

COMMENTARY

GROUP

- **Trading profit** from continuing operations after net financing costs increased by 7% from R1 529 million in 2011 to R1 636 million.
- **Headline earnings per share** (including the effect of net realised and unrealised foreign exchange translation gains) were 559,6 cents (2011: 559,3 cents).
- **Adjusted headline earnings per share** (which excludes the effect of net unrealised foreign exchange translation gains), at 546,1 cents (2011: 482,4 cents), were up by 13,2%.
- Net unrealised foreign exchange gains arising on translation of net dollar receivables and the related valuation adjustments, not included in adjusted headline earnings per share, were R33 million or 13,5 cents per share (2011: gain R191 million or 76,9 cents per share).
- These different earnings are better reflected in tabular form:

	2012 Cents per share	2011 Cents per share
Headline earnings including, in 2011, gains on containers sold pursuant to TMCL restructuring (35,7 cents per share)	559,6	559,3
Deduct: Unrealised foreign exchange translation gains	13,5	76,9
Adjusted headline earnings	546,1	482,4
• Consolidated gearing ratio at 31 December 2012 was 165% (2011: 173%). All of the interest-bearing debt is in Textainer.		
• Based on the spot exchange rate of US\$1 = R8,48 and the price of Textainer's shares listed on the NYSE on 31 December 2012 (US\$31,46 per share), the net asset value of Trencor at that date was as follows:		
	R million	R per share
Net beneficiary interest in Textainer	7 277,5	41,09
Net interest in long-term receivables	646,7	3,65
Cash	1 669,0	9,43
Net liabilities	(111,2)	(0,63)
	9 482,0	53,54

- Final dividend of 150 cents per share declared, making a total of 215 cents per share for the year (2011: total 175 cents per share), an increase of 23% over the previous year.

TEXTAINER: 48,9% interest at 31 December 2012 (2011: 60,8%)

- Net profit for the year in US GAAP was US\$197,5* million (2011: US\$189,6* million). Adjusted to conform with International Financial Reporting Standards, Textainer's net profit was US\$200,2* million (2011: US\$194,0* million). (* Excludes bargain purchase gain of US\$9,4 million and in 2011 included a non-cash gain of US\$15,5 million arising on the sale of containers to the prior non-controlling interest in Textainer Marine Containers Ltd.)
- Average fleet utilisation for the year was 97,2%, compared with 98,3% for 2011. 82% of the fleet is subject to long-term and direct financing leases.
- Total capital expenditure for both the owned and managed fleets was US\$1,2 billion for the year, used to purchase new and used containers.
- At 31 December 2012 Textainer owned 72,7% of the total fleet of 2 775 000 TEU; at 31 December 2011 it owned 58,6% of the then fleet of 2 469 000 TEU.
- Declared dividends totalling US\$1,63 per share in respect of 2012 (2011: US\$1,28 per share).
- On 20 December 2012 Textainer acquired a 50,1% interest in TAP Funding Ltd, a container-owning company whose containers are managed by Textainer, for US\$20 million. The acquisition resulted in a bargain purchase gain which has been recorded in the statement of comprehensive income. The bargain purchase gain arose due to Textainer's particular ability to accommodate the transaction needs of TAP's selling shareholders. Specifically, the transaction allows approximately half of TAP's existing shareholders to continue their investment in TAP and allows TAP to continue to buy containers that will be managed by Textainer on TAP's behalf, thus enabling TAP to maintain a young fleet of containers that can be readily financed. The transaction also allowed TAP's other shareholders immediate liquidity in cash. As Textainer was already managing TAP's assets, Textainer was able to complete the transaction in an expedited manner without the need for due diligence.
- Raised a net US\$185,2 million of new equity through the issue of 6 125 000 shares during September 2012. At the same time, Halco Holdings Inc sold 2,5 million shares in Textainer, realising net proceeds of US\$75,1 million. These net proceeds of the sale by Halco are intended to be distributed to Trencor, subject to the approval of the board of Halco Holdings Inc and the trustees and protectors of the Halco Trust. In this event, the board of Trencor intends to pay a special dividend of approximately 360 cents per share in the second quarter of 2013.
- Ended the year with a debt-to-equity ratio of 2,16:1. In 2012 the company completed approximately US\$2,4 billion of financing in the debt and equity markets, resulting in over US\$1,3 billion in net incremental funding.
- Textainer's results may be viewed on its website www.textainer.com.

DECLARATION OF CASH DIVIDEND

The board has declared a final gross cash dividend (number 94) of 150 cents per share out of distributable reserves in respect of the year ended 31 December 2012.

The salient dates pertaining to the dividend payment are as follows:	
Last day to trade cum the dividend	Thursday, 14 March 2013
Trading commences ex the dividend	Friday, 15 March 2013
Record date	Friday, 22 March 2013
Payment date	Monday, 25 March 2013
Share certificates may not be dematerialised or rematerialised between Friday, 15 March 2013 and Friday, 22 March 2013, both days inclusive.	

Note that:

- As no secondary tax on companies' credits are available, dividend withholding tax at the rate of 15% will be applicable to shareholders who are not exempt, which will result in a net dividend of 127,50000 cents per share;
- Trencor's tax reference number is 9676002711; and
- Trencor's issued share capital at the declaration date is R885 340 (177 068 011 ordinary shares of 0,5 cent each).

PREPARATION OF FINANCIAL STATEMENTS

These reviewed results have been prepared by management under the supervision of the financial director.

REVIEW OPINION

These results, other than the figures stated in US dollars, have been reviewed by the independent auditors, KPMG Inc, and their unmodified review report is available for inspection at the registered office.

On behalf of the board

Ni Jowell Chairman
21 February 2013

Directors: Ni Jowell* (Chairman), JE Hoelter (USA), C Jowell*, JE McQueen* (Financial), DM Nurek, E Oblowitz, RJA Sparks, HR van der Merwe*, H Wessels (* executive)
Secretaries: Trencor Services (Pty) Ltd
Registered Office: 1313 Main Tower, Standard Bank Centre, Heerengracht, Cape Town 8001
Transfer Secretaries: Computershare Investor Services (Pty) Ltd, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown 2107)
Sponsor: Rand Merchant Bank (A division of FirstRand Bank Ltd)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2012

R Million	Reviewed 2012	Audited 2011
ASSETS		
Property, plant and equipment	24 798	15 600
Intangible assets	283	380
Investment in equity accounted investee	40	3
Investments	66	14
Long-term receivables	699	756
Net investment in finance leases	627	444
Deferred tax assets	20	22
Restricted cash	448	370
Total non-current assets	26 981	17 589
Inventories	195	169
Trade and other receivables	885	773
Current portion of long-term receivables	133	285
Current portion of net investment in finance leases	201	167
Current tax assets	2	2
Cash and cash equivalents	2 513	1 333
Current assets	3 929	2 729
Total assets	30 910	20 318
EQUITY		
Share capital and premium	44	44
Reserves	6 370	4 750
Equity attributable to equity holders of the company	6 414	4 794
Non-controlling interests	4 628	2 188
Total equity	11 042	6 982
LIABILITIES		
Interest-bearing borrowings	17 107	11 031
Amounts attributable to third parties in respect of long-term receivables	156	173
Derivative financial instruments	89	131
Deferred revenue	27	9
Deferred tax liabilities	218	224
Total non-current liabilities	17 597	11 568
Trade and other payables	1 029	510
Current tax liabilities	83	78
Current portion of interest-bearing borrowings	1 115	1 076
Current portion of amounts attributable to third parties in respect of long-term receivables	30	53
Current portion of deferred revenue	14	51
Current liabilities	2 271	1 768
Total liabilities	19 868	13 336
Total equity and liabilities	30 910	20 318
Capital expenditure incurred during the year	8 647	5 396
Capital expenditure committed and authorised, but not yet incurred	193	277
Directors' valuation of unlisted investments	66	14
Ratio to total equity:		
Total liabilities (%)	179,9	191,0
Interest-bearing debt (%)	165,0	173,4

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2012

R Million	Reviewed 2012	Audited 2011
Cash generated from operations	3 510	2 485
Increase in container leasing equipment	(8 036)	(5 912)
Finance income received	16	5
Finance expenses paid	(559)	(335)
Dividends paid to equity holders of the company	(336)	(265)
Dividends paid to non-controlling interest	(302)	(187)
Income tax paid	(64)	(43)
Net cash outflow from operating activities	(5 771)	(4 252)
Cash inflow from investing activities	614	236
Cash inflow from financing activities	6 253	4 075
Net increase in cash and cash equivalents before exchange rate fluctuations	1 096	59
Net cash and cash equivalents at the beginning of the year	1 333	1 029
Effects of exchange rate fluctuations on cash and cash equivalents	84	245
Net cash and cash equivalents at the end of the year	2 513	1 333

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2012

R Million	Reviewed 2012	Audited 2011
Revenue (Note 2)	4 553	4 649
Trading profit before items listed below	2 225	1 944
Realised and unrealised exchange gains on translation of long-term receivables, excluding fair value adjustment	54	276
Net long-term receivable fair value adjustment	68	(40)
Impairment of plant and equipment	(6)	(18)
Bargain purchase gain	80	–
Profit from operations	2 421	2 162
Net finance expenses (Note 3)	(589)	(415)
Finance expenses – Interest expense	(571)	(315)
– Losses on derivative financial instruments	(34)	(105)
Finance income – Interest income	16	5
Share of profit/(loss) of equity accounted investee (net of tax)	2	(2)
Profit before tax	1 834	1 745
Income tax expense	(61)	(100)
Profit for the year	1 773	1 645
Other comprehensive income		
Foreign currency translation differences	389	1 120
Change in fair value of available-for-sale financial asset	52	–
Income tax expense on other comprehensive income	(10)	–
Total comprehensive income for the year	2 204	2 765
Total comprehensive income for the year attributable to:		
Equity holders of the company	1 282	1 720
Non-controlling interest	922	1 045
	2 204	2 765
Profit attributable to:		
Equity holders of the company	1 027	991
Non-controlling interests	746	654
	1 773	1 645
Basic earnings per share (cents)	579,9	554,3
Diluted earnings per share (cents)	579,9	554,3
Number of shares in issue (million)	177,1	177,1
Weighted average number of shares in issue (million)	177,1	178,8
Year-end rate of exchange: SA rand to US dollar	8,48	8,12
Average rate of exchange for the year: SA rand to US dollar	8,16	7,20

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2012

R Million	Reviewed 2012	Audited 2011
Balance at the beginning of the year	4 794	3 895
Total comprehensive income for the year	1 282	1 720
Profit for the year	1 027	991
Foreign currency translation differences	213	729
Net change in fair value of available-for-sale financial asset	42	–
Dividends paid	(336)	(265)
Share-based payments	52	42
Changes in ownership interests in subsidiary	330	(8)
Repurchase of own shares from owners	–	(417)
Share options exercised	–	5
Sale of shares in subsidiary to non-controlling interest without a change in control	292	–
Acquisition of non-controlling interest without a change in control	–	(178)
Shareholders' interest	6 414	4 794
Non-controlling interests in subsidiaries	4 628	2 188
Balance at the beginning of the year	2 188	2 056
Total comprehensive income for the year	922	1 045
Profit for the year	746	654
Foreign currency translation differences	176	391
Dividends paid to non-controlling interest	(302)	(187)
Share-based payments	36	25
Shares issued by subsidiary	1 556	42
Sale of shares in subsidiary to non-controlling interest without a change in control	324	–
Acquisition of non-controlling interest without a change in control	–	(801)
Acquisition of subsidiary non-controlling interests	234	–
Changes in ownership interests in subsidiary	(330)	8
Equity	11 042	6 982



NOTES TO THE CONDENSED CONSOLIDATED PRELIMINARY FINANCIAL STATEMENTS
for the year ended 31 December 2012

1. These condensed consolidated financial statements have been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards (IFRS), the presentation and disclosure requirements of IAS 34 *Interim Financial Reporting*, the AC 500 Series issued by the Accounting Practices Board, the requirements of the Companies Act, 2008 of South Africa and the JSE Listings Requirements. The accounting policies applied in the preparation of these condensed consolidated financial statements comply with IFRS and are consistent with those used in the annual financial statements for the year ended 31 December 2011.

R Million	Reviewed 2012	Audited 2011
2. Revenue		
Goods sold and services rendered	1 134	1 765*
Leasing income	3 130	2 378
Management fees	221	212
Finance income	14	18
	4 499	4 373
Realised and unrealised exchange differences	54	276
	4 553	4 649
* Includes R899 million – containers sold to non-controlling interests		
3. Net finance expenses		
Finance expenses	605	420
Interest expense – Textainer	571	315
Losses on derivative financial instruments	34	105
Finance income		
Interest income – cash and cash equivalents	(16)	(5)
	589	415
4. Headline earnings		
Profit attributable to equity holders of the company	1 027	991
Impairment of property, plant and equipment	6	18
Gain on disposal of property, plant and equipment	–	(1)
Bargain purchase gain	(80)	–
Total non-controlling interests' share of adjustments	38	(7)
Headline earnings	991	1 001
Weighted average number of shares in issue (million)	177,1	178,8
Headline earnings per share (cents)	559,6	559,3
Diluted headline earnings per share (cents)	559,6	559,3
Adjusted headline earnings		
Headline earnings (as above)	991	1 001
Net gain on translation of net US dollar receivables	(33)	(191)
Total tax effects of adjustments	9	53
Adjusted headline earnings	967	863
Undiluted adjusted headline earnings per share (cents)	546,1	482,4
Diluted adjusted headline earnings per share (cents)	546,1	482,4
5. Segmental reporting		
Revenue		
Reportable segments		
Containers – finance (including exchange differences)	70	296
Containers – owning, leasing, management and reselling	4 483	4 353 ¹
	4 553	4 649
Profit from operations		
Reportable segments		
Containers – finance	130	248
Containers – owning, leasing, management and reselling	2 330 ²	1 934 ²
	2 460	2 182
Unallocated	(39)	(20)
	2 421	2 162
Profit before taxation		
Reportable segments		
Containers – finance	130	248
Containers – owning, leasing, management and reselling	1 728 ²	1 512 ²
	1 858	1 760
Unallocated	(24)	(15)
	1 834	1 745
¹ Includes R899 million revenue – containers sold to non-controlling interest		
² Includes R80 million – bargain purchase gain. (2011: R134 million gain – containers sold to non-controlling interest)		
Assets		
Capital expenditure incurred by the container owning, leasing, management and reselling segment	8 646	5 396

In order to provide a better appreciation of the results of the group's activities, a condensed consolidated income statement and a condensed consolidated statement of financial position are also presented in US dollars, as virtually all of the group's revenue and assets and much of its expenditure are denominated in that currency. The amounts stated in US dollars have been prepared by management and are unaudited.

UNAUDITED TRENCOR CONDENSED CONSOLIDATED INCOME STATEMENT
IN US DOLLARS for the year ended 31 December 2012

US\$ Million	Unaudited 2012	Unaudited 2011
Revenue	551,8	620,5
Trading profit before items listed below	272,8	271,3
Realised and unrealised exchange gains on translation of long-term receivables	0,4	4,7
Net long-term receivable fair value adjustment	11,0	6,1
Impairment of plant and equipment	(0,8)	(2,4)
Bargain purchase gain	9,4	–
Profit from operations	292,8	279,7
Net finance expenses	(72,2)	(57,8)
Finance expense – Interest expense	(70,0)	(43,7)
– Losses on derivative financial instruments	(4,2)	(14,7)
Finance income – Interest income	2,0	0,6
Share of profit/(loss) of equity accounted investee (net of tax)	0,3	(0,2)
Profit before tax	220,9	221,7
Income tax expense	(6,4)	(7,8)
Profit for the year	214,5	213,9
Attributable to:		
Equity holders of the company	123,3	122,7
Non-controlling interests	91,2	91,2
	214,5	213,9
Number of shares in issue (million)	177,1	177,1
Weighted average number of shares in issue (million)	177,1	178,8
Basic earnings per share (US cents)	69,6	68,6
Diluted earnings per share (US cents)	69,6	68,6
Headline earnings per share (US cents)	67,3	69,2
Diluted headline earnings per share (US cents)	67,3	69,2
Adjusted headline earnings per share (US cents)	67,0	66,6
Diluted adjusted headline earnings per share (US cents)	67,0	66,6
Year-end rate of exchange: SA rand to US dollar	8,48	8,12
Average rate of exchange for the year: SA rand to US dollar	8,16	7,20
Trading profit from operations comprises:		
Textainer	276,5	251,8
Textainer – gain on sale of containers to non-controlling interest	–	20,4
Other	(3,7)	(0,9)
	272,8	271,3

UNAUDITED TRENCOR CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
IN US DOLLARS at 31 December 2012

US\$ Million	Unaudited 2012	Unaudited 2011
ASSETS		
Property, plant and equipment	2 924,3	1 921,2
Long-term receivables	82,5	93,1
Other non-current assets	174,9	151,8
Non-current assets	3 181,7	2 166,1
Current assets	463,3	336,1
Inventories	23,0	20,8
Trade and other receivables	104,4	95,3
Current portion of long-term receivables	15,7	35,1
Current portion of net investment in finance leases	23,7	20,6
Current tax assets	0,2	0,2
Cash and cash equivalents	296,3	164,1
Total assets	3 645,0	2 502,2
Equity and liabilities		
Equity attributable to equity holders of the company	756,3	590,6
Non-controlling interests	545,7	269,4
Total equity	1 302,0	860,0
LIABILITIES		
Interest-bearing borrowings	2 017,4	1 358,5
Amounts attributable to third parties in respect of long-term receivables	18,4	21,3
Derivative financial instruments	10,5	16,1
Deferred revenue	3,2	1,1
Deferred tax liabilities	25,7	27,6
Total non-current liabilities	2 075,2	1 424,6
Current liabilities	267,8	217,6
Trade and other payables	121,3	62,8
Current tax liability	9,8	9,6
Current portion of amounts attributable to third parties in respect of long-term receivables	3,5	6,5
Current portion of interest-bearing borrowings	131,5	132,5
Current portion of deferred revenue	1,7	6,2
Total liabilities	2 343,0	1 642,2
Total equity and liabilities	3 645,0	2 502,2
Ratio to total equity:		
Total liabilities (%)	179,9	191,0
Interest-bearing debt (%)	165,0	173,4