recognised impairment loss is not reversed, unless the impairment loss was caused by a specific external event of an exceptional nature that is not expected to recur and the increase relates clearly to the reversal of the effect of that specific event.

H. LONG-TERM RECEIVABLES

Sales under long-term credit agreements are discounted to their net present value at rates considered appropriate, having regard to their term and the currencies in which they are written. The deferred portion of income is allocated over the period of the agreements on a basis which produces a constant periodic rate of return. Sales denominated in foreign currencies are recorded at the rates of exchange ruling at the date of the transactions. At the financial period end, receivables denominated in foreign currencies are translated at rates of exchange ruling at the balance sheet date. Any gains or losses arising from this translation are included in income.

I. AMOUNTS ATTRIBUTABLE TO THIRD PARTIES IN RESPECT OF LONG-TERM RECEIVABLES
Amounts attributable to third parties in respect of long-term receivables are discounted to their net present value at a rate considered appropriate, having regard to their term. The deferred portion of expenditure is allocated over the period of the agreements on a basis which produces a constant periodic rate of return.

J. INVENTORIES
Inventories are carried at the lower of first-in, first-out cost and net realisable value. The cost of inventories comprises all costs of purchase, conversion and costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price less any related costs of completion and disposal. Work-in-progress and finished goods are valued at raw material cost plus direct labour and an appropriate share of manufacturing overhead costs.

K. FINANCIAL INSTRUMENTS
Measurement
Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below.
Investments
Listed investments classified as available-for-sale financial assets are carried at market value, which is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date. Unlisted investments are shown at fair value, unless their fair value cannot be reliably determined, in which case they are shown at cost less accumulated impairment losses.
Trade and other receivables
Trade and other receivables originated by the group are stated at cost less provision for doubtful debts.
Cash and cash equivalents
Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at the balance sheet date.
Financial liabilities
Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisations.
Derivative instruments
Derivative instruments are measured at fair value.
Gains and losses on subsequent measurement
Gains and losses arising from a change in the fair value of financial instruments that are not part of a hedging relationship are included in net profit or loss in the period in which the change arises.

Gains and losses from measuring the hedging instruments relating to a fair value hedge at fair value are recognised immediately in net profit or loss.

Gains and losses from remeasuring the hedging instruments relating to a cash flow hedge to fair value are initially recognised directly in equity. If the hedged firm commitment or forecast transaction results in the recognition of an asset or a liability, the cumulative amount recognised in equity up to the transaction date is adjusted against the initial measurement of the asset or liability. For other cash flow hedges, the cumulative amount recognised in equity is included in net profit or loss in the period when the commitment or forecast transaction affects profit or loss.

Where the hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative unrealised gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to occur, the cumulative unrealised gain or loss is recognised in the income statement immediately.
Offset
Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when the group has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

L. PROVISIONS
Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation. Where the effect of discounting is material, provisions are discounted. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.
Warranties
Provision is made for the group's estimated liability on all products still under warranty at balance sheet date. This is based on service histories.
Damage Protection Plan
Certain group companies offer a damage protection plan to certain lessees of containers. Under the terms of the plan, the group earns additional revenues and in return bears certain container repair costs. These revenues are

recognised in the income statement as earned and a provision is made to cover the group's obligations for the estimated future container repair costs.

M. REVENUE

Revenue comprises net invoiced sales, leasing income, management fees received for equipment management and in the case of long-term credit agreements, the appropriate income allocation and foreign currency translation gains. Leasing income arises principally from renting container equipment owned by group companies to various shipping lines. Revenue is recorded when earned according to the terms of the container rental contracts. These contracts are typically for terms of five years or less and are classified as operating leases. Management fees consist of fees earned by group companies for services related to the management of container equipment, reimbursements of administrative services necessary to the operation and management of equipment and net acquisition fees and sales commissions earned on the acquisition and sale of equipment.

In the case of the company, revenue comprises dividend income and is recognised when the right to receive payment is established.

N. TAXATION

Current tax comprises tax payable calculated on the basis of the expected taxable income for the period, using the tax rates enacted at the balance sheet date, and any adjustment of tax payable for previous years.

Deferred tax is provided using the balance sheet liability method, based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax is charged to the income statement except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination that is an acquisition. The effect on deferred tax of any changes in tax rates is recognised in the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

O. FOREIGN CURRENCIES

Translation of foreign currency transactions

Transactions in foreign currencies are translated at rates of exchange ruling at the transaction date. Gains and losses arising from the settlement of such transactions are recognised in the income statement.

Monetary assets and liabilities are translated at rates of exchange ruling at the balance sheet date. Unrealised differences arising on the translation of monetary assets and liabilities are recognised in the income statement.

Translation of foreign entities

Assets and liabilities of foreign entities are translated at rates of exchange ruling at the balance sheet date. Income statement items are translated at rates of exchange ruling at the transaction date or at an appropriate average exchange rate. Gains and losses on the translation of foreign entities are taken directly to the foreign currency translation reserve which is a non-distributable reserve.

P. EMPLOYEE BENEFITS

Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. The provisions for employee entitlements to remuneration and annual leave represent the amount which the group has a present obligation to pay as a result of employees' services provided to the balance sheet date. The provisions have been calculated at undiscounted amounts based on current wage and salary rates.

Post-employment medical aid benefits

Provisions for post-employment medical aid subsidies are calculated based on periodic actuarial valuations performed.

Retirement benefits

Certain of the company's subsidiaries contribute to defined contribution pension funds. Contributions to these funds are charged against income as incurred.

Equity compensation benefits

The company grants share options to certain employees under an employee share option plan. Other than costs incurred in administering the plan which are expensed as incurred, the plan does not result in any expense to the group.

Q. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statements, cash and cash equivalents comprise cash on hand, deposits held on call with banks, bank overdrafts and short-term loans all of which are available for use by the group unless otherwise stated.

R. DISCONTINUING OPERATION
A discontinuing operation results from the abandonment of an operation that represents a separate major line of business and of which the assets, net profit or loss and activities can be distinguished physically, operationally and for financial reporting purposes.

S. EARNINGS PER SHARE
Earnings per share is based on earnings attributable to shareholders and calculated on the weighted average number of shares in issue during the financial period. Headline earnings per share is based on earnings attributable to shareholders, adjusted for discontinuing operations or any other non-trading items and the tax effect thereon, and calculated as above.

T. SEGMENT REPORTING
The group is engaged in the provision of equipment and services mainly in the transportation industry. On a primary basis, the group is organised on a worldwide basis into various major operating divisions:

- Container sales and finance
- Container owning, leasing-out and management
- Container manufacturing
- Trailer manufacturing
- Supply chain management services
- Other operations

Segment results include revenue and expenses which are directly attributable to a segment. Segment revenue, expenses and results include transfers between the business segments. These transfers are eliminated on consolidation.

Segment assets and liabilities include all operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment assets and liabilities do not include income tax items.

Capital expenditure represents the total costs incurred during the period to acquire segment assets that are expected to be used during more than one period (namely property, plant and equipment, and intangible assets).

U. COMPARATIVE INFORMATION
Where necessary comparative figures have been reclassified to conform with current period presentation.

2 PROPERTY, PLANT AND EQUIPMENT

	LAND AND BUILDINGS	CONTAINER LEASING EQUIPMENT	PLANT AND MACHINERY	MOTOR VEHICLES	OFFICE FURNITURE, FITTINGS AND EQUIPMENT	TOTAL
	R'000	R'000	R'000	R'000	R'000	R'000
COST 31 December 2001						
Balance at the beginning of the period	**82 358**	**2 964 107**	**155 009**	**8 747**	**64 485**	**3 274 706**
Additions	**1 959**	**1 432 779**	**4 922**	**2 038**	**25 757**	**1 467 455**
Additions, through business combinations	**22 890**	**121 386**	**9 837**	**–**	**13 777**	**167 890**
Write-down due to revaluation	**(10 259)**	**–**	**–**	**–**	**–**	**(10 259)**
Exchange differences on translation of foreign entities	**11 986**	**3 123 512**	**17 195**	**1 154**	**54 526**	**3 208 373**
Disposals	**(13 824)**	**(182 494)**	**(110 245)**	**(8 940)**	**(26 602)**	**(342 105)**
Balance at the end of the period	**95 110**	**7 459 290**	**76 718**	**2 999**	**131 943**	**7 766 060**
ACCUMULATED DEPRECIATION						
Balance at the beginning of the period	**4 189**	**442 363**	**95 695**	**6 350**	**41 944**	**590 541**
Depreciation	**1 629**	**448 165**	**13 160**	**1 559**	**19 940**	**484 453**
Exchange differences on translation of foreign entities	**4 466**	**722 030**	**5 046**	**599**	**37 814**	**769 955**
Impairment loss	**–**	**4 040**	**13 493**	**–**	**–**	**17 533**
Disposals	**(2 001)**	**(89 175)**	**(89 872)**	**(7 188)**	**(20 763)**	**(208 999)**
Balance at the end of the period	**8 283**	**1 527 423**	**37 522**	**1 320**	**78 935**	**1 653 483**
Net book value	**86 827**	**5 931 867**	**39 196**	**1 679**	**53 008**	**6 112 577**
Net book value of assets encumbered as security for interest-bearing borrowings (refer notes 14 and 18)	**79 164**	**5 897 806**	**16 527**	**54**	**11 045**	**6 004 596**
COST 30 June 2000						
Balance at the beginning of the year	156 499	2 311 346	149 212	9 576	49 051	2 675 684
Additions	2 419	401 558	10 960	689	11 132	426 758
Additions, through business combinations	–	–	–	–	1 477	1 477
Write-down due to revaluation	(74 913)	–	–	–	–	(74 913)
Exchange differences on translation of foreign entities	929	338 971	2 068	175	5 961	348 104
Disposals	(2 576)	(87 768)	(7 231)	(1 693)	(3 136)	(102 404)
Balance at the end of the year	82 358	2 964 107	155 009	8 747	64 485	3 274 706
ACCUMULATED DEPRECIATION						
Balance at the beginning of the year	3 191	235 755	43 826	6 005	22 503	311 280
Depreciation	1 046	177 069	12 743	1 543	13 186	205 587
Exchange differences on translation of foreign entities	263	73 230	341	85	4 684	78 603
Impairment loss	1 395	–	45 479	–	4 189	51 063
Disposals	(1 706)	(43 691)	(6 694)	(1 283)	(2 618)	(55 992)
Balance at the end of the year	4 189	442 363	95 695	6 350	41 944	590 541
Net book value	78 169	2 521 744	59 314	2 397	22 541	2 684 165
Net book value of assets encumbered as security for interest-bearing borrowings (refer notes 14 and 18)	71 000	2 480 863	30 121	80	425	2 582 489

2.1 The net book value of buildings situated on leased premises amounts to R7 663 494 (2000: R7 169 760).

2.2 During the period the group changed the basis of the valuation of land and buildings from depreciated replacement value, based on existing use, to open market value. The open market valuation of these properties was performed by JHI Real Estate Ltd in November 2001. The resulting decrease in the carrying value amounted to R56 149 041. The following table indicates the effect of this change in policy on prior year and current period retained income and non-distributable reserves. The prior year income statement has been restated accordingly (refer note 21).

	NET INCOME BEFORE TAX	NON-DISTRIBUTABLE RESERVE	TOTAL
	R'000	R'000	R'000
Effect of change in accounting policy on prior year amounts (refer note 21)	26 781	19 109	45 890
Effect of change in accounting policy on current period amounts (refer note 21)	8 595	1 664	10 259
	35 376	20 773	56 149

2.3 A register containing details of land and buildings is available for inspection at the registered office of the company.

2.4 The net book value of container leasing equipment, plant and machinery, office furniture, fittings and equipment held under finance leases amounts to R20 025 488 (2000: R9 797 000).

2.5 Fixed assets are depreciated at the following rates:

	% p.a.	
Container leasing equipment	6	(to a residual value of 28%)
Plant and machinery	11	
Motor vehicles	20-25	
Office furniture, fittings and equipment	10-33	

2.6 The impairment loss of R13 493 175 has been recognised against certain plant and machinery. The carrying value of these assets is now based on their estimated net realisable value as determined by the group's management. A further amount of R4 039 406 has been provided against certain intermediate bulk containers which have not generated income for the past twelve months. The carrying value of these containers is nil.

3 INTANGIBLE ASSETS

	GROUP		COMPANY	
	31 DECEMBER 2001 R'000	30 JUNE 2000 R'000	31 DECEMBER 2001 R'000	30 JUNE 2000 R'000
Purchased intangible assets:				
Licence agreement	**20 625**	–	**–**	–
Internally generated intangible assets:				
Computer software development costs	**6 946**	–	**–**	–
	27 571	–	**–**	–

Reconciliation of carrying amounts

	LICENCE AGREEMENT R'000	COMPUTER SOFTWARE R'000	TOTAL R'000
Additions	**24 750**	**–**	**24 750**
Additions through business combinations	**–**	**5 955**	**5 955**
Exchange differences on translation of foreign entities	**–**	**1 131**	**1 131**
Amortisation	**(4 125)**	**(140)**	**(4 265)**
Carrying amount at the end of the period	**20 625**	**6 946**	**27 571**

4 GOODWILL

	GROUP		COMPANY	
	31 DECEMBER 2001 R'000	30 JUNE 2000 R'000	31 DECEMBER 2001 R'000	30 JUNE 2000 R'000
Arising on acquisition	**48 148**	–	**–**	–
Amortisation	**(40)**	–	**–**	–
Impairment loss	**(10 350)**	–	**–**	–
Exchange differences on translation of foreign entities	**418**	–	**–**	–
	38 176	–	**–**	–
Carrying value of goodwill relating to investment in associate	**(30 200)**	–	**–**	–
	7 976	–	**–**	–
Goodwill arose on investment in:				
Subsidiaries	**7 976**	–	**–**	–
Associate (refer note 5)	**30 200**	–	**–**	–
	38 176	–	**–**	–

4.1 Goodwill has an estimated useful life of 10 to 15 years.

4.2 Goodwill in respect of the group's investment in certain companies is considered to be impaired as a result of these companies continuing to incur losses during the period.

5 INVESTMENTS

	GROUP 31 DECEMBER 2001 R'000	GROUP 30 JUNE 2000 R'000	COMPANY 31 DECEMBER 2001 R'000	COMPANY 30 JUNE 2000 R'000
Associate companies	**58 514**	1 864	**–**	474
Unlisted shares at cost	**28 000**	474	**–**	474
Goodwill	**30 200**	–	**–**	–
Attributable income and reserves since acquisition, net of dividends received	**314**	1 390	**–**	–
Other unlisted investments	**34 247**	36 842	**–**	9 315
Listed investment at market value (June 2000 at cost)	**49 124**	74 541	**49 124**	74 541
	141 885	113 247	**49 124**	84 330
Directors' valuation of investments:				
Unlisted associate companies	**58 514**	1 864	**–**	1 864
Other unlisted investments	**34 247**	36 842	**–**	9 315
Listed investment	**49 124**	104 288	**49 124**	104 288

5.1 The shares held in Marlio Beleggings Sewe (Pty) Ltd and in the Descartes Systems Group Inc have been pledged as security for the banking facilities (refer note 31). The carrying values of these investments are R58 200 000 and R49 124 000 respectively.

5.2 A detailed list of investments in associate and other companies is available on request from the registered office of the company.

6 INTEREST IN SUBSIDIARIES

	GROUP 31 DECEMBER 2001 R'000	GROUP 30 JUNE 2000 R'000	COMPANY 31 DECEMBER 2001 R'000	COMPANY 30 JUNE 2000 R'000
Cost	**–**	–	**475 205**	475 205
Marked to market adjustment on preference shares in subsidiary company	**–**	–	**396 655**	–
	–	–	**871 860**	475 205
Loans	**–**	–	**105 521**	(49 817)
	–	–	**977 381**	425 388

6.1 During the period the company changed its accounting policy whereby its interest in material domestic operating subsidiaries were stated at attributable net asset value, based on the latest audited financial statements. These subsidiaries are now stated at cost. This change in accounting policy resulted in the carrying value of the subsidiaries and the revaluation reserve being reduced by R399 394 000. Of this amount, R211 000 000 had been transferred to retained income in a prior year.

6.2 Included in the cost above are preference shares issued by a subsidiary in March 2001 as well as preference shares to be issued in February 2003 and 2004. In terms of AC133 Financial Instruments: Recognition and Measurement, these instruments have been valued at fair value based on a marked to market valuation. As this accounting policy is being applied prospectively, the prior year comparative figures have not been restated. The cumulative effect of this change in accounting policy on the company's equity at the beginning of the period is R241 177 732. This amount has been credited to a non-distributable reserve. The marked to market adjustment for the current period is R155 477 110.

6.3 The shares held in Textainer Group Holdings Ltd, TrenStar Inc, Trenprop Investments (Pty) Ltd and Trenprop Investments Midrand (Pty) Ltd have been pledged as security for the banking facilities (refer note 31). The group's attributable share of the net asset values of these companies is as follows:

Textainer Group Holdings Ltd	**987 387**
TrenStar Inc	**36 290**
Trenprop Investments (Pty) Ltd	**17 083**
Trenprop Investments Midrand (Pty) Ltd	**3 112**
	1 043 872

	GROUP		COMPANY	
	31 DECEMBER 2001 R'000	30 JUNE 2000 R'000	31 DECEMBER 2001 R'000	30 JUNE 2000 R'000

7 LONG-TERM LOANS

UNSECURED LOANS

Associate companies	**22 671**	48 617	**–**	–
Loan bearing interest at market related call rates with no fixed terms of repayment	**3 446**	10 759	**–**	–
Interest free loan with no fixed terms of repayment	**6 800**	–	**–**	–
Loan bearing interest at 2% below prime rate, repayable by 30 November 2003	**12 425**	–	**–**	–
Other, net	**–**	14 128	**–**	–
Loan bearing interest at three month LIBOR with no fixed terms of repayment	**83 633**	34 128	**–**	–
Carrying value of loan before exchange adjustment	**53 957**	34 128	**–**	–
Unrealised exchange gain	**29 676**	–	**–**	–
Less provision	**83 633**	20 000	**–**	–
Opening balance of provision	**20 000**	–	**–**	–
Provision per income statement	**33 957**	20 000	**–**	–
Unrealised exchange loss	**29 676**	–	**–**	–
Loan bearing interest at one month LIBOR plus 7%	**–**	23 730	**–**	–
Interest free loan repayable in two instalments: R1 000 000 in March 2002 and R5 796 000 in February 2003	**6 796**	7 796	**–**	–
Loan bearing interest at market related call rates	**–**	1 802	**–**	–
	29 467	58 215	**–**	–

8 NET INVESTMENT IN LONG-TERM RECEIVABLES

Net investment in long-term receivables comprises:				
Long-term receivables	**2 900 498**	2 195 998	**4 724**	4 962
Amounts attributable to third parties	**(431 594)**	(510 785)	**–**	–
	2 468 904	1 685 213	**4 724**	4 962
Represented by:				
Total receivables	**6 870 162**	4 485 021	**–**	–
Denominated in US Dollars	**6 870 162**	4 403 743	**–**	–
Denominated in Rand	**–**	18 582	**–**	–
Denominated in other currencies	**–**	62 696	**–**	–
Less: Deferred income	**1 725 153**	1 315 780	**–**	–
Net present value of long-term receivables	**5 145 009**	3 169 241	**–**	–
Amounts attributable to third parties	**747 113**	732 299	**–**	–
Total amount	**1 127 950**	1 321 593	**–**	–
Less: Deferred expenditure	**380 837**	589 294	**–**	–
Net present value of net investment in long-term receivables	**4 397 896**	2 436 942	**–**	–
Adjustments to net investment, relating to:				
Long-term receivables	**1 982 669**	812 519	**–**	–
Amounts attributable to third parties	**(276 557)**	(184 130)	**–**	–
	2 691 784	1 808 553	**–**	–
Current portion of net investment included in:				
Accounts receivable	**261 842**	160 724		
Accounts payable	**(38 962)**	(37 384)	**–**	–
	2 468 904	1 685 213	**–**	–

8.1 Total receivables in base currencies:

	GROUP	
	31 DECEMBER 2001 R'000	30 JUNE 2000 R'000
US Dollars	**587 692**	658 898
Pounds Sterling	**–**	5 123
Canadian Dollars	**–**	2 179

8.2 Long-term receivables are valued by discounting future cash flows. The discount rate applied to receivables denominated in foreign currencies is 9,5% p.a. (2000: 9,5% p.a.). An appropriate adjustment is made to the net investment for the timing of receipt and the possible non-collectability of these receivables and the related payment to third parties.

8.3 The amounts attributable to third parties in respect of the long-term receivables are denominated in SA Rands and are valued by discounting future cash flows at 12% p.a. (2000: 15% p.a.). These are payable only as and when the proceeds from the related long-term receivables are received.

8.4 The amounts attributable to third parties in respect of long-term receivables are made up as follows:

	GROUP	
	31 DECEMBER 2001 R'000	30 JUNE 2000 R'000
Total amounts attributable to third parties	**1 127 950**	1 321 593
Less: Deferred expenditure	**380 837**	589 294
Net present value of amounts attributable to third parties (as above)	**747 113**	732 299
Adjustment to net investment (as above)	**(276 557)**	(184 130)
Current portion of net investment included in accounts payable (as above)	**(38 962)**	(37 384)
	431 594	510 785

8.5 In the normal course of its activities, the group enters into trading activities to secure the Rand value of the long-term receivables utilising forward exchange and interest rate swap contracts. Details of contracts at 31 December 2001:

	FORWARD EXCHANGE CONTRACTS	
	31 DECEMBER 2001 US$'000	30 JUNE 2000 US$'000
Notional net principal amount sold:		
within one year	**(52 000)**	(20 000)
after one year	**–**	(32 000)
	(52 000)	(52 000)

	INTEREST RATE CONTRACTS			
	31 DECEMBER 2001 R'000	30 JUNE 2000 R'000	31 DECEMBER 2001 US$'000	30 JUNE 2000 US$'000
Notional net principal amount contracted for:				
within one year	**–**	–	**–**	–
after one year	**–**	(50 000)	**–**	35 000
	–	(50 000)	**–**	35 000

	FORWARD EXCHANGE CONTRACTS		INTEREST RATE CONTRACTS	
	31 DECEMBER 2001 R'000	30 JUNE 2000 R'000	31 DECEMBER 2001 R'000	30 JUNE 2000 R'000
Fair market value (asset/(liability)) maturing:				
within one year	**(211 130)**	(69 219)	**–**	–
after one year	**–**	5 744	**–**	1 271
	(211 130)	(63 475)	**–**	1 271

8.6 Foreign exchange contracts are shown in the balance sheet at their mid-market valuation taking into account legal right of set-off.

8.7 The interest rate swap contracts were repriced to market rates of interest every 90 days at which point a settlement was made.

	GROUP		COMPANY	
	31 DECEMBER 2001 R'000	30 JUNE 2000 R'000	31 DECEMBER 2001 R'000	30 JUNE 2000 R'000

9 NET INVESTMENT IN DIRECT FINANCE LEASES

Gross investment	**118 248**	13 356	**–**	–
Unearned finance income	**(35 118)**	(2 542)	**–**	–
Present value of minimum lease payments receivable	**83 130**	10 814	**–**	–
Short-term portion included in accounts receivable	**(12 181)**	(2 346)	**–**	–
Receivables due between one and five years	**70 949**	8 468	**–**	–

Investment in finance leases represents containers leased to shipping lines. The containers are usually leased for the remainder of the container's useful life with a purchase option at the end of the lease term.

10 INVENTORIES

Raw materials	**7 378**	89 143	**–**	–
Work-in-progress	**6 568**	19 447	**–**	–
Finished goods	**12 211**	4 922	**–**	–
Container equipment held for resale	**50 121**	39 168	**–**	–
Merchandise, consumable stores and maintenance spares	**17 584**	324	**–**	–
	93 862	153 004	**–**	–

10.1 Following the closure of the stakbed container factory, raw material inventories attributable to the factory were written down by R2 700 000 in the current period. During the period inventory attributable to the dry freight marine container factory which was previously written down by R24 448 000 was disposed of and R15 250 000 of the amount previously written off was recovered.
10.2 Inventory in the amount of R24 791 428 (2000: nil) has been pledged as security for a loan and the Euro invoice discount facility (refer notes 14.11 and 14.13).

11 ACCOUNTS RECEIVABLE

Accounts receivable of a group company amounting to R75 377 291 (2000: nil) have been pledged as security for a loan and the Euro invoice discount facility (refer notes 14.11 and 14.13).

12 SHARE CAPITAL AND PREMIUM

SHARE CAPITAL				
AUTHORISED				
Ordinary shares of 0,5 cent each 200 000 000 (2000: 200 000 000)	**1 000**	1 000	**1 000**	1 000
ISSUED				
Ordinary shares of 0,5 cent each 152 842 092 (2000:152 842 092)	**764**	764	**764**	764
SHARE PREMIUM	**163 757**	163 757	**163 757**	163 757
	164 521	164 521	**164 521**	164 521

12.1 No shares (2000: no shares) were issued by the company during the period.
12.2 In terms of the Executive Share Purchase Scheme, 5 442 300 unissued shares were placed at the disposal of the directors. Options have been granted, exercised and shares issued in prior years in respect of 4 005 167 shares (2000: 4 005 167 shares). At 31 December 2001, 1 437 133 shares (2000: 1 437 133 shares) reserved for the Scheme remained unissued and available for sale by the trustees. No shares (2000: no shares) were sold during the period. 156 992 shares (2000: 141 592 shares) were held by the trust in terms of the Scheme.
12.3 The remaining unissued shares are under the control of the directors until the forthcoming annual general meeting.

13 CONVERTIBLE DEBENTURES

28 626 800 unsecured automatically convertible subordinated debentures of R9,10 each	**260 504**	260 504	**260 504**	260 504

The debentures bear interest at 6% p.a. payable in arrears in June and December. The debentures will be automatically converted into shares on the basis of one share for each debenture converted on the last Friday of the fifth month of the financial year following the financial year in respect of which the total dividend declared in cents per share is equal to or exceeds the annual interest paid in cents per debenture. The directors are currently of the opinion that the debentures are unlikely to automatically convert in the foreseeable future.

14 INTEREST-BEARING BORROWINGS

	GROUP		COMPANY	
	31 DECEMBER 2001 R'000	30 JUNE 2000 R'000	31 DECEMBER 2001 R'000	30 JUNE 2000 R'000
This note should be read in conjunction with the note on Banking Facilities (refer note 31). Facilities marked * relate solely to Textainer Group Holdings Ltd and its subsidiaries. Facilities marked ** relate solely to TrenStar Inc and its subsidiaries.				
SECURED LOANS				
14.1 Secured debt facility*				
A group company has a securitisation agreement with several banks to provide a secured debt facility of US$250 million as well as to provide for the issuance of US$300 million in variable rate amortising bonds ('bonds'). The agreement, as amended on 29 November 2001, provides for the secured debt facility to convert to a fifteen-year fully amortising loan on 29 November 2002, with amortisation commencing on 16 December 2003. The loan bears interest at a daily variable rate depending on the banks' sources of finance. The total obligation is secured by a pledge of the relevant group company's container leasing equipment (refer note 2)	**935 482**	1 760 481	**–**	–
14.2 Bonds payable*				
A group company issued bonds in the amount of US$300 million on 29 November 2001. The bonds were purchased by various US institutional investors. The proceeds of the bonds were used primarily to refinance the purchase of containers and related net assets within the Textainer Group and to refinance certain principal amounts outstanding under the Textainer secured debt facility.				
These bonds represent a fully-amortising note payable on a straight-line basis over a term target of ten years, but no longer than fifteen years. Under the terms of the bonds, both principal and interest is payable monthly in arrears. The group company is not permitted to make a voluntary prepayment of all, or a portion of, the principal balance of the bonds prior to the payment date occurring in November 2004. The ultimate payment of the bond principal has been insured by MBIA Insurance Corporation. The cost of this insurance is recognised as incurred within the group's current results.				
The interest rate for each interest accrual period relating to the outstanding principal balance of the bonds equals one-month LIBOR plus 0,5%. The target final payment and legal final payment dates are 15 November 2011 and 15 November 2016, respectively. The total obligation is secured by a pledge of the relevant group company's container leasing equipment (refer note 2)	**3 587 850**	–	**–**	–
14.3 Loans repayable in quarterly instalments, bearing interest at rates which vary with a margin over the 3 month LIBOR rate, secured by container leasing equipment (refer note 2). The loans are repayable in March 2002*	**2 098**	35 174	**–**	–

	GROUP		COMPANY	
	31 DECEMBER 2001 R'000	30 JUNE 2000 R'000	31 DECEMBER 2001 R'000	30 JUNE 2000 R'000
14.4 Loans repayable in quarterly instalments, bearing interest at variable rates, secured by land and buildings, plant and machinery and various equipment (refer note 2) as well as additional security (refer note 31). The loans are repayable by 29 February 2004	**81 963**	181 600	**–**	–
14.5 Loan repayable in half yearly instalments, bearing interest at variable rates, secured by plant and machinery and various equipment (refer note 2) as well as additional security (refer note 31). The loan is repayable by 30 June 2003	**2 121**	9 334	**–**	–
14.6 Loan repayable in annual instalments, bearing interest at variable rates, secured in terms of note 31. The loan is repayable by 15 February 2003	**100 561**	172 619	**–**	–
14.7 Loan repayable in quarterly instalments, bearing interest at 16,9% p.a., secured in terms of note 31. The loan is repayable by 16 February 2004	**166 757**	242 997	**–**	–
14.8 Loan repayable in monthly instalments, bearing interest at 11,0% p.a., secured by a group company's keg equipment (refer note 2). The loan is repayable by 30 June 2003**	**62 884**	–	**–**	–
14.9 Loan repayable in monthly instalments, bearing interest at US prime plus 1,5% p.a., secured by a group company's keg equipment (refer note 2). The loan is repayable by 30 June 2003**	**18 723**	–	**–**	–
14.10 Subordinated loan bearing interest at 11,0% p.a., interest payable monthly in arrears, secured by a group company's keg equipment (refer note 2). The principal is repayable on 30 June 2005**	**25 944**	–	**–**	–
14.11 Loan repayable in monthly instalments, bearing interest at UK prime plus 1,75% p.a., secured by a group company's assets (refer notes 2, 10.2 and 11). The loan is repayable by 8 February 2016**	**31 693**	–	**–**	–
14.12 Bank loans repayable in monthly instalments, bearing interest at 6,07% p.a. and 9,8% p.a., secured by a group company's plant and machinery (refer note 2). The loans are repayable by 1 July 2003 and 20 May 2005**	**2 726**	–	**–**	–
14.13 Euro invoice discount facility, bearing interest at UK bank rate plus 1,75% p.a., secured by a pledge over a group company's accounts receivable and inventory (refer notes 10.2 and 11). The facility is repayable by 12 December 2002 with the option to renew for a further year**	**37 926**	–	**–**	–
14.14 Instalment sale facility repayable in monthly instalments, bearing interest at rates varying between 8,0% p.a. and 14,5% p.a., secured by a group company's equipment (refer note 2). The facility is repayable by 13 January 2008**	**9 000**	–	**–**	–
14.15 Term loan repayable in quarterly instalments bearing interest at 11,5% p.a., secured in terms of note 31. The loan is repayable by 30 September 2003	**26 364**	–	**26 364**	–
14.16 Loan repayable in annual instalments bearing interest at LIBOR plus 2,0% p.a., secured in terms of note 31. The loan is repayable by 20 October 2005	**305 299**	–	**–**	–

	GROUP		COMPANY	
	31 DECEMBER 2001 R'000	30 JUNE 2000 R'000	31 DECEMBER 2001 R'000	30 JUNE 2000 R'000
14.17 Loan bearing interest at LIBOR plus 2,0% p.a. refinanced during the period by the loan referred to in 14.16 above	**–**	218 296	**–**	–
14.18 Obligations under financial leases				
Textainer	**6 983**	8 150	**–**	–
TrenStar	**2 525**	–	**–**	–
	5 406 899	2 628 651	**26 364**	–
Less: Unamortised debt issuance costs	**56 188**	–	**–**	–
	5 350 711	2 628 651	**26 364**	–
Less: Current portion included in current liabilities	**623 486**	243 549	**10 909**	–
	4 727 225	2 385 102	**15 455**	–
UNSECURED LOANS				
Loan bearing interest at three month LIBOR plus 1,0% p.a. Interest and capital is repayable on 31 July 2004	**36 705**	–	**–**	–
Revolving credit facility*	**–**	164 754	**–**	–
	36 705	164 754	**–**	–
Total interest-bearing long-term borrowings	**4 763 930**	2 549 856	**15 455**	–

Certain of the loans have restrictive covenants including minimum net worth requirements, minimum working capital requirements and maintenance of minimum levels of profitability.

15 DERIVATIVE INSTRUMENTS

Interest rate cap and swap contracts	**130 923**	–	**–**	–

During the period the company adopted AC 133 in order to harmonise the accounting policies for financial instruments across the group. In terms of the accounting statement the interest rate cap and swap contracts in Textainer have been revalued to a fair value of R130 923 000 and the related fair value adjustments recorded in equity due to cash flow hedge effectiveness being demonstrated. The following table indicates the effect of the implementation of this accounting policy on the group's equity, outside shareholders' interest and deferred taxation.

Cumulative charge to equity on adoption of AC133 at the beginning of the period	**21 936**	–	**–**	–
Current period charge to equity	**48 076**	–	**–**	–
	70 012	–	**–**	–
Share of fair value adjustment attributable to outside shareholders	**57 751**	–	**–**	–
Deferred taxation adjustment	**3 160**	–	**–**	–
Total fair value of interest rate cap and swap contracts	**130 923**	–	**–**	–

As of 31 December 2001, a group company had total variable interest rate debt principal outstanding in the amount of R4 525 430 000 of which R3 425 281 000 in notional value was covered by interest rate cap and interest rate swap contracts. The following is a summary of the group's various interest rate cap and swap agreements at 31 December 2001:

	NOTIONAL AMOUNT	
	31 DECEMBER 2001 R'000	30 JUNE 2000 R'000
Interest rate cap contracts	**904 500**	958 258
Interest rate swap contracts	**2 520 781**	816 854
	3 425 281	1 775 112

16 DEFERRED TAXATION

	GROUP		COMPANY	
	31 DECEMBER 2001 R'000	30 JUNE 2000 R'000	31 DECEMBER 2001 R'000	30 JUNE 2000 R'000
Arising as a result of:				
Deferred tax liabilities				
Capital allowances	**92 160**	28 683	**–**	–
Debtors allowances	**392 377**	82 542	**–**	–
Income statement accruals	**296 913**	140 828	**–**	–
Export partnerships	**2 666**	2 913	**2 666**	2 913
	784 116	254 966	**2 666**	2 913
Deferred tax assets				
Tax losses	**(175 132)**	(20 030)	**–**	–
Provisions	**(14 863)**	(25 474)	**–**	–
	(189 995)	(45 504)	**–**	–
Net deferred tax liability	**594 121**	209 462	**2 666**	2 913

17 PROVISIONS

	GROUP					
	Carrying value at the beginning of the period R'000	Additional provisions R'000	Amounts used R'000	Amounts reversed R'000	Exchange differences R'000	Carrying value at the end of the period R'000
31 December 2001						
Warranty provision	**10 892**	**6 675**	**(692)**	**(1 677)**	**–**	**15 198**
Damage protection plan	**17 397**	**5 052**	**(8 729)**	**(5 526)**	**9 330**	**17 524**
Post retirement medical aid benefits	**–**	**2 800**	**–**	**–**	**–**	**2 800**
Provision against accounts receivable of an affiliated company for which recourse exists to a group company	**5 267**	**9 937**	**(9 116)**	**–**	**–**	**6 088**
Provision for leases and other commitments	**35 500**	**–**	**(969)**	**–**	**–**	**34 531**
	69 056	**24 464**	**(19 506)**	**(7 203)**	**9 330**	**76 141**
30 June 2000						
Warranty provision	12 095	2 508	(1 105)	(2 606)	–	10 892
Damage protection plan	10 908	10 641	(5 512)	–	1 360	17 397
Provision against accounts receivable of an affiliated company for which recourse exists to a group company	2 467	7 430	(4 630)	–	–	5 267
Provision for leases and other commitments	–	35 500	–	–	–	35 500
	25 470	56 079	(11 247)	(2 606)	1 360	69 056

17.1 The warranty provision has been raised for possible warranty claims on products sold. The group warrants certain of its products for periods of three to seven years.

17.2 The damage protection plan provision is raised for certain container repairs for containers leased in terms of the damage protection plan. The rental contracts are typically for terms of five years or less.

17.3 During the period the group raised a provision for post employment medical aid benefits in respect of certain employees. The present value of the obligation at 31 December 2001, as determined by an actuarial valuation, amounted to R2 800 000.

17.4 The provision for leases and other commitments is in respect of the leases on the closed dry freight marine container factory which terminate in August 2008. The provision has been calculated by discounting the future rental payments at a rate of 12% p.a. An appropriate amount has been provided to re-instate the property to the satisfaction of the lessor on termination of the leases.

18 BANK OVERDRAFTS AND SHORT-TERM LOANS

The bank overdrafts and short-term loans are secured and bear interest at market related rates, with repayment terms as disclosed in note 31.

19 REVENUE

	GROUP 18 MONTHS 31 DECEMBER 2001 R'000	GROUP 12 MONTHS 30 JUNE 2000 R'000	COMPANY 18 MONTHS 31 DECEMBER 2001 R'000	COMPANY 12 MONTHS 30 JUNE 2000 R'000
Invoiced sales - goods and services	**756 768**	654 371	**–**	–
Leasing income	**1 168 164**	495 188	**–**	–
Management fees	**219 337**	112 838	**–**	–
Finance income	**171 072**	171 820	**–**	–
Realised and unrealised exchange gains	**2 120 781**	345 712	**–**	–
Dividends	**–**	–	**76 476**	221 585
	4 436 122	1 779 929	**76 476**	221 585

20 INCOME/(LOSS) BEFORE ABNORMAL ITEMS AND ASSET IMPAIRMENT

Income/(Loss) before abnormal items and asset impairment is arrived at after taking into account:

	GROUP 18 MONTHS 31 DECEMBER 2001 R'000	GROUP 12 MONTHS 30 JUNE 2000 R'000	COMPANY 18 MONTHS 31 DECEMBER 2001 R'000	COMPANY 12 MONTHS 30 JUNE 2000 R'000
INCOME				
Income from subsidiaries	**–**	–	**35 710**	245 178
Administration fees	**–**	–	**60**	40
Interest	**–**	–	**31 202**	28 023
Dividends	**–**	–	**4 448**	217 115
Unlisted investments				
Interest	**28 743**	23 719	**–**	4
Associate companies	**693**	965	**–**	–
Other	**28 050**	22 754	**–**	4
Listed investments				
Dividends	**–**	4 470	**72 028**	4 470
Net profit on disposal of investments	**–**	4 224	**–**	–
Net profit/(loss) on disposal of plant and equipment	**52 069**	3 444	**–**	–
Continuing operations	**15 991**	3 568	**–**	–
Discontinuing operations	**36 078**	(124)	**–**	–
Realised and unrealised exchange gains/(losses), not included in revenue	**5 401**	1 169	**–**	–
Continuing operations	**(11 029)**	1 169	**–**	–
Discontinuing operations	**16 430**	–	**–**	–
CHARGES				
Amortisation	**4 305**	–	**–**	–
Goodwill	**40**	–	**–**	–
Intangible assets	**4 265**	–	**–**	–
Auditors' remuneration	**4 494**	4 554	**23**	20
Continuing operations	**4 490**	4 469	**23**	20
Audit fee current period	**3 317**	4 076	**23**	20
Audit fee prior period	**1 173**	393	**–**	–
Discontinuing operations	**4**	85	**–**	–
Audit fee current period	**10**	85	**–**	–
Prior period	**(6)**	–	**–**	–
Directors' emoluments	**15 019**	8 374	**2**	2
Executive directors	**14 913**	8 290	**2**	2
For services as directors	**2**	2	**2**	2
Salaries, bonuses and company contributions	**14 911**	8 288	**–**	–
Non-executive directors				
For services as directors	**106**	84	**–**	–
Interest expense	**503 147**	264 475	**31 885**	32 088
Textainer debt	**307 627**	122 011	**–**	–
Other	**195 520**	142 464	**31 885**	32 088
Letter of credit facility and arrangement fee	**30 983**	–	**–**	–
Operating leases	**24 565**	15 011	**–**	–
Continuing operations	**18 561**	8 224	**–**	–
Premises	**16 636**	8 131	**–**	–
Vehicles and equipment	**1 925**	93	**–**	–
Discontinuing operations	**6 004**	6 787	**–**	–
Premises	**6 004**	5 622	**–**	–
Vehicles and equipment	**–**	1 165	**–**	–
Provision against loans	**40 388**	20 000	**–**	–
Associate companies	**33 957**	20 000	**–**	–
Other	**6 431**	–	**–**	–
Technical fees – related party	**–**	16 353	**–**	–

21 ABNORMAL ITEMS AND ASSET IMPAIRMENT

	GROUP 18 MONTHS 31 DECEMBER 2001 R'000	GROUP 12 MONTHS 30 JUNE 2000 R'000	COMPANY 18 MONTHS 31 DECEMBER 2001 R'000	COMPANY 12 MONTHS 30 JUNE 2000 R'000
Profit on disposal of investments:				
Waco International Ltd	**94 021**	–	**21 993**	–
Centricity Inc	**68 566**	–	**53 099**	–
Other	**474**	–	**–**	–
Profit on sale of property	**1 238**	–	**–**	–
Premium paid on acquisition of shares from outside shareholders	**(13 371)**	–	**–**	–
Impairment of goodwill	**(10 350)**	–	**–**	–
Write-off of investment	**(473)**	–	**(473)**	–
Write down of carrying value of properties to open market value (refer note 2.2)	**(8 595)**	(26 781)	**–**	–
Impairment of plant (refer note 2.6)	**(17 533)**	(51 063)	**–**	–
Impairment of investment (refer note 27.8.1)	**(37 798)**	–	**(37 798)**	–
	76 179	(77 844)	**36 821**	–

22 TAXATION

	GROUP 18 MONTHS 31 DECEMBER 2001 R'000	GROUP 12 MONTHS 30 JUNE 2000 R'000	COMPANY 18 MONTHS 31 DECEMBER 2001 R'000	COMPANY 12 MONTHS 30 JUNE 2000 R'000
South African Normal	**4 426**	1 320	**4 449**	780
Current	**850**	1 282	**850**	1 103
Adjustment in respect of prior period	**3 576**	38	**3 599**	(323)
Foreign Normal Current	**24 335**	11 759	**–**	–
Associated tax credit	**(31 850)**	(28 865)	**–**	–
South African Deferred	**276 619**	(75 688)	**(979)**	(680)
Charge/(Credit) for the period	**274 369**	(76 554)	**(979)**	(680)
Adjustment in respect of prior period	**2 250**	866	**–**	–
Foreign Deferred	**(4 247)**	1 510	**–**	–
(Credit)/Charge for the period	**(4 245)**	4 976	**–**	–
Adjustment in respect of prior period	**(2)**	–	**–**	–
Adjustment due to change in rate	**–**	(3 466)	**–**	–
	269 283	(89 964)	**3 470**	100
The effective tax rate is reconciled as follows:				
	%	%	**%**	%
Statutory tax rate	**30,0**	(30,0)	**30,0**	30,0
Permanent differences	**(1,6)**	(20,9)	**(20,2)**	(29,8)
Foreign differential	**(3,6)**	(17,1)	**–**	–
Prior year adjustment	**0,3**	0,8	**3,2**	(0,1)
Losses	**0,2**	1,7	**–**	–
Attributable loss of associates	**0,4**	–	**–**	–
Abnormal items and asset impairment	**(2,3)**	5,6	**(9,9)**	–
Tax rate change	**–**	(2,4)	**–**	–
Effective tax rate	**23,4**	(62,3)	**3,1**	0,1

Certain group companies participate in export partnerships. As these companies are liable to the partnerships for the tax effect of their participation, the amount thereof is disclosed as an associated tax charge. In years subsequent to the participation, the partnerships become liable to the companies for the tax effect of their receipts and the amount thereof is disclosed as an associated tax credit.

23 EARNINGS/(LOSS) AND HEADLINE EARNINGS PER SHARE

	GROUP 18 MONTHS 31 DECEMBER 2001 R'000	12 MONTHS 30 JUNE 2000 R'000
EARNINGS/(LOSS) PER SHARE		
UNDILUTED		
Earnings/(Loss) attributable to shareholders	**804 968**	(87 590)
Weighted average number of shares in issue ('000)	**152 842**	152 842
Earnings/(Loss) per share (cents)	**526,7**	(57,3)
DILUTED		
Earnings attributable to shareholders	**804 968**	–
Interest not payable on debentures after conversion	**16 411**	–
Diluted earnings	**821 379**	–
Number of shares in issue for diluted earnings per share ('000)	**181 469**	–
Number of shares in issue for undiluted earnings per share ('000)	**152 842**	–
Shares to be issued on conversion of debentures ('000)	**28 627**	–
Diluted earnings per share (cents)	**452,6**	–
Dilution per share (cents)	**74,1**	–
HEADLINE EARNINGS PER SHARE		
UNDILUTED		
Earnings/(Loss) attributable to shareholders	**804 968**	(87 590)
Discontinuing operations	**(1 959)**	367 805
Losses incurred up to date of discontinuance	**(1 596)**	(54 882)
Abnormal items and asset impairment	**(76 179)**	26 781
Tax effect on asset impairment	**(4 049)**	–
Headline earnings	**721 185**	252 114
Weighted average number of shares in issue ('000)	**152 842**	152 842
Headline earnings per share (cents)	**471,9**	165,0
DILUTED		
Earnings/(Loss) attributable to shareholders	**804 968**	(87 590)
Interest not payable on debentures after conversion	**16 411**	10 941
Diluted earnings	**821 379**	(76 649)
Discontinuing operations	**(1 959)**	367 805
Losses incurred up to date of discontinuance	**(1 596)**	(54 882)
Abnormal items and asset impairment	**(76 179)**	26 781
Tax effect on asset impairment	**(4 049)**	–
Diluted headline earnings	**737 596**	263 055
Number of shares in issue for diluted earnings per share ('000)	**181 469**	181 469
Number of shares in issue for undiluted earnings per share ('000)	**152 842**	152 842
Shares to be issued on conversion of debentures ('000)	**28 627**	28 627
Diluted headline earnings per share (cents)	**406,5**	145,0
Dilution per share (cents)	**65,4**	20,0

The dilution would arise as a result of any future conversion of debentures referred to in note 13. The directors are of the opinion that the debentures will not be converted in the foreseeable future and therefore no dilution is anticipated for the foreseeable future. For the year ended 30 June 2000 no dilutive effect has been presented in respect of the loss per share as this would have been anti-dilutive.

24 DISCONTINUING OPERATIONS

The discontinuing operations relate to the dry freight marine container factory at Isithebe, Kwazulu-Natal, which was closed in December 1999 and the stakbed container factory at Montague Gardens, Cape Town, which was closed in December 2000.

After providing for the write down of plant and equipment, inventories, staff retrenchment costs, leases and other commitments, the carrying amounts at 31 December 2001 of the total assets and the total liabilities directly attributable to these factories are R83 314 and R42 222 932 respectively. The results relating to these discontinuing operations are set out in the income statement. These operations are reported in the container operations – manufacturing segment (refer note 32).

25 CAPITAL COMMITMENTS

	GROUP 31 DECEMBER 2001 R'000	GROUP 30 JUNE 2000 R'000
For container leasing equipment authorised by the board		
Contracted	**7 815**	27 188
Outside shareholder interest acquired	**–**	5 500
Increase in unlisted investment	**–**	24 509
	7 815	57 197

This expenditure will be financed from normal cash flow and existing facilities.

26 CONTINGENT LIABILITIES, GUARANTEES AND COMMITMENTS

26.1 The company has guaranteed various banking and credit facilities granted to some of its subsidiaries. The actual utilisation of these facilities at 31 December 2001 was R173 579 000 (2000: R138 950 000).

26.2 As an interim measure, the company has granted the use of an overdraft facility on current account to Madikor Drie (Pty) Ltd, a subsidiary of the group's associate, Marlio Beleggings Sewe (Pty) Ltd. The actual utilisation of this facility at 31 December 2001 was R4 008 944.

26.3 A group company has issued a guarantee to the Industrial Development Corporation of South Africa Ltd under which the total potential liability at 31 December 2001 was R23 700 047 (2000: nil).

26.4 A group company has provided a guarantee of R12 060 000 (2000: nil) in favour of a third party in respect of facilities granted to another group company.

26.5 A group company has guaranteed a loan to a third party. The balance of the loan at 31 December 2001 was R616 977 (2000: R674 221).

26.6 A group company has entered into various agreements with third parties for the purchase of containers for resale over a period not exceeding eleven years amounting to R366 298 000 (2000: nil). The amount outstanding under these agreements at 31 December 2001 was R314 114 000 (2000: nil). Included in the amount outstanding is an amount of R270 023 000 for containers which the company is unlikely to take delivery of due to the purchase options on these containers enjoyed by the current lessees of the containers.

26.7 A group company is on recourse to an affiliated company in respect of amounts receivable under instalment credit agreements by such affiliated company to the value of R87 100 000 (2000: R138 000 000). An appropriate provision has been raised against possible doubtful debts which may arise.

26.8 The company and a subsidiary company have provided guarantees for utility service charges and premises rentals of R546 000 (2000: R220 000) for other subsidiary companies.

26.9 Obligations under the group's operating and finance leases at 31 December 2001 were as follows:

	FUTURE MINIMUM LEASE PAYMENTS			
	OPERATING LEASES	FINANCE LEASES PRINCIPAL	FINANCE LEASES INTEREST	FINANCE LEASES TOTAL
	R'000	R'000	R'000	R'000
Due:				
within one year	**19 216**	**2 755**	**824**	**3 579**
between one and five years	**68 283**	**6 255**	**742**	**6 997**
after five years	**76 762**	**498**	**129**	**627**
	164 261	**9 508**	**1 695**	**11 203**

27 NOTES TO THE CASH FLOW STATEMENTS

	GROUP		COMPANY	
	18 MONTHS 31 DECEMBER 2001 R'000	12 MONTHS 30 JUNE 2000 R'000	18 MONTHS 31 DECEMBER 2001 R'000	12 MONTHS 30 JUNE 2000 R'000
27.1 Reconciliation of income/(loss) before taxation to cash generated from operations				
Income/(Loss) before taxation	**1 151 452**	(144 347)	**112 004**	217 177
Adjusted for:				
Interest expense	**503 147**	264 475	**31 885**	32 088
Attributable income of associate company	**15 468**	(328)	**–**	–
Unrealised foreign exchange gains	**(2 112 160)**	(355 120)	**–**	–
Net increase in adjustment to net investment in long-term receivables	**1 077 723**	328 112	**–**	–
Non-cash flow items in net investment in long-term receivables	**(285 781)**	(445 270)	**–**	–
Depreciation	**484 453**	205 587	**–**	–
Increases in provisions	**7 976**	43 586	**–**	–
Profit on sale of plant and equipment	**(52 069)**	(3 444)	**–**	–
Profit on sale of investments	**–**	(4 224)	**–**	–
Abnormal items and asset impairment	**(76 179)**	77 844	**(36 821)**	–
(Recovery on disposal)/Write down of inventories	**(12 550)**	24 448	**–**	–
Provision against loans	**40 388**	20 000	**–**	–
Amortisation	**4 305**	–	**–**	–
Deferred income	**13 292**	–	**–**	–
Investment income	**(28 743)**	(28 189)	**(107 678)**	(249 608)
Operating profit/(loss) before working capital changes	**730 722**	(16 870)	**(610)**	(343)
Working capital changes	**(74 644)**	56 236	**(5 327)**	43 929
Decrease in inventories	**56 969**	23 184	**–**	–
Decrease in accounts receivable	**33 674**	91 672	**74**	40 845
(Decrease)/Increase in accounts payable	**(165 287)**	(58 620)	**(5 401)**	3 084
Cash generated from/(utilised by) operations	**656 078**	39 366	**(5 937)**	43 586
27.2 Dividends paid				
Amounts unpaid at the beginning of the period	**–**	21 398	**–**	21 398
Charge per income statement	**–**	–	**–**	–
Amounts unpaid at the end of the period	**–**	–	**–**	–
	–	21 398	**–**	21 398
27.3 Taxation paid				
Amounts unpaid at the beginning of the period	**3 387**	3 246	**1 036**	2 948
Exchange differences	**1 484**	627	**–**	–
Charge per income statement	**28 761**	13 079	**4 449**	780
Amounts unpaid at the end of the period	**(8 973)**	(3 387)	**(850)**	(1 036)
	24 659	13 565	**4 635**	2 692

27.4 Acquisitions of subsidiaries, net of cash

During the period, the group acquired a 66% equity interest in TrenStar Inc. The fair value of the assets acquired and the liabilities assumed were as follows:

	GROUP 18 MONTHS 31 DECEMBER 2001 R'000
Cash and cash equivalents	**22 537**
Accounts receivable	**14 620**
Accounts payable	**(30 376)**
Property, plant and equipment	**122 764**
Interest-bearing borrowings	**(77 942)**
Deferred income	**(1 858)**
Deferred taxation	**(5 812)**
Goodwill	**997**
Fair value of net assets	**44 930**
Less attributable share of outside shareholders	**(15 279)**
Goodwill	**4 292**
Purchase consideration	**33 943**
Cash and cash equivalents acquired	**(22 537)**
Cash outflow on acquisition of shares	**11 406**

	GROUP 18 MONTHS 31 DECEMBER 2001 R'000	GROUP 12 MONTHS 30 JUNE 2000 R'000	COMPANY 18 MONTHS 31 DECEMBER 2001 R'000	COMPANY 12 MONTHS 30 JUNE 2000 R'000
During the period the group acquired a 100% equity interest in KTP Ltd. This purchase consideration was settled by an issue of 892 267 shares in TrenStar Inc which diluted the group's interest in TrenStar Inc to 61%. The fair value of the assets acquired and the liabilities assumed were as follows:				
Cash and cash equivalents	**2 978**			
Accounts receivable	**60 135**			
Accounts payable	**(78 036)**			
Inventory	**20 453**			
Property, plant and equipment	**45 126**			
Interest-bearing borrowings	**(30 333)**			
Intangible assets	**5 956**			
Deferred taxation	**(2 202)**			
Goodwill	**1 975**			
Fair value of net assets	**26 052**			
Paid for by issue of shares	**(26 052)**			
Cash and cash equivalents acquired	**(2 978)**			
Cash inflow on acquisition of shares	**(2 978)**			
Net cash outflow on acquisition of subsidiaries	**8 428**			

27.5 Disposal of Trailer Division, net of cash

During the period the Trailer Division of Henred-Fruehauf Trailers (Pty) Ltd was disposed of. The transaction was settled by loan account and a 40% interest in Marlio Beleggings Sewe (Pty) Ltd. The fair values of assets and liabilities disposed of were:				
Property, plant and equipment	**13 309**			
Inventory	**64 764**			
Accounts receivable	**42 895**			
Provisions	**(10 221)**			
Cash and cash equivalents	**49**			
Accounts payable	**(36 171)**			
Fair value of net assets	**74 625**			
Shares acquired	**(28 000)**			
Goodwill	**(30 200)**			
Loan	**(16 425)**			
Cash and cash equivalents disposed	**(49)**			
Cash outflow on disposal of Trailer Division	**(49)**			

27.6 Cash and cash equivalents

Cash and cash equivalents consist of bank balances and cash on hand. Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:				
Cash and cash equivalents	**307 470**	251 548	**2 368**	31 820
Bank overdrafts and short-term loans	**(179 364)**	(184 565)	**–**	(40 000)
	128 106	66 983	**2 368**	(8 180)

27.6.1 A group company has established restricted interest-bearing cash accounts as security for certain of the finance leases (refer note 26) as well as additional collateral for outstanding borrowings under the secured debt facility (refer note 14). The balances of the restricted cash accounts at 31 December 2001 were R51 267 060 (2000: R37 262 880).

27.6.2 A group company had R6 356 000 (2000: nil) of restricted cash held in an insurance escrow account at 31 December 2001. The amount will be distributed to the appropriate parties when all the related claims are finalised.

27.6.3 A term deposit amounting to R8 000 000 (2000: nil) has been ceded as security for the banking facilities (refer note 31).

27.7 Discontinuing operations

	GROUP 18 MONTHS 31 DECEMBER 2001 R'000	GROUP 12 MONTHS 30 JUNE 2000 R'000
The following cash inflows/(outflows) are attributable to the discontinuing operations:		
Operating activities	**(11 222)**	47 498
Investing activities	**45 197**	(7 399)
	33 975	40 099

27.8 Non-cash investing and financing activities

27.8.1 During the period the company exchanged its 40% interest in Centricity Inc for a 1% holding in Descartes Systems Group Inc. At the date of exchange the shares in Centricity Inc were carried at R33 824 183 less an equity accounted loss of R15 467 678 in the group. The 1% holding in Descartes Systems Group Inc was initially valued at R86 922 882. The investment was subsequently written down by R37 798 402 to R49 124 480 (refer note 21).

27.8.2 During the period the group acquired the licencing of the right of use of certain systems developed by Descartes Systems Group Inc for a consideration of R24 750 000. The purchase consideration was settled by means of an unsecured interest-bearing loan granted by a third party.

28 FINANCIAL INSTRUMENTS

A Treasury Committee, consisting of senior executives in the group, meets as required to consider current currency and interest rate exposures and treasury management strategies. Compliance with group policies and exposure limits are reviewed at quarterly meetings of the board.

CASH FLOW AND FUNDING RISK MANAGEMENT

The risk is managed through cash flow forecasts and ensuring that adequate borrowing facilities are maintained. In terms of the articles of association, the group's borrowing powers are unlimited but are subject to the banking facilities referred to in note 31.

	GROUP 31 DECEMBER 2001 R'000	GROUP 30 JUNE 2000 R'000
Total borrowing facilities granted by financial institutions	**8 261 900**	3 441 877
Actual borrowings at the end of the period	**5 617 183**	2 972 355
Other utilisation of facilities at the end of the period	**–**	51 081
Unutilised facilities	**2 644 717**	418 441

FOREIGN CURRENCY RISK MANAGEMENT

The group enters into forward exchange contracts to buy and sell specified amounts of various foreign currencies in the future at predetermined exchange rates. The contracts are entered into in order to manage the group's exposures to fluctuations in foreign currency exchange rates. The contracts are generally matched with anticipated future cash flows in foreign currencies primarily from sales and purchases (refer note 8).

INTEREST RATE RISK MANAGEMENT

As part of the process of managing the group's fixed and floating rate borrowings mix, the interest rate borrowings mix, the interest rate characteristics of new borrowings and the refinancing of existing borrowings are structured according to anticipated movements in interest rates.

The group is exposed to interest rate risk as it borrows or places funds on the money market. This risk is managed by maintaining an appropriate mix of fixed and daily call placements with registered financial institutions which are subject to compliance with the relevant regulatory bodies.

The group makes use of interest rate derivatives only as approved in terms of company policy limits in order to manage interest rate risk. Certain group companies have entered into various interest rate cap and swap agreements to hedge against interest rate exposure associated with its variable rate debt. The cap agreements, in general, involve the payment of certain premiums by the companies in exchange for reimbursement of certain interest rate payments, which exceed contractual fixed rate payment ceilings. The swap agreements involve payments by the companies to counterparties at fixed rates in return for receipts based upon variable rates indexed to LIBOR (refer note 15).

CREDIT RISK MANAGEMENT

Financial assets which potentially subject the group to concentrations of credit risk consist principally of cash, long-term receivables and accounts receivable.

The group's cash equivalents are placed only with various registered financial institutions. Credit risk with respect to accounts receivable is mitigated due to the diverse customer base. The risk arising on short-term accounts receivable is also managed through a group policy on the granting of credit limits and continual review and monitoring of these limits. Accordingly, the group has no significant concentration of credit risk with respect to these financial assets.

Credit risk with respect to long-term receivables is determined by the creditworthiness of the international customers to whom containers are supplied. Management closely monitors the activities and performance of these customers. Long-term receivables are valued by discounting future cash flows and an appropriate adjustment is made to the net investment for the timing of receipt and possible non-collectability of these receivables and the related payment to third parties.

With respect to the derivative contracts, the group's exposure to credit risk is determined by the counterparties with which they contract and the markets and countries in which those counterparties conduct their business. Limits are established in advance for all credit exposures within strict company guidelines. Individual limits and the utilisation of those limits are continually reassessed. The group minimises such credit risk by limiting the counterparties to a group of major financial institutions, regulated by the relevant regulatory bodies, and does not expect to incur any losses as a result of non-performance by these counterparties.

FAIR VALUES

The fair values of all financial instruments are substantially similar to carrying amounts reflected in the balance sheet, except for the company's participation in export partnerships. The cash flows from the participation in export partnerships (refer note 8) which will be received by the company over the next 10 to 15 years, have not been discounted. For fair presentation purposes, it is noted that any impairment to the participation in export partnerships will result in a corresponding reduction in the related deferred taxation liability and thus there would be no impact on the net cash flow statement and the income statement of the company.

29 RELATED PARTY TRANSACTIONS

INTRA-GROUP TRANSACTIONS

Certain companies in the group advanced, received and repaid loans, bought and sold goods and services from/to other entities in the group and paid and received dividends during the period. These intra-group transactions, which have been eliminated on consolidation, were conducted at arm's length.

TRANSACTIONS OF DIRECTORS WITH GROUP ENTITIES

Messrs D M Nurek and H A Gorvy were, during the period, non-executive directors of certain South African listed companies, some of whose subsidiaries are partners in export partnerships with the group. No new export partnerships were concluded with these companies during the period under review.

During the period the board approved the sale of tank containers by a group company on normal commercial terms and conditions to Messrs N I and C Jowell and A M Brown.

Prior to the appointment of Mr H R van der Merwe as a director of Trencor Ltd, a company in a family trust structure established by him issued 11% redeemable preference shares to a bank, which shares were subsequently acquired by Trencor Ltd at a cost of R2 559 226. During the period under review, R1 276 079 was received by way of a partial redemption. The balance of R1 283 147 is included in accounts receivable. Mr H R van der Merwe has provided a put in favour of Trencor Ltd should the redeemable preference shares not be redeemed. The shares are redeemable on 31 days notice at the instance of the company.

The group has entered into transactions for the supply of containers to its associate, TAC Ltd, in the normal course of business on an arm's-length basis.

Certain non-executive directors of Trencor Ltd are also non-executive directors of other public companies which have transactions with the group. The relevant directors do not believe they have the capacity to control or significantly influence the financial or operating policies of those companies. Those companies are therefore not considered to be director-related entities.

30 EMPLOYEE BENEFITS

RETIREMENT SCHEME

The group provides retirement benefits for all its permanent employees through funded defined contribution pension schemes that are subject to the Pension Funds Act, 1956 as amended.

POST RETIREMENT BENEFITS

Certain employees' medical aid contributions, post retirement, are subsidised by group companies. These subsidies have been fully provided for (refer note 17.3).

EQUITY COMPENSATION BENEFITS

Trencor Share Option Plan

The company has granted share options, with payment of the option price to be made when an option is exercised, to certain employees as defined, including certain executive directors of the company, subject to the approval of the regulatory authorities and shareholders. The aggregate number of shares, whether issued or unissued, which may be utilised for the Plan at any time shall not exceed a number equal to 10% of the aggregate of the issued share capital of the company, currently equal to 15 284 209 shares.

Shares in respect of which options are exercised, may be sold as follows:

In the case of employees who have been in the employ of the group for less than five years:

after a period of three years, up to 25% of the aggregate number of option shares
after a period of four years, up to 50% of the aggregate number of option shares
after a period of five years, up to 75% of the aggregate number of option shares
after a period of six years, up to 100% of the aggregate number of option shares

In the case of employees who have been in the employ of the group for five years or more:

after a period of one year, up to 25% of the aggregate number of option shares
after a period of two years, up to 50% of the aggregate number of option shares
after a period of three years, up to 100% of the aggregate number of option shares

Details of share options granted effective 30 June 2001, subject as aforesaid:

	EXPIRY DATE	NUMBER OF SHARES IN RESPECT OF WHICH OPTIONS HAVE BEEN GRANTED	EXERCISE PRICE PER OPTION SHARE	TOTAL PROCEEDS ON ISSUE
		'000	R	R'000
Options granted to employees who have been in the employ of the group for less than five years	30 June 2009	925	5,25	4 856
Options granted to employees who have been in the employ of the group for five years or more	30 June 2009	5 415	5,25	28 429
		6 340		33 285

31 BANKING FACILITIES

On 7 December 2001, the group concluded the effective refinancing of existing funding facilities extended by its South African banks (the existing facilities were announced on 21 November 2000 and detailed in the annual report in respect of the year ended 30 June 2000).

This refinancing was achieved through securing these funding facilities by means of a reducing US Dollar denominated Letter of Credit ('LC') provided by two foreign banks who are bankers to Textainer Group Holdings Ltd. In addition, the US Dollar loan taken up by the group from its South African banks in 1998 to finance the acquisition of an additional 24% of Textainer, has been repaid from the facilities extended by these foreign banks.

In view of the security afforded by the LC, the South African banks agreed to revised terms that were more favourable to Trencor than those that applied previously. The undertakings and banking covenants previously agreed to by Trencor have been cancelled and, save in respect of asset-based financing, most of the securities provided in relation to the facilities have been released. Trencor provided the foreign banks with a pledge over the shares held by it in Textainer (previously pledged to the South African banks).

The LC was established in an amount of US$65 835 000, and will reduce to zero by 20 October 2005. Draw down under the LC is permitted if and when certain defined drawing events occur.

The LC arrangement will expire on the earlier of the date on which all local borrowings are repaid to the South African banks or 20 October 2005. It is anticipated that all South African banking facilities will be repaid by that date.

The one-time costs incurred in procuring the LC amounted to R31 million and have been charged against current income.

In order to provide for the event that the LC does not adequately cover the exposure of the South African banks, and to ensure that the group will have sufficient working capital facilities in place, the new arrangements include a standby facility of R50 million from the South African banks which will be available in the event that a draw down under the LC occurs. This facility is secured by a pledge of the following assets (refer to notes 5, 6 and 27.6.3):

Shares held in:
Descartes Systems Group Inc
TrenStar Inc
Trenprop Investments (Pty) Ltd
Trenprop Investments Midrand (Pty) Ltd
Marlio Beleggings Sewe (Pty) Ltd
Term deposit of R8 000 000

Utilisation of this facility at 31 December 2001 was nil.

Textainer and its subsidiary and associated companies continue to operate under their own facilities, with no recourse to Trencor.

32 SEGMENTAL REPORT

BUSINESS SEGMENTS

For management reporting purposes the group is organised into various major operating divisions, namely Container Operations which comprises sales and finance, owning, leasing-out and management and manufacturing; Trailer Manufacturing, Supply Chain Management Services and Other operations.

	CONTAINER OPERATIONS					
	SALES AND FINANCE		OWNING, LEASING-OUT AND MANAGEMENT		MANUFACTURING	
	18 MONTHS 31 DECEMBER 2001 R'000	12 MONTHS 30 JUNE 2000 R'000	18 MONTHS 31 DECEMBER 2001 R'000	12 MONTHS 30 JUNE 2000 R'000	18 MONTHS 31 DECEMBER 2001 R'000	12 MONTHS 30 JUNE 2000 R'000
Revenue						
External	**2 279 651**	427 186	**1 497 833**	673 655	**153 557**	367 081
Continuing	**2 279 651**	502 186	**1 497 833**	673 655	**79 729**	188 475
Discontinuing	**–**	(75 000)	**–**	–	**73 828**	178 606
Inter-segment sales	**–**	–	**–**	–	**–**	–
Total turnover	**2 279 651**	427 186	**1 497 833**	673 655	**153 557**	367 081
Segment result						
Net income before interest and items reflected below and taxation	**1 192 596**	45 790	**553 403**	249 959	**16 931**	(86 215)
Continuing operations	**1 192 596**	419 974	**553 403**	249 959	**12 763**	9 688
Discontinuing operations	**–**	(374 184)	**–**	–	**4 168**	(95 903)
Net Interest						
Abnormal items and asset impairment						
Attributable income of associate company						
Profit on sale of investments						
Provision against loans						
Taxation						
Continuing operations						
Discontinuing operations						
Income after taxation						
Other information						
Segment assets	**3 161 511**	2 356 264	**6 451 315**	2 905 395	**42 759**	141 269
Continuing operations	**3 161 511**	2 356 264	**6 451 315**	2 905 395	**42 676**	85 616
Discontinuing operations	**–**	–	**–**	–	**83**	55 653
Investments						
Long-term loans						
Consolidated total assets						
Segment liabilities	**471 950**	575 989	**359 633**	200 235	**54 043**	87 119
Continuing operations	**471 950**	575 989	**359 633**	200 235	**11 820**	14 469
Discontinuing operations	**–**	–	**–**	–	**42 223**	72 650
Convertible debentures						
Interest-bearing borrowings						
Deferred taxation						
Bank overdrafts and short-term loans						
Taxation						
Consolidated total liabilities						
Supplementary information						
Capital expenditure	**–**	–	**1 437 186**	403 463	**585**	11 207
Continuing operations	**–**	–	**1 437 186**	403 463	**524**	2 377
Discontinuing operations	**–**	–	**–**	–	**61**	8 830
Depreciation	**–**	–	**451 408**	180 874	**6 348**	11 031
Continuing operations	**–**	–	**451 408**	180 874	**5 820**	5 121
Discontinuing operations	**–**	–	**–**	–	**528**	5 910

TRAILER MANFACTURING		SUPPLY CHAIN MANAGEMENT SERVICES		OTHER (INCLUDING CORPORATE OVERHEADS)		ELIMINATION		CONSOLIDATED	
18 MONTHS 31 DECEMBER 2001 R'000	12 MONTHS 30 JUNE 2000 R'000	18 MONTHS 31 DECEMBER 2001 R'000	12 MONTHS 30 JUNE 2000 R'000	18 MONTHS 31 DECEMBER 2001 R'000	12 MONTHS 30 JUNE 2000 R'000	18 MONTHS 31 DECEMBER 2001 R'000	12 MONTHS 30 JUNE 2000 R'000	18 MONTHS 31 DECEMBER 2001 R'000	12 MONTHS 30 JUNE 2000 R'000
434 219	259 192	59 532	17 071	11 330	35 744	–	–	4 436 122	1 779 929
434 219	259 192	59 532	17 071	11 330	35 744	–	–	4 362 294	1 676 323
–	–	–	–	–	–	–	–	73 828	103 606
–	37 130	–	–	–	–	–	(37 130)	–	–
434 219	296 322	59 532	17 071	11 330	35 744	–	(37 130)	4 436 122	1 779 929
(38 421)	(6 876)	(38 158)	(6 510)	(80 818)	(6 447)	–	–	1 605 533	189 701
(38 421)	(6 876)	(38 158)	(6 510)	(80 818)	(6 447)	–	–	1 601 365	659 788
–	–	–	–	–	–	–	–	4 168	(470 087)
								(474 404)	(240 756)
								76 179	(77 844)
								(15 468)	328
								–	4 224
								(40 388)	(20 000)
								269 283	(89 964)
								268 474	63 381
								809	(153 345)
								882 169	(54 383)
40 439	159 734	415 844	38 161	123 132	135 759	–	–	10 235 000	5 736 582
40 439	159 734	415 844	38 161	123 132	135 759	–	–	10 234 917	5 680 929
–	–	–	–	–	–	–	–	83	55 653
								141 885	113 247
								29 467	58 215
								10 406 352	5 908 044
10 568	50 435	66 315	4 370	54 525	39 035	–	–	1 017 034	957 183
10 568	50 435	66 315	4 370	54 525	39 035	–	–	974 811	884 533
–	–	–	–	–	–	–	–	42 223	72 650
								260 504	260 504
								5 387 416	2 793 405
								594 121	209 462
								179 364	184 565
								8 973	3 387
								7 447 412	4 408 506
6 553	2 218	19 475	4 752	3 656	5 118	–	–	1 467 455	426 758
6 553	2 218	19 475	4 752	3 656	5 118	–	–	1 467 394	417 928
–	–	–	–	–	–	–	–	61	8 830
4 910	4 052	14 785	6 888	7 002	2 742	–	–	484 453	205 587
4 910	4 052	14 785	6 888	7 002	2 742	–	–	483 925	199 677
–	–	–	–	–	–	–	–	528	5 910

Additional information

BALANCE SHEET AT 31 DECEMBER 2001 (Note: the comparative figures are for 30 June 2000)

In order to supplement the information provided in the annual financial statements, the following additional information is supplied:

Summarised consolidated balance sheet (page 48) and income statement (page 49) for Trencor Ltd and subsidiaries for the eighteen months to 31 December 2001, with comparatives for the previous twelve months to 30 June 2000, on the basis that Textainer Group Holdings Ltd is accounted for on the equity method and is not consolidated. These statements are unaudited, but have been prepared based on the audited financial statements of the group and of Textainer.

ASSETS	31 DECEMBER 2001 R'000	30 JUNE 2000 R'000
NON-CURRENT ASSETS		
PROPERTY, PLANT AND EQUIPMENT	**352 721**	178 440
INTANGIBLE ASSETS	**27 571**	–
GOODWILL	**7 976**	–
INVESTMENTS	**1 118 067**	660 847
LONG-TERM LOANS	**29 467**	48 617
LONG-TERM RECEIVABLES	**2 900 498**	2 195 998
	4 436 300	3 083 902
CURRENT ASSETS		
INVENTORIES	**43 741**	113 836
ACCOUNTS RECEIVABLE	**395 605**	246 591
TAXATION PAID IN ADVANCE	**–**	2 240
CASH AND CASH EQUIVALENTS	**61 977**	74 129
TOTAL ASSETS	**4 937 623**	3 520 698
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
SHARE CAPITAL AND PREMIUM	**164 521**	164 521
RESERVES	**2 159 379**	1 148 401
SHAREHOLDERS' EQUITY	**2 323 900**	1 312 922
INTEREST OF OUTSIDE SHAREHOLDERS IN SUBSIDIARIES	**50 418**	–
TOTAL SHAREHOLDERS' FUNDS	**2 374 318**	1 312 922
CONVERTIBLE DEBENTURES	**260 504**	260 504
OTHER NON-CURRENT LIABILITIES		
INTEREST-BEARING BORROWINGS	**650 277**	616 702
AMOUNTS ATTRIBUTABLE TO THIRD PARTIES IN RESPECT OF OF LONG-TERM RECEIVABLES	**431 594**	510 785
DEFERRED TAXATION	**534 231**	186 179
	4 250 924	2 887 092
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	**173 044**	213 962
PROVISIONS	**52 529**	26 935
TAXATION	**4 668**	–
BANK OVERDRAFTS AND SHORT-TERM LOANS	**179 364**	184 565
CURRENT PORTION OF INTEREST-BEARING BORROWINGS	**257 923**	208 144
DEFERRED INCOME	**19 171**	–
TOTAL EQUITY AND LIABILITIES	**4 937 623**	3 520 698
LIQUIDITY (%)		
RATIO TO AGGREGATE OF TOTAL SHAREHOLDERS' FUNDS AND CONVERTIBLE DEBENTURES		
TOTAL LIABILITIES EXCLUDING CONVERTIBLE DEBENTURES	**87,4%**	123,8%
INTEREST-BEARING DEBT EXCLUDING CONVERTIBLE DEBENTURES	**41,3%**	64,2%

TRENCOR LIMITED
AND SUBSIDIARIES

Additional information

INCOME STATEMENT FOR THE 18 MONTHS ENDED
31 DECEMBER 2001 (Note: the comparative figures are for the 12 months ended 30 June 2000)

	GROUP					
	CONTINUING		DISCONTINUING		ENTERPRISE AS A WHOLE	
	18 MONTHS 31 DECEMBER 2001 R'000	12 MONTHS 30 JUNE 2000 R'000	18 MONTHS 31 DECEMBER 2001 R'000	12 MONTHS 30 JUNE 2000 R'000	18 MONTHS 31 DECEMBER 2001 R'000	12 MONTHS 30 JUNE 2000 R'000
REVENUE	**2 865 515**	1 003 358	**73 828**	103 606	**2 939 343**	1 106 964
NET INCOME BEFORE CHARGING ITEMS BELOW:	**333 415**	247 803	**8 312**	(38 064)	**341 727**	209 739
STAFF COSTS	**233 774**	136 419	**9 328**	34 815	**243 102**	171 234
DEPRECIATION	**33 566**	19 502	**528**	5 910	**34 094**	25 412
OTHER ADMINISTRATION AND SELLING EXPENSES/(INCOME)	**93 905**	(7 651)	**6 414**	(816)	**100 319**	(8 467)
EMPLOYEE RETRENCHMENT COSTS	**–**	–	**1 274**	30 828	**1 274**	30 828
(RECOVERY ON DISPOSAL)/WRITE DOWN OF INVENTORY	**–**	–	**(12 550)**	24 448	**(12 550)**	24 448
LEASES AND OTHER COMMITMENTS	**–**	–	**551**	37 654	**551**	37 654
NET INCOME/(LOSS) BEFORE VALUATION OF RECEIVABLES	**(27 830)**	99 533	**2 767**	(170 903)	**(25 063)**	(71 370)
ADJUSTMENTS TO VALUATION OF RECEIVABLES	**1 035 905**	294 896	**–**	(299 184)	**1 035 905**	(4 288)
UNREALISED EXCHANGE GAINS	**2 111 123**	345 712	**–**	–	**2 111 123**	345 712
NET LONG-TERM RECEIVABLE ADJUSTMENT	**(1 075 218)**	(50 816)	**–**	(299 184)	**(1 075 218)**	(350 000)
INCOME BEFORE NET INTEREST EXPENSE	**1 008 075**	394 429	**2 767**	(470 087)	**1 010 842**	(75 658)
NET INTEREST EXPENSE/(INCOME)	**187 576**	127 230	**(1)**	–	**187 575**	127 230
	820 499	267 199	**2 768**	(470 087)	**823 267**	(202 888)
ATTRIBUTABLE INCOME OF ASSOCIATE COMPANIES	**138 686**	90 585	**–**	–	**138 686**	90 585
INCOME/(LOSS) BEFORE TAXATION AND ABNORMAL ITEMS	**959 185**	357 784	**2 768**	(470 087)	**961 953**	(112 303)
ABNORMAL ITEMS	**89 549**	(26 781)	**–**	(51 063)	**89 549**	(77 844)
	1 048 734	331 003	**2 768**	(521 150)	**1 051 502**	(190 147)
TAXATION	**247 154**	50 788	**809**	(153 345)	**247 963**	(102 557)
INCOME/(LOSS) AFTER TAXATION	**801 580**	280 215	**1 959**	(367 805)	**803 539**	(87 590)
LOSS ATTRIBUTABLE TO OUTSIDE SHAREHOLDERS IN SUBSIDIARIES	**1 429**	–	**–**	–	**1 429**	–
NET INCOME/(LOSS) FOR THE PERIOD	**803 009**	280 215	**1 959**	(367 805)	**804 968**	(87 590)

Additional information

BALANCE SHEET AT 31 DECEMBER 2001 (Note: the comparative figures are for 31 December 2000)

In order to supplement the information provided in the annual financial statements, the following additional information is supplied:

Summarised consolidated balance sheet (page 50) and income statement (page 51) for Textainer Group Holdings Ltd and subsidiaries for 31 December 2001, with comparatives for the previous year. These statements are unaudited, but have been extracted from the audited financial statements of Textainer Group Holdings Ltd for the year ended 31 December 2001.

ASSETS	2001 US$'000	2000 US$'000
CURRENT ASSETS:		
CASH AND CASH EQUIVALENTS, INCLUDING RESTRICTED CASH OF		
US$4 778 AND US$7 456 IN 2001 AND 2000 RESPECTIVELY	**20 356**	26 971
LEASE RENTALS RECEIVABLE, NET OF ALLOWANCES FOR DOUBTFUL DEBTS	**20 908**	19 122
TRADING ACCOUNTS RECEIVABLE	**1 164**	2 689
NET INVESTMENT IN DIRECT FINANCE LEASES	**1 010**	352
CONTAINERS HELD FOR SALE	**4 156**	4 139
PREPAID EXPENSES	**1 447**	1 093
SHORT-TERM NOTE RECEIVABLE	**–**	1 900
DUE FROM AFFILIATES, NET	**313**	315
	49 354	56 581
NON-CURRENT ASSETS		
CONTAINERS, NET	**475 092**	429 426
NET INVESTMENT IN DIRECT FINANCE LEASES	**5 883**	1 153
INVESTMENTS IN AFFILIATES	**753**	856
FIXED ASSETS, NET	**2 508**	3 024
LONG-TERM NOTE RECEIVABLE	**–**	3 500
OTHER ASSETS	**5 917**	2 744
TOTAL ASSETS	**539 507**	497 284
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	**15 072**	17 292
DAMAGE PROTECTION PLAN RESERVE	**1 453**	1 495
DUE TO OWNERS, NET	**4 408**	12 396
NOTES PAYABLE	**174**	4 113
OBLIGATIONS UNDER CAPITAL LEASES	**138**	295
SECURED DEBT FACILITY	**–**	2 527
BONDS PAYABLE	**30 000**	–
TOTAL CURRENT LIABILITIES	**51 245**	38 118
NON-CURRENT LIABILITIES:		
NOTES PAYABLE	**–**	184
OBLIGATIONS UNDER CAPITAL LEASES	**441**	579
REVOLVING CREDIT FACILITY	**–**	5 050
SECURED DEBT FACILITY	**77 569**	320 803
BONDS PAYABLE	**267 500**	–
CASH FLOW HEDGING DERIVATIVES	**10 856**	–
DEFERRED INCOME TAXES, NET	**1 547**	1 809
TOTAL LIABILITIES	**409 158**	366 543
MINORITY INTERESTS	**19 710**	12 997
STOCKHOLDERS' EQUITY	**110 639**	117 744
TOTAL STOCKHOLDERS' EQUITY	**130 349**	130 741
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**539 507**	497 284

TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES

Additional information

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2001 (Note: the comparative figures are for the year ended 31 December 2000)

REVENUE	2001 US$'000	2000 US$'000
LEASE RENTAL INCOME	**91 174**	83 904
MANAGEMENT FEES	**14 920**	16 846
TRADING CONTAINER SALES PROCEEDS	**10 545**	14 118
GAIN ON SALES OF ASSETS, NET	**1 633**	809
OTHER, NET	**1 869**	3 160
TOTAL REVENUES	**120 141**	118 837
OPERATING EXPENSES		
DIRECT CONTAINER EXPENSES	**16 564**	12 679
COST OF TRADING CONTAINERS SOLD	**8 704**	10 613
DEPRECIATION	**37 267**	31 530
GENERAL AND ADMINISTRATIVE EXPENSE	**15 752**	16 720
TOTAL OPERATING EXPENSES	**78 287**	71 542
INCOME FROM OPERATIONS	**41 854**	47 295
OTHER (EXPENSE)/INCOME		
NET INTEREST EXPENSE	**(22 791)**	(21 101)
MINORITY INTEREST IN NET INCOME OF SUBSIDIARIES	**(2 029)**	(553)
LOSS ON EXTINGUISHMENT OF DEBT	**(618)**	–
OTHER, NET	**(50)**	(302)
NET OTHER EXPENSE	**(25 488)**	(21 956)
INCOME BEFORE INCOME TAX EXPENSE	**16 366**	25 339
INCOME TAX EXPENSE	**(1 520)**	(2 305)
INCOME AFTER INCOME TAX EXPENSE	**14 846**	23 034

CORPORATE INFORMATION

COMPANY REGISTRATION	TRENCOR LIMITED INCORPORATED IN THE REPUBLIC OF SOUTH AFRICA ON 28 SEPTEMBER 1955 REGISTRATION NUMBER 1955/002869/06
YEAR LISTED	1955
REGISTERED OFFICE AND POSTAL ADDRESS	1313 MAIN TOWER STANDARD BANK CENTRE HEERENGRACHT CAPE TOWN 8001 TEL 021 421 7310 FAX 021 419 3692 INTERNATIONAL +27 21
SECRETARY	TRENCOR SERVICES (PTY) LTD
INTERNET ADDRESS	http://www.trencor.net
E-MAIL	info@trencor.net investorrelations@trencor. net
TRANSFER SECRETARIES	COMPUTERSHARE INVESTOR SERVICES LTD EDURA 41 FOX STREET JOHANNESBURG 2001 P O BOX 61051 MARSHALLTOWN 2107 TEL 011 377 7700 FAX 011 836 0792 INTERNATIONAL +27 11 CALL CENTRE 0861 100950 (WITHIN RSA) OR +27 11 722 2277 (OUTSIDE RSA) http://www.computershare.com
PRINCIPAL BANKERS	FIRSTRAND BANK LTD FORTIS BANK (NEDERLAND) NV WACHOVIA SECURITIES
AUDITORS	KPMG INC
ATTORNEYS	SONNENBERG HOFFMANN GALOMBIK
SPONSORS	HSBC INVESTMENT SERVICES (AFRICA) (PTY) LTD
JSE SECTOR	INDUSTRIAL – TRANSPORTATION (CHANGING TO TRANSPORT – SHIPPING & PORTS)
MARKET NAME	TRENCOR
JSE SHARE CODES	
– ORDINARY SHARES	TRE ISIN: ZAE000007506
– 6% CONVERTIBLE DEBENTURES	TED2 ISIN: ZAE000007282

DIARY

	11 JULY 2002	**ANNUAL GENERAL MEETING**
	31 DECEMBER	**FINANCIAL YEAR-END**
ANNOUNCEMENTS	**AUGUST**	**INTERIM REPORT**
	FEBRUARY	**PROVISIONAL RESULTS**
	MARCH	**ANNUAL FINANCIAL STATEMENTS**
6% CONVERTIBLE DEBENTURES	**JUNE AND DECEMBER**	**INTEREST PAID**

ANALYSIS OF SHARE AND DEBENTURE HOLDERS AT 31 DECEMBER 2001

MOBILE
INDIVIDUALS
PENSION FUNDS
INSURANCE COMPANIES
BANKS AND BANK NOMINEES
OTHER COMPANIES
OTHER CORPORATE BODIES
JOWELL FAMILY
DISCREPANCY

SHAREHOLDER SPREAD
PUBLIC SHAREHOLDERS
NON-PUBLIC SHAREHOLDERS
DIRECTORS
PERSONS INTERESTED, DIRECTLY OR INDIRECTLY, IN 10% OR MORE
DISCREPANCY

TRENCOR
INDIVIDUALS
PENSION FUNDS
INSURANCE COMPANIES
BANKS AND BANK NOMINEES
OTHER COMPANIES
OTHER CORPORATE BODIES
MOBILE INDUSTRIES
DISCREPANCY

SHAREHOLDER SPREAD
PUBLIC SHAREHOLDERS
NON-PUBLIC SHAREHOLDERS
DIRECTORS
PERSONS INTERESTED, DIRECTLY OR INDIRECTLY, IN 10% OR MORE
DISCREPANCY

The information provided below is, as far as can be reasonably established and subject to the discrepancy indicated, a correct analysis of the share and debenture holdings as at 31 December 2001, based on data extracted from the certificated registers and the data provided by STRATE. The discrepancy represents anomalies in the dematerialised holdings disclosed to the company.

ORDINARY SHARES				'N' ORDINARY SHARES				6% CONVERTIBLE DEBENTURES			
NUMBER OF HOLDERS	% OF HOLDERS	NUMBER OF SHARES	% INTEREST	NUMBER OF HOLDERS	% OF HOLDERS	NUMBER OF SHARES	% INTEREST	NUMBER OF HOLDERS	% OF HOLDERS	NUMBER OF DEBENTURES	% INTEREST
1 799	82,1	17 293 980	5,8	2 235	82,8	13 744 032	2,3	1 515	79,7	2 056 086	3,6
34	1,6	11 510 813	3,9	31	1,1	16 643 351	2,8	25	1,3	1 678 683	3,0
18	0,8	49 098 084	16,6	21	0,8	95 132 536	15,8	17	0,9	11 782 511	20,8
56	2,6	106 443 190	35,9	64	2,4	232 005 000	38,6	57	3,0	25 937 869	45,7
111	5,0	19 290 318	6,5	121	4,5	27 312 986	4,5	107	5,6	7 059 907	12,4
172	7,8	18 004 004	6,0	226	8,3	82 750 575	13,8	180	9,5	11 184 108	19,7
2	0,1	83 425 463	28,1	2	0,1	159 901 878	26,6	–	–	–	–
–	–	(8 431 110)	(2,8)	–	–	(26 264 024)	(4,4)	–	–	(2 972 964)	(5,2)
2 192	100,0	296 634 742	100,0	2 700	100,0	601 226 334	100,0	1 901	100,0	56 726 200	100,0
2 187	99,8	134 409 882	45,3	2 694	99,8	286 375 762	47,6	1 898	99,8	28 101 830	49,5
2	0,1	9 947 572	3,3	3	0,1	18 093 048	3,0	1	0,1	80 220	0,1
3	0,1	160 708 398	54,2	3	0,1	323 021 548	53,7	2	0,1	31 517 114	55,6
–	–	(8 431 110)	(2,8)	–	–	(26 264 024)	(4,3)	–	–	(2 972 964)	(5,2)
2 192	100,0	296 634 742	100,0	2 700	100,0	601 226 334	100,0	1 901	100,0	56 726 200	100,0
406	80,2	1 155 080	0,8					22	47,8	196 217	0,7
4	0,8	1 110	–					–	–	–	–
4	0,8	32 024 232	20,9					1	2,2	8 770 231	30,6
11	2,2	25 916 131	17,0					6	13,0	1 337 315	4,7
58	11,5	1 525 199	1,0					15	32,6	390 242	1,3
21	4,1	2 763 029	1,8					–	–	–	–
1	0,2	72 386 836	47,4					1	2,2	13 730 780	48,0
1	0,2	17 070 475	11,1					1	2,2	4 203 015	14,7
506	100,0	152 842 092	100,0					46	100,0	28 627 800	100,0
498	98,4	32 630 660	21,3					41	89,1	1 240 991	4,3
4	0,8	498 480	0,3					1	2,2	37 000	0,1
3	0,6	102 642 477	67,2					3	6,5	23 146 794	80,9
1	0,2	17 070 475	11,2					1	2,2	4 203 015	14,7
506	100,0	152 842 092	100,0					46	100,0	28 627 800	100,0

MAJOR SHARE AND DEBENTURE HOLDERS

The direct and indirect interests of ordinary and 'N' ordinary shareholders and holders of 6% convertible debentures who, in so far as is known, held 5% or more of the issued securities at 31 December 2001 were as follows:

MOBILE	ORDINARY SHARES DIRECT %	'N' ORDINARY SHARES DIRECT %	6% CONVERTIBLE DEBENTURES DIRECT %
JOWELL FAMILY	28,1	26,6	
OLD MUTUAL	26,1	27,1	38,8
ALLAN GRAY		8,7	
AFRICAN HARVEST GROUP			16,9
PUBLIC INVESTMENT COMMISSIONER			5,6
	54,2	62,4	61,3

	SHARES			6% CONVERTIBLE DEBENTURES		
	DIRECT	INDIRECT THROUGH MOBILE		DIRECT	INDIRECT THROUGH MOBILE	TOTAL
TRENCOR	ORDINARY %	ORDINARY %	'N' ORDINARY %	%	%	%
OLD MUTUAL	19,7	12,3	12,8	21,0	18,6	39,6
AFRICAN HARVEST GROUP	7,3			11,9	8,1	20,0
	27,0	12,3	12,8	32,9	26,7	59,6
MOBILE INDUSTRIES	47,4			48,0		
	74,4			80,9		