Trencor Limited
Registration number 1955/002869/06

SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Contents

Commentary

- Basic loss for the year ended 31 December 2020 amounted to 22 cents per share (2019: 263 cents per share).
- Headline loss for the year ended 31 December 2020 amounted to 22 cents per share (2019: 14 cents per share).
- The SA rand to US dollar exchange rate at 31 December 2020 was R14,58 (2019: R14,09). The average SA rand to US dollar exchange rate for the twelve months was R16,42 (2019: R14,46).
- Following the unbundling of the bulk of Trencor's shareholding in Textainer Group Holdings Limited ("Textainer") to shareholders in December 2019 at a value of R3 597 million, Trencor unbundled its remaining 3 000 158 shares in Textainer to shareholders on 15 June 2020 by way of a distribution of assets *in specie*, for an additional value of R433 million. The indicated values of the respective distributions were based on the ruling price of a Textainer share on the JSE on the last business day prior to the implementation of the unbundling concerned.
- Trencor incurred a liability of R22 million for dividends tax on the 15 June 2020 unbundling. A R5 million refund of dividends tax paid in respect of the unbundling in December 2019 was deducted from the said R22 million liability and the resultant net liability for dividends tax of R17 million was settled in full on 31 July 2020. The unbundling on 15 June 2020 contributed to the reduction in Trencor's net asset value ("NAV") during this reporting period reflected in the table below.
- The results of TAC Limited ("TAC"), reporting under US GAAP, are converted to IFRS for inclusion in the results of Trencor, which is required to report under IFRS. The current year's results under both accounting conventions are identical given the limited activities of TAC.
- A special cash dividend of 160 cents per share was declared (2019: nil).
- No final cash dividend declared in respect of 2020 (2019: 185 cents per share).

Based on the listed share price of Textainer and the relevant spot exchange rate, the NAV of Trencor at the dates below was as follows:

	15 March 2021	**31 December 2020**	31 December 2019
Textainer share price on JSE	–	**–**	R139,12
Spot exchange rate US$1	R14,95	**R14,58**	R14,09
	Rm	**Rm**	Rm
Textainer interest (fair market value)	–	**–**	417
TAC (book NAV)	731	**715**	1 026
Cash (excluding in TAC)	430	**431**	871
Other net liabilities	(2)	**(5)**	(188)
Total NAV	1 159	**1 141**	2 126
	R per share	**R per share**	R per share
Textainer interest (fair market value)	–	**–**	2,40
TAC (book NAV)	4,21	**4,12**	5,91
Cash (excluding in TAC)	2,48	**2,49**	5,02
Other net liabilities	(0,01)	**(0,03)**	(1,08)
Total NAV per share	6,68	**6,58**	12,25

Notes:

1. The values at a reporting year-end are actual values converted at the applicable exchange rate. At 15 March 2021, other than for the cash outside of TAC which is recorded at actual as at 15 March 2021, all other components of the NAV are approximate values adjusted for the current exchange rate where applicable.
2. Included in the book NAV of TAC at 15 March 2021 are cash deposits of US$49,0 million (31 December 2020: US$49,1 million).

FURTHER SIMPLIFICATION OF INTERESTS

Further progress has been made during the 2020 financial year in relation to the simplification of Trencor's interests. For more detail, refer to the joint report by the chairman and chief executive officer on pages 3 and 4 of the Integrated Annual Report for 2020 and the listing status identified in the corporate governance report included therein on page 12.

COVID-19

At present, the impact of COVID-19 is not expected to have any material effect on the going concern status of Trencor. The situation will continue to be monitored and responded to, as necessary. Appropriate measures are in place to ensure a safe working environment and that Trencor remains operational during any lockdown period ordered in combating COVID-19.

CHANGES TO THE BOARD

Hennie van der Merwe retires as chief executive officer and director of Trencor after the conclusion of the annual general meeting, scheduled for Tuesday, 11 May 2021. He will, however, be available to Trencor on a consultancy basis.

In view of Hennie's pending retirement, Ric Sieni (financial director) will take on the combined role of chief executive officer and financial director effective following the annual general meeting. The JSE Limited has granted dispensation for these roles to be combined in one executive. The above changes are in furtherance of Trencor's objective of limiting operating expenses as far as possible pending its planned dissolution by March 2025.

Summarised Statement of Financial Position

at 31 December 2020

	Notes	2020 Rm	2019 Rm
Assets			
Property, plant and equipment		**1**	2
Investment in equity shares	3	**–**	417
Deferred tax assets		**2**	1
Restricted cash	4	**252**	476
Total non-current assets		**255**	896
Trade and other receivables		**3**	9
Cash and cash equivalents	5	**895**	1 428
Total current assets		**898**	1 437
Total assets		**1 153**	2 333
Equity			
Issued capital		**1**	1
Reserves		**1 140**	2 125
Equity attributable to shareholders of the company		**1 141**	2 126
Liabilities			
Lease liability		**1**	–
Deferred tax liabilities		**2**	–
Total non-current liabilities		**3**	–
Trade and other payables		**8**	31
Current tax liabilities		**1**	175
Current portion of lease liability		**–**	1
Total current liabilities		**9**	207
Total liabilities		**12**	207
Total equity and liabilities		**1 153**	2 333

Summarised Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2020

	Notes	**2020 Rm**	2019 Rm
Continuing operations			
Other operating income		**8**	–
Accumulated foreign currency translation gains recycled to profit or loss on liquidation of subsidiaries		**–**	36
Employee benefits expense		**(22)**	(23)
Depreciation		**(2)**	(2)
Other operating expenses		**(43)**	(61)
Fair value adjustment of investment in equity shares		**16**	104
Operating (loss)/profit before finance income		**(43)**	54
Finance income		**23**	51
(Loss)/Profit before tax		**(20)**	105
Income tax expense	6.2	**18**	182
Loss for the year from continuing operations		**(38)**	(77)
Discontinued operation			
Loss from discontinued operation, net of tax	7	**–**	(379)
Loss for the year		**(38)**	(456)
Other comprehensive income/(loss)			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences		**85**	(13)
Accumulated foreign currency translation gains recycled from other comprehensive income on liquidation of subsidiaries		**–**	(36)
Total comprehensive income/(loss) for the year		**47**	(505)
Loss per share – Entity as a whole	8.2		
Basic loss per share (cents)		**(22)**	(263)
Diluted loss per share (cents)		**(22)**	(263)
Loss per share – Continuing operations	8.2		
Basic loss per share (cents)		**(22)**	(44)
Diluted loss per share (cents)		**(22)**	(44)

Summarised Statement of Changes in Equity

for the year ended 31 December 2020

	Share capital Rm	Foreign currency translation reserve Rm	Retained income Rm	Total Rm
Balance at 1 January 2019	1	344	5 886	6 231
Total comprehensive loss for the year				
Loss for the year	–	–	(456)	(456)
Other comprehensive loss for the year				
Foreign currency translation differences	–	(13)	–	(13)
Foreign currency translation differences recycled to profit or loss	–	(36)	–	(36)
Total other comprehensive loss for the year	–	(49)	–	(49)
Total comprehensive loss for the year	–	(49)	(456)	(505)
Transactions with owners, recorded directly in equity				
Distributions to owners				
Shares repurchased by the company	–	–	(5)	(5)
Dividends paid	–	–	(3 595)	(3 595)
Total distributions to owners	–	–	(3 600)	(3 600)
Total transactions with owners	–	–	(3 600)	(3 600)
Balance at 31 December 2019	1	295	1 830	2 126
Total comprehensive income/(loss) for the year				
Loss for the year	**–**	**–**	**(38)**	**(38)**
Other comprehensive income for the year				
Foreign currency translation differences	**–**	**85**	**–**	**85**
Total other comprehensive income for the year	**–**	**85**	**–**	**85**
Total comprehensive income/(loss) for the year	**–**	**85**	**(38)**	**47**
Transactions with owners, recorded directly in equity				
Distributions to owners				
Dividends paid	**–**	**–**	**(1 032)**	**(1 032)**
Total distributions to owners	**–**	**–**	**(1 032)**	**(1 032)**
Total transactions with owners	**–**	**–**	**(1 032)**	**(1 032)**
Balance at 31 December 2020	**1**	**380**	**760**	**1 141**

Summarised Statement of Cash Flows

for the year ended 31 December 2020

	Notes	**2020 Rm**	2019 Rm
Cash flows from operating activities			
Cash (utilised by)/generated from operations		**(83)**	420
Finance income received		**21**	53
Finance expenses paid		**–**	(94)
Dividends paid to shareholders of the company		**(599)**	–
Income tax paid	6.1	**(191)**	(7)
Net cash (outflow)/inflow from operating activities		**(852)**	372
Cash flows from investing activities			
Decrease/(Increase) in restricted cash		**273**	(477)
Net cash flow on disposal of subsidiary	7.3	**–**	626
Net cash inflow from investing activities		**273**	149
Cash flows from financing activities			
Interest-bearing borrowings repaid		**–**	(357)
Lease liability repaid		**(1)**	(3)
Shares repurchased by the company		**–**	(5)
Net cash outflow from financing activities		**(1)**	(365)
Net (decrease)/increase in cash and cash equivalents before exchange rate fluctuations		**(580)**	156
Cash and cash equivalents at the beginning of the year		**1 428**	1 280
Effect of exchange rate fluctuations on cash and cash equivalents		**47**	(8)
Cash and cash equivalents at the end of the year	5	**895**	1 428

Notes to the Summarised Consolidated Financial Statements

for the year ended 31 December 2020

1. Basis of preparation

The summarised consolidated financial statements have been extracted from the audited consolidated financial statements of the company and its subsidiaries, together referred to as the group, for the year ended 31 December 2020.

The consolidated financial statements for the year ended 31 December 2020 have been audited by KPMG Inc., who expressed an unmodified opinion thereon.

The audited consolidated and separate financial statements (consolidated financial statements) for the year ended 31 December 2020 are available at https://www.trencor.net/financialreports/2020-reports/ and from the registered office of the company.

The summarised consolidated financial statements comprise the summarised consolidated statement of financial position at 31 December 2020, summarised consolidated statement of profit or loss and other comprehensive income, summarised consolidated statement of changes in equity and summarised consolidated statement of cash flows for the year ended 31 December 2020 and selected explanatory notes.

The summarised consolidated financial statements and the consolidated financial statements have been prepared under the supervision of Ric Sieni CA(SA) (Financial Director). The directors take full responsibility for the preparation of the summarised consolidated financial statements and that the financial information has been correctly extracted from the underlying consolidated annual financial statements, which were approved by the board on 31 March 2021. The summarised consolidated financial statements have not been audited.

The summarised consolidated 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 SAICA Financial Reporting Guides as issued by the Accounting Practices Committee 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 the summarised consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated financial statements for the year ended 31 December 2019.

2. Accounting standards and interpretations effective from 1 January 2020

A number of new standards and amendments to standards and interpretations were effective from 1 January 2020.

None of the of the new standards or interpretations, listed below, had an impact on the group's consolidated financial statements.

- Amendments to References to Conceptual Framework in IFRS Standards;
- Definition of a Business (amendments to IFRS 3);
- Definition of Material (amendments to IAS 1 and IAS 8); and
- Interest Rate Benchmark Reform (amendments to IAS 39, IFRS 7 and IFRS 9).

3. Investment in equity shares

Investment in Textainer measured at fair value through profit or loss:

During the year, the Trencor board approved the unbundling of the remaining 3 000 158 inward secondary listed shares on the JSE that Trencor held in Textainer. On 15 June 2020, Trencor unbundled the shares by way of a distribution of assets *in specie*. During the prior year, 24 278 802 of the Textainer shares held by Trencor were unbundled to its shareholders by way of a distribution of assets *in specie* on 17 December 2019 in terms of the approval obtained in a general meeting held on 18 October 2019. The distribution made by the company in 2020 amounted to R433 million (2019: R3 597 million) on which an amount of R17 million (2019: R174 million) was paid in respect of dividends tax net of refunds (refer to note 6.3).

	2020 Rm	2019 Rm
Inward listed on the JSE (2019: 3 000 158 shares at R139,12)	**–**	417
Reconciliation of investment in equity shares:		
Fair value at the beginning of the year	**417**	3 910
Distribution to shareholders	**(433)**	(3 597)
Fair value adjustment (refer below)	**16**	104
Fair value at the end of the year	**–**	417
Fair value adjustment of investment in equity shares is made up as follows:		
Increase in fair value due to movement in share price	**16**	37
Increase in fair value due to movement in exchange rate	**–**	67
	16	104

4. Restricted cash

The escrow account in relation to the Halco Trust indemnitees will be held until the indemnity terminates or otherwise falls away prior to 31 December 2024 (refer to note 11.1.1)	**252**	242
The escrow account in relation to the disposal of Leased Assets Pool Company Limited ("LAPCO") was held until the indemnity terminated in September 2020 (refer to note 11.1.3)	**–**	234
	252	476

5. Cash and cash equivalents

Bank balances	**5**	707
Money market instruments and call and term deposits	**890**	721
	895	1 428

5.1 At 31 December 2019, the proceeds received on the sale of LAPCO were held in the bank account of TAC. During January 2020, these funds were transferred into various money market instruments, managed on platforms by two reputable banking institutions, in order to maximise returns on such cash.

5.2 Refer to indemnity provided by Trencor in relation to the Halco Trust indemnitees in note 11.1.1.

6. Income tax

	2020 Rm	2019 Rm
6.1 Income tax paid		
Amounts payable at the beginning of the year	**175**	11
Recognised in profit or loss		
South African normal	**–**	7
South African dividends tax	**17**	174
Derecognised on disposal of subsidiary (refer to note 7.3)	**–**	(10)
Amounts payable at the end of the year	**(1)**	(175)
Amounts paid during the year	**191**	7
6.2 Income tax expense		
South African normal	**–**	7
Current	**1**	6
Adjustment for prior years	**(1)**	1
South African deferred		
Origination and reversal of temporary differences	**1**	1
South African dividends tax	**17**	174
	18	182

6.3 **Dividends tax**

Dividends tax of R17 million comprises a R22 million charge in respect of the June 2020 unbundling, less refunds of R5 million claimed in respect of the dividends tax paid of R174 million on the December 2019 unbundling (refer to note 3).

7. Discontinued operation

At the end of November 2019, the container owning and leasing segment was discontinued when LAPCO, a wholly-owned subsidiary of TAC, was considered to be held for sale. This was due to the impending sale of LAPCO in terms of a sale agreement with Textainer Limited, a wholly-owned subsidiary of Textainer.

The operation was classified as a discontinued operation under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* ("IFRS 5") as of 29 November 2019 and as at that date, management determined that all the conditions for such classification, in terms of IFRS 5, had been met. The assets and liabilities of the operation, at their carrying amounts to which the group's existing accounting policies have been applied, were transferred into a disposal group on that date and classified as held for sale. The container equipment was impaired in terms of IAS 36 (before transferring it to the disposal group) to its fair value less cost to sell in terms of the value in the sale agreement and an impairment loss of R435 million was incurred. The sale was concluded and became effective on 31 December 2019 when the proceeds were received and all the conditions precedent were met.

		2019 Rm
7.1 Results of the discontinued operation		
Revenue		513
Other operating income		1
Cost of containers sold		(165)
Depreciation		(113)
Other operating expenses		(32)
Impairment of property, plant and equipment (refer to note 7.4)		(448)
Operating loss before net finance expenses		(244)
Net finance expenses		(114)
Finance expenses:	Interest expense	(99)
	Realised and unrealised losses on derivative financial instruments	(21)
Finance income:	Interest income	6
Loss before tax		(358)
Income tax		–
Loss for the year		(358)
Loss on disposal of subsidiary, net of tax		(21)
Loss from discontinued operation, net of tax		(379)
Basic loss per share (cents)		(218)
Diluted loss per share (cents)		(218)

		2019 Rm
7.2	**Cash flows from discontinued operation**	
	Net cash inflow from operating activities	406
	Net cash inflow from investing activities (see below)	392
	Net cash outflow from financing activities	(356)
	Net cash inflow for the year	442
7.3	**Effect of disposal on the financial position of the group**	
	Property, plant and equipment	(2 273)
	Inventories	(42)
	Trade and other receivables	(116)
	Cash and cash equivalents	(297)
	Interest-bearing borrowings	1 748
	Derivative financial instruments	16
	Trade and other payables	10
	Current tax liabilities	10
	Net assets and liabilities	(944)
	Proceeds on disposal of subsidiary	923
	Loss on disposal of subsidiary, net of tax	(21)
	Proceeds on disposal of subsidiary	923
	Cash and cash equivalents disposed of	(297)
	Net cash flow on disposal of subsidiary	626
	Amount placed in escrow account	(234)
	Net cash inflow from investing activities (see above)	392
7.4	**Container leasing equipment impairment**	
	Fair value less cost to sell impairment	435
	Impairment recognised in respect of containers on operating leases not recovered from defaulting customers	13
		448

The container leasing equipment was impaired in terms of IAS 36 *Impairment of Assets* (“IAS 36”) to its fair value less cost to sell in terms of the value in the sale agreement and thereafter classified as held for sale in terms of IFRS 5. An impairment loss of R435 million was recognised. The fair value determination was categorised as level 2 of the fair value hierarchy.

8. Loss per share

		2020	2019
8.1	**Weighted average number of shares in issue (million)**	**173,5**	173,7
8.2	**Loss per share**		
	Entity as a whole		
	Basic loss per share (cents)	**(22)**	(263)
	Diluted loss per share (cents)	**(22)**	(263)
	Continuing operations		
	Basic loss per share (cents)	**(22)**	(44)
	Diluted loss per share (cents)	**(22)**	(44)
	Discontinued operations		
	Basic loss per share (cents)	**–**	(218)
	Diluted loss per share (cents)	**–**	(218)
8.3	**Headline loss attributable to shareholders of the company (Rm)**	**(38)**	(24)
	Headline loss per share (cents)	**(22)**	(14)
	Diluted headline loss per share (cents)	**(22)**	(14)

8.4 **Reconciliation between loss for the year and headline loss**

	Gross	**Net of tax**	Gross	Net of tax
	2020		2019	
	Rm	**Rm**	Rm	Rm
Loss for the year attributable to shareholders of the company		**(38)**		(456)
Impairment of property, plant and equipment	**–**	**–**	448	448
Loss on disposal of subsidiary	**–**	**–**	21	21
Compensation recovery from third party in respect of impairment of property, plant and equipment	**–**	**–**	(1)	(1)
Accumulated foreign currency translation gains recycled to profit or loss on liquidation of subsidiaries	**–**	**–**	(36)	(36)
Headline loss attributable to shareholders of the company		**(38)**		(24)

9. Segment reporting

Business segments

9.1 In prior years there was one operating segment (i.e. strategic business unit) namely container owning and leasing, which was discontinued as a result of the sale of LAPCO (refer to note 7). The executive committee (regarded as the chief operating decision-maker) reviewed internal management reports on at least a quarterly basis.

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

	Reportable Segment Discontinued container owning and leasing		Unallocated		Consolidated	
	2020 Rm	2019 Rm	**2020 Rm**	2019 Rm	**2020 Rm**	2019 Rm
Revenue	**–**	513	**–**	–	**–**	513
Goods sold	**–**	168	**–**	–	**–**	168
Leasing income	**–**	345	**–**	–	**–**	345
(Loss)/Profit before net finance expenses and income tax	**–**	(244)	**(43)**	54	**(43)**	(190)
Finance income	**–**	6	**23**	51	**23**	57
Finance expenses	**–**	(120)	**–**	–	**–**	(120)
Depreciation and amortisation	**–**	(113)	**(2)**	(2)	**(2)**	(115)
Income tax expense	**–**	–	**18**	182	**18**	182
Other material non-cash items:						
Impairment losses incurred:						
Property, plant and equipment	**–**	(448)	**–**	–	**–**	(448)
Loss on disposal of subsidiary, net of tax	**–**	(21)	**–**	–	**–**	(21)
Write-down of container leasing equipment held for sale	**–**	(13)	**–**	–	**–**	(13)
Assets	**–**	–	**1 153**	2 333	**1 153**	2 333
Liabilities	**–**	–	**12**	207	**12**	207

	Assets		**Liabilities**	
	2020 Rm	2019 Rm	**2020 Rm**	2019 Rm
The following is an analysis of the unallocated assets and liabilities:				
Property, plant and equipment	**1**	2		
Investment in equity shares	**–**	417		
Deferred tax assets/liabilities	**2**	1	**2**	–
Restricted cash	**252**	476		
Income tax liabilities			**1**	175
Trade and other receivables/payables	**3**	9	**8**	31
Lease liability			**1**	1
Cash and cash equivalents	**895**	1 428		
	1 153	2 333	**12**	207

10. Financial instruments and risk management

Classification and measurement of financial assets and financial liabilities

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

The analysis of financial assets and liabilities of the group's interests into their categories as defined in IFRS 9 *Financial Instruments* is set out in the table below. Assets and liabilities outside the scope of the standards are excluded.

	Designated at fair value through profit or loss Rm	Financial assets at amortised cost Rm	Financial liabilities at amortised cost Rm	Total carrying amount Rm	Fair value * Rm
2020					
Financial assets					
Restricted cash	**–**	**252**	**–**	**252**	**252**
Cash and cash equivalents	**–**	**895**	**–**	**895**	**895**
	–	**1 147**	**–**	**1 147**	**1 147**
Financial liabilities					
Lease liability	**–**	**–**	**1**	**1**	**1**
Trade and other payables	**–**	**–**	**8**	**8**	**8**
	–	**–**	**9**	**9**	**9**
2019					
Financial assets					
Investment in equity shares	417	–	–	417	417
Restricted cash	–	476	–	476	476
Trade and other receivables	–	1	–	1	1
Cash and cash equivalents	–	1 428	–	1 428	1 428
	417	1 905	–	2 322	2 322
Financial liabilities					
Interest-bearing borrowings	–	–	1	1	1
Trade and other payables	–	–	31	31	31
	–	–	32	32	32

* The fair values of the financial assets and financial liabilities, other than the investment in equity shares, are their carrying amounts as they are a reasonable approximation thereof. The fair value of the investment in equity shares has been measured according to level one in the fair value hierarchy table.

The group has assessed the potential impairment on restricted cash and cash and cash equivalents. The group considers that these restricted cash and cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties, therefore the expected credit loss allowance for these financial assets is nil.

11. Indemnities and warranties

In respect of the indemnities and warranties disclosed below, no contingent liability has been disclosed in the financial statements for the year ended 31 December 2020 as the directors believe that the possibility of an outflow of resources in relation to the indemnities and warranties, other than for costs and expenses, is remote.

11.1 Indemnities

11.1.1 Indemnity provided by Trencor in relation to the Halco Trust indemnitees

On 20 February 2018, Trencor, as a nominated beneficiary of the Halco Trust, received a vesting and distribution from the Halco Trust of the entire issued share capital of Halco Holdings Inc ("Halco"), which in turn held the shares in Textainer and TAC. Before the vesting and distribution were effected, Trencor was required to provide an indemnity in a negotiated amount of US$62 million, *inter alia*, to the trustee of the Halco Trust, *in lieu* of the indemnity the trustee enjoyed under the Deed of Settlement of the Halco Trust at the time.

In terms of this indemnity, Trencor indemnifies the indemnitees detailed below against certain events, which include the incurrence of liabilities by the indemnitees, and against the incurrence of costs and expenses by the indemnitees in connection with the indemnity and the processes thereunder. The indemnity extends to liabilities, costs and expenses incurred by the indemnitees in relation to the administration and/or the termination of the Halco Trust, the liquidation of the corporate trustee of the Halco Trust, the escrow arrangements contemplated by the indemnity, liabilities, costs and expenses by the directors and shareholder of the corporate trustee of the Halco Trust associated with the aforementioned liabilities and other liabilities, costs and expenses incurred by the indemnitees pursuant to any joint matter in terms of the indemnity. The indemnitees include the corporate trustee of the Halco Trust, the directors and shareholder of such trustee, their respective successors in title, and the directors and shareholders of such shareholder and their respective successors in title, as well as any liquidator of the corporate trustee.

The indemnity terminates on 31 December 2024 and Trencor's maximum potential exposure under such indemnity is US$62 million (2019: US$62 million), for which an amount of US$17 million (2019: US$17 million) is currently held in accordance with the terms of an escrow agreement by an independent escrow agent in an interest-bearing escrow account in Liechtenstein (refer to note 4). The escrow balance will be so held until the indemnity terminates or otherwise falls away prior to 31 December 2024. Trencor is contractually required in terms of the escrow arrangement linked to the indemnity to retain sufficient cash and other liquid assets equal to the full face value of the maximum potential exposure under the indemnity of US$62 million, in effecting any distribution or corporate reorganisation. Restricted cash of US$17 million (2019: US$17 million) (refer to note 4) and cash and cash equivalents in TAC of US$45 million (2019: US$45 million) (refer to note 5.2) have been currently earmarked against any such maximum potential exposure.

11.1.2 Indemnity provided by Trencor in relation to Halco's mislaid Textainer share certificates

In respect of the 11 May 2018 indemnity in relation to Halco's mislaid Textainer share certificates of 5 503 556 common shares, provided to, *inter alia*, Computershare Trust Company, N.A. and Computershare Inc (collectively "Computershare") by Trencor, jointly with Textainer and Halco, and with Trencor counter-indemnified by Textainer against any liability under such joint indemnity, shareholders were advised on 28 September 2020 that the relevant mislaid share certificates had been located in the Isle of Man. The process with Computershare for the formal release of the indemnitors from this indemnity is underway, but has been delayed due to COVID-19 restrictions hindering the safe physical delivery of the located share certificates to Computershare in the United States of America by a trusted non-courier person from the Isle of Man. No cash resources had been earmarked against this indemnity and the release of this indemnity will accordingly not make available additional cash for distribution by Trencor. However, once finalised, the release will obviate the need to report on this indemnity and counter-indemnity in Trencor's future results.

11.1.3 Indemnity provided by TAC in relation to the disposal of LAPCO

During September 2020, TAC successfully completed a transaction with Textainer Limited for the total release of TAC from all warranties, representations and indemnities given by TAC in respect of the sale of its subsidiary, LAPCO, and for the early release (previously scheduled for 30 June 2021) of the US$16,6 million lodged in escrow in support thereof, in exchange for a consideration to Textainer Limited of two percent of the principal amount in escrow. The net funds released from escrow were received by TAC. This release has obviated the need to report on this indemnity in Trencor's future results.

11.2 Warranties

The company has warranted the performance and obligations of certain subsidiary companies in connection with a number of partnership agreements entered into with third parties. The partnerships were established for the purposes of purchasing and selling marine cargo containers manufactured by a subsidiary company in South Africa. The last manufactured containers were sold into the export market in 1999. All amounts attributable to third parties in terms of these arrangements had been settled by 31 December 2017.

12. Accounting 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 2019.

13. Going concern

Trencor is currently invested in cash and cash equivalents and the board is of the view that, based on its knowledge of the group, the group has adequate resources at its disposal to settle obligations as they fall due and the group will continue as a going concern for the foreseeable future and have thus prepared the group financial statements on the going concern basis.

14. Events after the reporting period

The directors are not aware of any matters or circumstances arising since the end of the financial year, which will have a material impact on the financial position as at 31 December 2020.

15. Accounting standards and interpretations in issue but not yet effective

A number of new standards and amendments to standards and interpretations are effective for years beginning on or after 1 January 2021, and have not been applied in preparing these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the group's consolidated financial statements:

Effective for the financial year commencing 1 January 2021:

- Interest Rate Benchmark Reform – Phase 2 (IAS 39, IFRS 7, IFRS 9 and IFRS 16).

Effective for the financial year commencing 1 January 2022:

- Annual Improvements to IFRS Standards (2018 – 2020);
- Reference to the Conceptual Framework (IFRS 3);
- Property, Plant and Equipment: Proceeds before Intended Use (IAS 16); and
- Onerous Contracts: Cost of Fulfilling a Contract (IAS 37).

Effective for the financial year commencing 1 January 2023:

- Classification of liabilities as current or non-current (IAS 1).