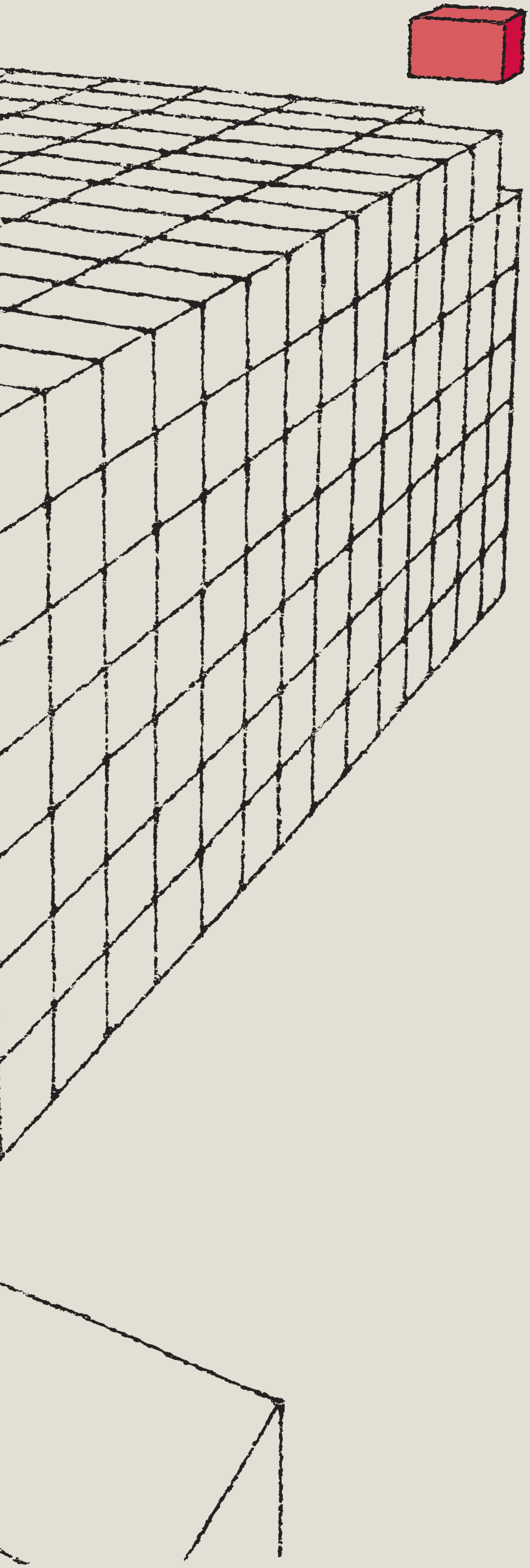

Trencor Limited is a holding company quoted on the JSE Securities Exchange South Africa. Its core businesses are:

* *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.*

Other interests are in the manufacture and export of tank containers for international markets, and road trailer manufacturing and retailing.

02

TRENCOR

Trencor Limited
Annual Report 2002

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Directors	N I Jowell	* Chairman/CEO
	H R van der Merwe	* Managing
	H A Gorvy	Independent
	J E Hoelter	USA, Independent
	C Jowell	*
	J E McQueen	*
	D M Nurek	Independent
		* Executive
Executive Committee	N I Jowell	Chairman
	C Jowell	
	J E McQueen	
	H R van der Merwe	
Audit Committee	D M Nurek	Chairman
	H A Gorvy	
	J E Hoelter	
Remuneration Committee	D M Nurek	Chairman
	N I Jowell	
Nomination Committee	D M Nurek	Chairman
	H A Gorvy	
	N I Jowell	

Brief résumés of the directors are presented on page 59.

The current reporting period is for the year ended 31 December 2002. Following a change in the financial year-end from 30 June to 31 December in 2001, the previous reporting period was for 18 months.

Highlights

		YEAR 31 DECEMBER 2002	18 MONTHS 31 DECEMBER 2001	YEAR 30 JUNE 2000
Revenue	RM	**589**	4 436	1 780
Trading income	RM	**563**	616	349
(Loss)/Income before taxation	RM	**(455)**	1 150	(144)
Headline (loss)/income attributable to shareholders	RM	**(352)**	711	248
Total assets	RM	**8 967**	10 406	5 908
Headline earnings per share (undiluted)	CENTS	**(230)**	465	162
Net asset value per share	CENTS	**1 132**	1 521	859
Gearing[1]				
With Textainer and BLI consolidated	%	**205**	173	169
With Textainer and BLI equity accounted[2]	%	**38**	41	64

[1] Ratio of interest-bearing debt, excluding convertible debentures to aggregate of total shareholders' funds and convertible debentures.
[2] Debt in the Textainer Group and BLI (Brewers Logistics International) is ring-fenced, without recourse to Trencor.

MOBILE INDUSTRIES

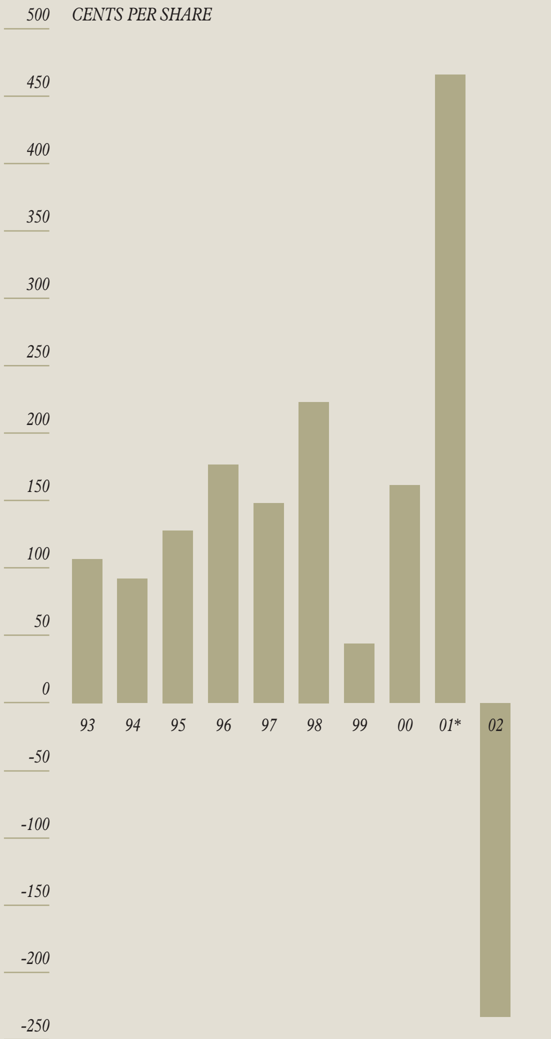
	Mobile Acceptances 74%	Credit financing of transport equipment.

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 containers.
	TAC 44%	Owning of containers.
	Trencor Containers 100%	Manufacturing and exporting of stainless steel tank containers.
Supply chain management services	TrenStar SA 100% (formerly Trencor Solutions)	Development of solutions for managing the movement of mobile assets (such as returnable packaging) utilising track and trace technology, and the manufacture and rental of intermediate bulk containers and other forms of containers and re-usable packaging units.
	TrenStar 61%	A global business, incorporating MicroStar Logistics Inc 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.
	Brewers Logistics International (75% owned by TrenStar)	Owning, financing and management of beer kegs.
Trailers	Henred-Fruehauf/ SA Truck Bodies Group 40%	Manufacturing of truck trailers, road tankers and trailer components, refurbishing and trading in used trailers and servicing of trailers throughout Southern Africa.

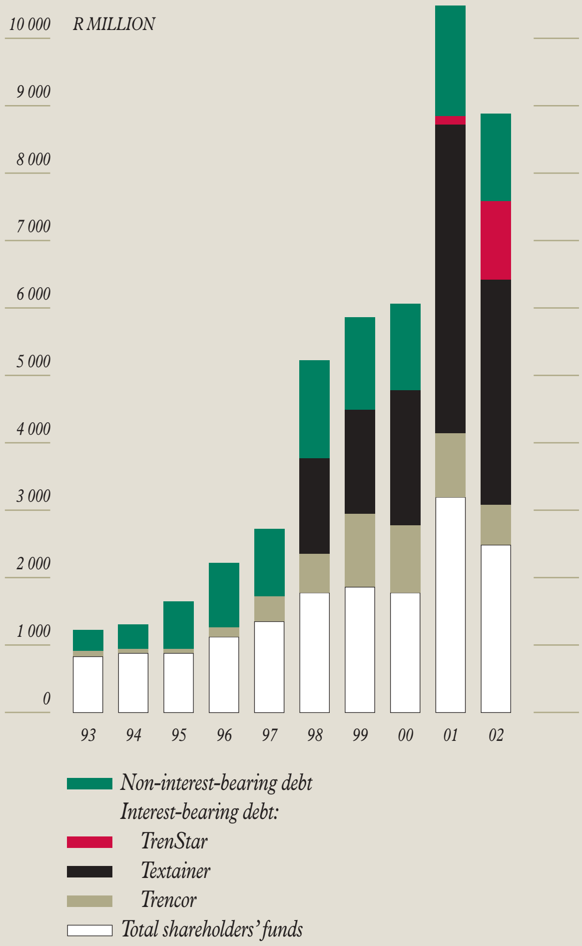
Graphs

Headline earnings per share (undiluted)



* 18 months

Funding of total assets



Operating results	*02* RM	*01** RM	*00* RM	*99* RM	*98* RM	*97* RM	*96* RM	*95* RM	*94* RM	*93* RM
Revenue	**589**	4 436	1 780	1 464	1 550	1 415	1 317	1 194	922	790
(Loss)/Income before taxation	**(455)**	1 150	(144)	23	483	316	371	221	201	223
(Loss)/Income attributable to shareholders (headline)	**(352)**	711	248	65	335	224	261	182	134	156
Balance sheet summary										
Shareholders' equity	**1 733**	2 324	1 313	1 418	1 370	1 105	895	655	613	587
Outside shareholders' interest	**460**	635	186	148	139	26	24	13	47	36
Total shareholders' funds	**2 193**	2 959	1 499	1 566	1 509	1 131	919	668	660	623
Convertible debentures	**261**	261	261	261	261	261	261	261	261	261
Interest-bearing debt	**5 026**	5 566	2 978	2 606	1 984	339	131	20	39	49
Funding of total net assets	**7 480**	8 786	4 738	4 433	3 754	1 731	1 311	949	960	933
Property, plant and equipment and investment properties	**5 653**	6 113	2 684	2 364	2 018	232	197	178	166	139
Other non-current assets	**2 270**	3 177	2 376	2 291	2 242	1 846	1 319	883	536	505
Current assets	**1 044**	1 116	848	1 111	918	628	676	583	585	552
Total assets	**8 967**	10 406	5 908	5 766	5 178	2 706	2 192	1 644	1 287	1 196
Non-interest-bearing liabilities	**1 487**	1 620	1 170	1 333	1 424	975	881	695	327	263
Total net assets	**7 480**	8 786	4 738	4 433	3 754	1 731	1 311	949	960	933
Statistics										
Number of issued shares (million)	**153**	153	153	153	153	151	149	146	145	145
Equity book value per share (cents)	**1 132**	1 521	859	928	896	731	600	448	422	404
Headline (loss)/earnings per share (cents) – undiluted	**(230)**	465	162	43	220	149	177	125	93	107
Dividends per share (cents)	**–**	–	–	28	48	43	43	34	25	25
Dividend cover (times)	**–**	–	–	1	5	4	4	4	4	4
Liquidity (%)										
Ratio to aggregate of total shareholders' funds and convertible debentures										
Total liabilities excluding convertible debentures	**265**	223	236	216	193	94	86	77	40	35
Interest-bearing debt excluding convertible debentures	**205**	173	169	143	112	24	11	2	4	5
Current ratio (times)	**0,9**	0,9	1,0	1,3	1,3	1,6	1,6	1,6	2,3	2,4
Profitability based on headline earnings (%)										
Taxed (loss)/income/total shareholders' funds	**(8,0)**	24	19	5	26	22	34	29	23	30
Taxed (loss)/income before interest/total assets	**(0,1)**	10	9	5	11	11	13	14	13	16
Taxed (loss)/income before interest/total net assets	**(0,1)**	12	11	7	15	17	22	21	17	21
(Loss)/Income attributable to shareholders/shareholders' equity	**(12)**	26	18	5	27	22	34	29	23	30
Number of employees	**687**	591	1 263	2 676	2 542	5 126	5 475	5 192	5 043	4 772

**18 months*

Our operations generally performed well and achieved a very satisfactory increase in trading income to R563 million for the year compared to R616 million for the 18 month period to 31 December 2001. The continuing improvement in the performance of our core businesses is particularly pleasing.

However, due to the impact of the much stronger rand on the translation of our dollar-denominated long-term receivables and related provisions, headline earnings were a loss of R352 million compared to a profit of R711 million for the eighteen months to December 2001. During the year under review, the rand recovered much of the ground lost to the US dollar in the previous period. It weakened from R6,78 to R12,06 against the dollar in the 18 months to 31 December 2001 and recovered to R8,66 by December 2002. The effect of these changes on the translation into rand of our long-term receivables, net of provisions, was an unrealised exchange gain of approximately R1,2 billion in 2001, of which gain a net R870 million has effectively been reversed in the year under review.

As previously noted, Generally Accepted Accounting Practice requires that such gains or losses, even though unrealised, be reported through the income statement and included in headline earnings. We have also noted in the past our large exposure to changes in the US$/R exchange rate, and that a one cent change in the value of the rand to the US dollar currently affects earnings per share by approximately one cent.

Commencing with the sale of our transport business several years ago we have implemented a strategy to narrow our focus to the container industry and supply chain management services. The disposal of our interest in Waco and various smaller businesses and the dilution of our interests in trailer manufacturing formed part of this process. At the same time we developed the local and international activities of TrenStar (dealt with more fully elsewhere in this annual report), whilst Textainer continues to cement its position as the leading marine container leasing company in the world. We are pleased with the successful implementation of this important stage in the group's development.

While the queries from South African Revenue Services ('SARS') remain unresolved, the issues arising from the closure of two of our container factories and the consequent restructuring costs are now behind us and the results for the year under review testify to the sound business base that has been established.

Textainer

Our business in the container industry, led by a very able and experienced team, made an excellent contribution to earnings of R124 million for the year compared to R166 million for the previous eighteen month period.

The poor trading conditions in container leasing during 2001 continued until the end of the first quarter of 2002 by which time Textainer's fleet utilisation had declined to just below 71%. The market then turned around very quickly and we achieved a regular and significant improvement with utilisation reaching 89% by the year-end. While the whole industry benefitted from the stronger demand, I believe our position was significantly further improved by the steps taken in the previous year. These included increasing the proportion of containers on long-term lease and repositioning containers from areas of low demand to the East (at a cost of US$9,2 million across the fleet) in anticipation of our customers' needs when demand strengthened. The size of the fleet we now manage exceeds one million TEU (twenty foot equivalent unit), making us the largest dry freight container lessor in the world. Currently 77% of the 462 600 TEU Textainer itself owns are in long-term leases.

Fleet utilisation has continued close to the year-end peak, without the usual seasonal dip from the end of December to the Chinese New Year closures in February. This supports our forecast for good demand in 2003. Textainer plans to add 110 000 TEU to its fleet during the year at a total cost of US$126 million.

Textainer's own fleet growth requires the availability of substantial funding. Textainer's total gearing at 31 December 2002 was 266% – modest by leasing industry standards and well below available funding facilities.

TrenStar

During the second half of 2001 we extended our business in supply chain management services offshore by merging our interests in this area with the MicroStar Group in the USA to form TrenStar Inc. This 61% owned company, based in Denver, houses all our interests in supply chain management services outside South Africa. TrenStar has developed well and faster than our early expectations. The original business continues to grow and its innovative and experienced management team has, in addition to securing the large contracts mentioned below, established research studies and pilot projects with large customers in major industries in the USA.

TrenStar's products have attracted significant attention following the large beer keg contracts in the UK announced earlier. Through its 75% UK subsidiary, Brewers Logistics International Ltd ('BLI'), TrenStar acquired the beer keg fleets of Scottish Courage Ltd and Carlsberg-Tetley Brewing Ltd. Through these transactions (which are contracts of 15 years' duration), we now own and manage 42% of the beer keg fleet in the UK. On the successful conclusion of current negotiations now in an advanced stage, this should rise to 65% and will constitute a major step in the goal of our clients and ourselves to form a single pool of kegs for the UK brewing industry. These transactions are fully debt funded by UK banks at attractive rates without any financial guarantee from or recourse against Trencor or TrenStar.

Long-term receivables

The long-term export receivables continue to make an important contribution to our earnings and are supported by the improved conditions in the container industry. These receivables are collectable over 13 years and the contribution to earnings should continue for that period, although declining after about 8 to 9 years.

Tank manufacturing

During the year under review, the rate of production at our stainless steel tank container manufacturing plant in Parow, near Cape Town, increased steadily and the facility operated satisfactorily. We started 2003 with the best forward order position we have enjoyed for some while but the unexpected strength of the rand placed significant pressure on margins and sales.

Trailer manufacturing

The road trailer manufacturing and retailing business, in which the group now has a 40% interest, traded satisfactorily during the year and made a positive contribution to group earnings. This is in pleasing contrast to the R27 million loss reported in the period prior to the merger which took effect on 1 December 2001.

Finance

The stronger rand has resulted in a gain of R85 million on translation of the outstanding balance of our US dollar loans, most of which were raised during the year under review. The proceeds of the loan raised in 2002 were applied in repaying our rand obligations to South African lenders. The amount outstanding under this facility at 31 December 2002 was US$48,3 million and the interest rate was 3,55% per annum.

The ratio of interest-bearing debt to permanent capital increased from 173% to 205% during the year to 31 December 2002, mainly as a result of increased borrowings to fund the beer keg purchases. However, with Textainer and BLI notionally equity accounted (the debt of these companies is without recourse to Trencor) this ratio was 38% compared to 41% at 31 December 2001.

Tax queries

The enquiry by SARS into the tax treatment of the group's export partners' participation in the export of cargo containers (in respect of transactions entered into in prior years) has entered its fifth year. To the best of our knowledge, SARS has completed their information gathering. Accordingly, we would hope that the enquiry will soon be concluded. We remain confident that the supportive legal advice we have received will prevail should SARS seek to challenge the tax treatment.

Dividend

The board has decided not to declare a dividend as the company has reported a loss for the year, and much of the cash generated has been applied in reduction of debt.

Forecast

I have noted the progress made in focusing the business of the group and the improved trading conditions in which our core businesses currently operate. Accordingly, we anticipate a further improvement in our trading income. We are, of course, unable to anticipate changes in the exchange rate and thus the impact such changes will have on the net income of the group.

Corporate governance

In general, we subscribe to the principles underlying the King II Report. We believe the ability and integrity of managers need monitoring and have for many years observed the main guidelines in relation to audit and remuneration committees and recognised the importance of non-executive directors in the process of monitoring and decision-making.

As noted elsewhere in this report, during the year, we made considerable progress in implementing the detailed formal requirements of the King Report. While these rules have value, the best safeguard for shareholders is to have directors with business experience and knowledge, who are shareholder-orientated and committed.

The board has reviewed the combination of the roles of the chairman and CEO and concluded that it is appropriate for the company's needs. This decision will be reviewed annually.

Acknowledgements

During the year Mr Alex Brown resigned from the board. He joined Trencor in 1969 and played a significant role in the expansion of our container businesses and in most of the issues facing Trencor over many years. We shall miss his contribution and wish him a happy and healthy retirement.

I am pleased to welcome Mr Jim Hoelter to the board. He was the President and CEO of Textainer and recently became a director of TrenStar. We look forward to his contribution to our deliberations. He will serve as an independent non-executive director together with Messrs Harold Gorvy and David Nurek. I am also pleased to report that Mr Hennie van der Merwe, an executive director since May 1998, was appointed as managing director with effect from 4 April 2003. Mr John Maccarone, President and CEO of Textainer and Mr Jimmy McQueen, CFO of Trencor continue to report to me.

On behalf of the board, I express our appreciation to the people of Trencor for the dedication and commitment they have applied to our endeavours. I also thank my colleagues on the board for their guidance during the year.

N I JOWELL 11 APRIL 2003

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. Despite very difficult trading conditions in the first quarter of the year, it achieved excellent results for the full year 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 together with 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 16% of the containers managed by Textainer), as well as TAC, a container owner associated with the Trencor group. Management fees and container sales commissions resulting from a contract to manage 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, continue to contribute significantly to operating results. The success of this arrangement and the improvement in performance of the large Xtra fleet confirms that Textainer is an excellent candidate to manage fleets for independent owners.

An average of almost 90 000 TEU of new production has been added to the fleet annually over the past five years and the total fleet under management currently exceeds one million TEU. The portion of the fleet owned by Textainer itself is now 462 600 TEU of which 77% is on long-term lease, resulting in higher utilisation and less volatile revenues.

The Equipment Resale Division purchases second-hand containers across the globe and sells them in the world's major demand markets. It made much lower profits, but still an important contribution to total value realised by all owners of containers. Textainer is the main 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.

The difficult trading conditions of the previous year continued throughout the first quarter with fleet utilisation declining to just below 71%. From the beginning of the second quarter, utilisation increased week by week and reached 89% by the end of the year.

Textainer's earnings amounted to US$16,2 million for the year to 31 December 2002. Its contribution to Trencor's earnings for the same period was R124 million. A summarised balance sheet and income statement for Textainer appear on pages 56 and 57.

Long-term receivables

The aggregate amount of outstanding long-term receivables at 31 December 2002 was US$539 million (2001: US$588 million). In recognition of the sustained period of lower US interest rates, the discount rate applied in the valuation of long-term receivables has been reduced by 1% to 8,5% per annum with effect from 1 January 2002. After adjusting for currency differences and debtors provisions, the net positive impact on pre-tax income of this change was R53 million. At their present values, discounted at 8,5% per annum (2001: 9,5% per annum), the value of these receivables totalled R3,74 billion (2001: R5,15 billion). An exchange rate of US$1 = R8,66 was used to translate dollar amounts into rand at 31 December 2002 (2001: US$1 = R12,06). In compliance with the requirements of South African Statements of Generally Accepted Accounting Practice, the resulting translation loss, amounting to R1,4 billion at net present value, has been charged against income before tax. In the year to 31 December 2001, the translation gain included in income before tax amounted to R2,1 billion.

The increase in the value of the rand resulted in a gain of R541 million (2001: loss R866 million) on translation of the dollar-denominated provision against the receivables. The amount of the provision in dollar terms remains largely unchanged; it is considered prudent to maintain the provision at its existing level in dollar terms, because the positive cash flow effects of the significantly improved fleet utilisations currently being enjoyed by container owners may be offset by declines in the residual values of used container equipment and this could have an effect on the ultimate collectability and timing of receipts from the long-term container export receivables.

At 31 December 2002, the net present value of long-term receivables after provisions amounted to R2,3 billion (2001: R3,2 billion) and the net present value of the amounts attributable to third parties, after adjustments, was R444 million (2001: R471 million).

The outstanding receivable book was represented by the equivalent of approximately 204 000 standard dry freight cargo containers at the end of 2002.

Supply chain management services

During the year under review, the operations of TrenStar Inc (headquartered in Denver, Colorado) and TrenStar SA (Pty) Ltd in South Africa (previously Trencor Solutions) and their subsidiaries (collectively 'TrenStar') made good progress in pursuing our stated strategy of 'enabling the controlled movement of goods by providing and integrating the use of equipment, services, knowledge and information'. Over the period of just more than a year since its creation on 1 August 2001, TrenStar has successfully established its international business operations, particularly in the US and UK. In addition, its international presence has opened up opportunities to export equipment manufactured by itself and others in South Africa.

The business model of TrenStar is to provide predominantly larger clients with advice on the design and sourcing of various types of durable returnable packaging assets, to procure such assets (either by selling or leasing to the client) and to manage the assets for the benefit of the client. Management of the equipment is facilitated by a sophisticated information management system developed in South Africa. In suitable situations, TrenStar will provide an industry-wide "pool" of units for use by multiple clients. In short, TrenStar provides mobile asset management solutions. Mobile assets include the various types of containers used to move raw materials, work-in-progress and finished goods through the supply chain. Examples of such assets are containers, gas bottles, beer kegs, tanks, cages and intermediate bulk containers.

TrenStar's three-part solution combines asset management, logistics services and supply chain technology. TrenStar offers its solution with an innovative "pay-per-use" business model, which allows clients to deploy our product while avoiding significant upfront implementation costs. Coming at a time when customers are exposed to global pressures for greater efficiencies, better information management, outsourcing of non-core activities and lighter balance sheets, the TrenStar business model is finding increasing acceptance.

TrenStar focuses on the brewing, food/beverage, chemical and automotive industries and is an accredited software partner of SAP, implementing joint solutions worldwide, and has offices in the USA, United Kingdom, Australia and South Africa. Internationally, its products and services are being used by the likes of Scottish Courage Breweries, Carlsberg-Tetley Brewing Company, Givaudan, Sanyo, Toys R Us, The Body Shop, Burberry and Prada Stores. In South Africa, it serves Exxon Mobil, Ford, Toyota, DaimlerChrysler, 3M and Dow Chemical.

To better illustrate TrenStar's business model, an example is given of its application in beer keg management in the UK. The services to the beer brewers commence with the purchase of the kegs utilised by the brewer client. These then form part of TrenStar's own inventory for which it supplies management functions. In collaboration with the customer, TrenStar identifies the parameters of the solution, designs an appropriate RFID (radio frequency identification) installation, purchases the requisite equipment and assumes responsibility for ongoing maintenance. The logistics component covers the return channel, i.e. the location and return of empty beer kegs. TrenStar's information technology system utilises hardware and its proprietary software that enables precise recording of the movement of the containers and collection of raw data. The client is afforded immediate and live access to the cumulative record of stored data and information, including information pertaining to the contents.

During the year, TrenStar, through a dedicated subsidiary (Brewers Logistics International Ltd), purchased, in two separate transactions, the beer kegs of the UK breweries, Scottish Courage Ltd and Carlsberg-Tetley Brewing Ltd, and so obtained a 42% market share within the UK keg market. On the successful conclusion of current negotiations with other breweries within the United Kingdom, that should rise to 65%. TrenStar now owns a proprietary fleet of keg containers that ranks among the largest in the European beer sector. In the implementation of these transactions the skills and the manpower and other resources that reside in the South African operation and in KTP Ltd, the UK company that TrenStar acquired towards the end of 2001, are invaluable.

During the year under review, TrenStar absorbed significant start-up costs, but we expect it to start contributing positively to earnings in 2003.

Funding of TrenStar

TrenStar has developed this far and this fast with what amounts, relatively speaking, to limited shareholder funding. That was possible due to the fact that UK banks were prepared to fully debt-fund (no equity required) the purchase of the large beer keg fleets at reasonable rates and without any guarantee from or other recourse against Trencor or TrenStar.

However, TrenStar is involved in discussions where an element of equity is likely to be required, and TrenStar must provide for funding to cater for such opportunities. Accordingly, TrenStar is in the process of inviting a select number of prospective investors to invest a total of US$20 million of new equity in TrenStar. The valuation of TrenStar for purposes of this equity raising will be negotiated during the capital raising exercise. Subject to Exchange Control approval, Trencor is desirous of participating in the capital issue in order to ensure that its holding remains at least above 50% (currently 61%).

Tank containers

The tank container manufacturing plant in Parow in the Western Cape steadily increased its rate of production throughout the year to December 2002, with a significant increase during the fourth quarter. During the year, we continued to expand our customer base and are experiencing steady growth in repeat orders from previous buyers. Our basic design is still considered to be the most reliable in the market by many sophisticated users who closely monitor operating costs and availability for use.

We entered 2003 with the best forward order position for some time. However, the stronger rand/US dollar exchange rate may exert some downward pressure on demand, as South African manufacturers seek to protect their rand-based margins. Equipment shortages will however have to be satisfied and we anticipate keeping our production lines full during 2003.

TAC

The TAC group, in which Trencor has a 44% shareholding, currently owns about 225 000 TEU of dry freight containers of various types and about 2 600 stainless steel tank containers, which are managed by a number of equipment managers. Textainer manages the largest portion of the TAC dry freight container fleet and Exsif Worldwide Inc manages most of the tank containers. Since March 2002, container fleet utilisations have steadily increased from a low point of about 70%; utilisations vary between managers, but on average were about 84% across the whole fleet by the end of the year. Resale prices for used containers declined during the year under review and this will offset some of the advantages of the higher fleet utilisation, although while the current market conditions prevail, retirements from the fleets are likely to be significantly reduced and realise higher prices on disposal.

The stronger market, coupled with historically low new container prices, made it attractive for TAC to purchase new containers during the year. Approximately 9 000 TEU of dry freight containers costing US$10,1 million were acquired during the year from manufacturers in China; these purchases were financed out of TAC's existing facilities. Virtually all of the new equipment was placed into long-term leases. The company plans to continue investing in new container equipment as long as it is economically viable to do so.

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

Trailers

As reported previously, Trencor's Trailer Division was, with effect from 1 December 2001, merged with the trailer businesses of the SA Truck Bodies Group in exchange for a 40% shareholding in the merged entity, Marlio Beleggings Sewe (Pty) Ltd. At the time, the Trencor board expected that the merged entity would become a major force in the Southern African trailer manufacturing and retailing industry, and that the merger would create a more sustainable operation with increased financial strength and improved profitability. During the year to 31 December 2002, this proved to be the case, as the business traded satisfactorily and made a positive contribution to group earnings. This is in pleasing contrast to the R27 million loss reported in the period prior to the merger.

Shareholders are reminded that the 60% shareholder in Marlio Beleggings Sewe has an option until 30 October 2004 to acquire Trencor's 40% holding under a price formula that will enable Trencor to share in the value created by this improvement in the business of the merged entity.

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 2002 and the comparative figures for 2001 are reflected in the table below. In order to demonstrate the impact of the consolidation of Textainer Group Holdings Ltd and Brewers Logistics International Ltd ("BLI"), the 75% owned subsidiary of TrenStar Inc, which acquired the beer keg fleets of two major UK brewers, the ratios are also stated on the basis of notionally accounting for Trencor's interests in these companies using the equity accounting method. It should be noted that Textainer's liabilities are secured by its own balance sheet and without recourse to Trencor. In the case of BLI, its liabilities are ring-fenced and without recourse to Trencor or to TrenStar.

	2002	*2001*
Ratio to the aggregate of total shareholders' funds and convertible debentures:		
Total liabilities excluding convertible debentures		
With Textainer and BLI consolidated	*265%*	*223%*
Had Textainer and BLI notionally been equity accounted	*85%*	*87%*
Interest-bearing liabilities excluding convertible debentures		
With Textainer and BLI consolidated	*205%*	*173%*
Had Textainer and BLI notionally been equity accounted	*38%*	*41%*
Current ratio		
With Textainer and BLI consolidated	*0,9*	*0,9*
Had Textainer and BLI notionally been equity accounted	*0,9*	*0,7*

On 9 May 2002, an amount of US$56,4 million was drawn down under the US dollar-denominated letter of credit facility provided by the company's two foreign banks, and from the proceeds, all of the group's financial indebtedness to its South African banks was repaid in full. All of the securities held by the South African banks have been released. The dollar proceeds of the draw down against the letter of credit facility were sold into rand at an exchange rate of US$1 = R10,1925. The loan is repayable in fourteen equal quarterly instalments of US$4 027 500 each; the first instalment was paid on 20 July 2002 and the final one is due for payment on 20 October 2005. The outstanding balance bears interest at LIBOR plus 1,95% per annum. The effective interest rate payable at 31 December 2002 was 3,55% per annum.

Capital expenditure during the year amounted to R2,0 billion, of which R1,2 billion was incurred by TrenStar (including BLI), and R0,8 billion by Textainer in replacing and expanding its fleet of containers. These amounts were all funded out of existing facilities.

Trencor endorses the Code of Corporate Practices and Conduct in the King II Report on Corporate Governance. Ongoing enhancement of corporate governance principles is a global movement, fully supported by the board who, together with senior management, will continue to adopt, as appropriate, existing and new principles which advance quality corporate governance and add value to the group's business activities.

Although the recommendations set out in the King II Report only apply in respect of financial years commencing on or after 1 March 2002, the board has resolved to more fully formalise its corporate governance policies in advance of the prescribed implementation date. The salient features of the group's corporate governance are set out below.

Board of directors

Composition

The board currently comprises seven directors, four of whom are executive (Messrs N I Jowell (Chairman/CEO), C Jowell (part-time), J E McQueen and H R van der Merwe (managing)) and three non-executive (Messrs H A Gorvy, J E Hoelter and D M Nurek). Messrs A M Brown and G M C Ryan resigned as non-executive directors during the year. There are no "shadow" directors and Messrs H A Gorvy, J E Hoelter and D M Nurek qualify as independent non-executive directors in terms of the King II Report. The directors have considerable experience and an excellent understanding of the group's business.

Brief résumés of the directors are published on page 59.

Chairman/CEO

The board is chaired by Mr N I Jowell who combines the roles of chairman and chief executive officer. All board members fully support the combination of these positions, justified by his leadership, considerable experience and independence in this capacity. In addition, the board as a whole is satisfied that no one individual or block of individuals has undue power on decision-making. The combination of the role of chairman and CEO is reviewed annually by the board. It is the intention of the board to appoint a lead non-executive director.

Professional advice

All directors have access to the company secretary and management and are entitled to obtain independent professional advice, at the company's expense, if required and considered to be in the interest of the group and approved by the board.

Meetings

The board meets regularly on a scheduled quarterly basis and at such other times as circumstances may require. During the year ended 31 December 2002, there were no unscheduled meetings and of the four scheduled meetings held, attendance thereat in person or by video link was as follows:

N I Jowell	*4/4*
H A Gorvy (UK resident)	*3/4*
C Jowell	*4/4*
J E McQueen	*4/4*
D M Nurek	*4/4*
H R van der Merwe	*4/4*
G M C Ryan	*1/1 (resigned 6 March 2002)*
A M Brown (UK resident)	*2/4 (resigned 19 November 2002)*
J E Hoelter (USA resident)	*N/A (appointed 2 December 2002)*

Board papers are timeously issued to all directors prior to each meeting and contain relevant detail to inform members of the financial and trading position of the company and each of its operating subsidiaries.

The chairman also meets with non-executive directors, either individually or collectively, on an ad-hoc basis to appraise them of any significant matters that may require their input and guidance.

Directors' service contracts

None of the directors are bound by any service contracts. All executive directors have an engagement letter which provides for a notice period of between one and three months to be given by either party.

In terms of the articles of association, not less than one-third of the directors are required to retire by rotation at each annual general meeting of the company and may offer themselves for re-election. The appointment of new directors during the year is required to be confirmed at the next annual general meeting and such new directors are required to retire at such annual general meeting, but may offer themselves for re-election.

Directors' remuneration

The remuneration paid to the directors during the year ended 31 December 2002 was as follows:

	GUARANTEED REMUNERATION INCL. ALLOWANCES R	CONTRIBUTIONS TO MEDICAL AND RETIREMENT FUNDS R	INCENTIVE BONUSES R	OTHER BENEFITS R	TOTAL REMUNERATION R
Non-executive directors					
A M Brown [1]	930 642	23 537	–	–	954 179
H A Gorvy	45 000	–	–	–	45 000
J E Hoelter [2]	50 517	–	–	–	50 517
D M Nurek	60 000	–	–	–	60 000
G M C Ryan [3]	–	–	–	–	–
	1 086 159	23 537	–	–	1 109 696
Executive directors					
C Jowell [4]	567 169	58 703	140 000	–	765 872
N I Jowell	1 477 354	22 646	350 000	10 000	1 860 000
J E McQueen	1 456 290	144 439	–	17 500	1 618 229
H R van der Merwe	1 906 750	202 587	–	86 717	2 196 054
	5 407 563	428 375	490 000	114 217	6 440 155
Aggregate remuneration 2002	6 493 722	451 912	490 000	114 217	7 549 851
*Aggregate remuneration 2001**	12 087 706	855 448	2 075 844	74 908	15 093 906

[1] part-time executive, resigned 19 November 2002
[2] appointed 2 December 2002
[3] resigned 6 March 2002
[4] part-time executive
* 18 months
No fees are paid for services as director.

Share options

The following share options in terms of The Trencor Share Option Plan have been granted to and accepted by executive directors and/or their family trusts, effective 30 June 2001:

	NUMBER OF SHARES AT 31/12/2002	OFFER PRICE PER SHARE	EXERCISABLE AS FOLLOWS BETWEEN	AND
J E McQueen	250 000	R5,25	11/07/02	30/06/09
	250 000	R5,25	30/06/03	30/06/09
	500 000	R5,25	30/06/04	30/06/09
	1 000 000			
H R van der Merwe	400 000	R5,25	11/07/02	30/06/09
	400 000	R5,25	30/06/03	30/06/09
	800 000	R5,25	30/06/04	30/06/09
	1 600 000			

None of the above options have yet been exercised.

Directors' interests

The number of shares held by the directors in the issued share capital of the company, other than indirect interests through Mobile Industries Ltd, were as follows:

	BENEFICIAL DIRECT	BENEFICIAL INDIRECT	NON-BENEFICIAL DIRECT	NON-BENEFICIAL INDIRECT	TOTAL
31 DECEMBER 2002					
Executive directors					
C Jowell	41 210	20 904	–	–	62 114
N I Jowell	41 808	20 904	–	–	62 712
J E McQueen	49 649	102 133	–	–	151 782
H R van der Merwe	–	–	–	–	–
Non-executive directors					
H A Gorvy	–	–	–	–	–
J E Hoelter	–	–	–	–	–
D M Nurek	–	–	–	–	–
	132 667	143 941	–	–	276 608
31 DECEMBER 2001					
Executive directors					
C Jowell	41 210	20 904	–	–	62 114
N I Jowell	41 808	20 904	–	–	62 712
J E McQueen	49 649	102 133	–	–	151 782
H R van der Merwe	–	–	–	–	–
Non-executive directors					
H A Gorvy	–	–	–	–	–
D M Nurek	–	–	–	–	–
	132 667	143 941	–	–	276 608

None of the directors held any interest in the 6% convertible debentures in issue in the company (2001: nil).

Mr J E Hoelter has an indirect beneficial interest of 1 038 873 shares (5,6%) in the issued common stock of Textainer Group Holdings Ltd, Trencor's 74% subsidiary.

Sub-committees of the board

Several sub-committees exist, each with specific terms of reference, to assist the board in discharging its responsibilities.

Nomination committee

Cognisant of the present imbalance in the number of executive and non-executive directors, the board during the year appointed a nomination committee, comprising two non-executive directors (Messrs D M Nurek (Committee chairman) and H A Gorvy) and the executive chairman (Mr N I Jowell) to identify and recommend to the board, suitable competent candidates for appointment as additional independent non-executive directors. On a proposal by the committee, the board appointed Mr J E Hoelter as an independent non-executive director with effect from 2 December 2002.

The composition of this committee, as well as the other sub-committees of the board, will be reviewed as and when additional independent non-executive directors have been appointed, and thereafter on an ongoing basis.

The committee meets on an ad-hoc basis. During the year, the committee held two meetings which were attended by all members.

Executive committee

The executive committee, comprising the four executive directors, meets formally on a monthly basis and informally on a weekly basis. During the year, the formal monthly meetings were 100% attended by all executive directors, save that Mr C Jowell attended ten out of the twelve meetings.

This committee, chaired by Mr N I Jowell, has the authority of the board, which is subject to annual review, to take decisions on matters involving financial risk management and matters requiring immediate action (subject to the approval of the committee chairman or his nominee) and passing of enabling resolutions, which:

- do not have major policy implications for the group, or
- have been discussed with and the support obtained from a majority of board members, save that any dissenting director has the right to call a board meeting, or
- if requiring significant capital expenditure, are in the normal course of business of the existing divisions and operations of the group.

Audit committee

An audit committee, formally established by the board in the early 1990s, presently consists of three non-executive directors (Messrs D M Nurek (Committee chairman), H A Gorvy and J E Hoelter (appointed on 3 March 2003)) and normally meets at least twice a year, prior to the finalisation of the group's interim results and provisional annual results, and at such other times as may be required. The committee is primarily responsible for assisting the board in carrying out its duties in regard to accounting policies, internal controls and audit, financial reporting, identification and monitoring of risk, and the relationship with the external auditors.

In addition to the committee members, the executive chairman, Mr N I Jowell, the financial director, Mr J E McQueen, and certain other group employees are normally invited to attend meetings of the committee. The external auditors attend all meetings and have direct and unrestricted access to the audit committee at all times.

During the year, the committee met on three occasions. Mr H A Gorvy was unable to attend one of the meetings.

The audit committee is satisfied that the external auditors are independent in the discharge of their duties. The use of the services of the external auditors for significant non-audit services is considered by the committee on an ad-hoc basis.

The main group operating entities, Textainer Group Holdings Ltd, TrenStar Inc and TrenStar SA (Pty) Ltd (formerly Trencor Solutions (SA) (Pty) Ltd) each have their own audit committees comprising persons who are not executives within those entities. These committees submit minutes and reports to the Trencor audit committee after each meeting. The external auditors of these group entities have direct and unrestricted access to the respective audit committees.

The internal audit function is primarily outsourced to suitably qualified independent external parties which are contracted on an ad-hoc basis to perform certain internal audit functions in terms of specified terms of reference and to report thereon to the executive committee and, if required, the main audit committee. The internal auditors have direct and unrestricted access to the respective audit committees.

Remuneration committee

The remuneration committee of the board has been in existence since the early 1990s and was formalised in 1996. It reports directly to the board and comprises one non-executive director, Mr D M Nurek (appointed as Committee chairman on 19 November 2002 in the place of Mr N I Jowell), and the executive chairman, Mr N I Jowell. The committee's task is to review the compensation of executive directors and senior management and to grant options, upon recommendations from the board, in terms of The Trencor Share Option Plan. Members of the remuneration committee are not eligible for participation under The Trencor Share Option Plan.

During the year, two committee meetings were held, which were attended by both members.

The committee may, if required, seek the advice of external independent consultants.

Board and board committee charters

The board is ultimately accountable and responsible for the performance and affairs of the company. In essence, it provides strategic direction to the group, monitors and evaluates operational performance and executive management of the company and its subsidiary and associate companies, determines policies and processes to ensure effective risk management and internal controls, determines policies regarding communication and is responsible for ensuring an effective composition of the board.

Formal detailed terms of reference for the nomination, executive, audit and remuneration sub-committees have been approved and formally implemented and will be reviewed by the board on a regular basis.

Risk management

Responsibility for managing the company's risks lies with the board of directors. The executive committee and management at operating levels assist the board in discharging its responsibilities in this regard by identifying, monitoring and managing risk on an ongoing basis and within the authority conferred upon them by the board.

Significant risk exposures within our businesses and the possible impacts and the measures taken to mitigate such risks include the following:

Exchange rate fluctuations

Most of our businesses are dollar-based and, accordingly, changes in the R/US$ exchange rate can and do significantly affect the translation of assets, liabilities and profits into South African currency. As noted elsewhere, Trencor has converted all of its rand borrowings into US dollar loans. These loans are repayable out of the proceeds from the collection of the long-term dollar export receivables and are thus effectively hedged. The long-term export receivables are all denominated in US dollars. The board has decided that these receivables should remain in dollars and should not be hedged into any other currency, save that the executive committee is authorised to sell limited amounts due to be collected in three to nine months forward into rand if it believes that it would enhance the rand receipts to do so. Unrealised gains and losses arising on the translation at reporting dates of the "unhedged" portion of the long-term receivables are included in income and changes in the rand/dollar exchange rate may result in volatility in earnings.

Interest rates

Virtually all of the group's borrowings are denominated in foreign currency, principally US dollars. Textainer has a firm policy that long-term lease business should be financed with fixed rate debt and master lease (short-term) business should be financed with floating rate debt. Interest on loans raised to purchase containers leased out under long-term leases (of up to five years' duration at fixed rates) is swapped into fixed interest rate contracts of a similar term, while loans raised to purchase containers for master lease are at variable rates. Furthermore, the company enters into interest-rate cap contracts to guard against unexpected increases in interest rates on such variable interest-rate loans.

During May 2002, Trencor effectively converted all of its rand-based debt into dollars. The interest rate profiles in South Africa and the US made it beneficial for Trencor to have these borrowings in US dollars (bearing interest at a rate of approximately 3,55% per annum at 31 December 2002) rather than in rands.

Decrease in container fleet utilisation

A decline in utilisation, for example due to a reduction in world trade or in container traffic on particular routes or an oversupply of competitors' containers, could result in reduced revenue, increased storage expenses and thus lower income. In order to reduce volatility in revenue and earnings, Textainer has increased the proportion of the overall fleet under management on long-term lease to more than 54% of the total. 77% of containers owned by Textainer itself are on long-term lease.

Container off-hires in low demand locations

A build up of off-hire containers in low demand locations where they cannot easily be on-hired again, could lead to decreased utilisation, reduced revenue, higher storage costs and the possibility of having to ship the equipment, at considerable cost, to positions where they can be leased out. To reduce this exposure, Textainer is increasingly placing containers into long-term leases and also negotiating more favourable lease terms that limit the number of containers which lessees may off-hire in low demand areas. It also regularly repositions containers from low to high demand locations.

New container prices

Changes in the prices of new container equipment have an impact on lease rates. In general, declining new container prices lead to softening in rates, while increasing prices can cause upward pressure on lease rates.

Declining residual values of containers

The ultimate return from the ownership of a container will depend, in part, upon the residual value at the end of its economic life. The market value of a used container depends upon, among other things, its physical condition, supply and demand for containers of its type and remaining useful life in relation to the cost of a new container at the time of disposal and the location where it will be sold. A decline in residual values of containers can adversely affect returns from container ownership, and cash flows. Textainer has also developed a very active used-container trading operation and thus has an effective infrastructure to dispose of containers that have reached the end of their economic life, on the best available terms.

Decrease in activity –
effect on long-term receivable collections

Declines in lease rates, utilisation and residual values of equipment in the container industry can adversely affect the cash flows of container owners and could impair the ability of these companies to meet their obligations to the group and its export partners under the long-term export contracts. Trencor's in-depth understanding of the industry and many of the main participants enables the company to closely monitor the activities of these entities and, where necessary, take whatever actions may be required to protect its and its export partners' interests. This notwithstanding, adverse conditions in the industry in recent years have necessitated the company making significant provisions to recognise the changes in the timing and possible non-receipt of instalments due under these long-term export funding contracts.

Risk areas in supply chain management services

Our supply chain management operations partly rely on information systems that support the core functions of managing the movement of mobile assets (mainly durable returnable packaging units). Accurate tracking of these units between depots and various manufacturers and suppliers within the supply chain is necessary to (a) provide customers with added value in the form of visibility of returnable packaging units and their contents, (b) ensure that transaction costs are correctly apportioned between the various users of the service and (c) to bill clients accurately and efficiently. The TrenStar mobile asset management system is a web-enabled tool that translates physical movements into billing and location data that is then passed through to the client's ERP system for further financial processing. Typical risk areas associated with such systems are application and database design, technical architecture, software development methodology, configuration management, information security and IT continuity/disaster management.

South African Revenue Services ('SARS') tax query

The very protracted enquiry by SARS into the tax treatment of Trencor and its export partners in respect of the long-term credit container export business has entered its fifth year. The tax principles underlying the tax treatment of the participation of our partners in this export trade have been the subject of numerous supportive legal opinions, including from various Senior Counsel, over many years. We remain confident that the extensive legal advice received and the history built up over two decades of trading 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 thirteen years. Such an outcome would have an adverse effect on the cash flow and profitability of the group. It is not possible to quantify these effects, as it is not known what form any possible challenge from SARS may take. Details of amounts attributable to third parties arising from this export trade appear in note 9.4 to the financial statements.

Group strategy

During the year the board reconfirmed the strategy statement of the group and issued the following statement:

1. The Trencor group's business is to enable the controlled movement of goods by providing and integrating the use of equipment, services, knowledge and information.

2. We aim to do this by:

* concentrating on managing/leasing of assets owned by others and by ourselves through providing a global and integrated set of offerings;
* the increasing use of, and investment in, information technology, business to business e-commerce and other forms of information management and electronic trading;
* remaining in the business of asset-owning, subject to aggressively testing key underlying assumptions, and only adding to ownership where the business risks inherent therein can be reasonably assessed and are on the lower side;
* remaining involved in manufacturing from a financial perspective rather than a strategic one.

3. It is emphasised that this strategy is intended to contribute to the improvement of those existing businesses already involved in the movement of goods, and to include in our activities businesses in the supply chain that have the potential to render higher returns.

Code of ethics

The board, management and staff agreed a formal code of ethical conduct in 1998 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. The code has been signed by all directors, managers and senior employees and is reconfirmed at least every two years.

Any transgression of the code is required to be brought to the attention of the audit committee.

Restriction on trading in securities

A formal policy, implemented some years ago, prohibits directors, officers and employees from dealing in the company's securities, and those of Mobile Industries Ltd, from the date of the end of an interim reporting period until after the interim results have been published and similarly from the end of the financial year until after the provisional annual results have been published. Directors and employees are reminded of this policy prior to the commencement of any restricted period.

In addition, no dealing in the company's securities is permitted by any director, officer or employee whilst in possession of information which could affect the price of the company's securities and which is not in the public domain.

Directors of the company and of its subsidiaries are required to obtain clearance from Trencor's chairman prior to dealing in the company's securities, and to timeously disclose to the company full details of any transaction for notification to and publication by the JSE Securities Exchange South Africa.

Information resources

Trencor, like other organisations, is reliant of information technology to efficiently conduct its business. The group's IT systems, policies and procedures are reviewed on a regular basis to ensure an effective internal control system to reduce risk and promote efficiencies, and to ensure compliance with universally accepted standards and methods, namely CobiT (Control Objectives for Information Technology Resources), endorsed by the IT Governance Institute.

Stakeholder communication

Members of the executive committee of the board meet on an ad-hoc basis with institutional investors, investor analysts, individuals and members of the financial media. Discussions at such meetings are restricted to matters that are in the public domain.

Stakeholders are informed, by means of press announcements and releases in South Africa and/or printed matter sent to such shareholders, of all relevant corporate matters and financial reporting as required in terms of prevailing legislation. In addition, such announcements are communicated via a broad range of channels in both the electronic and print media. The company maintains a corporate website (http://www.trencor.net) containing financial and other information, including interactive interim, provisional and annual results. The site has links to the websites of each main operating subsidiary company.

Employment equity

In compliance with the Employment Equity Act, the group's South African operating entities have each developed their own employment equity policies and plans in consultation with their employees. The elected employment equity committees at the respective operations are responsible for ensuring and monitoring the achievement of the employment equity goals within their business units.

Training

Skills development committees at each South African operation are charged with the responsibility to comply with the requirements of the Skills Development Act, so as to develop and improve the knowledge, skills and capabilities of their employees as far as is reasonably possible.

Safety, health and environment

The group is committed to providing and maintaining a safe and healthy risk-free working environment and continually strives to prevent workplace accidents, fatalities and occupational health and safety related incidents.

At 31 December 2002 the group had 687 employees of which 343 were based in South Africa and 344 outside South Africa.

Based on the existing demographics of the group's staff complement and the various geographical locations throughout the world, the board is of the opinion that the impact on the group as a result of the HIV and AIDS epidemic within South Africa and elsewhere, although unquantifiable at this time, will not be significant.

There are no significant environmental impact issues caused by the group's operations and all group entities are, where relevant, at the very least fully compliant with the environmental legislation in their particular jurisdictions.

Access to information

The company and all of its South African subsidiaries are compliant with the provisions of the Promotion of Access to Information Act. The manual in terms of this legislation is available from the registered office of the company and on the company's website and the respective websites of its South African subsidiaries.

Community investments

Financial support is primarily allocated to selected educational institutions and assistance in the form of bursaries is granted to students without employment obligations. The group also assists various community and welfare organisations.

Declaration by the company secretary

It is hereby certified that for the year ended 31 December 2002, the company has lodged, with the Registrar of Companies, all returns required in terms of the Companies Act in South Africa and that such returns are true, correct and up to date.

TRENCOR SERVICES (PTY) LTD
SECRETARIES
PER: G W NORVAL
CAPE TOWN 11 APRIL 2003

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 South African Companies Act and the Listings Requirements of the JSE Securities Exchange South Africa.

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.

GOING CONCERN STATEMENT

The annual financial statements of the company and of the group for the year ended 31 December 2002 are prepared on the going concern basis. In the opinion of the directors, the company and the group will continue as a going concern for the foreseeable future.

BOARD APPROVAL

The annual financial statements and group annual financial statements for the year ended 31 December 2002, which have been approved by the board of directors, are attached:

Page 19 Directors' report
22 Balance sheets
23 Income statements
24 Statements of changes in shareholders' equity
25 Cash flow statements
26 Notes to the financial statements

Signed on behalf of the board

N I JOWELL CHAIRMAN

D M NUREK DIRECTOR
CAPE TOWN 11 APRIL 2003

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 19 to 53, for the year ended 31 December 2002. 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 2002 and the results of their operations and cash flows for the year 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 11 APRIL 2003

Comparative figures

The current reporting period is for the year ended 31 December 2002. Following a change in the financial year-end from 30 June to 31 December in 2001, the previous reporting period was for the eighteen months to 31 December 2001.

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 22 to 53.

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

	YEAR 31/12/02 RM	18 MONTHS 31/12/01 RM
Container operations		
Sales and finance	**237,9**	104,6
Textainer	**124,7**	166,6
Exchange rate (losses)/gains	**(994,3)**	1 477,8
Net long-term receivable adjustment	**381,6**	(752,6)
Supply chain management services	**(91,3)**	(32,9)
Trailers	**1,3**	(27,0)
Interest and other corporate items	**(5,8)**	(215,3)
Abnormal items – continuing operations	**(34,0)**	78,5
– discontinuing operations	**9,9**	3,6
	(370,0)	803,3

Directors and secretary

The names of the directors appear on page 3 and that of the secretary on page 58. Messrs G M C Ryan and A M Brown resigned as non-executive directors on 6 March 2002 and 19 November 2002 respectively. Mr J E Hoelter, former President and CEO of Textainer Group Holdings Ltd, was appointed as an independent non-executive director with effect from 2 December 2002.

In terms of the articles of association Messrs N I Jowell, J E McQueen and D M Nurek retire by rotation at the forthcoming annual general meeting and Mr J E Hoelter, who was appointed after the preceding annual general meeting, also retires. These retiring directors are eligible and offer themselves for re-election.

Brief résumés of the directors are presented on page 59.

Directors' interests

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

	31/12/02	31/12/01
Beneficial %	**13,7**	12,9

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

	31/12/02	31/12/01
Beneficial %		
C Jowell	**6,7**	6,4
N I Jowell	**6,9**	6,4

There have been no changes in these interests between the financial year-end and the date of this report.

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 thirteen years. Such an outcome would have an adverse effect on the cash flow and profitability of the group. It is not possible to quantify these effects as it is not known what form any possible challenge from SARS may take. 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 9.4 to the financial statements.

Banking facilities

As reported on 10 May 2002, Trencor elected, in terms of the arrangements with its South African and foreign bankers, to procure a draw down under the US dollar denominated letter of credit provided by its two foreign banks and, from the proceeds, repaid its financial indebtedness to its South African banks in full. 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. The R50 million standby facility previously made available to Trencor by the South African banks was cancelled at Trencor's request, and all securities held by the banks have been released.

An amount of US$56 385 000 was drawn down under the letter of credit facility on 9 May 2002. This amount is repayable in fourteen quarterly instalments of US$4 027 500 each, the first of which was paid on 20 July 2002 with the final instalment payable on 20 October 2005. The balance of the loan at 31 December 2002 amounted to US$48 330 000. The repayment profile of the loan has been structured so that the instalments fall due on the approximate dates on which the quarterly receipts from the long-term export receivables are due to be collected. The outstanding loan bears interest at LIBOR plus 1,95% per annum; the effective all-in rate payable at 31 December 2002 was 3,55% per annum.

Trencor has provided the foreign banks with a pledge over the shares held by it in Textainer Group Holdings Ltd as security for this loan.

Dividends

The board of directors has decided not to declare a dividend at this time.

6% convertible debenture interest payments

PAYMENT NUMBER	RECORD DATE	PAYMENT DATE	AMOUNT PER DEBENTURE	TOTAL
			CENTS	RM
21	20/06/02	28/06/02	27,3	7,8
22	20/12/02	31/12/02	27,3	7,8

STRATE

The company transferred to the STRATE (share transactions totally electronic) system of electronic settlement on the JSE Securities Exchange South Africa on 12 November 2001 and trading for electronic settlement commenced on 3 December 2001. Paper certificates are no longer good for delivery.

Holders of securities who have not yet dematerialised their holdings are urged to surrender their paper certificates to a selected Central Securities Depository Participant, bank or qualifying stockbroker for conversion into an electronic record, to render them eligible for settlement in the STRATE environment. The insurance provided by the Dispossessed Member's Fund to cover loss or claims arising from any tainted certificates terminated on 29 September 2002.

Corporate governance

The report on corporate governance is presented on pages 12 to 17.

Interest in material subsidiaries

	ISSUED CAPITAL	EFFECTIVE HOLDING 31/12/02	EFFECTIVE HOLDING 31/12/01	SHARES AT COST OR VALUATION 31/12/02	SHARES AT COST OR VALUATION 31/12/01	AMOUNT OWING TO/(BY) COMPANY 31/12/02	AMOUNT OWING TO/(BY) COMPANY 31/12/01
	'000	%	%	RM	RM	RM	RM
Indirect:							
Textainer Group Holdings Ltd (*Incorporated in Bermuda*)	**US$187**	**74**	74	**–**	–	**–**	–
Owning, leasing-out and managing of containers							
TrenStar Inc (*Incorporated in Delaware, USA*)	**US$100**	**61**	61	**–**	–	**–**	–
Owning and leasing-out of returnable packaging units, tracking and mobile asset management solutions							
Direct:							
Trencor Container Holdings (Pty) Ltd (*formerly Henred-Fruehauf (Pty) Ltd*) (*Incorporated in the Republic of South Africa*)	**R4 200**	**100**	100	**50,7**	50,7	**–**	(0,4)
Manufacturing							
Trencor Services (Pty) Ltd (*Incorporated in the Republic of South Africa*)	**R267**	**100**	100	**923,9**	810,8	**124,9**	106,0
Exporting and financing of containers and management services							
Trencor Solutions (Pty) Ltd (*Incorporated in the Republic of South Africa*)	**R3**	**100**	100	**9,0**	9,0	**–**	–
Manufacturing and rental of mini-containers, tracking and mobile asset management solutions							
				983,6	870,5	**124,9**	105,6
Aggregate of other subsidiaries				**1,3**	1,3	**–**	–
				984,9	871,8	**124,9**	105,6

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:

	YEAR 31/12/02	18 MONTHS 31/12/01
	RM	RM
Profits	**129,3**	846,7
Losses	**(452,8)**	(130,4)
	(323,5)	716,3

Special and ordinary resolutions

On 11 July 2002, shareholders in general meeting passed the following special and ordinary resolutions:

SPECIAL RESOLUTIONS (REGISTERED ON 19 JULY 2002):

* To adopt an entirely new set of articles of association to substitute the existing articles with a new set which consolidates all previous amendments to the articles and to provide for recent amendments to the Companies Act in South Africa, the Listings Requirements of the JSE Securities Exchange South Africa, the electronic share trading environment ('STRATE') and other trends such as the electronic dissemination of shareholder communications; and
* To grant the company a general authority for the acquisition by the company or any of its subsidiaries of shares issued by the company or its holding company, which authority is valid until the earlier of the next annual general meeting or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the company.

ORDINARY RESOLUTIONS:

* To adopt The Trencor Share Option Plan to enable the company to offer employees the opportunity to acquire shares in the company, thereby providing such employees with the incentive to advance the interests of the company; and
* To ratify and confirm the award of share options amounting in aggregate to 6 340 000 unissued ordinary shares in the capital of the company, granted to certain executive directors and employees effective 30 June 2001.

Special resolutions of subsidiaries

The following special resolutions were passed by the company's South African subsidiaries during the year under review:

PASSED BY	SUBJECT	DATE REGISTERED
Trencor Solutions (Pty) Ltd	*Amendment to the articles of association to provide for directors' meetings to be held by way of electronic media*	*1 July 2002*
Henred-Fruehauf Trailers (Pty) Ltd	*Change of name to Trencor Containers (Pty) Ltd*	*19 November 2002*
Trencor Containers (Pty) Ltd	*Change of name to TrenStar (Pty) Ltd*	*19 November 2002*
Henred-Fruehauf (Pty) Ltd	*Change of name to Trencor Container Holdings (Pty) Ltd*	*21 November 2002*
Trencor Solutions (SA) (Pty) Ltd	*Change of name to TrenStar SA (Pty) Ltd*	*13 January 2003*

In addition to the above, Madikor Drie (Pty) Ltd, a 40% associate, changed its name to Henred-Fruehauf (Pty) Ltd in November 2002.

No resolutions of material interest or of substantive nature were passed by non-South African subsidiaries.

Major transactions

During the year under review, the following transactions were concluded:

∗ Effective 24 April 2002, Brewers Logistics International Ltd, a special purpose UK company 75% owned by TrenStar Inc, acquired the entire beer keg fleet of 1,9 million units of Scottish Courage Ltd, the UK's leading brewer and part of Scottish & Newcastle plc, one of the largest brewers in Europe, for a consideration of UK£60 million. Funding for the acquisition was 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. The fleet is made available to and managed for the brewer by TrenStar subsidiaries under a 15-year container services agreement at an availability/service fee.

∗ On 6 September 2002, Brewers Logistics International Ltd acquired the entire beer keg fleet of over one million containers of Carlsberg-Tetley Brewing Ltd, a major beer brewer in the UK and a wholly-owned subsidiary of Carlsberg Breweries A/S of Copenhagen, the fifth largest brewing group in the world, for a consideration of UK£24 million. TrenStar now manages and makes the kegs available to Carlsberg-Tetley under a container services agreement for a period of 15 years. The fleet purchase, which will be completed in three phases, was funded by a major UK bank, ring-fenced to the special purpose subsidiary now owning the kegs and thus without recourse to TrenStar or Trencor.

Termination of Executive Share Purchase Scheme

During the year under review the board resolved that the Executive Share Purchase Scheme introduced in 1983, which had become outdated and which had not had any participants for some years, be terminated and that the 156 992 Trencor shares held by the Trust in terms of the Scheme be sold at an appropriate time.

The Trencor Share Option Plan

In terms of The Trencor Share Option Plan, approved by shareholders in general meeting on 11 July 2002, options were granted effective 30 June 2001 to certain executive directors and employees amounting in aggregate to 6 340 000 ordinary shares in the unissued share capital of the company. In October 2002 options in respect of 202 500 shares were exercised by certain employees at the offer price of R5,25 per share and, accordingly, the issued share capital of the company was increased to R765 223 comprising 153 044 592 ordinary shares of 0,5 cent each, by the allotment and issue of an additional 202 500 shares.

Shares available for utilisation under the Plan at the beginning of year	9 094 209
Options granted during the year (whether exercised or unexercised)	Nil
Shares available for the Plan in respect of which options have not been granted at the end of the year	9 094 209

Analysis of share and debenture holders

An analysis of share and debenture holders and of holders who held 5% or more of the issued securities at 27 December 2002 is presented on page 58.

Trencor Limited and subsidiaries

Balance sheets at 31 December 2002

	NOTES	GROUP 2002 RM	GROUP 2001 RM	COMPANY 2002 RM	COMPANY 2001 RM
ASSETS					
Non-current assets					
Property, plant and equipment	2	**5 619,4**	6 078,9	**–**	–
Investment properties	3	**33,7**	33,7	**–**	–
Intangible assets	4	**10,4**	27,6	**–**	–
Goodwill	5	**5,7**	8,0	**–**	–
Investments	6	**102,5**	141,9	**14,7**	49,1
Interest in subsidiaries	7	**–**	–	**1 109,8**	977,4
Long-term loans	8	**20,0**	28,5	**–**	–
Long-term receivables	9	**2 065,1**	2 900,5	**4,4**	4,7
Net investment in direct finance leases	10	**66,1**	70,9	**–**	–
		7 922,9	9 290,0	**1 128,9**	1 031,2
Current assets					
Inventories	11	**51,3**	93,8	**–**	–
Accounts receivable	12	**612,3**	714,0	**0,3**	0,3
Current portion of long-term loans	8	**11,6**	1,0	**–**	–
Cash and cash equivalents	27.3	**368,6**	307,5	**–**	2,3
		1 043,8	1 116,3	**0,3**	2,6
TOTAL ASSETS		**8 966,7**	10 406,3	**1 129,2**	1 033,8
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital and premium	13	**165,6**	164,5	**165,6**	164,5
Reserves		**1 567,2**	2 159,4	**698,3**	574,9
Shareholders' equity		**1 732,8**	2 323,9	**863,9**	739,4
Interest of outside shareholders in subsidiaries		**460,4**	635,0	**–**	–
Total shareholders' funds		**2 193,2**	2 958,9	**863,9**	739,4
Convertible debentures	14	**260,5**	260,5	**260,5**	260,5
Other non-current liabilities					
Interest-bearing borrowings	15	**4 488,8**	4 763,9	**–**	15,5
Amounts attributable to third parties in respect of long-term receivables	9	**397,4**	431,6	**–**	–
Derivative instruments	16	**171,0**	130,9	**–**	–
Deferred taxation	17	**273,7**	594,1	**2,5**	2,7
		7 784,6	9 139,9	**1 126,9**	1 018,1
Current liabilities					
Accounts payable		**439,2**	359,2	**1,7**	4,0
Provisions	18	**75,8**	76,1	**–**	–
Taxation		**90,5**	9,0	**0,6**	0,8
Bank overdrafts and short-term loans	27.3	**–**	179,4	**–**	–
Current portion of interest-bearing borrowings	15	**537,5**	623,5	**–**	10,9
Deferred income		**39,1**	19,2	**–**	–
		1 182,1	1 266,4	**2,3**	15,7
TOTAL EQUITY AND LIABILITIES		**8 966,7**	10 406,3	**1 129,2**	1 033,8

Income statements for the year ended 31 December 2002

	NOTES	GROUP 12 MONTHS 2002 RM	GROUP 18 MONTHS 2001 RM	COMPANY 12 MONTHS 2002 RM	COMPANY 18 MONTHS 2001 RM
REVENUE	1,19	**589,0**	4 362,3	**44,6**	76,5
Less: Cost of goods sold before charging/(crediting) items below:		**239,9**	509,2	**–**	–
Container leasing: Direct expenses		**195,2**	218,1	**–**	–
Staff costs		**217,6**	329,0	**–**	–
Depreciation	2	**468,1**	483,9	**–**	–
Other administration and selling expenses		**121,9**	184,5	**14,5**	0,6
Net long-term receivable adjustment		**(545,2)**	1 075,2	**–**	–
(LOSS)/INCOME FROM OPERATIONS		**(108,5)**	1 562,4	**30,1**	75,9
Less: Net interest expense/(income)	20	**331,6**	474,4	**(1,2)**	0,7
		(440,1)	1 088,0	**31,3**	75,2
Attributable income/(loss) of associate companies	6	**1,3**	(15,5)	**–**	–
(LOSS)/INCOME BEFORE ABNORMAL ITEMS	20	**(438,8)**	1 072,5	**31,3**	75,2
Abnormal items	21	**(16,3)**	77,3	**(20,6)**	36,8
(LOSS)/INCOME BEFORE TAXATION		**(455,1)**	1 149,8	**10,7**	112,0
Income tax expense	22	**(165,4)**	269,3	**0,4**	3,5
(LOSS)/INCOME AFTER TAXATION		**(289,7)**	880,5	**10,3**	108,5
Income attributable to outside shareholders in subsidiaries		**80,3**	77,2	**–**	–
NET (LOSS)/INCOME FOR THE PERIOD		**(370,0)**	803,3	**10,3**	108,5
(LOSS)/EARNINGS PER SHARE (CENTS)	23				
Undiluted		**(242,0)**	525,7		
Diluted		**(242,0)**	451,6		
HEADLINE (LOSS)/EARNINGS PER SHARE (CENTS)	23				
Undiluted		**(230,3)**	465,1		
Diluted		**(230,3)**	400,6		

Statements of changes in shareholders' equity for the year ended 31 December 2002

	Share capital	Share premium	Revaluation reserve (Non-distributable reserves)	Foreign currency translation reserve (Non-distributable reserves)	Unrecognised loss on derivative instruments (Non-distributable reserves)	Retained income	Total
	RM	RM	RM	RM	RM	RM	RM
GROUP							
Balance at 30 June 2000	0,8	163,7	2,1	112,9	(21,9)	1 033,4	1 291,0
Transfers between reserves due to change in accounting policy (refer note 3)			(4,3)			4,3	–
Fair value adjustment on available for sale investment			(38,3)				(38,3)
Unrealised gains on translation of foreign entities, not recognised in the income statement				275,5			275,5
Loss included in revaluation reserve, included in earnings			2,2				2,2
Net change in unrecognised loss on derivative instruments					(48,1)		(48,1)
Impairment of available-for-sale investment transferred to income statement (refer note 21)			38,3				38,3
Net income for the period						803,3	803,3
Balance at 31 December 2001	0,8	163,7	–	388,4	(70,0)	1 841,0	2 323,9
Fair value adjustment on available for sale investment			**(20,6)**				**(20,6)**
Unrealised losses on translation of foreign entities, not recognised in the income statement				**(210,6)**			**(210,6)**
Proceeds on issue of shares	**–**	**1,1**					**1,1**
Net change in unrecognised loss on derivative instruments					**(11,6)**		**(11,6)**
Impairment of available-for-sale investment transferred to income statement (refer note 21)			**20,6**				**20,6**
Net loss for the year						**(370,0)**	**(370,0)**
Balance at 31 December 2002	**0,8**	**164,8**	**–**	**177,8**	**(81,6)**	**1 471,0**	**1 732,8**

	Share capital	Share premium	Surplus on disposal of businesses (Non-distributable reserves)	Marked to market adjustment on preference shares (Non-distributable reserves)	Retained income	Total
	RM	RM	RM	RM	RM	RM
COMPANY						
Balance at 30 June 2000	0,8	163,7	0,8	–	69,0	234,3
Marked to market adjustment on preference shares valuation						
– Prior year				241,2		241,2
– Current period				155,4		155,4
Transfer between reserves			(0,8)		0,8	–
Net income for the period					108,5	108,5
Balance at 31 December 2001	0,8	163,7	–	396,6	178,3	739,4
Marked to market adjustment on preference shares valuation				**113,1**		**113,1**
Proceeds on issue of shares	**–**	**1,1**				**1,1**
Net income for the year					**10,3**	**10,3**
Balance at 31 December 2002	**0,8**	**164,8**	**–**	**509,7**	**188,6**	**863,9**

Cash flow statements for the year ended 31 December 2002

		GROUP		COMPANY	
	NOTES	12 MONTHS 2002 RM	18 MONTHS 2001 RM	12 MONTHS 2002 RM	18 MONTHS 2001 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from/(utilised by) operations	27.1	**886,6**	656,1	**(3,0)**	(6,0)
Interest received		**21,4**	28,7	**35,7**	31,2
Interest paid		**(346,3)**	(502,8)	**(34,5)**	(31,9)
Dividends received		**–**	0,1	**44,6**	76,5
Dividends paid to outside shareholders		**(20,0)**	(23,5)	**–**	–
Taxation paid	27.2	**(24,3)**	(24,7)	**(0,8)**	(4,6)
Net cash inflow from operating activities		**517,4**	133,9	**42,0**	65,2
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions to property, plant and equipment		**(1 994,7)**	(1 467,5)	**–**	–
Decrease/(Increase) in unlisted investments		**2,8**	(23,1)	**–**	(24,5)
Proceeds on disposal of property, plant and equipment		**59,8**	175,3	**–**	–
Additions to intangible assets		**(9,2)**	–	**–**	–
Proceeds on disposal of investments		**–**	171,3	**–**	97,8
Increase in loan to subsidiary		**–**	–	**(19,3)**	(155,3)
Increase in direct finance leases		**(18,2)**	(38,8)	**–**	–
(Increase)/Decrease in long-term loans		**(5,2)**	16,8	**–**	–
Acquisition of outside shareholders' interest in subsidiary companies		**(8,3)**	(41,9)	**–**	–
Acquisitions of subsidiaries, net of cash		**–**	(8,4)	**–**	–
Net receipt from export partnerships		**–**	–	**0,3**	0,9
Net cash outflow from investing activities		**(1 973,0)**	(1 216,3)	**(19,0)**	(81,1)
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest-bearing borrowings raised/(repaid)		**1 336,5**	312,6	**(26,4)**	(13,6)
Proceeds on issue of shares		**1,1**	–	**1,1**	–
Receipts from long-term receivables		**528,2**	644,7	**–**	–
Payments to third parties in respect of long-term receivables		**(76,6)**	(162,1)	**–**	–
Outside shareholders' investment in subsidiary		**–**	166,8	**–**	–
Net cash inflow/(outflow) from financing activities		**1 789,2**	962,0	**(25,3)**	(13,6)
Net increase/(decrease) in cash and cash equivalents		**333,6**	(120,4)	**(2,3)**	(29,5)
Cash and cash equivalents at the beginning of the period		**128,1**	67,0	**2,3**	(8,2)
Cash and cash equivalents converted to interest-bearing borrowings		**–**	40,0	**–**	40,0
Effect of exchange rate changes on cash and cash equivalents		**(93,1)**	141,5	**–**	–
Cash and cash equivalents at the end of the period	27.3	**368,6**	128,1	**–**	2,3

1 *Accounting policies*

1.1 GENERAL

The financial statements incorporate the principal accounting policies set out below, which are consistent with those adopted in the previous financial period, except as referred to in note 3. 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, was adopted in the consolidated financial statements in 2001 prior to its required implementation date. During the year the group adopted AC 135, Investment Property, for the first time.

Basis of preparation

The financial statements and group financial statements are prepared on the historical cost basis, except for certain property, investment properties, financial instruments and recognised assets and liabilities that are hedged.

1.2 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.

In the case of the company, investments in subsidiaries are carried at cost less amounts written off.

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 retained earnings and reserves of associates 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.

In the case of the company, investments in associate companies are carried at cost less amounts written off.

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.

1.3 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.

1.4 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 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 cost of the assets to their estimated residual values over their estimated useful lives. 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.

Profits/Losses on the disposal of property, plant and equipment are credited/charged to income. The profit or loss is the difference between the net disposal proceeds and the carrying amount of the asset.

1.5 LEASE OBLIGATIONS

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.

1.6 INVESTMENT PROPERTIES

Investment properties are properties held for the purposes of earning rental income or for capital appreciation, and are initially recorded at cost, and subsequently stated at fair value as determined on a periodic basis by an independent registered valuer. Any gain or loss arising from a change in the fair value of the investment property is credited/charged to income in the period in which it arises.

Gains or losses on the disposal of investment properties are credited/charged to income and are calculated as the difference between the sale price and the fair value of the property. Investment properties are not depreciated.

1.7 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.

1.8 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.

1.9 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.

1.10 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.

1.11 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.

1.12 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 classified as available-for-sale financial assets are carried at fair value, unless their fair value cannot be reliably determined, in which case they are shown at cost less accumulated impairment losses.

Loans and advances

Loans and advances originated by the group are stated at amortised cost.

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 on available-for-sale financial assets are recognised directly in equity until the financial asset is sold, collected, or otherwise disposed of, or until the financial asset is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in income.

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

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 credited/charged to income in the period when the commitment or forecast transaction affects income.

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.

1.13 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.

1.14 REVENUE

Revenue comprises net invoiced sales, leasing income, management fees received for equipment management and in the case of long-term credit sale agreements, the appropriate income allocation and foreign currency translation gains or losses. Leasing income arises principally from operating and finance leases. Under operating leases container equipment owned by group companies is rented to various shipping lines and revenue is recorded when earned according to the terms of the contracts. These contracts are typically for terms of five years or less. Under direct finance leases, containers are leased for the remainder of the container's useful life with a purchase option at the end of the lease term. Revenue is earned and recognised over the lease term so as to produce a constant periodic rate of return on the net investment in the lease. 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.

1.15 TAXATION

Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, 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 bases. 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.

1.16 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.

1.17 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-retirement benefits
Provision for post-retirement medical aid subsidies is 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 and certain of its subsidiaries grant share options to certain employees under employee share option plans. Other than costs incurred in administering the plans which are expensed as incurred, the plans do not result in any expense to the group.

1.18 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.

1.19 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.

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

1.21 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
- Supply chain management services
- Trailer manufacturing
- 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).

1.22 PRESENTATION
Where necessary, comparative figures have been reclassified to conform with current year presentation.

2 Property, plant and equipment

	LAND AND BUILDINGS	LEASING EQUIPMENT CONTAINERS	LEASING EQUIPMENT KEGS	PLANT AND MACHINERY	OTHER EQUIPMENT AND MOTOR VEHICLES	TOTAL
	RM	RM	RM	RM	RM	RM
2002						
COST OR VALUATION						
Balance at the beginning of the year	**61,4**	**7 278,3**	**181,0**	**76,7**	**135,0**	**7 732,4**
Additions	**3,6**	**768,7**	**1 200,4**	**2,1**	**19,9**	**1 994,7**
Exchange differences on translation of foreign entities	**(12,9)**	**(2 220,2)**	**(247,0)**	**(12,1)**	**(40,7)**	**(2 532,9)**
Disposals	**–**	**(144,4)**	**–**	**(6,3)**	**(4,5)**	**(155,2)**
Balance at the end of the year	**52,1**	**5 682,4**	**1 134,4**	**60,4**	**109,7**	**7 039,0**
ACCUMULATED DEPRECIATION						
Balance at the beginning of the year	**8,3**	**1 523,9**	**3,5**	**37,6**	**80,2**	**1 653,5**
Depreciation	**1,6**	**419,0**	**24,2**	**4,2**	**19,1**	**468,1**
Exchange differences on translation of foreign entities	**(3,0)**	**(556,5)**	**(4,9)**	**(3,0)**	**(28,1)**	**(595,5)**
Reversal of impairment loss (refer note 2.5)	**–**	**(2,7)**	**–**	**–**	**–**	**(2,7)**
Disposals	**(0,4)**	**(93,1)**	**–**	**(6,1)**	**(4,2)**	**(103,8)**
Balance at the end of the year	**6,5**	**1 290,6**	**22,8**	**32,7**	**67,0**	**1 419,6**
Net book value	**45,6**	**4 391,8**	**1 111,6**	**27,7**	**42,7**	**5 619,4**
Net book value of assets encumbered as security for interest-bearing borrowings (refer note 15)	**21,4**	**4 361,8**	**1 111,6**	**7,8**	**20,3**	**5 522,9**
2001						
COST OR VALUATION						
Balance at the beginning of the period	48,7	2 958,7	5,4	155,0	73,2	3 241,0
Additions	2,0	1 432,8	–	4,9	27,8	1 467,5
Additions, through business combinations	22,9	–	121,4	9,8	13,8	167,9
Write-down due to revaluation	(10,3)	–	–	–	–	(10,3)
Exchange differences on translation of foreign entities	11,9	3 069,3	54,2	17,2	55,7	3 208,3
Disposals	(13,8)	(182,5)	–	(110,2)	(35,5)	(342,0)
Balance at the end of the period	61,4	7 278,3	181,0	76,7	135,0	7 732,4
ACCUMULATED DEPRECIATION						
Balance at the beginning of the period	4,2	442,4	–	95,7	48,2	590,5
Depreciation	1,6	445,4	2,8	13,2	21,5	484,5
Exchange differences on translation of foreign entities	4,5	721,3	0,7	5,1	38,4	770,0
Impairment loss	–	4,0	–	13,5	–	17,5
Disposals	(2,0)	(89,2)	–	(89,9)	(27,9)	(209,0)
Balance at the end of the period	8,3	1 523,9	3,5	37,6	80,2	1 653,5
Net book value	53,1	5 754,4	177,5	39,1	54,8	6 078,9
Net book value of assets encumbered as security for interest-bearing borrowings (refer note 15)	45,5	5 729,6	177,5	16,5	21,8	5 990,9

2.1 Fixed assets are depreciated over the following periods:

	Years
Owner occupied buildings	50
Leasing equipment:	
Containers	12
Kegs	15-20
Plant and machinery	9
Motor vehicles	4-5
Other equipment	3-10

During the year the method of determining the residual values of container leasing equipment was changed from a percentage of original container cost to estimated US$ residual values. The effect of this change for the year ended 31 December 2002 was an increase in depreciation expense of R5,6 million.

2.2 Capitalised leased assets included above comprise:

	COST OR VALUATION RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM
2002			
Leasing equipment:			
– containers	**12,4**	**6,7**	**5,7**
– kegs	**860,1**	**10,7**	**849,4**
Other equipment	**4,2**	**1,4**	**2,8**
Plant and machinery	**1,4**	**0,5**	**0,9**
	878,1	**19,3**	**858,8**
2001			
Leasing equipment – containers	18,0	8,7	9,3
Other equipment	16,4	5,7	10,7
	34,4	14,4	20,0

Capitalised leased assets are encumbered in terms of finance lease agreements (see note 15).

2.3 The net book value of buildings situated on leased premises amounts to R6,2 million (2001: R7,7 million).

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

2.5 In 2001 an impairment loss of R4,0 million was provided against certain intermediate bulk containers. During the current financial year R2,7 million of this loss has been reversed to income.

3 Investment properties

	GROUP 2002 RM	GROUP 2001 RM
Balance at the beginning of the period	**33,7**	44,0
Loss on fair value adjustments	**–**	(10,3)
Balance at the end of the period	**33,7**	33,7

During the year the group adopted AC 135, Investment Property. The open market valuation of these properties was performed by JHI Real Estate Ltd in November 2001. The following table indicates the effect of this change in policy on prior period retained income and non-distributable reserves. The comparatives have been restated accordingly (refer note 21).

	RETAINED INCOME RM	NON-DISTRIBUTABLE RESERVES RM	TOTAL RM
Transfer of amounts held in opening balance of non-distributable reserve to distributable reserve	4,3	(4,3)	–
Effect of change in accounting policy on prior period income statement	(1,7)	1,7	–
Write down of carrying value of properties to open market value charged to the income statement in terms of AC 135	(10,3)	–	(10,3)
Write down of carrying value of properties to open market value as previously reported	(8,6)	(1,7)	(10,3)
Net change	2,6	(2,6)	–
Reserves as previously stated at 31 December 2001	1 838,1	321,3	2 159,4
Restated reserves at 31 December 2001	1 840,7	318,7	2 159,4

4 Intangible assets

	GROUP 2002 RM	GROUP 2001 RM	COMPANY 2002 RM	COMPANY 2001 RM
Purchased intangible assets:				
Licence agreement	**–**	20,6	**–**	–
Internally generated intangible assets:				
Computer software development costs	**10,4**	7,0	**–**	–
	10,4	27,6	**–**	–

Reconciliation of carrying amounts

	LICENCE AGREEMENT RM	COMPUTER SOFTWARE RM	TOTAL RM
2002			
Carrying amount at the beginning of the period	**20,6**	**7,0**	**27,6**
Additions	**–**	**9,2**	**9,2**
Exchange differences on translation of foreign entities	**–**	**(3,0)**	**(3,0)**
Amortisation	**(20.6)**	**(2,8)**	**(23,4)**
Carrying amount at the end of the year	**–**	**10,4**	**10,4**
2001			
Additions	24,8	–	24,8
Additions through business combinations	–	6,0	6,0
Exchange differences on translation of foreign entities	–	1,1	1,1
Amortisation	(4,2)	(0,1)	(4,3)
Carrying amount at the end of the period	20,6	7,0	27,6

During the year the assessment of the useful life of the licence agreement was changed from three years to eighteen months.

5 Goodwill

	GROUP 2002 RM	GROUP 2001 RM	COMPANY 2002 RM	COMPANY 2001 RM
Reconciliation of carrying amount of goodwill				
Balance at the beginning of the period	**38,2**	–	**–**	–
Cost	**48,6**	–	**–**	–
Accumulated amortisation and impairment losses	**(10,4)**	–	**–**	–
Arising on acquisition	**–**	48,2	**–**	–
Adjustment to goodwill for previous acquisitions	**17,7**	–	**–**	–
Associate company (refer note 6)	**6,0**	–	**–**	–
Subsidiary	**11,7**	–	**–**	–
Amortisation	**(4,0)**	–	**–**	–
Impairment	**(11,7)**	(10,4)	**–**	–
Exchange differences on translation of foreign entities	**(1,9)**	0,4	**–**	–
Balance at the end of the period	**38,3**	38,2	**–**	–
Cost	**64,4**	48,6	**–**	–
Accumulated amortisation and impairment losses	**(26,1)**	(10,4)	**–**	–
Carrying value of goodwill relating to investment in associates	**(32,6)**	(30,2)	**–**	–
	5,7	8,0	**–**	–
Goodwill arose on investments in:				
Subsidiaries	**5,7**	8,0	**–**	–
Associates (refer note 6)	**32,6**	30,2	**–**	–
	38,3	38,2	**–**	–

5.1 Goodwill has an estimated useful life of 10 years.

5.2 During the year the fair values of assets acquired on the acquisition of a subsidiary were revised and the carrying value of goodwill was revised accordingly.

6 *Investments*

	GROUP 2002 RM	GROUP 2001 RM	COMPANY 2002 RM	COMPANY 2001 RM
Investment in associates	**59,4**	58,5	**–**	–
Other unlisted investments	**28,4**	34,3	**–**	–
Listed investment at market value	**14,7**	49,1	**14,7**	49,1
	102,5	141,9	**14,7**	49,1
***6.1** Investment in associates*				
Marlio Beleggings Sewe (Pty) Ltd ('Marlio')	**59,1**	58,2	**–**	–
Trencor and Coronation Financial Services (Pty) Ltd ('Trencoro')	**0,3**	0,3	**–**	–
	59,4	58,5	**–**	–

Carrying value of investments in associates

	MARLIO 2002 RM	MARLIO 2001 RM	TRENCORO 2002 RM	TRENCORO 2001 RM	CENTRICITY 2002 RM	CENTRICITY 2001 RM	TOTAL 2002 RM	TOTAL 2001 RM
Carrying value at the beginning of the period	**58,2**	–	**0,3**	0,3	**–**	–	**58,5**	0,3
Cost	**58,2**	–	**–**	–	**–**	–	**58,2**	–
Net asset value	**28,0**	–	**–**	–	**–**	–	**28,0**	–
Goodwill	**30,2**	–	**–**	–	**–**	–	**30,2**	–
Post-acquisition reserves	**–**	–	**0,3**	0,3	**–**	–	**0,3**	0,3
Acquisition	**–**	58,2	**–**	–	**–**	33,8	**–**	92,0
Net asset value	**–**	28,0	**–**	–	**–**	33,8	**–**	61,8
Goodwill	**–**	30,2	**–**	–	**–**	–	**–**	30,2
Net adjustment to acquisition values, reclassified to loans	**(0,4)**	–	**–**	–	**–**	–	**(0,4)**	–
Net asset value	**(6,4)**	–	**–**	–	**–**	–	**(6,4)**	–
Goodwill	**6,0**	–	**–**	–	**–**	–	**6,0**	–
Share of current period income/(loss)	**1,3**	–	**–**	–	**–**	(15,5)	**1,3**	(15,5)
Attributable share of retained income/(loss)	**4,9**	–	**–**	–	**–**	(15,5)	**4,9**	(15,5)
Amortisation of goodwill arising on acquisition	**(3,6)**	–	**–**	–	**–**	–	**(3,6)**	–
Disposals	**–**	–	**–**	–	**–**	(18,3)	**–**	(18,3)
Carrying value at the end of the period	**59,1**	58,2	**0,3**	0,3	**–**	–	**59,4**	58,5
Cost	**54,2**	58,2	**–**	–	**–**	–	**54,2**	58,2
Net asset value	**21,6**	28,0	**–**	–	**–**	–	**21,6**	28,0
Goodwill	**32,6**	30,2	**–**	–	**–**	–	**32,6**	30,2
Post-acquisition reserves	**4,9**	–	**0,3**	0,3	**–**	–	**5,2**	0,3

6.2 During the year the amounts attributable to the value of the shares acquired in Marlio changed from R28,0 million to R21,6 million with R6,0 million attributed to goodwill arising on acquisition and R0,4 million to an equity loan in Marlio respectively.

6.3 Summarised financial statements of significant investment in associate company: Marlio

The following summary of the consolidated balance sheet of Marlio at 31 December 2002 and of the consolidated income statement for the thirteen months to that date have been derived from the unaudited management accounts for the period 1 December 2001 to 31 December 2002.

Balance sheet	31 DECEMBER 2002 RM	1 DECEMBER 2001 RM
Goodwill	**6,0**	6,0
Property, plant and equipment	**20,9**	22,0
Current assets	**177,7**	172,5
	204,6	200,5
Share capital	**53,9**	53,9
Retained earnings	**12,2**	–
Shareholders' loans	**45,8**	42,1
Current liabilities	**92,7**	104,5
	204,6	200,5

Income statement for the 13 months ended 31 December 2002	
Revenue	**623,9**
Income before taxation	**17,4**
Taxation	**5,2**
Income after taxation	**12,2**

	GROUP		COMPANY	
	2002 RM	2001 RM	2002 RM	2001 RM
6.4 *Directors' valuation of investments:*				
Unlisted associate companies	**59,4**	58,5	**–**	–
Other unlisted investments	**28,4**	34,3	**–**	–
Listed investment	**14,7**	49,1	**14,7**	49,1

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

6.6 Shareholders' loans of R16,0 million (2001: R16,0 million) included in other unlisted investments have been ceded to a bank as security for mortgage bond finance granted to Midrand Town Centre (Pty) Ltd, a company in which the group holds a 31% interest.

7 *Interest in subsidiaries*

	GROUP 2002 RM	GROUP 2001 RM	COMPANY 2002 RM	COMPANY 2001 RM
Cost	**–**	–	**475,2**	475,2
Marked to market adjustment on preference shares in subsidiary company	**–**	–	**509,7**	396,6
	–	–	**984,9**	871,8
Loans	**–**	–	**124,9**	105,6
	–	–	**1 109,8**	977,4

7.1 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.

7.2 The shares held in Textainer Group Holdings Ltd have been pledged as security for loans (refer note 15). At 31 December 2002 the group's attributable share of the net asset value of Textainer was R735,0 million (2001: R987,4 million).

8 Long-term loans

	GROUP 2002 RM	GROUP 2001 RM	COMPANY 2002 RM	COMPANY 2001 RM
Unsecured loans				
Associate companies	**25,8**	22,7	**–**	–
Loan bearing interest at market related call rates	**–**	3,5	**–**	–
Interest free loan with no terms of repayment	**6,8**	6,8	**–**	–
Loan bearing interest at prime less 2% repayable in 24 monthly instalments, commencing 31 August 2004	**11,6**	9,6	**–**	–
Loan bearing interest at prime less 2% repayable in 24 monthly instalments, which commenced on 31 August 2002	**4,2**	–	**–**	–
Loan bearing interest at prime less 1% repayable in 6 monthly instalments, commencing 7 January 2003	**3,2**	2,8	**–**	–
Other, net	**–**	–	**–**	–
Loan bearing interest at three month LIBOR with no fixed terms of repayment	**–**	83,7	**–**	–
Carrying value of loan before exchange adjustment	**–**	54,0	**–**	–
Unrealised exchange gain	**–**	29,7	**–**	–
Less provision	**–**	83,7	**–**	–
Opening balance of provision	**83,7**	20,0	**–**	–
Provision per income statement	**–**	34,0	**–**	–
Provision reversed on write-off of loan	**(83,7)**	–	**–**	–
Unrealised exchange loss	**–**	29,7	**–**	–
Interest free loan repayable in March 2003	**5,8**	6,8	**–**	–
	31,6	29,5	**–**	–
Less current portion included in current assets	**11,6**	1,0	**–**	–
	20,0	28,5	**–**	–

Loans totalling R16,8 million have been ceded to a bank as continuing security for facilities granted to Marlio Beleggings Sewe (Pty) Ltd.

9 Net investment in long-term receivables

	GROUP 2002 RM	GROUP 2001 RM	COMPANY 2002 RM	COMPANY 2001 RM
Net investment in long-term receivables comprises:				
Long-term receivables	**2 065,1**	2 900,5	**4,4**	4,7
Amounts attributable to third parties	**(397,4)**	(431,6)	**–**	–
	1 667,7	2 468,9	**4,4**	4,7
Represented by:				
Total receivables	**4 667,2**	6 870,1	**–**	–
Less: Deferred income	**929,1**	1 725,1	**–**	–
Net present value of long-term receivables	**3 738,1**	5 145,0	**–**	–
Amounts attributable to third parties	**719,3**	747,1	**–**	–
Total amount	**1 042,5**	1 127,9	**–**	–
Less: Deferred expenditure	**323,2**	380,8	**–**	–
Net present value of net investment in long-term receivables	**3 018,8**	4 397.9	**–**	–
Adjustment to net investment, relating to:				
Long-term receivables	**1 432.3**	1 982,7	**–**	–
Amounts attributable to third parties	**(275,6)**	(276,5)	**–**	–
	1 862,1	2 691,7	**–**	–
Current portion of net investment included in:				
Accounts receivable	**240,7**	261,8	**–**	–
Accounts payable	**(46,3)**	(39,0)	**–**	–
	1 667,7	2 468,9	**–**	–

9.1 Total receivables in base currency amounted to US$538,9 million (2001: US$587,7 million).

9.2 Long-term receivables are valued by discounting future cash flows. The discount rate applied to receivables denominated in foreign currencies is 8,5% p.a. (2001: 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. In recognition of the sustained period of lower US interest rates, the discount rate applied in the valuation of long-term receivables was reduced to 8,5% p.a. and applied prospectively from 1 January 2002. After adjusting for currency differences and debtor provisions, the net positive impact on pre-tax income of this change was R53 million.

9.3 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. (2001: 12% p.a.). These are payable only as and when the proceeds from the related long-term receivables are received.

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

	GROUP 2002 RM	GROUP 2001 RM
Total amounts attributable to third parties	**1 042,5**	1 127,9
Less: Deferred expenditure	**323,2**	380,8
Net present value of amounts attributable to third parties (as above)	**719,3**	747,1
Adjustment (as above)	**(275,6)**	(276,5)
Net present value of amounts attributable to third parties	**443,7**	470,6
Current portion included in accounts payable (as above)	**(46,3)**	(39,0)
	397,4	431,6

10 *Net investment in direct finance leases*

Gross investment	**116,1**	118,2
Unearned finance income	**(31,8)**	(35,1)
Present value of minimum lease payments receivable	**84,3**	83,1
Current portion included in accounts receivable	**(18,2)**	(12,2)
Receivables due between one and five years	**66,1**	70,9

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.

11 *Inventories*

Raw materials	**14,6**	7,3
Work-in-progress	**6,2**	6,6
Finished goods	**4,0**	12,2
Container equipment held for resale	**10,0**	50,1
Merchandise, consumable stores and maintenance spares	**16,5**	17,6
	51,3	93,8

Inventory in the amount of R21,7 million (2001: R24,8 million) has been pledged as security for a loan (refer note 15).

12 Accounts receivable

Accounts receivable of a group company amounting to R28,7 million (2001: R75,4 million) have been pledged as security for a loan (refer note15).

13 Share capital and premium

	GROUP 2002 RM	GROUP 2001 RM	COMPANY 2002 RM	COMPANY 2001 RM
SHARE CAPITAL				
AUTHORISED				
Ordinary shares of 0,5 cent each 200 000 000 (2001: 200 000 000)	**1,0**	1,0	**1,0**	1,0
ISSUED				
Ordinary shares of 0,5 cent each 153 044 592 (2001:152 842 092)	**0,8**	0,8	**0,8**	0,8
SHARE PREMIUM	**164,8**	163,7	**164,8**	163,7
Balance at the beginning of the period	**163,7**	163,7	**163,7**	163,7
Premium on shares issued during the year	**1,1**	–	**1,1**	–
	165,6	164,5	**165,6**	164,5

13.1 202 500 shares (2001: no shares) were issued by the company during the year pursuant to the exercise of certain options under the Trencor Share Option Plan (refer note 30).
13.2 In terms of the Executive Share Purchase Scheme, 5 442 300 unissued shares were placed at the disposal of the directors. Options were granted and exercised and shares issued in prior years in respect of 4 005 167 shares. At 31 December 2002, 1 437 133 shares (2001: 1 437 133 shares) reserved for the Scheme remained unissued and available for sale by the trustees. No shares (2001: no shares) were sold during the year. During the year, the board resolved that the Scheme be terminated and that the 156 992 shares held by the trust in terms of the Scheme be sold at an appropriate time.
13.3 The remaining unissued shares are under the control of the directors until the forthcoming annual general meeting.

14 Convertible debentures

28 626 800 unsecured automatically convertible subordinated debentures of R9,10 each	**260,5**	260,5	**260,5**	260,5

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 54,6 cents. The directors are currently of the opinion that the debentures are unlikely to automatically convert in the foreseeable future.

15 Interest-bearing borrowings

	INTEREST RATE % P.A.	INTEREST FIXED OR INDEXED TO	REPAYMENT TERMS	FINAL MATURITY	GROUP FOREIGN AMOUNT 2002 US$M	FOREIGN AMOUNT 2001 US$M	2002 RM	2001 RM
SECURED (refer note 15.1)								
Loans								
Borrowings denominated in US$								
Bonds payable	2,61	LIBOR	Monthly	Nov 2016	**267,5**	297,5	**2 316,5**	3 587,9
Debt facility	3,05	Note 15.2	Monthly	Dec 2019	**111,4**	77,6	**964,8**	935,5
Loan – affiliate	3,55	LIBOR	Quarterly	Oct 2005	**48,3**	–	**418,5**	–
Loan – affiliate	3,60	LIBOR	Annually	Nov 2005	**20,8**	25,3	**179,7**	305,3
Bank loan	11,00	Fixed	On maturity	Jun 2005	**1,8**	2,1	**15,2**	25,9
Bank loan	5,75	US prime	On maturity	Jun 2005	**7,1**	–	**61,6**	–
Loan from minority shareholder	8,00	Fixed	On maturity	Jan 2003	**1,2**	–	**10,2**	–
Loans repaid during 2002						6,9		83,7
Borrowings denominated in UK£					UK£M	UK£M		
Bank loan	5,75	UK prime	Monthly	Feb 2016	**3,6**	2,0	**50,1**	34,4
Bank loan	6,37	Fixed	Monthly	Sep 2017	**10,4**	–	**144,2**	–
Finance company loan	8,73	Fixed	Monthly	Mar 2006	**0,1**	–	**1,3**	–
Loans repaid during 2002						2,2		37,9
Borrowings denominated in SA rand repaid during 2002								377,7
Instalment sale facility denominated in UK£	8,04	Fixed	Monthly	Jan 2008	**0,7**	0,5	**9,1**	9,0
Finance lease obligations								
Amounts denominated in US$	9,10	Fixed	Monthly	Nov 2007	**US$0,5**	US$0,6	**4,0**	7,0
Amounts denominated in UK£	5,62	Fixed	Monthly	Mar 2017	**UK£62,2**	UK£0,1	**866,5**	2,5
							5 041,7	5 406,8
UNSECURED								
Loan denominated in US$	2,40	LIBOR	On maturity	Jul 2004	**US$3,1**	US$3,0	**27,1**	36,7
Total							**5 068,8**	5 443,5
Less: Unamortised debt issuance costs							**(42,5)**	(56,1)
							5 026,3	5 387,4
Less: Current portion included in current liabilities							**(537,5)**	(623,5)
Loans							**(483,4)**	(620,7)
Finance lease obligations							**(54,1)**	(2,8)
							4 488,8	4 763,9

	COMPANY 2002 RM	2001 RM
Borrowings denominated in SA rand repaid during 2002	**–**	26,4
Less: Current portion included in current liabilities	**–**	(10,9)
	–	15,5

15.1 The secured loans are secured by way of a pledge against certain of the group's property, plant and equipment, shares in Textainer Group Holdings Ltd and certain inventory and accounts receivable (refer notes 2, 7, 11 and 12 respectively).
15.2 The debt facility bears interest at a daily variable rate for commercial paper issued by the bank or LIBOR depending on the banks' sources of finance.
15.3 In terms of the company's articles of association its borrowing powers are unlimited. Details of borrowings are as follows:

	GROUP 2002 RM	GROUP 2001 RM
Total borrowing facilities granted by lenders	**6 866,4**	8 261,9
Actual borrowings at the end of the period	**5 068,8**	5 617,2
Unutilised facilities	**1 797,6**	2 644,7

15.4 Certain loans have restrictive covenants including minimum net worth requirements, minimum working capital requirements and maintenance of minimum levels of profitability. The borrowing companies are currently in compliance with the appropriate covenants.
15.5 The company leases property, plant and equipment in terms of finance leases. In terms of the lease agreements, the group has the option to acquire ownership of the property, plant and equipment for a nominal payment at the end of the leases. Details of the commitments under the finance leases are as follows:

	GROUP 2002 RM	GROUP 2001 RM
Total minimum lease payments	**1 176,9**	11,2
Less: Finance charges	**(306,4)**	(1,7)
Present value of finance lease obligation	**870,5**	9,5

	GROUP			
	TOTAL MINIMUM LEASE PAYMENTS		PRESENT VALUE	
	2002 RM	2001 RM	2002 RM	2001 RM
Due:				
within one year	**84,7**	3,6	**54,1**	2,8
between one and five years	**332,1**	7,0	**254,7**	6,2
after five years	**760,1**	0,6	**561,7**	0,5
	1 176,9	11,2	**870,5**	9,5

16 *Derivative instruments*

	GROUP 2002 RM	GROUP 2001 RM	COMPANY 2002 RM	COMPANY 2001 RM
Interest rate cap and swap contracts	**171,0**	130,9	**–**	–

16.1 The interest rate cap and swap contracts in Textainer have been recorded at fair value and the related fair value adjustments recorded in equity due to cash flow hedge effectiveness being demonstrated.
16.2 At 31 December 2002, Textainer had total variable interest rate debt principal outstanding in the amount of R3 281,4 million (2001: R4 525,4 million) of which R2 971,1 million (2001: R3 425,3 million) in notional value was covered by interest rate cap and swap contracts. The following is a summary of the group's various interest rate caps and swaps at 31 December 2002:

	NOTIONAL AMOUNT		FAIR VALUE (LIABILITY)	
	2002 RM	2001 RM	2002 RM	2001 RM
Interest rate caps – effective through to November 2003	**649,5**	904,5	**–**	–
Interest rate swaps – effective through to November 2007	**2 321,6**	2 520,8	**(171,0)**	(130,9)
	2 971,1	3 425,3	**(171,0)**	(130,9)

17 *Deferred taxation*

	GROUP 2002 RM	GROUP 2001 RM	COMPANY 2002 RM	COMPANY 2001 RM
Balance at the beginning of the period	**594,1**	209,5	**2,7**	2,9
Current year temporary differences	**(238,1)**	270,1	**(0,2)**	(1,0)
Adjustment in respect of prior period	**(28,5)**	2,3	**–**	0,8
Derivative instruments	**(1,7)**	(2,2)	**–**	–
Other	**1,0**	2,2	**–**	–
Business acquisition	**–**	8,0	**–**	–
Exchange differences on translation of foreign entities	**(53,1)**	104,2	**–**	–
Balance at the end of the period	**273,7**	594,1	**2,5**	2,7
Comprising:				
Deferred tax liabilities				
Capital allowances	**84,2**	92,1	**–**	–
Debtors allowances	**79,7**	392,4	**–**	–
Income statement accruals	**192,4**	252,8	**–**	–
Export partnerships	**2,5**	2,7	**2,5**	2,7
	358,8	740,0	**2,5**	2,7
Deferred tax assets				
Tax losses	**(51,9)**	(131,0)	**–**	–
Provisions	**(29,5)**	(11,7)	**–**	–
Derivative instruments	**(3,7)**	(3,2)	**–**	–
	(85,1)	(145,9)	**–**	–
Net deferred tax liability	**273,7**	594,1	**2,5**	2,7

18 *Provisions*

GROUP	CARRYING VALUE AT THE BEGINNING OF THE PERIOD RM	ADDITIONAL PROVISIONS RM	AMOUNTS USED RM	AMOUNTS REVERSED RM	INTEREST ADJUSTMENT RM	EXCHANGE DIFFERENCES RM	CARRYING VALUE AT THE END OF THE PERIOD RM
2002							
Warranty provision	**15,2**	**4,4**	**(1,3)**	**–**	**–**	**(0,4)**	**17,9**
Damage protection plan	**17,5**	**11,5**	**(4,2)**	**–**	**–**	**(6,1)**	**18,7**
Post-retirement medical aid benefits	**2,8**	**–**	**(0,6)**	**–**	**0,3**	**–**	**2,5**
Provision against accounts receivable of an affiliated company for which recourse exists to a group company	**6,1**	**–**	**(2,6)**	**–**	**–**	**–**	**3,5**
Provision for leases and other commitments	**34,5**	**–**	**(4,8)**	**–**	**3,5**	**–**	**33,2**
	76,1	**15,9**	**(13,5)**	**–**	**3,8**	**(6,5)**	**75,8**
2001							
Warranty provision	10,9	6,7	(0,7)	(1,7)	–	–	15,2
Damage protection plan	17,4	5,0	(8,7)	(5,5)	–	9,3	17,5
Post-retirement medical aid benefits	–	2,8	–	–	–	–	2,8
Provision against accounts receivable of an affiliated company for which recourse exists to a group company	5,3	9,9	(9,1)	–	–	–	6,1
Provision for leases and other commitments	35,5	–	(6,6)	–	5,6	–	34,5
	69,1	24,4	(25,1)	(7,2)	5,6	9,3	76,1

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

18.2 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.

18.3 The group provides for post-retirement medical aid benefits in respect of certain employees.

18.4 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.

19 Revenue

	GROUP 12 MONTHS 2002 RM	GROUP 18 MONTHS 2001 RM	COMPANY 12 MONTHS 2002 RM	COMPANY 18 MONTHS 2001 RM
Invoiced sales – goods and services	**203,1**	756,8	**–**	–
Leasing income	**1 176,8**	1 168,1	**–**	–
Management fees	**276,8**	219,3	**–**	–
Finance income	**352,7**	171,1	**–**	–
Realised and unrealised exchange (losses)/gains	**(1 420,4)**	2 120,8	**–**	–
Dividends	**–**	–	**44,6**	76,5
	589,0	4 436,1	**44,6**	76,5
Less: Discontinued operations	**–**	73,8	**–**	–
	589,0	4 362,3	**44,6**	76,5

20 (Loss)/Income before abnormal items

	GROUP 12 MONTHS 2002 RM	GROUP 18 MONTHS 2001 RM	COMPANY 12 MONTHS 2002 RM	COMPANY 18 MONTHS 2001 RM
(Loss)/Income before abnormal items is arrived at after taking into account:				
INCOME				
Income from subsidiaries	**–**	–	**80,3**	35,7
Administration fees	**–**	–	**–**	0,1
Interest	**–**	–	**35,7**	31,2
Dividends	**–**	–	**44,6**	4,4
Unlisted investments				
Interest	**21,4**	28,7	**–**	–
Associate companies	**2,5**	0,7	**–**	–
Other	**18,9**	28,0	**–**	–
Listed investments				
Dividends	**–**	–	**–**	72,0
Net profit on disposal of plant and equipment	**8,4**	52,1	**–**	–
Continuing operations	**8,4**	16,0	**–**	–
Discontinuing operations	**–**	36,1	**–**	–
Realised and unrealised exchange gains/(losses), not included in revenue	**53,4**	5,4	**(13,8)**	–
Continuing operations	**64,5**	(11,0)	**(13,8)**	–
Discontinuing operations	**(11,1)**	16,4	**–**	–
Rental income – investment properties	**3,4**	1,3	**–**	–
Associate company	**2,4**	0,2	**–**	–
Other	**1,0**	1,1	**–**	–
CHARGES				
Amortisation of intangible assets	**23,4**	4,3	**–**	–
Auditors' remuneration	**6,7**	5,8	**–**	–
Audit fee	**5,6**	5,7	**–**	–
Current period	**4,9**	3,3	**–**	–
Prior period	**0,6**	1,2	**–**	–
Other audit related expenses	**0,1**	1,2	**–**	–
Tax consultancy services	**1,1**	0,1	**–**	–
Directors' emoluments	**7,5**	15,1	**–**	–
Executive directors	**6,4**	15,0	**–**	–
For services as directors	**–**	–	**–**	–
Guaranteed remuneration, bonuses and company contributions	**6,4**	15,0	**–**	–
Non-executive directors				
Guaranteed remuneration and company contributions	**1,1**	0,1	**–**	–
Interest expense	**353,0**	503,1	**34,5**	31,9
Textainer	**228,2**	307,6	**–**	–
Other	**124,8**	195,5	**34,5**	31,9
Letter of credit facility and arrangement fee	**–**	31,0	**–**	–

	GROUP		COMPANY	
	12 MONTHS 2002 RM	18 MONTHS 2001 RM	12 MONTHS 2002 RM	18 MONTHS 2001 RM
Operating leases	**21,4**	24,5	**–**	–
Continuing operations	**17,9**	18,5	**–**	–
Premises	**17,9**	16,6	**–**	–
Vehicles and equipment	**–**	1,9	**–**	–
Discontinuing operation – premises	**3,5**	6,0	**–**	–
Loans written off	**3,5**	40,4	**–**	–
Associate company	**3,5**	34,0	**–**	–
Loan	**87,2**	–	**–**	–
Provision (reversed)/raised	**(83,7)**	34,0	**–**	–
Other	**–**	6,4	**–**	–
Operating expenses – investment properties	**1,3**	0,4	**–**	–

21 Abnormal items

Premium paid on acquisition of shares from outside shareholders	**(0,4)**	(13,4)	**–**	–
Impairment of goodwill	**(11,7)**	(10,4)	**–**	–
Write down of carrying value of properties to open market value (refer note 3)	**–**	(10,3)	**–**	–
Amortisation of goodwill	**(0,4)**	–	**–**	–
Impairment of plant (refer note 2)	**2,7**	(17,5)	**–**	–
Impairment of available-for-sale investment	**(20,6)**	(38,3)	**(20,6)**	(38,3)
Discontinuing operation (net) (refer note 24)	**14,1**	2,8	**–**	–
Profit on disposal of investments	**–**	163,2	**–**	75,1
Waco International Ltd	**–**	94,0	**–**	22,0
Centricity Inc	**–**	68,7	**–**	53,1
Other	**–**	0,5	**–**	–
Profit on sale of property	**–**	1,2	**–**	–
	(16,3)	77,3	**(20,6)**	36,8

22 Income tax expense

South African normal	**62,7**	4,4	**0,6**	4,5
Current	**62,7**	0,9	**0,6**	0,9
Adjustment in respect of prior period	**–**	3,5	**–**	3,6
Foreign normal	**46,9**	24,3	**–**	–
Current	**17,3**	24,3	**–**	–
Adjustment in respect of prior period	**29,6**	–	**–**	–
Associated tax credit	**(8,4)**	(31,8)	**–**	–
South African deferred	**(228,3)**	276,6	**(0,2)**	(1,0)
(Credit)/Charge for the period	**(229,4)**	274,4	**(0,2)**	(1,0)
Adjustment in respect of prior period	**1,1**	2,2	**–**	–
Foreign deferred	**(38,3)**	(4,2)	**–**	–
Credit for the period	**(8,7)**	(4,2)	**–**	–
Adjustment in respect of prior period	**(29,6)**	–	**–**	–
	(165,4)	269,3	**0,4**	3,5

	GROUP		COMPANY	
	12 MONTHS 2002 %	18 MONTHS 2001 %	12 MONTHS 2002 %	18 MONTHS 2001 %
The effective tax rate is reconciled as follows:				
Statutory tax rate	**30,0**	30,0	**30,0**	30,0
Non taxable income	**3,2**	(3,6)	**(124,8)**	(20,4)
Non deductible expenses	**(0,3)**	2,0	**40,9**	0,2
Foreign differential	**10,8**	(3,6)	**–**	–
Prior year adjustment	**(0,1)**	0,3	**–**	3,2
Losses	**(8,9)**	0,2	**–**	–
Attributable income/loss of associate companies	**0,3**	0,4	**–**	–
Abnormal items	**1,3**	(2,3)	**57,6**	(9,9)
Effective tax rate	**36,3**	23,4	**3,7**	3,1

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 *(Loss)/Earnings and headline (loss)/earnings per share*

	GROUP	
	12 MONTHS 2002 RM	18 MONTHS 2001 RM
(LOSS)/EARNINGS PER SHARE		
UNDILUTED		
(Loss)/Earnings attributable to shareholders	**(370,0)**	803,3
Weighted average number of shares in issue (million)	**152,9**	152,8
(Loss)/Earnings per share (cents)	**(242,0)**	525,7
DILUTED		
Earnings attributable to shareholders	**(370,0)**	803,3
Interest not payable on debentures to be converted	**10,9**	16,4
Diluted earnings	**(359,1)**	819,7
Number of shares in issue for diluted earnings per share (million)	**181,6**	181,5
Number of shares in issue for undiluted earnings per share (million)	**152,9**	152,8
Shares to be issued on conversion of debentures (million)	**28,7**	28,7
Diluted earnings per share (cents)	**(242,0)**	451,6
Dilution per share (cents)	**–**	74,1
HEADLINE (LOSS)/EARNINGS PER SHARE		
UNDILUTED		
(Loss)/Earnings attributable to shareholders	**(370,0)**	803,3
Losses incurred up to date of discontinuance	**–**	(1,6)
Abnormal items	**16,3**	(77,3)
Amortisation of goodwill relating to associate company	**3,6**	–
Tax on abnormal items	**4,2**	(3,3)
Profit on sale of fixed assets	**(6,3)**	(10,4)
Headline (loss)/earnings	**(352,2)**	710,7
Weighted average number of shares in issue (million)	**152,9**	152,8
Headline (loss)/earnings per share (cents)	**(230,3)**	465,1

	GROUP 12 MONTHS 2002 RM	GROUP 18 MONTHS 2001 RM
DILUTED		
Undiluted headline (loss)/earnings attributable to shareholders as above	**(352,2)**	710,7
Interest not payable on debentures to be converted	**10,9**	16,4
Diluted headline (loss)/earnings	**(341,3)**	727,1
Number of shares in issue for diluted earnings per share (million)	**181,6**	181,5
Diluted headline earnings per share (cents)	**230,3**	400,6
Dilution per share (cents)	**–**	64,5

The dilution would arise as a result of any future conversion of debentures referred to in note 14. 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. No dilutive effect has been presented in respect of the loss per share and headline loss per share in the current year as this would be anti-dilutive.

24 *Discontinuing operation*

The discontinuing operation relates to the dry freight marine container factory at Isithebe, KwaZulu-Natal, which was closed in December 1999. The prior period included the stakbed container factory at Montague Gardens, Cape Town, which was closed in December 2000. The results relating to the discontinued operation are set out below.

REVENUE	**–**	73,8
Less:		
Cost of goods sold before charging/(crediting) items below:	**–**	65,5
Staff costs	**–**	9,3
Depreciation	**–**	0,6
Other administration and selling expenses	**3,9**	22,7
Realised and unrealised exchange losses/(gains)	**11,1**	(16,4)
Amount recovered on disposal of plant	**(27,8)**	–
Employee retrenchment costs (recovered)/incurred	**(1,3)**	1,3
Amount recovered on disposal of inventory	**–**	(12,6)
Leases and other commitments	**–**	0,6
INCOME FROM OPERATIONS	**14,1**	2,8
Total assets	**0,4**	0,1
Total liabilities	**39,6**	42,2

25 *Capital commitments*

For container leasing equipment and beer kegs authorised by the board		
Contracted	**201,6**	7,8
	201,6	7,8

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

26 Contingent liabilities, guarantees and commitments

26.1 A group company has issued a guarantee, in respect of export finance granted to customers, to the Industrial Development Corporation of South Africa Ltd under which the total potential liability at 31 December 2002 was R21,6 million (2001: R23,7 million).

26.2 A group company has provided a guarantee of R8,6 million (2001: R12,1 million) in favour of a third party in respect of facilities granted to another group company.

26.3 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 R34,0 million (2001: R87,1 million). An appropriate provision has been raised against possible doubtful debts which may arise.

26.4 The company and a subsidiary company have provided guarantees for utility service charges and premises rental of R1,4 million (2001: R0,5 million) of other subsidiary companies.

26.5 The company has warranted the performance and obligations of certain subsidiary companies in terms of a number of partnership agreements entered into by such subsidiary companies with third parties. The partnerships were established for the purposes of purchasing and selling marine cargo containers. At 31 December 2002, the aggregate amount attributable to third parties in terms of these arrangements and payable to them over the remaining term of the underlying contracts was R1 042,5 million (2001: R1 127,9 million) (refer note 9).

26.6 Obligations under the group's operating leases at 31 December 2002 were as follows:

	GROUP	
	2002 RM	2001 RM
Due:		
within one year	**15,6**	19,2
between one and five years	**49,5**	68,3
after five years	**44,9**	76,8
	110,0	164,3

27 Notes to the cash flow statements

	GROUP		COMPANY	
	12 MONTHS 2002 RM	18 MONTHS 2001 RM	12 MONTHS 2002 RM	18 MONTHS 2001 RM
***27.1** Reconciliation of (loss)/income before taxation to cash generated from operations*				
(Loss)/Income before taxation	**(455,1)**	1 149,8	**10,7**	112,0
Adjusted for:				
Interest expense	**353,0**	503,0	**34,5**	31,9
Attributable (income)/loss of associate company	**(1,3)**	15,5	**–**	–
Unrealised foreign exchange losses/(gains)	**1 222,4**	(2 112,2)	**13,8**	–
Net increase in adjustment to net investment in long-term receivables	**(549,5)**	1 077,7	**–**	–
Other non-cash flow adjustments to the net investment in long-term receivables	**(349,8)**	(285,8)	**–**	–
Depreciation	**468,1**	484,5	**–**	–
Increases in provisions	**19,7**	22,8	**–**	–
Profit on sale of plant and equipment	**(8,4)**	(52,1)	**–**	–
Abnormal item	**30,4**	(74,5)	**20,6**	(36,8)
Amount recovered on disposal of inventory	**–**	(12,5)	**–**	–
Provision against loans	**3,5**	40,4	**–**	–
Amortisation of intangible assets	**23,4**	4,3	**–**	–
Deferred income	**30,1**	13,3	**–**	–
Investment income	**(21,4)**	(28,7)	**(80,3)**	(107,7)
Operating profit/(loss) before working capital changes	**765,1**	745,5	**(0,7)**	(0,6)
Working capital changes	**121,5**	(89,4)	**(2,3)**	(5,4)
Decrease in inventory	**25,3**	57,0	**–**	–
(Increase)/Decrease in accounts receivable	**(72,2)**	33,7	**–**	–
Increase/(Decrease) in accounts payable	**168,4**	(180,1)	**(2,3)**	(5,4)
Cash generated from/(utilised by) operations	**886,6**	656,1	**(3,0)**	(6,0)

	GROUP		COMPANY	
	12 MONTHS 2002 RM	18 MONTHS 2001 RM	12 MONTHS 2002 RM	18 MONTHS 2001 RM
***27.2** Taxation paid*				
Amounts unpaid at the beginning of the period	**9,0**	3,4	**0,8**	1,0
Exchange differences	**(3,8)**	1,5	**–**	–
Charge per income statement	**109,6**	28,8	**0,6**	4,4
Amounts unpaid at the end of the period	**(90,5)**	(9,0)	**(0,6)**	(0,8)
	24,3	24,7	**0,8**	4,6
***27.3** Cash and cash equivalents*				
Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:				
Cash and cash equivalents	**368,6**	307,5	**–**	2,3
Bank overdrafts and short-term loans	**–**	(179,4)	**–**	–
	368,6	128,1	**–**	2,3

27.3.1 A group company has established restricted interest-bearing cash accounts as additional collateral for outstanding borrowings under the secured debt facility (refer note 15). The total balance of these restricted cash accounts at 31 December 2002 were R37,3 million (2001: R51,3 million).

27.3.2 A group company had R3,5 million (2001: R6,4 million) of restricted cash held in an insurance escrow account at 31 December 2002. The amount will be distributed to the appropriate parties when all the related claims are finalised.

27.3.3 A group company has pledged R8,6 million (2001: R12,1 million) as security for a guarantee (refer note 26.2).

27.3.4 A group company has pledged R14,3 million (2001: Rnil) as security for a letter of credit facility granted by a bank.

	GROUP 12 MONTHS 2002 RM	GROUP 18 MONTHS 2001 RM	COMPANY 12 MONTHS 2002 RM	COMPANY 18 MONTHS 2001 RM
***27.4** Discontinuing operation*				
The following cash inflows/(outflows) are attributable to the discontinuing operation:				
Operating activities	**21,0**	(11,2)	**–**	–
Investing activities	**–**	45,2	**–**	–
	21,0	34,0	**–**	–

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 company's articles of association, its borrowing powers are unlimited, but are limited to the facilities granted (refer note 15.3).

FOREIGN CURRENCY RISK MANAGEMENT

The group enters into forward exchange contracts from time to time and as required 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.

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.

Financial instruments that are subject to interest rate risk at 31 December 2002 were:

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE % P.A.	MATURITY OF INTEREST-BEARING ASSET/LIABILITY			NON-INTEREST BEARING RM	TOTAL RM
		ONE YEAR OR LESS RM	ONE TO FIVE YEARS RM	OVER FIVE YEARS RM		
ASSETS						
Long-term loans	**15,17**	**11,6**	**7,4**	**–**	**12,6**	**31,6**
Cash and cash equivalents						
– SA rand	**12,04**	**89,8**	**–**	**–**	**–**	**89,8**
– UK£	**1,88**	**67,6**	**–**	**–**	**–**	**67,6**
– US$	**0,76**	**211,2**	**–**	**–**	**–**	**211,2**
		380,2	**7,4**	**–**	**12,6**	**400,2**
LIABILITIES						
Interest-bearing borrowings						
– at fixed interest rates	**5,87**	**82,7**	**231,6**	**736,1**	**(8,2)**	**1 042,2**
– at floating interest rates	**2,94**	**454,8**	**2 797,6**	**766,0**	**(34,3)**	**3 984,1**
		537,5	**3 029,2**	**1 502,1**	**(42,5)**	**5 026,3**

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 (note 16).

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 9) which will be received by the company over the next 10 to 13 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 year. These intra-group transactions, which have been eliminated on consolidation, were conducted at arm's length.

DIRECTOR TRANSACTIONS WITH GROUP ENTITIES

Mr D M Nurek is a non-executive director 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 year under review.

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 a subsidiary company at a cost of R2,6 million. During 2001, R1,3 million was received by way of a partial redemption. The balance of R1,3 million is included in accounts receivable. Mr H R van der Merwe has provided a put in favour of the subsidiary company 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 directors of other 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 BENEFIT FUNDS

Membership of the Trencor Pension Fund, a defined contribution fund governed by the Pension Funds Act, is compulsory for all permanent employees in South Africa 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 2002 the Trencor Pension Fund had 258 members whose aggregate share of the Fund amounted to R96 million. The market value of the Fund's investments at the date was R150 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.

Certain non-South African group companies offer defined contribution plans for their employees in the various jurisdictions in which they are employed. None of these plans have any liability in respect of pensioners.

POST-RETIREMENT BENEFITS

Certain employees' medical aid contributions, post-retirement, are subsidised by group companies. These subsidies have been fully provided for (refer note 18).

EQUITY COMPENSATION BENEFITS

Share Option Plans

The company, and two of its subsidiaries listed below, have share option plans in place for certain employees, including executive directors, to purchase shares in terms of the rules of the individual plans.

	NUMBER OF SHARES		
	TRENCOR	TEXTAINER	TRENSTAR
NUMBER OF SHARES AUTHORISED UNDER SHARE OPTION PLANS			
At 31 December 2000	–	1 150 000	–
During the financial year 2001	15 284 209	375 000	1 000 000
At 31 December 2001	15 284 209	1 525 000	1 000 000
During the financial year 2002	–	–	250 000
At 31 December 2002	15 284 209	1 525 000	1 250 000
Weighted average exercise price of shares authorised in financial year 2001	R5,25	US$5,62	US$4,12
Weighted average exercise price of shares authorised in financial year 2002	–	–	US$4,31

	NUMBER OF SHARES			WEIGHTED AVERAGE EXERCISE PRICE PER SHARE (R)	EXPIRATION YEAR
	UNVESTED	VESTED	TOTAL		
SUMMARY OF ACTIVITY IN SHARE OPTION PLANS					
TRENCOR					
Balance at 30 June 2000	–	–	–		
Options granted during the period	6 340 000	–	6 340 000	5,25	2009
Options vested during the period	–	–	–		
Options exercised during the period	–	–	–		
Balance at 31 December 2001	6 340 000	–	6 340 000	5,25	2009
Options granted during the year	–	–	–		
Options vested during the year	(1 316 250)	1 316 250	–	5,25	2009
Options forfeited during the year	(150 000)	–	(150 000)	5,25	2009
Options exercised during the year	–	(202 500)	(202 500)	5,25	2009
Balance at 31 December 2002	4 873 750	1 113 750	5 987 500	5,25	2009

	NUMBER OF SHARES UNVESTED	VESTED	TOTAL	WEIGHTED AVERAGE EXERCISE PRICE PER SHARE (US$)	EXPIRATION YEAR
TEXTAINER					
Balance at 31 December 2000	210 000	534 500	744 500	3,81	2006
Options granted during the year	375 000	–	375 000	5,62	2011
Options vested during the year	(122 000)	122 000	–	4,40	2007
Options exercised during the year	–	(104 500)	(104 500)	3,67	2006
Balance at 31 December 2001	463 000	552 000	1 015 000	4,51	2008
Options granted during the year	–	–	–		
Options vested during the year	(163 000)	163 000	–	4,92	2009
Options exercised during the year	–	(28 000)	(28 000)	4,33	2007
Balance at 31 December 2002	300 000	687 000	987 000	4,52	2008
TRENSTAR					
Balance at 31 December 2000	–	–	–		
Options granted during the year	610 000	–	610 000	4,12	2011
Options vested during the year	(50 834)	50 834	–	4,12	2011
Options exercised during the year	–	–	–		
Balance at 31 December 2001	559 166	50 834	610 000	4,12	2011
Options granted during the year	510 000	–	510 000	4,31	2012
Options vested during the year	(266 875)	266 875	–	4,20	2011
Options forfeited during the year	(50 000)	–	(50 000)	4,12	2011
Options exercised during the year	–	–	–		
Balance at 31 December 2002	752 291	317 709	1 070 000	4,21	2011

31 *Comparative figures*

The comparative figures are for the eighteen months ended 31 December 2001.

32 Segmental report

BUSINESS SEGMENTS

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

	CONTAINER OPERATIONS					
	SALES AND FINANCE		OWNING, LEASING-OUT AND MANAGEMENT		MANUFACTURING	
	12 MONTHS 2002 RM	18 MONTHS 2001 RM	12 MONTHS 2002 RM	18 MONTHS 2001 RM	12 MONTHS 2002 RM	18 MONTHS 2001 RM
Revenue						
External	**(1 068,3)**	2 279,7	**1 299,9**	1 497,8	**81,8**	153,6
Continuing	**(1 068,3)**	2 279,7	**1 299,9**	1 497,8	**81,8**	79,8
Discontinuing	**–**	–	**–**	–	**–**	73,8
Total revenue	**(1 068,3)**	2 279,7	**1 299,9**	1 497,8	**81,8**	153,6
Segment result						
Net income before interest and items reflected below and taxation	**(545,0)**	1 192,6	**469,0**	553,4	**(16,5)**	14,2
Net interest						
Abnormal items and asset impairment						
Attributable income of associate company						
Provision against loans						
Taxation						
Continuing operations						
Discontinuing operations						
Income after taxation						
Other information						
Segment assets	**2 305,1**	3 161,5	**4 930,1**	6 451,3	**50,2**	42,7
Continuing operations	**2 305,1**	3 161,5	**4 930,1**	6 451,3	**49,8**	42,6
Discontinuing operations	**–**	–	**–**	–	**0,4**	0,1
Investments						
Long-term loans						
Consolidated total assets						
Segment liabilities	**444,0**	472,0	**444,8**	359,6	**53,5**	54,0
Continuing operations	**444,0**	472,0	**444,8**	359,6	**13,9**	11,8
Discontinuing operations	**–**	–	**–**	–	**39,6**	42,2
Convertible debentures						
Interest-bearing borrowings						
Deferred taxation						
Bank overdrafts and short-term loans						
Taxation						
Consolidated total liabilities						
Supplementary information						
Capital expenditure	**–**	–	**763,4**	1 437,2	**0,9**	0,5
Continuing operations	**–**	–	**763,4**	1 437,2	**0,9**	0,4
Discontinuing operations	**–**	–	**–**	–	**–**	0,1
Depreciation	**–**	–	**421,9**	451,4	**1,6**	6,4
Continuing operations	**–**	–	**421,9**	451,4	**1,6**	5,8
Discontinuing operations	**–**	–	**–**	–	**–**	0,6

Supply chain management services 12 months 2002 RM	Supply chain management services 18 months 2001 RM	Trailer manufacturing 12 months 2002 RM	Trailer manufacturing 18 months 2001 RM	Other (including corporate overheads) 12 months 2002 RM	Other (including corporate overheads) 18 months 2001 RM	Consolidated 12 months 2002 RM	Consolidated 18 months 2001 RM
274,2	59,5	**–**	434,2	**1,4**	11,3	**589,0**	4 436,1
274,2	59,5	**–**	434,2	**1,4**	11,3	**589,0**	4 362,3
–	–	**–**	–	**–**	–	**–**	73,8
274,2	59,5	**–**	434,2	**1,4**	11,3	**589,0**	4 436,1
(43,0)	(38,2)	**–**	(38,4)	**30,5**	(80,8)	**(105,0)**	1 602,8
						(331,6)	(474,4)
						(16,3)	77,3
						1,3	(15,5)
						(3,5)	(40,4)
						(165,4)	269,3
						(165,4)	268,5
						–	0,8
						(289,7)	880,5
1 348,8	415,9	**–**	40,4	**198,4**	123,1	**8 832,6**	10 234,9
1 348,8	415,9	**–**	40,4	**198,4**	123,1	**8 832,2**	10 234,8
–	–	**–**	–	**–**	–	**0,4**	0,1
						102,5	141,9
						31,6	29,5
						8 966,7	10 406,3
98,1	66,3	**3,7**	10,6	**78,4**	54,5	**1 122,5**	1 017,0
98,1	66,3	**3,7**	10,6	**78,4**	54,5	**1 082,9**	974,8
–	–	**–**	–	**–**	–	**39,6**	42,2
						260,5	260,5
						5 026,3	5 387,4
						273,7	594,1
						–	179,4
						90,5	9,0
						6 773,5	7 447,4
1 229,2	19,5	**–**	6,6	**1,2**	3,7	**1 994,7**	1 467,5
1 229,2	19,5	**–**	6,6	**1,2**	3,7	**1 994,7**	1 467,4
–	–	**–**	–	**–**	–	**–**	0,1
41,5	14,8	**–**	4,9	**3,1**	7,0	**468,1**	484,5
41,5	14,8	**–**	4,9	**3,1**	7,0	**468,1**	483,9
–	–	**–**	–	**–**	–	**–**	0,6

Additional information

Balance sheet at 31 December 2002

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

Summarised consolidated balance sheet (page 54) and income statement (page 55) of Trencor Ltd and subsidiaries for the year ended 31 December 2002, with comparatives for the previous eighteen months to 31 December 2001, on the basis that Textainer Group Holdings Ltd and Brewers Logistics International Ltd ('BLI') are accounted for on the equity method and are not consolidated. BLI is 75% owned by TrenStar Inc and all of its borrowings are ring-fenced and without recourse to TrenStar or Trencor. These statements are unaudited and have been prepared based on the financial statements of the group, Textainer and BLI respectively.

	2002 RM	2001 RM
ASSETS		
Non-current assets		
Property, plant and equipment	**249,0**	319,0
Investment properties	**33,7**	33,7
Intangible assets	**10,4**	27,6
Goodwill	**5,7**	8,0
Investments	**838,2**	1 118,1
Long-term loans	**20,0**	28,4
Long-term receivables	**2 065,1**	2 900,5
	3 222,1	4 435,3
Current assets		
Inventories	**41,3**	43,7
Accounts receivable	**311,6**	395,6
Current portion of long-term loans	**11,6**	1,0
Cash and cash equivalents	**127,3**	62,0
TOTAL ASSETS	**3 713,9**	4 937,6
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital and premium	**165,6**	164,5
Reserves	**1 567,2**	2 159,4
Shareholders' equity	**1 732,8**	2 323,9
Interest of outside shareholders in subsidiaries	**19,7**	50,4
Total shareholders' funds	**1 752,5**	2 374,3
Convertible debentures	**260,5**	260,5
Other non-current liabilities		
Interest-bearing borrowings	**558,8**	650,3
Amounts attributable to third parties in respect of of long-term receivables	**397,4**	431,6
Deferred taxation	**218,0**	534,2
	3 187,2	4 250,9
Current liabilities		
Accounts payable	**159,9**	173,0
Provisions	**57,2**	52,5
Taxation	**79,3**	4,7
Bank overdrafts and short-term loans	**–**	179,4
Current portion of interest-bearing borrowings	**211,8**	257,9
Deferred income	**18,5**	19,2
TOTAL EQUITY AND LIABILITIES	**3 713,9**	4 937,6
Liquidity		
Ratio to aggregate of total shareholders' funds and convertible debentures		
Total liabilities excluding convertible debentures	**84,5%**	87,4%
Interest-bearing liabilities excluding convertible debentures	**38,3%**	41,3%

Additional information

Income statement for the year ended 31 December 2002

	12 MONTHS 2002 RM	18 MONTHS 2001 RM
REVENUE	**(791,6)**	2 865,5
Net income before charging items below:	**448,4**	333,4
Staff costs	**112,7**	233,8
Depreciation	**32,6**	33,5
Other administration and selling expenses	**60,1**	93,9
INCOME/(LOSS) BEFORE VALUATION OF RECEIVABLES	**243,0**	(27,8)
Adjustments to valuation of long-term receivables	**(875,2)**	1 035,9
Unrealised exchange (losses)/gains	**(1 420,4)**	2 111,1
Net long-term receivables adjustment	**545,2**	(1 075,2)
(LOSS)/INCOME FROM OPERATIONS	**(632,2)**	1 008,1
Net interest expense	**64,4**	187,6
	(696,6)	820,5
Attributable income of associate companies	**132,6**	138,7
(LOSS)/INCOME BEFORE ABNORMAL ITEMS	**(564,0)**	959,2
Abnormal items	**(16,0)**	90,6
(LOSS)/INCOME BEFORE TAXATION	**(580,0)**	1 049,8
Income tax expense	**(192,8)**	247,9
(LOSS)/INCOME AFTER TAXATION	**(387,2)**	801,9
Loss attributable to outside shareholders in subsidiaries	**17,2**	1,4
NET (LOSS)/INCOME FOR THE PERIOD	**(370,0)**	803,3

Additional information

Balance sheet at 31 December 2002

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

Summarised consolidated balance sheet (page 56) and income statement (page 57) of Textainer Group Holdings Ltd and subsidiaries for the year ended 31 December 2002, 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 2002.

	2002 US$M	2001 US$M
ASSETS		
Current assets		
Cash and cash equivalents, including restricted cash of US$4,7 million and US$4,8 million in 2002 and 2001 respectively	**24,0**	20,4
Accounts receivable, net of allowance for doubtful debts US$1,0 million and US$1,1 million in 2002 and 2001 respectively	**24,4**	22,1
Net investment in direct finance leases	**2,1**	1,0
Containers held for resale	**1,2**	4 2
Prepaid expenses	**2,0**	1,4
Due from affiliates, net	**0,4**	0,3
	54,1	49,4
Non-current assets		
Containers, net	**503,7**	475,1
Net investment in direct finance leases	**7,6**	5,9
Investments in affiliates	**0,6**	0,7
Fixed assets, net	**1,9**	2,5
Other assets	**5,6**	5,9
TOTAL ASSETS	**573,5**	539,5
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	**13,9**	14,8
Container contracts payable	**15,6**	0,2
Damage protection plan reserve	**2,2**	1 5
Due to owners, net	**4,7**	4,4
Notes payable	**–**	0,2
Obligations under capital leases	**0,1**	0,1
Bonds payable	**30,0**	30,0
TOTAL CURRENT LIABILITIES	**66,5**	51,2
Non-current liabilities		
Obligations under capital leases	**0,3**	0,5
Secured debt facility	**111,4**	77,6
Bonds payable	**237,5**	267,5
Cash flow hedging derivatives	**19,7**	10,9
Deferred income taxes, net	**2,6**	1,5
TOTAL LIABILITIES	**438,0**	409,2
Minority interests	**20,8**	19,7
Stockholders' equity	**114,7**	110,6
TOTAL STOCKHOLDERS' EQUITY	**135,5**	130,3
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**573,5**	539,5

Additional information

Income statement for the year ended 31 December 2002

	12 MONTHS 2002 US$M	12 MONTHS 2001 US$M
REVENUES		
Lease rental income	**100,1**	91,2
Management fees	**14,4**	14,9
Trading container sales proceeds	**9,8**	10,5
Gain on sales of assets, net	**0,6**	1,6
Other, net	**1,6**	1,9
TOTAL REVENUES	**126,5**	120,1
Operating expenses		
Direct container expenses	**15,1**	16,6
Cost of trading containers sold	**9,2**	8,7
Depreciation	**40,8**	37,3
General and administrative expense	**16,1**	15,8
TOTAL OPERATING EXPENSES	**81,2**	78,4
INCOME FROM OPERATIONS	**45,3**	41,7
Other (expense)/income		
Net interest expense	**(21,8)**	(22,7)
Minority interest in net income of subsidiary	**(5,0)**	(2,0)
Loss on extinguishment of debt	**–**	(0,6)
Other, net	**–**	(0,1)
NET OTHER EXPENSE	**(26,8)**	(25,4)
INCOME BEFORE INCOME TAX EXPENSE	**18,5**	16,3
Income tax expense	**(2,3)**	(1,5)
INCOME AFTER INCOME TAX EXPENSE	**16,2**	14,8

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
  70 Marshall Street
  Johannesburg 2001
  PO Box 61051 Marshalltown 2107
  Tel 011 377 5000 Fax 011 688 7721
  Call centre 0861 100950 (within RSA)
  or +27 11 377 5000 (outside RSA)
  http://www.computershare.com
* Principal bankers:
  Fortis Bank (Nederland) NV – Netherlands
  Wachovia Securities – USA
* South African commercial bank:
  FirstRand Bank Ltd
* Auditors:
  KPMG Inc
* Attorneys:
  Sonnenberg Hoffmann Galombik
* Sponsors:
  HSBC Investment Services (Africa) (Pty) Ltd
* FTSE/JSE sector classification:
  Cyclical Services, Transport – Shipping & Ports
* Market name: Trencor
* JSE share codes:
  – ordinary shares TRE ISIN: ZAE000007506
  – 6% convertible debentures TED2 ISIN: ZAE000007282

Analysis of share and debenture holders at 27 December 2002

	Ordinary shares				6% convertible debentures			
	Number of holders	% of holders	Number of shares	% interest	Number of holders	% of holders	Number of debentures	% interest
Mobile industries	1	0,1	72 386 836	47,3	1	0,4	13 730 780	48,0
Banks	17	1,6	3 343 612	2,2	6	2,3	456 875	1,6
Individuals	744	69,9	3 601 756	2,3	130	50,4	998 967	3,5
Insurance companies	12	1,1	32 130 459	21,0	4	1,5	6 081 364	21,2
Investment companies	41	3,8	23 571 013	15,4	24	9,3	4 630 949	16,2
Nominee companies or trusts	132	12,4	2 097 795	1,4	58	22,5	895 845	3,1
Other corporate bodies	55	5,2	951 779	0,6	15	5,8	434 353	1,5
Retirement funds	62	5,8	14 804 350	9,7	20	7,8	1 397 667	4,9
Trencor executive share purchase trust	1	0,1	156 992	0,1	–	–	–	–
TOTAL	**1 065**	**100,0**	**153 044 592**	**100,0**	**258**	**100,0**	**28 626 800**	**100,0**
SHAREHOLDER SPREAD								
PUBLIC SHAREHOLDERS	**1 059**	**99,4**	**54 178 285**	**35,4**	**256**	**99,2**	**11 894 020**	**41,6**
NON-PUBLIC SHAREHOLDERS	**6**	**0,6**	**98 866 307**	**64,6**	**2**	**0,8**	**16 730 780**	**58,4**
Directors and associates	3	0,3	276 608	0,2	–	–	–	–
Persons interested, directly or indirectly, in 10% or more	1	0,1	26 045 871	17,0	1	0,4	3 000 000	10,4
Trencor executive share purchase trust	1	0,1	156 992	0,1	–	–	–	–
Mobile Industries	1	0,1	72 386 836	47,3	1	0,4	13 730 780	48,0
TOTAL	**1 065**	**100,0**	**153 044 592**	**100,0**	**258**	**100,0**	**28 624 800**	**100,0**

Major share and debenture holders

The direct and indirect interests of ordinary shareholders and holders of 6% convertible debentures who, in so far as is known, held 5% or more of the issued securities at 27 December 2002 were as follows:

	Shares			6% convertible debentures		
	Direct	Indirect through Mobile		Direct	Indirect through Mobile	Total
	Ordinary %	Ordinary %	'N' Ordinary %	%	%	%
Old Mutual	20,1	9,5	11,8	21,2	18,3	39,5
African Harvest Group				5,0		5,0
	20,1	9,5	11,8	26,2	18,3	44,5
Mobile Industries	47,3			48,0		
	67,4			74,2		

EXECUTIVE

Neil Ian Jowell (69)	*B Com LLB (UCT) MBA (Columbia) is executive chairman/CEO and chairman of the executive committee. He is the elder son of Trencor's founder, Joe Jowell, and joined the company on 1 January 1956. He was appointed to the board on 30 December 1966 and, following the death of his father in 1973, he was appointed as chairman. He is also a member of the remuneration and nomination committees. In 1987 he was voted Cape Times Business Man of the Year and in 1991 as one of Business Times' Top Five Businessmen.*
Cecil Jowell (67)	*B Com LLB (UCT) is a part-time executive director. He is the younger son of the company's founder and joined Trencor on 1 November 1958 and was appointed as an executive director on 2 October 1962 and is a member of the executive committee. He assumed a part-time executive role from 15 March 2002. In 1991 he was voted as one of Business Times' Top Five Businessmen.*
James (Jimmy) Ernest McQueen (58)	*B Com (UCT) CA (SA) is executive director in charge of finance. He was appointed as an alternate director on 18 April 1984 and as a full director on 15 May 1996. Member of the executive committee. Prior to joining Trencor on 10 June 1976, he was an accountant in public practice.*
Hendrik (Hennie) Roux van der Merwe (55)	*BA Law LLB (Stellenbosch) LLM (Tax) (Wits) is managing director, responsible for corporate affairs and the group's mobile asset management operations. He joined Trencor on 1 July 1997 and was appointed to the board on 20 May 1998 and as managing director on 4 April 2003. He previously practised as an attorney at law followed by various senior executive positions in the banking sector and was a deputy chairman of Waco International Ltd before transferring to Trencor. He is a member of the executive committee.*

INDEPENDENT NON-EXECUTIVE

Harold Aubrey Gorvy (75)	*B Com (UCT) CA (SA) FCA has been a non-executive director of the company since 18 April 1984. He is an executive director of Stonehage Ltd, a UK-based international financial services group and was previously chairman of Andersens in South Africa until relocating to the UK in 1987. He is a member of the audit and nomination committees and serves as an executive and non-executive director on the boards of several unlisted companies.*
James (Jim) Edward Hoelter (63)	*B Bus Admin (Wisconsin) MBA (Harvard) was appointed as a non-executive director on 2 December 2002. He was President and CEO of Textainer Group Holdings Ltd in the USA until his retirement in December 1998. He joined Textainer in 1987 and currently serves as a non-executive director on the boards and committees of various unlisted companies in the USA. He is a member of the audit committee.*
David Morris Nurek (53)	*Dip Law (UCT) Grad Dip Company Law (UCT) is an executive director of Investec Bank Ltd. He was appointed as an alternate director of Trencor on 30 November 1992 and as a full director on 24 July 1995. Prior to joining Investec in June 2000, he practised as an attorney at law with Sonnenberg Hoffmann Galombik for 32 years. He is chairman of the audit, remuneration and nomination committees and serves on the boards of numerous listed and unlisted companies in a non-executive capacity.*

Diary

	23 May 2003	*Annual general meeting*
	31 December	*Financial year-end*
Announcements	*August*	*Interim report*
	March	*Provisional results*
	March/April	*Annual financial statements*
6% convertible debentures	*June and December*	*Interest paid*

Notice is hereby given that the forty-seventh annual general meeting of shareholders of Trencor Limited ('the company') will be held at 1313 Main Tower, Standard Bank Centre, Heerengracht, Cape Town on Friday, 23 May 2003 at 12:00 for the following purposes:

1. To consider and adopt the annual financial statements of the company and the Trencor group for the year ended 31 December 2002.
2. To consider, and if deemed fit, to re-elect, on an individual basis, the following directors who retire in terms of the articles of association but, being eligible, offer themselves for re-election:
   Messrs N I Jowell, J E McQueen and D M Nurek who retire by rotation; and
   Mr J E Hoelter, who was appointed as a director after the preceding annual general meeting, who retires as a new appointee. (Brief résumés of the directors are presented on page 59.)
3. To place the 9 094 209 unissued authorised ordinary shares of the company, reserved for The Trencor Share Option Plan ('the Plan'), under the control of the directors and to specifically authorise the directors to issue such shares, if required, in accordance with the Plan until the next annual general meeting, subject to the provisions of the Companies Act, No 61 of 1973 (as amended) (the 'Act') and the Listings Requirements of the JSE Securities Exchange South Africa ('JSE').
4. To place the remaining unissued shares of the company under the control of the directors subject to the provisions of the Act and the Listings Requirements of the JSE until the next annual general meeting, on the basis that no issue of these shares is contemplated at the present time and that no issue will be made that could effectively transfer the control of the company without prior approval of shareholders in general meeting.
5. To confirm, in terms of the articles of association of the company, the directors' remuneration paid for the year ended 31 December 2002, as set out in the annual financial statements.
6. To consider and, if deemed fit, to pass, with or without modification, the following special resolution:
   "Resolved that the company hereby approves, as a general approval contemplated in sections 85(2) and 85(3) of the Companies Act, No 61 of 1973 (as amended) ('the Act'), the acquisition by the company or any of its subsidiaries from time to time of the issued shares of the company, upon such terms and conditions and in such amounts as the directors of the company may from time to time determine, but subject to the articles of association of the company, the provisions of the Act and the Listings Requirements of the JSE Securities Exchange South Africa ('JSE') as presently constituted and which may be amended from time to time, and provided that:
   6.1 any such acquisition of shares shall be implemented on the open market on the JSE;
   6.2 this general authority shall only be valid until the company's next annual general meeting, provided that it shall not extend beyond fifteen months from the date of passing of this special resolution;
   6.3 an announcement will be published as soon as the company or its subsidiaries has/have acquired shares constituting, on a cumulative basis, 3% of the number of shares of the class of shares repurchased in issue prior to the acquisition pursuant to which the 3% threshold is reached, which announcement shall contain full details of such acquisitions;
   6.4 acquisitions by the company and its subsidiaries of shares in the share capital of the company in any one financial year may not exceed 20% (or 10% where in the aggregate such acquisition relates to the acquisition by a subsidiary) of the company's issued share capital of the class of repurchased shares from the date of the grant of this general authority;
   6.5 in determining the price at which the company's shares are acquired by the company or its subsidiaries in terms of this general authority, the maximum premium at which such shares may be acquired will be 10% of the weighted average of the market price at which such shares are traded on the JSE, as determined over the five business days immediately preceding the date of repurchase of such shares by the company or its subsidiaries."

   The reason for this special resolution is to grant the company a general authority in terms of the Act for the acquisition by the company or any of its subsidiaries of shares issued by the company, which authority shall be valid until the earlier of the next annual general meeting of the company or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the company, provided that the general authority shall not exceed beyond fifteen months from the date of this annual general meeting. The passing and registration of this special resolution will have the effect of authorising the company or any of its subsidiaries to acquire shares issued by the company.

Statement by the board of directors of the company

Pursuant to and in terms of the Listings Requirements of the JSE, the board of directors of the company hereby states that:

a. the intention of the directors of the company is to utilise the authority if at some future date the cash resources of the company are in excess of its requirements. In this regard the directors will take account of, inter alia, an appropriate capitalisation structure for the company, the long-term cash needs of the company, and the interests of the company;
b. in determining the method by which the company intends to repurchase its shares, the maximum number of shares to be repurchased and the date on which such repurchase will take place, the directors of the company will only make repurchases if at the time of the repurchase they are of the opinion that:
   – the company and any acquiring subsidiary will, after the repurchase, be able to pay their debts as they become due in the ordinary course of business for the next twelve months after the date of this notice of the annual general meeting;
   – the consolidated assets of the company and its subsidiaries, fairly valued in accordance with South African Statements of Generally Accepted Accounting Practice will, after the repurchase, be in excess of the consolidated liabilities of the company and its subsidiaries for the next twelve months after the date of this notice of the annual general meeting;
   – the issued share capital and reserves of the company or any acquiring subsidiary will, after the repurchase, be adequate for the purposes of the business of the company or any acquiring subsidiary for the next twelve months after the date of this notice of the annual general meeting;

– the working capital available to the company or any acquiring subsidiary will, after the repurchase, be sufficient for its requirements for the next twelve months after the date of this notice of the annual general meeting; and
– a working capital statement will be obtained from the company's sponsors as and when any such repurchase of shares is contemplated.

7. To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolution:
"Resolved that, subject to not less than 75% of the votes cast by those shareholders of the company present in person or represented by proxy at this annual general meeting voting in favour of this ordinary resolution, the directors of the company be and are hereby authorised by way of general authority to issue all or any of the authorised but unissued shares in the capital of the company for cash, as and when they in their discretion deem fit, subject to the Companies Act, No 61 of 1973 (as amended), the articles of association of the company, the Listings Requirements of the JSE Securities Exchange South Africa ('JSE') as presently constituted and which may be amended from time to time and the following limitations:
7.1 that this general authority shall only be valid until the company's next annual general meeting provided that it shall not extend beyond fifteen months from the date of passing of this ordinary resolution;
7.2 that an announcement be published giving full details, including the expected effect on the net asset value and earnings per share, at the time of any issue representing, on a cumulative basis within one financial year, 5% or more of the number of shares in issue prior to the issue;
7.3 that issues in the aggregate in any one financial year may not exceed 15% of the number of shares in the company's issued share capital of the class of shares issued before such issue;
7.4 that in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price on the JSE of those shares over the thirty business days prior to the date that the price of the issue is determined or agreed by the directors of the company; and
7.5 that any such issue will only be made to 'public shareholders' as defined by the Listings Requirements of the JSE, and not to related parties."
8. To transact such other business as may be transacted at an annual general meeting.

General instructions

All shareholders are encouraged to attend, speak and vote at the annual general meeting.

If you hold certificated shares (i.e. have not dematerialised your shares in the company) or are registered as an own name dematerialised shareholder, then:

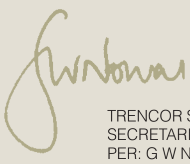
* you may attend and vote at the annual general meeting; alternatively
* you may appoint a proxy to represent you at the annual general meeting by completing the attached form of proxy and returning it to the company's transfer secretaries not less than 24 hours before the time appointed for the holding of the meeting.

If you own dematerialised shares (i.e. have replaced the paper share certificates representing the shares with electronic records of ownership under the JSE's electronic settlement system, Share Transactions Totally Electronic ('STRATE')) and are not registered as an 'own name dematerialised shareholder' (i.e. specifically instructed your Central Securities Depository Participant ('CSDP') to hold your shares in your own name on the company's sub-register), then:

* if you wish to attend the annual general meeting you must contact your CSDP or broker, as the case may be, and obtain the relevant letter of representation from it; alternatively
* if you are unable to attend the annual general meeting but wish to be represented at the meeting, you must contact your CSDP or broker, as the case may be, and furnish it with your voting instructions in respect of the annual general meeting in accordance with the mandate between yourself and the CSDP or broker, as the case may be. You should not complete the attached form of proxy. If your CSDP or broker does not obtain voting instructions from you in respect of the annual general meeting, it will be obliged to act in terms of your mandate. The instructions must be provided within the time period required by your CSDP or broker, as the case may be.

CSDP nominees or broker nominees recorded in the company's sub-register should, when authorised in terms of their mandate or instructed to do so by the owner on behalf of whom they hold dematerialised shares in the company, vote by either appointing a duly authorised representative to attend and vote at the annual general meeting or by completing the attached form of proxy in accordance with the instructions thereon and returning it to the company's transfer secretaries not less than 24 hours before the time appointed for the holding of the meeting.

By order of the board



TRENCOR SERVICES (PTY) LTD
SECRETARIES
PER: G W NORVAL
CAPE TOWN 11 APRIL 2003

Annual general meeting 23 May 2003

Trencor Limited. Form of proxy: Ordinary shares

Not to be used by beneficial owners of shares who have dematerialised their shares through a Central Securities Depository Participant ('CSDP') or broker, as the case may be ('dematerialised shareholders'), unless you are recorded on the sub-register as 'own name' dematerialised shareholders ('own name dematerialised shareholders'). Generally, you will not be an own name dematerialised shareholder unless you have specifically requested the CSDP to record you as the holder of the shares in your own name in the company's sub-register.

Only for use by certificated shareholders (not dematerialised), own name dematerialised shareholders and CSDP nominees or broker nominees recorded in the company's sub-register as the holder of dematerialised ordinary shares.

Each member entitled to attend and vote at the meeting is entitled to appoint one or more proxies (none of whom need be a shareholder of the company) to attend, speak and vote in place of that member at the annual general meeting.

Refer to notes on reverse of proxy.

To be returned to The Transfer Secretaries Trencor Limited
Computershare Investor Services Limited
70 Marshall Street Johannesburg 2001
PO Box 61051 Marshalltown 2107

as soon as possible and not later than 24 hours before the meeting.

I/We (Full names)

of (Address)

Telephone: Work (   ) Telephone: Home (   )

being a member(s) of Trencor Limited, holding ordinary shares in the company

hereby appoint (refer note 1):

or failing him/her

or failing him/her

or failing him/her the chairperson of the annual general meeting as my/our proxy to act for me/us on my/our behalf at the annual general meeting of shareholders of the company to be held at 1313 Main Tower, Standard Bank Centre, Heerengracht, Cape Town on Friday, 23 May 2003 at 12:00 and at any adjournment thereof in accordance with the following instructions:

Insert an 'X' in the relevant spaces according to how you wish all your votes to be cast. If you wish to cast your votes in respect of a lesser number of shares than you own in the company, then (instead of an 'X') insert the number of shares held in respect of which you desire to vote (one vote per ordinary share) (see note 2). Unless otherwise instructed above my/our proxy can vote as he/she deems fit.	FOR	AGAINST	ABSTAIN
1. Approval of the adoption of annual financial statements.			
2. Re-election of directors: N I Jowell			
J E McQueen			
D M Nurek			
J E Hoelter			
3. Placing the unissued shares of the company reserved for The Trencor Share Option Plan ('the Plan') under the control of the directors and granting them authority to issue such shares in terms of the Plan.			
4. Placing the remaining unissued shares of the company under the control of the directors.			
5. Confirmation of directors' remuneration as set out in the annual financial statements.			
6. Proposed special resolution granting a general authority to the company to acquire the issued shares of the company upon such terms and conditions and in such amounts as the directors may from time to time determine.			
7. Granting a general authority to the directors to issue shares for cash.			

Signed at on this day of 2003

Signature Assisted by (where applicable) Signature

Name of signatory: Name of assistant:

Capacity: Capacity:

(Authority of signatory to be attached if applicable – see note 6)

NOTES:

1. A certificated or own name dematerialised shareholder or CSDP nominee or broker nominee recorded in the company's sub-register may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting 'the chairperson of the annual general meeting', but any such deletion must be initialled by the shareholder. The person whose name stands first on the proxy form and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow thereafter. If no proxy is inserted in the spaces provided, then the chairperson shall be deemed to be appointed as the proxy to vote or abstain as the chairperson deems fit.
2. A shareholder's instructions to the proxy must be indicated in the appropriate box provided. If there is no clear indication as to the voting instructions to the proxy, the proxy will be deemed to be authorised to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder, but the total of the votes cast or abstained may not exceed the total of the votes exercisable by the shareholder.
3. Proxy forms must be lodged with the company's transfer secretaries, Computershare Investor Services Limited, 70 Marshall Street, Johannesburg, 2001 or posted to Computershare Investor Services Limited, PO Box 61051, Marshalltown, 2107. Forms of proxy must be received or lodged by no later than 12:00 on Thursday, 22 May 2003.
4. The completion and lodging of this proxy form will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof.
5. Where there are joint holders of shares, the vote of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the register of members, will be accepted.
6. Documentary evidence establishing the authority of a person signing this proxy form in a representative capacity must be attached to this proxy form unless previously recorded by the company's transfer secretaries or waived by the chairperson of the annual general meeting. CSDP nominees or broker nominees recorded in the company's sub-register voting in terms of their mandate or on instructions from owners of shares on behalf of whom they hold dematerialised shares in the company, are requested that they identify the owner and return a copy of the instruction from such owner to the company's transfer secretaries together with this form of proxy.
7. Any alteration or correction made to this proxy form must be initialled by the signatory/ies.
8. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the company's transfer secretaries.
9. Shareholders which are a company or body corporate may by resolution of their directors, or other governing body, in terms of section 188 of the Companies Act, No 61 of 1973 (as amended), authorise any person to act as their representative.
10. The chairperson of the annual general meeting may, in his/her discretion, accept or reject any form of proxy which is completed other than in accordance with these notes.
11. If required, additional forms of proxy are available from the company's transfer secretaries or the registered office of the company.
12. If you are a dematerialised shareholder and are not an own name dematerialised shareholder, do NOT complete this proxy form:

    * if you wish to attend the annual general meeting you must contact your CSDP or broker, as the case may be, and obtain the relevant letter of representation from it. The letter of representation must be obtained within the time period required by your CSDP or broker, as the case may be, and allow it sufficient time to also provide such letter to the company's transfer secretaries prior to the annual general meeting; alternatively
    * if you are unable to attend the annual general meeting but wish to be represented at the meeting, you must contact your CSDP or broker, as the case may be, and furnish it with your voting instructions in respect of the annual general meeting in accordance with the mandate between yourself and the CSDP or broker, as the case may be. You should not complete the attached form of proxy. The instructions must be provided within the time period required by your CSDP or broker, as the case may be.

    Subject to the agreed mandate, CSDP nominees or broker nominees recorded in the company's sub-register should, when authorised in terms of their mandate or instructed to do so by the owner on behalf of whom they hold dematerialised shares in the company, vote by either appointing a duly authorised representative to attend and vote at the annual general meeting or by completing the attached form of proxy in accordance with the instructions thereon and returning it to the company's transfer secretaries not less than 24 hours before the time appointed for the holding of the meeting.