Unaudited Interim Results

for the six months ended 30 June 2019

TRENCOR

Trencor Limited
(Incorporated in the Republic of South Africa)

Registration number 1955/002869/06 | Share code: TRE | ISIN: ZAE000007506 | ("Trencor" or "the company")

COMMENTARY

GROUP

- The SA rand to US dollar exchange rate at 30 June 2019 was R14,13 (2018: R13,66). The average SA rand to US dollar exchange rate for the six months was R14,19 (2018: R12,19).
- Basic earnings per share for the six months ended 30 June 2019 amounted to 3 cents (2018: 2 478 cents). The prior period included a once-off gain of 3 260 cents per share on the deconsolidation of Textainer.
- Headline loss per share for the six months ended 30 June 2019 amounted to 9 cents (2018: 724 cents).
- Based on the relevant spot exchange rate and the listed share price of Textainer, the net asset value ("NAV") of Trencor, at the dates below, was as follows:

	26 September 2019	**30 June 2019**	31 December 2018
Textainer share price	US$10,01	**US$10,08**	US$9,96
Spot exchange rate US$1 equals	R15,00	**R14,13**	R14,39
	R million	**R million**	R million
Textainer (fair market value)	4 096	**3 885**	3 910
TAC (US GAAP book NAV)	1 771	**1 669**	1 704
TAC (IFRS adjustments)	(236)	**(223)**	(285)
Cash (excluding in TAC)	900	**893**	914
Other net liabilities	(13)	**(13)**	(12)
Total NAV	6 518	**6 211**	6 231
	R per share	**R per share**	R per share
Textainer (fair market value)	23,58	**22,37**	22,51
TAC (US GAAP book NAV)	10,20	**9,61**	9,81
TAC (IFRS adjustments)	(1,36)	**(1,28)**	(1,64)
Cash (excluding in TAC)	5,18	**5,14**	5,26
Other net liabilities	(0,07)	**(0,08)**	(0,07)
Total NAV per share	37,53	**35,76**	35,87

Note:

The values at a reporting period-end are actual values converted at the applicable exchange rate. At 26 September 2019, other than for Textainer and the cash outside of TAC which are recorded at actual as at 26 September 2019, all other components of the NAV are at the actual values prevailing at the end of the previous reporting date adjusted for the then current exchange rate where applicable.

TEXTAINER (NYSE: TGH): 47,49% interest at 30 June 2019 (2018: 47,74%)

(not consolidated, accounted for at fair value through profit or loss)

US GAAP RESULTS

- Net profit attributable to common shareholders for the six months ended 30 June 2019 was US$17,4 million (2018: US$36,2 million).
- Average fleet utilisation for the six months ended 30 June 2019 was 98,1% (2018: 97,9%).
- Container investments of approximately US$640 million delivered during the six months ended 30 June 2019.
- Total fleet under management at 30 June 2019 was 3 601 681 (2018: 3 354 085) twenty-foot equivalent units ("TEU") of which Textainer itself owned 80,9% (2018: 75,7%).
- No dividends declared (2018: nil).
- Textainer's detailed results may be viewed on its website: www.textainer.com.

TAC: 100% interest at 30 June 2019 (2018: 100%)

US GAAP RESULTS

- Net loss attributable to Trencor for the six months ended 30 June 2019 was US$0,3 million (2018: net profit US$3,8 million).
- Impairment in respect of defaulting customers amounted to US$0,8 million (2018: nil).
- Average fleet utilisation for the six months ended 30 June 2019 was 98,1% (2018: 97,8%).
- Fleet size at 30 June 2019 was 170 410 TEU (2018: 184 059 TEU).
- No new containers were ordered or acquired during the six months ended 30 June 2019 (2018: US$30 million ordered).

CONVERTING US GAAP RESULTS OF TAC TO IFRS

The results of TAC, reporting under US GAAP, are converted to IFRS for inclusion in the results of Trencor, which is required to report under IFRS. Differences in accounting treatment between US GAAP and IFRS, in the areas of impairment testing and a revision of the residual values of the container fleets, cause significant differences in financial results reported under the respective accounting conventions.

Reconciliation of TAC US GAAP results to IFRS for the six months ended 30 June:

	2019 US$ million	2018 US$ million
US GAAP (loss)/profit attributable to shareholder	**(0,3)**	3,8
Adjustments:		
Non-cash IFRS net impairment recovery	**2,2**	1,7
IFRS reduction in depreciation	**2,0**	4,2
IFRS tax effect of the above, and other	**(0,1)**	(0,7)
IFRS profit attributable to shareholder	**3,8**	9,0

DIVIDEND CONSIDERATIONS

At Trencor's AGM in June 2019, the Chairman envisaged, in further simplification of Trencor's interests, the potential unbundling of Trencor's shares in Textainer to Trencor's shareholders, subject to Textainer inward listing on the JSE. On 18 September 2019, Trencor issued a circular and an accompanying announcement, advising shareholders of proposed further actions in this regard. In considering any distribution, such as the said unbundling or a dividend, the board, when applying the solvency and liquidity test (as set out in section 4 of the Companies Act) would have to be satisfied that post distribution Trencor will retain adequate assets and liquidity to cover the maximum potential exposure of US$62 million under the indemnity provided to, *inter alia*, the trustee of the Halco Trust. The board's view is that Trencor should earmark mainly its cash resources for this purpose. This would enable the envisaged unbundling of as many as possible of its Textainer shares to Trencor's shareholders. Accordingly, the board resolved to preserve Trencor's cash resources *in lieu* of paying a dividend and/or repurchasing Trencor shares.

No dividend was paid in respect of the six months ended 30 June 2018.

FURTHER SIMPLIFICATION OF TRENCOR'S INTERESTS

Shareholders are referred to the Stock Exchange News Service announcement and circular to shareholders issued on 18 September 2019 relating to the proposed:

- odd-lot offer to shareholders holding fewer than 100 shares in Trencor;
- specific offer to repurchase shares from shareholders holding 100 shares or more but equal to or fewer than 635 shares;
- specific authority for Trencor to repurchase its own shares for purposes of implementing the above offers; and
- unbundling of Trencor shares in Textainer to Trencor shareholders, by way of a distribution *in specie*.

A general meeting of shareholders has been convened to be held on 18 October 2019 to consider the above proposals.

PREPARATION OF FINANCIAL STATEMENTS

These unaudited interim condensed consolidated financial statements have been prepared by management under the supervision of the financial director, Ric Sieni (CA)SA, and have not been audited or reviewed by Trencor's external auditors. The directors take full responsibility for the preparation of the interim results.

On behalf of the board
Hennie van der Merwe
Chief Executive Officer

30 September 2019

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 June 2019

R million	Unaudited 30 June 2019	Unaudited 30 June 2018	Audited 31 December 2018
ASSETS			
Property, plant and equipment	**2 868**	3 115	3 058
Investment in equity shares	**3 885**	5 925	3 910
Net investment in finance leases	**–**	22	–
Derivative financial instruments	**–**	21	9
Deferred tax assets	**2**	–	2
Restricted cash (note 9)	**240**	–	–
Total non-current assets	**6 995**	9 083	6 979
Inventories	**23**	13	19
Trade and other receivables	**131**	124	127
Current portion of net investment in finance leases	**–**	12	–
Cash and cash equivalents	**1 014**	1 285	1 280
Total current assets	**1 168**	1 434	1 426
Total assets	**8 163**	10 517	8 405
EQUITY			
Share capital and premium	**1**	44	1
Reserves	**6 210**	8 261	6 230
Total equity attributable to equity holders of the company	**6 211**	8 305	6 231
LIABILITIES			
Interest-bearing borrowings (note 10)	**1 655**	2 021	1 622
Derivative financial instruments	**15**	–	–
Deferred tax liabilities	**–**	12	–
Total non-current liabilities	**1 670**	2 033	1 622
Trade and other payables	**30**	165	29
Current tax liabilities	**11**	12	11
Current portion of interest-bearing borrowings (note 10)	**241**	2	512
Total current liabilities	**282**	179	552
Total liabilities	**1 952**	2 212	2 174
Total equity and liabilities	**8 163**	10 517	8 405
Capital expenditure incurred during the period	**–**	342	399
Ratio to total equity:			
Total liabilities (%)	**31**	27	35
Interest-bearing borrowings (%)	**31**	24	34

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the six months ended 30 June 2019

R million	Unaudited Six months ended 30 June 2019	Unaudited Six months ended 30 June 2018	Audited Year ended 31 December 2018
Cash flows from operating activities			
Cash generated from operations	**209**	150	351
Increase in container leasing equipment	**–**	(271)	(399)
Finance income received	**30**	31	62
Finance lease income received	**–**	2	–
Finance expenses paid	**(49)**	(35)	(79)
Decrease in finance leases	**–**	7	–
Dividends paid to equity holders of the company	**–**	(88)	(88)
Income tax paid	**(3)**	(4)	(12)
Net cash inflow/(outflow) from operating activities	**187**	(208)	(165)
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment	**–**	24	26
Decrease in cash on deconsolidation of subsidiary	**–**	(1 701)	(1 701)
Increase in restricted cash	**(240)**	–	–
Net cash outflow from investing activities	**(240)**	(1 677)	(1 675)
Cash flows from financing activities			
Interest-bearing borrowings repaid	**(206)**	–	–
Shares bought back by the company	**–**	–	(100)
Net cash outflow from financing activities	**(206)**	–	(100)
Net decrease in cash and cash equivalents before exchange rate fluctuations	**(259)**	(1 885)	(1 940)
Cash and cash equivalents at the beginning of the period	**1 280**	3 134	3 134
Effects of exchange rate fluctuations on cash and cash equivalents	**(7)**	36	86
Cash and cash equivalents at the end of the period	**1 014**	1 285	1 280

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the six months ended 30 June 2019

R million	Unaudited Six months ended 30 June 2019	Restated Six months ended 30 June 2018	Audited Year ended 31 December 2018
Revenue (notes 3 and 14)	**270**	208	543
Other operating income	**–**	17	18
Gain on deconsolidation of subsidiary	**–**	5 767	5 767
Accumulated foreign currency translation gains recycled to profit or loss on liquidation of subsidiaries	**–**	–	526
Cost of containers sold	**(85)**	(52)	(151)
Employee benefits expense	**(11)**	(11)	(23)
Depreciation	**(71)**	(34)	(103)
Impairment recovery/(Impairment loss) of property, plant and equipment (note 5)	**22**	24	(108)
Impairment of goodwill	**–**	(137)	(137)
Other operating expenses	**(46)**	(51)	(108)
Fair value adjustment of investment in equity shares (note 4)	**(25)**	(1 330)	(3 345)
Operating profit before net finance (expenses)/income	**54**	4 401	2 879
Net finance (expenses)/income	**(45)**	5	(22)
Finance expenses: Interest expense	**(51)**	(38)	(88)
Realised and unrealised (losses)/gains on derivative financial instruments	**(24)**	12	4
Finance income: Interest income	**30**	31	62
Profit before tax	**9**	4 406	2 857
Income tax expense	**3**	17	9
Profit for the period attributable to equity holders of the company	**6**	4 389	2 848
Other comprehensive (loss)/income			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences	**(26)**	144	237
Accumulated foreign currency translation gains recycled from other comprehensive income on deconsolidation and liquidation of subsidiaries	**–**	(3 188)	(3 714)
Total comprehensive (loss)/income for the period attributable to the equity holders of the company	**(20)**	1 345	(629)
Basic earnings per share (cents)	**3**	2 478	1 610
Diluted earnings per share (cents)	**3**	2 478	1 610
Number of shares in issue (million)	**173,7**	177,1	173,7
Weighted average number of shares in issue (million)	**173,7**	177,1	176,9
Period-end rate of exchange:			
SA rand to US dollar	**14,13**	13,66	14,39
Average rate of exchange for the period:			
SA rand to US dollar	**14,19**	12,19	13,11

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2019

Unaudited R million	Share capital	Share premium	Foreign currency translation reserve	Share-based payment reserve	Gain/(Loss) on changes in ownership interests in subsidiaries	Retained income	Total	Non-controlling interests	Total equity
	Attributable to equity holders of the company								
Six months ended 30 June 2019									
Balance at 1 January 2019	**1**	**–**	**344**	**–**	**–**	**5 886**	**6 231**	**–**	**6 231**
Total comprehensive (loss)/income for the period									
Profit for the period	**–**	**–**	**–**	**–**	**–**	**6**	**6**	**–**	**6**
Other comprehensive loss for the period									
Foreign currency translation differences	**–**	**–**	**(26)**	**–**	**–**	**–**	**(26)**	**–**	**(26)**
Total other comprehensive loss for the period	**–**	**–**	**(26)**	**–**	**–**	**–**	**(26)**	**–**	**(26)**
Total comprehensive (loss)/income for the period	**–**	**–**	**(26)**	**–**	**–**	**6**	**(20)**	**–**	**(20)**
Balance at 30 June 2019	**1**	**–**	**318**	**–**	**–**	**5 892**	**6 211**	**–**	**6 211**
Six months ended 30 June 2018									
Balance at 1 January 2018	1	43	3 821	439	482	2 262	7 048	5 387	12 435
Total comprehensive (loss)/income for the period									
Profit for the period	–	–	–	–	–	4 389	4 389	–	4 389
Other comprehensive loss for the period									
Foreign currency translation differences	–	–	144	–	–	–	144	–	144
Accumulated foreign currency translation gains recycled to profit or loss	–	–	(3 188)	–	–	–	(3 188)	–	(3 188)
Total other comprehensive loss for the period	–	–	(3 044)	–	–	–	(3 044)	–	(3 044)
Total comprehensive (loss)/income for the period	–	–	(3 044)	–	–	4 389	1 345	–	1 345
Transactions with owners, recorded directly in equity									
Distributions to owners									
Dividends paid	–	–	–	–	–	(88)	(88)	–	(88)
Total distributions to owners	–	–	–	–	–	(88)	(88)	–	(88)
Change due to deconsolidation of subsidiary	–	–	–	–	–	–	–	(5 387)	(5 387)
Total transactions with owners	–	–	–	–	–	(88)	(88)	(5 387)	(5 475)
Transfer of reserves									
Transfer to retained income	–	–	–	(439)	(482)	921	–	–	–
Balance at 30 June 2018	1	43	777	–	–	7 484	8 305	–	8 305

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2019

1. The condensed consolidated interim financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports and the requirements of the Companies Act of South Africa. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the Financial Reporting Guides and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*. The accounting policies applied in the preparation of these interim financial statements are in terms of IFRS and except for the implementation of IFRS 16 *Leases* ("IFRS 16") (replacing IAS 17 *Leases* ("IAS 17")), are consistent with those applied in the consolidated annual financial statements for the year ended 31 December 2018.

2. Change in accounting policy

IFRS 16 – IFRS 16 replaces existing leases guidance, including IAS 17, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The Group has adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application being 1 January 2019. Therefore, the comparative information for 2018 is reported under IAS 17 and not comparable to the information presented for 2019. In using the modified retrospective approach the group excluded initial direct costs in measuring the right of use asset.

Leases as lessee – At the date of initial application the group recognised a lease liability (R4 million) measured at the present value of the remaining lease payments, discounted using the entities incremental borrowing rate (9,25%) at the initial application date. A right of use asset was recognised equal to the lease liability recognised. The lease liability is included in interest-bearing borrowings and the right of use asset is included in property, plant and equipment. During the six months ended 30 June 2019 depreciation on the right of use asset amounted to R1 million and interest paid on the lease liability amounted to R0,1 million. There was no material impact on the opening balance of retained income, nor was there a difference between the present value of the lease commitments and the lease liability at the date of initial recognition.

IFRS 16 has no significant impact on the lessor accounting for leases between the group and the equipment managers.

IFRIC 23 *Uncertainty over Income Tax Treatments*

When there is uncertainty associated with income tax treatments within the group, management will assess and disclose how judgements were made when determining taxable profit/(loss), tax bases, unused tax losses, unused tax credits and tax rates.

The interpretation does not have an impact on the consolidated financial statements of the group.

R million	Unaudited Six months ended 30 June 2019	Restated Six months ended 30 June 2018	Audited Year ended 31 December 2018
3. Revenue			
Goods sold	**96**	57	184
Leasing income	**174**	151	359
	270	208	543

	Unaudited Six months ended 30 June 2019	Unaudited Six months ended 30 June 2018	Audited Year ended 31 December 2018
4. Fair value adjustment of investment in equity shares			
Fair value at the beginning of the period	**3 910**	7 255	7 255
Fair value at the end of the period	**3 885**	5 925	3 910
	(25)	(1 330)	(3 345)
5. Impairment recovery/(Impairment loss) of property, plant and equipment			
Container leasing equipment:			
Impairment recovery/(Impairment loss) recognised at end of reporting period	**32**	24	(107)
Impairment loss recognised in respect of containers on operating leases not recovered from defaulting customers	**(11)**	–	(4)
Reversal of impairment loss provided on containers on operating leases with defaulting customers	**–**	–	3
Compensation receivable from third party in respect of impairment of property, plant and equipment in prior periods	**1**	–	–
	22	24	(108)

5. Impairment recovery/(Impairment loss) of property, plant and equipment (continued)

An impairment recovery of R32 million has been recognised for the six months ended 30 June 2019 (2018: R24 million), increasing the carrying value of container leasing equipment to its recoverable amount. For the purposes of calculating the impairment recovery, the container fleets were grouped by cash-generating units ("CGUs"). CGUs were defined as containers grouped by container type, as cash flows for the same type of containers are independent of cash flows of different container types, and are interchangeable with any other container of the same type within the container fleet. The recoverable amount of a CGU has been calculated based on its value in use. The discount rate used to discount the future estimated cash flows was 6,31% (2018: 7,86%).

Projected future cash flows were estimated using the assumptions that are part of the long-term planning forecasts of TAC. These projected future cash flow assumptions have strengthened during the period as a result of further improvements in market conditions. Some of the significant estimates and assumptions used to determine future expected cash flows were: expected future lease rates, expected utilisation, remaining useful lives, remaining on-hire periods for expired fixed-term leases, expected future lease rates, direct container expenses and expected disposal prices of containers. In performing the impairment analysis, assumptions used reflected the contractually stipulated *per diem* rates, with renewal based on current market rates.

The recoverable amounts and impairment amounts of the CGUs which were impaired are as follows:

R million	**Unaudited Six months ended 30 June 2019** Recoverable amount	Impairment recovery/ (loss)	Unaudited Six months ended 30 June 2018 Recoverable amount	Impairment recovery/ (loss)	Audited Year ended 31 December 2018 Recoverable amount	Impairment recovery/ (loss)
Container type:						
Non-refrigerated containers other than flatrack containers:						
20' Dry freight	**1 078**	**13**	–	–	1 125	(44)
40' Hi cube	**1 394**	**20**	1 490	13	1 435	(63)
40' Dry freight	**128**	**(5)**	–	–	–	–
45' Hi cube	**12**	**1**	10	1	12	2
Refrigerated containers:						
40' Refrigerated	**157**	**4**	191	10	169	(1)
Flatrack containers:						
20' Flatrack	**9**	**(1)**	–	–	10	(1)
	2 778	**32**	1 691	24	2 751	(107)

R million	**Unaudited Six months ended 30 June 2019**	Unaudited Six months ended 30 June 2018	Audited Year ended 31 December 2018
6. Headline loss			
Profit attributable to equity holders of the company	**6**	4 389	2 848
(Impairment recovery)/Impairment loss of property, plant and equipment	**(22)**	(24)	108
Gain on deconsolidation of subsidiary	**–**	(5 767)	(5 767)
Accumulated foreign currency translation gains recycled to profit or loss on liquidation of subsidiaries	**–**	–	(526)
Impairment of goodwill	**–**	137	137
Profit on sale of property, plant and equipment	**–**	(17)	(18)
Total tax effects of adjustments	**–**	–	3
Headline loss	**(16)**	(1 282)	(3 215)
Weighted average number of shares in issue (million)	**173,7**	177,1	176,9
Headline loss per share (cents)	**(9)**	(724)	(1 818)
Diluted headline loss per share (cents)	**(9)**	(724)	(1 818)

R million	**Unaudited Six months ended 30 June 2019**	Restated Six months ended 30 June 2018	Audited Year ended 30 June 2018
7. Segmental reporting			
Revenue			
Reportable segments			
Containers – owning and leasing	**270**	208	543
	270	208	543
Profit before tax			
Reportable segments			
Containers – owning and leasing	**53**	(24)	66
	53	(24)	66
Gain on deconsolidation of subsidiary	**–**	5 767	5 767
Fair value adjustment of investment in equity shares (note 4)	**(25)**	(1 330)	(3 345)
Accumulated foreign currency translation gains recycled to profit or loss on liquidation of subsidiaries	**–**	–	526
Unallocated	**(19)**	(7)	(157)
	9	4 406	2 857
Assets			
Capital expenditure incurred by the container owning and leasing segment	**–**	342	399

R million	**Unaudited Six months ended 30 June 2019** Carrying amount	Fair value	Unaudited Six months ended 30 June 2018 Carrying amount	Fair value	Audited Year ended 31 December 2018 Carrying amount	Fair value
8. Financial instruments						
The carrying amounts and fair values of financial assets and financial liabilities are as follows:						
Assets:						
Financial assets carried at fair value through profit or loss:						
Investment [1]	**3 885**	**3 885**	5 925	5 925	3 910	3 910
Derivative financial instruments [2]	**–**	**–**	21	21	9	9
Financial assets carried at amortised cost:						
Restricted cash	**240**	**240**	–	–	–	–
Trade and other receivables	**116**	**116**	118	118	117	117
Cash and cash equivalents	**1 014**	**1 014**	1 285	1 285	1 280	1 280
Net investment in finance leases	**–**	**–**	34	34	–	–
	5 255	**5 255**	7 383	7 383	5 316	5 316
Liabilities at amortised cost:						
Liabilities at amortised cost:						
Interest-bearing borrowings (excluding debt issuance costs)	**1 929**	**1 929**	2 060	2 060	2 170	2 170
Trade and other payables	**30**	**30**	165	165	29	29
Financial liabilities carried at fair value through profit or loss:						
Derivative financial instruments [2]	**15**	**15**	–	–	–	–
	1 974	**1 974**	2 225	2 225	2 199	2 199

[1] Level 1 or [2] level 2 of the fair value hierarchy. The value of the interest rate swaps included in level 2 of the fair value hierarchy is based on a discounted cash flow analysis utilising forecasted interest rate yield curves.

9. Restricted cash

Cash is held by an escrow agent in an interest-bearing account as cash collateral for any of Trencor's potential exposure under the indemnity provided to, *inter alia*, the trustee of the Halco Trust.

10. Interest-bearing borrowings

The current portion of the credit facility has been determined based on the terms of the agreement, assuming that the facility will convert to a six-year amortising note if it is not extended by agreement between the banks and LAPCO in November 2019.

11. Use of estimates and judgements

Judgements and estimates are consistent with those in the consolidated annual financial statements as at and for the year ended 31 December 2018 (apart from the impact of IFRS 16).

12. Financial risk management

The group's financial risk management objectives and policies are consistent with those disclosed in the consolidated annual financial statements as at and for the year ended 31 December 2018.

13. New standards and interpretations not yet adopted

A number of amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2020, and have not been applied in preparing these financial statements. The standards and interpretations which may be relevant to the company and group entities are set out below, although early adoption is not anticipated. These will be adopted in the period that they become mandatory unless otherwise indicated. Those that may be applicable to the group are listed below.

IAS 1 and IAS 8: *Definition of materiality* – effective date: 1 January 2020
Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The group will adopt the new standard at the required effective date and is currently assessing the impact thereof.

14. Restatement

Note 35 to the consolidated annual financial statements for the year ended 31 December 2018 ("AFS") noted a restatement of the statement of profit or loss and other comprehensive income as a result of Textainer changing its accounting treatment in respect of its fleet management agreements for managed fleet containers. It was determined by Textainer that these agreements, irrespective of legal ownership, should be deemed to be leases for accounting purposes in terms of IAS 17. Textainer previously presented the lease management fee income on a net basis. Textainer reclassified certain amounts which resulted in an increase in deemed lease rental income and sales income and a corresponding increase in separately reported distribution expenses to managed fleet owners. As a result of the restatement by Textainer, Trencor was required to restate its previously published results for the year ended 31 December 2017.

The effect on Trencor for the year ended 31 December 2018 was that Trencor was required to report revenue on a net basis as disclosed in the AFS accounting policy note 3.9.1 "Leasing income represents the net amount receivable from equipment managers in relation to the lease of the group's container leasing equipment to various international shipping lines. The net amount receivable is made up of the revenues distributed by the equipment managers less the direct expenses incurred and management fees charged by the managers". The unaudited interim results for the six months ended 30 June 2018 were prepared at the time on a gross basis as a result of Textainer only re-evaluating the accounting treatment of its fleet management agreements for managed fleet containers in the preparation of its financial statements for the year ended 31 December 2018. The June 2018 unaudited interim have now been restated to be consistent with the reporting at 31 December 2018.

There is no effect on the group's consolidated statement of financial position, consolidated statement of cash flows, profit for the period in the consolidated statement of profit or loss and other comprehensive income, basic and diluted earnings per share and headline loss and diluted headline loss per share at or for the six months ended 30 June 2018.

The impact of the required restatement of the financial statement presentation in the group's consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2018 is as follows:

R million	Unaudited Amount previously reported	Change	Unaudited Restated amount
Revenue	249	(41)	208
Direct leasing expenses	(41)	41	–
Other income and expenses	4 181	–	4 181
Profit for the period	4 389	–	4 389
Total comprehensive income for the period	1 345	–	1 345
Basic earnings per share (cents)	2 478	–	2 478
Diluted earnings per share (cents)	2 478	–	2 478
Headline loss per share (cents)	(724)	–	(724)
Diluted headline loss per share (cents)	(724)	–	(724)