www.trencor.net | www.mobile-industries.net

TRENCOR LIMITED | MOBILE INDUSTRIES LIMITED ANNUAL REPORTS 2007

contents

TRENCOR LIMITED *Annual Report*

Profile and highlights	01
Directors	02
Group chart	03
Five year review	04
Chairman's statement	05
Review of operations	08
Corporate governance	11
Annual financial statements	17
Corporate information	69
Analysis of shareholders	69
Directorate: Brief résumés	70
Diary	70
Notice to shareholders	71
Form of proxy	73

MOBILE INDUSTRIES LIMITED *Annual Report* 75

profile

TRENCOR

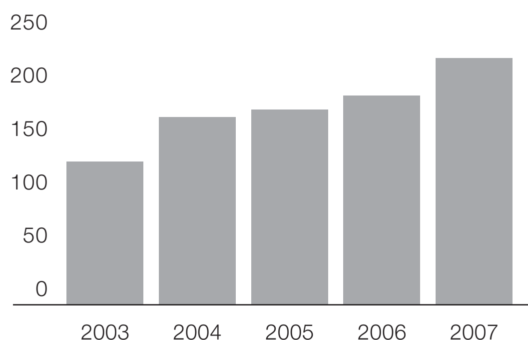
Trencor Limited is an investment holding company listed on the JSE. The group's core business focus is owning, leasing, managing and reselling marine cargo containers worldwide, and finance related activities.

highlights

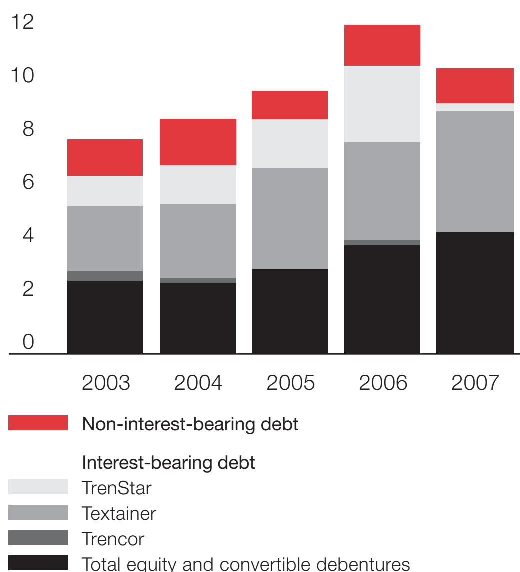
		2007	2006[1]
Trading profit after net interest expense	Rm	**675**	549
	US$m	**97**	82
Profit before taxation	Rm	**901**	742
	US$m	**133**	95
Headline earnings	Rm	**399**	380
	US$m	**60**	46
Headline earnings per share	SA cents	**213**	209[2]
	US cents	**32**	25[2]
Adjusted headline earnings per share[3]	SA cents	**214**	175[2]
	US cents	**31**	26[2]
Dividends per share	SA cents	**80**	57
Net asset value per share	SA cents	**1 701**	1 488
	US cents	**248**	214
Gearing[4]	%	**92**	174

1 Re-presented for discontinued operations.
2 Diluted amounts following the conversion of the debentures into shares.
3 Refer to note 31 to the financial statements.
4 Ratio of interest-bearing debt, excluding convertible debentures, to aggregate of total shareholders' equity and convertible debentures.

Adjusted headline earnings per share
(cents per share)



Funding of total assets
(R billion)



directors

*	N I JOWELL	Chairman
*	H R VAN DER MERWE	Managing
	H A GORVY	Independent
	J E HOELTER USA	Independent
	C JOWELL	
*	J E McQUEEN	
	D M NUREK	Independent
	E OBLOWITZ	Independent
*	EXECUTIVE	Brief résumés of the directors are presented on page 70.

Audit committee	Executive committee	Remuneration committee	Nomination committee
E OBLOWITZ Chairman	N I JOWELL Chairman	D M NUREK Chairman	D M NUREK Chairman
H A GORVY	C JOWELL	N I JOWELL	H A GORVY
J E HOELTER	J E McQUEEN		C JOWELL
D M NUREK	H R VAN DER MERWE		

Chief executives

TEXTAINER: J A MACCARONE USA	President and Chief Executive Officer
TRENSTAR INC: E R FLAHERTY USA	President and Chief Executive Officer
TRENSTAR SA: T A P DU PLESSIS	Chief Executive Officer

group chart

MOBILE INDUSTRIES

Segment	%	Company
CONTAINERS	62,6%	TEXTAINER Listed on the New York Stock Exchange, the Textainer group owns, leases, manages and resells marine cargo containers worldwide
	100%	TRENCOR SERVICES Corporate administration and financing
	100%	TRENCOR CONTAINERS Collection of long-term receivables
	44%	TAC Owning of marine cargo containers
MOBILE ASSET MANAGEMENT SERVICES	100% 58%	TRENSTAR SA TRENSTAR INC The TrenStar Companies (categorised at 31 December 2007 as held for sale and accounted for as discontinued operations) provide returnable packaging units and other mobile assets applying TrenStar's tracking and software systems

five year review

	2007 RM	2006[1] RM	2005 RM	2004[2] RM	2003 RM
Operating results					
Revenue	**1 698**	1 730	2 100	1 120	732
Profit/(Loss) before tax	**901**	742	734	216	(101)
Headline earnings/(loss) attributable to shareholders	**399**	380	396	114	(166)
Balance sheet summary					
Shareholders' equity	**3 186**	2 358	1 968	1 473	1 506
Minority interest	**1 429**	1 079	833	560	522
Total equity	**4 615**	3 437	2 801	2 033	2 028
Convertible debentures	**–**	261	261	261	261
Interest-bearing borrowings	**4 237**	6 427	5 181	4 295	3 981
Funding of total net assets	**8 852**	10 125	8 243	6 589	6 270
Property, plant and equipment	**5 726**	7 982	6 315	5 596	4 789
Other non-current assets	**2 298**	2 322	1 702	1 605	1 842
Current assets	**2 066**	1 285	1 366	996	850
Total assets	**10 090**	11 589	9 383	8 197	7 481
Non-interest-bearing liabilities	**1 238**	1 464	1 140	1 608	1 211
Total net assets	**8 852**	10 125	8 243	6 589	6 270
Statistics					
Number of issued shares (million)	**187**	158	156	154	153
Equity book value per share (cents)	**1 701**	1 488	1 265	956	980
Headline earnings/(loss) per share (cents)[3]	**213**	209	218	77	(108)
Dividends per share (cents)	**80**	57	40	12	–
Dividend cover based on headline earnings (times)	**2,7**	4,3	6,4	6,2	–
Liquidity (%)					
Ratio to aggregate of total equity and convertible debentures					
Total liabilities excluding convertible debentures	**119**	213	207	257	227
Interest-bearing debt excluding convertible debentures	**92**	174	170	187	174
Current ratio (times)	**1,5**	0,9	1,1	0,8	0,9
Profitability (%)					
Taxed profit/(loss) to total equity	**16**	21	26	11	(3)
Taxed profit before interest to total assets	**8**	8	10	5	2
Profit/(Loss) attributable to shareholders to shareholders' equity	**14**	18	23	8	(10)
Number of employees	**500**	542	528	408	702

[1] Information has been re-presented for discontinued operations and headline earnings has been recalculated in terms of circular 08/07. Comparative information for 2005 and prior periods has not been re-presented.
[2] IFRS adopted from 1 January 2004. Comparative information for 2003 has not been restated.
[3] 2003 – 2006: diluted headline earnings following the conversion of debentures into shares.

chairman's statement

Trencor had another pleasing year. **Trading profit**, net of financing costs, increased in 2007 by 23% from R549 million to R675 million. This followed annual growth in trading profit of 12%, 31% and -1% in 2004, 2005 and 2006 respectively (34%, 31% and -5% in US dollar terms). These fine results are largely due to the excellent performance of our Bermuda-headquartered container business, Textainer, which operates worldwide with its administration taking place in San Francisco.

Adjusted headline earnings per share, which best reflects our sustainable earnings and includes, *inter alia*, net gains and losses arising from the ongoing disposals of containers from Textainer's leasing fleet, were 214,0 cents per share. This is comparable to adjusted diluted headline earnings per share of 175,2 cents in 2006, an increase of 22%. Following the conversion of the debentures into shares on a one-for-one basis effective 1 January 2007, all per share comparatives in this statement are shown on a fully diluted basis.

Headline earnings per share were 212,9 cents (2006: 209,1 cents, diluted). These included net unrealised foreign exchange gains and losses as well as the following two adjustments:

- Earnings were enhanced by 21,6 cents per share because TrenStar Inc was required to cease charging depreciation (of approximately US$10 million) on its UK beer keg fleet from 30 March 2007, the date the company resolved to exit this business, although it continued to earn revenue on these assets until the contracts were finally terminated later in 2007; and
- Earnings were further enhanced by the creation of a deferred tax asset by TrenStar Inc of US$10,5 million which will be realised in 2008 pursuant to the implementation of the strategic decisions referred to below. The effect of this non-recurring item on Trencor's earnings was 22,7 cents per share.

Net exchange gains and losses (realised and unrealised) arising on translation of net dollar receivables and the related provisions are not included in adjusted headline earnings. Losses were R29 million or 11,0 cents per share (2006: net gain of R135 million or 51,2 cents per share).

The effect of these adjustments on earnings per share are better seen in tabular form:

	2007	2006 (diluted)
Headline earnings	**212,9**	209,1
Add/(Deduct):		
Net gains on container sales	**34,4**	17,3
Foreign exchange translation losses/(gains)	**11,0**	(51,2)
TrenStar depreciation	**(21,6)**	–
TrenStar deferred tax credit	**(22,7)**	–
Adjusted headline earnings	**214,0**	175,2

The excellent operating performance and effective working capital management of Textainer, together with the ongoing collection of long-term receivables produced a further improvement in cash flow and the board declared a final dividend of 58 cents per share making a total of 80 cents for the year. This is higher than our policy guideline that dividends should be covered about three times by sustainable headline earnings, but we believe it appropriate in view of the low gearing, strong cash flow and a promising start to the new year.

During 2006 and 2007 structural changes were implemented that simplified the group's structure and reduced the investment entry points into Trencor from five to two. This was followed by external reviews of our structure and strategic options, leading to a decision to list Textainer on the New York Stock Exchange ('NYSE').

Textainer

In October 2007, Textainer completed an initial public offering ('IPO') of common shares on the NYSE at US$16,50 per share. Halco Holdings Inc, a company in which Trencor has a 100% beneficial interest, subscribed for an additional US$34,6 million of shares in the IPO, leaving Trencor's current interest in Textainer at 62,6%. Textainer used a portion of the net proceeds of the IPO of approximately US$138 million to repay debt raised for the Capital Lease transaction, and to purchase additional equity in Textainer Marine Containers Ltd ('TMCL') as described below.

A stated goal of Textainer's IPO was to strengthen its ability to finance acquisitions. The plan for 2008 and beyond is to continue consolidation in the container leasing industry through acquiring other container fleets.

Textainer achieved several significant milestones in 2007:

In September, it began managing the 500 000 TEU (twenty-foot equivalent unit) container fleet of Capital Lease, an erstwhile competitor. Textainer purchased the management rights to this fleet of high quality and relatively young containers for US$56 million in July, and fully integrated it into Textainer's existing 1,5 million TEU fleet in less than two months. This transaction highlighted two points important to our plans for future growth:

1. The excellent economies of scale achievable in the container leasing business. Despite growing the size of Textainer's fleet by one-third, it did not require any increase in headcount. Even before this transaction Textainer was the first container lessor to operate a fleet of 1,5 million TEU, and this transaction made it the first container lessor with a fleet of over 2 million TEU. We now have a 20% market share of the container leasing industry on a TEU basis, but there nevertheless remains ample scope for further acquisitions and creating additional economies of scale. The Capital Lease transaction was accretive to earnings immediately.
2. The flexibility of our IT systems and the skill and experience of our staff allow quick and seamless integration of a large container fleet with virtually no disruption in customer service. Most container lessors, including Textainer and Capital Lease (before its acquisition by Textainer), utilise proprietary IT systems. We have become expert at transferring data from one system to another as a result of our experience in acquiring fleets.

TMCL is Textainer's primary asset owning subsidiary and is a joint venture with Fortis Bank. In November, Textainer completed the purchase of 50% of Fortis Bank's equity in TMCL for US$71 million. This transaction resulted in Textainer increasing the owned portion of its enlarged container fleet to 40% and was immediately accretive to earnings.

In addition to these milestones, in 2007 Textainer also:

- Originated 161 000 TEU of long-term leases, a new record;
- Achieved 93,9% average fleet utilisation, the fourth consecutive year of over 90% fleet utilisation;
- Sourced 137 600 TEU of new containers for its owned and managed fleets for US$242 million; and
- Successfully completed the fourth year of its contract as the exclusive supplier of leased containers to the US Military. Textainer has now earned four additional award years by achieving 'excellent' performance evaluations each year, enabling the contract to remain in effect through at least 2012.

TrenStar companies

Early in 2007 TrenStar Inc completed its exit from the beer keg business in the UK and Europe. Consistent with Trencor's strategy of focusing on its marine container businesses (mainly Textainer) it was then determined that new owners should be found for the remaining TrenStar companies.

In February 2008 TrenStar Inc sold its three subsidiaries engaged in leasing and management of kegs and metal cages in the USA for US$72 million. After liabilities and repaying all debt, TrenStar Inc now has net cash of US$5 million, which should increase to around US$13 – US$15 million if that portion of the purchase consideration lodged in escrow, pending the outcome of warranties given in the sale, is released and certain performance targets are met by the sold businesses over the next two years. The remaining assets in TrenStar Inc are a one-third interest in Jettainer GmbH (a joint venture with Lufthansa Air Cargo) and a small Track and Trace activity.

During March 2008 we also disposed of our interest in TrenStar South Africa for a net consideration of R75 million, which included repayment of Trencor's current shareholder loan.

All of the TrenStar companies' assets and liabilities were classified as 'held for sale' and accounted for as discontinued operations in the results to December 2007, and accordingly the above disposals after the year-end have no effect on our results for the year under review.

Long-term receivables

Collection of the long-term receivables continues satisfactorily; US$37 million was received during the year. The net present value of the long-term receivables, after fair value adjustments,

amounted to R1,25 billion. Given the current collections and the positive outlook for collectability, management considered a reduction of R61 million in the fair value adjustment appropriate. This amount was included in income in 2007.

Strategy and group structure

Trencor has, over the last few years, implemented various initiatives to bring greater focus to its business, including the listing of Textainer. Possible changes to the listed structure in South Africa will now receive attention.

Prospects

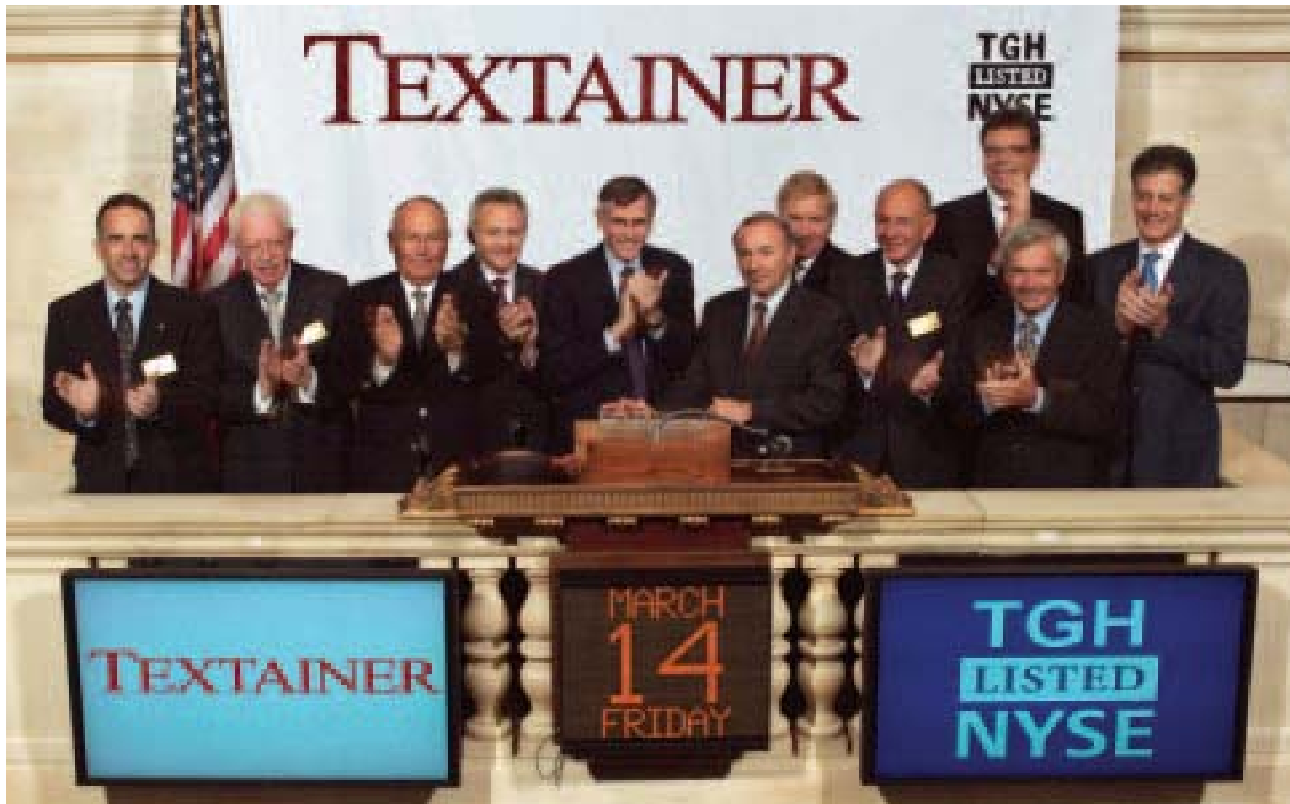
World economic conditions are volatile. Projections for 2008 and beyond vary, but there seems to be a general view that exports from China and specifically to the United States, if they do grow, will do so at a reduced rate. However, trading to date remains strong and we expect promising results in 2008.

Appreciation

Willem Jordaan was a respected and influential graphic designer in South Africa. Sadly he passed away in August 2007. For the last three decades he played a major role in presenting Trencor's image in many ways, specifically in the design of various group logos, brochures and our annual reports. His creative and graphic flair will be sorely missed.

I extend my appreciation to my co-directors for their counsel and guidance in the affairs of the group, and, in particular, to the management and staff of Textainer whose outstanding efforts have been recognised in the listing of Textainer.

N I Jowell
31 March 2008



Ringing the opening bell on the NYSE to mark Textainer's listing on 10 October 2007

L to R: Ernest Furtado (Textainer First Vice President, Senior Vice President, Chief Financial Officer & Secretary), Harold Gorvy (Trencor director), Isam Kabbani (Textainer director), David Nurek (Trencor/Textainer director), Rick Ketchum (CEO NYSE Regulation), John Maccarone (Textainer director, President and CEO), Cecil Jowell (Trencor/Textainer director), Neil Jowell (Chairman Trencor/Textainer), Robert Pedersen (Textainer Executive Vice President), James Hoelter (Trencor/Textainer director), Philip Brewer (Textainer Executive Vice President)

Textainer

Textainer Group Holdings Ltd, listed on the New York Stock Exchange (NYSE: TGH) since 10 October 2007, is primarily engaged in owning, leasing, managing and reselling standard and special dry freight marine cargo containers to global transportation companies. Following the listing, Trencor now has a 62,6% (2006: 72,3%) interest in this company. Textainer produced excellent results in 2007 with net profit of US$66,6 million (2006: US$54,2 million).

Average fleet utilisation for the year calculated on a basis consistent with the past was 91,5% (2006: 91,1%). Beginning 1 January 2007, the basis of calculation was changed to conform to that used by most competitors; on this basis, average utilisation for 2007 was 93,9%.

Textainer's customers include virtually all of the leading international shipping lines. They are served by Textainer's own offices, agents and depots strategically located in markets throughout the world. Textainer's carefully designed specifications, in-house production quality control, depot selection and audit programme are all part of a system built to manage customers' costs and provide a high-quality container service.

In addition to its own fleet, Textainer manages containers for a number of other owners, including TAC, a container-owning company in which Trencor has a 44% interest. Management fees and sales commissions arising from these arrangements continue to make significant contributions to the company's operating results and also reduce volatility, even in cyclical downturns. Including finance leases, the total fleet under Textainer's management at 31 December 2007 numbered 2 040 000 TEU (twenty-foot equivalent unit) of which some 65,8% (2006: 63,6%) were on long-term or finance lease. Textainer itself owned 877 000 TEU of which 69,2% (2006: 67,3%) were on long-term or finance lease. The average age of Textainer's owned fleet was 6,0 years and of the whole fleet 6,4 years.

In September 2007, Textainer began managing the 500 000 TEU fleet of an erstwhile competitor, Capital Lease. The company purchased the management rights to this fleet of high quality and relatively young containers for US$56 million in July and fully integrated it into its then existing 1,5 million TEU fleet in less than two months. The Capital Lease transaction was accretive to earnings immediately.

Textainer Marine Containers Ltd ('TMCL') is Textainer's primary asset-owning subsidiary and is a joint venture with Fortis Bank. In November 2007, Textainer completed the purchase of 50% of Fortis Bank's equity in TMCL for US$71 million which resulted in an effective increase in the owned portion of the total container fleet; this transaction was also immediately accretive to earnings. Textainer's effective interest in TMCL at 31 December 2007 was 86,7%.

Textainer used a portion of the net proceeds of the initial public offering of common shares on the NYSE of about US$138 million to repay approximately US$56 million that it had previously borrowed under its secured debt facility to fund the Capital Lease transaction, and to purchase additional equity in TMCL, as described above.

New owned and managed equipment purchases during the year amounted to 137 600 TEU valued at US$242 million with virtually all of these going into long-term leases and finance lease contracts. The ratio of interest-bearing debt to total equity was 134% (2006: 175%) which is conservative by industry standards.

Textainer also re-entered the refrigerated container market (which it had exited in the 1990's) and expects to purchase about US$30 million of new refrigerated containers, bringing total 2008 capital expenditure on new owned and managed equipment to approximately US$300 million, excluding any acquisitions it makes.

The equipment resale division enhances the returns to container owners by maximising the value received at the end of the economic life of the equipment. It also purchases used containers around the world, usually selling them in major demand markets. During the year the strong leasing market made the sourcing of used containers for resale very difficult. The division nevertheless made an excellent contribution to net profit as a result of higher sale prices. The logistics division ensures that the repositioning of empty containers from surplus to demand locations is completed in the most cost-efficient manner possible.

Textainer's 2007 annual report can be accessed on its website http://www.textainer.com.

Textainer: Salient information

	2007	2006	Change
Financial (US$ million)			
Total revenue	**241,9**	216,4	+11,8%
Profit before tax	**90,1**	78,0	+15,6%
Net profit	**66,6**	54,2	+22,8%
Profit attributable to Trencor	**46,2**	39,3	+17,6%
Operational			
Average fleet utilisation	**91,5%**	91,1%	+0,4%
Fleet under management (TEU '000s) (including finance leases)	**2 040**	1 528	+512
Owned	**877**	528	+349
Managed	**1 163**	1 000	+163
Long-term lease fleet	**1 292**	937	+355
Short-term lease fleet	**698**	556	+142
Finance leases	**50**	35	+15

TrenStar Inc and TrenStar SA

In our previous annual report we advised that TrenStar Inc would seek to exit its beer keg business in the UK and Europe, after which the strategic alternatives for the future of the rest of TrenStar would be explored further. The exit from the UK and Europe was completed during 2007. Consistent with Trencor's strategy to focus on its marine container businesses (mainly Textainer) as the core operations of the group, we determined, with the concurrence of the TrenStar Inc board, that new owners should be found for the TrenStar businesses.

During February 2008, TrenStar Inc concluded the sale of its three operating subsidiaries active in North America in the leasing and management of kegs and other types of metal cages used in the beer, synthetic rubber and food industries to a subsidiary of Macquarie Group Ltd. The provisional consideration is US$72 million, of which US$5 million will be placed in escrow for certain periods pending the outcome of warranties given in the sale. An additional payment of up to US$5 million may also be made to TrenStar Inc subject to the sold entities achieving certain revenue and EBITDA (earnings before interest, tax, depreciation and amortisation) targets during 2008 and 2009. Out of this purchase consideration, all bank debt in the sold subsidiaries as well as at TrenStar Inc (head office) level were repaid, leaving the TrenStar Inc group free of bank debt and with net cash of approximately US$5 million after providing for all costs associated with the sale. If in due course the above amounts in escrow and those subject to achieving the revenue and EBITDA targets are received, this net cash figure will increase to US$15 million.

The remaining assets in TrenStar Inc comprise its 33% interest in Jettainer GmbH (the joint venture with Lufthansa Air Cargo for the leasing and management of air cargo containers) and its Track and Trace business. Plans for these businesses remain under strategic review.

During March 2008 we were also successful in disposing of Trencor's interests in TrenStar SA (Pty) Ltd to a consortium comprising the management of that company and Investec Bank Ltd. Trencor received a net consideration of R75 million, which included repayment of Trencor's current shareholder loan account of R72 million.

In view of the above focus strategy and in anticipation of the above transactions, both TrenStar Inc and TrenStar SA (Pty) Ltd (respectively 58% and 100% held by Trencor) were categorised as 'held for sale' at 31 December 2007 and accounted for as discontinued operations in our 2007 financial results. Thus the effects of the above transactions do not impact the results of Trencor's continuing operations and headline earnings. However, the settlement of all bank debt in TrenStar Inc reported above would have reduced the Trencor group consolidated gearing ratio to 85% at 31 December 2007.

Long-term receivables

The aggregate amount of outstanding long-term receivables at 31 December 2007 was US$295 million (2006: US$332 million). The discount rate applied in the valuation of the US$ denominated long-term receivables is unchanged from 2006 at 8,5% per annum and the net present value of these receivables, before any fair value adjustments, totalled R1,8 billion (2006: R2,1 billion). An exchange rate of US$1 = R6,78 was used to translate dollar amounts into rand at 31 December 2007 (2006: US$1 = R6,98). In compliance with the requirements of International Financial Reporting Standards, the resulting translation loss, amounting to R46 million at net present value (2006: gain of R205 million) has been included in profit before tax.

The increase in the value of the rand resulted in a gain of R18 million (2006: loss of R69 million) on translation of the dollar-denominated fair value adjustment against the receivables. Furthermore, given the current collections and positive outlook for the collectability of, and timing of receipts from, the long-term receivables, management considered a further reduction in the dollar amount of the net fair value adjustment to be appropriate. This reduction, translated into rand, had a positive effect on pre-tax income amounting to R61 million (2006: R60 million) in the year under review. At 31 December 2007, the net present value of long-term receivables after fair value adjustments amounted to R1,25 billion (2006: R1,4 billion).

The discount rate applied to reduce the rand amounts attributable to third parties to their net present values is unchanged from 2006 at 10% per annum.

TAC

The TAC group, in which Trencor has a 44% interest, owned 212 000 TEU of dry freight containers of various types and 2 437 stainless steel tank containers at 31 December 2007, which are managed by a number of equipment managers. Textainer continues to manage the largest portion of the dry freight container fleet and Exsif Worldwide Inc manages most of the stainless steel tank containers. Market conditions, which we noted in last year's annual report had improved from March 2006, continued to be strong throughout 2007 and average utilisation across the whole fleet was 94% for the year compared with 91% for 2006. New container prices were fairly stable during the year while the resale prices for used containers have continued to hold up well. During the year, TAC purchased 17 414 TEU of new equipment at a cost of US$31 million from manufacturers in China; these purchases were financed out of the company's own resources and existing facilities. All of the new equipment purchased is intended to be placed into long-term leases.

Property interests

Trencor has a 15% interest in the company that owns and operates Grand Central Airport in Midrand, Gauteng, which continues to provide satisfactory returns. Our exposure to this

investment is R3 million. This investment is regarded as non-core and will be disposed of when a suitable opportunity arises.

Finance

The principal financial ratios at 31 December 2007 and the comparative figures for 2006 are reflected in the table below:

	2007	2006
Ratio to the aggregate of total equity and convertible debentures:		
Total liabilities excluding convertible debentures (%)	**119**	213
Interest-bearing liabilities excluding convertible debentures (%)	**92**	174
Current ratio (times)	**1,5**	0,9

On 25 May 2007 the 6% unsecured automatically convertible subordinated debentures were converted into shares on a one-for-one basis, effective 1 January 2007, pursuant to the total dividend in respect of the year ended 31 December 2006 exceeding 54,6 cents per share. During 2007, TrenStar Inc exited the beer keg business in the UK and Europe and disposed of the underlying keg fleets and related borrowings, resulting in a significant reduction in the group's gearing ratios.

Textainer completed an initial public offering of common shares on the New York Stock Exchange in the fourth quarter of 2007, raising a net amount of US$138 million in fresh capital, including US$34,6 million that was contributed by Halco Holdings Inc, a company in which Trencor has a 100% beneficial interest. The ratio of interest-bearing debt to total shareholders' equity in Textainer declined from 175% at 31 December 2006 to 134% at the end of 2007.

There is no interest-bearing debt other than in Textainer and TrenStar Inc.

Total capital expenditure during the year amounted to R1,4 billion of which R1,3 billion was incurred by Textainer in replacing and expanding its container fleet and the remainder was mainly incurred by TrenStar on equipment purchases.

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 which, together with senior management, will continue to adopt, as appropriate, existing and new principles which advance good practical corporate governance and add value to the group's business activities.

The board is of the opinion that the group has, in all material respects and where appropriate, complied with the Code during the year under review.

The salient features of the group's corporate governance are set out below.

Board of directors

Composition

The names and brief résumés of the directors appear on page 70.

The board currently comprises eight directors, three of whom are executive and five non-executive of which four 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.

Board effectiveness reviews were conducted in 2002 and 2005 and a further review will be conducted in 2008.

There is a procedure for appointments to the board. Nominations for appointment to the board are formal and transparent and submitted by the nomination committee to the full board for consideration.

Chairman/CEO

The roles of chairman and chief executive officer are separate. The CEOs of operating subsidiaries report to the chairmen of their respective boards, who in turn report to the Trencor board.

The board is satisfied that no one individual director or block of directors has undue power on decision-making.

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.

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 2007, eight meetings were held and these were attended by all members in person or by telephone/video link.

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 apprise them of any significant matters that may require their input and guidance. In addition, the independent non-executive directors hold separate meetings as and when they deem it appropriate.

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 2007 was as follows:

	Guaranteed remuneration incl. allowances R'000	Contributions to Medical aid R'000	Contributions to Retirement funds R'000	Incentive bonuses R'000	Equity compensation benefits R'000	Insurance premiums R'000	Total remuneration R'000
Non-executive directors							
H A Gorvy	155	–	–	–	–	–	155
J E Hoelter	806	–	–	–	–	–	806
C Jowell	669	10	–	429	–	–	1 108
D M Nurek	241	–	–	–	–	–	241
E Oblowitz	195	–	–	–	–	–	195
	2 066	10	–	429	–	–	2 505
Executive directors							
N I Jowell	1 570	20	–	1 073	–	–	2 663
J E McQueen	1 884	20	196	349	294	–	2 743
H R van der Merwe	2 272	22	239	523	294	–	3 350
	5 726	62	435	1 945	588	–	8 756
Aggregate remuneration 2007	7 792	72	435	2 374	588	–	11 261

No fees are paid to executive directors for services as director.

The remuneration paid to the directors during the year ended 31 December 2006 was as follows:

	Guaranteed remuneration incl. allowances R'000	Contributions to Medical aid R'000	Contributions to Retirement funds R'000	Incentive bonuses R'000	Equity compensation benefits R'000	Insurance premiums R'000	Total remuneration R'000
Non-executive directors							
H A Gorvy	155	–	–	–	–	–	155
J E Hoelter	939	–	–	–	–	–	939
C Jowell	598	15	34	318	–	–	965
D M Nurek	155	–	–	–	–	–	155
E Oblowitz	195	–	–	–	–	–	195
	2 042	15	34	318	–	–	2 409
Executive directors							
N I Jowell	1 508	18	–	794	–	–	2 320
J E McQueen	1 815	18	187	258	360	–	2 638
H R van der Merwe	2 136	20	224	318	360	34	3 092
	5 459	56	411	1 370	720	34	8 050
Aggregate remuneration 2006	7 501	71	445	1 688	720	34	10 459

No fees are paid to executive directors 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:

	Date Granted	Number of options at 31/12/2007	Offer price per share (R)	Exercisable as follows between	and	Exercised to date
J E McQueen	30/06/01	**1 000 000**	5,25	11/07/02	30/06/09	1 000 000
	11/06/04	**50 000**	12,10	11/06/07	11/06/12	–
	11/06/04	**50 000**	12,10	11/06/08	11/06/12	–
	11/06/04	**50 000**	12,10	11/06/09	11/06/12	–
	11/06/04	**50 000**	12,10	11/06/10	11/06/12	–
		1 200 000				1 000 000
H R van der Merwe*	30/06/01	**1 600 000**	5,25	11/07/02	30/06/09	1 600 000
	11/06/04	**50 000**	12,10	11/06/07	11/06/12	–
	11/06/04	**50 000**	12,10	11/06/08	11/06/12	–
	11/06/04	**50 000**	12,10	11/06/09	11/06/12	–
	11/06/04	**50 000**	12,10	11/06/10	11/06/12	–
		1 800 000				1 600 000

* The right to exercise the options granted on 11 June 2004 is subject to certain performance criteria being met.

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, at 31 December 2007 and 2006 were as follows:

	Beneficial		Non-beneficial		
	Direct	Indirect	Direct	Indirect	Total
H A Gorvy	–	–	–	–	–
J E Hoelter	–	–	–	–	–
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
D M Nurek	–	–	–	–	–
E Oblowitz	10 000	–	–	–	10 000
H R van der Merwe	–	–	–	–	–
	142 667	143 941	–	–	286 608

None of the directors held any interest in the 6% convertible debentures which were in issue in the company (2006: nil). Each debenture was automatically converted into one ordinary share effective 1 January 2007.

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

Mr J E Hoelter has an indirect beneficial interest in 2 077 746 shares (2006: 1 038 873 shares) representing 4,4% (2006: 5,5%) in the issued common stock of Textainer Group Holdings Ltd, in which Trencor has a 62,6% interest (2006: 72,3%). This change is as a result of the two for one sub-division of the Textainer shares and the increase in its issued share capital at the time of its initial public offering.

Sub-committees of the board

Several sub-committees exist, each with specific terms of reference, to assist the board in discharging its responsibilities. The composition of these committees is reviewed on an ongoing basis. The names of the members of the sub-committees appear on page 2.

Nomination committee

During 2002 the board appointed a nomination committee to identify and recommend to the board, suitable competent candidates for appointment as independent non-executive directors. The committee comprises three non-executive directors, two of whom are independent.

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 three executive directors and one non-executive director, meets formally on a regular basis throughout the year and informally on a weekly basis. During the year, eleven formal monthly meetings were held which were attended by all members, save that Mr C Jowell attended nine meetings.

This committee 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

The audit committee consists of four independent non-executive directors and normally meets at least twice a year, prior to the finalisation of the group's interim and 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 chairman of the board, the financial director and certain other group executives are normally invited to attend meetings of the committee as observers. 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 two occasions. The meetings were attended by all members.

In addition, the committee chairman meets separately with the external auditors on an ad-hoc basis.

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 non-audit services requires prior approval by the committee.

The main group operating entities, Textainer Group Holdings Ltd and TrenStar Inc, 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.

Where appropriate, the internal audit functions are 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 reports directly to the board and comprises one independent non-executive director as committee chairman and the chairman of the board. The committee's task is to review the compensation of executive and non-executive directors and senior management and to grant options 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.

Succession planning

The board is satisfied that suitable succession plans are in place.

Board and board committee terms of reference

The board is ultimately accountable and responsible for the performance and affairs of the group. 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.

Risk management

Responsibility for managing the group's risk lies ultimately with the board of directors. However, 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. The identification and mitigation of risk is a key responsibility of management throughout the group and of the executive committee.

The following significant risk exposures within our businesses and the possible impacts and the measures taken to mitigate such risks have been identified:

Exchange rate fluctuations

Most of our businesses are US dollar-based and, accordingly, changes in the R/US$ exchange rate can and do significantly affect the translation of assets, liabilities, profits and losses into South African currency. 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 forward, into rand, if it believes that it would enhance the rand receipts to do so. Unrealised gains and losses arising on translation at reporting dates of the unhedged portion of the long-term receivables and related impairments are included in profit and loss and changes in the R/US$ exchange rate may result in volatility in earnings when expressed in rand.

Interest rates

All of the group's borrowings are denominated in 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 (usually of 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 portion of such variable interest-rate loans. Textainer does not apply hedge accounting to the interest rate swaps, notwithstanding that such swaps may be economically effective, it accounts on the basis that the net result of the marked-to-market valuation of these instruments is flowed through profit or loss. This may result in volatility of earnings. Textainer is also at risk to any possible default by a swap counterparty.

Credit risk concentration

Textainer's customers are mainly international shipping lines which transport goods on international trade routes. Once containers are on-hire to a lessee, Textainer does not track their location. The domicile of the lessee is not indicative of where the lessee is transporting containers. The business risk for Textainer in its international operations lies with the creditworthiness of the lessees rather than the geographic location of the containers or the domicile of the lessees. Revenue from one lessee amounted to US$21 million and US$20 million or 11% of Textainer's lease rental income, for the years ended 31 December 2007 and 2006 respectively. No lessee accounted for more than 10% of trade receivables in 2007 or 2006.

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 profit. In order to reduce volatility in revenue and earnings, 69,2% of Textainer's owned containers are on long-term lease. 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 lives on the best available terms. Textainer monitors containers due to come off lease and manages their disposal or release.

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 it 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 that 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 may result in 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.

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. Conversely, improved market conditions may enhance their ability to meet these obligations. Trencor's in-depth understanding of the industry and many of the main participants enable the company to closely monitor the activities of these entities and, where necessary, take whatever action may be required to protect the group's and its export partners' interests. Changes in market conditions in the industry require the company to make appropriate fair value adjustments from time to time to recognise the changes in the timing and possible non-receipt of instalments due under these long-term export contracts.

Risk areas in TrenStar's activities

TrenStar relies on information systems that support the core functions of managing asset movements. Accurate tracking of returnable packaging 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 other mobile assets, (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 ERP system for further financial processing. Typical risk areas associated with enterprise systems and business activities such as TrenStar are within the domains of application and database design, technical architecture, software development methodology, configuration management, information security and IT continuity/disaster management, asset losses and declines in customers' business affecting TrenStar's billable revenue.

Market and customer acceptance of TrenStar's unique business model can be a slow process, sometimes resulting in longer than expected lead times for successful closing of contracts.

Information resources management

Trencor, like other organisations, is reliant on information technology to effectively and efficiently conduct its business. The group's IT systems, policies and procedures are reviewed on an ongoing basis to ensure that effective internal controls are in place to manage risk and promote efficiencies, and as far as possible to comply with universally accepted standards and methods. Attention is continuously focused on maximising the benefits whilst minimising the risks associated with all aspects of the IT portfolio inasmuch as they apply to business operations.

Security policies and procedures for employees and the use of technologies such as enterprise and personal firewalls, antivirus systems, intrusion monitoring and detection are applied, as well as frequent application of software security 'patches' issued by vendors as and when vulnerabilities are discovered.

Trencor head office has established procedures that when invoked enable a complete recovery of the IT network and business systems within specified time limits. Textainer and TrenStar have their own business continuity plans.

Group strategy statement

In 2005 the board confirmed the group strategy statement as published in earlier annual reports. In view of changes in strategic direction since then, in particular the decision to focus on our global marine container operations (mainly Textainer) as the group's core business, the board has revised the group strategy as follows:

1. Trencor's strategy is to invest in operations that have as their business:

   To enable the controlled movement of goods by providing, managing and integrating the use of equipment, services, knowledge and information.
2. We aim to do this by:
   - providing a global and integrated set of offerings through owning, managing and/or leasing of assets used by customers in the controlled movement of goods; and
   - investment in related information and communication technologies and appropriate forms of information management.
3. This strategy is intended to contribute to the growth and improvement of those existing businesses already involved in the movement of goods, and to include in their activities similar businesses that have the potential to render acceptable 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 is signed by all directors, managers and senior employees at least every three years.

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

Restriction on trading in shares

A formal policy, implemented some years ago, prohibits directors, officers and employees from dealing in the company's shares and those of Mobile, 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 reviewed 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 shares is permitted by any director, officer or employee whilst in possession of information which could affect the price of the company's shares and which is not in the public domain.

Directors of the company and of its major subsidiaries are required to obtain clearance from Trencor's chairman (and in the case of the chairman, or in the absence of the chairman, from the chairman of the audit or remuneration committee) prior to dealing in the company's shares, and to timeously disclose to the company full details of any transaction for notification to and publication by the JSE.

Similar prohibitions are placed on the company and its directors, officers and employees from dealing in the shares of Textainer in terms of that company's policy on insider trading.

Stakeholder communication

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

Shareholders 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, reviewed and annual results. The site has links to the websites of each major operating subsidiary company.

Employment equity

In compliance with the Employment Equity Act, the group's South African operating entities each develop their own employment equity policies and plans in consultation with their employees. 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 South African operations 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 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 2007 the group had 500 employees (2006: 542) of which 312 (2006: 326) were based in South Africa and 188 (2006: 216) 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.

Community investments

Financial support is provided to various community and welfare organisations and assistance in the form of bursaries is granted to students without employment obligations.

During the year under review, monetary assistance was granted to the Community Chest Western Cape, an organisation which provides assistance to various community and welfare organisations, which the group has supported since 1974. In addition, assistance was provided to ORT-Tech, an organisation which, inter alia, adds value to the work of Education Department to implement Revised National Curriculum Statements on Technology for its project at the Secondary School in Modderdam, Cape Town. Financial support was also provided to The Red Cross War Memorial Children's Hospital, a highly specialised children's health care facility in the Cape well known for its excellence in child care and treatment on the African continent.

trencor limited and subsidiaries
annual financial statements

Directors' responsibility statement

The directors are responsible for the preparation and fair presentation of the group annual financial statements and annual financial statements of Trencor Limited, comprising the balance sheets at 31 December 2007, and the income statements, the statements of changes in equity and cash flow statements for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the group and company's ability to continue as a going concern and there is no reason to believe the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the group annual financial statements and annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of group annual financial statements and annual financial statements

The group annual financial statements and annual financial statements of Trencor Limited, as identified in the first paragraph, which have been approved by the board of directors, are attached:

Page

18 Directors' report

20 Balance sheets

21 Income statements

22 Statements of changes in equity

24 Cash flow statements

25 Notes to the financial statements

Signed on behalf of the board

N I Jowell Chairman
Cape Town
31 March 2008

E Oblowitz Director
Cape Town
31 March 2008

independent auditor's report

To the members of Trencor Limited

We have audited the group annual financial statements and the annual financial statements of Trencor Limited, which comprise the balance sheets at 31 December 2007, and the income statements, the statements of changes in equity and cash flow statements for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report as set out on pages 18 to 68.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Trencor Limited at 31 December 2007, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

KPMG Inc
Registered Auditor

Per G M Pickering
Chartered Accountant (SA)
Registered Auditor
Director
Cape Town
31 March 2008

declaration by the company secretary

It is hereby certified that for the year ended 31 December 2007, the company has lodged with the Registrar of Companies all returns as are required by a public company in terms of the Companies Act of South Africa and that such returns are true, correct and up to date.

Trencor Services (Pty) Ltd
Secretaries
Per G W Norval
Cape Town
31 March 2008

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 20 to 68.

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

	2007 Rm	2006 Rm
Container operations		
Container finance	**29,6**	38,3
Textainer	**323,4**	265,8
Exchange translation (losses)/gains	**(20,2)**	96,2
Net long-term receivable adjustment	**43,1**	42,3
Interest and other corporate items	**(7,4)**	(28,8)
Discontinued operations	**94,1**	(91,4)
Exceptional items	**197,3**	(3,0)
	659,9	319,4

Directors and secretary

The names of the directors appear on page 2 and that of the secretary on page 69.

In terms of the articles of association Messrs C Jowell, D M Nurek and J E McQueen retire by rotation at the forthcoming annual general meeting but, being eligible, offer themselves for re-election.

Brief résumés of the directors are presented on page 70.

Directors' interests

The aggregate of the direct and indirect beneficial interests of the directors in the issued securities of the company at 31 December 2007 was 11,8% (2006: 13,4%).

The direct and indirect interests of each director who held in excess of 1% of the issued securities at 31 December 2007 and 2006 were as follows:

	2007	2006
Beneficial %		
C Jowell	**5,8**	6,6
N I Jowell	**5,9**	6,7

The above changes are as a result of the increase in the number of issued shares following the exercise of options in terms of The Trencor Share Option Plan, the automatic conversion of the convertible debentures and the acquisition by family entities of Messrs C Jowell and N I Jowell on 1 November 2007 of an additional 5 million shares each in Mobile Industries Ltd. There have been no changes in these interests between the financial year-end and the date of this report.

Cash dividends

	Payment number	Record date	Payment date	Cents per share	Total Rm
2006					
Interim	81	29/09/06	02/10/06	20,0	31,3
Final	82	05/04/07	10/04/07	37,0	58,6
2007					
Interim	**83**	**21/09/07**	**25/09/07**	**22,0**	**41,2**
Final	**84**	**04/04/08**	**07/04/08**	**58,0**	**108,6**

Conversion of convertible debentures

In terms of the trust deed governing the convertible debentures previously in issue, each debenture automatically converted into one ordinary share with effect from 1 January 2007 as a result of the total dividend declared in respect of the year ended 31 December 2006 exceeding 54,6 cents per share.

The Trencor share option plan

In terms of The Trencor Share Option Plan, options have been granted to certain executive directors and employees amounting in aggregate to 6 740 000 ordinary shares in the unissued share capital of the company.

The maximum number of shares available for utilisation under the Plan was 8 884 209 (2006: 8 884 209).

During 2007 options in respect of 247 250 ordinary shares of 0,5 cent each (2006: 2 564 518 shares) were exercised at the offer price of R5,25 per share and, accordingly, the issued share capital increased by the issue of an additional 247 250 shares.

Changes in issued share capital

During the year under review, the number of shares in the issued share capital increased as follows:

At 31 December 2006	158 421 842
Conversion of debentures	28 626 800
Exercise of share options	247 250
At 31 December 2007	187 295 892

Strate

Shareholders are reminded that paper certificates are no longer good for delivery and those 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 system of electronic settlement on the JSE.

Corporate governance

The report on corporate governance is presented on pages 11 to 16.

Interest in significant subsidiaries

	Share capital & premium	Effective interest		Shares at cost		Amount owing to company	
	million	**2007 %**	2006 %	**2007 Rm**	2006 Rm	**2007 Rm**	2006 Rm
Indirect:							
Textainer Group Holdings Ltd (Incorporated in Bermuda) Owning, leasing, managing and reselling of containers	US$161,2	**62,6***	72,3	**–**	–	**–**	–
TrenStar Inc (accounted for as "discontinued") (Incorporated in Delaware, USA) Provision of mobile asset management services	US$74,9	**58**	58	**–**	–	**–**	–
Direct:							
Trencor Container Holdings (Pty) Ltd (Incorporated in the Republic of South Africa) Holding company of Trencor Containers (Pty) Ltd	R4,2	**100**	100	**50,7**	50,7	**–**	–
Trencor Services (Pty) Ltd (Incorporated in the Republic of South Africa) Corporate administration and financing	R1 012,2	**100**	100	**1 016,3**	1 015,7	**73,5**	182,7
Trencor Solutions (Pty) Ltd (Incorporated in the Republic of South Africa) Holding company for TrenStar Inc and TrenStar SA (Pty) Ltd	R0,003	**100**	100	**9,0**	9,0	**0,1**	0,1
				1 076,0	1 075,4	**73,6**	182,8
Aggregate of all other subsidiaries				**0,3**	1,3	**–**	–
				1 076,3	1 076,7	**73,6**	182,8
Less impairment loss				**9,0**	9,0	**–**	–
				1 067,3	1 067,7	**73,6**	182,8

* Reduced to 62,6% from 72,3% following the initial public offering on the New York Stock Exchange ('NYSE').

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

	2007 Rm	2006 Rm
Profits	**678,7**	448,3
Losses	**(7,6)**	(118,7)
	671,1	329,6

Special resolution

At the annual general meeting held on 23 May 2007, shareholders passed a special resolution, which was registered on 31 May 2007, to grant the company a general authority for the acquisition by the company or any of its subsidiaries of shares issued by the 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, provided that it shall not extend beyond fifteen months from the date of passing of the resolution.

Special resolutions of subsidiaries

During the year under review, no special resolutions were passed by the company's South African subsidiaries. Resolutions of material interest passed by companies within the Textainer group related to statutory formalities in terms of its initial public offering and listing on the NYSE.

Subsequent to the year-end, on 28 March 2008, a special resolution was passed by Trencor Solutions (Pty) Ltd to give effect to the sale of its wholly-owned subsidiary TrenStar SA (Pty) Ltd.

Analysis of shareholders

An analysis of shareholders and of holders who held 5% or more of the issued shares at 28 December 2007 is presented on page 69.

balance sheets at 31 december 2007

	Notes	Group 2007 Rm	Group 2006 Rm	Company 2007 Rm	Company 2006 Rm
Assets					
Property, plant and equipment	4	**5 726,0**	7 981,5	**–**	–
Goodwill	5	**122,0**	–	**–**	–
Intangible assets	6	**476,8**	136,2	**–**	–
Investments	7	**30,6**	114,6	**15,6**	14,1
Investment in subsidiaries	8	**–**	–	**1 067,3**	1 067,7
Amounts due by subsidiary	8	**–**	–	**73,5**	182,7
Long-term loans	9	**3,1**	8,5	**–**	–
Long-term receivables	10	**1 113,3**	1 267,8	**1,9**	2,2
Net investment in finance leases	11	**331,1**	251,6	**–**	–
Derivative financial instruments	12	**0,9**	29,3	**–**	–
Deferred tax assets	13	**106,8**	104,5	**–**	–
Restricted cash	14	**113,5**	409,8	**–**	–
Total non-current assets		**8 024,1**	10 303,8	**1 158,3**	1 266,7
Inventories	15	**25,8**	31,2	**–**	–
Trade and other receivables	16	**530,8**	619,5	**0,1**	0,1
Investments	7	**75,8**	–	**–**	–
Current tax asset	17	**–**	13,1	**–**	0,4
Assets classified as held for sale	30	**676,4**	5,0	**–**	–
Cash and cash equivalents	18	**757,4**	616,1	**–**	0,2
Total current assets		**2 066,2**	1 284,9	**0,1**	0,7
Total assets		**10 090,3**	11 588,7	**1 158,4**	1 267,4
Equity					
Issued capital	19	**0,9**	0,8	**0,9**	0,8
Share premium		**454,7**	193,0	**454,7**	193,0
Reserves	19	**2 730,2**	2 164,0	**701,1**	810,0
Total equity attributable to equity holders of the company		**3 185,8**	2 357,8	**1 156,7**	1 003,8
Minority interest		**1 428,7**	1 078,8	**–**	–
Total equity		**4 614,5**	3 436,6	**1 156,7**	1 003,8
Liabilities					
Convertible debentures	20	**–**	260,5	**–**	260,5
Interest-bearing borrowings	21	**3 490,7**	5 806,3	**–**	–
Amounts attributable to third parties in respect of long-term receivables	10	**262,7**	263,0	**–**	–
Share-based payments		**–**	88,2	**–**	–
Derivative financial instruments	12	**29,9**	4,2	**–**	–
Deferred income		**–**	52,8	**–**	–
Deferred tax liabilities	13	**316,1**	308,3	**1,0**	1,2
Total non-current liabilities		**4 099,4**	6 783,3	**1,0**	261,7
Trade and other payables	22	**442,0**	663,1	**0,5**	1,9
Provisions	23	**–**	5,9	**–**	–
Current tax liability	17	**99,5**	79,2	**0,2**	–
Current portion of interest-bearing borrowings	21	**437,9**	620,5	**–**	–
Liabilities classified as held for sale	30	**396,9**	–	**–**	–
Short-term borrowings	24	**0,1**	0,1	**–**	–
Total current liabilities		**1 376,4**	1 368,8	**0,7**	1,9
Total liabilities		**5 475,8**	8 152,1	**1,7**	263,6
Total equity and liabilities		**10 090,3**	11 588,7	**1 158,4**	1 267,4

income statements for the year ended 31 december 2007

		Group						Company	
		Continuing operations		Discontinued operations		Enterprise as a whole			
	Notes	**2007 Rm**	2006 Rm	**2007 Rm**	2006 Rm	**2007 Rm**	2006 Rm	**2007 Rm**	2006 Rm
Revenue	3, 38	**1 697,9**	1 729,6	**431,0**	516,3	**2 128,9**	2 245,9	**–**	0,9
Other operating income		**142,3**	66,5	**1,7**	0,4	**144,0**	66,9	**–**	121,1
Changes in inventories		**(145,6)**	(77,7)	**(15,0)**	(9,3)	**(160,6)**	(87,0)	**–**	–
Direct leasing expenses		**(230,9)**	(201,5)	**(58,5)**	(102,1)	**(289,4)**	(303,6)	**–**	–
Staff costs		**(150,4)**	(113,4)	**(80,1)**	(101,6)	**(230,5)**	(215,0)	**–**	–
Depreciation		**(336,6)**	(368,4)	**(63,5)**	(153,1)	**(400,1)**	(521,5)	**–**	–
Other operating expenses		**(103,9)**	(86,7)	**(62,5)**	(132,8)	**(166,4)**	(219,5)	**(7,6)**	(14,7)
Net long-term receivable fair value adjustment		**78,3**	(9,5)	**–**	–	**78,3**	(9,5)	**–**	–
Operating profit/(loss) before net finance costs	25	**951,1**	938,9	**153,1**	17,8	**1 104,2**	956,7	**(7,6)**	107,3
Net finance costs	26	**(247,7)**	(195,0)	**(98,9)**	(131,0)	**(346,6)**	(326,0)	**9,7**	1,1
Finance expenses		**(295,9)**	(224,7)	**(102,8)**	(138,2)	**(398,7)**	(362,9)	**(0,1)**	(15,7)
Finance income		**48,2**	29,7	**3,9**	7,2	**52,1**	36,9	**9,8**	16,8
Exceptional items	27	**197,3**	(3,0)	**–**	(33,9)	**197,3**	(36,9)	**–**	–
Share of profit of associate		**–**	0,6	**–**	–	**–**	0,6	**–**	–
Profit/(Loss) before tax		**900,7**	741,5	**54,2**	(147,1)	**954,9**	594,4	**2,1**	108,4
Income tax (expense)/credit	28	**(73,4)**	(97,8)	**78,4**	(1,8)	**5,0**	(99,6)	**(13,3)**	(6,4)
Profit/(Loss) for the year		**827,3**	643,7	**132,6**	(148,9)	**959,9**	494,8	**(11,2)**	102,0
Attributable to:									
Equity holders of the company		**565,8**	410,8	**94,1**	(91,4)	**659,9**	319,4	**(11,2)**	102,0
Minority interest		**261,5**	232,9	**38,5**	(57,5)	**300,0**	175,4	**–**	–
Profit/(Loss) for the year		**827,3**	643,7	**132,6**	(148,9)	**959,9**	494,8	**(11,2)**	102,0
Basic earnings/(loss) per share (cents)	31	**302,2**	262,5	**50,3**	(58,4)	**352,5**	204,1		
Diluted earnings/(loss) per share (cents)	31	**301,6**	225,5	**50,2**	(48,9)	**351,8**	176,6		

statements of changes in equity

for the year ended 31 december 2007

Group	Attributable to equity Share capital Rm	 Share premium Rm	 Fair value reserve Rm	 Foreign currency translation reserve Rm
Balance at 31 December 2005	0,8	178,4	12,6	(24,7)
Changes in equity for 2006				
Foreign currency translation differences	–	–	–	130,5
Change in fair value of available-for-sale financial asset	–	–	3,2	–
Net income recognised directly in equity	–	–	3,2	130,5
Profit for the year	–	–	–	–
Total recognised income and expense for the year	–	–	3,2	130,5
Transfer of loss on dilution of investment in subsidiaries from distributable reserve to non-distributable reserve	–	–	–	–
Dividends paid to equity holders	–	–	–	–
Amount arising on change in minority interest	–	–	–	–
Share-based payments	–	–	–	–
Share options exercised	–	14,6	–	–
Balance at 31 December 2006	0,8	193,0	15,8	105,8
Changes in equity for 2007				
Foreign currency translation differences	**–**	**–**	**–**	**(57,5)**
Change in fair value of available-for-sale financial asset	**–**	**–**	**1,5**	**–**
Net income recognised directly in equity	**–**	**–**	**1,5**	**(57,5)**
Profit for the year	**–**	**–**	**–**	**–**
Total recognised income and expense for the year	**–**	**–**	**1,5**	**(57,5)**
Transfer of gain on dilution of investment in subsidiaries from distributable reserve to non-distributable reserve	**–**	**–**	**–**	**–**
Dividends paid to equity holders	**–**	**–**	**–**	**–**
Amount arising on change in minority interest	**–**	**–**	**–**	**–**
Share-based payments	**–**	**–**	**–**	**–**
Shares issued on conversion of debentures	**0,1**	**260,4**	**–**	**–**
Share options exercised	**–**	**1,3**	**–**	**–**
Balance at 31 December 2007	**0,9**	**454,7**	**17,3**	**48,3**

Company	Share capital Rm	Share premium Rm	Fair value reserve Rm	Preference share amortisation adjustment Rm
Balance at 31 December 2005	0,8	178,4	4,7	599,7
Changes in equity for 2006				
Change in fair value of available-for-sale financial asset	–	–	3,2	–
Profit for the year	–	–	–	–
Total recognised income and expense for the year	–	–	3,2	–
Dividends paid to equity holders	–	–	–	–
Share-based payments	–	–	–	–
Share options exercised	–	14,6	–	–
Balance at 31 December 2006	0,8	193,0	7,9	599,7
Changes in equity for 2007				
Change in fair value of available-for-sale financial asset	**–**	**–**	**1,5**	**–**
Profit for the year	**–**	**–**	**–**	**–**
Total recognised income and expense for the year	**–**	**–**	**1,5**	**–**
Dividends paid to equity holders	**–**	**–**	**–**	**–**
Share-based payments	**–**	**–**	**–**	**–**
Shares issued on conversion of debentures	**0,1**	**260,4**	**–**	**–**
Share options exercised	**–**	**1,3**	**–**	**–**
Balance at 31 December 2007	**0,9**	**454,7**	**9,4**	**599,7**

holders of the company					
Equity compensation reserve	Net gain on dilution of investment in subsidiaries	Retained income	Total	Minority interest	Total equity
Rm	Rm	Rm	Rm	Rm	Rm
4,9	90,2	1 706,0	1 968,2	833,0	2 801,2
–	–	–	130,5	98,9	229,4
–	–	–	3,2	–	3,2
–	–	–	133,7	98,9	232,6
–	–	319,4	319,4	175,4	494,8
–	–	319,4	453,1	274,3	727,4
–	(5,1)	5,1	–	–	–
–	–	(78,1)	(78,1)	(49,2)	(127,3)
–	–	–	–	21,2	21,2
–	–	–	–	(0,5)	(0,5)
–	–	–	14,6	–	14,6
4,9	85,1	1 952,4	2 357,8	1 078,8	3 436,6
–	**–**	**–**	**(57,5)**	**(42,8)**	**(100,3)**
–	**–**	**–**	**1,5**	**–**	**1,5**
–	**–**	**–**	**(56,0)**	**(42,8)**	**(98,8)**
–	**–**	**659,9**	**659,9**	**300,0**	**959,9**
–	**–**	**659,9**	**603,9**	**257,2**	**861,1**
–	**197,3**	**(197,3)**	**–**	**–**	**–**
–	**–**	**(99,8)**	**(99,8)**	**(99,1)**	**(198,9)**
–	**–**	**–**	**–**	**155,9**	**155,9**
62,1	**–**	**–**	**62,1**	**35,9**	**98,0**
–	**–**	**–**	**260,5**	**–**	**260,5**
–	**–**	**–**	**1,3**	**–**	**1,3**
67,0	**282,4**	**2 315,2**	**3 185,8**	**1 428,7**	**4 614,5**

Equity compensation reserve Rm	Retained income Rm	Total Rm
1,1	176,6	961,3
–	–	3,2
–	102,0	102,0
–	102,0	105,2
–	(78,1)	(78,1)
0,8	–	0,8
–	–	14,6
1,9	200,5	1 003,8
–	**–**	**1,5**
–	**(11,2)**	**(11,2)**
–	**(11,2)**	**(9,7)**
–	**(99,8)**	**(99,8)**
0,6	**–**	**0,6**
–	**–**	**260,5**
–	**–**	**1,3**
2,5	**89,5**	**1 156,7**

cash flow statements for the year ended 31 december 2007

	Notes	Group 2007 Rm	Group 2006 Rm	Company 2007 Rm	Company 2006 Rm
Cash flows from operating activities					
Cash generated from/(utilised by) operations	32	**1 279,0**	1 426,7	**(7,3)**	117,0
Finance income received		**52,1**	36,9	**9,8**	16,8
Dividends received		**–**	0,9	**–**	–
Finance expenses paid		**(340,5)**	(358,9)	**(0,1)**	(15,7)
Dividends paid to minorities		**(99,1)**	(49,2)	**–**	–
Dividends paid to shareholders of the company		**(99,8)**	(78,1)	**(99,8)**	(78,1)
Income taxes paid	17	**(35,4)**	(44,2)	**(14,2)**	(6,3)
Net cash inflow/(outflow) from operating activities		**756,3**	934,1	**(111,6)**	33,7
Cash flows from investing activities					
Acquisition of property, plant and equipment		**(1 449,3)**	(1 364,9)	**–**	–
Acquisition of intangible assets		**(394,3)**	(128,5)	**–**	–
Increase in unlisted investments		**(11,0)**	(79,0)	**–**	–
Proceeds on disposal of property, plant and equipment	29	**760,1**	275,7	**–**	–
Loan repaid by subsidiary		**–**	–	**159,2**	–
Proceeds on disposal of intangible asset		**–**	1,7	**–**	–
Proceeds on disposal of investment		**–**	3,8	**–**	–
Amounts advanced to subsidiary		**–**	–	**(50,0)**	(48,7)
Increase in finance leases		**(89,8)**	(50,5)	**–**	–
Repayment of long-term loans		**5,3**	16,9	**–**	–
Increase in restricted cash balances		**48,7**	(147,8)	**–**	–
Acquisition of minority interest		**(472,7)**	–	**–**	–
Reduction in investment in subsidiaries		**–**	–	**0,6**	–
Net receipts from export partnerships		**–**	–	**0,3**	0,6
Net cash (outflow)/inflow from investing activities		**(1 603,0)**	(1 472,6)	**110,1**	(48,1)
Cash flows from financing activities					
Interest-bearing borrowings raised		**(2 032,6)**	(561,4)	**–**	–
Interest-bearing borrowings repaid	29	**2 152,3**	1 014,1	**–**	–
Proceeds on issue of shares		**1,3**	14,6	**1,3**	14,6
Receipts from long-term receivables		**257,7**	317,0	**–**	–
Payments to third parties in respect of long-term receivables		**(19,4)**	(178,7)	**–**	–
Shares repurchased by subsidiary		**–**	(0,6)	**–**	–
Short-term borrowings repaid		**–**	(13,3)	**–**	–
Increase in minorities' interest in subsidiary		**699,6**	9,8	**–**	–
Net cash inflow from financing activities		**1 058,9**	601,5	**1,3**	14,6
Net increase/(decrease) in cash and cash equivalents		**212,2**	63,0	**(0,2)**	0,2
Cash and cash equivalents at the beginning of the year		**616,1**	495,8	**0,2**	–
Effect of exchange rate changes on cash and cash equivalents		**(20,1)**	57,3	**–**	–
Cash and cash equivalents at the end of the year	18, 30	**808,2**	616,1	**–**	0,2

note 1 Reporting entity

Trencor Limited (the 'company') is a company incorporated in the Republic of South Africa. The address of the company's registered office is 1313 Main Tower, Standard Bank Centre, Heerengracht, Cape Town, 8001. The consolidated financial statements of the company as at and for the year ended 31 December 2007 comprise the company and its subsidiaries (together referred to as the 'group' and individually as 'group entities') and the group's interest in associates. The group is primarily involved in owning, leasing, managing and reselling marine cargo containers worldwide, and finance related activities.

note 2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and the requirements of the Companies Act of South Africa.

The financial statements were approved by the board of directors on 31 March 2008.

2.2 Basis of measurement

The separate and consolidated financial statements have been prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value;
- financial instruments at fair value through profit or loss are measured at fair value;
- available-for-sale financial assets are measured at fair value;
- non-current assets and disposal groups held for sale are measured at the lower of their carrying amount or fair value less costs to sell; and
- liabilities for cash-settled share-based payment arrangements are measured at fair value.

2.3 Functional and presentation currency

These separate and consolidated financial statements are presented in SA rand, which is the company's functional currency. All financial information presented has been rounded to the nearest one hundred thousand.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 40.

note 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these separate and consolidated financial statements, and have been applied consistently by group entities.

The comparative income statement has been re-presented as if an operation discontinued during the current period had been discontinued from the start of the comparative period (refer note 29).

3.1 Basis of consolidation

3.1.1 Subsidiaries

Subsidiaries are entities controlled by the group. Control exists when the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the group.

Gains or losses arising on the dilution of investments in subsidiaries are recognised in profit or loss and the net gain or loss attributable to the group is transferred to a separate reserve in equity.

In the case of the company, investments in subsidiaries are carried at cost, less accumulated impairment losses.

3.1.2 Associates

Associates are those entities in which the group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the group holds between 20 and 50 per cent of the voting power of another entity. Associates are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The group's investment includes goodwill identified on acquisition, net of any

accumulated impairment losses. The consolidated financial statements include the group's share of the income and expenses of associates, after adjustment to align the accounting policies with those of the group, from the date that significant influence commences until the date that significant influence ceases. When the group's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and recognition of further losses is discontinued except to the extent that the group has an obligation or made payments on behalf of the investee.

Gains or losses arising on the dilution of investments in associates are recognised in profit or loss and the net gain or loss attributable to the group is transferred to a separate reserve in equity.

In the case of the company, investments in associate companies are carried at cost, less accumulated impairment losses.

3.1.3 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Foreign currency

3.2.1 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate ruling at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss except for differences arising on the retranslation of available-for-sale equity instruments.

3.2.2 Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to SA rand at foreign exchange rates at the reporting date. The income and expenses of foreign operations are translated to SA rand at rates at the dates of the transactions.

Foreign currency differences are recognised directly in equity. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to profit or loss.

3.3. Financial instruments

3.3.1 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised on the trade date at which the group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the group's contractual rights to the cash flows from the financial assets expire or if the group transfers the financial asset to another party without retaining control or substantially all risks and rewards of ownership of the asset. Financial liabilities are derecognised if the group's obligations specified in the contract expire or are discharged or cancelled.

Available-for-sale financial assets

The group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets, unless they meet the requirements of another IAS 39 financial instrument classification. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see accounting policy note 3.9), are recognised directly in equity. The fair value of listed

investments classified as available-for-sale is their quoted bid price at the balance sheet date. The fair value of unlisted investments is based on valuations received from independent valuers during the period. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

Assets and liabilities at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the group manages such instruments and makes purchase and sale decisions based on their fair value in accordance with the group's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

The group's long-term receivables are designated as at fair value through profit or loss. Sales under long-term credit agreements are discounted to their net present value at rates considered appropriate, having regard to their terms and the currency in which they are written. The deferred portion of income is recognised over the period of the agreements on a basis which produces a constant periodic rate of return. At the financial year-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 recognised in profit or loss.

The amounts attributable to third parties in respect of long-term receivables are designated as at fair value through profit or loss. To determine fair value, the amounts are discounted to their net present value at a rate considered appropriate, having regard to their term and their denominated currency. The deferred portion of expenditure is allocated over the period of the agreements on a basis which produces a constant periodic rate of return.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any accumulated impairment losses. Debt issuance costs are capitalised and amortised over the term of the debt as required by application of the effective interest method.

In the case of the company, the long-term receivable represents the participation in export partnerships and, subsequent to initial recognition, is measured at amortised cost. Amortised cost is the company's cost of the original participation plus its share of the gross profit less the share of the subsequent net amounts received as partner in the partnerships.

3.3.2 Derivative financial instruments

The group holds derivative financial instruments to hedge its foreign exchange and interest rate risks exposures arising from operational, financing and investment activities. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss. In accordance with its treasury policy, the group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss in all instances as the group does not apply hedge accounting.

The fair value of interest rate swaps is the estimated amount that the group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognised in profit or loss as part of foreign currency gains and losses.

Changes in the fair value of separable embedded derivatives are recognised immediately in profit or loss.

3.3.3 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3.3.4 Share capital

Shares

Incremental costs directly attributable to the issue of shares and share options are recognised as a deduction from equity, net of any tax effects.

Repurchase of capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is net of any tax effects, and is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

Dividends

Dividends (treated as distributions within equity) are recognised as a liability in the period in which they are declared.

3.3.5 Offsetting

Financial assets and liabilities are offset and the net amount presented in the balance sheet when the group has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

3.4 Property, plant and equipment

3.4.1 Recognition and measurement

Owned assets

Items of property, plant and equipment are measured at cost less accumulated depreciation (refer note 3.4.3) and accumulated impairment losses (refer note 3.9).

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other operating income in profit or loss.

Leased assets

Leases in terms of which the group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Lease payments are accounted for as described in note 3.13.2.

3.4.2 Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

3.4.3 Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives if ownership of the assets does not pass at the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

	Years
Owner occupied buildings	50
Leasing equipment:	
Marine cargo containers	12
Kegs	15 – 20
Intermediate bulk containers	10
Plant and machinery	9
Motor vehicles	4 – 5
Otherequipment	3 – 10

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

3.5 Goodwill

Goodwill/(Negative goodwill) arises on the acquisition of subsidiaries and associates.

In respect of acquisitions prior to 1 January 2004, goodwill is included at its carrying amount, which represents the amount recorded under the group's previous accounting framework (South African Statements of Generally Accepted Accounting Practice), at the date of transition to IFRS.

For acquisitions on or after 1 January 2004, goodwill represents the excess of the cost of the acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in profit or loss.

3.5.1 Acquisitions of minority interests

Goodwill arising on the acquisition of a minority interest in a subsidiary represents the excess of the cost of the additional investment over the carrying amount of the net assets acquired at the date of exchange.

3.5.2 Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

3.6 Intangible assets

3.6.1 Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss when incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised when the group is able to demonstrate its intention and ability to complete the product or process, the product or process is technically and commercially feasible, the group has sufficient resources to complete development and the group can reliably measure the costs to complete the development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in profit or loss as an expense as incurred. Capitalised development expenditure is measured at cost less accumulated amortisation (refer note 3.6.4) and accumulated impairment losses (refer note 3.9).

3.6.2 Other intangible assets

Other intangible assets acquired by the group, which have finite useful lives, are measured at cost less accumulated amortisation (refer note 3.6.4) and accumulated impairment losses (refer note 3.9). Expenditure on internally generated goodwill and brands is recognised in profit or loss as an expense as incurred.

3.6.3 Subsequent expenditure

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.

3.6.4 Amortisation

Intangible assets with finite useful lives are amortised over their useful lives. Computer software and the long-term keg contract are amortised on a straight-line basis, while the container management contracts are amortised based on the fees generated from the underlying container management agreements (which reflects the pattern in which the asset's future economic benefits are expected to be consumed by the group). Intangible assets with finite useful lives are amortised from the date they are available for use. The estimated useful lives are reassessed annually and are as follows for the current and comparative periods:

	Years
Computer software	4
Long-term keg contract	14
Container management contracts	11 – 13

3.7 Net investment in finance leases

Amounts due from lessees under finance leases are recorded as receivables at the amount of the group's net investment in the leases.

3.8 Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated

selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

3.9 **Impairment**

3.9.1 Financial assets

At each balance sheet date the group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events that occurred after the initial recognition of the asset have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised directly in equity.

3.9.2 Non-financial assets

The carrying amount of the group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows 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 in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.10 **Non-current assets held for sale**

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

3.11 **Provisions**

A provision is recognised in the balance sheet when the group has a present legal or constructive obligation (which can be estimated reliably) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3.12 **Revenue**

3.12.1 Goods sold and services rendered

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing managerial involvement with the goods, and the amount of revenue can be measured reliably. Revenue from services rendered is recognised in profit or loss in proportion to the estimated percentage of completion of the services provided at the balance sheet date. Revenue includes realised and unrealised exchange differences arising from the translation of long-term receivables.

3.12.2 Leasing income

Marine cargo containers

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 earned and recognised evenly over the period that the equipment is on lease according to the terms of the contracts.

These contracts are typically for terms of five years or less. Under 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.

Kegs and intermediate bulk containers

Revenue from long-term agreements (generally 15-year agreements with international customers) is generated primarily by licensing the right to fill empty kegs provided to companies on a per fill fee basis. Revenue from shorter term agreements (generally five-year agreements with US customers) is recognised upon the delivery of empty kegs and intermediate bulk containers to its customers. Portions of the service and use fee revenue are subject to a rebate based upon where the keg or intermediate container is ultimately shipped by the customer.

The group reports as deferred revenue the difference between the invoiced service and use fee and the minimum service and use fee, and recognises as revenue the minimum service and use fee upon the delivery of the kegs and intermediate containers. The deferred revenue is recognised as revenue in the period in which the keg or intermediate bulk container is ultimately shipped to the customers' distributors and the rebate and additional service and use fee are known.

3.12.3 Management fees

Management fees consist of fees earned by group companies for services related to the management of container equipment, reimbursements of administrative services necessary for the operation and management of equipment and net acquisition fees and sales commissions earned on the acquisition and sale of equipment.

3.12.4 Dividend income

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

3.13 **Expenses**

3.13.1 Operating lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

3.13.2 Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.13.3 Net finance costs

Interest paid comprises interest payable on borrowings and the interest expense component of finance lease payments calculated using the effective interest method and amortisation of debt issuance costs. Interest income is

recognised in profit or loss as it accrues, using the effective interest method. Fair value gains or losses on interest rate swaps are included in finance expenses.

3.14 **Employee benefits**

3.14.1 Short-term employee benefits

The cost of all short-term employee benefits is recognised during the year in which the employee renders the related service. The accruals 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 accruals have been calculated at undiscounted amounts based on current remuneration rates.

3.14.2 Retirement benefits

Certain of the company's subsidiaries contribute to defined contribution retirement funds. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to these funds are recognised in profit or loss as they are due.

3.14.3 Termination benefits

Termination benefits are recognised as an expense when the group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

3.14.4 Share-based payments

The company and certain of its subsidiaries grant share options to certain employees under share option plans which are either equity- or cash-settled.

Equity-settled

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options is measured using the Actuarial Binomial Model or Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

Cash-settled

The fair value of the amount payable to employees in respect of the share appreciation rights is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The fair value of each share appreciation right granted under the plans is estimated on the date of grant using the Black-Scholes option pricing model. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as staff costs in profit or loss.

3.15 **Income tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the estimated taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and associates to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, based on the tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority

on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset 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.

Secondary tax on companies ('STC') is recognised as part of the current tax charge in the income statement when the net dividend is declared, except where the group exemption has been elected, resulting in no STC consequences for the company. When dividends received in the current year can be offset against future dividend payments to reduce the STC liability, a deferred tax asset is recognised to the extent of probable future reductions in STC.

3.16 **Discontinued operations**

A discontinued operation is a component of the group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. A disposal group that is to be abandoned may also qualify as a discontinued operation. Where an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation had been discontinued from the start of the comparative period.

3.17 **Earnings per share**

The group presents basic and diluted earnings per share data for its shares. Basic earnings per share is calculated by dividing the profit or loss attributable to shareholders of the company by the weighted average number of shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to shareholders and the weighted average number of shares outstanding for the effects of all potential dilutive instruments, which comprise share options granted to employees and, in 2006, convertible debentures.

3.18 **Segment reporting**

A segment is a distinguishable component of the group that is engaged in providing products or services which is subject to risks and rewards that are different from those of other segments. Based on the nature of the group's operations, geographical segment information is not distinguishable or relevant.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments and related revenue, loans and borrowings and related expenses, head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

note 4

Property, plant and equipment

	Group					
		Leasing equipment				
	Land and buildings	Marine cargo containers	Kegs and intermediate bulk containers	Plant and machinery	Other equipment and motor vehicles	Total
	Rm	Rm	Rm	Rm	Rm	Rm
Cost						
2006						
Balance at the beginning of the year	17,0	6 211,0	1 914,1	15,3	140,0	8 297,4
Additions	0,1	807,1	731,9	23,8	7,3	1 570,2
Effect of movements in exchange rates	2,9	696,7	478,8	1,7	16,5	1 196,6
Transfer to assets held for sale	–	–	–	(23,8)	–	(23,8)
Disposals	(12,4)	(194,6)	(42,1)	(0,8)	(4,8)	(254,7)
Balance at the end of the year	7,6	7 520,2	3 082,7	16,2	159,0	10 785,7
2007						
Additions	**0,5**	**1 253,7**	**155,5**	**–**	**7,1**	**1 416,8**
Effect of movements in exchange rates	**(0,1)**	**(235,9)**	**135,9**	**(0,4)**	**(2,7)**	**(103,2)**
Transfer to assets held for sale	**–**	**–**	**(534,9)**	**(0,5)**	**(94,5)**	**(629,9)**
Disposals	**(0,4)**	**(687,0)**	**(2 839,2)**	**(1,3)**	**(11,5)**	**(3 539,4)**
Balance at the end of the year	**7,6**	**7 851,0**	**–**	**14,0**	**57,4**	**7 930,0**
Depreciation and impairment losses						
2006						
Balance at the beginning of the year	5,1	1 650,4	252,5	6,8	67,4	1 982,2
Depreciation	0,3	362,7	148,0	1,1	9,4	521,5
Effect of movements in exchange rates	1,3	203,9	58,1	0,8	9,3	273,4
Impairment losses	–	1,2	61,5	18,8	–	81,5
Transfer to assets held for sale	–	–	–	(18,8)	–	(18,8)
Disposals	(1,4)	(28,1)	(2,2)	(0,7)	(3,2)	(35,6)
Balance at the end of the year	5,3	2 190,1	517,9	8,0	82,9	2 804,2
2007						
Depreciation	**0,2**	**330,9**	**59,0**	**1,0**	**9,0**	**400,1**
Effect of movements in exchange rates	**(0,1)**	**(64,4)**	**21,8**	**(0,1)**	**(0,9)**	**(43,7)**
Impairment losses	**–**	**4,0**	**4,1**	**–**	**–**	**8,1**
Transfer to assets held for sale	**–**	**–**	**(133,4)**	**(0,4)**	**(31,5)**	**(165,3)**
Disposals	**(0,4)**	**(318,2)**	**(469,4)**	**(1,2)**	**(10,2)**	**(799,4)**
Balance at the end of the year	**5,0**	**2 142,4**	**–**	**7,3**	**49,3**	**2 204,0**
Carrying amounts:						
At 1 January 2006	11,9	4 560,6	1 661,6	8,5	72,6	6 315,2
At 31 December 2006	2,3	5 330,1	2 564,8	8,2	76,1	7 981,5
At 31 December 2007	**2,6**	**5 708,6**	**–**	**6,7**	**8,1**	**5 726,0**
Net book value of assets encumbered as security for interest-bearing borrowings including finance leases (refer note 21).						
At 31 December 2006	–	5 330,1	2 527,1	0,2	61,3	7 918,7
At 31 December 2007	**–**	**5 708,6**	**–**	**–**	**–**	**5 708,6**

note 4

Property, plant and equipment (continued)

4.1 The net book value of buildings situated on leased premises amounts to R2,6 million (2006: R2,3 million).

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

4.3 The group leased equipment under a number of finance lease agreements. All these leases were settled during the year. The carrying amount of this leased equipment at 31 December 2006 was as follows:

	Cost Rm	Accumulated depreciation Rm	Net book value Rm
Beer kegs	1 566,7	268,7	1 298,0

note 5

Goodwill

	Group		Company	
	2007 Rm	2006 Rm	**2007 Rm**	2006 Rm
Cost				
Balance at the beginning of the year	**59,1**	53,1	**–**	–
Additions	**126,3**	6,0	**–**	–
Effect of movements in exchange rates	**(4,3)**	–	**–**	–
Balance at the end of the year	**181,1**	59,1	**–**	–
Impairment losses				
Balance at the beginning of the year	**59,1**	25,2	**–**	–
Impairment loss	**–**	33,9	**–**	–
Balance at the end of the year	**59,1**	59,1	**–**	–
Carrying amount				
At the end of the year	**122,0**	–	**–**	–

5.1 The carrying amount of goodwill at 1 January 2006 was R27,9 million.

5.2 In November 2007 Textainer acquired an additional interest in its subsidiary, Textainer Marine Containers Ltd ('TMCL'), for R472,7 million in cash, increasing its ownership to 86,7%. The carrying amount of TMCL's net assets in the consolidated financial statements on the date of the acquisition was R692,8 million. The group recognised a decrease in minority interests of R346,4 million and goodwill of R126,3 million.

5.3 Goodwill was impaired in the prior year due to the losses incurred by TrenStar Inc.

note 6 Intangible assets

	Group				
	Internally generated	Purchased			
	Computer software Rm	Long-term keg contract Rm	Container management contracts Rm	Other Rm	Total Rm
Cost					
2006					
Balance at the beginning of the year	10,7	11,6	–	0,9	23,2
Additions	–	–	128,5	–	128,5
Effect of movements in exchange rates	1,3	1,3	4,0	–	6,6
Disposals	(7,1)	–	–	(0,9)	(8,0)
Balance at the end of the year	4,9	12,9	132,5	–	150,3
2007					
Additions	**1,2**	**–**	**393,1**	**–**	**394,3**
Effect of movements in exchange rates	**0,1**	**0,1**	**(17,2)**	**–**	**(17,0)**
Transfer to assets held for sale	**(1,2)**	**–**	**–**	**–**	**(1,2)**
Disposals	**(5,0)**	**(13,0)**	**–**	**–**	**(18,0)**
Balance at the end of the year	**–**	**–**	**508,4**	**–**	**508,4**
Amortisation					
2006					
Balance at the beginning of the year	3,9	1,7	–	0,9	6,5
Amortisation for the year	2,4	0,9	6,9	–	10,2
Effect of movements in exchange rates	0,6	0,3	0,2	–	1,1
Disposals	(2,8)	–	–	(0,9)	(3,7)
Balance at the end of the year	4,1	2,9	7,1	–	14,1
2007					
Amortisation for the year	**0,5**	**0,8**	**25,5**	**–**	**26,8**
Effect of movements in exchange rates	**0,1**	**–**	**(1,0)**	**–**	**(0,9)**
Transfer to assets held for sale	**(0,2)**	**–**	**–**	**–**	**(0,2)**
Disposals	**(4,5)**	**(3,7)**	**–**	**–**	**(8,2)**
Balance at the end of the year	**–**	**–**	**31,6**	**–**	**31,6**
Carrying amounts					
At 1 January 2006	6,8	9,9	–	–	16,7
At 31 December 2006	0,8	10,0	125,4	–	136,2
At 31 December 2007	**–**	**–**	**476,8**	**–**	**476,8**

The amortisation charge is recognised in other operating expenses in the income statement. No impairment losses have been recognised against these assets during the current or previous financial year.

note 7 Investments

	Group 2007 Rm	Group 2006 Rm	Company 2007 Rm	Company 2006 Rm
Instruments available-for-sale				
Non-current investments				
Listed equities	**15,6**	14,1	**15,6**	14,1
Unlisted	**15,0**	100,5	**–**	–
Equities	**15,0**	31,1	**–**	–
Asian currency basket note	**–**	69,4	**–**	–
	30,6	114,6	**15,6**	14,1
Current investments				
Unlisted				
Asian currency basket note	**75,8**	–	**–**	–

7.1 A detailed list of investments is available on request from the registered office of the company.

7.2 The Asian currency basket note matures on 29 September 2008. The terms of the loan note guarantee a minimum capital return of 98% of the original cost of US$10 million. Fair value was determined by marked-to-market valuation. The fair value of the group's investments in unlisted companies has been estimated using appropriate valuation methodologies.

note 8 Interest in subsidiaries

	Group 2007 Rm	Group 2006 Rm	Company 2007 Rm	Company 2006 Rm
Ordinary shares at cost	**–**	–	**63,8**	64,2
Preference shares including amortisation adjustment	**–**	–	**1 012,5**	1 012,5
Investment in subsidiaries before impairment loss	**–**	–	**1 076,3**	1 076,7
Less impairment loss	**–**	–	**(9,0)**	(9,0)
Investment in subsidiaries	**–**	–	**1 067,3**	1 067,7
Amounts due by subsidiaries	**–**	–	**73,6**	182,8
Long-term	**–**	–	**73,5**	182,7
Amounts due included in trade and other receivables	**–**	–	**0,1**	0,1
	–	–	**1 140,9**	1 250,5

8.1 Amounts due by subsidiaries are unsecured. R73,5 million (2006: R159,2 million) bears interest at 9,25% p.a. (2006: 10,5% p.a.) with no fixed terms of repayment (2006: R159,2 million repayable on conversion of the convertible debentures (refer note 20)).

8.2 Income earned from subsidiaries during the year included in profit or loss:

	Group 2007 Rm	Group 2006 Rm	Company 2007 Rm	Company 2006 Rm
Interest received (refer note 26)	**–**	–	**9,8**	16,7
Guarantee fee	**–**	–	**0,1**	0,1
	–	–	**9,9**	16,8

note 9 Long-term loans

	Group 2007 Rm	Group 2006 Rm	Company 2007 Rm	Company 2006 Rm
Secured loans advanced to employees of a group company in respect of the exercise of share options, repayable on sale of the shares or on termination of employment. At 31 December 2007 the interest rate applicable to the loans was 6,28% p.a. (2006: 6,02% p.a.).	**2,9**	8,2	**–**	–
Unsecured loans advanced to property investment companies with no fixed terms of repayment	**0,2**	0,3	**–**	–
	3,1	8,5	**–**	–

note 10

Net investment in long-term receivables

	Group		Company	
	2007 Rm	2006 Rm	**2007 Rm**	2006 Rm
Net investment in long-term receivables comprises:				
Long-term receivables	**1 113,3**	1 267,8	**1,9**	2,2
Amounts attributable to third parties	**(262,7)**	(263,0)	**–**	–
	850,6	1 004,8	**1,9**	2,2
Represented by:				
Total receivables	**2 001,4**	2 315,3	**1,9**	2,2
Less deferred income	**171,9**	241,2	**–**	–
Net present value of long-term receivables	**1 829,5**	2 074,1	**1,9**	2,2
Less amounts attributable to third parties	**386,6**	393,2	**–**	–
Total amount	**458,8**	484,1	**–**	–
Less deferred expenditure	**72,2**	90,9	**–**	–
Net present value of net investment in long-term receivables	**1 442,9**	1 680,9	**1,9**	2,2
Less fair value adjustment to net investment, relating to:	**463,0**	543,7	**–**	–
Long-term receivables	**577,6**	665,1	**–**	–
Amounts attributable to third parties	**(114,6)**	(121,4)	**–**	–
	979,9	1 137,2	**1,9**	2,2
Less current portion of net investment included in:	**129,3**	132,4	**–**	–
Trade and other receivables	**138,6**	141,2	**–**	–
Trade and other payables	**(9,3)**	(8,8)	**–**	–
	850,6	1 004,8	**1,9**	2,2

10.1 Total receivables in base currency amounted to US$295,2 million (2006: US$331,7 million).

10.2 Long-term receivables are valued by discounting future cash flows. The discount rate applied to the receivables (denominated in US$) is 8,5% p.a. (2006: 8,5% p.a.). An appropriate fair value adjustment is made to the net investment for the timing of receipt and the possible non-collectibility of these receivables, and the related effect on the payment to third parties. In recognition of the favourable conditions currently being experienced in the container leasing industry and the improved outlook for the collectibility and timing of receipts, the adjustment to the net investment, before foreign currency adjustments, has been reduced by R60,8 million (2006: R59,6 million).

10.3 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 10% p.a. (2006: 10% p.a.). These are payable as and when the proceeds from the related long-term receivables are received.

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

	2007 Rm	2006 Rm	**2007 Rm**	2006 Rm
Total amounts attributable to third parties	**458,8**	484,1	**–**	–
Less deferred expenditure	**72,2**	90,9	**–**	–
Net present value of amounts attributable to third parties (as above)	**386,6**	393,2	**–**	–
Fair value adjustment (as above)	**(114,6)**	(121,4)	**–**	–
Fair value of amounts attributable to third parties	**272,0**	271,8	**–**	–
Current portion included in trade and other payables (as above)	**(9,3)**	(8,8)	**–**	–
	262,7	263,0	**–**	–

note 11 Net investment in finance leases

	Group					
	Minimum lease payments	**Interest**	**Principal**	Minimum lease payments	Interest	Principal
		2007			2006	
	Rm	**Rm**	**Rm**	Rm	Rm	Rm
Amounts receivable under finance leases						
Within one year	**90,8**	**28,1**	**62,7**	61,1	18,0	43,1
Between one and five years	**265,0**	**57,8**	**207,2**	175,5	47,7	127,8
After five years	**140,0**	**16,1**	**123,9**	142,1	18,3	123,8
	495,8	**102,0**	**393,8**	378,7	84,0	294,7

	Group		Company	
	2007 Rm	2006 Rm	**2007 Rm**	2006 Rm
Analysed as:				
Non-current finance lease receivables	**331,1**	251,6	**–**	–
Current finance lease receivables included in trade and other receivables	**62,7**	43,1	**–**	–
	393,8	294,7	**–**	–

11.1 Investment in finance leases represents amounts receivable in respect of containers leased to shipping lines. The containers are usually leased for their useful lives with a purchase option at the end of the lease term. There are no contingent rentals.

11.2 The interest rate inherent in the leases is fixed at the contract date for the full term of the lease. The average effective interest rate contracted approximates 8,20% p.a. (2006: 8,76% p.a.).

11.3 Unguaranteed residual values of assets leased under finance leases at the balance sheet date are estimated at R0,5 million (2006: R0,5 million).

11.4 The investment in finance leases has been pledged as security for a loan (refer note 21).

note 12 Derivative financial instruments

The group's various derivative instruments at 31 December comprise:

Type of contract	Final maturity	Underlying	Notional amount of contracts outstanding Rm	Fair value Assets Rm	Fair value Liabilities Rm
2007					
Interest rate cap	November 2015	Interest rates	**678,0**	**–**	**–**
Interest rate swap	December 2010	Interest rates	**2 384,1**	**0,9**	**29,9**
				0,9	**29,9**
2006					
Share warrants	September 2009	Shares in subsidiary	14,3	–	2,9
Interest rate cap	November 2007	Interest rates	789,4	–	–
Interest rate swap	December 2010	Interest rates	2 227,2	27,8	–
Interest rate swap	June 2009	Interest rates	85,7	1,5	–
Interest rate swap	July 2009	Interest rates	83,8	–	1,3
				29,3	4,2

12.1 The interest rate cap and swap contracts have been recorded at fair value and the related fair value adjustments recorded in profit or loss.

12.2 At 31 December 2007, variable interest rate debt principal outstanding amounted to R3 928,6 million (2006: R5 550,8 million) of which R3 062,1 million (2006: R3 186,1 million) in notional value was covered by interest rate cap and swap contracts.

note 13

Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group					
	Assets		Liabilities		Net	
	2007 Rm	2006 Rm	**2007 Rm**	2006 Rm	**2007 Rm**	2006 Rm
Property, plant and equipment	**–**	–	**99,5**	149,7	**99,5**	149,7
Impairment of receivables	**(117,9)**	(118,0)	**111,1**	118,6	**(6,8)**	0,6
Accruals	**–**	–	**114,2**	116,4	**114,2**	116,4
Fair value adjustment – available-for-sale assets	**–**	–	**1,4**	1,4	**1,4**	1,4
Export partnerships	**–**	–	**1,0**	1,2	**1,0**	1,2
Tax loss carry-forwards	**–**	(55,9)	**–**	–	**–**	(55,9)
Provisions	**–**	(9,6)	**–**	–	**–**	(9,6)
Tax (assets)/liabilities	**(117,9)**	(183,5)	**327,2**	387,3	**209,3**	203,8
Set-off of tax	**11,1**	79,0	**(11,1)**	(79,0)	**–**	–
Net tax (assets)/liabilities	**(106,8)**	(104,5)	**316,1**	308,3	**209,3**	203,8

Movement in temporary differences for the group during the year:

	Balance at the beginning of the year Rm	Recognised in profit or loss Rm	Exchange adjustment in equity Rm	Long-term receivables Rm	Transfer to assets held for sale Rm	Balance at the end of the year Rm
2006						
Property, plant and equipment	121,6	13,8	14,3	–	–	149,7
Impairment of receivables	(49,7)	48,1	–	2,2	–	0,6
Accruals	130,1	(15,7)	2,0	–	–	116,4
Fair value adjustment – available-for-sale assets	1,4	–	–	–	–	1,4
Export partnerships	1,3	(0,1)	–	–	–	1,2
Tax loss carry-forwards	(49,8)	(0,9)	(5,2)	–	–	(55,9)
Provisions	(10,0)	0,5	(0,1)	–	–	(9,6)
	144,9	45,7	11,0	2,2	–	203,8
2007						
Property, plant and equipment	**149,7**	**34,1**	**(5,0)**	**–**	**(79,3)**	**99,5**
Impairment of receivables	**0,6**	**(9,1)**	**–**	**1,7**	**–**	**(6,8)**
Accruals	**116,4**	**(8,9)**	**(1,3)**	**–**	**8,0**	**114,2**
Fair value adjustment – available-for-sale assets	**1,4**	**–**	**–**	**–**	**–**	**1,4**
Export partnerships	**1,2**	**(0,2)**	**–**	**–**	**–**	**1,0**
Tax loss carry-forwards	**(55,9)**	**(91,3)**	**4,7**	**–**	**142,5**	**–**
Provisions	**(9,6)**	**9,6**		**–**	**–**	**–**
	203,8	**(65,8)**	**(1,6)**	**1,7**	**71,2**	**209,3**

	Group		Company	
	2007 Rm	2006 Rm	**2007 Rm**	2006 Rm
13.1 Unrecognised deferred tax assets Deferred tax assets have not been recognised in respect of the following items:				
Tax losses	**262,2**	407,1	**–**	–

In the prior year, tax losses, and the related unrecognised deferred tax assets (refer note 40.3), were incorrectly reported as R229,0 million.

13.2 In certain of the countries in which group companies operate, local tax laws provide that earnings only be taxed in those jurisdictions when the earnings are transferred out of such jurisdictions. It is intended that these earnings be permanently reinvested in those countries. At 31 December 2007, cumulative earnings of approximately R175,7 million (2006: R170,1 million) would be subject to income taxes of approximately R44,5 million (2006: R43,8 million) if such earnings of foreign companies were transferred out of such jurisdictions in the form of dividends.

13.3 In the case of the company, the deferred tax liability of R1,0 million (2006: R1,2 million) arises as a result of its participation in export partnerships. Details of the movements in temporary differences are reflected in the table above.

note 14 Restricted cash

	Group		Company	
	2007 Rm	2006 Rm	**2007 Rm**	2006 Rm
The restricted cash is held by grantors of finance as additional collateral for interest-bearing borrowings (refer note 21)	**113,5**	409,8	**–**	–

note 15 Inventories

	Group		Company	
	2007 Rm	2006 Rm	**2007 Rm**	2006 Rm
Container equipment held for resale	**25,8**	27,7	**–**	–
Finished goods	**–**	3,5	**–**	–
	25,8	31,2	**–**	–

note 16 Trade and other receivables

	Group		Company	
	2007 Rm	2006 Rm	**2007 Rm**	2006 Rm
Trade receivables	**310,3**	403,8	**–**	–
Prepayments	**12,9**	10,3	**–**	–
Current portion of long-term receivables and investment in finance leases	**201,3**	184,3	**–**	–
Other	**6,3**	21,1	**–**	–
Amounts due by subsidiaries	**–**	–	**0,1**	0,1
	530,8	619,5	**0,1**	0,1

Trade and other receivables amounting to nil (2006: R48,1 million) have been pledged as security for loans (refer note 21).

note 17 Income tax

	Group		Company	
	2007 Rm	2006 Rm	**2007 Rm**	2006 Rm
Amounts payable at the beginning of the year	**79,2**	60,9	**–**	–
Amounts receivable at the beginning of the year	**(13,1)**	(16,1)	**(0,4)**	(0,6)
Exchange differences	**(2,3)**	6,6	**–**	–
Charge per income statement (refer note 28)				
South African normal	**33,7**	25,8	**2,4**	0,5
Foreign normal	**25,0**	27,1	**–**	–
Secondary tax on companies	**12,4**	6,0	**12,4**	6,0
Amounts payable at the end of the year	**(99,5)**	(79,2)	**(0,2)**	–
Amounts receivable at the end of the year	**–**	13,1	**–**	0,4
Amounts paid during the year	**35,4**	44,2	**14,2**	6,3

note 18 Cash and cash equivalents

	Group		Company	
	2007 Rm	2006 Rm	**2007 Rm**	2006 Rm
Bank balances	**547,5**	459,2	**–**	0,2
Call and term deposits	**209,9**	156,9	**–**	–
	757,4	616,1	**–**	0,2

note 19

Capital and reserves

	Group		Company	
	2007 Rm	2006 Rm	**2007 Rm**	2006 Rm
Share capital				
Authorised				
Ordinary shares				
200 000 000 (2006: 200 000 000)	**1,0**	1,0	**1,0**	1,0
Issued				
Ordinary shares of 0,5 cent each				
187 295 892 (2006: 158 421 842)	**0,9**	0,8	**0,9**	0,8
	Number of shares (million)			
In issue at the beginning of the year	**158,4**	155,6	**158,4**	155,6
Issued on conversion of debentures	**28,6**	–	**28,6**	–
Issued for cash	**0,3**	2,8	**0,3**	2,8
In issue at the end of the year	**187,3**	158,4	**187,3**	158,4

19.1 Shareholders have not been requested to place the unissued shares of the company under the control of the directors, save for those unissued shares reserved for The Trencor Share Option Plan.

19.2 The shares, issued for cash, were issued by the company during the year pursuant to the exercise of certain options under The Trencor Share Option Plan (refer note 36).

	Rm	Rm	**Rm**	Rm
19.3 **Dividends**				
Dividends declared and paid during the year are as follows:				
Final dividend in respect of financial year 2006 – 37 cents per share (2005: 30 cents)	**58,6**	46,8	**58,6**	46,8
Interim dividend in respect of financial year 2007 – 22 cents per share (2006: 20 cents)	**41,2**	31,3	**41,2**	31,3
	99,8	78,1	**99,8**	78,1

A final dividend of 58 cents per share in respect of financial year 2007 (2006: 37 cents per share) was declared by the board on 21 February 2008. This dividend will be subject to STC of R10,9 million (2006: R7,2 million).

19.4 Distributable reserves of the company would be subject to STC of R9,0 million (2006: R26,1 million) if distributed by way of dividends.

19.5 **Reserves**

Fair value reserve

The fair value reserve includes the cumulative net change in the fair value, other than impairments, of available-for-sale investments until the investment is derecognised.

Foreign currency translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Equity compensation reserve

The equity compensation reserve comprises the cumulative value of share-based payments.

Net gain on dilution of investment in subsidiaries

This reserve represents the cumulative net gain on the dilution of the group's investment in subsidiaries.

Preference share amortisation adjustment

This reserve in the company comprises the difference between the present value of the future subscription price of the preference shares paid at acquisition and the amount written up to the subscription price through the profit or loss using the amortised cost method (refer note 8).

note 20 Convertible debentures

	Group 2007 Rm	Group 2006 Rm	Company 2007 Rm	Company 2006 Rm
Nil (2006: 28 626 800) unsecured automatically convertible subordinated debentures of R9,10 each	**–**	260,5	**–**	260,5

Each debenture automatically converted into one ordinary share effective 1 January 2007 as a result of the total dividend in respect of financial year 2006 exceeding 54,6 cents per share.

note 21 Interest-bearing borrowings

	Current interest rate % p.a.	Interest fixed or indexed to	Repayment terms	Annual instalment Rm	Final maturity	Foreign amount **2007**	Foreign amount 2006	Group **2007 Rm**	Group 2006 Rm
Secured (refer note 21.1)									
Loans									
Borrowings denominated in US$						**US$M**	US$M		
Bond payable	5,555	LIBOR	Monthly	393,2	May 2020	**430,2**	488,2	**2 916,5**	3 407,4
Debt facility	5,603	LIBOR	Monthly, commences July 2008	89,3	June 2023	**131,7**	53,0	**892,9**	369,9
Revolving debt facility	6,424	US prime or LIBOR	Quarterly, commences Jan 2009	36,4	Jan 2011	**21,5**	–	**145,8**	–
Bank loans						**–**	26,9	**–**	187,5
Senior secured notes						**–**	17,5	**–**	121,8
Shareholders' loans						**–**	1,8	**–**	12,8
Borrowings denominated in UK£						**UK£m**	UK£m		
Bank loans						**–**	62,0	**–**	849,2
Borrowings denominated in €						**€m**	€m		
Bank loan						**–**	23,6	**–**	217,2
Finance lease obligations in UK£						**UK£m**	UK£m		
Finance leases						**–**	96,0	**–**	1 313,6
Total								**3 955,2**	6 479,4
Less unamortised debt issuance costs								**(26,6)**	(52,6)
								3 928,6	6 426,8
Less current portion included in current liabilities								**(437,9)**	(620,5)
Loans								**(437,9)**	(540,9)
Finance lease obligations								**–**	(79,6)
								3 490,7	5 806,3

note 21

Interest-bearing borrowings (continued)

21.1 The secured loans are secured by way of a pledge against certain of the group's property, plant, equipment and investments in financial leases as well as requirements by lenders that the group company hold restricted cash as additional collateral for borrowings (refer notes 4, 11 and 14 respectively).

21.2 Debt issuance costs of R2,1 million (2006: R13,5 million) were capitalised during the year.

21.3 In terms of the articles of association, the company's borrowing powers are unlimited. Details of borrowings are as follows:

	Group		Company	
	2007 Rm	2006 Rm	**2007 Rm**	2006 Rm
Total borrowing facilities	**5 479,0**	8 740,1	**–**	–
Actual borrowings at the end of the year	**3 955,2**	6 479,4	**–**	–
Unutilised facilities	**1 523,8**	2 260,7	**–**	–

21.4 Certain loans have restrictive covenants including minimum net worth requirements, minimum working capital requirements and maintenance of minimum levels of profitability. The borrowing companies were in compliance with the covenants throughout the year.

21.5 In prior years, certain group companies acquired plant and equipment in terms of finance leases. In terms of the lease agreements, the group had the option to acquire ownership of the plant and equipment for a nominal payment at the end of the leases. Details of the commitments under the finance leases were as follows:

	Group					
	Minimum lease payments	**Interest**	**Principal**	Minimum lease payments	Interest	Principal
		2007			2006	
	Rm	**Rm**	**Rm**	Rm	Rm	Rm
Amounts payable under finance leases						
Within one year	**–**	**–**	**–**	157,7	78,1	79,6
Between one and five years	**–**	**–**	**–**	635,9	259,3	376,6
After five years	**–**	**–**	**–**	1 054,2	196,8	857,4
	–	**–**	**–**	1 847,8	534,2	1 313,6

	Group		Company	
	2007 Rm	2006 Rm	**2007 Rm**	2006 Rm
Analysed as:				
Amount due for settlement within 12 months, included in current liabilities	**–**	79,6	**–**	–
Amount due for settlement after 12 months	**–**	1 234,0	**–**	–
	–	1 313,6	**–**	–

note 22

Trade and other payables

	Group		Company	
	2007 Rm	2006 Rm	**2007 Rm**	2006 Rm
Trade payables	**31,8**	188,7	**–**	–
Accrued expenses	**85,4**	150,8	**0,5**	1,9
Current portion of amounts due to third parties in respect of long-term receivables	**9,3**	8,8	**–**	–
Amounts due to container owners	**121,6**	45,9	**–**	–
Amounts due in respect of container acquisitions	**192,5**	229,8	**–**	–
Other	**1,4**	39,1	**–**	–
	442,0	663,1	**0,5**	1,9

Amounts due in respect of container acquisitions will be financed from operating cash flows and existing facilities.

note 23

Provisions

	Group				
	Carrying value at the beginning of the year Rm	Amounts used Rm	Interest adjustment Rm	Transfer to liabilities classified as held for sale Rm	Carrying value at the end of the year Rm
2006					
Warranty provision	5,4	(0,6)	–	–	4,8
Post-employment medical aid subsidies	1,2	(0,2)	0,1	–	1,1
	6,6	(0,8)	0,1	–	5,9
2007					
Warranty provision	**4,8**	**(0,1)**	**–**	**(4,7)**	**–**
Post-employment medical aid subsidies	**1,1**	**(0,2)**	**0,1**	**(1,0)**	**–**
	5,9	**(0,3)**	**0,1**	**(5,7)**	**–**

23.1 The warranty provision has been raised for possible warranty claims on products sold. The provision is based on estimates made from historical warranty data associated with similar products. The group warrants certain of its products for periods of up to seven years.

23.2 The group provides for post-employment medical aid subsidies in respect of certain employees.

note 24

Short-term borrowings

		Group		Company	
	Current interest rate % p.a.	**2007 Rm**	2006 Rm	**2007 Rm**	2006 Rm
Short-term loans	9,0	**0,1**	0,1	–	–

These loans are unsecured and are repayable on demand.

note 25

Operating profit before net finance costs

	Group						Company	
	Continuing operations		Discontinued operations		Enterprise as a whole			
	2007 Rm	2006 Rm	**2007 Rm**	2006 Rm	**2007 Rm**	2006 Rm	**2007 Rm**	2006 Rm
Operating profit before net finance costs is arrived at after taking into account:								
Income								
Dividend income (included in revenue)								
Associate	**–**	–	**–**	–	–	–	**–**	0,9
Capital distribution	**–**	–	**–**	–	–	–	**–**	121,1
Net profit/(loss) on disposal of property, plant and equipment	**127,7**	64,7	**(54,1)**	(8,2)	**73,6**	56,5	**–**	–
Fair value adjustment on embedded derivative	**8,6**	–	**–**	–	**8,6**	–	**–**	–
Realised and unrealised exchange (losses)/gains, not included in revenue	**(0,2)**	3,9	**–**	–	**(0,2)**	3,9	**–**	–
Charges								
Amortisation of intangible assets	**25,5**	6,9	**1,3**	3,3	**26,8**	10,2	**–**	–
Auditors' remuneration	**4,6**	5,9	**2,7**	3,3	**7,3**	9,2	**0,5**	0,3
Audit fee – current year	**3,9**	3,4	**2,5**	2,9	**6,4**	6,3	**0,1**	0,1
Audit fee – underprovision prior year	**0,1**	0,7	**0,2**	0,4	**0,3**	1,1	**–**	–
Tax consultancy services	**0,6**	1,8	**–**	–	**0,6**	1,8	**0,4**	0,2
Directors' emoluments	**11,3**	10,5	**–**	–	**11,3**	10,5	**0,7**	0,9
Executive directors								
Short-term employee benefits	**7,8**	7,0	**–**	–	**7,8**	7,0	**–**	–
Retirement benefit contributions	**0,4**	0,4	**–**	–	**0,4**	0,4	**–**	–
Equity compensation benefits	**0,6**	0,7	**–**	–	**0,6**	0,7	**–**	–
Non-executive directors								
Guaranteed remuneration and company contributions	**2,5**	2,4	**–**	–	**2,5**	2,4	**0,7**	0,9
Impairment losses/(reversal of losses)	**9,9**	2,0	**(13,7)**	61,5	**(3,8)**	63,5	**0,5**	9,0
Property, plant and equipment	**4,0**	1,2	**(12,0)**	80,3	**(8,0)**	81,5	**–**	–
Investment in subsidiary	**–**	–	**–**	–	**–**	–	**0,5**	9,0
Inventory	**–**	–	**–**	1,4	**–**	1,4	**–**	–
Trade and other receivables	**5,9**	0,8	**(1,7)**	(20,2)	**4,2**	(19,4)	**–**	–
Operating leases – premises	**11,2**	10,4	**9,1**	8,3	**20,3**	18,7	**–**	–
Share-based payments included in staff costs	**17,1**	14,9	**(5,7)**	(1,3)	**11,4**	13,6	**–**	–
Equity-settled	**12,8**	0,7	**(5,7)**	(1,3)	**7,1**	(0,6)	**–**	–
Cash-settled	**4,3**	14,2	**–**	–	**4,3**	14,2	**–**	–
Retirement benefit contributions included in staff costs	**2,9**	3,0	**1,8**	2,0	**4,7**	5,0	**–**	–
Loss on disposal of intangible assets	**–**	–	**9,8**	2,6	**9,8**	2,6	**–**	–

note 26

Net finance costs

	Group						Company	
	Continuing operations		Discontinued operations		Enterprise as a whole			
	2007 Rm	2006 Rm	**2007 Rm**	2006 Rm	**2007 Rm**	2006 Rm	**2007 Rm**	2006 Rm
Finance expenses	**295,9**	224,7	**102,8**	138,2	**398,7**	362,9	**0,1**	15,7
Interest expense, incurred by	**260,3**	240,1	**98,7**	138,4	**359,0**	378,5	**0,1**	15,7
Textainer	**260,2**	224,0	**–**	–	**260,2**	224,0	**–**	–
TrenStar	**–**	–	**98,7**	138,4	**98,7**	138,4	**–**	–
Other group companies	**0,1**	16,1	**–**	–	**0,1**	16,1	**0,1**	15,7
Loss/(Gain) on derivative financial instruments	**35,6**	(15,4)	**4,1**	(0,2)	**39,7**	(15,6)	**–**	–
Finance income – interest income, earned from	**(48,2)**	(29,7)	**(3,9)**	(7,2)	**(52,1)**	(36,9)	**(9,8)**	(16,8)
Subsidiary	**–**	–	**–**	–	**–**	–	**(9,8)**	(16,7)
Cash and cash equivalents	**(46,9)**	(29,2)	**(3,9)**	(7,2)	**(50,8)**	(36,4)	**–**	–
Other	**(1,3)**	(0,5)	**–**	–	**(1,3)**	(0,5)	**–**	(0,1)
	247,7	195,0	**98,9**	131,0	**346,6**	326,0	**(9,7)**	(1,1)

note 27

Exceptional items

	2007 Rm	2006 Rm	**2007 Rm**	2006 Rm	**2007 Rm**	2006 Rm	**2007 Rm**	2006 Rm
Impairment of goodwill	**–**	–	**–**	(33,9)	**–**	(33,9)	**–**	–
Net gain/(loss) on dilution of investment in subsidiaries	**197,3**	(5,1)	**–**	–	**197,3**	(5,1)	**–**	–
Premium paid on shares repurchased by a subsidiary	**–**	(0,6)	**–**	–	**–**	(0,6)	**–**	–
Profit on sale of unlisted investment	**–**	2,7	**–**	–	**–**	2,7	**–**	–
	197,3	(3,0)	**–**	(33,9)	**197,3**	(36,9)	**–**	–

note 28

Income tax expense/(credit)

	2007 Rm	2006 Rm	**2007 Rm**	2006 Rm	**2007 Rm**	2006 Rm	**2007 Rm**	2006 Rm
South African normal	**33,7**	25,8	**–**	–	**33,7**	25,8	**2,4**	0,5
Current	**33,7**	27,1	**–**	–	**33,7**	27,1	**2,4**	0,5
Adjustment in respect of prior year	**–**	(1,3)	**–**	–	**–**	(1,3)	**–**	–
Foreign normal – current	**25,0**	27,1	**–**	–	**25,0**	27,1	**–**	–
Secondary tax on companies	**12,4**	6,0	**–**	–	**12,4**	6,0	**12,4**	6,0
Associated tax credit – current year	**(4,3)**	(5,0)	**–**	–	**(4,3)**	(5,0)	**–**	–
Associated tax credit – prior year	**(6,0)**	–	**–**	–	**(6,0)**	–	**(1,4)**	–
South African deferred – origination and reversal of temporary differences	**(9,8)**	44,2	**4,9**	1,5	**(4,9)**	45,7	**(0,1)**	(0,1)
Foreign deferred – origination and reversal of temporary differences	**22,4**	(0,3)	**(83,3)**	0,3	**(60,9)**	–	**–**	–
	73,4	97,8	**(78,4)**	1,8	**(5,0)**	99,6	**13,3**	6,4

The effective tax rate is reconciled as follows :	**%**	%	**%**	%
Statutory tax rate	**29,0**	29,0	**29,0**	29,0
Non-taxable income	**–**	(0,9)	**–**	(32,5)
Non-tax paying entities	**(0,5)**	(0,2)	**–**	–
Non-deductible expenses	**0,4**	3,7	**76,7**	3,9
Foreign differential	**(14,3)**	(20,3)		–
Adjustment in respect of prior year	**(0,6)**	(0,3)	**(63,1)**	–
Current year losses for which no deferred tax asset was recognised	**–**	3,4	**–**	–
Recognition of previously unrecognised tax losses	**(9,8)**	(0,2)	**–**	–
Secondary tax on companies	**1,3**	1,0	**578,0**	5,5
Exceptional items	**(6,0)**	1,5	**–**	–
Effective tax rate	**(0,5)**	16,7	**620,6**	5,9

note 28

Income tax expense (continued)

28.1 Certain group companies are not subject to tax in their country of incorporation. However, these companies are subject to tax in certain other jurisdictions due to the nature of their operations.The group estimates the tax liability based upon its interpretation of the tax laws of the various countries in which it operates. Current and deferred income taxes reflect temporary differences attributable to various jurisdictions at the appropriate statutory rates.

28.2 Certain group companies participate in export partnerships. As these companies were liable to the partnerships for the tax effect in the first year of their participation, the amount thereof was disclosed as an associated tax charge. In subsequent years the partnerships become liable to the companies for the tax arising as the underlying receivables are collected. The amount thereof is disclosed as an associated tax credit.

note 29

Discontinued operations

During the year under review the group resolved to exit its mobile asset ownership and management businesses in line with the strategy to focus on its core marine container businesses. Management committed to a plan to exit the UK/Europe keg businesses in March 2007 and disposed of the businesses by 31 December 2007. In terms of IFRS, TrenStar Inc ceased charging depreciation (which would have amounted to R69,5 million) on its UK beer keg fleet from 30 March 2007, the date the group resolved to exit this business. In December 2007 management further committed to a plan to exit the remainder of the US and SA businesses. Comparative information for the income statement and cash flow statement has been re-presented to show the discontinued operations separately from continuing operations. These operations were previously reported in the mobile asset management segment.

In addition, discontinued operations include transactions relating to the plant and equipment of the tank container manufacturing business, which was discontinued during 2003. During the year the carrying value of the plant and equipment, which is carried at fair value less costs to sell, was remeasured following the conclusion of a sale of the said plant and equipment to be executed during 2008. As a result, R16,1 million of the impairment loss raised in 2006 has been reversed. The operations of the tank factory were previously recorded in the container manufacturing segment.

The results of the discontinued operations are set out in the income statement.

Further details relating to operating results, remeasurements and the loss on disposal of businesses are as follows:

	Group		Company	
	2007 Rm	2006 Rm	**2007 Rm**	2006 Rm
Results from operations (before items listed below):				
Profit/(Loss) before tax	**64,6**	(94,4)	**–**	–
Income tax credit/(expense)	**73,5**	(7,2)	**–**	–
Results from operating activities net of income tax	**138,1**	(101,6)	**–**	–
Impairment of goodwill	**–**	(33,9)	**–**	–
Impairment reversal/(loss) on remeasurement of plant and equipment	**16,1**	(18,8)	**–**	–
Income tax (expense)/credit on impairment loss/reversal	**(4,7)**	5,4	**–**	–
Loss on disposal of discontinued operations	**(26,5)**	–	**–**	–
Income tax credit on loss on disposal of discontinued operation	**9,6**	–	**–**	–
Profit/(Loss) for the year	**132,6**	(148,9)	**–**	–
Total assets	**676,4**	5,0	**–**	–
Total liabilities	**396,9**	7,6	**–**	–
Cash flow information:			**–**	–
Cash generated from/(utilised by) activities	**20,2**	252,8	**–**	–
Cash flows from investing activities	**111,4**	(786,3)	**–**	–
Cash flows from financing activities	**(208,6)**	523,4	**–**	–

In terms of settlement agreements reached with financiers of the UK keg asset businesses, certain keg assets amounting to R2 053,5 million, related debt finance amounting to R2 107,6 million and service agreements were ceded or novated to the financiers or other asset management companies during the year resulting in no cash flow on settlement.

note 30

Assets classified as held for sale

The TrenStar businesses and the tank manufacturing factory plant and equipment are presented as a disposal group held for sale for the reasons described in note 29. Efforts to sell the disposal group have resulted in sales of the businesses (refer note 41) and plant and equipment which are expected to be concluded during 2008. At 31 December 2007 the disposal group comprised assets of R676,4 million less liabilities of R396,9 million.

An impairment reversal of R16,1 million (2006: impairment loss of R18,8 million) on the remeasurement of the the tank manufacturing factory plant and equipment to the lower of its carrying amount and its fair value less costs to sell has been recognised in discontinued operations, refer note 29.

	Group		Company	
	2007 Rm	2006 Rm	**2007 Rm**	2006 Rm
Assets classified as held for sale:				
Property, plant and equipment	**485,7**	5,0	**–**	–
Intangible assets	**1,0**	–	**–**	–
Investments	**26,1**	–	**–**	–
Deferred tax asset	**71,2**	–	**–**	–
Restricted cash	**0,9**	–	**–**	–
Inventories	**2,9**	–	**–**	–
Trade and other receivables	**37,8**	–	**–**	–
Cash and cash equivalents	**50,8**	–	**–**	–
	676,4	5,0	**–**	–
Liabilities classified as held for sale:				
Interest-bearing borrowings	**307,9**	–	**–**	–
Derivative financial instruments	**6,5**	–	**–**	–
Deferred income	**1,5**	–	**–**	–
Trade and other payables	**75,3**	–	**–**	–
Provisions	**5,7**	–	**–**	–
	396,9	–	**–**	–

note 31

Earnings per share

Basic earnings per share

	Group 2007	Group 2006	Company 2007	Company 2006
Profit for the year attributable to equity holders of the company				
From continuing operations	**565,8**	410,8	**–**	–
From discontinued operations	**94,1**	(91,4)	**–**	–
	659,9	319,4	**–**	–
Weighted average number of shares in issue (million)	**187,2**	156,5	**–**	–
Issued ordinary shares at 1 January (million)	**158,4**	155,6	**–**	–
Effect of shares issued during the year (million)	**28,8**	0,9	**–**	–
Basic earnings/(loss) per share (cents)				
Entity as a whole	**352,5**	204,1	**–**	–
Continuing operations	**302,2**	262,5	**–**	–
Discontinued operations	**50,3**	(58,4)	**–**	–
Diluted earnings per share				
Profit for the year attributable to equity holders of the company	**659,9**	319,4	**–**	–
Effect of dilutive potential ordinary shares:				
After tax effect of interest on convertible debentures	**–**	11,1	**–**	–
Profit for the year attributable to equity holders of the company (diluted)	**659,9**	330,5	**–**	–
Weighted average number of ordinary shares (million) (diluted)	**187,6**	187,1	**–**	–
Weighted average number of shares basic earnings per share (million)	**187,2**	156,5	**–**	–
Effect of conversion of convertible debentures (million)	**–**	28,6	**–**	–
Effect of share options on issue (million)	**0,4**	2,0	**–**	–
Diluted earnings/(loss) per share (cents)				
Entity as a whole	**351,8**	176,6	**–**	–
Continuing operations	**301,6**	225,5	**–**	–
Discontinued operations	**50,2**	(48,9)	**–**	–

The dilution arises as a result of the potential exercise of the outstanding share options (2006 potential exercise of the outstanding share options and the conversion of the debentures referred to in note 20).

note 31

Earnings per share (continued)

	Group 2007 Gross Rm	Group 2007 Net Rm	Group 2006 Gross Rm	Group 2006 Net Rm
Headline earnings per share				
Undiluted				
Profit for the year attributable to equity holders of the company		**659,9**		319,4
Adjustments relating to continuing operations				
Net (gain)/loss on dilution of investment in subsidiaries	**(197,3)**	**(197,3)**	5,1	5,1
Net profit on disposal of investment	**–**	–	(2,7)	(2,7)
Impairment of plant and equipment	**4,0**	**1,9**	1,2	0,6
Net profit on sale of plant and equipment	**(127,7)**	**(64,4)**	(64,7)	(32,4)
Adjustments relating to discontinued operations[1]				
Impairment of goodwill	**–**	**–**	33,9	33,9
Loss on disposal of intangible asset	**–**	**–**	2,6	2,6
Impairment of plant and equipment	**–**	**–**	61,4	35,5
Net profit on sale of plant and equipment	**–**	**–**	8,2	4,6
Net (gain)/loss on remeasurement to fair value less costs to sell	**10,4**	**(1,6)**	18,8	13,4
Headline earnings attributable to equity holders of the company		**398,5**		380,0
Weighted average number of shares in issue (million)		**187,2**		156,5
Headline earnings per share (cents)		**212,9**		242,8
Diluted				
Headline earnings attributable to equity holders of the company		**398,5**		380,0
Effect of dilutive potential ordinary shares:				
After tax effect of interest on convertible debentures	**–**	**–**	15,6	11,1
Diluted headline earnings attributable to equity holders of the company		**398,5**		391,1
Weighted average number of ordinary shares (million) (diluted)		**187,6**		187,1
Diluted headline earnings per share (cents)		**212,4**		209,0

[1] The headline earnings adjustments relating to the carrying values of the assets and liabilities of the UK beer keg businesses, and the plant and equipment of the tank container manufacturing business have been included in net (gain)/loss on remeasurement to fair value less costs to sell.

Adjusted headline earnings per share

Circular 08/07 issued by The South African Institute of Chartered Accountants requires that profits and losses on the sale of property, plant and equipment be excluded from the calculation of headline earnings. The directors consider that, given the nature of Textainer's business model, this treatment of profits and losses on sales of containers from its container fleet is not appropriate for a proper understanding of the results of the group. Furthermore the effect of unrealised gains and losses on translation of the long-term receivables and the related fair value adjustment is excluded from adjusted headline earnings.

Adjusted headline earnings may also include such other adjustments that, in the opinion of the board, are necessary to properly represent adjusted headline earnings.

	2007 Gross Rm	2007 Net Rm	2006 Gross Rm	2006 Net Rm
Headline earnings attributable to equity holders of the company		**398,5**		380,0
Add/(Deduct):				
Net profit on sale of containers	**127,7**	**64,4**	64,7	32,4
Net loss/(gain) on translation of long-term receivables	**28,5**	**20,6**	(135,4)	(95,8)
		483,5		316,6
Other adjustments:				
TrenStar Inc depreciation adjustment	**(69,5)**	**(40,3)**	–	–
TrenStar Inc deferred tax adjustment	**(73,3)**	**(42,5)**	–	–
Adjusted headline earnings attributable to equity holders of the company		**400,7**		316,6
Adjusted headline earnings per share (cents)		**214,0**		202,3
Diluted adjusted headline earnings per share (cents)		**213,6**		175,2

note 32

Note to the cash flow statements

	Group		Company	
	2007 Rm	2006 Rm	**2007 Rm**	2006 Rm
Reconciliation of profit before tax to cash generated from/(utilised by) operations:				
Profit before tax	**954,9**	594,4	**2,1**	108,4
Continuing operations	**900,7**	741,5	**2,1**	108,4
Discontinued operations	**54,2**	(147,1)	**–**	–
Adjusted for:				
Interest expense	**398,7**	362,9	**0,1**	15,7
Investment income	**(52,1)**	(36,9)	**(9,8)**	(16,8)
Fair value adjustment on embedded derivative	**(8,6)**	–	**–**	–
Share of profit of associate	**–**	(0,6)	**–**	–
Unrealised foreign exchange losses/(gains)	**51,6**	(206,6)	**–**	–
Net (decrease)/increase in fair value adjustment in respect of net investment in long-term receivables	**(80,7)**	8,3	**–**	–
Other non-cash flow adjustments to the net investment in long-term receivables	**(41,3)**	(56,6)	**–**	–
Depreciation	**400,1**	521,5	**–**	–
Net profit on sale of property, plant and equipment	**(73,6)**	(56,6)	**–**	–
Exceptional items	**(197,3)**	36,9	**–**	–
Impairment losses, net of reversals	**(3,8)**	63,5	**0,5**	9,0
Continuing operations	**9,9**	2,0	**0,5**	9,0
Discontinued operations	**(13,7)**	61,5	**–**	–
Loss on disposal of intangible asset	**9,8**	2,6	**–**	–
Share-based payments	**11,4**	15,5	**–**	–
Amortisation of intangible assets	**26,8**	10,2	**–**	–
Deferred income	**(51,1)**	19,8	**–**	–
Operating profit/(loss) before working capital changes	**1 344,8**	1 278,3	**(7,1)**	116,3
Working capital changes	**(65,8)**	148,4	**(0,2)**	0,7
Decrease in inventories	**1,7**	0,3	**–**	–
Decrease in trade and other receivables	**32,1**	49,0	**–**	1,2
(Decrease)/Increase in trade and other payables	**(99,6)**	99,1	**(0,2)**	(0,5)
Cash generated from/(utilised by) operations	**1 279,0**	1 426,7	**(7,3)**	117,0

note 33 Operating lease commitments

	Group		Company	
	2007 Rm	2006 Rm	**2007 Rm**	2006 Rm
Leases as lessee				
Non-cancellable operating lease rentals are payable as follows:				
Within one year	**11,3**	19,3	**–**	–
Between one and five years	**31,3**	55,8	**–**	–
After five years	**–**	1,6	**–**	–
	42,6	76,7	**–**	–

The group leases a number of office premises under operating leases. The leases typically run for a period of five to six years, with an option to renew the lease upon expiration. None of the leases include contingent rentals.

note 34 Capital commitments

	Group		Company	
	2007 Rm	2006 Rm	**2007 Rm**	2006 Rm
For container leasing equipment authorised by the board:				
Contracted	**157,2**	280,1	**–**	–

This expenditure will be financed from operating cash flows and existing facilities.

note 35 Contingent liabilities, guarantees and other commitments

35.1 On 18 April 2005, the Public Limited Partnerships in the USA sold substantially all of their assets. As part of this sale, the purchaser engaged Textainer, one of the general partners, to continue to manage the containers acquired by it. Five lawsuits were filed between March 2005 and June 2007 in state and federal court, initiated by certain limited partners. The state cases have been consolidated into one action. The limited partners in the state and federal actions allege that Textainer breached its fiduciary duty by selling the assets for less than their fair value and by retaining management rights over the assets following the sale. In the federal case, plaintiffs also allege that the Company violated federal securities laws because proxy statements issued in connection with the sale of assets were allegedly materially false or misleading. The lawsuits seek to recover damages for the limited partners based on the allegedly inadequate purchase price paid for the assets. On 10 January 2007, the federal case was dismissed, with prejudice, and has since been timely appealed. In the state case, merits discovery has been completed and expert discovery currently is under way. While it is not possible to predict or determine the outcome of these lawsuits, Textainer believes that these lawsuits are without merit. Textainer intends to vigorously defend against the lawsuits. In addition, Textainer has insurance coverage of up to US$15,0 million under its general insurance policy for these types of claims.

35.2 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 2007 was R2,8 million (2006: R5,8 million).

35.3 The company has warranted the performance and obligations of certain subsidiary companies in terms of a number of partnership agreements entered into with third parties. The partnerships were established for the purposes of purchasing and selling marine cargo containers. At 31 December 2007, 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 R458,8 million (2006: R484,1 million) (refer note 10).

35.4 The company has guaranteed the overdraft facility of a subsidiary company. The actual utilisation of the facility at 31 December 2007 and 2006 was nil.

35.5 Textainer has entered into various agreements with third parties for the purchase of containers for resale which expire in March 2009 amounting to R116,5 million (2006: R30,4 million). The amount outstanding under these agreements at 31 December 2007 was R60,3 million (2006: R30,4 million).

note 36

Employee benefits

36.1 Share-based payments

Trencor and Textainer have share option plans for certain employees, including executive directors, to purchase shares in terms of the rules of the respective plans.

	Trencor	Textainer
Total number of shares authorised under share option plans at 31 December 2006	15 284 209	3 100 000
Shares options granted in prior years, net of forfeitures	(6 400 000)	(3 100 000)
Additional shares authorised during 2007	**–**	**3 808 371**
Shares options granted in 2007	**–**	**(1 052 618)**
Total number of shares available for utilisation under the Plans at 31 December 2007	**8 884 209**	**2 755 753**

Summary of activity in share option plans:

Trencor

Options granted to employees effective 30 June 2001 who were in employment for less than 5 years at grant date, vest over a total period of 6 years from the option grant date. Those issued to employees in employment for more than 5 years at grant date vest over a total period of 3 years.

	% of grant	
	Employment less than 5 years	Employment more than 5 years
Options granted vesting after 1 year		25
after 2 years		25
after 3 years	25	50
after 4 years	25	
after 5 years	25	
after 6 years	25	
	100	100

The right to exercise certain of the 400 000 options granted to certain directors on 11 June 2004 is subject to certain performance criteria being met. These options vest as follows: 100 000 on each of the third, fourth, fifth and sixth anniversaries of the grant date. All options lapse after a period of 8 years after the grant date.

	Number of options			Weighted average	
	Unvested	Vested	Total	Exercise price R	Expiration year
Outstanding at 31 December 2005	712 500	2 689 768	3 402 268	6,06	2009
Forfeited	(17 500)	–	(17 500)	5,25	2009
Exercised	–	(2 564 518)	(2 564 518)	5,25	2009
Vested	(151 250)	151 250	–	5,25	2009
Outstanding at 31 December 2006	543 750	276 500	820 250	8,59	2010
Exercised	**–**	**(247 250)**	**(247 250)**	**5,25**	**2009**
Vested	**(193 750)**	**193 750**	**–**	**7,02**	**2009**
Outstanding at 31 December 2007	**350 000**	**223 000**	**573 000**	**10,03**	**2011**

The weighted average share price at date of exercise was R34,77 per share (2006: R27,66 per share).

note 36

Employee benefits (continued)

36.1 Share-based payments (continued)

The fair value of the share options at grant date is determined based on the Actuarial Binomial Model. The model inputs were as follows:

	Grant date 11 June 2004
Number of options granted	400 000
Fair value at measurement date (R)	7,67
Share price at grant date (R)	12,10
Expected life option time (years)	5 – 7
Volatility %	50,5 – 52,8
Dividend yield %	0,0
Risk free % rate (based on national government bonds)	10,0 – 10,1

In determining share price volatility, consideration has been given to historic volatility as well as the expected option lifetime.

Textainer

Textainer has granted stock options through six stock option plans, the 1994 Plan, the 1996 Plan, the 1997 Plan, the 1998 Plan, the 2001 Plan and the 2007 Plan, to certain employees to purchase shares of its common stock. There are no performance criteria attached to the option plan. All options lapse after a period of 10 years from date of grant. The options vest over a total period of 4 years (2007 Plan), and 5 years for previous Plans, from the option grant date as detailed below:

	% of grant	
	Plans prior to 2007 Plan	2007 Plan
Options granted vesting after 1 year	20	25
after 2 years	20	25
after 3 years	20	25
after 4 years	20	25
after 5 years	20	
	100	100

	Number of options			Weighted average	
	Unvested	Vested	Total	Exercise price US$	Expiration year
Outstanding at 31 December 2005	150 000	410 000	560 000	2,63	2010
Exercised	–	(230 000)	(230 000)	2,59	2010
Vested	(150 000)	150 000	–	2,81	2011
Outstanding at 31 December 2006	–	330 000	330 000	2,66	2010
Granted	**1 052 618**	**–**	**1 052 618**	**16,50**	**2017**
Exercised	**–**	**(330 000)**	**(330 000)**	**2,66**	**2010**
Forfeited	**(7 884)**	**–**	**(7 884)**	**16,50**	**2017**
Outstanding at 31 December 2007	**1 044 734**	**–**	**1 044 734**	**16,50**	**2017**

note 36

Employee benefits (continued)

36.1 **Share-based payments (continued)**

All options except those under the 2007 and 2001 Plan vested prior to 2004. The fair value of each share granted under the 2007 Plan was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	Options granted 9 October 2007
Number of options granted	1 052 618
Fair value at measurement date (US$)	3,62
Share price at grant date (US$)	16,50
Expected life option time (years)	6,40
Volatility %	31,30
Dividend yield %	4,90
Risk free % rate (based on US Treasury bonds)	4,5

In determining share price volatility, consideration has been given to the historic volatility of publicly traded companies within Textainer's industry.

Prior to Textainer's Initial Public Offering ('IPO') in October 2007, Textainer had an obligation to repurchase the shares from employees who had exercised their options. Subsequent to the IPO Textainer no longer has the obligation to repurchase the shares from the employees. As a result, the related Plans have been reclassified from cash-settled to equity-settled. The liability in respect of this obligation which was previously measured at the book value of the put option, being the redemption value should all employees who have previously exercised their options elect to put the shares back to Textainer, was transferred to the Equity Compensation Reserve in equity at the date of the IPO.

TrenStar Inc

The TrenStar share option plan was cancelled on 17 December 2007 and all options were forfeited.

	Number of options			Weighted average	
	Unvested	Vested	Total	Exercise price US$	Expiration year
Outstanding at 31 December 2005	175 702	416 198	591 900	4,47	2012
Granted	322 000	–	322 000	4,67	2014
Forfeited	(34 950)	(198 700)	(233 650)	4,37	2011
Vested	(189 828)	189 828	–	4,56	2011
Outstanding at 31 December 2006	272 924	407 326	680 250	4,60	2012
Forfeited	**(272 924)**	**(407 326)**	**(680 250)**	**4,60**	**2012**
Outstanding at 31 December 2007	**–**	**–**	**–**	**–**	**–**

36.2 **The amount included in staff costs in respect of share-based payments are:**

	Group		Company	
	2007 Rm	2006 Rm	**2007 Rm**	2006 Rm
Equity-settled	**7,1**	(0,6)	**–**	–
Cash-settled	**4,3**	14,2	**–**	–
	11,4	13,6	**–**	–

36.3 **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.

At 31 December 2007 the fund had 158 members (2006: 152 members) whose aggregate share of the fund amounted to R59,2 million (2006: R59,1 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 defined liability in respect of pensioners.

note 37

Financial instruments and risk management

37.1 Categories of financial assets and liabilities

The carrying amounts of each category of financial assets and liabilities are as follows:

	Group						
	Designated at fair value through profit or loss Rm	Held for trading Rm	Available for sale Rm	Loans and receivables Rm	Other liabilities at amortised cost Rm	Other Rm	Total carrying amount Rm
2007							
Financial assets							
Investments			**106,4**				**106,4**
Long-term loans				**3,1**			**3,1**
Long-term receivables	**1 113,3**						**1 113,3**
Net investment in finance leases						**331,1**	**331,1**
Derivative financial instruments		**0,9**					**0,9**
Restricted cash				**113,5**			**113,5**
Trade and other receivables	**138,6**			**316,6**		**62,7**	**517,9**
Cash and cash equivalents				**757,4**			**757,4**
	1 251,9	**0,9**	**106,4**	**1 190,6**	**–**	**393,8**	**2 943,6**
Financial liabilities							
Interest-bearing borrowings					**3 955,2**		**3 955,2**
Amounts attributable to third parties in respect of long-term receivables	**262,7**						**262,7**
Derivative financial instruments		**29,9**					**29,9**
Trade and other payables	**9,3**				**432,7**		**442,0**
Short-term borrowings					**0,1**		**0,1**
	272,0	**29,9**	**–**	**–**	**4 388,0**	**–**	**4 689,9**
2006							
Financial assets							
Investments			114,6				114,6
Long-term loans				8,5			8,5
Long-term receivables	1 267,8						1 267,8
Net investment in finance leases						251,6	251,6
Derivative financial instruments		29,3					29,3
Restricted cash				409,8			409,8
Trade and other receivables	141,2			424,9		43,1	609,2
Cash and cash equivalents				616,1			616,1
	1 409,0	29,3	114,6	1 459,3	–	294,7	3 306,9
Financial liabilities							
Convertible debentures					260,5		260,5
Interest-bearing borrowings					6 479,4		6 479,4
Amounts attributable to third parties in respect of long-term receivables	263,0						263,0
Derivative financial instruments		4,2					4,2
Trade and other payables	8,8				654,3		663,1
Short-term borrowings					0,1		0,1
	271,8	4,2	–	–	7 394,3	–	7 670,3

note 37

Financial instruments and risk management (continued)

37.2 **Overview**

The group's activities expose it to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (including currency risk, interest rate risk and price risk).

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital.

The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group.

The directors have overall responsibility for the establishment and oversight of the group's risk management framework. Risk management is carried out by the executive committee and management at operating levels under policies approved by the directors. The board provides written principles for the overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investing excess liquidity.

The group's risk management policies are established to identify and analyse the risks faced by the group to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk policies and system are reviewed regularly to reflect changes in market conditions and the group's activities.

The group audit committee oversees how management monitors compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group. The group regularly undertakes ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

37.3 **Credit risk**

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

37.3.1 **Credit risk exposure**

The carrying amount of financial assets and guarantees (refer note 35) represents the maximum credit exposure. The maximum exposure to credit risk from financial assets at 31 December was:

	Group		Company	
	2007 Rm	2006 Rm	**2007 Rm**	2006 Rm
Available-for-sale financial assets	**106,4**	114,6	**15,6**	14,1
Financial assets at fair value through profit or loss	**1 251,9**	1 409,0	**–**	–
Net investment in finance leases	**393,8**	294,7	**–**	–
Held for trading financial assets	**0,9**	29,3	**–**	–
Loans and receivables	**433,2**	843,2	**73,5**	182,7
Cash and cash equivalents	**757,4**	616,1	**–**	–
	2 943,6	3 306,9	**89,1**	196,8

The group's credit risk arises principally from the group's long-term receivables, derivative financial instruments (interest rate swap and cap contracts), trade receivables and investment securities.

Available-for-sale financial assets

The most significant investment is the Asian currency basket note which is held with Barclays Bank PLC and has a minimum capital return of 98% of original cost.

Financial assets at fair value through profit or loss

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-collectibility of these receivables and the related effect on the payment to third parties.

The most significant long-term receivable at 31 December 2007 related to TAC Limited totalling R931,2 million (2006: R1 027,8 million). Approximately 79% of the TAC containers measured on a twenty foot equivalent unit basis are managed by Textainer.

note 37

Financial instruments and risk management (continued)

37.3 **Credit risk (continued)**

37.3.1 **Credit risk exposure (continued)**

Net investment in finance receivables

There is no significant concentration of credit risk relating to the net investment in finance receivables.

Held for trading financial assets

With respect to the interest rate swap and cap contracts, the group's exposure to credit risk is determined with reference to 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.

Loans and receivables

Credit risk with respect to trade and other receivables is mitigated due to the diverse customer base. The risk arising on short-term trade and other receivables is also managed through a group policy on the granting of credit limits and continual review and monitoring of these limits.

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	Group		**Company**	
	2007 Rm	2006 Rm	**2007 Rm**	2006 Rm
Container leasing customers	**303,0**	288,6	**–**	–
Mobile asset customers	**–**	113,3	**–**	–
Other	**7,3**	1,9	**–**	–
	310,3	403,8	**–**	–

Cash and cash equivalents

The group's cash equivalents are placed only with financial institutions having acceptable credit ratings.

37.3.2 **Impairment losses**

The group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

	Group					
	Gross[1]	**Gross[2]**	**Total impairment**	Gross[1]	Gross[2]	Total impairment
		2007			2006	
	Rm	**Rm**	**Rm**	Rm	Rm	Rm
The aging of trade receivables at the reporting date was:						
Not past due	**7,8**	**0,2**	**0,2**	32,3	0,8	0,8
Past due 0 – 30 days	**137,1**	**0,5**	**0,5**	173,8	1,0	1,0
Past due 31 – 120 days	**156,4**	**0,9**	**0,9**	157,6	2,3	2,4
Past due 121 – 365 days	**7,9**	**1,1**	**1,2**	40,0	1,1	1,2
More than one year	**2,6**	**17,2**	**18,6**	2,9	11,3	13,9
	311,8	**19,9**	**21,4**	406,6	16,5	19,3

[1] Gross receivables not subject to specific impairment.

[2] Gross receivables subject to specific impairment.

note 37

Financial instruments and risk management (continued)

37.3 **Credit risk (continued)**

37.3.2 **Impairment losses (continued)**

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Group		Company	
	2007 Rm	2006 Rm	**2007 Rm**	2006 Rm
Balance at the beginning of the year	**19,3**	36,9	**–**	–
Impairment loss recognised/(reversed)	**4,2**	(19,4)	**–**	–
Effect of movements in exchange rates	**(0,7)**	1,8	**–**	–
Transfer to assets held for sale	**(1,4)**	–	**–**	–
Balance at the end of the year	**21,4**	19,3	**–**	–

The allowance accounts in respect of trade receivables are used to record impairment losses unless the group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the financial asset directly.

Guarantees

The group's policy is to provide financial guarantees only to wholly-owned subsidiaries (refer note 35).

37.4 **Liquidity risk**

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

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.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Group					
Non-derivative financial liabilities	Carrying amount Rm	Contractual cash flows Rm	One year or less Rm	One to five years Rm	Over five years Rm	Total Rm
2007						
Bond payable	**2 916,5**	**3 448,2**	**526,9**	**1 914,5**	**1 006,8**	**3 448,2**
Debt facility	**892,9**	**1 137,9**	**88,6**	**490,8**	**558,5**	**1 137,9**
Revolving debt facility	**145,8**	**168,8**	**8,8**	**160,0**	**–**	**168,8**
Trade and other payables	**432,7**	**432,7**	**432,7**	**–**	**–**	**432,7**
Short-term borrowings	**0,1**	**0,1**	**0,1**	**–**	**–**	**0,1**
	4 388,0	**5 187,7**	**1 057,1**	**2 565,3**	**1 565,3**	**5 187,7**

note 37

Financial instruments and risk management (continued)

37.4 **Liquidity risk (continued)**

	Group					
	Carrying amount Rm	Contractual cash flows Rm	One year or less Rm	One to five years Rm	Over five years Rm	Total Rm
2006						
Convertible debentures	260,5	260,5	260,5	–	–	260,5
Bond payable	3 407,4	4 217,0	585,8	2 114,6	1 516,6	4 217,0
Debt facility	369,9	507,4	21,2	201,1	285,1	507,4
Bank loans	1 253,9	1 636,7	211,6	734,6	690,5	1 636,7
Senior secured notes	121,8	157,7	13,1	144,6	–	157,7
Shareholders' loans	12,8	16,9	–	16,9	–	16,9
Finance lease liabilities	1 313,6	1 847,8	157,7	635,9	1 054,2	1 847,8
Trade and other payables	654,3	654,3	654,3	–	–	654,3
Short-term borrowings	0,1	0,1	0,1	–	–	0,1
	7 394,3	9 298,4	1 904,3	3 847,7	3 546,4	9 298,4

37.5 **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the executive committee.

37.5.1 Currency risk

The group is exposed to currency risk on sales and purchases and the group's long-term receivables that are denominated in a currency other than the respective functional currencies of group entities, primarily the US dollar and SA rand. The currency in which these transactions are primarily denominated is the US dollar.

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 exposure 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. As at 31 December 2007 the group had no exposure to forward exchange contracts (2006: nil).

note 37

Financial instruments and risk management (continued)

37.5 Market risk (continued)

37.5.1 Currency risk (continued)

The following is an analysis of the group's financial instruments in terms of the currencies in which they are held, expressed in SA rand at 31 December:

Denominated in	SA rand Rm	US$ Rm	Euro Rm	UK£ Rm	Total Rm
2007					
Assets					
Investments	**12,3**	**91,3**	**–**	**2,8**	**106,4**
Long-term loans	**0,2**	**2,9**	**–**	**–**	**3,1**
Long-term receivables	**–**	**1 113,3**	**–**	**–**	**1 113,3**
Net investment in finance leases	**–**	**331,1**	**–**	**–**	**331,1**
Derivative financial instruments	**–**	**0,9**	**–**	**–**	**0,9**
Restricted cash	**–**	**113,5**	**–**	**–**	**113,5**
Trade and other receivables	**3,6**	**514,3**	**–**	**–**	**517,9**
Cash and cash equivalents	**147,1**	**574,6**	**23,4**	**12,3**	**757,4**
	163,2	**2 741,9**	**23,4**	**15,1**	**2 943,6**
Liabilities					
Interest-bearing borrowings	**–**	**3 517,3**	**–**	**–**	**3 517,3**
Amounts attributable to third parties in respect of long-term receivables	**262,7**	**–**	**–**	**–**	**262,7**
Derivative financial instruments	**–**	**29,9**	**–**	**–**	**29,9**
Trade and other payables	**19,5**	**422,4**	**0,1**	**–**	**442,0**
Current portion of interest-bearing borrowings	**–**	**437,9**	**–**	**–**	**437,9**
Short-term borrowings	**0,1**	**–**	**–**	**–**	**0,1**
	282,3	**4 407,5**	**0,1**	**–**	**4 689,9**
2006					
Assets					
Investments	12,3	99,4	–	2,9	114,6
Long-term loans	0,3	8,2	–	–	8,5
Long-term receivables	–	1 267,8	–	–	1 267,8
Net investment in finance leases	–	251,6	–	–	251,6
Derivative financial instruments	–	29,3	–	–	29,3
Restricted cash	–	171,9	6,4	231,5	409,8
Trade and other receivables	20,9	490,5	38,2	59,6	609,2
Cash and cash equivalents	69,8	463,6	3,4	79,3	616,1
	103,3	2 782,3	48,0	373,3	3 306,9

note 37

Financial instruments and risk management (continued)

37.5 **Market risk (continued)**

37.5.1 **Currency risk (continued)**

Denominated in	SA rand Rm	US$ Rm	Euro Rm	UK£ Rm	Total Rm
Liabilities					
Convertible debentures	260,5	–	–	–	260,5
Interest-bearing borrowings	–	3 681,2	169,5	2 008,2	5 858,9
Amounts attributable to third parties in respect of long-term receivables	263,0	–	–	–	263,0
Derivative financial instruments	–	4,2	–	–	4,2
Trade and other payables	37,6	417,9	2,8	204,8	663,1
Current portion of interest-bearing borrowings	–	418,2	47,7	154,6	620,5
Short-term borrowings	0,1	–	–	–	0,1
	561,2	4 521,5	220,0	2 367,6	7 670,3

The following significant exchange rates applied during the year (one foreign unit equals SA rand):

	US$	Euro	UK£
2007 – Year-end rate	6,78	9,97	13,53
2007 – Average rate	7,02	9,62	14,05
2006 – Year-end rate	6,98	9,19	13,69
2006 – Average rate	6,77	8,52	12,50

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 forward, into rand, if it believes that it would enhance the rand receipts to do so.

Sensitivity analysis

The group is exposed to currency risk only on those financial instruments that are denominated in a currency other than the respective functional currencies of group entities, namely the group's long-term receivables. A one per cent weakening of the rand against the US dollar would have increased the group's profit by approximately R8,7 million for the year ended 31 December 2007 (2006: R9,9 million). This analysis assumes that all other variables, in particular interest rates, remain constant. A one per cent strengthening of the rand against the US dollar would have had the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

37.5.2 **Interest rate risk**

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. All of the group's borrowings are denominated in 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 (usually of 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 portion of such variable interest rate loans. Textainer does not apply hedge accounting to the interest rate swaps, notwithstanding that such swaps may be economically effective, it accounts on the basis that the net result of the marked-to-market valuation of these instruments is flowed through profit or loss. This may result in volatility of earnings.

The group is exposed to interest rate risk as it 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.

note 37

Financial instruments and risk management (continued)

37.5 **Market risk (continued)**

37.5.2 **Interest rate risk (continued)**

At 31 December the interest rate profile of the group's interest-bearing financial instruments was:

	Group		Company	
	2007 Rm	2006 Rm	**2007 Rm**	2006 Rm
Fixed rate instruments				
Financial assets	**–**	–	**–**	182,7
Financial liabilities	**–**	(881,9)	**–**	(260,5)
	–	(881,9)	**–**	(77,8)
Variable rate instruments				
Financial assets	**874,0**	1 034,4	**73,5**	–
Financial liabilities	**(3 955,3)**	(5 597,6)	**–**	–
	(3 081,3)	(4 563,2)	**73,5**	–

Fair value sensitivity analysis for fixed rate instruments

The group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. A change of 100 basis points in interest rates on interest rate swap contracts would have increased or decreased profit by R27,1 million (2006: R21,8 million).

Cash flow sensitivity analysis for variable rate instruments

An increase/decrease of 100 basis points in interest rates at the reporting date would have decreased/increased profit or loss by R33,0 million (2006: R34,9 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

37.6 **Fair value sensitivity for net investment in long-term receivables**

The discount rate that is applied to reduce the future long-term dollar receivable stream to its net present value reflects the applicable risk free rate (being the US Treasury Bill rate for the appropriate term) plus an industry specific risk premium (refer note 40). An increase/decrease in the discount rate of 100 basis points would decrease/increase profit by R10,7 million (2006: R14,1 million).

The discount rate that is applied to reduce the future stream of rand amounts attributable to the company's export partners in respect of the long-term receivables to its net present value reflects the applicable risk free rate (being the Bond Exchange of South Africa yield curve for the appropriate term) adjusted for an appropriate risk premium (refer note 40). An increase/decrease in the discount rate of 100 basis points would decrease/increase profit by R3,6 million (2006: R4,2 million).

37.7 **Capital management**

Capital is regarded as total equity. Prior to the conversion of the debentures (refer note 20), the group included the debentures as part of its capital. The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors also determines the level of dividends paid to shareholders, which according to policy guidelines, should be covered about three times by adjusted headline earnings.

The group may purchase its own shares on the market, if the resources of the company are in excess of its requirements or there are other good grounds for doing so. In this regard the directors will take account of, inter alia, an appropriate capitalisation structure for the company, the long-term cash needs, and the interests of the company.

There were no changes in the group's approach to capital management during the year.

Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

Fair values

The fair values of all financial instruments are substantially similar to carrying amounts reflected in the balance sheet, due to the fact that financial assets and liabilities held are either variable rate instruments or are short-term in nature.

note 38

Segment reporting

Business segments

The group has three operating divisions: (1) Container Finance, (2) Container Owning, Leasing, Managing and Reselling and (3) Other Operations. The Mobile Asset Management Services and Container Manufacturing divisions are accounted for as discontinued operations. There are no transactions between segments included in the segment result.

	Container finance		Container owning, leasing, managing and reselling		Mobile asset management services (discontinued)	
	2007 Rm	2006 Rm	**2007 Rm**	2006 Rm	**2007 Rm**	2006 Rm
Revenue						
Revenue from external customers	**(2,5)**	262,3	**1 698,9**	1 465,8	**431,0**	516,3
Goods sold and services rendered	**–**	–	**178,9**	95,7	**22,5**	28,8
Leasing income	**–**	–	**1 350,6**	1 260,5	**408,5**	487,4
Management fees	**–**	–	**169,4**	109,6	**–**	–
Finance income	**43,5**	57,8	**–**	–	**–**	0,1
Realised and unrealised exchange (losses)/gains	**(46,0)**	204,5	**–**	–	**–**	–
Segment result:						
Profit/(Loss) before interest and items reflected below and tax	**69,1**	248,6	**903,4**	720,9	**165,6**	13,3
Net finance costs						
Exceptional items						
Share of profit of associate						
Income tax expense						
Discontinued operations – net loss on disposal						
Profit for the year						
Other information						
Segment assets	**1 251,7**	1 408,8	**7 637,6**	6 553,6	**557,9**	3 154,5
Investment in associate and other investments						
Long-term loans						
Deferred tax						
Current tax asset						
Total assets						
Segment liabilities	**272,4**	272,1	**450,2**	466,3	**75,2**	313,6
Convertible debentures						
Interest-bearing and short-term borrowings						
Deferred tax						
Current tax liability						
Total liabilities						
Supplementary information						
Capital expenditure	**–**	–	**1 650,7**	937,6	**160,2**	737,1
Depreciation and amortisation expense	**–**	–	**360,9**	373,5	**64,8**	156,4
Other significant non-cash income/(expenses)	**(10,3)**	263,2	**111,2**	48,6	**(7,1)**	(29,3)
Net long-term receivable fair value adjustment	**80,7**	(8,3)	**–**	–	**–**	–
Impairment (losses)/reversals	**–**	–	**(9,9)**	(2,1)	**(2,4)**	(62,0)

Other (including corporate overheads)		Container manufacturing (discontinued)		Consolidated	
2007 Rm	2006 Rm	**2007 Rm**	2006 Rm	**2007 Rm**	2006 Rm
1,5	1,5	**–**	–	**2 128,9**	2 245,9
–	–	**–**	–	**201,4**	124,5
1,5	1,5	**–**	–	**1 760,6**	1 749,4
–	–	**–**	–	**169,4**	109,6
–	–	**–**	–	**43,5**	57,9
–	–	**–**	–	**(46,0)**	204,5
(21,4)	(30,6)	**(2,1)**	4,5	**1 114,6**	956,7
				(346,6)	(326,0)
				197,3	(36,9)
				–	0,6
				5,0	(99,6)
				(10,4)	–
				959,9	494,8
308,3	226,1	**21,2**	5,0	**9 776,7**	11 348,0
				132,5	114,6
				3,1	8,5
				178,0	104,5
				–	13,1
				10 090,3	11 588,7
12,0	19,2	**13,8**	6,0	**823,6**	1 077,2
				–	260,5
				4 236,6	6 426,9
				330,3	308,3
				85,3	79,2
				5 475,8	8 152,1
0,2	–	**–**	23,8	**1 811,1**	1 698,5
1,2	1,8	**–**	–	**426,9**	531,7
8,0	(0,7)	**–**	4,3	**101,8**	286,1
–	–	**–**	–	**80,7**	(8,3)
–	–	**16,1**	0,6	**3,8**	(63,5)

note 39 Related parties

39.1 **Identity of related parties**

The group has a related party relationship with its subsidiaries (refer directors' report), its associate and with key management personnel, including its directors and executive officers.

39.2 **Intra-group transactions and balances**

Amounts due by subsidiaries (refer note 8).

Interest received from subsidiary (refer notes 8 and 26).

Guarantee fee received from subsidiary (refer note 8).

39.3 **Transactions with key management personnel**

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 have been concluded with these companies since March 1999.

Prior to the appointment of Mr H R van der Merwe as a director, 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. R1,3 million has been received by way of a partial redemption. The balance of R1,3 million is included in trade and other receivables. Mr H R van der Merwe has provided a put option 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.

Certain non-executive directors 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.

For directors' interests in share capital of the company refer to the corporate governance section of the annual report.

The key management personnel compensations included in staff costs are as follows:

	Group		Company	
	2007 Rm	2006 Rm	**2007 Rm**	2006 Rm
Short-term employee benefits	**23,1**	23,4	**0,7**	0,9
Retirement benefit contributions	**0,5**	0,4	**–**	–
Equity compensation benefits	**3,1**	1,2	**–**	–
	26,7	25,0	**0,7**	0,9
Paid to				
Directors	**11,3**	10,5	**0,7**	0,9
Executive officers	**15,4**	14,5	**–**	–
	26,7	25,0	**0,7**	0,9

note 40 Accounting estimates and judgements

Management determines the development, selection and disclosure of the group's critical accounting policies and estimates and the application of these policies and estimates. Certain critical judgements in applying the group's accounting policies are described below:

40.1 **Long-term receivables**

40.1.1 **Discount rate**

US dollar cash streams

The discount rate that is applied to reduce the future long-term dollar receivable stream to its net present value is determined by the board from time to time and reflects the applicable risk free rate (being the US Treasury Bill rate for the appropriate term) plus an industry specific risk premium. In determining the amount of the specific risk premium to be applied, the board takes cognisance of the then prevailing market conditions.

Rand cash streams

The discount rate that is applied to reduce the future stream of rand amounts attributable to the company's export partners in respect of the long-term receivables to its net present value is determined by the board from time to time and reflects the applicable risk free rate (being the Bond Exchange of South Africa yield curve for the appropriate term) adjusted for an appropriate risk premium.

note 40 Accounting estimates and judgements (continued)

40.1.2 **Fair value adjustment**

In calculating the amount of the fair value adjustment to the value of the net investment in long-term receivables that arose from the sale of marine cargo containers, mainly through export partnerships, management considers both the collectibility and the timing of the receipt of future instalments.

Forecasts of anticipated cash collections assist management in determining the necessity for and the amount of any fair value adjustment that may be required. These forecasts are based on estimates and judgements by management of, inter alia, the following variables for the remaining economic lives of the containers:

- New container prices
- Estimated economic life of containers
- Resale prices of containers
- Container lease rates
- Container fleet utilisations
- Prevailing interest rates
- Past payment history

Management is able to draw on the considerable industry knowledge and experience of Textainer's management in testing the validity and appropriateness of these assumptions.

40.2 **Residual values**

40.2.1 **Marine cargo containers**

Marine cargo containers are depreciated over their estimated useful lives to their estimated residual values. The estimated useful life of new containers that are purchased for the leasing fleet is twelve years, based on historical data gathered over a number of years. The estimated residual values vary according to the type of container and are determined with reference to expected proceeds on disposal.

40.2.2 **Kegs**

Kegs are depreciated over their estimated useful lives to their estimated residual values. The estimated residual values vary according to the type of keg and are based on actual residual values realised on disposal and independent valuations.

40.3 **Deferred tax assets**

A net deferred tax asset of approximately R100,6 million (2006: R135,8 million) has not been recognised with regards to TrenStar Inc and TrenStar SA (Pty) Ltd because these companies are not expected to generate sufficient taxable income for the foreseeable future to ensure that this deferred tax asset is recoverable (refer note 41).

note 41 Subsequent events

On 29 February 2008 TrenStar Inc concluded the sale effective 31 December 2007 of its three operating subsidiaries active in North America in the leasing and management of kegs and other types of metal cages and bins used in the beer, synthetic rubber and food industries. The provisional consideration is US$72 million, of which US$5 million will be placed in escrow for certain periods pending the outcome of warranties given in the sale. An additional payment of up to US$5 million may also be made to TrenStar Inc subject to the sold entities achieving certain revenue and EBITDA (earnings before interest, tax, depreciation and amortisation) targets during 2008 and 2009.

Out of this purchase consideration, all bank debt in the sold subsidiaries as well as at TrenStar Inc (head office) level were repaid, leaving the TrenStar Inc group free of bank debt and with net cash of approximately US$5 million after providing for all costs associated with the sale. If in due course the above amounts in escrow and those subject to achieving the revenue and EBITDA targets are received, this net cash figure will increase to US$15 million.

On 28 March 2008 it was resolved that the interests in TrenStar SA (Pty) Ltd be sold effective 31 December 2007 for a net consideration of R75 million, which included repayment of Trencor's current shareholder loan account of R72 million.

In view of the held for sale status of the assets and liabilities of the TrenStar companies, they have been treated for accounting purposes as discontinued operations. The effects of the above transactions do not impact the results of Trencor's continuing operations and headline earnings.

note 42 Accounting standards and interpretations in issue but not yet effective

A number of new standards, amendments to standards and interpretations are relevant to the group and are not yet effective for the year ended 31 December 2007, and have not yet been applied in preparing these financial statements:

- IFRS 8 *Operating Segments* requires an entity to adopt the 'management approach' when reporting on the financial performance of its operating segments. Generally, the segment reporting would be based on the information that management uses internally for evaluating segment performance and when deciding how to allocate resources to operating segments. Such information may be different from what is used to prepare the income statement and balance sheet. IFRS therefore requires explanations of the basis on which the segment information is prepared and reconciliations to the amounts recognised in the income statement and balance sheet. IFRS 8 will become mandatory for the group's 2009 financial statements. The adoption of IFRS 8 will not significantly affect the group's segmental disclosure.
- Revised IAS 1 *Presentation of Financial Statements* requires all non-owner changes in equity to be presented in a single statement of comprehensive income (which will include the current income statement) and owner changes in equity in the statement of changes in equity. Reclassification adjustments and income tax relating to each component of other comprehensive income will be disclosed on the face of the statement of comprehensive income. These new requirements will be effective for the financial statements of the group for the year ending 31 December 2009.
- The revised IFRS 3 *Business Combinations* (effective for the group for the year ending 31 December 2010) has introduced various terminology and scope changes and applies to all new business combinations that occur after 1 January 2010. For these future business combinations, the group will change its accounting policies to be in line with the revised IFRS 3. In future all transaction costs will be expensed and contingent purchase consideration will be recognised at fair value at acquisition date. For successive share purchases, any gain or loss for the difference between the fair value and the carrying amount of the previously held equity interest in the acquiree will be recognised in profit or loss.
- Consequential amendments have been made to IAS 27 *Consolidated and Separate Financial Statements* as a result of the issue of the revised IFRS 3 and relate mainly to the accounting for changes in the non-controlling (minority) interest in a subsidiary and the loss of control in a subsidiary:
  - Acquisitions of additional non-controlling equity interests after a business combination are accounted for as equity transactions. Disposals of equity interests while retaining control are accounted for as equity transactions. This differs from the current accounting policy of the group.
  - Transactions giving rise to a loss of control, through sale or otherwise, will result in a gain or loss being recognised in profit or loss. The gain or loss includes a remeasurement to fair value of any retained equity interest in the investee.

  The amendments to IAS 27 also require that losses (including negative 'other comprehensive income' as detailed in the revised IAS 1) have to be allocated to the non-controlling interest even if doing so causes the non-controlling interest to be in a deficit position. These amendments have to be applied prospectively.

  These requirements will be effective for the group for the year ending 31 December 2010.

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 (Pty) Ltd
70 Marshall Street, Johannesburg 2001
PO Box 61051 Marshalltown 2107
Tel 011 370 5000 Fax 011 688 7721
Call centre 0861 100 950 (within RSA)
or +27 11 370 5000 (outside RSA)
http://www.computershare.com
Auditors
KPMG Inc
MSC House
1 Mediterranean Street
Foreshore Cape Town 8001
PO Box 4609 Cape Town 8000

Attorneys
Edward Nathan Sonnenbergs
Sponsors
Rand Merchant Bank (A division of FirstRand Bank Ltd)
Industry classification benchmark (ICB)
Industry: Industrial
Supersector: Industrial goods & services
Sector: Industrial transportation
Subsector: Transportation services
Market name
Trencor
JSE share code
TRE
ISIN
ZAE000007506

analysis of shareholders at 28 December 2007

	Number of holders	% of holders	Number of shares	% interest
Mobile Industries	1	0,1	86 695 758	46,3
Mutual funds	120	9,2	55 363 476	29,5
Banks and insurance companies	40	3,1	23 431 939	12,5
Retirement funds	79	6,1	11 633 419	6,2
Other corporate bodies	129	9,9	3 329 585	1,8
Individuals	727	55,8	2 798 419	1,5
Nominee companies or trusts	188	14,4	2 747 624	1,5
Investment companies	18	1,4	1 295 672	0,7
Total	1 302	100,0	187 295 892	100,0
Shareholder spread				
Public shareholders	1 297	99,6	100 313 526	53,6
Non-public shareholders	5	0,4	86 982 366	46,4
Directors and associates	4	0,3	286 608	0,1
Persons interested, directly or indirectly, in 10% or more	–	–	–	–
Mobile Industries	1	0,1	86 695 758	46,3
Total	1 302	100,0	187 295 892	100,0

major shareholders

The direct and indirect beneficial interests of shareholders who, in so far as is known, held 5% or more of the issued shares at 28 December 2007 were as follows:

	Direct %	Indirect through Mobile %
Jowell family		11,6
Old Mutual Group	12,1	6,4
Public Investment Corporation	7,2	
Nedcor Group	6,5	2,4
Coronation Group		6,8
	25,8	27,2
Mobile Industries	46,3	
	72,1	

directorate: brief résumés

Executive

NEIL IAN JOWELL (74)

B Com LLB (UCT) MBA (Columbia). Chairman of the board and 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, as chairman. He is also a member of the remuneration committee. In 1987 he was voted Cape Times Business Man of the Year and in 1991 as one of Business Times' Top Five Businessmen.

JAMES (JIMMY) ERNEST McQUEEN (63)

B Com (UCT) CA (SA). In charge of finance and is a member of the executive committee. He was appointed as an alternate director on 18 April 1984 and as a full director on 15 May 1996. Prior to joining Trencor on 10 June 1976, he was an accountant in public practice.

HENDRIK (HENNIE) ROUX VAN DER MERWE (60)

BA Law LLB (Stellenbosch) LLM (Tax) (Wits). Managing director and member of the executive committee. 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 deputy chairman of Waco International Ltd before transferring to Trencor.

Non-executive

CECIL JOWELL (72)

B Com LLB (UCT). The younger son of the company's founder, he joined Trencor on 1 November 1958 and was appointed as an executive director on 2 October 1962. He assumed a part-time executive role from 15 March 2002 and a non-executive role from 23 December 2003. He serves on the executive committee in an advisory capacity and is a member of the nomination committee. In 1991 he was voted as one of Business Times' Top Five Businessmen.

Independent non-executive

HAROLD AUBREY GORVY (80)

B Com (UCT) CA (SA) FCA has been a non-executive director of the company since 18 April 1984. He is a non-executive director of Stonehage Group, an international financial services group and was previously chairman of Andersens in South Africa. He relocated 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 (68)

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 non-executive chairman of TrenStar Inc, chairman of its audit committee and a member of its remuneration committee. He is chairman of Textainer's nominating and governance committees and a member of its compensation committee and the Textainer and Trencor audit committees.

DAVID MORRIS NUREK (57)

Dip Law (UCT) Grad Dip Company Law (UCT) is an executive 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 the lead non-executive director and chairman of the remuneration and nomination committees and a member of the audit committee and serves on the boards of numerous listed and unlisted companies in a non-executive capacity.

EDWIN (EDDY) OBLOWITZ (50)

B Com (UCT) CA (SA) CPA (Isr) was appointed as a non-executive director and as chairman of the audit committee on 3 March 2004. He was previously an international partner of Andersens in South Africa and now serves as the Chief Executive Officer of the Stonehage Group's operations in South Africa. He is a director of various listed and unlisted companies in a non-executive capacity and serves as a trustee of various trusts.

Ages at 31 December 2007

diary

19 May 2008	Annual general meeting
31 December	Financial year-end
Announcements	August: Interim report February: Reviewed annual results March/April: Annual financial statements
Dividends	April and October: Dividend paid

Notice is hereby given that the fifty-second annual general meeting of shareholders of Trencor Limited ('the company') will be held at 1313 Main Tower, Standard Bank Centre, Heerengracht, Cape Town on Monday 19 May 2008 at 15:00 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 2007.
2. To consider, and if deemed fit, to re-elect, on an individual basis, Messrs C Jowell, J E McQueen and D M Nurek who retire by rotation as directors in terms of the articles of association but, being eligible, offer themselves for re-election. (Brief résumés of the directors are presented on page 70 of the annual report.)
3. To place the 8 884 209 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'), the articles of association and the Listings Requirements of the JSE Limited ('JSE').
4. To confirm, in terms of the articles of association of the company, the directors' remuneration paid for the year ended 31 December 2007, as set out on page 11 of the annual report.
5. 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 and 89 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 Limited ('JSE') as presently constituted and which may be amended from time to time, and provided that:

   5.1 any such acquisition of shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty;

   5.2 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;

   5.3 a paid press announcement containing full details of the acquisitions will be published as soon as the company and/or its subsidiaries has/have acquired shares constituting, on a cumulative basis, 3% of the number of shares of that class in issue at the time of granting of this general authority, and for each 3% in aggregate of the initial number of that class acquired thereafter;

   5.4 acquisitions by the company and its subsidiaries of shares in the share capital of the company may not, in the aggregate, exceed in any one financial year 20% (or 10% where such acquisitions relate to the acquisition by a subsidiary) of the company's issued share capital of that class from the date of the grant of this general authority;

   5.5 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 price at which such shares may be acquired may not be greater than 10% above 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 the acquisition of such shares by the company or its subsidiaries;

   5.6 after such acquisitions by the company or its subsidiaries, the company will still comply with the Listings Requirements of the JSE concerning shareholder spread requirements;

   5.7 the company or its subsidiaries are not acquiring shares during a prohibited period as defined in the Listings Requirements of the JSE unless they have in place a repurchase programme where the dates and quantities of shares to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period; and

   5.8 the company only appoints one agent to effect any acquisition/s on its behalf."

Reason and effect

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 effect of the passing and registration of this special resolution will be to authorise 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 general authority to acquire shares in the company if at some future date the cash resources of the company are in excess of its requirements or there are other good grounds for doing so. 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 acquire its shares, the maximum number of shares to be acquired and the date on which such acquisition will take place, the directors of the company will only make the acquisition if at the time of the acquisition they are of the opinion that:

- the company and the group will 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 the general repurchase;
- the assets of the company and the group, fairly valued in accordance with International Financial Reporting Standards and recognised and measured in accordance with the accounting policies used in the latest audited financial statements will be in excess of the liabilities of the company and the group for the next twelve months after the date of the general repurchase;
- the issued share capital and reserves of the company and the group will be adequate for ordinary business purposes of the company or any acquiring subsidiary for the next twelve months after the date of the general repurchase;
- the working capital available to the company and the group will be sufficient for ordinary business purposes for the next twelve months after the date of the general repurchase; and
- a working capital statement will be obtained from the company's sponsors as and when any acquisition of its shares is contemplated.

6. To transact such other business as may be transacted at an annual general meeting.

Other disclosures in terms of section 11.26 of the JSE Listings Requirements

The annual report to which this notice of this annual general meeting is attached provides details of:

- the directors, management and secretary of the company on page 2 and 69 respectively;
- the major shareholders of the company on page 69;
- the directors' interests in shares in the company on page 13; and
- the share capital of the company in note 19 on page 42, and an analysis of the shareholders on page 69.

There have been no material changes to the company and the group's financial or trading position (other than as disclosed in the accompanying annual report) nor are there any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had, a material affect on the financial position of the group between 30 March 2007 and the reporting date.

The directors, whose names are given on page 2 of the annual report, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the annual report and this notice contains all information required by law and the JSE Listings Requirements.

General instructions and information

All shareholders are encouraged to attend, speak and vote at the annual general meeting. On a show of hands, every shareholder of the company present in person or represented shall have one vote only. On a poll, every shareholder shall have one vote for every share held.

If you hold certificated shares (i.e. have not dematerialised your shares in the company) or are registered as an own name dematerialised shareholder (i.e. have specifically instructed your Central Securities Depository Participant ('CSDP') to hold your shares in your own name on the company's sub-register), 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 office of the company's transfer secretaries not less than 24 hours before the time appointed for the holding of the meeting (excluding Saturdays, Sundays and public holidays).

Please note that if you are the owner of 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, Strate Limited ('Strate'), held through a CSDP or broker and are not registered as an 'own name' dematerialised shareholder you are not a registered shareholder of the company, but appear on the sub-register of the company held by your CSDP. Accordingly, in these circumstances subject to the mandate between yourself and your CSDP or broker, as the case may be:

- 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 them; 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 them with your voting instructions in respect of the annual general meeting and/or request them to appoint a proxy. You must not complete the attached form of proxy. The instructions must be provided in accordance with the mandate between yourself and your CSDP or broker, as the case may be, within the time period required by them.

CSDPs, brokers or their nominees, as the case may be, recorded in the company's sub-register as holders of dematerialised shares held on behalf of an investor/beneficial owner in terms of Strate 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 (excluding Saturdays, Sundays and public holidays).

By order of the board

Trencor Services (Pty) Ltd
Secretaries
Per G W Norval
Cape Town
31 March 2008

TRENCOR

form of proxy

(Incorporated in the Republic of South Africa) (Registration number 1955/002869/06)
('the Company') Share code: TRE ISIN: ZAE000007506

Trencor Limited Annual General Meeting 19 May 2008

For use at the annual general meeting of shareholders of the company to be held at 1313 Main Tower, Standard Bank Centre, Heerengracht, Cape Town on Monday, 19 May 2008 at 15:00.

Not to be used by beneficial owners of shares who have dematerialised their shares ('dematerialised shares') through a Central Securities Depository Participant ('CSDP') or broker, as the case may be, unless they 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, own name dematerialised shareholders and CSDPs or brokers (or their nominees) registered in the company's sub-register as the holder of dematerialised shares.

Each shareholder 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 side hereof.

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

As soon as possible to be received not later than 24 hours before the meeting.

I/We (full names)

of (address)

Telephone: Work ( ) Home ( )

being a member(s) of the company, holding 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 aforementioned annual general meeting of shareholders of the company and at any adjournment thereof in accordance with the following instructions:

Insert an 'X' in the relevant spaces according to how you wish your votes to be cast. If you wish to cast less than all the votes in respect of the shares held by you, insert the number of votes in respect of which you desire to vote (see note 2). Unless otherwise instructed 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:			
C Jowell			
J E McQueen			
D M Nurek			
3. Placing the 8 884 209 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. Confirmation of directors' remuneration for 2007 as set out in the annual financial statements.			
5. Proposed special resolution granting a general authority to the company or its subsidiaries 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.			

Signed at on this day of 2008

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 nominee of a CSDP or broker registered as a shareholder 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.
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 (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 or posted to Computershare Investor Services (Pty) Limited, PO Box 61051, Marshalltown, 2107. Forms of proxy must be received or lodged by no later than 24 hours (excluding Saturdays, Sundays and public holidays) before the annual general meeting (i.e. 15:00 on Friday, 16 May 2008).
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. CSDPs or brokers registered as shareholders in the company's sub-register voting on instructions from owners of shares registered in the company's sub-sub-register, are requested that they identify the owner in the sub-sub-register on whose behalf they are voting 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, but may not be accepted by the chairperson.
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. Certificated 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 the owner of dematerialised shares held through a CSDP or broker (or its nominee) and are not an own name dematerialised shareholder, then you are not a shareholder of the company, but appear as the holder of a beneficial interest on the relevant sub-register of the company held by your CSDP. Accordingly, in these circumstances, do NOT complete this proxy form subject to the mandate between yourself and your CSDP or broker:
    - 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 them; 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 them with your voting instructions in respect of the annual general meeting and/or request them to appoint a proxy. You must not complete the attached form of proxy. Your instructions must be provided in accordance with the mandate between yourself and your CSDP or broker, as the case may be.

    CSDPs, brokers or their nominees, as the case may be, recorded in the company's sub-register as holders of dematerialised shares held on behalf of an investor/beneficial owner in terms of Strate should, when authorised in terms of their mandate or instructed to do by the person on behalf of whom they hold the dematerialised shares, 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 to be received not less than 24 hours prior to the time appointed for the holding of the meeting (excluding Saturdays, Sundays and public holidays).