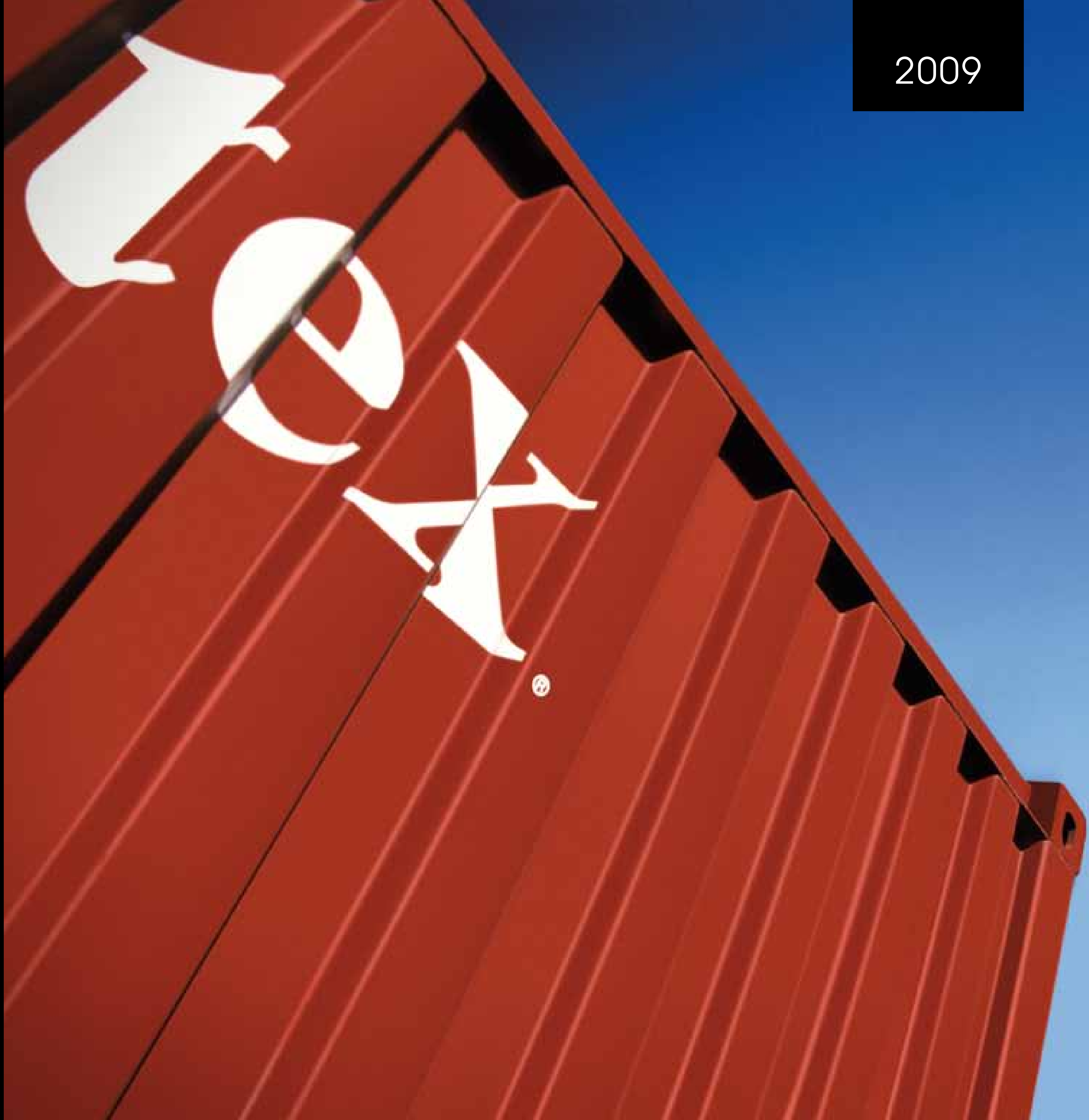

TRENCOR

TRENCOR LIMITED | MOBILE INDUSTRIES LIMITED ANNUAL REPORT 2009

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TRENCOR

Profile

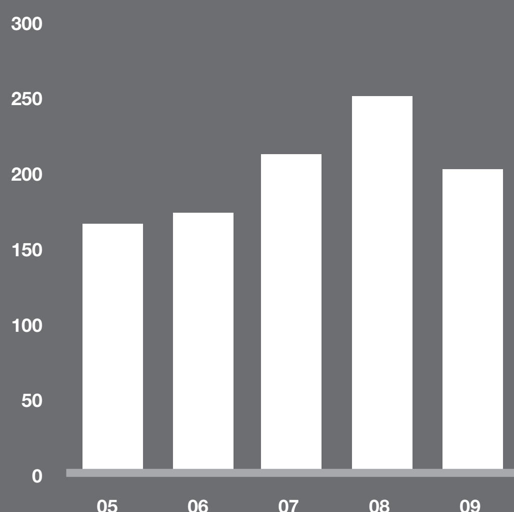
Trencor Limited is an investment holding company listed on the JSE. The group's core business focus is owning, leasing, managing and reselling marine cargo containers worldwide, and related financing activities.

Highlights

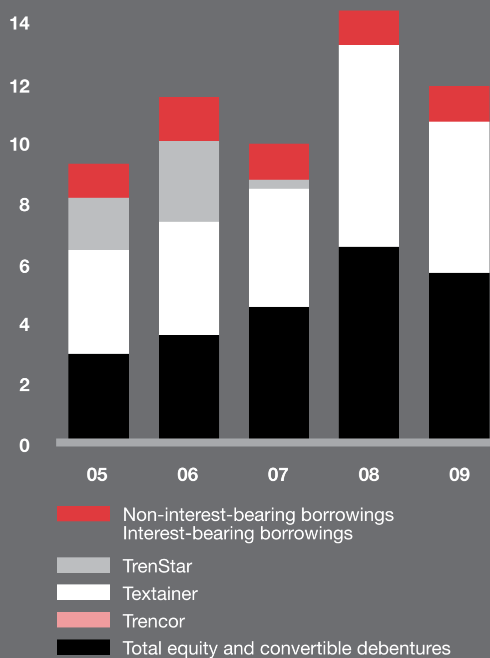
Continuing operations		2009	2008
Trading profit after net finance costs (excluding gain on early extinguishment of debt by Textainer in 2009)	Rm US$m	781 94	810 100
Profit before tax	Rm US$m	635 102	1 122 98
Headline earnings [1]	Rm US$m	253 49	788 66
Headline earnings per share [1]	SA cents US cents	135 26	421 35
Adjusted headline earnings per share [2]	SA cents US cents	204 23	252 31
Dividends per share	SA cents	120	110
Net asset value per share	SA cents US cents	2 049 279	2 402 259
Gearing [3]	%	88	101

[1] Comparative adjusted for change in headline earnings calculation, refer to note 2 to the financial statements.
[2] Refer to note 26 to the financial statements.
[3] Ratio of interest-bearing borrowings to aggregate of total equity.

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 [1]	Independent
	J E Hoelter USA	Independent
	C Jowell	
*	J E McQueen	Financial
	D M Nurek	Independent/Lead
	E Oblowitz	Independent
	R J A Sparks [2]	Independent

* Executive

Executive committee

N I Jowell	Chairman
C Jowell	
J E McQueen	
H R van der Merwe	

Audit committee

E Oblowitz	Chairman
H A Gorvy [1]	
J E Hoelter	
D M Nurek	
R J A Sparks [3]	

Remuneration committee

D M Nurek	Chairman
N I Jowell	

Nomination committee

D M Nurek	Chairman
H A Gorvy [1]	
C Jowell	
N I Jowell [4]	
R J A Sparks [3]	

Risk committee [5]

E Oblowitz	Chairman
J E Hoelter	
J E McQueen	
D M Nurek	
R J A Sparks	

Governance committee [6]

R J A Sparks	Chairman
D M Nurek	

[1] Resigned 31 March 2009
[2] Appointed 27 July 2009
[3] Appointed 2 September 2009
[4] Appointed 31 March 2009
[5] Established 16 February 2010
[6] Established 10 March 2010

Brief résumés of the directors are presented on page 69.

Textainer: President and Chief Executive Officer
J A Maccarone USA

MOBILE INDUSTRIES

46%
TRENCOR

62,3% Textainer*	100% Trencor Services	100% Trencor Containers	44,3% TAC
Listed on the New York Stock Exchange, the Textainer group owns, leases, manages and resells marine cargo containers worldwide	Corporate administration and financing	Collection of long-term receivables	Owning of marine cargo containers

* Reduced to 62,1% on 2 January 2010 following the issue of restricted share units.

	2009 Rm	2008 Rm	2007 Rm	2006 Rm	2005 Rm
Operating results					
Revenue	**1 958**	3 299	2 191	1 961	2 294
Profit before tax	**635**	1 122	901	742	734
Headline earnings attributable to shareholders [1]	**253**	788	463	412	425
Statement of financial position summary					
Shareholders' equity	**3 841**	4 502	3 186	2 358	1 968
Non-controlling interest	**1 905**	2 117	1 429	1 079	833
Total equity	**5 746**	6 619	4 615	3 437	2 801
Convertible debentures	**–**	–	–	261	261
Interest-bearing borrowings	**5 038**	6 689	4 237	6 427	5 181
Funding of total net assets	**10 784**	13 308	8 852	10 125	8 243
Property, plant and equipment	**7 858**	9 198	5 726	7 982	6 315
Other non-current assets	**2 204**	2 816	2 274	2 322	1 702
Current assets	**1 893**	2 450	2 066	1 285	1 366
Total assets	**11 955**	14 464	10 066	11 589	9 383
Non-interest-bearing liabilities	**1 171**	1 156	1 214	1 464	1 140
Total net assets	**10 784**	13 308	8 852	10 125	8 243
Statistics					
Number of issued shares (million)	**187**	187	187	158	156
Equity book value per share (cents)	**2 049**	2 402	1 701	1 488	1 265
Headline earnings per share (cents) [1]	**135**	421	247	226	234
Adjusted headline earnings per share (cents) [2]	**204**	252	214	175	167
Dividends per share (cents)	**120**	110	80	57	40
Dividend cover based on adjusted headline earnings (times)	**1,7**	2,3	2,7	3,1	4,2
Liquidity (%)					
Ratio to aggregate of total equity and convertible debentures					
Total liabilities excluding convertible debentures	**108**	119	118	213	207
Interest-bearing borrowings excluding convertible debentures	**88**	101	92	174	170
Current ratio (times)	**1,7**	2,4	1,5	0,9	1,1
Profitability (%)					
Taxed profit to total equity	**11**	18	16	21	26
Taxed profit before interest to total assets	**6**	11	8	8	10
Headline earnings attributable to shareholders to shareholders' equity	**6**	21	17	19	25
Number of employees	**188**	191	500	542	528

[1] 2005 – 2008: Adjusted for change in calculation of headline earnings, refer to note 2 to the financial statements.
[2] 2005 – 2006: Diluted headline earnings following the conversion of debentures into shares.

The results for 2009, taking into account the very difficult global trading conditions, are most satisfactory. They reflect the excellent performance of Textainer, our container leasing business operating worldwide with headquarters in Bermuda, and administration carried out in San Francisco.

Trading profit net of financing costs (excluding gains on early extinguishment of debt in Textainer) declined by 4% to R781 million. In dollar terms, the functional currency of Textainer, our main business, it declined by 6% from US$100 million to US$94 million.

Adjusted headline earnings best reflects Trencor's sustainable performance. In rand terms this declined by 19% to R381 million while in dollar terms earnings of US$43 million were 27% lower than the US$59 million reported last year.

The various measures of earnings are better reflected in tabular form:

	2009 Cents per share	2008 Cents per share
Headline earnings	134,8	420,8
Add/(Deduct):		
Unrealised foreign exchange translation losses/(gains)	114,6	(168,9)
	249,4	251,9
Deduct:		
Gain realised on the repurchase and early extinguishment of debt by Textainer	(45,9)	–
Adjusted headline earnings	203,5	251,9

Textainer

Textainer achieved considerable success in 2009. In a period of a severe global economic downturn, the company delivered a robust set of results, capitalised on opportunities to grow its business and maintained its dividend.

This achievement reflects the sound and enduring business values and practices the company has espoused over very many years. We laud the management team led by the President and CEO John Maccarone over the last 11 years as well as all the people of Textainer spread over many operations around the world who, at the coalface, 'made it all happen'.

Specifically in 2009 Textainer has:

- added containers costing US$200 million to its fleet under management;
- expanded its owned and managed container fleet by 15% on a TEU basis;
- established its new strategic position in the refrigerated container business;
- entered into sale and leasebacks with shipping lines for 28 900 TEU;
- achieved a return on equity of 16,7% p.a.; and
- maintained a dividend of 23 cents per share each quarter for the past 18 months.

The global container leasing industry outlook for 2010 is promising. Container traffic is projected to increase by 3% to 4% in 2010. In contrast, almost no containers have been produced since October 2008 and we estimate the global fleet declined by 4% in 2009 due to retirement of older containers. Furthermore, with the shortage of skilled manpower after lay-offs during the recession, it is estimated that Chinese manufacturers will produce less than a million containers in 2010. In summary, supply and demand should be in balance in 2010 – or even reflect a further decline in the global container population and thus a boost for leasing.

Since reaching a low point of 85,7% in September 2009, Textainer's fleet utilisation has increased to 91,6% at the end of March 2010.

Cash flow and dividend

The collection of the long-term receivables was adversely affected by the unfavourable trading conditions experienced by our customers and required a downward adjustment in the valuation of these receivables. On the other hand, Textainer's effective management of working capital enabled it to maintain a quarterly dividend of 23 cents per share throughout the past 18 months while maintaining their low leverage.

Taking into account these factors and the still tight credit markets together with possible requirements associated with our stated strategy to continue to grow and invest in the container industry, the board has declared a final dividend of 85 cents per share for a total of 120 cents per share in respect of 2009; an increase of 9% over the previous year.

Strategy

Trencor's strategy remains as outlined in last year's annual report – to invest in existing businesses involved in the movement of goods and to include in our activities similar businesses that have the potential to render acceptable returns. We have pursued this policy through Textainer and some very limited investment in containers by our associate TAC. Our core business is owning, leasing, managing and reselling marine cargo containers worldwide as well as related financing activities.

The outlook for Textainer indicates promising potential for growth – both by acquisition of competing businesses and by organic growth as the world container fleet expands and shipping lines raise the proportion of containers that they lease from companies like Textainer, to levels prior to 2009 and possibly higher.

The group is in the fortunate position that it is able, to a considerable degree, to fund these growth opportunities from its own resources. Textainer's own unutilised facilities and available cash resources amount to US$285 million, while Trencor's cash at the centre is about US$100 million. In addition, Textainer's strong performance should enable it to raise equity from US capital markets in which case Trencor, itself, should have the opportunity to invest further by following its rights.

Group structure

In our previous annual report we advised that after due consideration and based on professional advice, we had concluded that the existing listed structure (Mobile Industries owning 46% of Trencor and Trencor in turn holding a controlling beneficiary interest in Textainer) should be retained while it holds significant advantage for these companies and their respective shareholders.

The Trencor board has again reviewed these matters and concluded that the stability afforded by the existing structure remains important, more particularly while Textainer pursues its plan of growing, not only organically, but also through the acquisition of existing container fleets, container management rights and container leasing companies. In seeking similar opportunities, a stable parentage will continue to stand Textainer in good stead – owners and financiers entrusting the management of their often large container fleets to Textainer find comfort in a stable and established corporate structure.

Following questions raised at Trencor's last annual general meeting regarding the structure for holding Trencor's interests in Textainer, we have this year addressed the position of Halco in the directors' report.

The Trencor board remains firmly of the view that the retention of a JSE-listed Trencor as Textainer's holding company continues to provide SA shareholders the unique opportunity to invest in Textainer as an investment opportunity listed on the NYSE, using rand and without resorting to their offshore investment allowances.

Corporate governance

Consistent with our support for ongoing improvements in corporate governance, we implemented the steps below during the year.

Mr R J A Sparks was appointed to the Trencor board as an additional independent director on 27 July 2009, bringing the number of independents to four out of a total of eight directors.

A governance committee has been appointed by the Trencor board, charged by its charter with overseeing the implementation of sound corporate governance principles, as appropriate for the group. The members of this committee comprise only independent directors, in the persons of Messrs D M Nurek and R J A Sparks, with Mr Sparks as chairman of the committee.

The governance committee will, inter alia, specifically assess the independence of our independent directors on a regular basis, and report its findings to the board.

I was re-elected as chairman of the board. As I am not categorised an independent, the board reconfirmed Mr D M Nurek as lead independent director.

Trencor's independent non-executive directors meet when they deem it appropriate without the executive directors to consider the performance and actions of executive management and any matters they consider appropriate.

Succession planning

Textainer's nomination committee oversees succession planning in Textainer, and has reported to the Textainer board that proper plans for all senior positions are in place. Similarly, Trencor's own nomination committee is satisfied that an adequate succession plan for Trencor is in place.

Prospects

As noted earlier, the outlook of the container industry for 2010 is promising. Counterparty risk has declined following the recapitalisation of several major shipping lines and sales prices of old containers have been rising since mid-2009 while utilisation has increased to 91,6% at the end of March 2010 from a low of 85,7% in September last year.

Our experienced management team has taken steps to improve our operations during the downturn and is well placed to maximise the group's performance in the year ahead.

Appreciation

I would like to thank our shareholders, employees and other stakeholders for their confidence in Trencor and I am grateful to my co-directors for the invaluable guidance they have, at all times, provided.

N I Jowell
16 April 2010

Textainer

Textainer is primarily engaged in owning, leasing, managing and reselling standard and special dry freight marine cargo containers to global transportation companies. Textainer Group Holdings Ltd, listed on the New York Stock Exchange (NYSE: TGH) on 10 October 2007; at 31 December 2009, Trencor had a 62,3% (2008: 62,6%) interest in the company. Textainer reported the second best net income attributable to its common shareholders in its 30-year history in 2009 of US$76,6 million, excluding gains on early extinguishment of debt (2008: US$87,7 million excluding impairment of goodwill).

During 2009, Textainer expanded its total fleet size by 15% by acquiring the rights to manage the container fleets of Amphibious Container Leasing Ltd and Capital Intermodal and Xines; both of these transactions have been accretive to earnings. The company also repurchased a portion of its outstanding debt resulting in a gain on early extinguishment of debt of US$19,4 million (a US$15,3 million gain net of related net income attributable to the non-controlling interest and income tax expense) for the year ended 31 December 2009.

Average fleet utilisation for the year was 87,2% (2008: 94,8%) and began to improve during the fourth quarter of 2009. Spot utilisation was 91,6% by the end of March 2010. Based on current fleet size, it is estimated that every 1% change in utilisation equates to approximately US$4,4 million in annual pre-tax income in Textainer.

Textainer remains the world's largest lessor of intermodal containers based on fleet size, with a total fleet of 1,5 million containers, representing more than 2,2 million TEU (twenty-foot equivalent unit). Textainer leases containers to more than 400 shipping lines and other lessees, including each of the world's top 20 container lines, as measured by the total TEU capacity of their container vessels. Although virtually no new standard dry freight containers were manufactured anywhere from the fourth quarter of 2008 to the end of 2009, Textainer has provided an average of more than 96 000 TEU of new containers each year for the previous 10 years and has also been one of the largest purchasers of new containers among container lessors over the same period. Textainer is also one of the largest sellers of used containers among container lessors, having sold more than 100 000 containers during 2009, a 19,4% improvement over the previous high, to more than 1 000 customers.

Textainer provides its services worldwide via a network of regional and area offices and over 540 independent depots in more than 200 locations. 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 on behalf of 16 affiliated and unaffiliated owners, including TAC, a container-owning company in which Trencor has a 44,3% 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 2009 numbered 2 239 000 TEU of which Textainer itself owned 1 017 000 TEU. 71,3% of the on-hire fleet was on long-term lease; of the containers in the on-hire fleet that are owned by Textainer, 74,4% were on long-term lease. The average age of Textainer's owned fleet was 6,9 years and of the whole fleet 7,1 years.

The refrigerated container market remained strong in 2009 and this trend is expected to continue in 2010. Textainer has invested almost US$50 million per year in new refrigerated containers since re-entering that market in 2008.

The ratio of interest-bearing debt to total equity was 122% (2008: 143%) which is conservative by industry standards.

Textainer's 2009 annual report can be accessed on its website http://www.textainer.com.

Textainer: Salient information

	2009	2008	Change
Financial (US$ million)			
Total revenue	**283,9**	322,8	-12,1%
Profit before tax*	**90,6**	94,0	-3,6%
Net profit*	**76,6**	87,7	-12,7%
Profit attributable to Trencor*	**47,8**	54,9	-12,9%
Operational			
Average fleet utilisation	**87,2%**	94,8%	-7,6%
Fleet under management (TEU '000s), excluding finance leases	**2 156**	1 980	+176
Owned	**958**	868	+90
Managed	**1 198**	1 112	+86
Long-term lease fleet	**1 536**	1 409	+127
Short-term lease fleet	**619**	571	+48
Finance leases	**84**	65	+19

* Excludes gains on early extinguishment of debt (2008: excludes impairment of goodwill).

Net investment in long-term receivables

The aggregate amount of outstanding long-term receivables denominated in US dollars at 31 December 2009 was US$231 million (2008: US$266 million). The discount rate applied in the valuation of the long-term receivables is unchanged from 2008 at 8,5% p.a. and the net present value of these receivables, before fair value adjustments, totalled R1,6 billion (2008: R2,3 billion). An exchange rate of US$1 = R7,35 was used to translate dollar amounts into rand at 31 December 2009 (2008: US$1 = R9,27). In compliance with the requirements of International Financial Reporting Standards, the resulting translation loss, amounting to R442 million at net present value (2008: gain of R630 million) has been included in profit before tax.

A fair value adjustment is made to take account of the estimated timing of receipt and the possible non-collectibility of the receivables, and the related effect on the amounts attributable to third parties. The net fair value adjustment at 31 December 2009 was R528 million (2008: R654 million). Approximately 85% (2008: 90%) of the net adjustment relates

to the estimated timing of receipt and is in the nature of deferred income and 15% (2008: 10%) relates to the possible non-collectibility of receivables.

The increase in the value of the rand resulted in a gain of R144 million (2008: loss of R191 million) on translation of the dollar-denominated fair value adjustment against the receivables. At 31 December 2009, the net present value of long-term receivables after fair value adjustments amounted to R0,96 billion (2008: R1,54 billion).

The discount rate applied to reduce the rand amounts attributable to third parties to their net present values is unchanged from 2008 at 10% per annum.

TAC

44,3% of the issued share capital of TAC Ltd is owned by Halco Holdings Inc ('Halco'), a company incorporated in the British Virgin Islands and wholly-owned by the Halco Trust, a trust resident in Liechtenstein. These shares were originally issued by way of a rights issue at zero cost. Trencor and certain of its wholly-owned South African subsidiaries are the nominated beneficiaries of the Halco Trust. Halco has an option to acquire the 56% of the issued shares of TAC that it does not presently own for US$4,0 million, which option will become exercisable by no later than 31 December 2013.

TAC owned 178 311 TEU of dry freight containers of various types and 2 373 stainless steel tank containers at 31 December 2009, which are managed by a number of equipment managers who lease these containers to shipping lines. 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.

Amounts owing by TAC for containers delivered to it on extended credit terms in past years accounts for a major portion of the long-term receivables (see note 8 on page 36) and cash originating from TAC is applied in reduction thereof. Trencor closely monitors the performance of TAC and its cash flow forecasts and uses these projections to assist in valuing long-term receivables.

The worldwide economic downturn which began in the latter half of 2008 continued for the first nine months of 2009. As a result average utilisation across the whole TAC fleet was 84% for the year compared with 92% in 2008. There has however been a strengthening of demand for leased containers in the fourth quarter of 2009 and the number of units on hire has started to increase again even though this period is typically a time of seasonal low demand for leased containers.

An increasing number of TAC's older containers (26 641 TEU) were sold during 2009 (20 980 TEU in 2008). Average resale prices fell sharply from the peak in 2008 due to the oversupply of off-hire containers available in the resale market. Improving utilisation in the fourth quarter of 2009 has led to a firming of such resale prices.

TAC elected to convert its revolving credit facility to a six-year term loan in November 2008 because of the onerous conditions demanded by lenders during the height of the financial crisis for an extension of the facility. TAC is presently utilising more of its cash flow to pay down its bank loan and less to invest in new containers. During the year, TAC purchased 1 734 TEU of new equipment, mainly refrigerated containers, at a cost of US$9,4 million from manufacturers in China; these purchases were financed out of the company's own resources. TAC intends refinancing its loan facilities if reasonable terms are offered by its banks.

TAC presently has negative equity, so that the value of the group's investment is carried at no value. The following table summarises the residual assets of TAC at 31 December which support the major part of the long-term receivable:

	2009 US$m	2008 US$m
Net interest	**111**	118
Comprising:		
Net book value of container fleet	**204**	230
Cash balances	**4**	7
Receivables	**18**	17
Total assets	**226**	254
Deduct:		
Bank loans	**(109)**	(131)
Payables	**(6)**	(5)
	111	118

Property interest

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 2009 and the comparative figures for 2008 are reflected in the table below:

	2009	2008
Ratio to the aggregate of total equity:		
Total liabilities	**108%**	119%
Interest-bearing liabilities	**88%**	101%
Current ratio (times)	**1,7**	2,4

During the first half of 2009, Textainer repurchased R583 million of original face value (R358 million in aggregate outstanding principal amount) of its own bonds for R181 million, resulting in a gain on early extinguishment of debt of R175 million, net of the write-off of R2 million of deferred debt financing costs. After deducting income tax expense and non-controlling interests, the net gain attributable to Trencor shareholders was R86 million.

Textainer's own unutilised facilities and available cash resources amount to US$285 million, while cash at Trencor corporate level amounted to R686 million at 31 December 2009.

There is no interest-bearing debt in the group other than in Textainer.

Trencor endorses the principles underlying the Code of Corporate Practices and Conduct in the King Reports 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. The King III Report will apply in respect of the group's 2010 annual report.

Board of directors

Composition

The names and brief résumés of the directors appear on page 69.

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, 2005 and again in 2008. The board is satisfied with the outcome of the process.

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 CEO of the group's operating entity reports to the chairman of that board, who in turn reports 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 2009, five 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. When appropriate, strategic matters and developments are addressed as well.

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.

Director over age 75

The nomination committee is required, in terms of its terms of reference, to evaluate the performance of each director who has reached the age of 75 years. Mr N I Jowell has reached that age and the committee has undertaken a review of his performance and has recommended to the board, which has agreed, that he remain as a director.

Directors' remuneration

The remuneration paid to the directors during the years ended 31 December 2009 and 2008 was as follows:

	Guaranteed remune-ration incl. allowances R'000	Contributions to Medical aid R'000	Contributions to Retirement fund R'000	Incentive bonuses R'000	Equity com-pensation benefits R'000	Other R'000	Total remune-ration R'000
2009							
Non-executive directors							
H A Gorvy [1]	43	–	–	–	–	–	43
J E Hoelter	776	–	–	–	–	–	776
C Jowell	728	13	–	423	–	–	1 164
D M Nurek	688	–	–	–	–	–	688
E Oblowitz	214	–	–	–	–	–	214
R J A Sparks [2]	100	–	–	–	–	–	100
	2 549	13	–	423	–	–	2 985
Executive directors							
N I Jowell	1 275	25	–	1 057	–	–	2 357
J E McQueen	1 605	25	133	240	103	–	2 106
H R van der Merwe	1 793	28	188	309	103	358	2 779
	4 673	78	321	1 606	206	358	7 242
Aggregate remuneration 2009	7 222	91	321	2 029	206	358	10 227

[1] Resigned 31 March 2009
[2] Appointed 27 July 2009

	Guaranteed remune-ration incl. allowances R'000	Contributions to Medical aid R'000	Contributions to Retirement fund R'000	Incentive bonuses R'000	Equity com-pensation benefits R'000	Other R'000	Total remune-ration R'000
2008							
Non-executive directors							
H A Gorvy	163	–	–	–	–	–	163
J E Hoelter	1 325	–	–	–	–	–	1 325
C Jowell	729	11	–	534	–	–	1 274
D M Nurek	665	–	–	–	–	–	665
E Oblowitz	205	–	–	–	–	–	205
	3 087	11	–	534	–	–	3 632
Executive directors							
N I Jowell	1 495	22	–	1 334	–	–	2 851
J E McQueen	1 794	23	187	433	179	–	2 616
H R van der Merwe	2 166	24	228	600	179	–	3 197
	5 455	69	415	2 367	358	–	8 664
Aggregate remuneration 2008	8 542	80	415	2 901	358	–	12 296

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 31/12/2009	Offer price per share (R)	Exercisable as follows between	and
J E McQueen	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
		200 000			
H R van der Merwe*	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
		200 000			

* 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 2009 and 2008 were as follows:

	Beneficial		
	Direct	Indirect	Total
2009			
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	–	10 000	10 000
E Oblowitz	10 000	–	10 000
R J A Sparks	–	–	–
H R van der Merwe	–	–	–
	142 667	153 941	296 608
2008			
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	–	10 000	10 000
E Oblowitz	10 000	–	10 000
H R van der Merwe	–	–	–
	142 667	153 941	296 608

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 1 885 146 shares (2008: 1 885 146 shares) representing 4,0% (2008: 4,0%) in the issued common stock of Textainer Group Holdings Ltd, in which Trencor has a 62,3% interest (2008: 62,6%). Between 11 and 13 March 2009, Mr N I Jowell acquired an indirect beneficial interest in 62 981 shares in Textainer Group Holdings Ltd.

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.

Committees of the board

Several committees of the board 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 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 currently comprises one executive and 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 for Mr C Jowell who attended ten meetings. The minutes of these meetings are distributed to non-executive directors after each meeting.

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 currently 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. 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 as to the expertise and experience of the financial director and 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 the prior approval of the committee.

The main group operating entity, Textainer Group Holdings Ltd, has its own audit committee comprising Textainer board members who are not executives of that entity. This committee submits copies of its minutes and reports to the Trencor audit committee after each meeting. The external auditors of Textainer have direct and unrestricted access to its audit committee.

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 audit committee of the entity concerned. The internal audit function has direct and unrestricted access to the respective audit committees.

The Trencor audit committee has reviewed the group annual financial statements and annual financial statements for the year ended 31 December 2009 and recommended to the board that the said financial statements be approved.

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 Trencor's 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, one committee meeting was held, which was attended by both members.

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

Governance committee
Subsequent to the year-end, the board established a governance committee comprising two independent non-executive directors. The committee is responsible for making recommendations to the board in all matters relating to the development, evaluation and monitoring of the company's corporate governance processes, policies and principles; the development and implementation of and monitoring compliance with the company's Code of Conduct (the 'Code') and making recommendations to the board on revisions to the Code from time to time as appropriate; and to assess on an annual basis the independence of the company's independent directors.

Risk committee
Subsequent to the year-end, the board agreed to establish a risk committee comprising the members of the audit committee and the financial director.

Succession planning

The nomination committee of the board is satisfied that suitable succession plans are in place.

Risk management

Responsibility for managing the group's risks lies ultimately with the board of directors. The executive committee and management at operating levels assist the board in discharging its responsibilities in this regard by identifying, monitoring and managing risk on an ongoing basis and within the authority conferred upon them by the board. 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 valuation adjustments are included in profit and loss and changes in the R/US$ exchange rate may result in volatility in earnings when expressed in rand.

  For the years ended 31 December 2009 and 2008, 38% of Textainer's direct container expenses were paid in foreign currencies other than the US dollar. A decrease in the value of the US dollar against non-US currencies in which these expenses are incurred would translate into an increase in those expenses in US dollar terms, which would decrease net income of Textainer and the group.

- **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.

- **Access to credit**
  During 2009, the global financial crisis, particularly affecting the credit markets as well as equity markets, accelerated and the global recession deepened. Global containerised cargo volume contracted significantly on most trade routes although there has been some improvement since the second half of 2009. Though we cannot predict the extent, timing or ramifications of the global financial crisis and the global recession, we believe that the downturn in the world's major economies and the constraints in the credit markets have heightened or could heighten a number of material risks to our business, results of operations, cash flows and financial condition, as well as our future prospects, including the following:

  - Containerised cargo volume growth – A contraction or slowdown in containerised cargo volume growth or negative containerised cargo volume growth would likely create a surplus of containers, lower utilisation, higher direct costs, weaker shipping lines going out of business, pressure for

Textainer to offer lease concessions and lead to a reduction in the size of its customers' container fleets.

- Credit availability and access to equity markets – Continued issues involving liquidity and capital adequacy affecting lenders could affect Textainer's ability to fully access its credit facilities or obtain additional debt and could affect the ability of its lenders to meet their funding requirements when Textainer needs to borrow. Further, the high level of volatility in the equity markets may make it difficult for Textainer to access the equity markets for additional capital at attractive prices, if at all. If Textainer is unable to obtain credit or access the capital markets, its business could be negatively impacted.
- Credit availability to our customers – We believe that many of our customers are reliant on liquidity from global credit markets and, in some cases, require external financing to fund their operations. As a consequence, if our customers lack liquidity, it would likely negatively impact their ability to pay amounts due to us. Many of these and other factors affecting the container industry are inherently unpredictable and beyond our control.

- **Interest rates**
Textainer has outstanding borrowings under a revolving credit facility, a secured debt facility and outstanding bonds payable. All of these outstanding amounts are denominated in US dollars and are subject to variable interest rates. 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 variable 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. Textainer has entered into various interest rate swap and cap agreements to mitigate the exposure associated with variable rate debt. The swap agreements involve payments to counterparties at fixed rates in return for receipts based upon variable rates indexed to the London Inter Bank Offered Rate. There can be no assurance that these interest rate caps and swaps will be available in the future, or if available, will be on satisfactory terms. If Textainer is unable to obtain such interest rate caps and swaps or if a counterparty under the interest rate swap and cap agreements defaults, the exposure associated with the variable rate debt could increase. 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.

- **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.

Textainer's five largest customers accounted for approximately 34,8% of its total owned and managed fleet's 2009 lease billings. Lease billings from Textainer's 25 largest container lessees by lease billings represented 75% and 76% of total owned and managed fleet's container leasing billings in 2009 and 2008 respectively.

A single lessee accounted for 12% of Textainer's lease rental income for 2009 (2008: 10%). Two single lessees accounted for 19% and 16%, respectively, of Textainer's accounts receivable, net, as at 31 December 2009 and one single lessee accounted for 17% of Textainer's accounts receivable, net, as at 31 December 2008.

A default by any of these major customers could have a material adverse impact on our business, results from operations and financial condition.

- **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 of the containers in the on-hire fleet that are owned by Textainer, 74,4% 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 re-lease.

- **Container off-hires in low demand locations**
A build-up of off-hire containers in low demand locations where they cannot easily be on-hired again, could lead to decreased utilisation, reduced revenue, higher storage costs and the possibility of having to ship the equipment, at considerable cost, to positions where 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.

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 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 has its 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:

The enablement of 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
- pursuing 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 governance committee. There was no transgression during the year under review.

Restriction on trading in shares

A formal policy 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 Ltd.

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. Trencor also publishes a trading update in respect of the quarters ending March and September each year, in addition to the interim results and reviewed results announcements for the periods ending June and December respectively. 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 interim, reviewed and annual results.

Community investments

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 the 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. Other organisations supported were ORT-Jet, St Luke's Hospice, Accelerate Cape Town, National Sea Rescue Institute, MaAfrica Tikkun and Foodbank.

Audit committee report

The audit committee has fulfilled all of its functions in terms of the Companies Act of South Africa, as described in the corporate governance report.

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 statements of financial position at 31 December 2009, and the statements of comprehensive income, changes in equity and cash flows 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 directors' responsibility statement, which have been approved by the board of directors, are attached:

Page	
16	Directors' report
18	Statements of financial position
19	Statements of comprehensive income
20	Statements of changes in equity
22	Statements of cash flows
23	Notes to the financial statements

Signed on behalf of the board

N I Jowell Chairman

E Oblowitz Director and chairman of the audit committee

Cape Town
16 April 2010

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 statements of financial position at 31 December 2009, and the statements of comprehensive income, changes in equity and cash flows 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 16 to 67.

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, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Trencor Limited at 31 December 2009, 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 L P Smith
Chartered Accountant (SA)
Registered Auditor
Director
Cape Town
16 April 2010

Declaration by the Company Secretary

It is hereby certified that for the year ended 31 December 2009, 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
16 April 2010

General review

The nature of the company's business is described on page 1. The financial results are reflected in the financial statements on pages 18 to 67.

The profit attributable to equity holders of the company from the various classes of business of the group was as follows:

	2009 Rm	2008 Rm
Container operations		
Container finance	19	53
Textainer	486	362
Exchange translation (losses)/gains	(215)	312
Net long-term receivable adjustment	(11)	–
Interest and other corporate items	(27)	(16)
Discontinued operations	7	(48)
	259	663

Directors and secretary

The names of the directors appear on page 2 and that of the secretary on page 68. Mr H A Gorvy resigned as a director on 31 March 2009 and Mr R J A Sparks was appointed as a director on 27 July 2009.

In terms of the articles of association Messrs C Jowell, D M Nurek and E Oblowitz retire by rotation at the forthcoming annual general meeting and Mr R J A Sparks, who was appointed as a director after the preceding annual general meeting, also retires. These retiring directors are eligible and offer themselves for re-election.

Brief résumés of the directors are presented on page 69.

Directors' interests

The aggregate of the direct and indirect beneficial interests of the directors in the issued shares of the company at 31 December 2009 was 11,8% (2008: 11,8%).

The direct and indirect beneficial interests of each director who held in excess of 1% of the issued shares at 31 December 2009 and 2008 were as follows:

	2009 %	2008 %
C Jowell	5,8	5,8
N I Jowell	5,9	5,9

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
2008					
Interim	85	05/09/08	08/09/08	35,0	66
Final	86	03/04/09	06/04/09	75,0	140
2009					
Interim	87	04/09/09	07/09/09	35,0	66
Final	88	26/03/10	29/03/10	85,0	159

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 (2008: 8 884 209).

During 2009 options in respect of 70 000 ordinary shares of 0,5 cent each (2008: 103 000 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 70 000 shares.

Corporate governance

The report on corporate governance is presented on pages 9 to 14.

Interest in significant subsidiaries

	Share capital and premium million	Effective interest 2009 %	Effective interest 2008 %	Shares at cost 2009 Rm	Shares at cost 2008 Rm	Amount owing to company 2009 Rm	Amount owing to company 2008 Rm
Indirect:							
Textainer Group Holdings Ltd [1] (Incorporated in Bermuda) Owning, leasing, managing and reselling of marine cargo containers	US$162	**62,3** [2]	62,6 [3]	**–**	–	**–**	–
Direct:							
Trencor Container Holdings (Pty) Ltd (Incorporated in the Republic of South Africa) Holding company of Trencor Containers (Pty) Ltd	R4	**100**	100	**51**	51	**–**	–
Trencor Services (Pty) Ltd (Incorporated in the Republic of South Africa) Corporate administration and financing	R1 012	**100**	100	**1 017**	1 017	**(286)**	(301)
				1 068	1 068	**(286)**	(301)
Aggregate of all other subsidiaries				**384**	384	**–**	–
				1 452	1 452	**(286)**	(301)
Less impairment loss				**(352)**	(355)	**–**	–
				1 100	1 097	**(286)**	(301)

[1] 62,3% of the issued shares of Textainer at 31 December 2009 are owned by Halco Holdings Inc ('Halco'). Halco is incorporated in the British Virgin Islands and is wholly-owned by the Halco Trust, a trust resident in Liechtenstein. Trencor and certain of its wholly-owned South African subsidiaries are the nominated beneficiaries of the Halco Trust. The protectors of the Halco Trust are Messrs C Jowell, N I Jowell, J E McQueen, D M Nurek and E Oblowitz.

[2] Reduced to 62,1% on 2 January 2010 following the issue of restricted share units.

[3] Reduced to 62,3% on 3 January 2009 following the issue of restricted share units.

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:

	2009 Rm	2008 Rm
Profits	**500**	755
Losses	**(228)**	(76)
	272	679

Special resolution

At the annual general meeting held on 11 June 2009, shareholders passed a special resolution, which was registered on 25 June 2009, to grant the company a general authority for the acquisition by the company or any of its subsidiaries of shares issued by the company. This 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 period under review, no special resolutions were passed by the company's South African subsidiaries and no shareholder resolutions of material interest were passed by the company's non-South African subsidiaries.

Analysis of shareholders

An analysis of shareholders and of holders who held 3% or more of the issued shares at 31 December 2009 is presented on page 68.

Statements of Financial Position

at 31 December 2009

	Notes	Group 2009 Rm	Group 2008 Rm	Company 2009 Rm	Company 2008 Rm
Assets					
Property, plant and equipment	4	7 858	9 198	–	–
Intangible assets	5	493	591	–	–
Investments	6	272	33	–	15
Investment in subsidiaries	7	–	–	1 100	1 097
Amount due by subsidiary	7	–	–	82	67
Long-term receivables	8	838	1 339	2	2
Net investment in finance leases	9	447	698	–	–
Derivative financial instruments	10	5	–	–	–
Deferred tax assets	11	101	6	–	–
Restricted cash	12	48	149	–	–
Total non-current assets		10 062	12 014	1 184	1 181
Inventories	13	9	15	–	–
Trade and other receivables	14	767	849	–	–
Current tax assets	15	2	2	–	–
Assets classified as held for sale	25	11	139	–	–
Cash and cash equivalents	16	1 104	1 445	–	–
Total current assets		1 893	2 450	–	–
Total assets		11 955	14 464	1 184	1 181
Equity					
Issued capital	17	1	1	1	1
Share premium		456	455	456	455
Reserves	17	3 384	4 046	357	353
Total equity attributable to equity holders of the company		3 841	4 502	814	809
Non-controlling interest		1 905	2 117	–	–
Total equity		5 746	6 619	814	809
Liabilities					
Interest-bearing borrowings	18	4 538	6 151	–	–
Amounts attributable to third parties in respect of long-term receivables	8	204	243	–	–
Amount due to subsidiary	7	–	–	368	368
Derivative financial instruments	10	66	180	–	–
Deferred revenue	19	83	–	–	–
Deferred tax liabilities	11	230	271	1	1
Total non-current liabilities		5 121	6 845	369	369
Trade and other payables	20	389	274	1	2
Current tax liabilities	15	138	164	–	1
Current portion of interest-bearing borrowings	18	500	538	–	–
Deferred revenue	19	58	–	–	–
Liabilities classified as held for sale	25	3	24	–	–
Total current liabilities		1 088	1 000	1	3
Total liabilities		6 209	7 845	370	372
Total equity and liabilities		11 955	14 464	1 184	1 181

Statements of Comprehensive Income

for the year ended 31 December 2009

	Notes	Group 2009 Rm	Group 2008 Re-presented Rm	Company 2009 Rm	Company 2008 Rm
Continuing operations					
Revenue	3, 31	1 958	3 299	229	189
Other operating income		8	–	10	–
Changes in inventories		(452)	(585)	–	–
Direct leasing expenses		(325)	(208)	–	–
Staff costs		(191)	(210)	–	–
Depreciation		(378)	(376)	–	–
Other operating expenses		(186)	(286)	(4)	(351)
Net long-term receivable fair value adjustment		130	(179)	–	–
Operating profit/(loss) before net finance income/(expenses)	21	564	1 455	235	(162)
Net finance income/(expenses)	22	71	(333)	6	7
Finance expenses					
Interest expense		(95)	(211)	–	–
Realised and unrealised losses on derivative financial instruments		(29)	(171)	–	–
Finance income					
Interest income		20	49	6	7
Gain on early extinguishment of debt		175	–	–	–
Profit/(Loss) before tax		635	1 122	241	(155)
Income tax credit/(expense)	23	32	(125)	(22)	(19)
Profit/(Loss) for the year from continuing operations		667	997	219	(174)
Discontinued operations					
Profit/(Loss) for the year from discontinued operations after tax	24	24	(81)	–	–
Profit/(Loss) for the year		691	916	219	(174)
Other comprehensive (loss)/income		(1 205)	1 345	(9)	–
Foreign currency translation differences		(1 196)	1 344	–	–
Net change in fair value of available-for-sale financial asset		(2)	1	(2)	–
Net change in fair value of available-for-sale financial asset transferred to profit or loss		(7)	–	(7)	–
Total comprehensive (loss)/income for the year		(514)	2 261	210	(174)
Total comprehensive (loss)/income for the year attributable to:					
Equity holders of the company		(471)	1 459	210	(174)
Non-controlling interest		(43)	802	–	–
		(514)	2 261	210	(174)
Profit/(Loss) for the year attributable to:					
Equity holders of the company		259	663	219	(174)
Non-controlling interest		432	253	–	–
		691	916	219	(174)
Basic earnings per share (cents)	26				
Entity as a whole		138,1	353,8		
Continuing operations		134,7	379,2		
Discontinued operations		3,4	(25,4)		
Diluted earnings per share (cents)	26				
Entity as a whole		138,0	353,2		
Continuing operations		134,6	378,6		
Discontinued operations		3,4	(25,4)		

Statements of Changes in Equity

for the year ended 31 December 2009

	Attributable		
Group	Share capital Rm	Share premium Rm	Fair value reserve Rm
Balance at 31 December 2007	1	455	18
Total comprehensive income for the year			
Profit for the year	–	–	–
Other comprehensive income for the year			
Foreign currency translation differences	–	–	–
Net change in fair value of available-for-sale financial assets	–	–	1
Total other comprehensive income for the year	–	–	1
Total comprehensive income for the year	–	–	1
Transactions with owners, recorded directly in equity			
Contributions by/(Distributions to) owners			
Share-based payments	–	–	–
Dividends paid to equity holders	–	–	–
Total contributions by/(distributions to) owners	–	–	–
Balance at 31 December 2008	1	455	19
Total comprehensive loss for the year			
Profit for the year	**–**	**–**	**–**
Other comprehensive loss for the year			
Foreign currency translation differences	**–**	**–**	**–**
Net change in fair value of available-for-sale financial assets	**–**	**–**	**(2)**
Net change in fair value of available-for-sale financial assets transferred to profit or loss	**–**	**–**	**(7)**
Total other comprehensive loss for the year	**–**	**–**	**(9)**
Total comprehensive (loss)/income for the year	**–**	**–**	**(9)**
Transactions with owners, recorded directly in equity			
Contributions by/(Distributions to) owners			
Share-based payments	**–**	**–**	**–**
Share options exercised	**–**	**1**	**–**
Dividends paid to equity holders	**–**	**–**	**–**
Liquidation dividend paid by subsidiary	**–**	**–**	**–**
Total contributions by/(distributions to) owners	**–**	**1**	**–**
Total changes in ownership interests in subsidiaries	**–**	**–**	**–**
Total transactions with owners	**–**	**1**	**–**
Balance at 31 December 2009	**1**	**456**	**10**

Company	Share capital Rm	Share premium Rm	Fair value reserve Rm
Balance at 31 December 2007	1	455	9
Total comprehensive loss for the year			
Loss for the year	–	–	–
Total comprehensive loss for the year	–	–	–
Transactions with owners, recorded directly in equity			
Distributions to owners			
Dividends paid to equity holders	–	–	–
Total distributions to owners	–	–	–
Balance at 31 December 2008	1	455	9
Total comprehensive income for the year			
Profit for the year	**–**	**–**	**–**
Change in fair value of available-for-sale financial asset	**–**	**–**	**(2)**
Net change in fair value of available-for-sale financial assets transferred to profit or loss	**–**	**–**	**(7)**
Total other comprehensive loss for the year	**–**	**–**	**(9)**
Total comprehensive (loss)/income for the year	**–**	**–**	**(9)**
Transactions with owners, recorded directly in equity			
Contributions by/(Distributions to) owners			
Share options exercised	**–**	**1**	**–**
Dividends paid to equity holders	**–**	**–**	**–**
Total contributions by/(distributions to) owners	**–**	**1**	**–**
Balance at 31 December 2009	**1**	**456**	**–**

to equity holders of the company						
Foreign currency translation reserve Rm	Equity compen-sation reserve Rm	Gain on dilution of investment in subsidiaries Rm	Retained income Rm	Total Rm	Non-controlling interest Rm	Total equity Rm
48	67	282	2 315	3 186	1 429	4 615
–	–	–	663	663	253	916
795	–	–	–	795	549	1 344
–	–	–	–	1	–	1
795	–	–	–	796	549	1 345
795	–	–	663	1 459	802	2 261
–	31	–	–	31	18	49
–	–	–	(174)	(174)	(132)	(306)
–	31	–	(174)	(143)	(114)	(257)
843	98	282	2 804	4 502	2 117	6 619
–	**–**	**–**	**259**	**259**	**432**	**691**
(721)	**–**	**–**	**–**	**(721)**	**(475)**	**(1 196)**
–	**–**	**–**	**–**	**(2)**	**–**	**(2)**
–	**–**	**–**	**–**	**(7)**	**–**	**(7)**
(721)	**–**	**–**	**–**	**(730)**	**(475)**	**(1 205)**
(721)	**–**	**–**	**259**	**(471)**	**(43)**	**(514)**
–	**25**	**–**	**–**	**25**	**15**	**40**
–	**–**	**–**	**–**	**1**	**–**	**1**
–	**–**	**–**	**(206)**	**(206)**	**(139)**	**(345)**
–	**–**	**–**	**–**	**–**	**(55)**	**(55)**
–	**25**	**–**	**(206)**	**(180)**	**(179)**	**(359)**
–	**–**	**(10)**	**–**	**(10)**	**10**	**–**
–	**25**	**(10)**	**(206)**	**(190)**	**(169)**	**(359)**
122	**123**	**272**	**2 857**	**3 841**	**1 905**	**5 746**

Preference share amortisation adjustment Rm	Equity compen-sation reserve Rm	Retained income Rm	Total Rm
600	2	90	1 157
–	–	(174)	(174)
–	–	(174)	(174)
–	–	(174)	(174)
–	–	(174)	(174)
600	2	(258)	809
–	**–**	**219**	**219**
–	**–**	**–**	**(2)**
–	**–**	**–**	**(7)**
–	**–**	**–**	**(9)**
–	**–**	**219**	**210**
–	**–**	**–**	**1**
–	**–**	**(206)**	**(206)**
–	**–**	**(206)**	**(205)**
600	**2**	**(245)**	**814**

Statements of Cash Flows

for the year ended 31 December 2009

	Notes	Group 2009 Rm	Group 2008 Re-presented Rm	Company 2009 Rm	Company 2008 Rm
Cash flows from operating activities					
Cash generated from operations	27	1 483	1 837	224	185
Acquisition of container leasing equipment		(1 162)	(2 550)	–	–
Finance income received		20	51	6	7
Finance expenses paid		(201)	(248)	–	–
Dividends paid to shareholders of the company		(206)	(174)	(206)	(174)
Dividends paid to non-controlling interest		(139)	(132)	–	–
Income taxes paid	15	(82)	(69)	(23)	(18)
Net cash (outflow)/inflow from operating activities		(287)	(1 285)	1	–
Cash flows from investing activities					
Acquisition of property, plant and equipment		(17)	(9)	–	–
Acquisition of intangible assets		(115)	(1)	–	–
Increase in unlisted investments		(289)	–	–	–
Loan repaid by subsidiary		–	–	–	6
Shares acquired in subsidiary		–	–	–	(375)
Proceeds on disposal of investment		13	89	13	–
Amounts advanced to subsidiary		–	–	(15)	–
Decrease in finance leases		322	117	–	–
Repayment of long-term loans		–	4	–	–
Decrease in restricted cash		79	5	–	–
Proceeds on disposal of discontinued operations		62	163	–	–
Net cash inflow/(outflow) from investing activities		55	368	(2)	(369)
Cash flows from financing activities					
Interest-bearing borrowings repaid		(3 155)	(1 814)	–	–
Interest-bearing borrowings raised		3 186	2 972	–	–
Debt issuance costs incurred		(1)	(25)	–	–
Loan advanced by subsidiary		–	–	–	375
Loan repaid to subsidiary		–	–	–	(6)
Proceeds on issue of shares		1	–	1	–
Receipts from long-term receivables		297	230	–	–
Payments to third parties in respect of long-term receivables		(18)	(24)	–	–
Bonds payable repurchased		(181)	–	–	–
Liquidation dividend paid to non-controlling interest		(55)	–	–	–
Net cash inflow from financing activities		74	1 339	1	369
Net (decrease)/increase in cash and cash equivalents		(158)	422	–	–
Cash and cash equivalents at the beginning of the year		1 526	808	–	–
Effect of exchange rate changes on cash and cash equivalents		(253)	296	–	–
Cash and cash equivalents at the end of the year	16, 25	1 115	1 526	–	–

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 2009 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 related financing activities.

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 16 April 2010.

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; and
- 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.

2.3 Functional and presentation currency

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

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 35.

2.5 Changes in accounting policies

Effective 1 January 2009, the group has changed its accounting policies in the following areas:

- accounting for business combinations;
- accounting for acquisition of non-controlling interests;
- determination and presentation of segments;
- accounting for gains and losses on disposal of container leasing equipment; and
- presentation of financial statements.

2.5.1 Accounting for business combinations and acquisition of non-controlling interests

The group has chosen to early adopt the requirements of the amendments to IAS 27 *Consolidated and Separate Financial Statements* effective 1 January 2009. As a result, changes in any group entity's ownership interest in a subsidiary after control is obtained are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). Accordingly, gains or losses which arise from acquisitions or disposals of additional non-controlling interests are accounted for as equity transactions provided control is retained after the conclusion of such transactions. As a result of early adopting IAS 27, the group has early adopted the requirements of IFRS 3 *Business Combinations*. The application of these amendments did not impact the group's financial results.

2.5.2 Determination and presentation of operating segments

As of 1 January 2009 the group determines and presents operating segments based on the information that internally is provided to the board, which is considered to be the group's chief operating decision-maker. This change in accounting policy is due to the adoption of IFRS 8 *Operating Segments*. Previously operating segments were determined and presented in accordance with IAS 14 *Segment Reporting*. Comparative segment information has been re-presented in conformity with the transitional requirements of IFRS 8. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

2.5.3 Accounting for gains and losses on disposal of container leasing equipment

The group adopted the amendment to IAS 16 *Property, Plant and Equipment*, which formed part of the IASB's Annual Improvement Project for 2009, which has resulted in containers in the leasing fleet being transferred to inventory at their carrying amounts when they cease to be rented or become held for sale. Proceeds on the sale of these assets are recognised in revenue in accordance with IAS 18 *Revenue*. Profits or losses arising from the sale of these assets are included in headline earnings for the first time during the current year. Due to the change in accounting policy, in accordance with the consequential amendment to IAS 7 *Statement of Cash Flows*, cash flows resulting from the purchase and sale of containers are disclosed as cash flows from operating activities instead of cash flows from investing activities. Comparative amounts have been re-presented to account for these changes.

2.5.4 Presentation of financial statements

The group applied the revised IAS 1 *Presentation of Financial Statements* which became effective for the first time on 1 January 2009. As a result, the group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

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.

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.

Changes in any group entity's ownership interest in a subsidiary after control is obtained are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). Accordingly, gains or losses which arise from acquisitions or disposals of additional non-controlling interests are accounted for as equity transactions provided control is retained after the conclusion of such transactions.

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, expenses and equity movements of equity accounted investees, 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 associates 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 reporting date are translated 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 translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognised in profit or loss except for differences arising on the translation 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 in other comprehensive income. 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 as part of the profit or loss on disposal.

3.3 Financial instruments

3.3.1 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities and currency notes, long-term receivables, trade and other receivables, cash and cash equivalents, loans and borrowings, amounts attributable to third parties in respect of long-term receivables, 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.

The group has the following non-derivative financial assets: available-for-sale financial assets, financial assets at fair value through profit or loss, and loans and receivables.

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 in other comprehensive income and presented within equity in the fair value reserve. The fair value of listed investments classified as available-for-sale is their quoted bid price at the reporting 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 other comprehensive income is transferred to profit or loss.

Assets and liabilities at fair value through profit or loss

An instrument is classified 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 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 reporting 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 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.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables.

Other
Other financial assets are measured at amortised cost using the effective interest method, less any accumulated impairment losses.

Non-derivative financial liabilities
All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the group becomes a party to the contractual provisions of the instrument. Debt issuance costs are capitalised and amortised over the term of the debt as required by application of the effective interest method. The group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

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 less impairment losses. 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 risk 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, and which meets the definition of a derivative, is recognised. 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. 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 reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using an appropriate interest rate.

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

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary 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, net of any tax effects, 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 off-set and the net amount presented in the statement of financial position when the group has a legally enforceable 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 (other than containers in the leasing fleet) are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised on a net basis within other income in profit or loss. When containers in the leasing fleet cease to be rented or become held for sale they are transferred to inventory at their carrying amounts. On disposal the proceeds on the sale of these assets are recognised in revenue in accordance with IAS 18 *Revenue* and the carrying value is included in changes in inventories.

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 3.13.1.

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 calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

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 since this most closely reflects the expected pattern of consumption of the

future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the group will obtain ownership by 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	12
Plant and machinery	9
Motor vehicles	4 – 5
Other equipment	3 – 10

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

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 negative goodwill arises, it is recognised immediately in profit or loss.

3.5.1 Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as owners and therefore no goodwill is recognised as a result of such transactions.

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, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

3.6 Intangible assets

Intangible assets consist of exclusive rights to manage various fleets of containers and are measured at cost less accumulated amortisation (refer note 3.6.2) 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.

3.6.1 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.

3.6.2 Amortisation

Intangible assets with finite useful lives are amortised over their useful lives. 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). The estimated useful lives are reassessed annually and are as follows for the current and comparative periods:

	Years
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 selling expenses.

The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, and other costs incurred in bringing them to their existing location and condition.

3.9 Impairment

3.9.1 Financial assets

At each reporting 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 a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor,

restructuring of an amount due to the group on terms that the group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, and the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics. In assessing collective impairment the group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

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. Losses are recognised in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

An impairment loss in respect of an available-for-sale financial asset is calculated with reference to its current fair value. Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in profit or loss. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

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, the 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 is first allocated to goodwill, and then to the 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 statement of financial position when the group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. 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 the risks specific to the liability. The unwinding of the discount is recognised as a finance expense.

3.12 Revenue

3.12.1 Goods sold

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 persuasive evidence exists, usually in the form of an executed sales agreement, that 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 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. Considerations received in advance for future operating lease payments are discounted to their present values and deferred over the lease term.

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.

The group's leases generally require the lessee to pay for any damage to the container beyond normal wear and tear at the end of the lease term. The group offers a damage protection plan (DPP) to certain of its lessees. In terms of the DPP, the group charges an amount, in addition to lease rentals, primarily on a daily basis and the lessees are no longer obligated for certain future repair costs for containers subject to the DPP. It is the group's policy to recognise these revenues as earned on a daily basis over the related term of the lease.

The group has not recognised revenue and related expense under the DPP for customers who are charged at the end of the lease term or for other lessees who do not participate in the DPP. Based on past history, there is uncertainty as to the collectibility of these amounts from lessees who are billed at the end of the lease term because the amounts due under the DPP are typically renegotiated at the end of the lease term or the lease term is extended.

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 Net finance expenses

Interest expense comprises the effective interest expense on financial liabilities measured at amortised cost. Capitalised debt issuance costs which are amortised over the term of the debt are included in interest expense as required by application of the effective interest method.

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 reporting 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 all classified as 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 for service and non-market performance conditions, so as to reflect the actual number of share options that vest.

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 or in other comprehensive income.

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

Deferred tax is recognised in respect of 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 reporting date. Deferred tax assets and liabilities are off-set if there is a legally enforceable right to off-set current tax assets and liabilities, 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 assets and liabilities 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.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend. Secondary tax on companies ('STC') is recognised as part of the current tax charge in profit or loss 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 off-set 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.

3.18 Segment reporting

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. All operating segments' operating results are reviewed regularly by the board to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Based on the nature of the group's operations, geographical segment information is not distinguishable or relevant.

3.19 Financial guarantee contracts

Financial guarantee contracts are contracts that require the group or the company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable).

4 Property, plant and equipment

	Group				
	Land and buildings Rm	Container leasing equipment Rm	Plant and machinery Rm	Other equipment and motor vehicles Rm	Total Rm
Cost					
2008					
Balance at the beginning of the year	8	7 851	14	57	7 930
Additions	–	2 337	–	8	2 345
Effect of movements in exchange rates	2	3 191	5	18	3 216
Transfer to container inventory	–	(740)	–	–	(740)
Transfer to finance leases	–	(400)	–	–	(400)
Disposals	–	–	–	(1)	(1)
Balance at the end of the year	10	12 239	19	82	12 350
2009					
Additions	**5**	**1 479**	**5**	**7**	**1 496**
Effect of movements in exchange rates	**(3)**	**(2 618)**	**(4)**	**(16)**	**(2 641)**
Transfer to container inventory	**–**	**(644)**	**–**	**–**	**(644)**
Transfer to finance leases	**–**	**(141)**	**–**	**–**	**(141)**
Disposals	**–**	**–**	**(1)**	**(1)**	**(2)**
Balance at the end of the year	**12**	**10 315**	**19**	**72**	**10 418**
Depreciation and impairment losses					
2008					
Balance at the beginning of the year	5	2 143	7	49	2 204
Depreciation	–	369	1	6	376
Effect of movements in exchange rates	2	924	3	16	945
Impairment losses	–	4	–	–	4
Transfer to container inventory	–	(372)	–	–	(372)
Transfer to finance leases	–	(4)	–	–	(4)
Disposals	–	–	–	(1)	(1)
Balance at the end of the year	7	3 064	11	70	3 152
2009					
Depreciation	**1**	**370**	**1**	**6**	**378**
Effect of movements in exchange rates	**(2)**	**(642)**	**(1)**	**(14)**	**(659)**
Impairment losses	**–**	**16**	**–**	**–**	**16**
Transfer to finance leases	**–**	**(12)**	**–**	**–**	**(12)**
Transfer to container inventory	**–**	**(313)**	**–**	**–**	**(313)**
Disposals	**–**	**–**	**(1)**	**(1)**	**(2)**
Balance at the end of the year	**6**	**2 483**	**10**	**61**	**2 560**
Carrying amounts					
At 1 January 2008	3	5 708	7	8	5 726
At 31 December 2008	3	9 175	8	12	9 198
At 31 December 2009	**6**	**7 832**	**9**	**11**	**7 858**
Net book value of assets encumbered as security for interest-bearing borrowings (refer note 18)					
At 31 December 2008	–	9 175	–	–	9 175
At 31 December 2009	**–**	**7 832**	**–**	**–**	**7 832**

4.1 The net book value of buildings situated on leased premises amounts to R6 million (2008: R3 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 impairment losses represent the write-down of the carrying amounts to fair value, less costs to sell, in respect of containers identified for sale. Evaluations are carried out at the time containers come off-hire from leases to determine whether such containers should be repaired and returned to service or sold.

5 Intangible assets

	Group
	Container management contracts acquired Rm
Cost	
2008	
Balance at the beginning of the year	508
Additions	1
Effect of movements in exchange rates	187
Balance at the end of the year	696
2009	
Additions	**115**
Effect of movements in exchange rates	**(154)**
Disposals	**(31)**
Balance at the end of the year	**626**
Amortisation	
2008	
Balance at the beginning of the year	32
Amortisation for the year	54
Effect of movements in exchange rates	19
Balance at the end of the year	105
2009	
Amortisation for the year	**59**
Effect of movements in exchange rates	**(28)**
Disposals	**(3)**
Balance at the end of the year	**133**
Carrying amounts	
At 1 January 2008	476
At 31 December 2008	591
At 31 December 2009	**493**

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

6 Investments

	Group		Company	
	2009 Rm	2008 Rm	2009 Rm	2008 Rm
Equity instruments available-for-sale				
Listed company	–	15	–	15
Unlisted companies	14	18	–	–
	14	33	–	15
Financial assets designated at fair value through profit or loss				
Protected currency basket note	258	–	–	–
	258	–	–	–
The protected basket currency note consists of Australian and emerging market currencies, namely the Brazilian Real, the Indian Rupee and the Korean Won. The protected currency basket note matures on 12 October 2011. The terms of the note guarantee a minimum capital return of 100% if held to maturity.				
Total investments	272	33	–	15

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

7 Interest in subsidiaries

	2009 Rm	2008 Rm
Ordinary shares at cost	439	439
Preference shares including amortisation adjustment	1 013	1 013
Investment in subsidiaries before impairment loss	1 452	1 452
Less impairment loss	(352)	(355)
Investment in subsidiaries	1 100	1 097
Amount due by subsidiary – long term	82	67
	1 182	1 164
Amount due to subsidiary – long term	(368)	(368)
	814	796

7.1 Amount due by subsidiary is unsecured and bears interest at 6,0% p.a. (2008: 10,5% p.a.) and is not repayable within the next twelve months.

7.2 Amount due to subsidiary is unsecured and interest free and is not repayable within the next twelve months.

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

	2009 Rm	2008 Rm
Dividend income (refer note 21)	229	189
Interest income (refer note 22)	6	7
	235	196

8 Net investment in long-term receivables

	Group		Company	
	2009 Rm	2008 Rm	2009 Rm	2008 Rm
Net investment in long-term receivables comprises:				
Long-term receivables	838	1 339	2	2
Amounts attributable to third parties in respect of long-term receivables	(204)	(243)	–	–
	634	1 096	2	2
Represented by:				
Total receivables	1 697	2 466	2	2
Less deferred income	84	165	–	–
Net present value of long-term receivables	1 613	2 301	2	2
Less amounts attributable to third parties in respect of long-term receivables	354	364	–	–
Total amount	392	417	–	–
Less deferred expenditure	38	53	–	–
Net present value of net investment in long-term receivables	1 259	1 937	2	2
Less fair value adjustment to net investment, relating to:	528	654	–	–
Long-term receivables	657	765	–	–
Amounts attributable to third parties in respect of long-term receivables	(129)	(111)	–	–
	731	1 283	2	2
Less current portion of net investment included in:	97	187	–	–
Trade and other receivables	118	197	–	–
Trade and other payables	(21)	(10)	–	–
	634	1 096	2	2

8.1 Total receivables in base currency amounted to US$231 million (2008: US$266 million).

8.2 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. (2008: 8,5% p.a.). An appropriate fair value adjustment is made to the net investment for the estimated timing of receipt and the possible non-collectibility of these receivables, and the related effect on the payment to third parties. The net present value of the long-term receivables and the related fair value adjustment were translated into SA rand at US$1 = R7,35 (2008: US$1 = R9,27). Approximately 85% (2008: 90%) of the net adjustment relates to the estimated timing of receipt and is in the nature of deferred income and approximately 15% (2008: 10%) relates to the possible non-collectibility of receivables. There has been a R14 million base currency increase in the fair value adjustment (2008: no increase or release).

8.3 The amounts attributable to third parties in respect of the long-term receivables are denominated in SA rand and are valued by discounting future cash flows at 10% p.a. (2008: 10% p.a.). These are payable as and when the proceeds from the related long-term receivables are received.

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

	Group	
	2009 Rm	2008 Rm
Total amounts attributable to third parties	392	417
Less deferred expenditure	38	53
Net present value of amounts attributable to third parties (as above)	354	364
Fair value adjustment (as above)	(129)	(111)
Fair value of amounts attributable to third parties	225	253
Current portion included in trade and other payables (as above)	(21)	(10)
	204	243

9 Net investment in finance leases

	Group					
	Minimum lease payments	Unearned finance income	Present value of minimum lease payments	Minimum lease payments	Unearned finance income	Present value of minimum lease payments
	2009			2008		
	Rm	Rm	Rm	Rm	Rm	Rm
Amounts receivable under finance leases:						
Within one year	**166**	**41**	**125**	229	69	160
Between one and five years	**422**	**72**	**350**	662	140	522
After five years	**108**	**11**	**97**	201	25	176
	696	**124**	**572**	1 092	234	858

	Group	
	2009 Rm	2008 Rm
Analysed as:		
Non-current finance lease receivables	**447**	698
Current finance lease receivables included in trade and other receivables	**125**	160
	572	858

9.1 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.

9.2 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 11,37% p.a. (2008: 12,38% p.a.).

9.3 Unguaranteed residual values of assets leased under finance leases at the reporting date are estimated at R0,4 million (2008: R0,1 million).

9.4 The investment in finance leases has been pledged as security for a loan (refer note 18).

9.5 The fair value of the investment in finance leases is R549 million (2008: R858 million) (refer note 33). No impairment loss has been recognised as the difference between carrying value and fair value resulted from changes in current market interest rates without any changes to future contractual cash flows.

10 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
2009					
Interest rate cap contracts	November 2015	Interest rates	**1 191**	**–**	**–**
Interest rate swap contracts	December 2014	Interest rates	**2 644**	**5**	**66**
				5	**66**
2008					
Interest rate cap contracts	November 2015	Interest rates	1 020	–	–
Interest rate swap contracts	November 2013	Interest rates	4 019	–	180
				–	180

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

10.2 The variable interest rate debt principal outstanding amounted to R5 038 million at 31 December 2009 (2008: R6 689 million) of which R3 835 million (2008: R5 039 million) in notional value was covered by interest rate cap and swap contracts.

11 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group					
	Assets		Liabilities		Net	
	2009 Rm	2008 Rm	2009 Rm	2008 Rm	2009 Rm	2008 Rm
Property, plant and equipment	–	–	94	110	94	110
Net investment in long-term receivables	(5)	–	–	104	(5)	104
Investments	–	–	2	2	2	2
Export partnerships	–	–	1	1	1	1
Trade and other receivables	–	–	9	11	9	11
Trade and other payables	(36)	(42)	–	–	(36)	(42)
Tax loss carry-forwards	(41)	(41)	–	–	(41)	(41)
Deferred income	–	–	105	120	105	120
Tax (assets)/liabilities	(82)	(83)	211	348	129	265
Set-off of tax	(19)	77	19	(77)	–	–
Net tax (assets)/liabilities	(101)	(6)	230	271	129	265

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 receivable Rm	Balance at the end of the year Rm
2008					
Property, plant and equipment	76	5	29	–	110
Net investment in long-term receivables	(7)	108	–	3	104
Investments	2	–	–	–	2
Export partnerships	1	–	–	–	1
Trade and other receivables	8	–	3	–	11
Trade and other payables	(13)	(22)	(7)	–	(42)
Tax loss carry-forwards	–	(36)	(5)	–	(41)
Deferred income	119	(17)	18	–	120
	186	38	38	3	265
2009					
Property, plant and equipment	110	8	(24)	–	94
Net investment in long-term receivables	104	(110)	–	1	(5)
Investments	2	–	–	–	2
Export partnerships	1	–	–	–	1
Trade and other receivables	11	–	(2)	–	9
Trade and other payables	(42)	(2)	8	–	(36)
Tax loss carry-forwards	(41)	(10)	10	–	(41)
Deferred income	120	(3)	(12)	–	105
	265	(117)	(20)	1	129

	Group	
	2009 Rm	2008 Rm
Deferred tax recognised in profit or loss		
Timing differences (refer above)	(117)	38
Timing differences released from assets held for sale (refer note 24)	–	80
	(117)	118
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Tax losses	–	463

11 Deferred tax assets and liabilities (continued)

11.1 The group has deferred tax assets of R41 million relating to tax loss carry-forwards (2008: R41 million) which will expire between 2017 and 2029 if not utilised.

11.2 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 2009, cumulative earnings of approximately R250 million (2008: R270 million) would be subject to income taxes of approximately R71 million (2008: R78 million) if such earnings of foreign companies were transferred out of such jurisdictions in the form of dividends.

11.3 In the case of the company, the deferred tax liability of R1 million (2008: R1 million) arises as a result of its participation in export partnerships.

11.4 There were no temporary differences associated with investments in subsidiaries and associate companies for which deferred tax liabilities have not been recognised (2008: nil).

12 Restricted cash

	Group	
	2009 Rm	2008 Rm
The restricted cash is held by lenders as additional collateral for Textainer's secured debt facility and bond payable (refer note 18).	48	149
	48	149

The terms of the bond payable and the secured debt facility require that a minimum of five months interest be held as restricted cash. The net operating income of the borrowing company is also required to be placed in a trust account and cannot be withdrawn until the monthly principal and interest payments are made.

13 Inventories

	2009 Rm	2008 Rm
Container equipment held for resale	9	15
	9	15

14 Trade and other receivables

	2009 Rm	2008 Rm
Trade receivables	508	464
Prepayments	5	14
Current portion of long-term receivables and investment in finance leases	243	357
Other	11	14
	767	849

15 Current tax

	Group		Company	
	2009 Rm	2008 Rm	2009 Rm	2008 Rm
Amounts payable at the beginning of the year	164	100	1	–
Amounts receivable at the beginning of the year	(2)	–	–	–
Effect of movements in exchange rates	(35)	36	–	–
Recognised in profit or loss				
South African normal	37	35	1	2
Foreign normal	33	43	–	–
Secondary tax on companies	21	17	21	17
Amounts payable at the end of the year	(138)	(164)	–	(1)
Amounts receivable at the end of the year	2	2	–	–
Amounts paid during the year	82	69	23	18

16 Cash and cash equivalents

	2009 Rm	2008 Rm	2009 Rm	2008 Rm
Bank balances	549	673	–	–
Call and term deposits	555	772	–	–
	1 104	1 445	–	–

17 Capital and reserves

	Group		Company	
	2009 Rm	2008 Rm	2009 Rm	2008 Rm
Share capital				
Authorised				
Ordinary shares of 0,5 cent each				
200 000 000 (2008: 200 000 000)	**1**	1	**1**	1
Issued				
Ordinary shares of 0,5 cent each				
187 468 892 (2008: 187 398 892)	**1**	1	**1**	1
	Number of shares (million)			
In issue at the beginning of the year	**187,4**	187,3	**187,4**	187,3
Issued for cash	**0,1**	0,1	**0,1**	0,1
In issue at the end of the year, fully paid	**187,5**	187,4	**187,5**	187,4

17.1 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.

17.2 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 30).

17.3 Dividends

	Rm	Rm	Rm	Rm
Dividends declared and paid during the year are as follows:				
Final dividend in respect of financial year 2008 – 75 cents per share (2007: 58 cents)	**140**	108	**140**	108
Interim dividend in respect of financial year 2009 – 35 cents per share (2008: 35 cents)	**66**	66	**66**	66
	206	174	**206**	174

A final dividend of 85 cents per share in respect of financial year 2009 (2008: 75 cents per share) was declared by the board on 18 February 2010. This dividend will be subject to STC of R16 million (2008: R14 million).

17.4 The company has no distributable reserves which could be distributed by way of dividends and subject to STC (2008: nil).

17.5 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 equity-settled share-based payments.

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 subscription price of the preference shares paid at acquisition and the amount written up to the subscription price through profit or loss using the amortised cost method (refer note 7).

18 Interest-bearing borrowings

	Group								
						Foreign amount			
	Current interest rate p.a.	Interest indexed to	Repayment terms	Annual instalment Rm	Final maturity	**2009 US$m**	2008 US$m	**2009 Rm**	2008 Rm
Secured (refer note 18.1)									
Bond payable	0,76%	LIBOR	Monthly	378	May 2015	**279**	372	**2 050**	3 450
Debt facility	1,48%	LIBOR	Monthly, commences July 2010	243	June 2020	**330**	301	**2 426**	2 791
Revolving debt facility	1,25%	US Prime or LIBOR	Full amount repayable 2013	581	April 2013	**79**	53	**581**	491
Total								**5 057**	6 732
Less unamortised debt issuance costs								**(19)**	(43)
								5 038	6 689
Less current portion included in current liabilities								**(500)**	(538)
								4 538	6 151

18.1 The secured loans are secured by way of a pledge against certain of the group's property, plant, equipment and investments in finance leases as well as requirements by lenders that a group company hold restricted cash as additional collateral for borrowings (refer notes 4, 9 and 12 respectively).

18.2 Debt issuance costs of R1 million (2008: R25 million) were capitalised during the year.

18.3 In terms of the articles of association, the company's borrowing powers are unlimited. The company's borrowings are disclosed note 7.

18.4 Details of the group's borrowings are as follows:

	Group	
	2009 Rm	2008 Rm
Total borrowing facilities	**7 048**	9 754
Actual borrowings at the end of the year	**5 057**	6 732
Unutilised facilities	**1 991**	3 022

18.5 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.

18.6 During the year, Textainer repurchased a portion of its issued bonds with an aggregate original face value of R583 million (R358 million in aggregate outstanding principal amount) for R181 million. As a result of these repurchases, the group recognised a gain of R175 million on the early extinguishment of debt during the year (refer note 22), after the write-off of unamortised debt issuance costs of R2 million.

19 Deferred revenue

During the year, Textainer simultaneously entered into purchase and operating lease transactions in respect of specific containers, with a shipping line. The reduced rental rates agreed as part of these transactions effectively resulted in the shipping line prepaying lease rentals by accepting a lower purchase price for the containers. As a result, Textainer recognised deferred revenue (to be recognised in profit or loss over the lease term) equal to the present value of rental revenue that would have been recognised under operating leases if Textainer received market related rental rates. The containers purchased were recorded at the sum of the amount paid in cash and the present value of the lease rentals as calculated above (which approximated or were less than their fair values).

	Group	
	2009 Rm	2008 Rm
Balance at the beginning of the year	**–**	–
Transactions entered into during the year	**225**	–
Recognised in profit or loss	**(37)**	–
Terminations	**(28)**	–
Effect of movements in exchange rates	**(19)**	–
Balance at the end of the year	**141**	–
Analysed as:		
Non-current deferred revenue	**83**	–
Current deferred revenue	**58**	–
	141	–

20 Trade and other payables

	Group		**Company**	
	2009 Rm	2008 Rm	**2009 Rm**	2008 Rm
Trade payables	**67**	46	**–**	–
Accrued expenses	**87**	100	**1**	2
Current portion of amounts due to third parties in respect of long-term receivables	**21**	10	**–**	–
Amounts due to container owners	**100**	97	**–**	–
Amounts due in respect of container acquisitions	**97**	19	**–**	–
Amount due to associate	**11**	–	**–**	–
Other	**6**	2	**–**	–
	389	274	**1**	2

21 Operating profit/(loss) before net finance income/expenses

	Group		Company	
	2009 Rm	2008 Rm	2009 Rm	2008 Rm
Operating profit/(loss) before net finance income/expenses is arrived at after taking into account:				
Income				
Dividend income (included in revenue)				
Subsidiaries	–	–	229	189
Net profit on disposal of property, plant and equipment	93	127	–	–
Fair value adjustment – embedded derivative	–	(2)	–	–
Charges				
Amortisation of intangible assets	59	54	–	–
Auditors' remuneration	12	15	1	1
Audit fee – current year	10	11	1	1
– under provision prior year	2	4	–	–
Directors' emoluments	10	12	1	2
Executive directors				
Short-term employee benefits	7	8	–	–
Non-executive directors				
Remuneration	3	4	1	2
Impairment losses/(reversal of losses)	37	161	(3)	346
Property, plant and equipment	16	4	–	–
Investment in subsidiary	–	–	(3)	346
Goodwill	–	135	–	–
Trade and other receivables – losses	28	30	–	–
Trade and other receivables – reversals	(7)	(8)	–	–
Operating leases – premises	15	14	–	–
Share-based payments included in staff costs – equity-settled	38	47	–	–
Retirement benefit contributions included in staff costs	3	3	–	–

22 Net finance (income)/expenses

	Group 2009 Rm	Group 2008 Rm	Company 2009 Rm	Company 2008 Rm
Finance expenses	124	382	–	–
Interest expense	95	211	–	–
Realised and unrealised losses on derivative financial instruments	29	171	–	–
Finance income	(195)	(49)	(6)	(7)
Interest income	(20)	(49)	(6)	(7)
Received from subsidiary	–	–	(6)	(7)
Received on cash and cash equivalents	(20)	(49)	–	–
Gain on early extinguishment of debt	(175)	–	–	–
	(71)	333	(6)	(7)

23 Income tax (credit)/expense

	Group		Company	
	2009 Rm	2008 Rm	2009 Rm	2008 Rm
South African normal	37	35	1	2
Current	37	36	1	2
Adjustment in respect of prior year	–	(1)	–	–
Foreign normal	33	38	–	–
Current	42	43	–	–
Adjustment in respect of prior year	(9)	(5)	–	–
Secondary tax on companies	21	17	21	17
Associated tax credit – current year	(5)	(2)	–	–
– prior year	(1)	(1)	–	–
South African deferred	(112)	102	–	–
South African deferred – origination and reversal of temporary differences	(112)	105	–	–
Adjustment in respect of prior year	–	1	–	–
Adjustment due to change in tax rate	–	(4)	–	–
Foreign deferred	(5)	(64)	–	–
Foreign deferred – origination and reversal of temporary differences	(4)	(27)	–	–
Adjustment in respect of prior year	(1)	(33)	–	–
Adjustment due to change in tax rate	–	(4)	–	–
	(32)	125	22	19
Total income tax (credit)/charge				
Continuing operations	(32)	125	22	19
Discontinued operations (refer note 24)	–	86	–	–
	(32)	211	22	19

	%	%	%	%
The effective tax rate is reconciled as follows:				
Statutory tax rate	28,0	28,0	28,0	(28,0)
Non-taxable income	(1,3)	–	(27,8)	(34,3)
Non-deductible expenses	0,7	3,4	0,5	63,6
Foreign differential	(33,9)	(17,4)	–	–
Adjustment in respect of prior year	(1,4)	(3,5)	–	–
Current year losses for which no deferred tax asset was recognised	–	7,4	–	–
Secondary tax on companies	3,1	1,5	8,6	11,3
Change in tax rate	–	(0,7)	–	–
Effective tax rate	(4,8)	18,7	9,3	12,6

23.1 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. Deferred income taxes reflect temporary differences attributable to various jurisdictions at the appropriate statutory rates.

23.2 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.

24 Discontinued operations

The discontinued operations relate to the mobile asset ownership and management businesses exited by the group during 2007 and the sale of the plant and equipment of the tank manufacturing business which was discontinued during 2003.

During the year an investment held by TrenStar Inc was disposed of for R43 million resulting in a loss of R3 million and cash of R29 million, held in escrow in respect of the disposal of the mobile asset ownership and management businesses in the prior year, was released.

The results of the discontinued operations are set out below.

	Group	
	2009 Rm	2008 Rm
Results of operations:		
Revenue	–	20
Expenses	(4)	(30)
Profit on disposal of discontinued operations	26	21
Profit from operations	22	11
Finance income	2	2
Finance expenses	–	(8)
Profit before tax	24	5
Income tax expense (refer note 23)	–	86
Foreign normal	–	5
South African deferred – reversal of temporary differences	–	1
Foreign deferred – reversal of temporary differences (refer note 11)	–	80
Profit/(Loss) for the year	24	(81)
Total assets	11	139
Total liabilities	3	24
Cash flow information		
Cash flows from operating activities	(12)	(2)
Cash flows from investing activities	71	500
Cash flows from financing activities	(55)	(362)

25 Assets classified as held for sale

The remaining assets and liabilities of the mobile asset ownership and management businesses are presented as a disposal group held for sale. The disposal group comprised assets of R11 million (2008: R139 million) less liabilities of R3 million (2008: R24 million).

	2009	2008
Investments	–	47
Restricted cash	–	2
Trade and other receivables	–	9
Cash and cash equivalents	11	81
	11	139
Liabilities classified as held for sale:		
Derivative financial instruments	3	4
Trade and other payables	–	9
Provisions	–	11
	3	24

26 Earnings per share

	Group	
	2009 Rm	2008 Rm
Basic earnings per share		
Profit/(Loss) for the year attributable to equity holders of the company		
From continuing operations	253	710
From discontinued operations	6	(47)
	259	663
Weighted average number of shares in issue (million)	187,4	187,3
Issued ordinary shares at 1 January (million)	187,3	187,2
Effect of shares issued during the year (million)	0,1	0,1
Basic earnings/(loss) per share (cents)		
Entity as a whole	138,1	353,8
Continuing operations	134,7	379,2
Discontinued operations	3,4	(25,4)
Diluted earnings per share		
Profit/(Loss) for the year attributable to equity holders of the company		
From continuing operations	253	710
From discontinued operations	6	(47)
Profit for the year attributable to equity holders of the company	259	663
Weighted average number of ordinary shares (diluted) (million)	187,6	187,6
Weighted average number of shares in issue (million)	187,4	187,3
Effect of exercise of share options (million)	0,2	0,3
Diluted earnings/(loss) per share (cents)		
Entity as a whole	138,0	353,2
Continuing operations	134,6	378,6
Discontinued operations	3,4	(25,4)

The dilution arises as a result of the potential exercise of the outstanding share options.

26 Earnings per share (continued)

	Group			
	2009		2008	
	Gross Rm	Net Rm	Gross Rm	Net Rm
Headline earnings per share				
Undiluted				
Profit for the year attributable to equity holders of the company		259		663
Adjustments relating to continuing activities				
Impairment of plant and equipment	16	9	4	2
Impairment of goodwill	–	–	135	84
Net gain on disposal of available-for-sale financial asset transferred from equity	(7)	(7)	–	–
Adjustments relating to discontinued operations				
Net (gain)/loss on disposal of discontinued operations	(26)	(8)	(21)	39
Headline earnings attributable to equity holders of the company		253		788
Weighted average number of shares in issue (million)		187,4		187,3
Headline earnings per share (cents)		134,8		420,8
Diluted				
Headline earnings attributable to equity holders of the company		253		788
Weighted average number of ordinary shares (million) (diluted)		187,6		187,6
Diluted headline earnings per share (cents)		134,7		420,1
Adjusted headline earnings per share Adjusted headline earnings per share is the more appropriate measure of Trencor's financial performance in that it excludes net unrealised foreign exchange losses and gains. Adjusted headline earnings may also include such other adjustments that, in the opinion of the board, are necessary to properly represent adjusted headline earnings.				
Headline earnings attributable to equity holders of the company		253	–	788
Net loss/(gain) on translation of long-term receivables	298	214	(439)	(316)
Gain on early extinguishment of debt	(175)	(86)	–	–
Adjusted headline earnings attributable to equity holders of the company		381		472
Adjusted headline earnings per share (cents)		203,5		251,9
Diluted adjusted headline earnings per share (cents)		203,3		251,5

27 Cash generated from operations

	Group		Company	
	2009 Rm	2008 Rm	2009 Rm	2008 Rm
Reconciliation of profit/(loss) for the year to cash generated from operations:				
Profit/(Loss) for the year	691	916	219	(174)
Adjusted for:				
Finance expense	124	390	–	–
Finance income	(20)	(51)	(6)	(7)
Fair value adjustment – embedded derivative	–	2	–	–
Net change in fair value of available-for-sale financial asset transferred to profit or loss	(7)	–	(7)	–
Unrealised foreign exchange losses/(gains)	442	(640)	–	–
Net (decrease)/increase in fair value adjustment in respect of net investment in long-term receivables	(126)	191	–	–
Other non-cash flow adjustments to the net investment in long-term receivables	(37)	(54)	–	–
Depreciation	378	376	–	–
Cost of containers disposed of transferred to profit or loss	331	368	–	–
Net impairment losses/(reversals)	37	163	(3)	346
Continuing operations	37	161	(3)	346
Discontinued operations	–	2	–	–
Gain on early extinguishment of debt	(175)	–	–	–
Share-based payments	40	47	–	–
Amortisation of intangible assets	59	54	–	–
Finance lease income	(70)	–	–	–
Deferred revenue released to profit or loss	(37)	–	–	–
Net profit on disposal of disposal group	(26)	(23)	–	–
Income tax (credit)/expense	(32)	211	22	19
Operating profit before working capital changes	1 572	1 950	225	184
Working capital changes	(89)	(113)	(1)	1
Decrease in inventories	3	18	–	–
Increase in trade and other receivables	(171)	(61)	–	–
Increase/(Decrease) in trade and other payables	79	(70)	(1)	1
Cash generated from operations	1 483	1 837	224	185

28 Operating lease commitments

	2009 Rm	2008 Rm
Leases as lessee		
Non-cancellable operating lease rentals are payable as follows:		
Within one year	11	15
Between one and five years	40	49
After five years	20	35
	71	99

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.

29 Capital commitments

	2009 Rm	2008 Rm
For container leasing equipment authorised by the board:		
Contracted	62	–
	62	–

30 Employee benefits

30.1 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 in prior years	15 284 209	3 100 000
Share options granted prior to 31 December 2006, net of forfeitures	(6 400 000)	(3 100 000)
Number of shares available for utilisation under the plans at 31 December 2006	8 884 209	–
Additional shares authorised during 2007	–	3 808 371
Share options and restricted share units granted in 2007, net of forfeitures	–	(2 087 696)
Previously authorised shares cancelled during 2007	–	(191 168)
Number of shares available for utilisation under the plans at 31 December 2007	8 884 209	1 529 507
Share options and restricted share units granted in 2008, net of forfeitures	–	(470 681)
Previously authorised shares cancelled during 2008	–	(6 250)
Number of shares available for utilisation under the plans at 31 December 2008	8 884 209	1 052 576
Share options and restricted share units granted in 2009, net of forfeitures	**–**	**(439 301)**
Number of shares available for utilisation under the plans at 31 December 2009	**8 884 209**	**613 275**

Summary of activity in share option plans:

Trencor

Options granted to employees effective 30 June 2001 who were in employment for less than five years at grant date, vested over a total period of six years from the option grant date. Those issued to employees in employment for more than five years at grant date vested over a total period of three years. In terms of the transitional provisions of IFRS 2 *Share-based Payments* the company has elected not to apply this standard to these share-based payments, since they were granted before 7 November 2002.

	% of grant	
	Employment less than 5 years	Employment more than 5 years
Options granted vesting after one year		25
after two years		25
after three years	25	50
after four years	25	
after five years	25	
after six 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 eight years after the grant date.

	Number of options			Weighted average	
	Unvested	Vested	Total	Exercise price R	Expiration year
Outstanding at 31 December 2007	350 000	223 000	573 000	10,03	2011
Exercised	–	(103 000)	(103 000)	5,25	2009
Vested	(50 000)	50 000	–	12,10	2012
Outstanding at 31 December 2008	300 000	170 000	470 000	11,08	2012
Exercised	**–**	**(70 000)**	**(70 000)**	**5,25**	**2009**
Vested	**(50 000)**	**50 000**	**–**	**12,10**	**2012**
Outstanding at 31 December 2009	**250 000**	**150 000**	**400 000**	**12,10**	**2012**

The weighted average share price at date of exercise was R20,81 per share (2008: R28,24 per share).

30 Employee benefits (continued)

30.1 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 option lifetime (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 granted share options through five share options plans, the 1994 Plan, the 1996 Plan, the 1997 Plan, the 1998 Plan and the 2001 Plan, to certain employees to purchase shares of its common stock. The options under these plans have all vested and have been exercised in prior periods.

Textainer has one active share option and restricted share unit plan, the 2007 Plan. The 2007 Plan provides for the grant of share options, restricted share units, restricted shares, share appreciation rights and dividend equivalent rights. The 2007 Plan provides for grants of incentive share options only to its employees or employees of any parent or subsidiary of Textainer. Awards other than incentive share options may be granted to its employees, directors and consultants or the employees, directors and consultants of any parent or subsidiary of Textainer. There are no performance criteria attached to the option plan. The options vest over a total period of four years in increments of 25% per annum beginning approximately one year from grant date. All options lapse after a period of ten years from date of grant. Beginning approximately one year after a restricted share unit's grant date, each employee's restricted share units vest in increments of 15% per year for the first two years, 20% for the third year and 25% for the fourth and fifth years.

The following is a summary of activity in the 2007 Plan:

Share options	Number of options			Weighted average	
	Unvested	Vested	Total	Exercise price US$	Expiration year
Outstanding at 31 December 2007	1 044 734	–	1 044 734	16,50	2017
Granted	251 418	–	251 418	7,19	2018
Vested	(100)	100	–	16,50	2017
Forfeited	(12 140)	–	(12 140)	16,50	2017
Outstanding at 31 December 2008	1 283 912	100	1 284 012	14,68	2017
Granted	**218 904**	**–**	**218 904**	**16,97**	**2019**
Outstanding at 31 December 2009	**1 502 816**	**100**	**1 502 916**	**15,01**	**2017**

Restricted share units	Restricted share units			Weighted average grant date fair value
	Unvested	Vested	Total	
Outstanding at 31 December 2007	1 042 962	–	1 042 962	14,29
Granted	251 418	–	251 418	4,52
Vested	(100)	100	–	14,29
Forfeited	(12 140)	–	(12 140)	14,29
Outstanding at 31 December 2008	1 282 140	100	1 282 240	12,34
Granted	**220 397**	**–**	**220 397**	**15,05**
Vested	**(156 031)**	**156 031**	**–**	**12,34**
Outstanding at 31 December 2009	**1 346 506**	**156 131**	**1 502 637**	**12,59**

30 Employee benefits (continued)

30.1 Share-based payments (continued)

The fair value of the share options at grant date is determined based on the Black-Scholes option pricing model with the following assumptions:

	Options granted		
	18 November 2009	19 November 2008	9 October 2007
Number of options granted under the 2007 Plan	**218 904**	251 418	1 052 618
Fair value at measurement date (US$)	**4,69**	0,60	3,62
Share price at grant date (US$)	**16,97**	7,19	16,50
Expected life option time (years)	**6,3**	6,3	6,4
Volatility %	**46,0**	35,3	31,3
Dividend yield %	**5,4**	13,0	4,9
Risk free % rate (based on US treasury bonds)	**5,0**	2,5	4,5

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

30.2 The amounts included in staff costs in respect of share-based payments are:

	Group	
	2009 Rm	2008 Rm
Equity-settled	38	47

30.3 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 2009 the fund had 17 members (2008: 142 members) whose aggregate share of the fund amounted to R48 million (2008: R56 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.

31 Segment reporting

Business segments

31.1 The group has two operating segments as described below, which are the group's strategic business units. The strategic business units are managed separately as they offer entirely different services. For each of the strategic business units, the board reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the group's reportable segments: container finance, and container owning, leasing, management and reselling.

31.2 Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before interest and income tax, as included in the internal management reports. Segment profit before net finance income/expenses and income tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. There is no inter-segment activity.

	Container finance		Container owning, leasing, management and reselling		Consolidated	
	2009 Rm	2008 Rm	**2009 Rm**	2008 Rm	**2009 Rm**	2008 Rm
Revenue from external customers	**(410)**	672	**2 365**	2 625	**1 955**	3 297
Goods sold and services rendered	**–**	–	**562**	773	**562**	773
Leasing income	**–**	–	**1 593**	1 620	**1 593**	1 620
Management fees	**–**	–	**210**	232	**210**	232
Finance income	**32**	42	**–**	–	**32**	42
Realised and unrealised exchange gains/(losses)	**(442)**	630	**–**	–	**(442)**	630
Reportable segment profit before impairment of goodwill, interest and income tax	**(286)**	489	**878**	1 134	**592**	1 623
Impairment of goodwill	**–**	–	**–**	(135)	**–**	(135)
(Loss)/Profit before net finance income/expense and income tax	**(286)**	489	**878**	999	**592**	1 488
Finance income	**–**	–	**175**	12	**175**	12
Finance expenses	**–**	–	**(124)**	(382)	**(124)**	(382)
Depreciation and amortisation	**–**	–	**435**	429	**435**	429
Income tax (credit)/expense	**(79)**	125	**29**	(20)	**(50)**	105
Other material non-cash items:						
Net long-term receivable valuation adjustment	**126**	(191)	**–**	–	**126**	(191)
Impairment losses:						
Plant and equipment	**–**	–	**(16)**	(4)	**(16)**	(4)
Receivables	**–**	–	**(28)**	(30)	**(28)**	(30)
Goodwill	**–**	–	**–**	(135)	**–**	(135)
Receivables reversed	**–**	–	**7**	8	**7**	8
Net profit on disposal of property, plant and equipment	**–**	–	**93**	127	**93**	127
Share-based payments	**–**	–	**(38)**	(47)	**(38)**	(47)
Reportable segment assets	**955**	1 536	**9 910**	11 939	**10 865**	13 475
Capital expenditure	**–**	–	**1 611**	2 601	**1 611**	2 601
Reportable segment liabilities	**226**	253	**5 580**	7 118	**5 806**	7 371

31 Segment reporting (continued)

Business segments (continued)

31.3 **Reconciliations of reportable segment revenue, profit before net finance income and income tax, income tax, interest income, assets and liabilities**

	Reportable segment total	Unallocated	Consolidated totals	Reportable segment total	Unallocated	Consolidated totals
	2009			2008		
	Rm	Rm	Rm	Rm	Rm	Rm
Revenue	1 955	3	1 958	3 297	2	3 299
Profit/(Loss) before net finance income and income tax*	592	(28)	564	1 488	(33)	1 455
Finance income	175	20	195	12	37	49
Depreciation and amortisation	435	1	436	429	1	430
Income tax (credit)/expenses	(50)	18	(32)	105	20	125
Assets	10 865	1 090	11 955	13 475	989	14 464
Liabilities	5 806	403	6 209	7 371	474	7 845

* Unallocated amount includes corporate expenses of R30 million (2008: R31 million).

31.4 **Major customer**

Leasing revenue from a single customer in the container owning, leasing, management and reselling operating segment amounted to 12% (2008: 10%) of the group's leasing revenue. The group had no other customer that individually accounted for more than 10% of revenue.

32 Related parties

32.1 Identity of related parties

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

32.2 Intra-group transactions and balances

Amounts due by and to subsidiaries (refer note 7).
Interest income from subsidiary (refer notes 7 and 22).
Dividend income from subsidiaries (refer notes 7 and 21).

32.3 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 related parties.

The number of shares held by the directors in the issued share capital of the company, other than indirect interests through Mobile Industries Limited, at 31 December were as follows:

	Direct	Indirect	Total
2009			
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	**–**	**10 000**	**10 000**
E Oblowitz	**10 000**	**–**	**10 000**
	142 667	**153 941**	**296 608**
2008			
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	–	10 000	10 000
E Oblowitz	10 000	–	10 000
	142 667	153 941	296 608

The key management personnel compensation included in staff costs is as follows:

	Group		Company	
	2009 Rm	2008 Rm	**2009 Rm**	2008 Rm
Short-term employee benefits	**21**	23	**1**	2
Equity compensation benefits	**9**	8	**–**	–
	30	31	**1**	2
Paid to:				
Directors	**10**	12	**1**	2
Executive officers	**20**	19	**–**	–
	30	31	**1**	2

33 Financial instruments and risk management

33.1 Categories of financial assets and liabilities

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

	Designated at fair value through profit and loss Rm	Held for trading Rm	Available-for-sale Rm	Loans and receivables Rm	Liabilities at amortised cost Rm	Other Rm	Total carrying amount Rm	Fair value Rm
Group								
2009								
Financial assets								
Investments	258	–	14	–	–	–	272	272
Long-term receivables	838	–	–	–	–	–	838	838
Net investment in finance leases	–	–	–	–	–	447	447	429
Derivative financial instruments	–	5	–	–	–	–	5	5
Restricted cash	–	–	–	48	–	–	48	48
Trade and other receivables	118	–	–	519	–	125	762	757
Cash and cash equivalents	–	–	–	1 104	–	–	1 104	1 104
	1 214	5	14	1 671	–	572	3 476	3 453
Financial liabilities								
Interest-bearing borrowings	–	–	–	–	5 057	–	5 057	4 701
Amounts attributable to third parties in respect of long-term receivables	204	–	–	–	–	–	204	204
Derivative financial instruments	–	66	–	–	–	–	66	66
Trade and other payables	21	–	–	–	368	–	389	389
	225	66	–	–	5 425	–	5 716	5 360
2008								
Financial assets								
Investments	–	–	33	–	–	–	33	33
Long-term receivables	1 339	–	–	–	–	–	1 339	1 339
Net investment in finance leases	–	–	–	–	–	698	698	698
Restricted cash	–	–	–	149	–	–	149	149
Trade and other receivables	197	–	–	478	–	160	835	835
Cash and cash equivalents	–	–	–	1 445	–	–	1 445	1 445
	1 536	–	33	2 072	–	858	4 499	4 499
Financial liabilities								
Interest-bearing borrowings	–	–	–	–	6 732	–	6 732	5 950
Amounts attributable to third parties in respect of long-term receivables	243	–	–	–	–	–	243	243
Derivative financial instruments	–	180	–	–	–	–	180	180
Trade and other payables	10	–	–	–	264	–	274	274
	253	180	–	–	6 996	–	7 429	6 647
Company								
2009								
Financial assets								
Amount due by subsidiary	–	–	–	82	–	–	82	82
Long-term receivables	–	–	–	2	–	–	2	2
	–	–	–	84	–	–	84	84
Financial liabilities								
Amount due to subsidiary	–	–	–	–	368	–	368	368
Trade and other payables	–	–	–	1	–	–	1	1
	–	–	–	1	368	–	369	369
2008								
Financial assets								
Investments	–	–	15	–	–	–	15	15
Amount due by subsidiary	–	–	–	67	–	–	67	67
Long-term receivables	–	–	–	2	–	–	2	2
	–	–	15	69	–	–	84	84
Financial liabilities								
Amount due to subsidiary	–	–	–	–	368	–	368	368
Trade and other payables	–	–	–	2	–	–	2	2
	–	–	–	2	368	–	370	370

33 Financial instruments and risk management (continued)

33.2 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 systems are reviewed regularly to reflect changes in market conditions and the group's activities.

The group audit committees oversee 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.

33.3 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.

33.3.1 *Credit risk exposure*

The carrying amount of financial assets and the total amounts guaranteed (refer note 34) represent the maximum credit exposure. The maximum exposure to credit risk from financial assets at 31 December was:

	Group		Company	
	2009 Rm	2008 Rm	2009 Rm	2008 Rm
Available-for-sale financial assets	14	33	–	15
Financial assets designated at fair value through profit or loss	1 214	1 536	–	–
Net investment in finance leases	572	858	–	–
Financial assets held for trading	5	–	–	–
Loans and receivables excluding cash and cash equivalents	567	627	84	69
Cash and cash equivalents	1 104	1 445	–	–
	3 476	4 499	84	84

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, investment securities and cash and cash equivalents.

Available-for-sale financial assets

Due to the amount of the group's available-for-sale financial assets, credit risk is not considered to be significant.

Financial assets designated 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 estimated 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 2009 related to TAC Limited totalling R780 million (2008: R1 198 million). Approximately 80% (2008: 78%) of the TAC containers measured on a twenty foot equivalent unit basis are managed by Textainer.

33 Financial instruments and risk management (continued)

33.3 Credit risk (continued)

33.3.1 *Credit risk exposure (continued)*

Credit risk with respect to the investment in the protected currency basket note is not considered significant as the investment is guaranteed by the issuing bank which has an acceptable credit rating.

Net investment in finance receivables

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

Financial assets held-for-trading

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 anticipate incurring 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 by 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. At 31 December 2009 two customers accounted for 35% of the group's trade receivables (2008: one customer 17%).

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

	Group	
	2009 Rm	2008 Rm
Container leasing customers	507	457
Other	1	7
	508	464

Cash and cash equivalents

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

33.3.2 *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	Net trade receivables	Gross[1]	Gross[2]	Total impairment	Net trade receivables
	2009				2008			
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
The ageing of trade receivables at the reporting date was:								
Not past due	1	–	–	1	7	–	–	7
Past due 0 – 30 days	254	–	(6)	248	205	–	(2)	203
Past due 31 – 120 days	218	5	(8)	215	246	8	(10)	244
Past due 121 – 365 days	36	4	(5)	35	11	9	(11)	9
More than one year	10	41	(42)	9	2	30	(31)	1
	519	50	(61)	508	471	47	(54)	464

[1] Gross receivables not subject to specific impairment.
[2] Gross receivables subject to specific impairment.

33 Financial instruments and risk management (continued)

33.3 Credit risk (continued)

33.3.2 *Impairment losses (continued)*

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

	Group	
	2009 Rm	2008 Rm
Balance at the beginning of the year	54	21
Impairment loss recognised	28	30
Impairment loss reversed	(7)	(8)
Effect of movements in exchange rates	(14)	11
Balance at the end of the year	61	54

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.

33.4 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					
	Carrying amount Rm	Contractual cash flows Rm	One year or less Rm	One to five years Rm	Over five years Rm	Total Rm
2009						
Non-derivative financial liabilities						
Bond payable	2 050	2 093	393	1 542	158	2 093
Debt facility	2 426	2 626	157	1 080	1 389	2 626
Revolving debt facility	581	604	7	597	–	604
Trade and other payables	368	368	368	–	–	368
Guarantee (refer 34.3)	–	165	165	–	–	165
	5 425	5 856	1 090	3 219	1 547	5 856
Derivative financial liabilities						
Derivative financial instruments	66	208	66	142	–	208
	66	208	66	142	–	208
2008						
Non-derivative financial liabilities						
Bond payable	3 450	3 559	569	2 223	767	3 559
Debt facility	2 791	3 101	48	1 138	1 915	3 101
Revolving debt facility	491	522	7	515	–	522
Trade and other payables	264	264	264	–	–	264
	6 996	7 446	888	3 876	2 682	7 446
Derivative financial liabilities						
Derivative financial instruments	180	296	130	166	–	296
	180	296	130	166	–	296

Amounts attributable to third parties in respect of long-term receivables are required to be paid only when the proceeds from the related long-term receivables are received, consequently the group is not exposed to liquidity risk in respect of these financial liabilities.

33 Financial instruments and risk management (continued)

33.4 Liquidity risk (continued)

	Company					
	Carrying amount Rm	Contractual cash flows Rm	One year or less Rm	One to five years Rm	Over five years Rm	Total Rm
Non-derivative financial liabilities						
2009						
Amount due to subsidiary	**368**	**368**	**–**	**–**	**368**	**368**
Trade and other payables	**1**	**1**	**1**	**–**	**–**	**1**
	369	**369**	**1**	**–**	**368**	**369**
2008						
Amount due to subsidiary	368	368	–	368	–	368
Trade and other payables	2	2	2	–	–	2
	370	370	2	368	–	370

33.5 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 board.

33.5.1 *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 2009 the group had no exposure to forward exchange contracts (2008: nil).

33 Financial instruments and risk management (continued)

33.5 Market risk (continued)

33.5.1 *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:

	2009			2008		
Denominated in	**SA rand Rm**	**US$ Rm**	**Total Rm**	SA rand Rm	US$ Rm	Total Rm
Assets						
Investments	**14**	**258**	**272**	14	19	33
Long-term receivables	**–**	**838**	**838**	–	1 339	1 339
Net investment in finance leases	**–**	**447**	**447**	–	698	698
Derivative financial instruments	**–**	**5**	**5**	–	–	–
Restricted cash	**–**	**48**	**48**	–	149	149
Trade and other receivables	**7**	**755**	**762**	8	827	835
Cash and cash equivalents	**230**	**874**	**1 104**	205	1 240	1 445
	251	**3 225**	**3 476**	227	4 272	4 499
Liabilities						
Interest-bearing borrowings	**–**	**4 557**	**4 557**	–	6 194	6 194
Amounts attributable to third parties in respect of long-term receivables	**204**	**–**	**204**	243	–	243
Derivative financial instruments	**–**	**66**	**66**	–	180	180
Trade and other payables	**41**	**348**	**389**	24	250	274
Current portion of interest-bearing borrowings	**–**	**500**	**500**	–	538	538
	245	**5 471**	**5 716**	267	7 162	7 429

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

	US$	US$
Year-end rate	**7,35**	9,27
Average rate	**8,33**	8,12

33 Financial instruments and risk management (continued)

33.5 Market risk (continued)

33.5.1 *Currency risk (continued)*

The long-term export receivables are all denominated in US dollars. The board has decided that these receivables should remain in US 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 SA rand, if it believes that it would enhance the SA 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 percent weakening of the rand against the US dollar would have increased the group's profit by approximately R7 million for the year ended 31 December 2009 (2008: R11 million). This analysis assumes that all other variables, in particular interest rates, remain constant. A one percent strengthening of the SA rand against the US dollar would have had the equal and opposite effect to the amounts shown above, on the basis that all other variables remain constant.

33.5.2 *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 a 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 term and daily call placements with registered financial institutions which are subject to compliance with the relevant regulatory bodies.

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

	Group		**Company**	
	2009 Rm	2008 Rm	2009 Rm	2008 Rm
Variable rate instruments				
Financial assets	1 152	1 594	82	67
Financial liabilities	(5 057)	(6 732)	–	–
	(3 905)	(5 138)	82	67

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. An increase/decrease of 100 basis points in interest rates on interest rate swap contracts would have increased/decreased profit by R34 million (2008: R34 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 R43 million (2008: R38 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

33 Financial instruments and risk management (continued)

33.6 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 United States Daily Treasury Yield Curve rate for the appropriate term) plus an industry specific risk premium (refer note 35). An increase/decrease in the discount rate of 100 basis points would decrease/increase profit by R5 million (2008: R11 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 35). An increase/decrease in the discount rate of 100 basis points would increase/decrease profit by R2 million (2008: R3 million).

33.7 Capital management

Capital is regarded as total equity. 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.

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.

The group monitors capital on the basis of the ratio of interest-bearing borrowings to total equity. This ratio is calculated as interest-bearing borrowings divided by total equity as follows:

	Group		Company	
	2009 Rm	2008 Rm	2009 Rm	2008 Rm
Interest-bearing borrowings	5 057	6 689	–	–
Total equity	5 746	6 619	814	809
Ratio of interest-bearing borrowings to total equity	88,0%	101,1%	–	–

The decrease in the ratio during 2009 resulted primarily from Textainer repurchasing its issued bonds during the year (refer note 18.6), as well as the strengthening of the SA rand from US$1 = 9,27 to US$1 = 7,35.

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.

33.8 Guarantees

The group has provided guarantees in respect of obligations of certain group entities (refer note 34). At 31 December 2009 the fair value of these guarantees was nil (2008: nil). These guarantees expose the group to credit and liquidity risk.

33 Financial instruments and risk management (continued)

33.9 Fair values

The fair values of financial instruments have been arrived at after taking into account current market conditions (refer note 33.1).

33.9.1 *Fair value hierarchy*

The group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted in an active market for an identical instrument).

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices that are similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below analyses the instruments, measured at fair value at 31 December, by level in the fair value hierarchy into which the value measurement is categorised:

	Group			
	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
2009				
Assets				
Long-term receivables	–	–	956	956
Interest rate swap contracts	–	5	–	5
Investment securities	258	14	–	272
	258	19	956	1 233
Liabilities				
Amounts attributable to third parties in respect of long-term receivables	–	–	225	225
Interest rate swap contracts	–	66	–	66
	–	66	225	291

The following table shows a reconciliation from the opening balances to the closing balances for fair value measurements in level 3 of the fair value hierarchy:

	Long-term receivables Rm	Interest rate swap contracts Rm	Amounts due to third parties in respect of long-term receivables Rm	Total Rm
2009				
Balance at the beginning of the year	1 536	(180)	(253)	1 103
Total (losses)/gains in profit or loss	(283)	33	10	(240)
Settlements	(297)	–	18	(279)
Transfers out of level 3	–	129	–	129
Effect of movements in exchange rates in equity	–	18	–	18
Balance at the end of the year	956	–	(225)	731

The group changed from measuring the fair value of its interest rate swap contracts under a level 3 input to a level 2 input during the year because it began determining the fair value estimate using observable market inputs.

33 Financial instruments and risk management (continued)

33.9 Fair values (continued)

33.9.1 *Fair value hierarchy (continued)*

Total gains or losses included in profit or loss for the year in the previous table are presented in the statement of comprehensive income as follows:

	Long-term receivables Rm	Interest rate swap contracts Rm	Amounts due to third parties in respect of long-term receivables Rm	Total Rm
2009				
Total gains or losses included in profit or loss for the year				
Operating profit	(283)	–	4	(279)
Net unrealised gain on financial instruments	–	33	–	33
Associate tax charge	–	–	6	6
Total gains or losses for the year included in profit or loss for assets and liabilities held at the end of the year				
Operating profit	(331)	–	8	(323)
Net unrealised gain on financial instruments	–	–	–	–
Associate tax charge	–	–	–	–

Although the group believes that its estimates of fair value are appropriate, the use of different assumptions could lead to different measurements of fair value. For fair value measurement in level 3 of the fair value hierarchy, changing one or more of the unobservable inputs used, to reasonably possible alternative assumptions, would have the following effects:

	Effects on profit or loss		Effects on other comprehensive income	
	Favourable Rm	Unfavourable Rm	Favourable Rm	Unfavourable Rm
Long-term receivables	12	(12)	–	–
Amounts due to third parties in respect of long-term receivables	2	(2)	–	–
	14	(14)	–	–

Long-term receivables and amounts due to third parties in respect of long-term receivables are valued by discounting future cash flows. These cash flows are determined according to the estimates and judgements discussed in note 35. The discount rate applied to the long-term receivables (denominated in US$) is 8,5% p.a. (2008: 8,5% p.a.), and amounts attributable to third parties in respect of long-term receivables is 10% p.a. (2008: 10% p.a.). An appropriate fair value adjustment is made to the net investment for the estimated timing of receipt and the possible non-collectibility of these receivables, and the related effect on the payment to third parties. The net present value of the long-term receivables and the related fair value adjustment were translated into SA rand at US$1 = R7,35 (2008: US$1 = R9,27). The effects noted in the above table are as a result of a 100 basis point change in discount rates and a one percent change in exchange rates.

34 Contingent liabilities, guarantees and other commitments

34.1 On 18 April 2005, the Public Limited Partnerships in the USA of which Textainer was one of the general partners, sold substantially all of their assets. As part of this sale, the purchaser engaged Textainer 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 were consolidated into one action. The limited partners in the state action alleged that the general partners breached their fiduciary duties by selling the assets for less than their fair value, retaining management rights over the assets following the sale, and making materially false or misleading statements in proxy statements issued in connection with the sale of assets. In the federal case, the plaintiffs alleged a breach of fiduciary duty claim similar to that in the state action and also alleged that the general partners violated federal securities laws. The lawsuits sought to recover damages for the limited partners based on the allegedly inadequate purchase price paid for the assets. On 5 February 2009, the plaintiffs in the state case, the plaintiff in the federal case and the Textainer defendants reached a settlement agreement under which Textainer's insurer would pay a total of US$10 million to the plaintiffs on defendants' behalf. On 5 May 2009 the Court granted final approval of the global settlement agreement. On 7 July 2009 the time for class members to appeal the class action settlement agreement expired. On 24 November 2008 the Ninth Circuit granted the federal parties joint motion for a stay in proceedings and deferral of decision in order to finalise settlement proceedings. The motion to stay was continued on 8 May 2009 and the parties stipulated to a voluntary dismissal of the appeal on 9 July 2009. That dismissal was approved on 12 August 2009 upon which date the settlement agreement became effective and final.

34.2 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 2008, 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 R392 million (2008: R417 million) (refer note 8).

34.3 A company in which the group has a 100% beneficial interest has guaranteed a portion of certain loan facilities of an associate company. The amount guaranteed at 31 December 2009 was R165 million (2008: R209 million).

34.4 Textainer has entered into an agreement with a third party for the purchase of containers for resale which expires at the end of August 2010 amounting to R58 million (2008: nil). The amount outstanding under the agreement at 31 December 2009 was R23 million (2008: nil).

34.5 At 31 December 2009 the fair value of the above guarantees was nil (2008: nil).

35 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:

35.1 Long-term receivables

35.1.1 *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 United States Daily Treasury Yield Curve 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.

35.1.2 *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 anticipated 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.

35.2 Residual values

35.2.1 *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.

36 Accounting standards and interpretations in issue but not yet effective

The following new standards, amendments to standards and interpretations are relevant to the group and are not yet effective for the year ended 31 December 2009, and have not been early adopted in preparing these financial statements:

36.1 IFRS 9 *Financial Instruments* (effective for years commencing on or after 1 January 2013) – this standard addresses the initial measurement and classification of financial assets as either measured at amortised cost or at fair value. Financial assets are measured at amortised cost when the business model is to hold assets in order to collect contractual cash flows. All other financial assets are measured at fair value with changes recognised in profit or loss. For an investment in an equity instrument that is not held for trading, an entity may on initial recognition elect to present all fair value changes from the investment in other comprehensive income. IFRS 9 will be adopted for the first time for the year ending 31 December 2013 and will be applied retrospectively, subject to certain transitional provisions. The impact on the financial statements has not yet been estimated.

36.2 Revised IAS 24 *Related Party Disclosures* (effective for years commencing on or after 1 January 2011) – this standard addresses the disclosure requirements in respect of related parties, with the main changes relating to the definition of a related party where new related party relationships have been identified. This standard will be adopted retrospectively for the first time for the year ending 31 December 2011, although it is not expected to have a significant impact on the disclosure in the financial statements.

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 100950 (within RSA)
or +27 11 370 5000 (outside RSA)
http://www.computershare.com

Auditor
KPMG Inc
MSC House
1 Mediterranean Street
Foreshore Cape Town 8001
PO Box 4609 Cape Town 8000

Designated auditor
L P Smith

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 31 December 2009

	Number of holders	% of holders	Number of shares	% interest
Mobile Industries Ltd	1	0,1	86 695 758	46,2
Mutual funds	103	9,1	38 867 973	20,7
Banks and insurance companies	31	2,7	16 295 904	8,7
Retirement funds	116	10,3	33 683 813	18,0
Other corporate bodies	99	8,8	6 807 611	3,6
Individuals	628	55,8	2 225 526	1,2
Nominee companies or trusts	143	12,7	2 224 684	1,2
Investment companies	2	0,2	542 797	0,3
Jowell family	3	0,3	124 826	0,1
Total	1 126	100,0	187 468 892	100,0
Shareholder spread				
Public shareholders	1 119	99,4	100 472 526	53,6
Non-public shareholders	7	0,6	86 996 366	46,4
Directors and associates	6	0,5	300 608	0,2
Mobile Industries Ltd	1	0,1	86 695 758	46,2
Total	1 126	100,0	187 468 892	100,0

Major Shareholders

The direct and indirect beneficial interests of shareholders who, in so far as is known, held 3% or more of the issued shares at 31 December 2009 were as follows:

	Direct %	Indirect through Mobile %
Jowell family		11,6
Old Mutual Life Assurance Company (Pty) Ltd	7,3	4,6
Government Employees Pension Fund	8,9	
Nedbank Rainmaker Equity Fund	3,6	2,3
Corolife Special Opportunities Portfolio Fund	4,2	3,6
	24,0	22,1
Mobile Industries Ltd	46,2	
	70,2	

Executive

Neil Ian Jowell (76)

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 and nomination committees. In 1987 he was voted Cape Times Business Man of the Year and in 1991 as one of Business Times' Top Five Businessmen.

James (Jimmy) Ernest McQueen (65)

B Com (UCT) CA (SA). In charge of finance and is a member of the executive committee and risk 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 (62)

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 (74)

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

James (Jim) Edward Hoelter (70)

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 chairman of Textainer's nominating and governance committees and a member of its compensation committee and audit committee. He is a member of Trencor's audit and risk committees.

David Morris Nurek (59)

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, risk and governance committees and serves on the boards of numerous listed and unlisted companies in a non-executive capacity.

Edwin (Eddy) Oblowitz (52)

B Com (UCT) CA (SA) CPA (Isr) was appointed as a non-executive director on 3 March 2004. He is chairman of the audit and risk committees. 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.

Roderick (Roddy) John Alwyn Sparks (50)

B Com Hons (UCT) CA (SA) MBA (UCT) was appointed as a non-executive director on 27 July 2009. He is a member of the audit, risk and nomination committees and chairman of the governance committee. He was previously managing director of Old Mutual South Africa and Old Mutual Life Assurance Company (SA) and chairperson of Old Mutual Unit Trust, Old Mutual Specialised Finance and Old Mutual Asset Managers (SA). He is a director of various listed and unlisted companies in a non-executive capacity and serves on the advisory board of the UCT Graduate School of Business.

Ages at 31 December 2009

Diary

26 May 2010	Annual general meeting
31 December	Financial year-end
Announcements	February: reviewed annual results
	March/April: annual financial statements
	May: first quarter update
	August: interim report
	November: third quarter update
Dividends	March and September: dividend paid

Notice is hereby given that the fifty-fourth annual general meeting of shareholders of Trencor Limited ('Trencor' or 'the company') will be held at 1313 Main Tower, Standard Bank Centre, Heerengracht, Cape Town on Wednesday, 26 May 2010 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 2009.
2. To consider, and if deemed fit, to re-elect, on an individual basis, the following directors who retire in terms of the articles of association but, being eligible, offer themselves for re-election: Messrs C Jowell, D M Nurek and E Oblowitz who retire by rotation; and Mr R J A Sparks, who was appointed as a director after the preceding annual general meeting, retires as a new appointee. (Brief résumés of the directors are presented on page 69 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 2009, as set out on page 10 of the annual report.
5. To reappoint KPMG Inc as independent auditor of the company and to appoint Mr L P Smith as the designated auditor to hold office for the ensuing year.
6. To consider and, if deemed fit, to pass, with or without modification, the following special resolution:

   "Resolved that the company hereby approves, as a general approval contemplated in sections 85 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:

   6.1 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;

   6.2 this general authority shall only be valid until the company's next annual general meeting, provided that it shall not extend beyond fifteen months from the date of passing of this special resolution;

   6.3 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;

   6.4 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;

   6.5 in determining the price at which the company's shares are acquired by the company or its subsidiaries in terms of this general authority, the maximum 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;

   6.6 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;

   6.7 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

   6.8 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.

7. 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 and secretary of the company on pages 2 and 68 respectively;
- the major shareholders of the company on page 68;
- the directors' interests in shares in the company on page 11; and
- the share capital of the company in note 17 on page 40, and an analysis of the shareholders on page 68.

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 31 March 2009 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
16 April 2010

TRENCOR

Trencor Limited

(Incorporated in the Republic of South Africa) (Registration number 1955/002869/06) ('the company')

Share code: TRE ISIN: ZAE000007506

Annual General Meeting 26 May 2010

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 Wednesday, 26 May 2010 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 shareholder 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 shareholder(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. Election of directors: C Jowell			
D M Nurek			
E Oblowitz			
R J A Sparks			
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 2009 as set out in the annual financial statements.			
5. Reappointment of independent auditor and appointment of designated auditor.			
6. 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 2010

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)

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 Tuesday, 25 May 2010).
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 shareholders, 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).