Chairman's Statement

Very good results for 2010 again reflect the outstanding performance of Textainer, the container leasing business listed on the New York Stock Exchange and which operates worldwide with headquarters in Bermuda.

Trading profit net of financing costs increased by 28% to R1,0 billion. In dollar terms, the functional currency of Textainer, it increased by 46% to US$137 million.

Adjusted headline earnings, the more meaningful measure of Trencor's performance, increased in rand terms by 82% to R692 million. In dollar terms, adjusted headline earnings of US$97 million were 126% higher than the US$43 million reported last year.

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

	2010 Cents per Share	2009 Cents per Share
Headline earnings	**335,5**	134,8
Add:		
Unrealised foreign exchange translation losses	**33,9**	114,6
	369,4	249,4
Deduct:		
Gain on repurchase of debt by Textainer	**–**	(45,9)
Adjusted headline earnings	**369,4**	203,5

Textainer

In 2009 the company was able to produce robust results and maintain its dividend despite depressed conditions following the developing world economic crisis. Its growth off this base during 2010 while economic conditions remained difficult is especially satisfying. Textainer has built further on the quality and depth of its operations, management and structure, delivering outstanding results. Profit attributable to shareholders increased to US$128 million from US$77 million (before gains realised on the repurchase of debt) in 2009.

In achieving these landmarks, Textainer:

- added 214 000 TEU (twenty-foot equivalent unit) of owned and managed containers costing US$504 million;
- increased the owned percentage of the total fleet to 51% from 45% a year earlier;
- further expanded into the refrigerated container sector;
- reached 98% utilisation of its fleet in June and exceeded this level for the balance of the year;
- funded its substantial organic growth out of own resources and facilities, whilst maintaining a conservative leverage of 1,3 to 1 at year-end;
- achieved a return on equity of 24% for the year; and
- increased its total dividend to 105 US cents per share (92 US cents last year).

The global outlook is positive for a continuation of strong trading conditions in the container leasing industry during most of 2011. Although the output of container factories in 2010 exceeded estimates made a year ago by over one million TEU, containers remained in tight supply.

Cash flow and dividend

The collection of Trencor's long-term receivables is improving along with the improved trade environment experienced by our customers, further strengthening Trencor's cash position.

Taking these factors into account and allowing for the continued good trading conditions for the container leasing industry that we anticipate in 2011, the Trencor board declared a final dividend of R1,00 a share, making a total dividend of R1,40 for the year (2009: R1,00).

Strategy

Our strategy remains unchanged from last year – to invest in businesses that are involved in the movement of goods. This policy is pursued by Textainer and TAC. Accordingly, our core business interest is owning, leasing, managing and reselling marine cargo containers worldwide as well as related financing activities.

Textainer has successfully pursued organic growth through investment in containers for long-term leases, leasebacks, used-container trading contracts, container management contracts and the purchase of containers already managed by it. These activities have offered adequate room for growth, whilst at the same time rendering better and quicker returns than mooted acquisitions of competitors and/or similar companies might have done. Nevertheless, it remains part of Textainer's growth plan to opportunistically remain on the lookout for suitable and realistically priced deals to grow through the acquisition of existing businesses in its chosen industry.

As indicated above, Textainer is well placed to fund significant capital expenditure from its own resources. Furthermore, should the need arise, Textainer's excellent performance should enable it readily to raise equity from US capital markets – and more so if Trencor itself subscribes. These factors should support any growth plans that Textainer may decide to implement.

Structure

In my chairman's statement last year I noted that the group structure of Mobile Industries owning 46% of Trencor and Trencor in turn having a beneficiary interest in Textainer, afforded Textainer important stability in its very active growth phase. During the year under review Textainer's continued good performance as a NYSE-listed company and its ongoing operational excellence, reaffirmed its position as a global leader in the container leasing industry. Accordingly it became appropriate to collapse the Mobile Industries/ Trencor part of the structure, and Mobile Industries unbundled

Chairman's Statement

its shareholding in Trencor to its own shareholders early in 2011. This marks an important stage in the Trencor group's development over 80 years in which we have passed through many phases culminating in the development of the container business and Textainer's subsequent growth to become the world's largest container leasing company (based on fleet size) and its listing on the NYSE in October 2007.

The Mobile unbundling was completed in February 2011 and it is thus disappointing that the narrowing of the discount between Trencor and Textainer's listed prices has not occurred. It is however 'early days' and we remain focused on the inherent value of the business and its long-term prospects.

Having over the years disposed of its operating businesses, Trencor's role is now limited to its beneficiary interests in Textainer (61%) and TAC (44%, with the option to Halco to acquire the remaining 56% for US$4 million), as well as a declining debtors' book of long-term receivables.

The board remains firmly of the view that the retention of Trencor as a JSE-listed holding company is in the best interest of Trencor's shareholders, as it continues to provide South African shareholders with an unique opportunity to invest in Textainer as an NYSE-listed dollar-denominated company, using rand and without having to resort to their offshore investment allowances, while at the same time providing shareholder stability for Textainer.

Similarly, the existing Halco Trust structure for Trencor's beneficiary interests in Textainer and TAC remains in the best interest of Trencor and its shareholders. The board remains satisfied that Trencor's position in respect of these interests is secure, as do our external auditors. The position and structure of Halco is again addressed in the directors' report.

Prospects*

Textainer's fleet utilisation percentage remains in the high nineties. In these conditions the large expenditure on fleet expansion in 2010 should make a meaningful contribution to Textainer's earnings in 2011. Thus the outlook for 2011 for Trencor and Textainer is promising.

Succession planning

The Trencor nomination committee and board are satisfied that adequate succession plans are in place in Trencor.

Textainer's nomination committee oversees succession planning and board effectiveness in Textainer. Three Trencor directors serve on this committee. The Textainer nomination committee and board are similarly satisfied that adequate succession plans are in place in Textainer.

Following the unbundling by Mobile and the implementation of our stated strategy to focus on the container industry through Textainer and TAC, Trencor has little operational involvement in its businesses other than as holding company and at board and board committee level. These processes were initiated and implemented over time, and now the board believes it is adequate to have an executive chairman and a lead independent non-executive director who have served the company for many years.

Accordingly, the position of managing director has been abolished. However, Hennie van der Merwe, who has held this position since April 2003, remains on the board as a part-time executive director and we are pleased that his expertise will remain available to the group.

Herman Wessels was appointed to the board on 1 April 2011 as an independent non-executive director. He has considerable and valuable experience in specific areas pertaining to our business and we look forward to his contribution.

Appreciation

It is a pleasure to express my appreciation to all our employees for their contribution and to thank our shareholders and other stakeholders for their continued confidence in Trencor. I am grateful for the guidance, wisdom and judgement that my co-directors apply to the affairs of the group.

N I Jowell
29 April 2011

* The financial information on which the above forecast is based has not been reviewed and reported on by Trencor's external auditors.