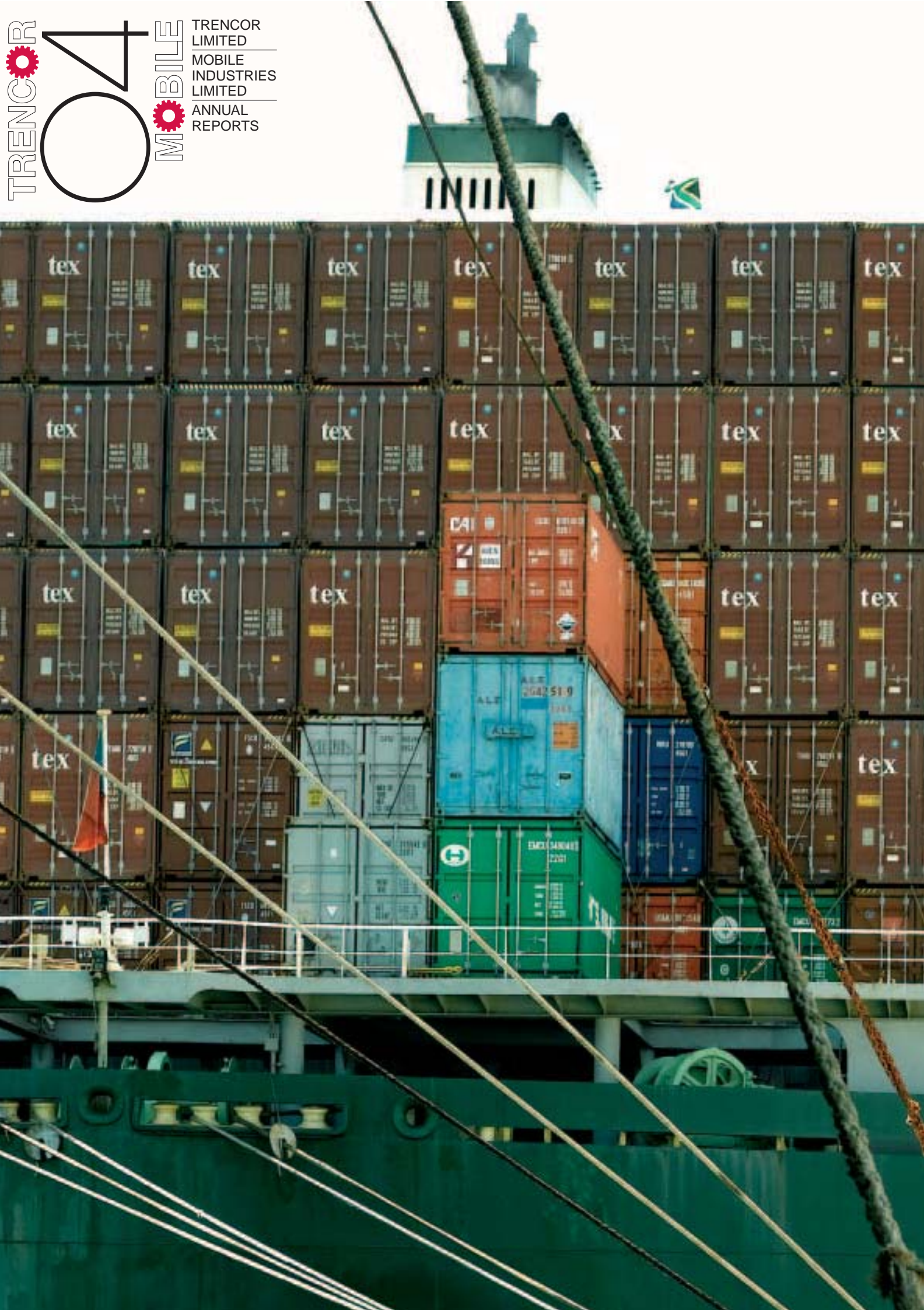


TRENCOR

MOBILE

MOBILE

TRENCOR  
LIMITED  
MOBILE  
INDUSTRIES  
LIMITED  
ANNUAL  
REPORTS



INIINI





TRENCOR

*Trencor Limited is a holding company quoted on the JSE Securities Exchange South Africa. The group's core business activities worldwide are:*

- \* owning, financing, leasing and managing marine cargo containers;*
- \* owning and leasing various types of returnable packaging units (such as beer kegs) together with the appropriate technology and hardware, including transponders and software systems;*
- \* supply chain and other mobile asset management services;*
- and \* finance related activities.*



Trencor Limited annual report 2004

**Contents**

Group profile . 1  
Directors . 3  
Highlights . 3  
Group chart . 4  
Graphs . 5  
Ten year review . 6  
Chairman's statement . 7  
Review of operations . 8  
Corporate governance . 11  
Annual financial statements . 17  
Additional information . 54  
Corporate information . 58  
Analysis of share and debenture holders . 58  
Directorate: Brief résumés . 59  
Diary . 59  
Notice to shareholders . 60  
Form of proxy . 63  
[Mobile Industries Limited annual report 2004 . 66](#)



**Directors**

- N I Jowell Chairman
- H R van der Merwe Managing  
H A Gorvy Independent  
J E Hoelter (USA) Independent  
C Jowell
- J E McQueen  
D M Nurek Independent
- <sup>1</sup> E Oblowitz Independent
- Executive

**Executive Committee**

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

**Audit Committee**

- <sup>1</sup> E Oblowitz Chairman  
H A Gorvy  
J E Hoelter
- <sup>2</sup> D M Nurek

**Remuneration Committee**

D M Nurek Chairman  
N I Jowell

**Nomination Committee**

D M Nurek Chairman  
H A Gorvy  
C Jowell

<sup>1</sup> Appointed 3 March 2004

<sup>2</sup> Resigned as Committee Chairman 3 March 2004

Brief résumés of the directors are presented on page 59.

**Chief Executive Officers**

Textainer: J A Maccarone (USA)  
TrenStar: G Cronin (USA)

# HIGHLIGHTS

<b>Trading profit after finance costs</b>	RM	2004 <b>305</b>	2003 273	2002 248
	US\$M	<b>47</b>	35	25
<b>Profit/(Loss) before taxation</b>	RM	<b>173</b>	(101)	(455)
	US\$M	<b>50</b>	29	20
<b>Headline earnings/(loss) attributable to shareholders</b>	RM	<b>95</b>	(166)	(352)
	US\$M	<b>31</b>	9	11
<b>Headline earnings/(loss) per share (undiluted)</b>	SA cents	<b>62</b>	(108)	(230)
	US cents	<b>20</b>	6	7
<b>Net asset value per share</b>	SA cents	<b>962</b>	980	1 132
	US cents	<b>171</b>	148	131
<b>Gearing<sup>1</sup></b>				
<b>With Textainer and BLI consolidated</b>	%	<b>187</b>	174	205
<b>With Textainer and BLI equity accounted<sup>2</sup></b>	%	<b>17</b>	24	38

<sup>1</sup> Ratio of interest-bearing debt, excluding convertible debentures, to aggregate of total shareholders' funds and convertible debentures.

<sup>2</sup> Debt in the Textainer group and BLI (Brewers Logistics International) is ring-fenced, without recourse to TrenCor.



MOBILE INDUSTRIES

TRENCOR 47%



CONTAINERS

TEXTAINER 73%

The Textainer group owns, leases and manages dry freight marine containers worldwide



TRENCOR SERVICES 100%

Corporate administration and financing



TRENCOR CONTAINERS 100%

Collection of long-term receivables



TAC 44%

Owning of containers



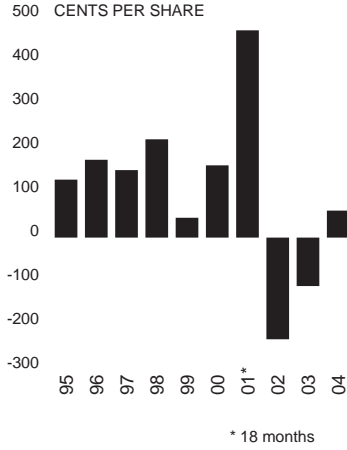
MOBILE ASSET MANAGEMENT SERVICES

TRENSTAR 54%

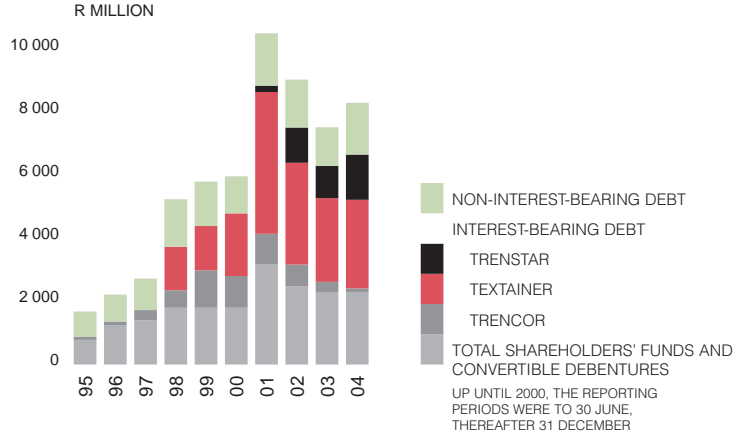
TRENSTAR SA 100%

The TrenStar group provides customers with returnable packaging equipment and other mobile assets in the supply chain and elsewhere, applying TrenStar's tracking technology and software systems

Headline earnings per share (undiluted)



Funding of total assets





	04 RM	03 RM	02 RM	01* RM	00 RM	99 RM	98 RM	97 RM	96 RM	95 RM
<b>OPERATING RESULTS</b>										
Revenue	<b>1 120</b>	732	589	4 436	1 780	1 464	1 550	1 415	1 317	1 194
Profit/(Loss) before taxation	<b>173</b>	(101)	(455)	1 150	(144)	23	483	316	371	221
Headline earnings/(loss) attributable to shareholders	<b>95</b>	(166)	(352)	711	248	65	335	224	261	182
<b>BALANCE SHEET SUMMARY</b>										
Shareholders' equity	<b>1 481</b>	1 506	1 733	2 324	1 313	1 418	1 370	1 105	895	655
Minority interest	<b>553</b>	522	460	635	186	148	139	26	24	13
Total shareholders' funds	<b>2 034</b>	2 028	2 193	2 959	1 499	1 566	1 509	1 131	919	668
Convertible debentures	<b>261</b>	261	261	261	261	261	261	261	261	261
Interest-bearing debt	<b>4 295</b>	3 981	5 026	5 566	2 978	2 606	1 984	339	131	20
Funding of total net assets	<b>6 590</b>	6 270	7 480	8 786	4 738	4 433	3 754	1 731	1 311	949
Property, plant, equipment and investment properties	<b>5 596</b>	4 789	5 653	6 113	2 684	2 364	2 018	232	197	178
Other non-current assets	<b>1 604</b>	1 842	2 270	3 177	2 376	2 291	2 242	1 846	1 319	883
Current assets	<b>996</b>	850	1 044	1 116	848	1 111	918	628	676	583
Total assets	<b>8 196</b>	7 481	8 967	10 406	5 908	5 766	5 178	2 706	2 192	1 644
Non-interest-bearing liabilities	<b>1 606</b>	1 211	1 487	1 620	1 170	1 333	1 424	975	881	695
Total net assets	<b>6 590</b>	6 270	7 480	8 786	4 738	4 433	3 754	1 731	1 311	949
<b>STATISTICS</b>										
Number of issued shares (million)	<b>154</b>	154	153	153	153	153	153	151	149	146
Equity book value per share (cents)	<b>962</b>	980	1 132	1 521	859	928	896	731	600	448
Headline earnings/(loss) per share (cents) – undiluted	<b>62</b>	(108)	(230)	465	162	43	220	149	177	125
Dividend per share for the year (cents)	<b>12</b>	–	–	–	–	28	48	43	43	34
Dividend cover based on headline earnings (times)	<b>5</b>	–	–	–	–	1	5	4	4	4
<b>LIQUIDITY (%)</b>										
Ratio to aggregate of total shareholders' funds and convertible debentures										
Total liabilities excluding convertible debentures	<b>257</b>	227	265	223	236	216	193	94	86	77
Interest-bearing debt excluding convertible debentures	<b>187</b>	174	205	173	169	143	112	24	11	2
Current ratio (times)	<b>0,8</b>	0,9	0,9	0,9	1,0	1,3	1,3	1,6	1,6	1,6
<b>PROFITABILITY BASED ON HEADLINE EARNINGS (%)</b>										
Taxed profit/(loss) to total shareholders' funds	<b>3</b>	(3)	(12)	24	19	5	26	22	34	29
Taxed profit before interest to total assets	<b>4</b>	2	–	10	9	5	11	11	13	14
Taxed profit before interest to total net assets	<b>5</b>	3	–	12	11	7	15	17	22	21
Profit/(Loss) attributable to shareholders to shareholders' equity	<b>6</b>	(10)	(17)	26	18	5	27	22	34	29
NUMBER OF EMPLOYEES	<b>408</b>	702	687	591	1 263	2 676	2 542	5 126	5 475	5 192

\*18 months

Up until 2000, the reporting periods were to 30 June, thereafter 31 December

Trencor performed very well in the year under review largely as a result of another outstanding contribution from Textainer. Trading profit, after net interest, increased by 34% to US\$47,3 million from US\$35,2 million in 2003. In rand terms, despite the strengthening of the currency, the group achieved an increase of 12% to R305 million compared to R273 million last year. Headline earnings per share were US\$0,201 (2003: US\$0,056) or 61,8 SA cents (2003: loss of 108,2 SA cents). The board has declared a dividend of 12 SA cents per share.

Most of our assets, revenue and expenses are denominated in US dollars and therefore we are for the first time including (on pages 54 and 55) our balance sheet and income statement in US dollars. These are unaudited and have been prepared by management in order to supplement the information presented in the audited annual financial statements. This will largely avoid the huge distortions of the past caused by major fluctuations in the exchange rate of the rand to the dollar.

As reported on 22 December 2004, the queries from the South African Revenue Service in relation to the tax treatment of the group's export partners' participation in the export trade of cargo containers have been settled. The salient details of the settlement appear in the directors' report.

The uncertainty that resulted from these queries over the past seven years was very damaging, both directly and also in many ways that are difficult to quantify. This settlement now completes the phase of closing our container factories and leaves the group almost completely focused on international business: Textainer in marine freight containers, TrenStar in supply chain and other mobile asset management services, and the collection of the remaining long-term receivable book. We are now able to review our operations and corporate structures on their own merits.

Textainer remains the main component of our trading profit. After strong growth in 2003, its earnings for 2004 increased by 57% to US\$46,4 million. It purchased a fleet of 79 000 units from Xtra International for US\$85,3 million. These containers were already being managed by Textainer but the increase in owned containers under current trading conditions will further enhance its earnings from November 2004. It is appropriate to again pay tribute to the President and CEO, John Maccarone, and the company's outstanding management team whose adherence to core values of transparency and responsible business, while focusing on long-term objectives, bodes well for Textainer's future.

As previously noted, Textainer improved the quality of its earnings by reducing much of the volatility that is a feature of container leasing. It achieved this by increasing the proportion of containers on long-term lease and limiting customer flexibility in the selection of end-lease drop-off points. While the former may well place a damper on even higher earnings in strong markets, we believe the net result will be beneficial.

Prospects for Textainer are good. Fleet utilisation levels are high and forecasts are for these conditions to continue through 2005. New container prices continue to increase with the likely effect of marginal upward pressure on lease rates. Textainer plans to purchase about 150 000 TEU (twenty-foot equivalent unit) of new containers in 2005, similar to last year, and well above the annual average of 104 000 TEU over the past four years.

TrenStar's performance fell short of expectations. Revenue, although 28% up on last year, was below budget and it failed to achieve profitability in 2004. The main reason for this is the very long time it takes to conclude negotiations for the major contracts we seek. In retrospect, we underestimated the difficulty of negotiating 15 year contracts for a new product that entails outsourcing of a strategic activity in our large international customers' businesses. The shortfall was exacerbated by the cost of exiting from non-core activities in TrenStar UK.

The beer keg division itself was profitable and we hope to conclude further significant contracts in 2005. TrenStar is conducting pilot contracts in other industries – namely Jettainer, a joint venture with Lufthansa to supply and manage air freight containers, Agility in healthcare and in the US synthetic rubber industry. The performance of TrenStar will depend on the success of concluding further contracts in the beer keg industry and extending the pilot projects to full-scale businesses.

#### ■ Forecast

We expect a continuation of the current strong market conditions in the marine freight industry for most of 2005. TrenStar should improve on last year's result, but achievement of profitability will depend on closing additional significant contracts.

Accordingly, we anticipate an increase in US-dollar earnings in 2005. The translation into rand will, of course, depend on the exchange rate during the year and rand earnings will be further impacted by the translation of long-term receivables into rand at 31 December 2005.

#### ■ Leverage

The group's borrowings are mainly asset-based: US\$503 million (R2,8 billion) in Textainer and US\$247 million (R1,4 billion) in TrenStar. The South African companies' aggregate borrowings were US\$19 million (R109 million); of this, US\$16 million (R90 million) is repayable by 20 October 2005, which will leave some US\$3 million (R19 million) of debt at 'the centre'. Textainer's leverage was 269%, still conservative by industry standards, while Trencor's, excluding Textainer and TrenStar, was just 6%.

#### ■ Group returns and performance

The volatility in the exchange rate and the fact that most of the group's earnings are derived in US dollars, complicates the calculation of traditional performance ratios. We believe that the growth in our net asset value per share in US dollars is a more realistic indicator of the soundness of our operations. Trencor's net asset value per share increased by 16% in 2004 to US\$1,71 (2003: US\$1,48), benefiting from internal growth and improved performance.

\*

I express my appreciation to all our personnel for the diligent and meaningful role they play. To my co-directors, I thank them for their independence and valuable advice in directing the affairs of the group.







### ■ Textainer

www.textainer.com

Textainer Group Holdings Ltd, our 73% offshore subsidiary is primarily engaged in owning and leasing standard and special dry freight marine cargo containers to global transportation companies. The company had an outstanding year, with profit after tax of US\$46,4 million, 57% up from US\$29,5 million achieved in 2003. Its contribution to Trencor's headline earnings for the same period was US\$33,7 million or R213 million (US\$21,5 million or R161 million in 2003). Average fleet utilisation for the year was 93% (2003: 88%) and the actual utilisation at 31 December 2004, excluding new containers in manufacturers' yards, was 97%.

Textainer's customers include virtually all of the leading international shipping lines. They are served by Textainer's own offices, agents and depots strategically located in markets throughout the world. Textainer's carefully designed specifications, in-house production quality control, depot selection and audit programme are all part of a system built to control customers' costs and provide a high-quality container service.

In addition to its own fleet, Textainer manages containers for a number of other owners, including TAC, a container-owning company in which Trencor has a 44% shareholding. Management fees and sales commissions arising from these arrangements continue to make significant contributions to the company's operating results and also promote financial stability, even in cyclical downturns. The total fleet under management at 31 December 2004 numbered 1,14 million TEU (twenty-foot equivalent unit) of which some 67% were on long-term lease. Textainer itself owned 484 000 TEU of which almost 70% were on long-term lease. The average age of Textainer's owned fleet and the whole fleet is 6 years.

During November 2004 Textainer purchased 79 000 units owned by Xtra International for US\$85,3 million; these containers were being managed by Textainer so this transaction did not increase the size of the total fleet but did significantly change the balance of owned and managed containers. The company also procured the provisional sale of the remaining containers owned by the various public limited partnerships in the United States, with the effective date of this transaction to be 1 January 2005, subject to approval by a majority of the limited partners. Textainer will continue to manage the containers on behalf of the new owners. Once the transaction has been approved by the limited partners, the various partnerships will be terminated. The company's sophisticated IT systems are such that it is able to adapt to these changes without any interruption to the day-to-day operations of the business.

150 000 TEU of new containers were added to the fleet during 2004 with virtually all of them going into long-term leases. This makes an average of more than 104 000 TEU of new containers added to the fleet annually over the past four years. As at the end of 2004, the company had unutilised borrowing facilities of approximately US\$149 million at its disposal. The ratio of interest-bearing debt to total equity was 269% (2003: 239%) which is conservative by industry standards.

The equipment resale division enhances the returns to container-owners by maximising the value received at the end of the economic life of the equipment. It also purchases used containers around the world, sometimes repositions them and

sells them in major demand markets. The strong leasing market made the sourcing of used containers for resale very difficult. The division nevertheless made a satisfactory contribution to net profit as a result of higher sale prices for used containers. The logistics division ensures that the repositioning of empty containers from surplus to demand locations is completed in the most cost-efficient manner possible.

Textainer Services is a new division, responsible for assisting shippers in implementing the US Customs AMS 24 hour reporting requirements. This division will seek to expand to other countries and also to airfreight as well as seeking to convince smaller shipping lines to outsource their documentation function. It is in an early phase of its development, but the initial indications for growth are encouraging.

A summarised balance sheet and income statement for Textainer appears on pages 56 and 57.

#### TEXTAINER: SALIENT INFORMATION

	2004	2003	CHANGE
<b>FINANCIAL (US\$ MILLION)</b>			
Total revenue	<b>173,5</b>	148,4	+16,9%
Profit before tax	<b>61,7</b>	40,6	+52,0%
Net income	<b>46,4</b>	29,5	+57,3%
Profit attributable to Trencor	<b>33,7</b>	21,5	+56,7%
<b>OPERATIONAL</b>			
Average fleet utilisation	<b>93,2%</b>	88,3%	+4,9%
Fleet under management (TEU '000s)	<b>1 140</b>	1 047	+93
Owned	<b>484</b>	388	+96
Managed	<b>656</b>	659	(3)
Long-term lease fleet	<b>768</b>	657	+111
Short-term lease fleet	<b>372</b>	390	(18)

### ■ TrenStar Inc

www.trenstar.com

TrenStar Inc, our 54% subsidiary headquartered in Denver, Colorado, and its operating companies in various countries (collectively 'TrenStar') provide customers with returnable packaging and other mobile assets. TrenStar offers barcode and radio frequency identification (RFID) tracking technology, logistics/business analysis and information management. In appropriate circumstances, TrenStar owns the mobile assets and provides these, together with the tracking technology, to customers on a lease or 'pay per use' basis. In other instances, the customers will own the assets with TrenStar providing the technology and accompanying management services. TrenStar's solutions enable customers to gain efficiencies in the control and management of the movement of goods in the supply chain and elsewhere. Mobile assets include beer kegs, air cargo containers, gas bottles, tanks, chemical containers, cages, intermediate bulk containers and healthcare equipment.

During the year under review TrenStar continued to expand its activities, but market acceptance of its business model can be a lengthy process. The novelty of TrenStar's offering and the requirement that customers enter into long-term contracts for the outsourcing of strategic assets, often results in longer than anticipated lead times. On the other hand, recurring revenue and more predictable growth

inherent in these larger contracts, in many cases with minimum usage guarantees from the customer, is an attractive feature of TrenStar's business model. As we achieve success and are able to build upon established relationships within selected industries, the closing of large contracts is likely to accelerate.

To date, TrenStar has achieved its greatest success in the beer industry. It acquires the beer keg fleets of its beer brewer customers, buys additions to these fleets as required and fits the kegs with RFID transponders. TrenStar's software systems are used to provide customers with information based on data collected through this RFID technology, and to manage the kegs and make them available to the customers on a 'pay per use' basis. In May 2004, TrenStar concluded the third such major contract in the United Kingdom with Coors UK. TrenStar now owns and manages 60% of all beer kegs in the UK. In the US, it is achieving steady progress and now provides over 100 smaller customers with their keg requirements. TrenStar is engaged in discussions with several large brewers regarding similar transactions.

In other industries, TrenStar is involved in initial contracts or pilot projects. Most prominent amongst these are the following:

- \* TrenStar's joint venture with Lufthansa Cargo AG for the supply and management of passenger and air cargo containers and pallets (called unit load devices or ULDs) was established on 1 January 2004. The company, Jettainer GmbH, is 67% owned by Lufthansa Cargo AG and 33% by TrenStar, with the opportunity for TrenStar to increase its shareholding as Jettainer's fleet grows. Jettainer acquired the bulk of the ULD fleet of Lufthansa Cargo AG. During 2005 Jettainer should be ready to make offers to other suitable airlines to acquire and manage their ULDs. The involvement in Jettainer of Lufthansa, a recognised leader in the airline industry, is a plus.
- \* In the US healthcare industry, implementation of TrenStar's system for the tracking and management of high-value medical equipment in hospitals went smoothly, and the system is now in use at a number of hospitals in the Bon Secours hospital group. TrenStar's healthcare subsidiary, Agility, has entered into similar contracts with other customers.

The customer lists of TrenStar and TrenStar SA (Pty) Ltd include the likes of Scottish Courage Breweries, Carlsberg UK, Coors UK, Kraft, Goodyear, Burberry, Prada Stores, Lufthansa Air Cargo AG, ExxonMobil, Ford, Toyota, DaimlerChrysler and Dow Chemical.

As mentioned last year, it was of course necessary to vest TrenStar with the manpower resources, technology, market presence and general ability to deliver on the business model promised to large international customers. The associated costs require a critical mass for the business to achieve acceptable and sustained profits. In 2004 we achieved good profits in the beer keg business. However, despite promising growth in revenue (see below), the delay in concluding large contracts and the costs to exit from non-core activities in TrenStar UK (previously KTP) after the earlier acquisition of that company, prevented the company as a whole from achieving profitability in 2004.

#### TRENSTAR INC: SALIENT INFORMATION

	2004	2003	CHANGE
<b>FINANCIAL (US\$ MILLION)</b>			
Total revenue	<b>51,0</b>	39,7	+28,5%
Loss after tax	<b>(13,8)</b>	(9,0)	(53,3%)
Net loss for the year	<b>(13,5)</b>	(9,8)	(37,8%)
Loss attributable to Trenchor	<b>(7,4)</b>	(8,6)	+14,0%
<b>OPERATIONAL</b>			
Kegs owned and managed ('000s):			
UK	<b>4 062</b>	2 965	+1 097
US	<b>306</b>	266	+40

#### ■ Funding of TrenStar Inc

Last year we reported the raising of US\$33,5 million of new capital by TrenStar Inc. Carlyle Venture Partners, the principal outside investor in that capital issue, wished to invest more in TrenStar, and the issue was increased to US\$36,5 million. Carlyle invested the additional US\$3 million, and to ensure that its shareholding would remain above 50%, Trenchor took up a further US\$3,8 million of the initial US\$33,5 million. During 2004 TrenStar arranged a debt facility of US\$15 million from Technology Investment Capital Corp, mainly for general working capital purposes and to fund the acquisition of mobile assets that cannot readily be financed through the use of a special purpose company. In support of this facility, Trenchor and Carlyle have undertaken to provide additional equity as and when required, as to US\$10 million from Trenchor and US\$5 million from Carlyle.

At 31 December 2004 TrenStar Inc's total interest-bearing debt amounted to US\$247,0 million. Of this, US\$225,4 million or 91,3% was 'ring-fenced' in special purpose subsidiary companies, where the debt in each subsidiary is secured by the assets financed in that subsidiary, without recourse to TrenStar Inc itself. There is no recourse to Trenchor in respect of any of the TrenStar Inc debt.

#### ■ TrenStar SA

TrenStar SA (Pty) Ltd, which operates in South Africa with a business model similar to that of TrenStar Inc and is 100% owned by Trenchor, continued its slow but steady growth, mainly in the automotive and retail industries.

#### ■ Long-term receivables

The aggregate amount of outstanding long-term receivables at 31 December 2004 was US\$454 million (2003: US\$497 million). The discount rate applied in the valuation of the US dollar-denominated long-term receivables is unchanged from 2003 at 8,5% per annum and the net present value of these receivables, before any valuation adjustments, totalled R2,17 billion (2003: R2,72 billion). An exchange rate of US\$1 = R5,61 was used to translate dollar amounts into rand at 31 December 2004 (2003: US\$1 = R6,62). In compliance with the requirements of South African Statements of Generally Accepted Accounting Practice, the resulting translation loss, amounting to R394 million at net present value (2003: loss of R854 million) has been charged against profit before tax.

The increase in the value of the rand resulted in a gain of R162 million (2003: R335 million) on translation of the dollar-denominated valuation adjustment against the receivables. Furthermore, the favourable trading conditions currently being experienced in the container leasing industry and the improved outlook for the collectability of and timing of receipts from the long-term receivables has resulted in a reduction in the dollar amount of the net valuation



adjustment. This reduction, translated into rand, had a positive effect on pre-tax profit amounting to R155 million in the year under review. At 31 December 2004, the net present value of long-term receivables after valuation adjustments amounted to R1,4 billion (2003: R1,6 billion).

The board has decided that the discount rate applied to reduce the rand amounts attributable to third parties to their net present values should be reduced from 12% per annum applied last year to 10% per annum in recognition of the lower long-term rand interest rates currently prevailing. This change has been applied with effect from 1 January 2004 and the net adverse effect on pre-tax profit was R42 million.

As noted elsewhere in this report, pursuant to the settlement of the protracted dispute with the South African Revenue Service over the tax treatment of our export partners' participation in the container export trade, payment of certain amounts attributable to our export partners will be accelerated. Taking this and the reduction in the discount rate into account, the net present value of the amounts attributable to third parties and after valuation adjustments, was R474 million (2003: R420 million).

#### ■ TAC

The TAC group, in which Trencor has a 44% shareholding, owned 228 000 TEU of dry freight containers of various types and 2 500 stainless steel tank containers at 31 December 2004, which are managed by a number of equipment managers. Textainer continues to manage the greatest portion of the dry freight container fleet and Exsif Worldwide Inc manages most of the stainless steel tank containers. The favourable market conditions noted in last year's report continued throughout 2004 and average utilisation across the whole fleet was 91% compared with 85% in 2003. New container prices increased markedly during the year as did resale prices for used containers. During the year, TAC purchased 8 550 TEU of new equipment at a cost of US\$14,5 million from manufacturers in China; these purchases were financed out of the company's existing facilities. All of the new equipment purchased was placed into long-term leases.

Amounts owing by TAC for containers acquired in the past from South Africa on extended credit terms are included in long-term receivables.

#### ■ Property interests

Trencor has a 15% interest in the companies that own the land at and operate Grand Central Airport and a 31% interest in a property development in Midrand known as Midrand Town Centre. These interests are regarded as non-core investments and we intend disposing of them when a suitable opportunity arises. Due to the state of the property market in that area, this was not possible during the year under review.

Our aggregate exposure to these property interests is R20 million. The airport continues to provide satisfactory returns on our investment and the Midrand Town Centre is substantially let, producing a good positive cash flow.

#### ■ Finance

The principal financial ratios at 31 December 2004 and the comparative figures for 2003 are reflected in the table below. In order to demonstrate the impact of the consolidation of Textainer Group Holdings Ltd and Brewers Logistics International Ltd ('BLI'), the wholly-owned subsidiary of TrenStar Inc which at year-end owned the beer keg fleets used by three major UK brewers, the ratios are also stated on the basis of notionally accounting for Trencor's interests in these companies using the equity accounting method.

	2004	2003
Ratio to the aggregate of total shareholders' funds and convertible debentures:		
Total liabilities excluding convertible debentures		
– With Textainer and BLI consolidated	<b>257%</b>	227%
– With Textainer and BLI notionally equity accounted	<b>62%</b>	71%
Interest-bearing debt excluding convertible debentures		
– With Textainer and BLI consolidated	<b>187%</b>	174%
– With Textainer and BLI notionally equity accounted	<b>17%</b>	24%
Current ratio (times)		
– With Textainer and BLI consolidated	<b>0,8</b>	0,9
– With Textainer and BLI notionally equity accounted	<b>1,1</b>	0,9

As at 31 December 2004, the capital owing on the US dollar loan raised in 2002 and applied in repaying all of the company's rand borrowings was US\$16,1 million which will be fully repaid by 20 October 2005. TrenStar Inc established fresh facilities during the year to finance the purchase of additional assets and for working capital.

Capital expenditure during the year amounted to R2 206,5 million of which R1 662,0 million was incurred by Textainer in replacing and expanding its container fleet and R530,3 million by TrenStar, including R490,5 million by BLI in expanding its fleet of beer kegs in the UK. These amounts were all funded out of existing funding facilities and, in the case of TrenStar, also from the proceeds of fresh equity raised from shareholders. During the year, the group completed the disposal of its properties in Wadeville, Parow and Bloemfontein which were no longer required. Payment of R40 million was received in February 2005 against registration of transfer to the purchasers. The manufacturing equipment in the closed Parow container tank manufacturing factory was sold to foreign interests for US\$3,5 million, payable over a period of five years.

**T**rencor endorses the Code of Corporate Practices and Conduct in the King II Report 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 relevant, complied with the Code during the year under review.

The salient features of the group's corporate governance are set out below.

#### ■ Board of directors

##### ● COMPOSITION

The names and brief résumés of the directors appear on page 59.

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.

During the first half of 2002, a board effectiveness review was conducted and certain comments in regard to the composition of the board were referred to the nomination committee for consideration. A second board effectiveness review was conducted in February 2005 and further reviews will be conducted as and when the board deems it necessary.

There is a clear 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 CEOs of operating subsidiaries report to the chairmen of their respective boards, who in turn report to the Trencor board.

The board is satisfied that no one individual director or block of directors has undue power on decision-making.

Mr D M Nurek was appointed as lead non-executive director on 23 November 2004.

##### ● 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 and considered to be in the interest of the group and approved by the board.

##### ● 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 2004, five meetings were held and these were attended by all members in person or by 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.

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.

##### ● DIRECTORS' REMUNERATION

The remuneration paid to the directors during the years ended 31 December 2004 and 2003 was as follows:

	GUARANTEED REMUNERATION INCL. ALLOWANCES R	CONTRIBUTIONS TO				TOTAL REMUNERATION R
		MEDICAL AID R	RETIREMENT FUNDS R	INCENTIVE BONUSES R	OTHER BENEFITS R	
2004						
<b>NON-EXECUTIVE DIRECTORS</b>						
H A GORVY	85 000	–	–	–	–	85 000
J E HOELTER	693 016	–	–	–	–	693 016
C JOWELL	586 288	18 168	43 632	267 680	–	915 768
D M NUREK	90 000	–	–	–	–	90 000
E OBLOWITZ	95 000	–	–	–	–	95 000
	1 549 304	18 168	43 632	267 680	–	1 878 784
<b>EXECUTIVE DIRECTORS</b>						
N I JOWELL	1 423 773	26 608	–	669 200	–	2 119 581
J E McQUEEN	1 648 237	18 084	156 819	167 300	–	1 990 440
H R VAN DER MERWE	2 009 377	21 270	190 946	200 000	81 717	2 503 310
	5 081 387	65 962	347 765	1 036 500	81 717	6 613 331
AGGREGATE REMUNERATION 2004	6 630 691	84 130	391 397	1 304 180	81 717	8 492 115

No fees are paid for services as director.





	GUARANTEED REMUNERATION INCL. ALLOWANCES R	CONTRIBUTIONS TO				TOTAL REMUNERATION R
		MEDICAL AID R	RETIREMENT FUNDS R	INCENTIVE BONUSES R	OTHER BENEFITS R	
2003						
NON-EXECUTIVE DIRECTORS						
H A GORVY	50 000	–	–	–	–	50 000
J E HOELTER	886 685	–	–	–	–	886 685
C JOWELL <sup>1</sup>	591 266	15 852	40 949	117 600	–	765 667
D M NUREK	75 000	–	–	–	–	75 000
	1 602 951	15 852	40 949	117 600	–	1 777 352
EXECUTIVE DIRECTORS						
N I JOWELL	1 427 100	22 956	–	294 000	–	1 744 056
J E McQUEEN	1 591 296	15 852	145 790	–	–	1 752 938
H R VAN DER MERWE	2 105 495	18 318	200 008	200 000	81 717	2 605 538
	5 123 891	57 126	345 798	494 000	81 717	6 102 532
AGGREGATE REMUNERATION 2003	6 726 842	72 978	386 747	611 600	81 717	7 879 884

<sup>1</sup> Part-time executive until 23 December 2003.  
No fees are paid 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 SHARES AT 31/12/2004	OFFER PRICE PER SHARE	EXERCISABLE AS FOLLOWS	
				BETWEEN	AND
J E McQUEEN	30/06/01	1 000 000	R5,25	11/07/02	30/06/09
	11/06/04	50 000	R12,10	11/06/07	11/06/12
	11/06/04	50 000	R12,10	11/06/08	11/06/12
	11/06/04	50 000	R12,10	11/06/09	11/06/12
	11/06/04	50 000	R12,10	11/06/10	11/06/12
		1 200 000			
H R VAN DER MERWE	30/06/01	1 600 000	R5,25	11/07/02	30/06/09
	11/06/04	50 000	R12,10	11/06/07	11/06/12
	11/06/04	50 000	R12,10	11/06/08	11/06/12
	11/06/04	50 000	R12,10	11/06/09	11/06/12
	11/06/04	50 000	R12,10	11/06/10	11/06/12
		1 800 000			

The right to exercise the options granted on 11 June 2004 is subject to certain performance criteria being met.

Subsequent to the year-end, on 3 March 2005 Messrs J E McQueen and H R van der Merwe each exercised options on 200 000 shares granted to them on 30 June 2001 at the option price of R5,25 per share. These shares were sold on 3 March 2005 for R17,00 per share.

● 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 ('Mobile'), at 31 December 2004 and 2003 were as follows:

	BENEFICIAL		NON-BENEFICIAL		TOTAL
	DIRECT	INDIRECT	DIRECT	INDIRECT	
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	–	–	–	–	–
E OBLOWITZ	–	–	–	–	–
H R VAN DER MERWE	–	–	–	–	–
	132 667	143 941	–	–	276 608

None of the directors held any interest in the 6% convertible debentures in issue in the company (2003: nil).

Mr J E Hoelter has an indirect beneficial interest in 1 038 873 shares (2003: 1 038 873 shares) representing 5,5% (2003: 5,5%) in the issued common stock of Textainer Group Holdings Ltd, Trencor's 73% (2003: 73%) subsidiary.

There have been no changes in these interests between the financial year-end and the date of this report.

■ Sub-committees of the board

Several sub-committees 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 sub-committees appear on page 3.

● 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 comprises three non-executive directors, two of whom are independent. On a proposal by the committee, the board appointed Mr E Oblowitz as an independent non-executive director with effect from 3 March 2004.



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, ten formal monthly meetings were held which were attended by all members.

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

An audit committee, formally established by the board in the early 1990s, presently consists of four independent non-executive directors and normally meets at least twice a year, prior to the finalisation of the group's interim results and reviewed 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 as observers. 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.

The audit committee is satisfied that the external auditors are independent in the discharge of their duties. The use of the services of the external auditors for significant non-audit services is considered by the committee on an ad-hoc basis.

The main group operating entities, Textainer Group Holdings Ltd and TrenStar Inc, each have their own audit committees comprising persons who are not executives within those entities. These committees submit minutes and reports to the Tencor audit committee after each meeting. The external auditors of these group entities have direct and unrestricted access to the respective audit committees.

Where appropriate, the internal audit function is 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 main audit committee. The internal auditors have direct and unrestricted access to the respective audit committees.

● REMUNERATION COMMITTEE

The remuneration committee of the board has been in existence since the early 1990s and was formalised in 1996. It 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 executive and non-executive directors and senior management and to grant options in terms of The Tencor Share Option Plan. Members of the remuneration committee are not eligible for participation under The Tencor 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.

■ Succession planning

During 2003, the nomination committee and the board received a report on succession planning at the group's major subsidiaries and at Tencor. The board is satisfied that suitable succession plans are in place.

■ Board and board committee terms of reference

The board is ultimately accountable and responsible for the performance and affairs of the company. 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.

Formal detailed terms of reference for the nomination, executive, audit and remuneration sub-committees have been approved and formally implemented and are reviewed by the board on a regular basis.

■ Risk management

Responsibility for managing the company's risk lies ultimately with the board of directors. However, 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 dollar-based and, accordingly, changes in the R/US\$ exchange rate can and do significantly affect the translation of assets, liabilities and profits into South African currency. As noted previously, in 2002 Tencor converted all of its rand borrowings into a US dollar loan. US\$16,1 million of the original loan of US\$56,4 million remained outstanding at 31 December 2004. The loan is repayable out of the proceeds from the collection of the long-term dollar export receivables and is thus effectively hedged. 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 the translation at reporting dates of the 'unhedged' portion of the long-term receivables are included in profit and changes in the R/US\$ exchange rate may result in volatility in earnings when expressed in rand.

● INTEREST RATES

Virtually all of the group's borrowings are denominated in foreign currency, principally 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 (leases of shorter term) are at variable rates. Furthermore, the company enters into interest-rate cap contracts to guard against unexpected increases in interest rates on such variable interest-rate loans. During 2002, Trencor effectively converted all of its rand-based debt into dollars by drawing down against a Letter of Credit facility granted by its foreign banks. The interest rate profiles in South Africa and the US made it beneficial for Trencor to have these borrowings in US dollars (bearing interest at a rate of approximately 4,388% per annum at 31 December 2004) rather than in rands.

● CREDIT RISK CONCENTRATION

Textainer's customers are mainly international shipping lines which transport goods on international trade routes. Once the containers are on-hire with 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. Revenue from one lessee accounted for approximately 11% and 12% of Textainer's lease rental income, with lease rental income of US\$16,8 million and US\$14,8 million for the years ended 31 December 2004 and 2003 respectively. Trade receivables from one lessee amounted to US\$4,4 million and US\$2,7 million or 10% of trade receivables as at 31 December 2004 and 2003 respectively.

● 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, Textainer has increased the proportion of its overall fleet on long-term lease to 67% of the total. Almost 70% of Textainer's owned containers 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.

● 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

which 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.

● 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 actions 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 valuation 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.

● RISK AREAS IN TRENSTAR'S ACTIVITIES

TrenStar partly relies on information systems that support the core functions of managing asset movements. Accurate tracking of returnable packaging units between depots and various manufacturers and suppliers within the supply chain is necessary to (a) provide customers with added value in the form of visibility of returnable packaging units and other mobile assets, (b) ensure that transaction costs are correctly apportioned between the various users of the service and (c) to bill clients accurately and efficiently. The TrenStar mobile asset management system is a web-enabled tool that translates physical movements into billing and location data that is then passed through to the ERP system for further financial processing. Typical risk areas associated with enterprise systems such as TrenStar are within the domains of application and database design, technical architecture, software development methodology, configuration management, information security and IT continuity/disaster management.

Market and customer acceptance of TrenStar's unique business model can be a slow process, sometimes resulting in longer than expected lead times for successful closing of contracts.

■ Information resources management

The proliferation of internet-based business activities has over the past few years prompted a spate of new legislation that has necessitated various actions to maintain compliance while

protecting the interests of the company. The changing legal environment has made it necessary to monitor the legal implications of transacting electronically. Structures are in place to track developments and establish appropriate responses as required.

● **INFORMATION SECURITY**

Compliance with legislative requirements contributes towards the protection of corporate information, but in itself only addresses a small part of the total number of threats posed to the business arising from its dependencies on information technology and the internet. 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.

● **BUSINESS CONTINUITY**

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 and TrenStar have their own business continuity plans.

■ **Group strategy**

Early in 2005 the board confirmed the strategy statement of the group as follows:

1. Trencor's strategy is to invest in operations that have as their business:

To enable 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;
- \* the increasing use of, and investment in, information and communication technologies and appropriate forms of information management and electronic trading.

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 our 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 audit committee.

■ **Restrictions on trading in securities**

A formal policy, implemented some years ago, prohibits directors, officers and employees from dealing in the company's securities 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 securities is permitted by any director, officer or employee whilst in

possession of information which could affect the price of the company's securities and which is not in the public domain.

Directors of the company and of its subsidiaries are required to obtain clearance from Trencor's chairman (and in the case of the chairman, from the chairman of the audit or remuneration committee) prior to dealing in the company's securities, and to timeously disclose to the company full details of any transaction for notification to and publication by the JSE Securities Exchange South Africa.

■ **Information resources**

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, such as (amongst others) CobiT (Control Objectives for Information Technology Resources), as endorsed by the IT Governance Institute.

■ **Stakeholder communication**

Members of the executive committee of the board meet on an ad-hoc basis with institutional investors, investor 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. 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 interactive interim, reviewed and annual results. The site has links to the websites of each major operating subsidiary company.

■ **Employment equity**

In compliance with the Employment Equity Act, the group's South African operating entities have each developed their own employment equity policies and plans in consultation with their employees. The elected employment equity committees at the respective operations are responsible for ensuring and monitoring the achievement of the employment equity goals within their business units.

■ **Training**

Skills development committees at South African operations are charged with the responsibility to comply with the requirements of the Skills Development Act, so as to develop and improve the knowledge, skills and capabilities of employees as far as is reasonably possible.

■ **Safety, health and environment**

The group is committed to providing and maintaining a safe and healthy, risk-free working environment and continually strives to prevent workplace accidents, fatalities and occupational health and safety related incidents.

At 31 December 2004 the group had 408 employees (2003: 702) of which 118 (2003: 341) were based in South Africa and 290 (2003: 361) outside South Africa.

Based on the existing demographics of the group's staff complement and the various geographical locations throughout the world, the board is of the opinion that the impact on the group as a result of the HIV and AIDS epidemic within South Africa and elsewhere, although



unquantifiable at this time, will not be significant.

There are no significant environmental impact issues caused by the group's operations and all group entities are, where relevant, at the very least fully compliant with the environmental legislation in their particular jurisdictions.

■ **Access to information**

The company and all of its South African subsidiaries are compliant with the provisions of the Promotion of Access to Information Act. The manual in terms of this legislation is available from the registered office of the company and on the company's website.

■ **Financial Intelligence Centre Act**

Group companies within South Africa have all administrative measures in place in respect of the regulations of the Financial Intelligence Centre Act which became effective on 1 July 2004.

■ **Community investments**

Financial support is primarily allocated to selected educational institutions and assistance in the form of bursaries is granted to students without employment obligations. The group also assists various community and welfare organisations.

It is hereby certified that for the year ended 31 December 2004, the company has lodged, with the Registrar of Companies, all returns as are required by a public company in terms of the Companies Act in South Africa and that such returns are true, correct and up to date.

RESPONSIBILITY FOR  
ANNUAL FINANCIAL STATEMENTS

The board of directors is responsible for the preparation of financial statements, on a consistent basis and supported by reasonable and prudent judgements and estimates, that fairly present the state of affairs of the company and of the group in accordance with South African Statements of Generally Accepted Accounting Practice, the South African Companies Act and the Listings Requirements of the JSE Securities Exchange South Africa.

The board is satisfied that adequate internal accounting controls and systems are maintained, aimed at providing reasonable assurance that assets are adequately safeguarded, based on established policies and procedures implemented by competent personnel who are required to maintain the highest ethical standards at all times.

GOING CONCERN STATEMENT

The annual financial statements of the company and of the group for the year ended 31 December 2004 are prepared on the going concern basis. In the opinion of the directors, the company and the group will continue as a going concern for the foreseeable future.

BOARD APPROVAL

The annual financial statements and group annual financial statements for the year ended 31 December 2004, which have been approved by the board of directors, are attached:

PAGE 18	Directors' report
20	Balance sheets
21	Income statements
22	Statements of changes in shareholders' equity
23	Cash flow statements
24	Notes to the financial statements

Signed on behalf of the board



TRENCOR SERVICES (PTY) LTD  
SECRETARIES  
PER: G.W. NORVAL  
CAPE TOWN  
24 MARCH 2005



N I JOWELL CHAIRMAN



E OBLOWITZ DIRECTOR  
CAPE TOWN  
24 MARCH 2005

TO THE MEMBERS OF TRENCOR LIMITED

We have audited the annual financial statements and group annual financial statements of Trencor Limited, as set out on pages 18 to 53, for the year ended 31 December 2004. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

SCOPE

We conducted our audit in accordance with statements of International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes:

- \* examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- \* assessing the accounting principles used and significant estimates made by management; and
- \* evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

AUDIT OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and the group at 31 December 2004 and the results of their operations and cash flows for the year then ended, in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act in South Africa.



KPMG INC  
REGISTERED ACCOUNTANTS  
AND AUDITORS  
CHARTERED ACCOUNTANTS (SA)  
CAPE TOWN  
24 MARCH 2005





■ **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 20 to 53.

The net profit/(loss) attributable to the various classes of business of the group was as follows:

	2004 RM	2003 RM
Container operations		
Sales and finance	25,4	56,7
Textainer	214,8	161,2
Exchange translation losses	(162,2)	(598,1)
Net long-term receivable adjustment	79,0	234,6
TrenStar	(60,6)	(69,6)
Interest and other corporate items	1,1	53,6
Discontinuing operations	(0,2)	(8,3)
Exceptional items	(38,2)	71,4
	59,1	(98,5)

■ **Directors and secretary**

The names of the directors appear on page 3 and that of the secretary on page 58. Mr E Oblowitz was appointed as an independent non-executive director with effect from 3 March 2004.

In terms of the articles of association Messrs N I Jowell, J E McQueen and D M Nurek retire by rotation at the forthcoming annual general meeting but, being eligible, offer themselves for re-election.

Brief résumés of the directors are presented on page 59.

■ **Directors' interests**

The aggregate of the direct and indirect interests of the directors in the issued securities of the company at 31 December 2004 and 2003 were as follows:

	2004	2003
Beneficial %	13,8	13,6

The direct and indirect interests of each director who held in excess of 1% of the issued securities at 31 December 2004 and 2003 were as follows:

	2004	2003
Beneficial %		
C Jowell	6,8	6,7
N I Jowell	6,9	6,8

The above changes are as a result of the increase in the number of issued shares following the exercise of options in terms of The Trencor Share Option Plan and the acquisition by Mobile Industries Ltd of additional shares in Trencor.

Subsequent to the year-end, on 3 March 2005, Messrs J E McQueen and H R van der Merwe each exercised options on 200 000 shares (0,13%) which were simultaneously sold.

■ **Settlement of income tax queries**

As reported on 22 December 2004, Trencor and the Commissioner for the South African Revenue Service ('SARS') concluded an agreement that disposed of the income tax queries raised by SARS on some of the group's export partners, commencing in September and October 1999, relating to the tax treatment of their participation in the container export trade through export partnerships. The agreement did not involve any admission by either SARS or Trencor and its partners as to the correctness of the other parties' contentions.

In terms of the agreement, the tax treatment of the export partners up to and including their 2004 tax years will be as contended for by Trencor and its export partners. At the end of each of their respective first tax years ending on or after 1 January 2005, the export partners collectively will, in effect, accelerate payment of approximately R305 million in aggregate to SARS, being a portion of the amount which Trencor and its partners had contended should be paid over the following four to five years. Of this amount, approximately R68 million would have been paid in 2005 in any event. Beyond the four to five year period, the tax treatment of the partners will continue on the basis contended for by Trencor and its export partners.

The board of Trencor was and remains confident that the merits of its legal position would have prevailed in the face of a challenge from SARS. However, the board is of the view that it was in the best interests of all stakeholders for the matter to be settled on the above basis rather than to face further years of costly litigation and continuing uncertainty.

The financial effects of the implementation of the agreement are included in the 2004 financial statements.

■ **Dividend**

On 28 February 2005 the board declared a dividend (number 78) of 12 cents per share (2003: nil) in respect of the year ended 31 December 2004 as follows:

Last day to trade cum the dividend	Friday, 1 April 2005
Trading commences ex the distribution	Monday, 4 April 2005
Record date	Friday, 8 April 2005
Payment date	Monday, 11 April 2005

This dividend will only be accounted for in the 2005 financial year. Secondary Tax on Companies of R2,3 million, which has not been accounted for in these financial statements, will be payable. It is the intention of the board to consider paying dividends on an annual basis.

■ **6% convertible debenture interest payments**

PAYMENT NUMBER	RECORD DATE	PAYMENT DATE	AMOUNT PER DEBENTURE CENTS	TOTAL RM
25	18/06/04	30/06/04	27,3	7,8
26	17/12/04	31/12/04	27,3	7,8

■ **Corporate governance**

The report on corporate governance is presented on pages 11 to 16.

■ **Special resolutions of subsidiaries**

During the year under review, no special resolutions were passed by the company's South African subsidiaries nor were any resolutions of material interest passed by the company's non-South African subsidiaries.

## ■ Interest in significant subsidiaries

	SHARE CAPITAL AND PREMIUM MILLION	EFFECTIVE INTEREST		SHARES AT COST		AMOUNT OWING TO COMPANY	
		2004 %	2003 %	2004 RM	2003 RM	2004 RM	2003 RM
<b>Indirect:</b>							
Textainer Group Holdings Ltd (Incorporated in Bermuda) Owning, leasing and managing of containers	US\$22,1	73	73	-	-	-	-
TrenStar Inc (Incorporated in Delaware, USA) Provision of mobile asset management services	US\$47,1	54*	53	-	-	-	-
<b>Direct:</b>							
Trencor Container Holdings (Pty) Ltd (Incorporated in the Republic of South Africa) Holding company of Trencor Containers (Pty) Ltd	R4,2	100	100	50,7	50,7	-	-
Trencor Services (Pty) Ltd (Incorporated in the Republic of South Africa) Corporate administration and financing	R1 012,2	100	100	1 013,9	1 003,6	129,1	129,0
Trencor Solutions (Pty) Ltd (Incorporated in the Republic of South Africa) Holding company of TrenStar Inc and TrenStar SA (Pty) Ltd	R0,003	100	100	9,0	9,0	-	-
				1 073,6	1 063,3	129,1	129,0
Aggregate of other subsidiaries				1,3	1,3	-	-
				1 074,9	1 064,6	129,1	129,0

\* Pursuant to a capital raising by TrenStar, Trencor's interest increased marginally to 54%.

A complete list of subsidiary companies is available on request. The interest of the company in their aggregate profits and losses after taxation is as follows:

	2004 RM	2003 RM
Profits	236,7	284,0
Losses	(178,5)	(382,1)
	58,2	(98,1)

## ■ Special resolution

At the annual general meeting held on 19 May 2004, shareholders passed a special resolution, which was registered on 31 May 2004, to grant the company a general authority for the acquisition by the company or any of its subsidiaries of shares issued by the company, which 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.

## ■ Major transactions

During the year under review, the following major transactions were concluded:

- Effective 31 March 2004 the 60% shareholder in Marlio Beleggings Sewe (Pty) Ltd exercised its option and acquired Trencor's 40% interest in that company for a cash consideration of R47,5 million. It also acquired the properties owned by Trencor and occupied by the trailer manufacturing operations of the Marlio group for an additional cash consideration of R15,7 million.
- Effective 15 April 2004 Trencor's wholly-owned subsidiary, Trencor Containers (Pty) Ltd, disposed of the equipment, machinery and intellectual property of its stainless steel tank container manufacturing facility at Parow, Cape Town, to a foreign container manufacturer. Subsequent to the year-end the land and buildings that housed the factory were sold for a consideration of R24,5 million.

## ■ The Trencor Share Option Plan

In terms of The Trencor Share Option Plan, options were granted effective 30 June 2001 to certain executive directors and employees amounting in aggregate to 6 340 000 ordinary shares in the unissued share capital of the company.

During 2003 options in respect of 595 000 shares were exercised at the offer price of R5,25 per share.

In June 2004 options in respect of 37 500 shares were exercised at the offer price of R5,25 per share and, accordingly, the issued share capital of the company was increased to R768 385 comprising 153 677 092 ordinary shares of 0,5 cent each, by the allotment and issue of an additional 37 500 shares.

In September 2004 options in respect of 355 000 shares were exercised at the offer price of R5,25 per share and, accordingly, the issued share capital of the company was increased to R770 160 comprising 154 032 092 ordinary shares of 0,5 cent each, by the allotment and issue of an additional 355 000 shares.

Subsequent to the year-end, on 3 March 2005 options in respect of 200 000 shares were exercised at the offer price of R5,25 per share by each of Messrs J E McQueen and H R van der Merwe and, accordingly, the issued share capital of the company was increased to R772 160 comprising 154 432 092 ordinary shares of 0,5 cent each, by the allotment and issue of an additional 400 000 shares.

Maximum shares available for utilisation under the Plan at the beginning of year	
Options granted during the year (whether exercised or unexercised)	(400 000)
Options forfeited during the year	37 500
Maximum shares available for the Plan in respect of which options have not been granted at the end of the year	8 731 709

## ■ Analysis of share and debenture holders

An analysis of share and debenture holders and of holders who held 5% or more of the issued securities at 31 December 2004 is presented on page 58.

	NOTES	GROUP		COMPANY	
		2004 RM	2003 RM	2004 RM	2003 RM
<b>ASSETS</b>					
Non-current assets					
Property, plant and equipment	2	5 596,1	4 759,8	–	–
Investment properties	3	–	29,3	–	–
Intangible assets	4	14,7	21,9	–	–
Goodwill	5	15,7	21,2	–	–
Investment in associates	6	0,3	64,9	–	–
Investments	7	38,4	36,2	6,2	10,2
Interest in subsidiaries	8	–	–	1 204,0	1 193,6
Long-term loans	9	8,3	27,7	–	–
Long-term receivables	10	1 250,6	1 446,6	3,7	4,1
Net investment in direct finance leases	11	19,0	34,9	–	–
Deferred taxation	12	257,1	188,8	–	–
		<b>7 200,2</b>	6 631,3	<b>1 213,9</b>	1 207,9
Current assets					
Inventories	13	9,3	50,8	–	–
Trade and other receivables	14	546,6	459,9	–	–
Current portion of long-term loans	9	–	8,5	–	–
Taxation prepaid		–	–	0,1	–
Cash and cash equivalents	30.3	439,7	330,5	–	–
		<b>995,6</b>	849,7	<b>0,1</b>	–
<b>TOTAL ASSETS</b>		<b>8 195,8</b>	7 481,0	<b>1 214,0</b>	1 207,9
<b>EQUITY AND LIABILITIES</b>					
Capital and reserves					
Share capital and premium	15	170,8	168,7	170,8	168,7
Reserves		1 310,5	1 337,5	778,5	773,1
Shareholders' equity		1 481,3	1 506,2	949,3	941,8
Minority interest		553,2	522,1	–	–
Total shareholders' funds		2 034,5	2 028,3	949,3	941,8
Convertible debentures	16	260,5	260,5	260,5	260,5
Other non-current liabilities					
Interest-bearing borrowings	17	3 947,5	3 548,8	–	–
Amounts attributable to third parties in respect of long-term receivables	10	347,2	380,0	–	–
Derivative instruments	18	25,4	87,0	–	–
Deferred taxation	12	295,1	276,8	2,1	2,3
		<b>6 910,2</b>	6 581,4	<b>1 211,9</b>	1 204,6
Current liabilities					
Trade and other payables	19	834,7	300,1	2,1	3,2
Provisions	20	42,4	75,8	–	–
Taxation		37,9	64,2	–	0,1
Current portion of interest-bearing borrowings	17	347,5	432,1	–	–
Deferred income		23,1	27,4	–	–
		<b>1 285,6</b>	899,6	<b>2,1</b>	3,3
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8 195,8</b>	7 481,0	<b>1 214,0</b>	1 207,9

Trencor Limited  
and subsidiaries  
**Income statements**  
for the year ended  
31 December 2004

	NOTES	GROUP		COMPANY	
		2004 RM	2003 RM	2004 RM	2003 RM
<b>REVENUE</b>	<b>1, 21</b>	<b>1 119,9</b>	731,8	–	–
Other operating income		<b>68,5</b>	87,8	–	–
Changes in inventories of finished goods and work-in-progress		<b>(19,6)</b>	4,5	–	–
Raw materials used and containers purchased for resale		<b>(99,8)</b>	(188,1)	–	–
Direct leasing expenses		<b>(175,4)</b>	(142,4)	–	–
Staff costs		<b>(204,0)</b>	(226,4)	–	–
Depreciation	2	<b>(392,1)</b>	(390,1)	–	–
Other operating expenses		<b>(156,3)</b>	(147,4)	<b>(2,1)</b>	(1,6)
Net long-term receivable valuation adjustment		<b>316,9</b>	335,2	–	–
<b>PROFIT/(LOSS) FROM OPERATING ACTIVITIES</b>	<b>22</b>	<b>458,1</b>	64,9	<b>(2,1)</b>	(1,6)
Less: Net interest (expense)/income	23	<b>(249,1)</b>	(244,0)	<b>11,4</b>	80,8
Interest expense		<b>(258,5)</b>	(258,5)	<b>(16,0)</b>	(25,6)
Interest income		<b>9,4</b>	14,5	<b>27,4</b>	106,4
Exceptional items	24	<b>(38,8)</b>	72,9	<b>(8,5)</b>	–
Share of profit of associate company	6	<b>2,3</b>	5,5	–	–
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<b>172,5</b>	(100,7)	<b>0,8</b>	79,2
Income tax	25	<b>1,9</b>	(114,5)	<b>(0,1)</b>	(0,1)
<b>PROFIT AFTER TAXATION</b>		<b>170,6</b>	13,8	<b>0,9</b>	79,3
Minority interest		<b>111,5</b>	112,3	–	–
<b>NET PROFIT/(LOSS) FOR THE YEAR</b>		<b>59,1</b>	(98,5)	<b>0,9</b>	79,3
<b>EARNINGS/(LOSS) PER SHARE (CENTS)</b>	<b>26</b>				
Basic		<b>38,4</b>	(64,3)		
Diluted		<b>37,7</b>	(64,3)		
<b>HEADLINE EARNINGS/(LOSS) PER SHARE (CENTS)</b>	<b>26</b>				
Undiluted		<b>61,8</b>	(108,2)		
Diluted		<b>60,6</b>	(108,2)		



Trencor Limited  
and subsidiaries  
Statements of changes  
in shareholders' equity  
for the year ended  
31 December 2004

TRENCOR  
ANNUAL  
REPORT  
2004

22

Statements of changes in shareholders' equity

			NON-DISTRIBUTABLE RESERVES				RETAINED INCOME	TOTAL
	SHARE CAPITAL	SHARE PREMIUM	REVAL- UATION RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	UNRECOGNISED LOSS ON DERIVATIVE INSTRUMENTS	GAIN ON DILUTION OF INTEREST IN SUBSIDIARIES		
	RM	RM	RM	RM	RM	RM		
<b>GROUP</b>								
Balance at 31 December 2002	0,8	164,8	–	177,8	(81,6)	–	1 471,0	1 732,8
Fair value adjustment on available-for-sale investment			(4,5)					(4,5)
Unrealised losses on translation of foreign entities, not recognised in the income statement				(169,1)				(169,1)
Proceeds on issue of shares	–	3,1						3,1
Net change in unrecognised loss on derivative instruments					42,4			42,4
Transfer of gain on dilution of interest in subsidiaries from distributable reserve to non-distributable reserve						78,9	(78,9)	–
Net loss for the year							(98,5)	(98,5)
Balance at 31 December 2003	0,8	167,9	(4,5)	8,7	(39,2)	78,9	1 293,6	1 506,2
Fair value adjustment on available-for-sale investment			0,2					0,2
Unrealised losses on translation of foreign entities, not recognised in the income statement				(123,8)				(123,8)
Proceeds on issue of shares	–	2,1						2,1
Net change in unrecognised loss on derivative instruments					29,0			29,0
Impairment of available-for-sale investment transferred to the income statement			8,5					8,5
Transfer of gain on dilution of interest in subsidiaries from distributable reserve to non-distributable reserve						7,7	(7,7)	–
Net profit for the year							59,1	59,1
Balance at 31 December 2004	0,8	170,0	4,2	(115,1)	(10,2)	86,6	1 345,0	1 481,3

			NON-DISTRIBUTABLE RESERVES				RETAINED INCOME	TOTAL
	SHARE CAPITAL	SHARE PREMIUM	REVALUATION RESERVE	PREFERENCE SHARE AMORTISATION ADJUSTMENT				
	RM	RM	RM	RM	RM			
<b>COMPANY</b>								
Balance at 31 December 2002	0,8	164,8	–	509,7		188,6	863,9	
Fair value adjustment on available-for-sale investment			(4,5)				(4,5)	
Proceeds on issue of shares	–	3,1					3,1	
Transfer of amortisation adjustment on preference shares in subsidiary to non-distributable reserve					79,7	(79,7)	–	
Net profit for the year						79,3	79,3	
Balance at 31 December 2003	0,8	167,9	(4,5)	589,4		188,2	941,8	
Fair value adjustment on available-for-sale investment			(4,0)				(4,0)	
Proceeds on issue of shares	–	2,1					2,1	
Impairment of available-for-sale investment transferred to the income statement				8,5			8,5	
Transfer of amortisation adjustment on preference shares in subsidiary to non-distributable reserve					10,3	(10,3)	–	
Net profit for the year						0,9	0,9	
Balance at 31 December 2004	0,8	170,0	–	599,7		178,8	949,3	



Trencor Limited  
and subsidiaries  
Cash flow statements  
for the year ended  
31 December 2004

	NOTES	GROUP		COMPANY	
		2004 RM	2003 RM	2004 RM	2003 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash generated from/(utilised by) operations	30.1	<b>901,2</b>	712,6	<b>(3,2)</b>	0,2
Interest received		<b>9,4</b>	14,5	<b>17,1</b>	26,7
Interest paid		<b>(255,7)</b>	(254,8)	<b>(16,0)</b>	(25,6)
Dividends paid to minorities		<b>(36,2)</b>	(17,9)	–	–
Taxation paid	30.2	<b>(70,2)</b>	(71,8)	<b>(0,3)</b>	(0,6)
Net cash inflow/(outflow) from operating activities		<b>548,5</b>	382,6	<b>(2,4)</b>	0,7
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Additions to property, plant and equipment		<b>(1 344,7)</b>	(831,7)	–	–
(Increase)/Decrease in unlisted investments		<b>(2,1)</b>	0,8	–	–
Proceeds on disposal of property, plant and equipment		<b>128,2</b>	40,5	–	–
Proceeds on disposal of investment properties		<b>7,9</b>	–	–	–
Proceeds on disposal of investment in associate		<b>47,5</b>	–	–	–
Additions to intangible assets		<b>(2,2)</b>	(5,1)	–	–
Additions to investment properties		–	(0,1)	–	–
Increase in loan to subsidiary		–	–	<b>(0,1)</b>	(4,1)
Decrease in direct finance leases		<b>12,0</b>	17,4	–	–
Decrease in long-term loans		<b>6,6</b>	13,8	–	–
Acquisition of minority interest in subsidiaries		–	(14,1)	–	–
Net receipt from export partnerships		–	–	<b>0,4</b>	0,3
Net cash (outflow)/inflow from investing activities		<b>(1 146,8)</b>	(778,5)	<b>0,3</b>	(3,8)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Interest-bearing borrowings raised		<b>533,2</b>	27,9	–	–
Proceeds on issue of shares		<b>2,1</b>	3,1	<b>2,1</b>	3,1
Receipts from long-term receivables		<b>274,0</b>	325,4	–	–
Payments to third parties in respect of long-term receivables		<b>(66,9)</b>	(51,4)	–	–
Buy-back of shares by subsidiary, net of options exercised in subsidiary		–	(7,0)	–	–
Share issue expenses on additional equity raised by subsidiary		–	(1,7)	–	–
Increase in outside shareholders' interest in subsidiary		<b>27,0</b>	133,6	–	–
Net cash inflow from financing activities		<b>769,4</b>	429,9	<b>2,1</b>	3,1
Net increase in cash and cash equivalents		<b>171,1</b>	34,0	–	–
Cash and cash equivalents at the beginning of the year		<b>330,5</b>	368,6	–	–
Effect of exchange rate changes on cash and cash equivalents		<b>(61,9)</b>	(72,1)	–	–
Cash and cash equivalents at the end of the year	30.3	<b>439,7</b>	330,5	–	–

## 1 ACCOUNTING POLICIES

### 1.1 GENERAL

The financial statements incorporate the principal accounting policies set out below, which are consistent with those adopted in the previous financial year. The financial statements and group financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and the requirements of the South African Companies Act.

#### Basis of preparation

The financial statements and group financial statements are prepared on the historical cost basis, except for certain property, investment properties, financial instruments and recognised assets and liabilities that are hedged.

### 1.2 BASIS OF CONSOLIDATION

#### Investment in subsidiaries

Subsidiaries are those entities over whose financial and operating policies the group has the power to exercise control, so as to obtain benefits from their activities.

The group financial statements incorporate the assets, liabilities and results of the operations of the company and its subsidiaries. The results of subsidiaries acquired and disposed of during a financial year are included from the effective dates of acquisition and to the effective dates of disposal.

Gains or losses arising on the dilution of interests in subsidiaries are recognised in the income statement and the net gain or loss attributable to the group is transferred to a non-distributable reserve.

In the case of the company, investments in subsidiaries are carried at cost less amounts written-off.

#### Investment in associates

An associate is an enterprise over whose financial and operating policies the group has the ability to exercise significant influence and which is neither a subsidiary nor a joint venture of the group.

The equity method of accounting for associates is adopted in the group financial statements. In applying the equity method, account is taken of the group's share of accumulated retained earnings and movements in reserves from the effective date on which the enterprise became an associate and up to the effective date it ceases to be an associate.

Goodwill arising on the acquisition of associates is treated in accordance with the group's accounting policy for goodwill.

The share of retained earnings and reserves of associates is generally determined from the latest audited financial statements of the associate but, in some instances, unaudited financial statements are used. Dividends received from associates have been credited against the carrying value of the investment.

Where the group's share of losses of an associate exceeds the carrying amount of the associate, the associate is carried at nil value. Further losses are recognised only to the extent that the group has incurred obligations or made payments on behalf of an associate.

In the case of the company, investments in associate companies are carried at cost less amounts written-off.

#### Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

### 1.3 GOODWILL

Goodwill is any excess of the cost of an acquisition over the group's interest in the fair value of the identifiable assets and liabilities acquired at the date of acquisition.

Goodwill is carried at cost, less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis over its estimated useful life.

The calculation of the profit or loss on disposal of an entity includes the unamortised balance of the goodwill relating to the entity disposed of.

### 1.4 PROPERTY, PLANT AND EQUIPMENT

Land and buildings are stated at fair value. These items are revalued every five years by a sworn appraiser using the open market value method. The unrealised adjustments to carrying value arising on revaluation, so far as they concern the group, are taken directly to the revaluation reserve which is a non-distributable reserve. Deficits on revaluation are charged directly against the revaluation reserve only to the extent that the decrease does not exceed the amount held in the revaluation reserve in respect of the same asset. Other deficits are recognised in the income statement.

Plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

Depreciation is provided on the straight-line basis, at rates calculated to amortise the cost of the assets to their estimated residual values over their estimated useful lives. Buildings on leasehold land are written-off over the initial lease periods.

Subsequent expenditure relating to an item of property, plant and equipment is capitalised when it is probable that future economic benefits from the use of the asset will be increased. All other subsequent expenditure is recognised as an expense in the year in which it is incurred.

A profit or loss on the disposal of property, plant and equipment is credited/charged to the income statement. The profit or loss is the difference between the net disposal proceeds and the carrying amount of the asset.

### 1.5 LEASE OBLIGATIONS

#### Finance leases

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the group are classified as finance leases. Assets acquired in terms of finance leases are capitalised at the lower of fair value and the present value of the minimum lease payments at inception of the lease, and depreciated over the estimated useful life of the asset. The capital element of future obligations under the leases is included as a liability in the balance sheet. Lease payments are allocated using the effective interest rate method to determine the lease finance cost, which is charged to the income statement over the lease period, and the capital repayment, which reduces the liability to the lessor.

#### Operating leases

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are charged to the income statement as incurred.

### 1.6 INVESTMENT PROPERTIES

Investment properties are properties held for the purposes of earning rental income or for capital appreciation, and are initially recorded at cost, and subsequently stated at fair value as determined on a periodic basis by an independent registered valuer. Any gain or loss arising from a change in the fair value of the investment property is credited/charged to the income statement in the year in which it arises.

A profit or loss on the disposal of investment properties is credited/charged to the income statement, and is calculated as the difference between the sale price and the carrying value of the property. Investment properties are not depreciated.

### 1.7 INTANGIBLE ASSETS

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, and expenditure on internally generated goodwill and brands are charged to the income statement in the year in which they are incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for self-developed computer software, is capitalised if the software is technically and commercially feasible and the group has sufficient resources to complete such development. The expenditure capitalised includes the direct labour and an appropriate

proportion of overheads. Other development expenditure is charged to the income statement in the year in which it is incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

Other intangible assets acquired by the group are stated at cost less accumulated amortisation and impairment losses.

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. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets.

The difference between the net disposal proceeds and the carrying amount of an intangible asset is the profit or loss on disposal of that asset. The profit/loss is recognised in the income statement.

#### 1.8 IMPAIRMENT

The carrying amounts of the group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount is the higher of its net selling price and its value in use.

In assessing value in use, the expected future cash flows from the asset 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 is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

For an asset that does not generate cash inflows that are largely independent of those from other assets the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised in the income statement whenever the carrying amount of the cash-generating unit exceeds its recoverable amount.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years. For goodwill a recognised impairment loss is not reversed, unless the impairment loss was caused by a specific external event of an exceptional nature that is not expected to recur and the increase relates clearly to the reversal of the effect of that specific event.

#### 1.9 INVENTORIES

Inventories are carried at the lower of first-in, first-out cost and net realisable value. The cost of inventories comprises all costs of purchase, conversion and costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price less any related costs of completion and disposal. Work-in-progress and finished goods are valued at raw material cost plus direct labour and an appropriate share of manufacturing overhead costs.

#### 1.10 FINANCIAL INSTRUMENTS

##### Recognition and de-recognition

Financial instruments are recognised on the balance sheet when a group company becomes a party to the contractual provisions of the particular instrument.

Financial assets are de-recognised when a group company loses control of the contractual rights that comprise the asset, for instance where those rights are realised, expire or are surrendered.

Financial liabilities are de-recognised when the obligations under the contract are discharged, cancelled or expire.

All financial instruments are recognised and de-recognised using trade date accounting.

##### Measurement

Financial instruments are initially measured at cost, which includes

transaction costs. Subsequent to initial recognition these instruments are measured as set out below.

##### Investments

Listed investments classified as available-for-sale financial assets are measured at market value, which is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date. Unlisted investments classified as available-for-sale financial assets are measured at fair value, unless their fair value cannot be reliably determined, in which case they are shown at cost less accumulated impairment losses.

##### Loans and advances

Loans and advances originated by the group are measured at amortised cost.

##### Trade and other receivables

Trade and other receivables originated by the group are measured at cost less provision for doubtful debts.

##### Cash and cash equivalents

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at the balance sheet date.

##### Long-term receivables

The group's long-term receivables are designated as held-for-trading financial assets and are measured at fair value. 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 allocated over the period of the agreements on a basis which produces a constant periodic rate of return. Sales denominated in foreign currencies are recorded at the rates of exchange ruling at the date of the transactions. At the financial year-end, receivables denominated in foreign currencies are translated at rates of exchange ruling at the balance sheet date. Any gains or losses arising from this translation are recognised in the income statement.

In the case of the company the long-term receivable represents the participation in export partnerships and is measured at amortised cost. 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.

##### Amounts attributable to third parties in respect of long-term receivables

The amounts attributable to third parties in respect of long-term receivables are designated as held-for-trading financial liabilities and are measured at fair value. The amounts are discounted to their net present value at a rate considered appropriate, having regard to their term. The deferred portion of expenditure is allocated over the period of the agreements on a basis which produces a constant periodic rate of return.

##### Other financial liabilities

Other non-derivative financial liabilities are measured at amortised cost.

##### Derivative instruments

Derivative instruments are measured at fair value.

##### Gains and losses on subsequent measurement

Gains and losses arising on available-for-sale financial assets are recognised directly in equity until the financial asset is sold, collected, or otherwise disposed of, or until the financial asset is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the income statement.

Gains and losses from measuring the hedging instruments relating to a fair value hedge at fair value are recognised immediately in the income statement.

Gains and losses from remeasuring the hedging instruments relating to a cash flow hedge to fair value are initially recognised directly in equity. If the hedged firm commitment or forecast transaction results in the recognition of an asset or a liability, the cumulative amount recognised in equity up to the transaction date is adjusted against the initial



measurement of the asset or liability. For other cash flow hedges, the cumulative amount recognised in equity is credited/charged to the income statement in the year when the commitment or forecast transaction affects profit.

Where the hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative unrealised gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to occur, the cumulative unrealised gain or loss is recognised in the income statement immediately.

#### Offset

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when the group has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### 1.11 PROVISIONS

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation. Where the effect of discounting is material, provisions are discounted. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

#### 1.12 REVENUE

Revenue comprises net invoiced sales, leasing income, management fees received for equipment management and in the case of long-term credit sale agreements, the appropriate income allocation and foreign currency translation gains or losses.

Leasing income arises principally from operating and finance leases. Under operating leases container equipment owned by group companies is rented to mainly shipping lines and revenue is recorded when earned according to the terms of the contracts. These contracts are typically for terms of five years or less. Under direct 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.

Management fees consist of fees earned by group companies for services related to the management of equipment, reimbursements of administrative services necessary to the operation and management of equipment and net acquisition fees and sales commissions earned on the acquisition and sale of equipment.

In the case of the company, revenue comprises dividend income and is recognised when the right to receive payment is established.

#### 1.13 INTEREST INCOME

Interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective interest rates over the periods to maturity, where it is probable such income will accrue to the group.

#### 1.14 TAXATION

Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rates enacted at the balance sheet date, and any adjustment of tax payable for previous years.

Deferred tax is provided using the balance sheet liability method, based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax is charged to the income statement except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination that is an acquisition. The effect on deferred tax of any changes in tax rates is

recognised in the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences 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.

#### 1.15 FOREIGN CURRENCIES

##### Translation of foreign currency transactions

Transactions in foreign currencies are translated at rates of exchange ruling at the transaction date. Gains and losses arising from the settlement of such transactions are recognised in the income statement.

Monetary assets and liabilities are translated at rates of exchange ruling at the balance sheet date. Unrealised differences arising on the translation of monetary assets and liabilities are recognised in the income statement.

##### Translation of foreign entities

Assets and liabilities of foreign entities are translated at rates of exchange ruling at the balance sheet date. Income statement items are translated at rates of exchange ruling at the transaction date or at an appropriate average exchange rate. Gains and losses on the translation of foreign entities are taken directly to the foreign currency translation reserve which is a non-distributable reserve.

#### 1.16 EMPLOYEE BENEFITS

##### 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 provisions 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 balance sheet date. The provisions have been calculated at undiscounted amounts based on current remuneration rates.

##### Post-employment benefits

Provision for post-employment medical aid subsidies is calculated based on periodic actuarial valuations performed.

##### Retirement benefits

Certain of the company's subsidiaries contribute to defined contribution retirement funds. Contributions to these funds are charged to the income statement as incurred.

##### Equity compensation benefits

The company and certain of its subsidiaries grant share options to certain employees under employee share option plans. Other than costs incurred in administering the plans which are expensed as incurred, the plans do not result in any expense to the group.

#### 1.17 CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statements, cash and cash equivalents comprise cash on hand, deposits held on call with banks, bank overdrafts and short-term loans all of which are available for use by the group unless otherwise stated.

#### 1.18 DISCONTINUING OPERATION

A discontinuing operation results from the abandonment of an operation that represents a separate major line of business and of which the assets, net profit or loss and activities can be distinguished physically, operationally and for financial reporting purposes.

#### 1.19 EARNINGS/LOSS PER SHARE

Earnings/Loss per share is based on earnings/losses attributable to shareholders and calculated on the weighted average number of shares in issue during the financial year. Headline earnings/loss per share is based on earnings/losses attributable to shareholders and is calculated in accordance with Circular 7/2002: Headline earnings, issued by the South African Institute of Chartered Accountants.

#### 1.20 SEGMENT REPORTING

The basis of segment reporting is representative of the internal structure

used for management reporting.

Segment results include revenue and expenses which are directly attributable to a segment. Segment revenue, expenses and results include transfers between the business segments. These transfers are eliminated on consolidation.

Segment assets and liabilities include all operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment assets and liabilities do not include income tax items.

Capital expenditure represents the total costs incurred during the year to acquire segment assets that are expected to be used during more than one year (namely property, plant and equipment).

#### 1.21 RECLASSIFICATION OF COMPARATIVE AMOUNTS

##### Group

##### Profit from operating activities

In line with Circular 3/2004: Guidance for the inclusion of items in the results of operating activities, issued by the South African Institute of Chartered Accountants, amounts previously excluded from profit from operating activities have been re-allocated from exceptional items to other operating expenses which is included in the calculation of profit from operating activities. The comparative amounts have been adjusted as follows:

	RM
Profit from operating activities	
As previously stated	69,3
Amortisation of goodwill	(3,6)
Impairment of intangible asset	(0,8)
Restated amount	64,9
Exceptional items	
As previously stated	68,5
Amortisation of goodwill	3,6
Impairment of intangible asset	0,8
Restated amount	72,9

##### Income statement

In prior years, expenses were analysed on the face of the income statement using a classification based on a combination of the nature of the expenses and their function within the enterprise. In the current year, expenses have been analysed using a classification based on the nature of the expenses. The format of the income statement has therefore been amended and comparative amounts have been reclassified accordingly. The impact of these reclassifications is evident on the face of the income statement and there is no impact on net profit/(loss) for the year.





## 2 PROPERTY, PLANT AND EQUIPMENT

	GROUP					
	LAND AND BUILDINGS	LEASING EQUIPMENT CONTAINERS	KEGS	PLANT AND MACHINERY	OTHER EQUIPMENT AND MOTOR VEHICLES	TOTAL
	RM	RM	RM	RM	RM	RM
<b>2004</b>						
<b>COST OR VALUATION</b>						
BALANCE AT THE BEGINNING OF THE YEAR	45,7	4 810,6	1 080,1	56,6	88,6	6 081,6
ADDITIONS	0,1	1 667,0	458,8	8,8	71,8	2 206,5
EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN ENTITIES	(2,1)	(946,4)	(136,4)	(2,8)	(14,6)	(1 102,3)
DISPOSALS	(27,2)	(148,3)	(17,0)	(41,0)	(30,0)	(263,5)
BALANCE AT THE END OF THE YEAR	16,5	5 382,9	1 385,5	21,6	115,8	6 922,3
<b>ACCUMULATED DEPRECIATION</b>						
BALANCE AT THE BEGINNING OF THE YEAR	5,7	1 161,3	70,5	25,7	58,6	1 321,8
DEPRECIATION	0,6	311,3	55,8	4,9	19,5	392,1
EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN ENTITIES	(0,8)	(242,5)	(11,2)	(0,5)	(8,9)	(263,9)
DISPOSALS	(1,2)	(75,1)	(1,2)	(23,7)	(22,6)	(123,8)
BALANCE AT THE END OF THE YEAR	4,3	1 155,0	113,9	6,4	46,6	1 326,2
NET BOOK VALUE	12,2	4 227,9	1 271,6	15,2	69,2	5 596,1
NET BOOK VALUE OF ASSETS ENCUMBERED AS SECURITY FOR INTEREST-BEARING BORROWINGS INCLUDING FINANCE LEASES (REFER NOTE 17)	10,1	4 199,7	1 271,6	7,3	29,2	5 517,9
<b>2003</b>						
<b>COST OR VALUATION</b>						
BALANCE AT THE BEGINNING OF THE YEAR	52,1	5 682,4	1 134,4	60,4	109,7	7 039,0
ADDITIONS	0,1	686,8	135,3	2,7	6,8	831,7
EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN ENTITIES	(6,5)	(1 462,7)	(189,4)	(5,1)	(23,1)	(1 686,8)
DISPOSALS	-	(95,9)	(0,2)	(1,4)	(4,8)	(102,3)
BALANCE AT THE END OF THE YEAR	45,7	4 810,6	1 080,1	56,6	88,6	6 081,6
<b>ACCUMULATED DEPRECIATION</b>						
BALANCE AT THE BEGINNING OF THE YEAR	6,5	1 290,6	22,8	32,7	67,0	1 419,6
DEPRECIATION	1,0	318,5	54,1	3,7	12,8	390,1
EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN ENTITIES	(1,8)	(391,7)	(6,4)	(0,6)	(16,9)	(417,4)
IMPAIRMENT LOSS	-	-	-	(8,8)	-	(8,8)
DISPOSALS	-	(56,1)	-	(1,3)	(4,3)	(61,7)
BALANCE AT THE END OF THE YEAR	5,7	1 161,3	70,5	25,7	58,6	1 321,8
NET BOOK VALUE	40,0	3 649,3	1 009,6	30,9	30,0	4 759,8
NET BOOK VALUE OF ASSETS ENCUMBERED AS SECURITY FOR INTEREST-BEARING BORROWINGS INCLUDING FINANCE LEASES (REFER NOTE 17)	17,3	3 391,0	976,7	6,9	12,6	4 404,5

### 2.1

Property, plant and equipment are depreciated over the following number of years:

OWNER OCCUPIED BUILDINGS	50
LEASING EQUIPMENT:	
CONTAINERS	12
KEGS	15 – 20
PLANT AND MACHINERY	9
MOTOR VEHICLES	4 – 5
OTHER	3 – 10

## 2.2

Capitalised leased assets included above comprise:

	GROUP		
	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE
	RM	RM	RM
<b>2004</b>			
LEASING EQUIPMENT:			
– KEGS	<b>1 044,2</b>	<b>85,6</b>	<b>958,6</b>
OTHER EQUIPMENT	<b>3,2</b>	<b>1,6</b>	<b>1,6</b>
PLANT AND MACHINERY	<b>2,6</b>	<b>1,8</b>	<b>0,8</b>
	<b>1 050,0</b>	<b>89,0</b>	<b>961,0</b>
<b>2003</b>			
LEASING EQUIPMENT:			
– CONTAINERS	9,6	5,9	3,7
– KEGS	753,4	48,0	705,4
OTHER EQUIPMENT	3,5	1,2	2,3
PLANT AND MACHINERY	2,9	1,6	1,3
	769,4	56,7	712,7

## 2.3

The net book value of buildings situated on leased premises amounts to R0,5 million (2003: R4,7 million).

## 2.4

A register containing details of land and buildings is available for inspection at the registered office of the company.

### 3 INVESTMENT PROPERTIES

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
BALANCE AT THE BEGINNING OF THE YEAR	<b>29,3</b>	33,7	–	–
ADDITIONS	–	0,1	–	–
DISPOSALS	<b>(29,3)</b>	(4,5)	–	–
BALANCE AT THE END OF THE YEAR	–	29,3	–	–

During the year the group disposed of all its investment properties. Expenditure amounting to R1,1 million was incurred in order to sell these properties.

4 INTANGIBLE ASSETS

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
PURCHASED INTANGIBLE ASSETS				
LONG-TERM KEG CONTRACT	9,5	12,1	-	-
INTERNALLY GENERATED INTANGIBLE ASSETS				
COMPUTER SOFTWARE DEVELOPMENT COSTS	5,2	9,8	-	-
	<b>14,7</b>	<b>21,9</b>	-	-

	GROUP				
	LICENCE AGREEMENT RM	COMPUTER SOFTWARE RM	LONG-TERM KEG CONTRACT RM	OTHER RM	TOTAL RM
RECONCILIATION OF CARRYING AMOUNTS					
<b>2004</b>					
COST					
BALANCE AT THE BEGINNING OF THE YEAR		24,7	14,7	0,9	52,5
ADDITIONS	-	2,2	-	-	2,2
EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN ENTITIES	-	(1,4)	(1,9)	-	(3,3)
DISPOSALS	-	(8,2)	-	-	(8,2)
BALANCE AT THE END OF THE YEAR		24,7	7,3	0,9	43,2
ACCUMULATED AMORTISATION					
BALANCE AT THE BEGINNING OF THE YEAR		24,7	4,9	0,9	30,6
AMORTISATION	-	3,0	0,8	-	3,8
EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN ENTITIES	-	(0,5)	(0,1)	-	(0,6)
DISPOSALS	-	(5,3)	-	-	(5,3)
BALANCE AT THE END OF THE YEAR		24,7	2,1	0,9	28,5
NET BOOK VALUE		-	5,2	-	14,7
<b>2003</b>					
COST					
BALANCE AT THE BEGINNING OF THE YEAR		24,7	13,0	-	37,7
ADDITIONS	-	4,2	12,2	0,9	17,3
EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN ENTITIES	-	(2,5)	-	-	(2,5)
BALANCE AT THE END OF THE YEAR		24,7	14,7	0,9	52,5
ACCUMULATED AMORTISATION					
BALANCE AT THE BEGINNING OF THE YEAR		24,7	2,6	-	27,3
AMORTISATION	-	3,1	0,1	0,1	3,3
EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN ENTITIES	-	(0,8)	-	-	(0,8)
IMPAIRMENT	-	-	-	0,8	0,8
BALANCE AT THE END OF THE YEAR		24,7	4,9	0,9	30,6
NET BOOK VALUE		-	9,8	-	21,9

Intangible assets are amortised over the following number of years:

COMPUTER SOFTWARE	4
LONG-TERM KEG CONTRACT	14

## 5 GOODWILL

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
RECONCILIATION OF CARRYING AMOUNT OF GOODWILL				
BALANCE AT THE BEGINNING OF THE YEAR	50,2	38,3	-	-
COST	81,8	64,4	-	-
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES	(31,6)	(26,1)	-	-
ARISING ON ACQUISITION OF ADDITIONAL INTEREST IN SUBSIDIARY	1,0	9,9	-	-
ADJUSTMENT TO GOODWILL FOR PREVIOUS ACQUISITION OF SUBSIDIARIES	-	12,4	-	-
AMORTISATION	(3,0)	(7,2)	-	-
WRITE-OFF ON DILUTION OF INTEREST IN SUBSIDIARIES	(0,1)	(1,5)	-	-
COST	(0,2)	(3,2)	-	-
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES	0,1	1,7	-	-
IMPAIRMENT	(3,5)	-	-	-
UNAMORTISED AMOUNT WRITTEN-OFF ON DISPOSAL OF INVESTMENT IN ASSOCIATE	(28,1)	-	-	-
EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN ENTITIES	(0,8)	(1,7)	-	-
BALANCE AT THE END OF THE YEAR	15,7	50,2	-	-
COST	45,6	81,8	-	-
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES	(29,9)	(31,6)	-	-
CARRYING VALUE OF GOODWILL RELATING TO INVESTMENT IN ASSOCIATES	-	(29,0)	-	-
	15,7	21,2	-	-
GOODWILL AROSE ON INVESTMENTS IN:				
SUBSIDIARIES	15,7	21,2	-	-
ASSOCIATES (REFER NOTE 6)	-	29,0	-	-
	15,7	50,2	-	-

Goodwill has an estimated useful life of 10 years.

## 6 INVESTMENT IN ASSOCIATES

UNLISTED INVESTMENTS				
MARLIO BELEGGINGS SEWE (PTY) LTD ('MARLIO')	-	64,6	-	-
TRENCOR AND CORONATION FINANCIAL SERVICES (PTY) LTD ('TRENCORO')	0,3	0,3	-	-
	0,3	64,9	-	-
<b>6.1</b>				
DIRECTORS' VALUATION OF INVESTMENT IN ASSOCIATES	0,3	64,9	-	-



## 6 INVESTMENT IN ASSOCIATES continued

### 6.2

#### CARRYING VALUE OF INVESTMENTS IN ASSOCIATES

	GROUP					
	MARLIO		TRENCORO		TOTAL	
	2004 RM	2003 RM	2004 RM	2003 RM	2004 RM	2003 RM
CARRYING VALUE AT THE BEGINNING OF THE YEAR	<b>64,6</b>	59,1	<b>0,3</b>	0,3	<b>64,9</b>	59,4
COST	<b>50,6</b>	54,2	–	–	<b>50,6</b>	54,2
NET ASSET VALUE	<b>21,6</b>	21,6	–	–	<b>21,6</b>	21,6
GOODWILL	<b>29,0</b>	32,6	–	–	<b>29,0</b>	32,6
POST-ACQUISITION RESERVES	<b>14,0</b>	4,9	<b>0,3</b>	0,3	<b>14,3</b>	5,2
SHARE OF CURRENT YEAR PROFIT	<b>2,3</b>	5,5	–	–	<b>2,3</b>	5,5
ATTRIBUTABLE SHARE OF RETAINED PROFIT	<b>3,2</b>	9,1	–	–	<b>3,2</b>	9,1
AMORTISATION OF GOODWILL ARISING ON ACQUISITION	<b>(0,9)</b>	(3,6)	–	–	<b>(0,9)</b>	(3,6)
DISPOSAL	<b>(66,9)</b>	–	–	–	<b>(66,9)</b>	–
NET ASSET VALUE	<b>(21,6)</b>	–	–	–	<b>(21,6)</b>	–
GOODWILL	<b>(28,1)</b>	–	–	–	<b>(28,1)</b>	–
POST-ACQUISITION RESERVES	<b>(17,2)</b>	–	–	–	<b>(17,2)</b>	–
CARRYING VALUE AT THE END OF THE YEAR	–	64,6	<b>0,3</b>	0,3	<b>0,3</b>	64,9
COST	–	50,6	–	–	–	50,6
NET ASSET VALUE	–	21,6	–	–	–	21,6
GOODWILL	–	29,0	–	–	–	29,0
POST-ACQUISITION RESERVES	–	14,0	<b>0,3</b>	0,3	<b>0,3</b>	14,3
INTEREST IN ASSOCIATES	–	40%	<b>50%</b>	50%		

### 6.3

The 60% shareholder in Marlio exercised its option effective 31 March 2004 to acquire Trencor's 40% interest in the company for a cash consideration of R47,5 million.

### 6.4

Rental and interest earned from associates during the year amounted to R2,1 million (2003: R4,0 million) (refer notes 22 and 23).

## 7 INVESTMENTS

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
UNLISTED INVESTMENTS	<b>32,2</b>	26,0	–	–
LISTED INVESTMENT AT MARKET VALUE	<b>6,2</b>	10,2	<b>6,2</b>	10,2
	<b>38,4</b>	36,2	<b>6,2</b>	10,2

### 7.1

#### VALUATION OF INVESTMENTS:

UNLISTED INVESTMENTS (DIRECTORS' VALUATION)	<b>32,2</b>	26,0	–	–
LISTED INVESTMENT	<b>6,2</b>	10,2	<b>6,2</b>	10,2

### 7.2

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

### 7.3

Shareholders' loans of R16,0 million (2003: R16,0 million) included in unlisted investments have been ceded to a bank as security for mortgage bond finance granted to Midrand Town Centre (Pty) Ltd, a company in which the group holds a 31% interest.



## 8 INTEREST IN SUBSIDIARIES

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
COST	-	-	<b>475,2</b>	475,2
AMORTISATION ADJUSTMENT ON PREFERENCE SHARES IN SUBSIDIARY	-	-	<b>599,7</b>	589,4
	-	-	<b>1 074,9</b>	1 064,6
LOANS	-	-	<b>129,1</b>	129,0
	-	-	<b>1 204,0</b>	1 193,6

### 8.1

Included in the above are amounts paid for preference shares issued by a subsidiary in March 2002 and February 2003 and 2004. The amounts paid represent the present value of the future subscription price. These amounts are written up to the subscription price through the income statement using the amortised cost method.

### 8.2

9 712 302 shares in Textainer Group Holdings Ltd (representing 51% of the issued shares) have been pledged as security for loans (refer note 17.1 and 29.5). At 31 December 2004 the group's attributable share of the net asset value of Textainer was R706,6 million (2003: R684,1 million).

### 8.3

Interest income earned from subsidiaries during the year amounted to R17,1 million (2003: R26,7 million) (refer note 23).

## 9 LONG-TERM LOANS

### SECURED

LOANS ADVANCED TO EMPLOYEES OF A GROUP COMPANY IN RESPECT OF THE EXERCISE OF SHARE OPTIONS, REPAYABLE ON SALE OF THE SHARES OR ON TERMINATION OF EMPLOYMENT. AT 31 DECEMBER 2004 THE INTEREST RATE APPLICABLE TO THE LOANS WAS 5,88% P.A. (2003: 6,13% P.A.)

LOAN BEARING INTEREST AT PRIME LESS 1%	<b>8,3</b>	12,7	-	-
TOTAL SECURED LOANS	<b>8,3</b>	16,7	-	-
<b>UNSECURED</b>				
ASSOCIATE COMPANIES	-	19,5	-	-
INTEREST FREE LOAN	-	6,8	-	-
LOANS BEARING INTEREST AT PRIME LESS 2%	-	12,7	-	-
TOTAL UNSECURED LOANS	-	19,5	-	-
TOTAL LONG-TERM LOANS	<b>8,3</b>	36,2	-	-
LESS: CURRENT PORTION INCLUDED IN CURRENT ASSETS	-	8,5	-	-
	<b>8,3</b>	27,7	-	-



**10 NET INVESTMENT IN LONG-TERM RECEIVABLES**

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
NET INVESTMENT IN LONG-TERM RECEIVABLES COMPRISES:				
LONG-TERM RECEIVABLES	<b>1 250,6</b>	1 446,6	<b>3,7</b>	4,1
AMOUNTS ATTRIBUTABLE TO THIRD PARTIES	<b>(347,2)</b>	(380,0)	-	-
	<b>903,4</b>	1 066,6	<b>3,7</b>	4,1
REPRESENTED BY:				
TOTAL RECEIVABLES	<b>2 547,5</b>	3 286,7	-	-
LESS: DEFERRED INCOME	<b>375,2</b>	566,6	-	-
NET PRESENT VALUE OF LONG-TERM RECEIVABLES	<b>2 172,3</b>	2 720,1	-	-
AMOUNTS ATTRIBUTABLE TO THIRD PARTIES	<b>742,8</b>	714,5	-	-
TOTAL AMOUNT	<b>905,6</b>	982,0	-	-
LESS: DEFERRED EXPENDITURE	<b>162,8</b>	267,5	-	-
NET PRESENT VALUE OF NET INVESTMENT IN LONG-TERM RECEIVABLES	<b>1 429,5</b>	2 005,6	-	-
VALUATION ADJUSTMENT TO NET INVESTMENT, RELATING TO:				
LONG-TERM RECEIVABLES	<b>786,8</b>	1 120,1	-	-
AMOUNTS ATTRIBUTABLE TO THIRD PARTIES	<b>(269,1)</b>	(294,2)	-	-
	<b>911,8</b>	1 179,7	-	-
CURRENT PORTION OF NET INVESTMENT INCLUDED IN:				
TRADE AND OTHER RECEIVABLES	<b>134,9</b>	153,4	-	-
TRADE AND OTHER PAYABLES	<b>(126,5)</b>	(40,3)	-	-
	<b>903,4</b>	1 066,6	-	-

**10.1**

Total receivables in base currency amounted to US\$454,1 million (2003: US\$496,5 million).

**10.2**

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. (2003: 8,5% p.a.). An appropriate valuation adjustment is made to the net investment for the timing of receipt and the possible non-collectability of these receivables and the related payment to third parties. In recognition of the favourable conditions currently being experienced in the container leasing industry and the improved outlook for the collectability and timing of receipts, the valuation adjustment to the net investment, before foreign currency adjustments, has been reduced by R155 million.

**10.3**

The amounts attributable to third parties in respect of the long-term receivables are denominated in SA rands and are valued by discounting future cash flows at 10% p.a. (2003: 12% p.a.). Subject to the effects of the terms of the settlement agreement with SARS (refer note 10.4) these are payable only as and when the proceeds from the related long-term receivables are received. In recognition of the lower long-term rand interest rates currently prevailing, the discount rate applied to reduce the amounts attributable to third parties to their net present values has been reduced from 12% p.a. to 10% p.a. and has been applied from 1 January 2004. The reduction in the deferred amount attributable to third parties and the corresponding reduction in pre-tax profit arising from this change was R42,2 million.

## 10.4

The settlement of the dispute with SARS over the tax treatment of our export partners' participation in the container export trade through export partnerships has no effect on the total amount attributable to third parties. The once-off financial effect of the settlement, arising from the acceleration of a portion of the amounts attributable to third parties, is manifested in a reduction of the deferred expenditure and a corresponding reduction in pre-tax profit during the year.

## 10.5

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

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
TOTAL AMOUNTS ATTRIBUTABLE TO THIRD PARTIES	905,6	982,0	-	-
LESS: DEFERRED EXPENDITURE	162,8	267,5	-	-
NET PRESENT VALUE OF AMOUNTS ATTRIBUTABLE TO THIRD PARTIES (AS ABOVE)	742,8	714,5	-	-
VALUATION ADJUSTMENT (AS ABOVE)	(269,1)	(294,2)	-	-
NET PRESENT VALUE OF AMOUNTS ATTRIBUTABLE TO THIRD PARTIES	473,7	420,3	-	-
CURRENT PORTION INCLUDED IN TRADE AND OTHER PAYABLES (AS ABOVE)	(126,5)	(40,3)	-	-
	347,2	380,0	-	-

## 11 NET INVESTMENT IN DIRECT FINANCE LEASES

GROSS INVESTMENT	39,2	64,4	-	-
UNEARNED FINANCE INCOME	(7,0)	(15,0)	-	-
PRESENT VALUE OF MINIMUM LEASE PAYMENTS RECEIVABLE	32,2	49,4	-	-
CURRENT PORTION INCLUDED IN TRADE AND OTHER RECEIVABLES	(13,2)	(14,5)	-	-
RECEIVABLES DUE BETWEEN ONE AND FIVE YEARS	19,0	34,9	-	-

Investment in finance leases represents amounts due for containers leased to shipping lines. The containers are usually leased for the remainder of the container's useful life with a purchase option at the end of the lease term.

## 12 DEFERRED TAXATION

DEFERRED TAXATION COMPRISES:				
DEFERRED TAX LIABILITIES	295,1	276,8	2,1	2,3
DEFERRED TAX ASSETS	(257,1)	(188,8)	-	-
	38,0	88,0	2,1	2,3
RECONCILIATION OF CARRYING AMOUNTS:				
BALANCE AT THE BEGINNING OF THE YEAR	88,0	273,7	2,3	2,5
CURRENT YEAR TEMPORARY DIFFERENCES	(38,4)	(162,2)	(0,2)	(0,2)
ADJUSTMENT IN RESPECT OF PRIOR YEAR	0,1	1,5	-	-
DERIVATIVE INSTRUMENTS	1,2	1,1	-	-
OTHER	1,5	1,3	-	-
FAIR VALUE ADJUSTMENT - AVAILABLE-FOR-SALE ASSET	0,8	-	-	-
EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN ENTITIES	(15,2)	(27,4)	-	-
BALANCE AT THE END OF THE YEAR	38,0	88,0	2,1	2,3



## 12 DEFERRED TAXATION continued

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
COMPRISING:				
DEFERRED TAX LIABILITIES				
CAPITAL ALLOWANCES	238,9	156,8	-	-
DEBTORS ALLOWANCES	124,6	108,6	-	-
INCOME STATEMENT ACCRUALS	150,7	167,1	-	-
FAIR VALUE ADJUSTMENT – AVAILABLE-FOR-SALE ASSET	0,8	-	-	-
EXPORT PARTNERSHIPS	2,1	2,3	2,1	2,3
	517,1	434,8	2,1	2,3
DEFERRED TAX ASSETS				
TAX LOSSES	(183,5)	(108,3)	-	-
PROVISIONS	(4,5)	(23,5)	-	-
DEBTORS ALLOWANCES	(290,6)	(213,2)	-	-
DERIVATIVE INSTRUMENTS	(0,5)	(1,8)	-	-
	(479,1)	(346,8)	-	-
NET DEFERRED TAX LIABILITY	38,0	88,0	2,1	2,3

## 13 INVENTORIES

RAW MATERIALS	-	13,5	-	-
WORK-IN-PROGRESS	0,9	4,9	-	-
FINISHED GOODS	3,9	28,6	-	-
CONTAINER EQUIPMENT HELD FOR RESALE	4,5	3,5	-	-
MERCHANDISE, CONSUMABLE STORES AND MAINTENANCE SPARES	-	0,3	-	-
	9,3	50,8	-	-

Inventory amounting to R4,0 million (2003: R19,1 million) has been pledged as security for a loan (refer note 17).

## 14 TRADE AND OTHER RECEIVABLES

TRADE RECEIVABLES	311,7	244,8	-	-
PREPAYMENTS	13,9	13,3	-	-
CURRENT PORTION OF LONG-TERM RECEIVABLES AND DIRECT FINANCE LEASES	148,1	167,9	-	-
AMOUNTS DUE IN RESPECT OF PROPERTIES SOLD	43,7	-	-	-
OTHER	29,2	33,9	-	-
	546,6	459,9	-	-

Trade receivables amounting to R14,9 million (2003: R16,9 million) have been pledged as security for a loan (refer note 17).

## 15 SHARE CAPITAL AND PREMIUM

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
<b>SHARE CAPITAL</b>				
<b>AUTHORISED</b>				
ORDINARY SHARES OF 0,5 CENT EACH				
200 000 000 (2003: 200 000 000)	<b>1,0</b>	1,0	<b>1,0</b>	1,0
<b>ISSUED</b>				
ORDINARY SHARES OF 0,5 CENT EACH	<b>0,8</b>	0,8	<b>0,8</b>	0,8
154 032 092 (2003: 153 639 592)				
<b>SHARE PREMIUM</b>				
BALANCE AT THE BEGINNING OF THE YEAR	<b>167,9</b>	164,8	<b>167,9</b>	164,8
PREMIUM ON SHARES ISSUED DURING THE YEAR	<b>2,1</b>	3,1	<b>2,1</b>	3,1
	<b>170,8</b>	168,7	<b>170,8</b>	168,7

392 500 shares (2003: 595 000 shares) were issued by the company during the year pursuant to the exercise of certain options under The Tencor Share Option Plan (refer note 33).

## 16 CONVERTIBLE DEBENTURES

28 626 800 UNSECURED AUTOMATICALLY CONVERTIBLE SUBORDINATED DEBENTURES OF R9,10 EACH	<b>260,5</b>	260,5	<b>260,5</b>	260,5
--	--------------	-------	--------------	-------

The debentures bear interest at 6% p.a. payable in arrears in June and December. The debentures will be automatically converted into shares on the basis of one share for each debenture converted on the last Friday of the fifth month of the financial year following the financial year in respect of which the total dividend declared in cents per share is equal to or exceeds 54,6 cents. The directors are currently of the opinion that the debentures are unlikely to automatically convert in the foreseeable future.





## 17 INTEREST-BEARING BORROWINGS

	CURRENT INTEREST RATE % P.A.	INTEREST FIXED OR INDEXED TO	REPAYMENT TERMS	GROUP		FOREIGN AMOUNT			
				ANNUAL INSTALMENT	FINAL MATURITY	2004		2003	
						US\$M	US\$M	RM	RM
<b>SECURED (REFER NOTE 17.1)</b>									
LOANS									
BORROWINGS DENOMINATED IN US\$				RM		US\$M	US\$M	RM	RM
BONDS PAYABLE	3,32	LIBOR	MONTHLY	168,3	NOV 2016	<b>207,5</b>	237,5	<b>1 164,1</b>	1 572,2
DEBT FACILITY	3,35	NOTE 17.2	NOTE 17.3	–	MAY 2021	<b>296,0</b>	164,0	<b>1 660,4</b>	1 085,5
LOAN – AFFILIATE	4,39	LIBOR	QUARTERLY	90,4	OCT 2005	<b>16,1</b>	32,2	<b>90,4</b>	213,3
LOAN – AFFILIATE						–	15,3	–	101,1
BANK LOAN	6,87	US PRIME	ON MATURITY	–	JUN 2005	<b>12,1</b>	9,8	<b>68,0</b>	64,8
SENIOR SECURED NOTES	10,50	5 YEAR US TREASURY BOND	ON MATURITY	–	SEP 2009	<b>15,5</b>	–	<b>87,1</b>	–
BORROWINGS DENOMINATED IN UKE						UK£M	UK£M		
BANK LOAN	5,50	UK PRIME	MONTHLY	1,1	FEB 2016	<b>3,1</b>	3,9	<b>33,8</b>	45,7
BANK LOAN	6,37	FIXED	MONTHLY	11,2	SEP 2017	<b>20,9</b>	16,0	<b>226,3</b>	189,3
FINANCE COMPANY LOAN						–	0,1	–	0,5
INSTALMENT SALE FACILITY DENOMINATED IN UKE	8,04	FIXED	MONTHLY	0,4	NOV 2005	<b>0,04</b>	0,3	<b>0,4</b>	3,5
FINANCE LEASE OBLIGATIONS									
AMOUNTS DENOMINATED IN US\$	8,00	FIXED	MONTHLY	0,02	AUG 2007	<b>US\$0,02</b>	US\$0,3	<b>0,1</b>	2,0
AMOUNTS DENOMINATED IN UKE	5,57	FIXED	MONTHLY	11,8	MAY 2019	<b>UK£32,9</b>	–	<b>355,9</b>	–
AMOUNTS DENOMINATED IN UKE	5,62	FIXED	QUARTERLY	31,4	MAR 2017	<b>UK£56,8</b>	UK£59,8	<b>614,2</b>	706,1
								<b>4 300,7</b>	3 984,0
<b>UNSECURED</b>									
LOAN DENOMINATED IN US\$	6,56	LIBOR	ON MATURITY	–	JUL 2006	<b>US\$3,3</b>	US\$3,2	<b>18,7</b>	21,2
TOTAL								<b>4 319,4</b>	4 005,2
LESS: UNAMORTISED DEBT ISSUANCE COSTS								<b>(24,4)</b>	(24,3)
								<b>4 295,0</b>	3 980,9
LESS: CURRENT PORTION INCLUDED IN CURRENT LIABILITIES								<b>(347,5)</b>	(432,1)
LOANS								<b>(298,7)</b>	(394,2)
FINANCE LEASE OBLIGATIONS								<b>(48,8)</b>	(37,9)
								<b>3 947,5</b>	3 548,8

### 17.1

The secured loans are secured by way of a pledge against certain of the group's property, plant, equipment, 5 903 556 shares in Textainer Group Holdings Ltd (representing 31% of the issued shares), all the shares in MicroStar Logistics Inc and in Trencor Solutions Inc and certain inventory and trade receivables (refer notes 2, 8, 13 and 14 respectively).

### 17.2

The debt facility bears interest at a daily variable rate indexed to commercial paper issued by the bank, one month LIBOR or US prime depending on the bank's sources of finance and the term of the borrowings.

### 17.3

Primary ongoing container financing requirements are funded by the secured debt facility which provides a total commitment of US\$400 million as at 31 December 2004 (2003: US\$250 million). The facility provides for payments of interest only from its inception until the conversion date, with a provision for the facility to then convert to a 15 year fully-amortisation note payable 12 months after the conversion date. Under the secured debt facility terms of the

## 17.3 continued

securitisation agreement, as amended on 22 December 2004, the total commitment was increased to US\$400 million with the conversion date defined as 31 May 2005 and, accordingly, principal amortisation will commence on 15 June 2006.

## 17.4

In terms of the company's articles of association its borrowing powers are unlimited. Details of borrowings are as follows:

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
TOTAL BORROWING FACILITIES	<b>5 610,9</b>	5 048,3	-	-
ACTUAL BORROWINGS AT THE END OF THE YEAR	<b>4 319,4</b>	4 005,2	-	-
UNUTILISED FACILITIES	<b>1 291,5</b>	1 043,1	-	-

## 17.5

Certain loans have restrictive covenants including minimum net worth requirements, minimum working capital requirements and maintenance of minimum levels of profitability. The borrowing companies are currently in compliance with the covenants.

## 17.6

Certain group companies lease property, plant and equipment in terms of finance leases. In terms of the lease agreements, the group has the option to acquire ownership of the property, plant and equipment for a nominal payment at the end of the leases. Details of the commitments under the finance leases are as follows:

TOTAL MINIMUM LEASE PAYMENTS	<b>1 320,9</b>	991,3	-	-
LESS: FINANCE CHARGES	<b>350,7</b>	283,2	-	-
PRESENT VALUE OF FINANCE LEASE OBLIGATION	<b>970,2</b>	708,1	-	-

	GROUP			
	TOTAL MINIMUM LEASE PAYMENTS		PRESENT VALUE	
	2004 RM	2003 RM	2004 RM	2003 RM
DUE:				
WITHIN ONE YEAR	<b>99,7</b>	77,1	<b>48,8</b>	37,9
BETWEEN ONE AND FIVE YEARS	<b>398,9</b>	298,9	<b>237,2</b>	162,8
AFTER FIVE YEARS	<b>822,3</b>	615,3	<b>684,2</b>	507,4
	<b>1 320,9</b>	991,3	<b>970,2</b>	708,1



## 18 DERIVATIVE INSTRUMENTS

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
SHARE WARRANTS	<b>2,3</b>	-	-	-
INTEREST RATE CAP AND SWAP CONTRACTS	<b>23,1</b>	87,0	-	-
	<b>25,4</b>	87,0	-	-

### 18.1

TrenStar Inc has issued 5 year term warrants to purchase 439 492 shares at an exercise price of US\$4,67 per share to an external financier. The warrants may be exercised any time up to September 2009.

### 18.2

The interest rate cap and swap contracts in Textainer have been recorded at fair value and the related fair value adjustments recorded in equity due to cash flow hedge effectiveness being demonstrated.

### 18.3

At 31 December 2004, Textainer had total variable interest rate debt principal outstanding in the amount of R2 824,5 million (2003: R2 657,7 million) of which R2 403,7 million (2003: R2 175,5 million) in notional value was covered by interest rate cap and swap contracts.

### 18.4

The following is a summary of the group's share warrants and various interest rate caps and swaps at 31 December 2004:

	NOTIONAL AMOUNT		FAIR VALUE LIABILITY	
	2004 RM	2003 RM	2004 RM	2003 RM
SHARE WARRANTS	<b>11,5</b>	-	<b>2,3</b>	-
INTEREST RATE CAPS AND SWAPS	<b>2 403,7</b>	2 175,5	<b>23,1</b>	87,0
INTEREST RATE CAPS – EFFECTIVE THROUGH TO NOVEMBER 2005	<b>533,0</b>	430,3	-	-
INTEREST RATE SWAPS – EFFECTIVE THROUGH TO DECEMBER 2009	<b>1 870,7</b>	1 745,2	<b>23,1</b>	87,0
	<b>2 415,2</b>	2 175,5	<b>25,4</b>	87,0

## 19 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
TRADE PAYABLES	<b>67,3</b>	62,4	-	-
ACCRUED EXPENSES	<b>127,5</b>	97,0	<b>2,1</b>	3,2
CURRENT PORTION OF AMOUNTS DUE TO THIRD PARTIES IN RESPECT OF LONG-TERM RECEIVABLES	<b>126,5</b>	40,3	-	-
AMOUNT DUE TO CONTAINER OWNERS	<b>65,7</b>	34,5	-	-
AMOUNT DUE IN RESPECT OF CONTAINER ACQUISITIONS	<b>412,1</b>	26,2	-	-
OTHER	<b>35,6</b>	39,7	-	-
	<b>834,7</b>	300,1	<b>2,1</b>	3,2

Amounts due in respect of container acquisitions will be financed from normal cash flow and existing facilities.

## 20 PROVISIONS

	GROUP						CARRYING VALUE AT THE END OF THE YEAR RM
	CARRYING VALUE AT THE BEGINNING OF THE YEAR RM	ADDITIONAL PROVISIONS RM	AMOUNTS USED RM	AMOUNTS REVERSED RM	INTEREST ADJUSTMENT RM	EXCHANGE DIFFERENCES RM	
<b>2004</b>							
WARRANTY PROVISION	13,8	1,0	(1,9)	(7,3)	–	(0,1)	5,5
DAMAGE PROTECTION PLAN	27,1	19,0	(4,7)	–	–	(5,8)	35,6
POST-EMPLOYMENT MEDICAL AID SUBSIDIES	2,6	–	(0,2)	(1,4)	0,3	–	1,3
PROVISION AGAINST TRADE RECEIVABLES OF AN AFFILIATED COMPANY FOR WHICH RECOURSE EXISTS TO A GROUP COMPANY	1,0	–	–	(1,0)	–	–	–
PROVISION FOR LEASES AND OTHER COMMITMENTS	31,3	–	(15,4)	(16,6)	0,7	–	–
	<b>75,8</b>	<b>20,0</b>	<b>(22,2)</b>	<b>(26,3)</b>	<b>1,0</b>	<b>(5,9)</b>	<b>42,4</b>
<b>2003</b>							
WARRANTY PROVISION	17,9	0,3	(3,9)	–	–	(0,5)	13,8
DAMAGE PROTECTION PLAN	18,7	18,9	(4,6)	–	–	(5,9)	27,1
POST-EMPLOYMENT MEDICAL AID SUBSIDIES	2,5	–	(0,2)	–	0,3	–	2,6
PROVISION AGAINST TRADE RECEIVABLES OF AN AFFILIATED COMPANY FOR WHICH RECOURSE EXISTS TO A GROUP COMPANY	3,5	–	–	(2,5)	–	–	1,0
PROVISION FOR LEASES AND OTHER COMMITMENTS	33,2	–	(5,2)	–	3,3	–	31,3
	75,8	19,2	(13,9)	(2,5)	3,6	(6,4)	75,8

### 20.1

The warranty provision has been raised for possible warranty claims on products sold. The group warrants certain of its products for periods up to seven years.

### 20.2

The damage protection plan provision is raised for certain repairs to containers leased out and covered in terms of the plan. The rental contracts are typically for terms of five years or less.

### 20.3

The group provides for post-employment medical aid subsidies in respect of certain employees.

### 20.4

The provision for leases and other commitments was in respect of the leases on the closed dry freight marine container factory which terminate in August 2008. During the year, settlement was reached with the lessor and a final payment of R15,4 million was made in full and final settlement of this commitment as well as the amount provided to reinstate the property to the satisfaction of the lessor on termination of the leases.



## 21 REVENUE

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
INVOICED SALES – GOODS AND SERVICES	60,1	70,5	–	–
LEASING INCOME	1 210,3	1 117,5	–	–
MANAGEMENT FEES	193,2	232,3	–	–
FINANCE INCOME	6,9	109,5	–	–
	<b>1 470,5</b>	<b>1 529,8</b>	–	–
DISCONTINUED OPERATIONS (REFER NOTE 27)	43,1	56,5	–	–
	<b>1 513,6</b>	<b>1 586,3</b>	–	–
NET REALISED AND UNREALISED EXCHANGE LOSSES	(393,7)	(854,5)	–	–
	<b>1 119,9</b>	<b>731,8</b>	–	–

Finance income has been adversely affected by exchange rate differences, the reduction in the discount rate applied to reduce the amounts attributable to third parties to their net present value (refer note 10.3) and the settlement with SARS (refer note 10.4).

## 22 PROFIT/(LOSS) FROM OPERATING ACTIVITIES

Profit/(Loss) from operating activities is arrived at after taking into account:

### INCOME

NET PROFIT/(LOSS) ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	13,0	(0,1)	–	–
CONTINUING OPERATIONS	3,6	(0,1)	–	–
DISCONTINUING OPERATIONS	9,4	–	–	–
REALISED AND UNREALISED EXCHANGE GAINS/(LOSSES), NOT INCLUDED IN REVENUE	17,1	79,2	–	–
CONTINUING OPERATIONS	21,2	84,1	–	–
DISCONTINUING OPERATIONS	(4,1)	(4,9)	–	–
RENTAL INCOME – INVESTMENT PROPERTIES	2,4	3,2	–	–
ASSOCIATE COMPANY	1,8	2,0	–	–
OTHER	0,6	1,2	–	–
<b>CHARGES</b>				
AMORTISATION OF GOODWILL	2,1	3,6	–	–
AMORTISATION OF INTANGIBLE ASSETS	3,8	3,3	–	–
AUDITORS' REMUNERATION	6,4	4,2	0,5	0,3
AUDIT FEE – CURRENT YEAR	4,1	3,2	0,1	0,1
TAX CONSULTANCY SERVICES	1,9	1,0	0,4	0,2
OTHER CONSULTANCY SERVICES	0,4	–	–	–
DIRECTORS' EMOLUMENTS	8,5	7,9	0,5	0,4
EXECUTIVE DIRECTORS				
GUARANTEED REMUNERATION, BONUSES AND COMPANY CONTRIBUTIONS	6,6	6,1	–	–
NON-EXECUTIVE DIRECTORS				
GUARANTEED REMUNERATION AND COMPANY CONTRIBUTIONS	1,9	1,8	0,5	0,4
IMPAIRMENT OF GOODWILL	3,5	–	–	–
IMPAIRMENT OF INTANGIBLE ASSETS	–	0,8	–	–
OPERATING LEASES – PREMISES	16,1	19,3	–	–
CONTINUING OPERATIONS	16,1	15,4	–	–
DISCONTINUING OPERATIONS	–	3,9	–	–
OPERATING EXPENSES – INVESTMENT PROPERTIES	1,2	2,6	–	–
RETIREMENT BENEFIT CONTRIBUTIONS INCLUDED IN STAFF COSTS AND DIRECTORS' EMOLUMENTS	4,0	7,5	–	–
WRITE-OFF OF INTANGIBLE ASSETS	2,9	–	–	–



**23 NET INTEREST EXPENSE/(INCOME)**

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
INTEREST EXPENSE	<b>258,5</b>	258,5	<b>16,0</b>	25,6
TEXTAINER	<b>148,9</b>	167,5	–	–
TRENSTAR	<b>85,4</b>	60,1	–	–
OTHER	<b>24,2</b>	30,9	<b>15,6</b>	15,6
PAID TO SUBSIDIARY	–	–	<b>0,4</b>	10,0
LESS INTEREST INCOME	<b>9,4</b>	14,5	<b>27,4</b>	106,4
FROM SUBSIDIARY	–	–	<b>17,1</b>	26,7
AMORTISATION ADJUSTMENT ON PREFERENCE SHARES IN SUBSIDIARY	–	–	<b>10,3</b>	79,7
FROM ASSOCIATE	<b>0,3</b>	2,0	–	–
OTHER	<b>9,1</b>	12,5	–	–
	<b>249,1</b>	244,0	<b>(11,4)</b>	(80,8)

**24 EXCEPTIONAL ITEMS**

LOSS ON SALE OF INTEREST IN ASSOCIATE	<b>(37,2)</b>	–	–	–
GOODWILL WRITTEN-OFF PURSUANT TO CHANGE OF INTEREST IN SUBSIDIARY	<b>(0,1)</b>	(1,5)	–	–
(LOSS)/PROFIT ON SALE OF INVESTMENT PROPERTIES	<b>(2,2)</b>	0,6	–	–
NET GAIN ON DILUTION OF INTEREST IN SUBSIDIARIES	<b>9,2</b>	78,9	–	–
IMPAIRMENT OF AVAILABLE-FOR-SALE INVESTMENT	<b>(8,5)</b>	–	<b>(8,5)</b>	–
PREMIUM PAID ON ACQUISITION OF SHARES FROM OUTSIDE SHAREHOLDERS	–	(5,1)	–	–
	<b>(38,8)</b>	72,9	<b>(8,5)</b>	–

**25 INCOME TAX**

SOUTH AFRICAN NORMAL	<b>32,5</b>	54,3	<b>0,1</b>	0,1
CURRENT	<b>33,4</b>	51,4	<b>0,1</b>	0,1
ADJUSTMENT IN RESPECT OF PRIOR YEAR	<b>(0,9)</b>	2,9	–	–
FOREIGN NORMAL – CURRENT	<b>16,5</b>	0,3	–	–
ASSOCIATED TAX CREDIT	<b>(8,8)</b>	(8,4)	–	–
SOUTH AFRICAN DEFERRED	<b>(48,1)</b>	(180,0)	<b>(0,2)</b>	(0,2)
CREDIT FOR THE YEAR	<b>(48,2)</b>	(181,5)	<b>(0,2)</b>	(0,2)
ADJUSTMENT IN RESPECT OF PRIOR YEAR	<b>0,1</b>	1,5	–	–
FOREIGN DEFERRED – CHARGE FOR THE YEAR	<b>9,8</b>	19,3	–	–
	<b>1,9</b>	(114,5)	<b>(0,1)</b>	(0,1)
THE EFFECTIVE TAX RATE IS RECONCILED AS FOLLOWS:	%	%	%	%
STATUTORY TAX RATE	<b>30,0</b>	30,0	<b>30,0</b>	30,0
NON-TAXABLE INCOME	<b>(1,4)</b>	4,0	<b>(386,3)</b>	(30,2)
NON-TAX PAYING ENTITIES	<b>0,3</b>	(1,2)	–	–
NON-DEDUCTIBLE EXPENSES	<b>1,2</b>	19,9	<b>25,0</b>	0,1
FOREIGN DIFFERENTIAL	<b>(53,4)</b>	66,2	–	–
PRIOR YEAR ADJUSTMENT	<b>(0,9)</b>	(3,8)	–	–
LOSSES	<b>19,0</b>	(24,7)	–	–
SHARE OF PROFIT OF ASSOCIATE COMPANY	<b>(0,4)</b>	1,6	–	–
EXCEPTIONAL ITEMS	<b>6,7</b>	21,7	<b>318,8</b>	–
EFFECTIVE TAX RATE	<b>1,1</b>	113,7	<b>(12,5)</b>	(0,1)



## 25 INCOME TAX continued

Certain group companies participate in export partnerships. As these companies are liable to the partnerships for the tax effect of their participation, the amount thereof is disclosed as an associated tax charge. In years subsequent to the participation, the partnerships become liable to the companies for the tax effect of their receipts and the amount thereof is disclosed as an associated tax credit.

## 26 EARNINGS/(LOSS) AND HEADLINE EARNINGS/(LOSS) PER SHARE

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
EARNINGS/(LOSS) PER SHARE				
<b>BASIC</b>				
NET PROFIT/(LOSS) FOR THE YEAR	59,1	(98,5)	-	-
WEIGHTED AVERAGE NUMBER OF SHARES IN ISSUE (MILLION)	153,8	153,2	-	-
EARNINGS/(LOSS) PER SHARE (CENTS)	38,4	(64,3)	-	-
<b>DILUTED</b>				
NET PROFIT/(LOSS) FOR THE YEAR	59,1	(98,5)	-	-
INTEREST, NET OF TAX, NOT PAYABLE ON DEBENTURES TO BE CONVERTED	-	10,9	-	-
DILUTED EARNINGS/(LOSS)	59,1	(87,6)	-	-
NUMBER OF SHARES IN ISSUE FOR DILUTED LOSS PER SHARE (MILLION)	156,8	187,3	-	-
NUMBER OF SHARES IN ISSUE FOR UNDILUTED LOSS PER SHARE (MILLION)	153,8	153,2	-	-
SHARES TO BE ISSUED ON CONVERSION OF DEBENTURES (MILLION)	-	28,7	-	-
OUTSTANDING SHARE OPTIONS (MILLION)	3,0	5,4	-	-
DILUTED EARNINGS/(LOSS) PER SHARE (CENTS)	37,7	(64,3)	-	-
DILUTION PER SHARE (CENTS)	0,7	-	-	-
HEADLINE EARNINGS/(LOSS) PER SHARE				
<b>UNDILUTED</b>				
NET PROFIT/(LOSS) FOR THE YEAR	59,1	(98,5)	-	-
DISCONTINUING OPERATIONS	0,2	(1,0)	-	-
EXCEPTIONAL ITEMS	38,8	(72,9)	-	-
AMORTISATION OF GOODWILL RELATING TO ASSOCIATE COMPANY	0,9	3,6	-	-
AMORTISATION OF GOODWILL RELATING TO SUBSIDIARY COMPANY	1,8	3,6	-	-
IMPAIRMENT OF GOODWILL	1,7	-	-	-
IMPAIRMENT OF INTANGIBLE ASSET	-	0,8	-	-
(PROFIT)/LOSS ON SALE OF PLANT AND EQUIPMENT	(9,0)	0,2	-	-
MINORITY SHARE OF EXCEPTIONAL ITEMS	1,5	(1,5)	-	-
HEADLINE EARNINGS/(LOSS)	95,0	(165,7)	-	-
WEIGHTED AVERAGE NUMBER OF SHARES IN ISSUE (MILLION)	153,8	153,2	-	-
HEADLINE EARNINGS/(LOSS) PER SHARE (CENTS)	61,8	(108,2)	-	-
<b>DILUTED</b>				
UNDILUTED HEADLINE EARNINGS/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS AS ABOVE	95,0	(165,7)	-	-
INTEREST, NET OF TAX, NOT PAYABLE ON DEBENTURES TO BE CONVERTED	-	10,9	-	-
DILUTED HEADLINE EARNINGS/(LOSS)	95,0	(154,8)	-	-
NUMBER OF SHARES IN ISSUE FOR DILUTED EARNINGS PER SHARE (MILLION)	156,8	187,3	-	-
DILUTED HEADLINE EARNINGS/(LOSS) PER SHARE (CENTS)	60,6	(108,2)	-	-

The dilution arises as a result of the potential exercise of the outstanding share options. No dilutive effect has been presented in the current year in respect of the convertible debentures referred to in note 16 as this would be anti-dilutive.

## 27 DISCONTINUING OPERATIONS

The discontinuing operations relate the container manufacturing businesses, namely the tank container factory at Parow and the dry freight marine container factory at Isithebe, KwaZulu-Natal. The tank container business was treated as a discontinuing operation in the prior year as an agreement had been entered into to dispose of the equipment, machinery and intellectual property in November 2003. The equipment, machinery and intellectual property was disposed of effective 15 April 2004. The dry freight factory was closed in December 1999. During the year, settlement was reached with the lessor of the property and a final payment of R15,4 million was made in full and final settlement of the future lease commitment and the amount provided to reinstate the property to the satisfaction of the lessor on termination of the leases (refer note 20.4).

The results relating to these operations are set out below:

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
REVENUE	43,1	56,5	-	-
OTHER OPERATING INCOME	9,4	-	-	-
CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS	(20,2)	15,1	-	-
RAW MATERIALS USED	(16,3)	(57,1)	-	-
STAFF COSTS	(7,0)	(17,4)	-	-
DEPRECIATION	(1,3)	(1,6)	-	-
OTHER OPERATING EXPENSES	(17,4)	(7,4)	-	-
EMPLOYEE RETRENCHMENT COSTS INCURRED	(1,5)	(6,1)	-	-
REVERSAL OF IMPAIRMENT OF PLANT AND EQUIPMENT	-	8,8	-	-
RECOVERY ON DISPOSAL/(WRITE-DOWN) OF INVENTORY	0,9	(2,3)	-	-
LEASES AND OTHER COMMITMENTS	17,5	(0,4)	-	-
<b>PROFIT/(LOSS) FROM OPERATIONS</b>	<b>7,2</b>	<b>(11,9)</b>	<b>-</b>	<b>-</b>
INTEREST EXPENSE	(0,4)	-	-	-
<b>PROFIT/(LOSS) BEFORE TAXATION</b>	<b>6,8</b>	<b>(11,9)</b>	<b>-</b>	<b>-</b>
INCOME TAX	7,0	(3,6)	-	-
<b>NET LOSS AFTER TAXATION</b>	<b>(0,2)</b>	<b>(8,3)</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>0,5</b>	<b>68,3</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>9,0</b>	<b>62,1</b>	<b>-</b>	<b>-</b>

## 28 CAPITAL COMMITMENTS

For container leasing equipment and beer kegs authorised by the board

CONTRACTED	109,5	79,6	-	-
NOT YET CONTRACTED	16,9	72,8	-	-
	<b>126,4</b>	<b>152,4</b>	<b>-</b>	<b>-</b>

This expenditure will be financed from normal cash flow and existing facilities.

## 29 CONTINGENT LIABILITIES, GUARANTEES AND COMMITMENTS

### 29.1

A group company has issued a guarantee in respect of export finance granted to customers, to the Industrial Development Corporation of South Africa Ltd under which the total potential liability at 31 December 2004 was R9,0 million (2003: R13,3 million).

### 29.2

The company and a subsidiary company have provided guarantees for utility service charges and premises rental of R0,7 million (2003: R1,4 million) of other subsidiary companies.

### 29.3

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 2004, 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 R905,6 million (2003: R982,0 million) (refer note 10).

### 29.4

The company has guaranteed the overdraft facility of a subsidiary company. The actual utilisation of the facility at 31 December 2004 was nil.

### 29.5

3 808 746 shares in Textainer Group Holdings Ltd (representing 20% of the issued shares) have been pledged as security for loan facilities of an associate company.



## 29 CONTINGENT LIABILITIES, GUARANTEES AND COMMITMENTS continued

### 29.6

Obligations under the group's operating leases at 31 December 2004 were as follows:

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
DUE:				
WITHIN ONE YEAR	<b>13,1</b>	13,2	-	-
BETWEEN ONE AND FIVE YEARS	<b>41,8</b>	38,4	-	-
AFTER FIVE YEARS	<b>14,8</b>	26,0	-	-
	<b>69,7</b>	77,6	-	-

## 30 NOTES TO THE CASH FLOW STATEMENTS

### 30.1

Reconciliation of profit/(loss) before taxation to cash generated from/(utilised by) operations:

PROFIT/(LOSS) BEFORE TAXATION	<b>172,5</b>	(100,7)	<b>0,8</b>	79,2
ADJUSTED FOR:				
INTEREST EXPENSE	<b>258,5</b>	258,5	<b>16,0</b>	25,6
SHARE OF PROFIT OF ASSOCIATE COMPANY	<b>(2,3)</b>	(5,5)	-	-
UNREALISED FOREIGN EXCHANGE LOSSES	<b>374,5</b>	783,0	-	-
NET DECREASE IN VALUATION ADJUSTMENT IN RESPECT OF NET INVESTMENT IN LONG-TERM RECEIVABLES	<b>(308,2)</b>	(330,8)	-	-
OTHER NON-CASH FLOW ADJUSTMENTS TO THE NET INVESTMENT IN LONG-TERM RECEIVABLES	<b>(14,8)</b>	(106,3)	-	-
DEPRECIATION	<b>392,1</b>	390,1	-	-
(DECREASE)/INCREASE IN PROVISIONS	<b>(5,3)</b>	20,3	-	-
(PROFIT)/LOSS ON SALE OF PLANT AND EQUIPMENT	<b>(13,0)</b>	0,1	-	-
EXCEPTIONAL ITEMS	<b>38,8</b>	(72,9)	<b>8,5</b>	-
IMPAIRMENT OF GOODWILL	<b>3,5</b>	-	-	-
IMPAIRMENT OF INTANGIBLE ASSET	-	0,8	-	-
WRITE-OFF OF INTANGIBLE ASSET	<b>2,9</b>	-	-	-
AMORTISATION OF GOODWILL	<b>2,1</b>	3,6	-	-
REVERSAL OF IMPAIRMENT LOSS ON PLANT	-	(8,8)	-	-
AMORTISATION OF INTANGIBLE ASSETS	<b>3,8</b>	3,3	-	-
(RECOVERY ON DISPOSAL)/WRITE-DOWN OF INVENTORY	<b>(0,9)</b>	2,3	-	-
DEFERRED INCOME	<b>(0,2)</b>	(2,9)	-	-
INVESTMENT INCOME	<b>(9,4)</b>	(14,5)	<b>(27,4)</b>	(106,4)
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	<b>894,6</b>	819,6	<b>(2,1)</b>	(1,6)
WORKING CAPITAL CHANGES	<b>6,6</b>	(107,0)	<b>(1,1)</b>	1,8
DECREASE/(INCREASE) IN INVENTORIES	<b>40,6</b>	(8,7)	-	-
(INCREASE)/DECREASE IN TRADE AND OTHER RECEIVABLES	<b>(119,4)</b>	(26,2)	-	0,3
INCREASE/(DECREASE) IN TRADE AND OTHER PAYABLES	<b>85,4</b>	(72,1)	<b>(1,1)</b>	1,5
CASH GENERATED FROM/(UTILISED BY) OPERATIONS	<b>901,2</b>	712,6	<b>(3,2)</b>	0,2

### 30.2

Taxation paid

AMOUNTS UNPAID AT THE BEGINNING OF THE YEAR	<b>64,2</b>	90,5	<b>0,1</b>	0,6
EXCHANGE DIFFERENCES	<b>(5,1)</b>	(9,1)	-	-
CHARGE PER INCOME STATEMENT - SOUTH AFRICAN NORMAL	<b>32,5</b>	54,3	<b>0,1</b>	0,1
- FOREIGN	<b>16,5</b>	0,3	-	-
AMOUNTS (UNPAID)/PREPAID AT THE END OF THE YEAR	<b>(37,9)</b>	(64,2)	<b>0,1</b>	(0,1)
	<b>70,2</b>	71,8	<b>0,3</b>	0,6

## 30.3

## CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
BANK BALANCES AND CASH	<b>439,7</b>	330,5	-	-
	<b>439,7</b>	330,5	-	-
RESTRICTED CASH BALANCES INCLUDED ABOVE				
Held as additional collateral for interest-bearing borrowings in respect of (refer note 17):				
SECURED DEBT FACILITY	<b>37,6</b>	28,8	-	-
UK BANK FACILITIES	<b>109,2</b>	9,9	-	-
REVOLVING CREDIT FACILITY	<b>7,0</b>	5,5	-	-
Other:				
IN RESPECT GROUP COMPANY'S OFFICE LEASE	<b>3,0</b>	3,5	-	-
	<b>156,8</b>	47,7	-	-

## 30.4

## DISCONTINUING OPERATIONS

The following cash inflows/(outflows) are attributable to the discontinuing operations:

OPERATING ACTIVITIES	<b>12,2</b>	(19,2)	-	-
INVESTING ACTIVITIES	<b>4,7</b>	(0,3)	-	-
	<b>16,9</b>	(19,5)	-	-

## 31 FINANCIAL INSTRUMENTS

Treasury committees in group companies, consisting of senior executives, meet as required to consider current currency and interest rate exposures and treasury management strategies. Compliance with group policies and exposure limits are reviewed at quarterly meetings of the board.

**CASH FLOW AND FUNDING RISK MANAGEMENT**

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 (refer note 17.4).

**CREDIT RISK MANAGEMENT**

Financial assets which potentially subject the group to concentrations of credit risk consist principally of cash, long-term receivables and trade and other receivables.

The group's cash equivalents are placed only with registered financial institutions. Credit risk with respect to trade and other receivables is mitigated due to 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. Accordingly, the group has no significant concentration of credit risk with respect to these financial assets.

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 timing of receipt and possible non-collectability of these receivables and the related payment to third parties.

With respect to the interest rate and cap contracts, the group's exposure to credit risk is determined by 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 expect to incur any losses as a result of non-performance by these counterparties.



### 31 FINANCIAL INSTRUMENTS continued

#### FOREIGN CURRENCY RISK MANAGEMENT

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 exposures 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 2004 the group had no exposure to foreign currency contracts.

The following is an analysis of the group's assets and liabilities, other than property, plant and equipment, goodwill, intangible assets, investment in associates, taxation owing and deferred taxation, in terms of the currencies in which they are held, expressed in SA rand at 31 December 2004:

CURRENCY	SA RAND	US\$	UK£	TOTAL
EXCHANGE RATE: ONE FOREIGN UNIT EQUALS SA RAND		5,61	10,82	
<b>ASSETS (MILLIONS)</b>				
INVESTMENTS	25,2	11,1	2,1	38,4
LONG-TERM LOANS	–	8,3	–	8,3
LONG-TERM RECEIVABLES	–	1 250,6	–	1 250,6
NET INVESTMENT IN DIRECT FINANCE LEASES	–	19,0	–	19,0
INVENTORIES	0,8	4,5	4,0	9,3
TRADE AND OTHER RECEIVABLES	58,0	449,4	39,2	546,6
CASH AND CASH EQUIVALENTS	49,5	280,0	110,2	439,7
	133,5	2 022,9	155,5	2 311,9
<b>LIABILITIES (MILLIONS)</b>				
INTEREST-BEARING BORROWINGS	–	2 812,5	1 135,0	3 947,5
AMOUNTS ATTRIBUTABLE TO THIRD PARTIES IN RESPECT OF LONG-TERM RECEIVABLES	347,2	–	–	347,2
DERIVATIVE INSTRUMENTS	–	25,4	–	25,4
TRADE AND OTHER PAYABLES	164,8	616,4	53,5	834,7
PROVISIONS	6,2	35,6	0,6	42,4
CURRENT PORTION OF INTEREST-BEARING BORROWINGS	–	258,7	88,8	347,5
DEFERRED INCOME	0,3	3,8	19,0	23,1
	518,5	3 752,4	1 296,9	5 567,8
<b>31 DECEMBER 2003</b>				
EXCHANGE RATE: ONE FOREIGN UNIT EQUALS SA RAND		6,62	11,80	
<b>ASSETS (MILLIONS)</b>				
INVESTMENTS	20,1	13,8	2,3	36,2
LONG-TERM LOANS	15,0	12,7	–	27,7
LONG-TERM RECEIVABLES	–	1 446,6	–	1 446,6
NET INVESTMENT IN DIRECT FINANCE LEASES	–	34,9	–	34,9
INVENTORIES	32,9	3,5	14,4	50,8
TRADE AND OTHER RECEIVABLES	21,7	388,3	49,9	459,9
SHORT-TERM PORTION OF LONG-TERM LOANS	8,5	–	–	8,5
CASH AND CASH EQUIVALENTS	23,9	261,0	45,6	330,5
	122,1	2 160,8	112,2	2 395,1
<b>LIABILITIES (MILLIONS)</b>				
INTEREST-BEARING BORROWINGS	–	2 693,4	855,4	3 548,8
AMOUNTS ATTRIBUTABLE TO THIRD PARTIES IN RESPECT OF LONG-TERM RECEIVABLES	380,0	–	–	380,0
DERIVATIVE INSTRUMENTS	–	87,0	–	87,0
TRADE AND OTHER PAYABLES	86,0	166,5	47,6	300,1
PROVISIONS	48,1	27,0	0,7	75,8
CURRENT PORTION OF INTEREST-BEARING BORROWINGS	–	346,6	85,5	432,1
DEFERRED INCOME	0,2	1,6	25,6	27,4
	514,3	3 322,1	1 014,8	4 851,2



**INTEREST RATE RISK MANAGEMENT**

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.

The group is exposed to interest rate risk as it borrows or places funds on the money market. This risk is managed by maintaining an appropriate mix of fixed and daily call placements with registered financial institutions which are subject to compliance with the relevant regulatory bodies.

The group's financial instruments that are subject to interest rate risk at 31 December 2004 were:

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE % P.A.	MATURITY OF INTEREST-BEARING ASSET/LIABILITY			NON- INTEREST- BEARING RM	TOTAL RM
		ONE YEAR OR LESS RM	ONE TO FIVE YEARS RM	MORE THAN FIVE YEARS RM		
<b>ASSETS</b>						
LONG-TERM LOANS						
- US\$	5,88	-	8,3	-	-	8,3
		-	8,3	-	-	8,3
CASH AND CASH EQUIVALENTS						
- SA RAND	5,47	49,5	-	-	-	49,5
- UK£	4,16	72,4	-	-	37,8	110,2
- US\$	0,78	277,9	-	-	2,1	280,0
		399,8	-	-	39,9	439,7
LIABILITIES						
INTEREST-BEARING BORROWING						
- AT FIXED INTEREST RATES	5,75	61,2	312,8	822,9	(12,0)	1 184,9
- AT FLOATING INTEREST RATES	3,75	286,3	1 248,8	1 587,4	(12,4)	3 110,1
		347,5	1 561,6	2 410,3	(24,4)	4 295,0
31 DECEMBER 2003						
<b>ASSETS</b>						
LONG- TERM LOANS						
- SA RAND	9,74	8,5	8,2	-	6,8	23,5
- US\$	6,13	-	12,7	-	-	12,7
		8,5	20,9	-	6,8	36,2
CASH AND CASH EQUIVALENTS						
- SA RAND	5,52	23,9	-	-	-	23,9
- UK£	4,33	8,1	-	-	37,5	45,6
- US\$	0,59	254,0	-	-	7,0	261,0
		286,0	-	-	44,5	330,5
<b>LIABILITIES</b>						
INTEREST-BEARING BORROWING						
- AT FIXED INTEREST RATES	5,79	52,3	216,0	640,7	(5,5)	903,5
- AT FLOATING INTEREST RATES	2,33	379,8	2 137,1	579,3	(18,8)	3 077,4
		432,1	2 353,1	1 220,0	(24,3)	3 980,9

The group makes use of interest rate derivatives as approved in terms of company policy limits in order to manage interest rate risk. Certain group companies have entered into various interest rate cap and swap agreements to hedge against interest rate exposure associated with its variable rate debt. The cap agreements, in general, involve the payment of certain premiums by the companies in exchange for reimbursement of certain interest rate payments, which exceed contractual fixed rate payment ceilings. The swap agreements involve payments by the companies to counterparties at fixed rates in return for receipts based upon variable rates indexed to LIBOR (refer notes 17 and 18).

**FAIR VALUES**

The fair values of all financial instruments are substantially similar to carrying amounts reflected in the balance sheet, except for the company's participation in export partnerships and convertible debentures. The cash flows from the participation in export partnerships (refer note 10) which will be received by the company over the next 14 years, have not been discounted. For fair presentation purposes, it is noted that any impairment to the participation in export partnerships will result in a corresponding reduction in the related deferred taxation liability and thus there would be no impact on the net cash flow statement and the income statement of the company.



## 32 RELATED PARTY TRANSACTIONS

### INTRA-GROUP TRANSACTIONS

Certain companies in the group advanced, received and repaid loans, provided security for loan facilities, bought and sold goods and services from/to other entities in the group and paid and received dividends during the year. These intra-group transactions, which have been eliminated on consolidation, were conducted at arm's length.

Loan to subsidiary company: refer note 8.

Loans to associate companies: refer note 9.

Interest received from subsidiary: refer note 23.

Income earned from associate company: refer notes 22 and 23.

Pledge of shares for loan security: refer note 29.5.

Amounts owing by TAC Ltd for containers acquired in the past from South Africa on extended credit terms are included in long-term receivables.

### DIRECTOR TRANSACTIONS WITH GROUP ENTITIES

Mr D M Nurek is a non-executive director of a number of South African listed companies, some of whose subsidiaries are partners in export partnerships with the group. No new export partnerships were concluded with these companies during the year under review.

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 director-related entities.

Directors' interest in share capital: refer directors' report.

Directors' emoluments: refer note 22 and page 11.

## 33 EMPLOYEE BENEFITS

### 33.1

#### 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. Certain categories of employees are members of industry funds within the industries in which they are employed.

At 31 December 2004 the Trencor Pension Fund had 244 members (2003: 253 members) whose aggregate share of the fund amounted to R129,3 million (2003: R119,7 million). The market value of the fund's investments at that date was R191,8 million (2003: R173,0 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 liability in respect of pensioners.

### 33.2

#### POST EMPLOYMENT BENEFITS

Certain employees' medical aid contributions, post-employment, are subsidised by group companies. These subsidies have been fully provided for (refer note 20).

## 33.3

**EQUITY COMPENSATION BENEFITS****SHARE OPTION PLANS**

The company, and two of its subsidiaries, have share option plans for certain employees, including executive directors, to purchase shares in terms of the rules of their respective plans.

	NUMBER OF SHARES				
	TRENCOR	TEXTAINER	TRENSTAR		
NUMBER OF SHARES AUTHORISED UNDER SHARE OPTION PLANS					
AT 31 DECEMBER 2002	15 284 209	1 525 000	1 250 000		
DURING 2003	–	–	250 000		
AT 31 DECEMBER 2003 AND 2004	15 284 209	1 525 000	1 500 000		
WEIGHTED AVERAGE EXERCISE PRICE OF SHARES AUTHORISED IN 2003	–	–	US\$4,28		
				WEIGHTED AVERAGE	
	NUMBER OF SHARES			EXERCISE	EXPIRATION
	UNVESTED	VESTED	TOTAL	PRICE PER SHARE (R)	YEAR
<b>SUMMARY OF ACTIVITY IN SHARE OPTION PLANS</b>					
<b>TRENCOR</b>					
BALANCE AT 31 DECEMBER 2002	4 873 750	1 113 750	5 987 500	5,25	2009
OPTIONS EXERCISED DURING THE YEAR	–	(595 000)	(595 000)	5,25	2009
OPTIONS VESTED DURING THE YEAR	(1 421 250)	1 421 250	–	5,25	2009
BALANCE AT 31 DECEMBER 2003	3 452 500	1 940 000	5 392 500	5,25	2009
OPTIONS GRANTED DURING THE YEAR	<b>400 000</b>	–	<b>400 000</b>	<b>12,10</b>	<b>2012</b>
OPTIONS FORFEITED DURING THE YEAR	<b>(37 500)</b>	–	<b>(37 500)</b>	<b>5,25</b>	<b>2009</b>
OPTIONS EXERCISED DURING THE YEAR	–	<b>(392 500)</b>	<b>(392 500)</b>	<b>5,25</b>	<b>2009</b>
OPTIONS VESTED DURING THE YEAR	<b>(2 837 500)</b>	<b>2 837 500</b>	–	<b>5,25</b>	<b>2009</b>
BALANCE AT 31 DECEMBER 2004	<b>977 500</b>	<b>4 385 000</b>	<b>5 362 500</b>	<b>5,76</b>	<b>2009</b>
				WEIGHTED AVERAGE	
	NUMBER OF SHARES			EXERCISE	EXPIRATION
	UNVESTED	VESTED	TOTAL	PRICE PER SHARE (US\$)	YEAR
<b>TEXTAINER</b>					
BALANCE AT 31 DECEMBER 2002	300 000	687 000	987 000	4,52	2008
OPTIONS EXERCISED DURING THE YEAR	–	(477 000)	(477 000)	3,77	2006
OPTIONS VESTED DURING THE YEAR	(75 000)	75 000	–	5,62	2011
BALANCE AT 31 DECEMBER 2003	225 000	285 000	510 000	5,22	2010
OPTIONS EXERCISED DURING THE YEAR	–	<b>(105 000)</b>	<b>(105 000)</b>	<b>5,13</b>	<b>2009</b>
OPTIONS VESTED DURING THE YEAR	<b>(75 000)</b>	<b>75 000</b>	–	<b>5,62</b>	<b>2011</b>
BALANCE AT 31 DECEMBER 2004	<b>150 000</b>	<b>255 000</b>	<b>405 000</b>	<b>5,24</b>	<b>2010</b>
<b>TRENSTAR</b>					
BALANCE AT 31 DECEMBER 2002	898 125	171 875	1 070 000	4,21	2011
OPTIONS GRANTED DURING THE YEAR	425 000	–	425 000	4,50	2012
OPTIONS FORFEITED DURING THE YEAR	(68 750)	(146 250)	(215 000)	4,37	2011
OPTIONS VESTED DURING THE YEAR	(401 977)	401 977	–	4,30	2011
BALANCE AT 31 DECEMBER 2003	852 398	427 602	1 280 000	4,28	2011
OPTIONS GRANTED DURING THE YEAR	<b>360 000</b>	–	<b>360 000</b>	<b>4,54</b>	<b>2014</b>
OPTIONS FORFEITED DURING THE YEAR	<b>(153 750)</b>	<b>(131 250)</b>	<b>(285 000)</b>	<b>4,23</b>	<b>2011</b>
OPTIONS VESTED DURING THE YEAR	<b>(443 019)</b>	<b>443 019</b>	–	<b>4,32</b>	<b>2011</b>
BALANCE AT 31 DECEMBER 2004	<b>615 629</b>	<b>739 371</b>	<b>1 355 000</b>	<b>4,36</b>	<b>2012</b>



### 34 SEGMENTAL REPORT

#### BUSINESS SEGMENTS

For management reporting purposes the group is organised into four major operating divisions, namely Container Operations which comprises Sales and Finance, Owning, Leasing and Management; Mobile Asset Management Services and Other Operations. During the year the Trailer Manufacturing operation was disposed of and the Container Manufacturing division was accounted for as a discontinuing operation.

	CONTAINER OPERATIONS						OTHER (INCLUDING CORPORATE OVERHEADS)	
	SALES AND FINANCE		OWNING, LEASING AND MANAGEMENT		MOBILE ASSET MANAGEMENT SERVICES		2004 RM	2003 RM
	2004 RM	2003 RM	2004 RM	2003 RM	2004 RM	2003 RM		
REVENUE								
EXTERNAL	<b>(387,3)</b>	(752,5)	<b>1 103,6</b>	1 097,1	<b>358,9</b>	327,5	<b>1,6</b>	3,2
CONTINUING	<b>(387,3)</b>	(752,5)	<b>1 103,6</b>	1 097,1	<b>358,9</b>	327,5	<b>1,6</b>	3,2
DISCONTINUING	-	-	-	-	-	-	-	-
TOTAL REVENUE	<b>(387,3)</b>	(752,5)	<b>1 103,6</b>	1 097,1	<b>358,9</b>	327,5	<b>1,6</b>	3,2
SEGMENT RESULT								
NET PROFIT BEFORE INTEREST AND ITEMS REFLECTED BELOW AND TAXATION	<b>(82,6)</b>	(433,6)	<b>538,6</b>	465,5	<b>(12,7)</b>	(16,3)	<b>7,6</b>	61,2
CONTINUING	<b>(82,6)</b>	(433,6)	<b>538,6</b>	465,5	<b>(12,7)</b>	(16,3)	<b>7,6</b>	61,2
DISCONTINUING	-	-	-	-	-	-	-	-
NET INTEREST EXPENSE								
EXCEPTIONAL ITEMS								
SHARE OF PROFIT OF ASSOCIATE COMPANY	-	-	-	-	-	-	-	-
TAXATION								
CONTINUING OPERATIONS								
DISCONTINUING OPERATIONS								
PROFIT AFTER TAXATION								
OTHER INFORMATION								
SEGMENT ASSETS	<b>1 385,6</b>	1 599,3	<b>4 753,7</b>	4 075,1	<b>1 613,0</b>	1 296,3	<b>138,9</b>	97,9
CONTINUING OPERATIONS	<b>1 385,6</b>	1 599,3	<b>4 753,7</b>	4 075,1	<b>1 613,0</b>	1 296,3	<b>138,9</b>	97,9
DISCONTINUING OPERATIONS	-	-	-	-	-	-	-	-
INVESTMENTS AND INVESTMENT IN ASSOCIATES								
LONG-TERM LOANS								
DEFERRED TAXATION								
CONSOLIDATED TOTAL ASSETS								
SEGMENT LIABILITIES	<b>474,3</b>	420,7	<b>653,2</b>	247,4	<b>106,8</b>	79,8	<b>29,5</b>	59,1
CONTINUING OPERATIONS	<b>474,3</b>	420,7	<b>653,2</b>	247,4	<b>106,8</b>	79,8	<b>29,5</b>	59,1
DISCONTINUING OPERATIONS	-	-	-	-	-	-	-	-
CONVERTIBLE DEBENTURES								
INTEREST-BEARING BORROWINGS								
DEFERRED TAXATION								
TAXATION								
CONSOLIDATED TOTAL LIABILITIES								
SUPPLEMENTARY INFORMATION								
CAPITAL EXPENDITURE	-	-	<b>1 662,0</b>	687,2	<b>544,1</b>	143,6	<b>0,4</b>	0,6
CONTINUING OPERATIONS	-	-	<b>1 662,0</b>	687,2	<b>544,1</b>	143,6	<b>0,4</b>	0,6
DISCONTINUING OPERATIONS	-	-	-	-	-	-	-	-
DEPRECIATION	-	-	<b>307,3</b>	315,3	<b>81,4</b>	70,6	<b>2,1</b>	2,6
CONTINUING OPERATIONS	-	-	<b>307,3</b>	315,3	<b>81,4</b>	70,6	<b>2,1</b>	2,6
DISCONTINUING OPERATIONS	-	-	-	-	-	-	-	-

TRAILERS		DISCONTINUED CONTAINER MANUFACTURING		CONSOLIDATED	
2004 RM	2003 RM	2004 RM	2003 RM	2004 RM	2003 RM
-	-	<b>43,1</b>	56,5	<b>1 119,9</b>	731,8
-	-	-	-	<b>1 076,8</b>	675,3
-	-	<b>43,1</b>	56,5	<b>43,1</b>	56,5
-	-	<b>43,1</b>	56,5	<b>1 119,9</b>	731,8
-	-	<b>7,2</b>	(11,9)	<b>458,1</b>	64,9
-	-	-	-	<b>450,9</b>	76,8
-	-	<b>7,2</b>	(11,9)	<b>7,2</b>	(11,9)
				<b>(249,1)</b>	(244,0)
				<b>(38,8)</b>	72,9
<b>2,3</b>	5,5	-	-	<b>2,3</b>	5,5
				<b>1,9</b>	(114,5)
				<b>(5,1)</b>	(110,9)
				<b>7,0</b>	(3,6)
				<b>170,6</b>	13,8
-	-	<b>0,5</b>	86,3	<b>7 891,7</b>	7 154,9
-	-	-	18,0	<b>7 891,2</b>	7 086,6
-	-	<b>0,5</b>	68,3	<b>0,5</b>	68,3
				<b>38,7</b>	101,1
				<b>8,3</b>	36,2
				<b>257,1</b>	188,8
				<b>8 195,8</b>	7 481,0
-	1,0	<b>9,0</b>	62,3	<b>1 272,8</b>	870,3
-	1,0	-	0,2	<b>1 263,8</b>	808,2
-	-	<b>9,0</b>	62,1	<b>9,0</b>	62,1
				<b>260,5</b>	260,5
				<b>4 295,0</b>	3 980,9
				<b>295,1</b>	276,8
				<b>37,9</b>	64,2
				<b>6 161,3</b>	5 452,7
-	-	-	0,3	<b>2 206,5</b>	831,7
-	-	-	-	<b>2 206,5</b>	831,4
-	-	-	0,3	-	0,3
-	-	<b>1,3</b>	1,6	<b>392,1</b>	390,1
-	-	-	-	<b>390,8</b>	388,5
-	-	<b>1,3</b>	1,6	<b>1,3</b>	1,6

In order to supplement the information provided in the annual financial statements, the following additional unaudited information for the year ended 31 December 2004 is supplied:

TRENCOR LIMITED AND SUBSIDIARIES

PAGE

- 54 Balance sheet US\$  
55 Income statement US\$  
– as virtually all of the group's revenue and assets and much of its expenditure are denominated in currencies other than rand (principally US dollars).

TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES

- 56 Balance sheet US\$  
57 Income statement US\$

	2004 US\$M	2003 US\$M
<b>ASSETS</b>		
NON-CURRENT ASSETS		
PROPERTY, PLANT AND EQUIPMENT	997,5	719,0
INVESTMENT PROPERTIES	–	4,4
INTANGIBLE ASSETS	2,6	3,3
GOODWILL	2,8	3,2
INVESTMENT IN ASSOCIATES	–	9,8
INVESTMENTS	6,9	5,4
LONG-TERM LOANS	1,5	4,2
LONG-TERM RECEIVABLES	222,9	218,5
NET INVESTMENT IN DIRECT FINANCE LEASES	3,4	5,3
OTHER NON-CURRENT ASSETS	45,8	28,5
	<b>1 283,4</b>	<b>1 001,6</b>
CURRENT ASSETS		
INVENTORIES	1,7	7,7
TRADE AND OTHER RECEIVABLES	97,4	69,5
CURRENT PORTION OF LONG-TERM LOANS	–	1,3
CASH AND CASH EQUIVALENTS, INCLUDING RESTRICTED CASH OF US\$27,9 MILLION AND US\$7,2 MILLION IN 2004 AND 2003 RESPECTIVELY	78,4	49,9
	<b>177,5</b>	<b>128,4</b>
<b>TOTAL ASSETS</b>	<b>1 460,9</b>	<b>1 130,0</b>
<b>EQUITY AND LIABILITIES</b>		
CAPITAL AND RESERVES		
SHARE CAPITAL AND PREMIUM	25,0	24,7
RESERVES	239,1	202,8
SHAREHOLDERS' EQUITY	264,1	227,5
MINORITY INTEREST	98,6	78,8
TOTAL SHAREHOLDERS' FUNDS	362,7	306,3
CONVERTIBLE DEBENTURES	46,4	39,4
OTHER NON-CURRENT LIABILITIES		
INTEREST-BEARING BORROWINGS	703,7	536,1
AMOUNTS ATTRIBUTABLE TO THIRD PARTIES IN RESPECT OF LONG-TERM RECEIVABLES	61,9	57,4
DERIVATIVE INSTRUMENTS	4,5	13,1
DEFERRED TAXATION	52,6	41,8
	<b>1 231,8</b>	<b>994,1</b>
CURRENT LIABILITIES		
TRADE AND OTHER PAYABLES, INCLUDING CONTAINER CONTRACTS PAYABLE FOR NEW EQUIPMENT PURCHASES OF US\$73.4 MILLION (2003: US\$4.0 MILLION) WHICH WILL BE FINANCED FROM NORMAL CASH FLOW AND EXISTING FACILITIES	155,6	55,0
PROVISIONS	7,5	11,5
CURRENT PORTION OF INTEREST-BEARING BORROWINGS	61,9	65,3
DEFERRED INCOME	4,1	4,1
	<b>229,1</b>	<b>135,9</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 460,9</b>	<b>1 130,0</b>
LIQUIDITY		
RATIO TO AGGREGATE OF TOTAL SHAREHOLDERS' FUNDS AND CONVERTIBLE DEBENTURES		
TOTAL LIABILITIES EXCLUDING CONVERTIBLE DEBENTURES	257,1%	226,9%
INTEREST-BEARING LIABILITIES EXCLUDING CONVERTIBLE DEBENTURES	187,1%	174,0%

Trencor Limited  
and subsidiaries  
Additional information US\$  
Income statement for the year  
ended 31 December 2004

	2004 US\$M	2003 US\$M
REVENUE	243,1	192,8
TRADING PROFIT BEFORE CHARGING ITEMS BELOW:	86,4	66,5
CONTINUING OPERATIONS	86,4	68,3
DISCONTINUING OPERATIONS	–	(1,8)
EXCHANGE LOSS ON TRANSLATION	(12,0)	(15,0)
NET LONG-TERM RECEIVABLE REVALUATION ADJUSTMENT	25,0	–
CHANGE IN DISCOUNT RATE RELATING TO AMOUNT ATTRIBUTABLE TO THIRD PARTIES IN RESPECT OF LONG-TERM RECEIVABLES	(6,0)	–
GOODWILL AMORTISATION – SUBSIDIARY	(0,3)	(0,3)
GOODWILL IMPAIRMENT	(0,7)	(0,1)
DISCONTINUING OPERATIONS	1,1	0,2
<b>PROFIT FROM OPERATING ACTIVITIES</b>	<b>93,5</b>	<b>51,3</b>
NET INTEREST EXPENSE	(39,1)	(33,1)
INTEREST PAID – TEXTAINER	(23,4)	(22,7)
– TRENSTAR	(13,4)	(8,1)
– OTHER	(3,8)	(4,2)
INTEREST RECEIVED	1,5	1,9
EXCEPTIONAL ITEMS	(5,1)	9,9
SHARE OF PROFIT OF ASSOCIATE COMPANY	0,4	0,7
<b>PROFIT BEFORE TAXATION</b>	<b>49,7</b>	<b>28,8</b>
INCOME TAX	6,0	(2,8)
<b>PROFIT AFTER TAXATION</b>	<b>43,7</b>	<b>31,6</b>
MINORITY INTEREST	(17,6)	(15,1)
<b>NET PROFIT FOR THE YEAR</b>	<b>26,1</b>	<b>16,5</b>
WEIGHTED AVERAGE NUMBER OF SHARES IN ISSUE (MILLION)	153,8	153,2
BASIC EARNINGS PER SHARE (US CENTS)	17,0	10,8
DILUTED EARNINGS PER SHARE (US CENTS)	16,7	9,3
UNDILUTED HEADLINE EARNINGS PER SHARE (US CENTS)	20,1	5,6
DILUTED HEADLINE EARNINGS PER SHARE (US CENTS)	19,7	4,7
YEAR-END RATE OF EXCHANGE: SA RAND TO US DOLLAR	5,61	6,62



	2004 US\$M	2003 US\$M
<b>ASSETS</b>		
CURRENT ASSETS		
CASH AND CASH EQUIVALENTS, INCLUDING RESTRICTED CASH OF US\$6,7 MILLION AND US\$4,4 MILLION IN 2004 AND 2003, RESPECTIVELY	<b>38,7</b>	26,1
ACCOUNTS RECEIVABLE, NET OF ALLOWANCE FOR DOUBTFUL DEBTS OF US\$4,3 MILLION AND US\$2,2 MILLION IN 2004 AND 2003, RESPECTIVELY	<b>46,2</b>	27,0
NET INVESTMENT IN DIRECT FINANCE LEASES	<b>2,3</b>	2,2
CONTAINERS HELD FOR RESALE	<b>0,8</b>	0,5
PREPAID EXPENSES	<b>1,9</b>	1,7
DUE FROM AFFILIATES, NET	<b>0,4</b>	0,4
	<b>90,3</b>	57,9
NON-CURRENT ASSETS		
CONTAINERS, NET	<b>748,6</b>	547,4
NET INVESTMENT IN DIRECT FINANCE LEASES	<b>3,4</b>	5,3
INVESTMENTS IN AFFILIATES	<b>0,4</b>	0,6
FIXED ASSETS, NET	<b>2,2</b>	1,8
OTHER ASSETS	<b>4,8</b>	5,5
<b>TOTAL ASSETS</b>	<b>849,7</b>	618,5
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
CURRENT LIABILITIES		
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	<b>26,1</b>	14,7
CONTAINER CONTRACTS PAYABLE WHICH WILL BE FINANCED FROM NORMAL CASH FLOW AND EXISTING FACILITIES	<b>73,4</b>	4,0
DAMAGE PROTECTION PLAN RESERVE	<b>6,3</b>	4,1
DUE TO OWNERS, NET	<b>11,7</b>	5,2
OBLIGATIONS UNDER CAPITAL LEASES	-	0,3
BONDS PAYABLE	<b>30,0</b>	30,0
<b>TOTAL CURRENT LIABILITIES</b>	<b>147,5</b>	58,3
NON-CURRENT LIABILITIES		
SECURED DEBT FACILITY	<b>296,0</b>	164,0
BONDS PAYABLE	<b>177,5</b>	207,5
CASH FLOW HEDGING DERIVATIVES	<b>4,1</b>	13,1
DEFERRED INCOME TAXES, NET	<b>8,9</b>	6,4
<b>TOTAL LIABILITIES</b>	<b>634,0</b>	449,3
MINORITY INTEREST	<b>43,7</b>	29,3
STOCKHOLDERS' EQUITY	<b>172,0</b>	139,9
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>849,7</b>	618,5

Textainer Group Holdings Limited  
and subsidiaries

Additional information US\$

Income statement for the year  
ended 31 December 2004

	2004 US\$M	2003 US\$M
<b>REVENUES</b>		
LEASE RENTAL INCOME	147,2	122,3
MANAGEMENT FEES	17,9	16,8
TRADING CONTAINER SALES PROCEEDS	8,4	9,3
GAIN ON SALES OF ASSETS, NET	4,3	-
OTHER, NET	2,5	1,8
<b>TOTAL REVENUES</b>	<b>180,3</b>	<b>150,2</b>
<b>OPERATING EXPENSES</b>		
DIRECT CONTAINER EXPENSE	18,7	17,6
COST OF TRADING CONTAINERS SOLD	6,2	7,2
DEPRECIATION EXPENSE	48,3	42,7
GENERAL AND ADMINISTRATIVE EXPENSE	22,2	19,6
<b>TOTAL OPERATING EXPENSES</b>	<b>95,4</b>	<b>87,1</b>
<b>INCOME FROM OPERATIONS</b>	<b>84,9</b>	<b>63,1</b>
OTHER (EXPENSE)/INCOME	(23,2)	(22,5)
INTEREST EXPENSE	(23,4)	(22,7)
INTEREST INCOME	0,4	0,2
OTHER, NET	(0,2)	-
MINORITY INTEREST IN NET INCOME OF SUBSIDIARY	(11,3)	(8,1)
<b>INCOME BEFORE INCOME TAX EXPENSE</b>	<b>50,4</b>	<b>32,5</b>
INCOME TAX EXPENSE	(4,0)	(3,0)
<b>NET INCOME</b>	<b>46,4</b>	<b>29,5</b>



**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](mailto:info@trencor.net)  
[investorrelations@trencor.net](mailto:investorrelations@trencor.net)

**TRANSFER SECRETARIES**

COMPUTERSHARE INVESTOR SERVICES 2004  
(PTY) LTD  
70 MARSHALL STREET  
JOHANNESBURG 2001

P O 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>

**SOUTH AFRICAN COMMERCIAL BANK**  
FIRSTSTRAND BANK LTD

**AUDITORS**

KPMG INC

**ATTORNEYS**

SONNENBERG HOFFMANN GALOMBIK

**SPONSORS**

RAND MERCHANT BANK (A DIVISION OF  
FIRSTSTRAND BANK LTD) CORPORATE  
FINANCE

**FTSE/JSE SECTOR CLASSIFICATION**

CYCLICAL SERVICES, TRANSPORT –  
SHIPPING & PORTS

**MARKET NAME**

TRENCOR

**JSE SHARE CODES**

ORDINARY SHARES: TRE

ISIN: ZAE000007506

6% CONVERTIBLE DEBENTURES: TED2

ISIN: ZAE000007282

**Analysis of share  
and debenture holders  
at 31 December 2004**

	ORDINARY SHARES				6% CONVERTIBLE DEBENTURES			
	NUMBER OF HOLDERS	% OF HOLDERS	NUMBER OF SHARES	% INTEREST	NUMBER OF HOLDERS	% OF HOLDERS	NUMBER OF DEBENTURES	% INTEREST
MOBILE INDUSTRIES	1	0,1	72 964 978	47,4	1	0,4	13 730 780	48,0
BANKS AND INSURANCE COMPANIES	28	2,4	17 552 397	11,4	5	1,9	2 974 549	10,4
INDIVIDUALS	714	61,8	4 274 058	2,8	145	53,9	1 765 619	6,2
INVESTMENT COMPANIES	19	1,7	1 955 234	1,3	5	1,9	3 127 900	10,9
MUTUAL FUNDS	95	8,2	37 306 801	24,2	21	7,8	4 229 139	14,8
NOMINEE COMPANIES OR TRUSTS	155	13,4	1 772 367	1,1	57	21,2	699 553	2,4
OTHER CORPORATE BODIES	60	5,2	1 545 385	1,0	23	8,5	616 649	2,1
RETIREMENT FUNDS	83	7,2	16 660 872	10,8	12	4,4	1 482 611	5,2
<b>TOTAL</b>	<b>1 155</b>	<b>100,0</b>	<b>154 032 092</b>	<b>100,0</b>	<b>269</b>	<b>100,0</b>	<b>28 626 800</b>	<b>100,0</b>
<b>SHAREHOLDER SPREAD</b>								
<b>PUBLIC SHAREHOLDERS</b>	<b>1 151</b>	<b>99,6</b>	<b>80 790 506</b>	<b>52,4</b>	<b>267</b>	<b>99,2</b>	<b>11 896 020</b>	<b>41,6</b>
<b>NON-PUBLIC SHAREHOLDERS</b>	<b>4</b>	<b>0,4</b>	<b>73 241 586</b>	<b>47,6</b>	<b>2</b>	<b>0,8</b>	<b>16 730 780</b>	<b>58,4</b>
DIRECTORS AND ASSOCIATES	3	0,3	276 608	0,2	–	–	–	–
PERSONS INTERESTED, DIRECTLY OR INDIRECTLY, IN 10% OR MORE	–	–	–	–	1	0,4	3 000 000	10,4
MOBILE INDUSTRIES	1	0,1	72 964 978	47,4	1	0,4	13 730 780	48,0
<b>TOTAL</b>	<b>1 155</b>	<b>100,0</b>	<b>154 032 092</b>	<b>100,0</b>	<b>269</b>	<b>100,0</b>	<b>28 626 800</b>	<b>100,0</b>

**Major share and  
debenture holders**

The direct and indirect beneficial interests of ordinary shareholders and holders of 6% convertible debentures who, insofar as is known, held 5% or more of the issued securities at 31 December 2004 were as follows:

	SHARES			6% CONVERTIBLE DEBENTURES	
	DIRECT	INDIRECT THROUGH MOBILE	'N' ORDINARY	DIRECT	INDIRECT THROUGH MOBILE
	ORDINARY %	ORDINARY %	%	%	%
OLD MUTUAL GROUP	14,2	5,1	10,2	20,8	14,8
NEDCOR	7,5			5,1	
CORONATION	6,7	7,0			
	28,4	12,1	10,2	25,9	14,8
MOBILE INDUSTRIES	47,4			48,0	
	75,8			73,9	

**EXECUTIVE**

**NEIL IAN JOWELL (71)**

B Com LLB (UCT) MBA (Columbia) is chairman of the board and of the executive committee. He is the elder son of Trenchor'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 committee. 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 (60)**

B Com (UCT) CA (SA) is in charge of finance. He was appointed as an alternate director on 18 April 1984 and as a full director on 15 May 1996. He is a member of the executive committee. Prior to joining Trenchor on 10 June 1976, he was an accountant in public practice.

**HENDRIK (HENNIE) ROUX VAN DER MERWE (57)**

BA Law LLB (Stellenbosch) LLM (Tax) (Wits) is managing director. He joined Trenchor 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 a deputy chairman of Waco International Ltd before transferring to Trenchor. He is a member of the executive committee.

**NON-EXECUTIVE**

**CECIL JOWELL (69)**

B Com LLB (UCT), the younger son of the company's founder, joined Trenchor 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**

**HAROLD AUBREY GORVY (77)**

B Com (UCT) CA (SA) FCA has been a non-executive director of the company since 18 April 1984. He is an executive director of Stonehage Group, an international financial services group and was previously chairman of Andersens in South Africa. He relocated to the UK in 1987. He is a member of the audit and nomination committees and serves as an executive and non-executive director on the boards of several unlisted companies.

**JAMES (JIM) EDWARD HOELTER (65)**

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 non-executive chairman of TrenStar Inc, chairman of the audit committees of Textainer and TrenStar and a member of Trenchor's audit committee.

**DAVID MORRIS NUREK (54)**

Dip Law (UCT) Grad Dip Company Law (UCT) is an executive of Investec Bank Ltd. He was appointed as an alternate director of Trenchor 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 is chairman of the remuneration and nomination committees and a member of the audit committee and serves on the boards of numerous listed and unlisted companies in a non-executive capacity.

**EDWIN (EDDY) OBLowitz (47)**

B Com (UCT) CA (SA) CPA (Isr) was appointed as a non-executive director and as chairman of the audit committee on 3 March 2004. He was previously an international partner of Andersens in South Africa before becoming an independent financial and business consultant. He serves on the boards of various listed and unlisted companies in a non-executive capacity and as a trustee of various trusts.

AGES AT 31 DECEMBER 2004

# Diary

	25 May 2005 Annual general meeting
	31 December Financial year-end
Announcements	August Interim report
	February/March Reviewed annual results
	March/April Annual financial statements
Dividend	April Dividend paid
6% convertible debentures	June and December Interest paid



Notice is hereby given that the forty-ninth annual general meeting of shareholders of Trencor Limited ('the company') will be held at 1313 Main Tower, Standard Bank Centre, Heerenracht, Cape Town on Wednesday, 25 May 2005 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 2004.
2. To consider, and if deemed fit, to re-elect, on an individual basis, Messrs N I Jowell, J E McQueen and D M Nurek who retire by rotation as directors in terms of the articles of association but, being eligible, offer themselves for re-election. (Brief résumés of the directors are presented on page 59 of the annual report.)
3. To place the 8731 709 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') and the Listings Requirements of the JSE Securities Exchange South Africa ('JSE').
4. To confirm, in terms of the articles of association of the company, the directors' remuneration paid for the year ended 31 December 2004, as set out on page 11 of the annual report.
5. 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 Securities Exchange South Africa ('JSE') as presently constituted and which may be amended from time to time, and provided that:
  - 5.1 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;
  - 5.2 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;
  - 5.3 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 the class of shares acquired in issue at the time of granting of this general authority, and each time the company acquires a further 3% of such shares thereafter;
  - 5.4 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 the class of shares acquired from the date of the grant of this general authority;

- 5.5 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."

■ **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, after the acquisition of the shares, 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 this notice of the annual general meeting;
  - the consolidated assets of the company and the group, fairly valued in accordance with South African Statements of Generally Accepted Accounting Practice and recognised and measured in accordance with the accounting policies used in the latest audited financial statements will, after the acquisition, be in excess of the consolidated liabilities of the company and its subsidiaries for the next twelve months after the date of this notice of the annual general meeting;
  - the issued share capital and reserves of the company and the group will, after the acquisition, be adequate for ordinary business purposes of the company or any acquiring subsidiary for the next twelve months after the date of this notice of the annual general meeting;
  - the working capital available to the company and the group will, after the repurchase, be sufficient for ordinary business its requirements for the next twelve

months after the date of this notice of the annual general meeting; and

- a working capital statement will be obtained from the company's sponsors as and when any acquisition of its shares is contemplated.

6. To transact such other business as may be transacted at an annual general meeting.

■ **General instructions and information**

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 page 3 and 58 respectively;
- the major shareholders of the company on page 58;
- the directors' interests in securities in the company on page 12;
- the share capital of the company in note 15 on page 37, and an analysis of the shareholders on page 58.

There are no material changes to the group's financial or trading position (other than as disclosed in the accompanying annual report), nor are there any legal or arbitration proceedings that may affect the financial position of the group between 24 March 2005 and the reporting date.

The directors, whose names are given on page 3 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 requires all information required by law and the JSE Listings Requirements.

All shareholders are encouraged to attend, speak and vote at the annual general meeting.

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 Security 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 to be received 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 operated by STRATE Limited ('STRATE'), held through a CSDP or broker (or its nominee) and are not registered as an 'own name' dematerialised shareholder, then you are not a registered 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 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 it; 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 it with your voting instructions in respect of the annual general meeting and/or request it 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, within the time period required by it.

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 to be received 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  
24 MARCH 2005



# FORM OF PROXY

(Incorporated in the Republic of South Africa)  
 (Registration number 1955/002869/06)  
 ('the company')  
 Ordinary shares (Share code: TRE ISIN: ZAE000007506)

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, 25 May 2005 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 member 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 ( )

TELEPHONE: HOME ( )

BEING A MEMBER(S) OF THE COMPANY, HOLDING

ORDINARY 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 (one vote per ordinary share) (see note 2). Unless otherwise instructed my/our proxy can vote as he/she deems fit.

	VOTES		
	FOR	AGAINST	ABSTAIN
1. Approval of the adoption of annual financial statements.			
2. Re-election of directors:			
N I JOWELL			
J E McQUEEN			
D M NUREK			
3. Placing the 8 731 709 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 2004 as set out in the annual financial statements.			
5. 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 2005

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)



**NOTES:**

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 2004 (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 or posted to Computershare Investor Services 2004 (Pty) Limited, PO Box 61051, Marshalltown, 2107. Forms of proxy must be received or lodged by no later than 24 hours before the annual general meeting (i.e. 15:00 on Tuesday, 24 May 2005).
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 members, 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 it; 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 it with your voting instructions in respect of the annual general meeting and/or request it 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).

