

Trencor Limited is an investment holding company listed on the JSE. The group's core business focus is owning, leasing, managing and reselling marine cargo containers worldwide, and finance related activities.

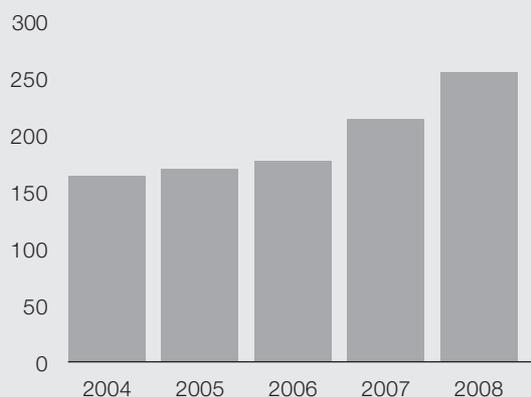
highlights

Continuing operations		2008	2007
Trading profit after net finance costs	Rm	810	675
	US\$m	100	97
Profit before taxation	Rm	1 122	901
	US\$m	98	133
Headline earnings	Rm	720	399
	US\$m	58	60
Headline earnings per share	SA cents	384	213
	US cents	31	32
Adjusted headline earnings per share ¹	SA cents	252	214
	US cents	31	31
Dividends per share	SA cents	110	80
Net asset value per share	SA cents	2 402	1 701
	US cents	259	248
Gearing ²	%	101	92

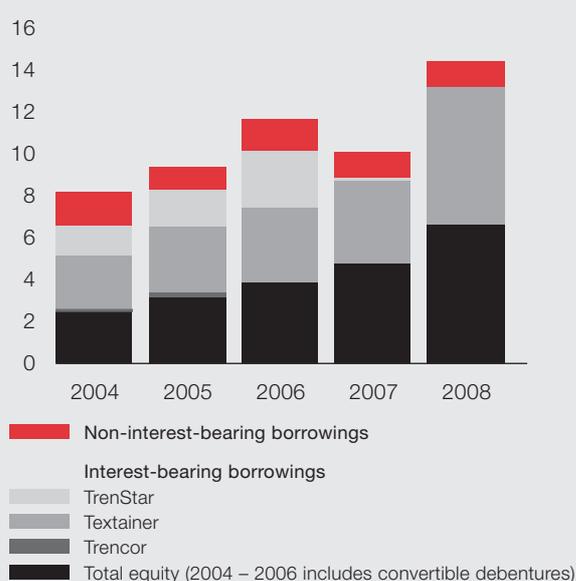
¹ Refer to note 28 to the financial statements.

² Ratio of interest-bearing borrowings to aggregate of total equity.

Diluted adjusted headline earnings per share
(SA cents per share)



Funding of total assets
(R billion)



* N I JOWELL	Chairman
* H R VAN DER MERWE	Managing
H A GORVY ¹	Independent
J E HOELTER USA	Independent
C JOWELL	
* J E McQUEEN	Financial
D M NUREK	Independent
E OBLOWITZ	Independent
* EXECUTIVE	

Audit committee

E OBLOWITZ Chairman
 H A GORVY¹
 J E HOELTER
 D M NUREK

Remuneration committee

D M NUREK Chairman
 N I JOWELL

Executive committee

N I JOWELL Chairman
 C JOWELL
 J E McQUEEN
 H R VAN DER MERWE

Nomination committee

D M NUREK Chairman
 H A GORVY¹
 C JOWELL
 N I JOWELL²

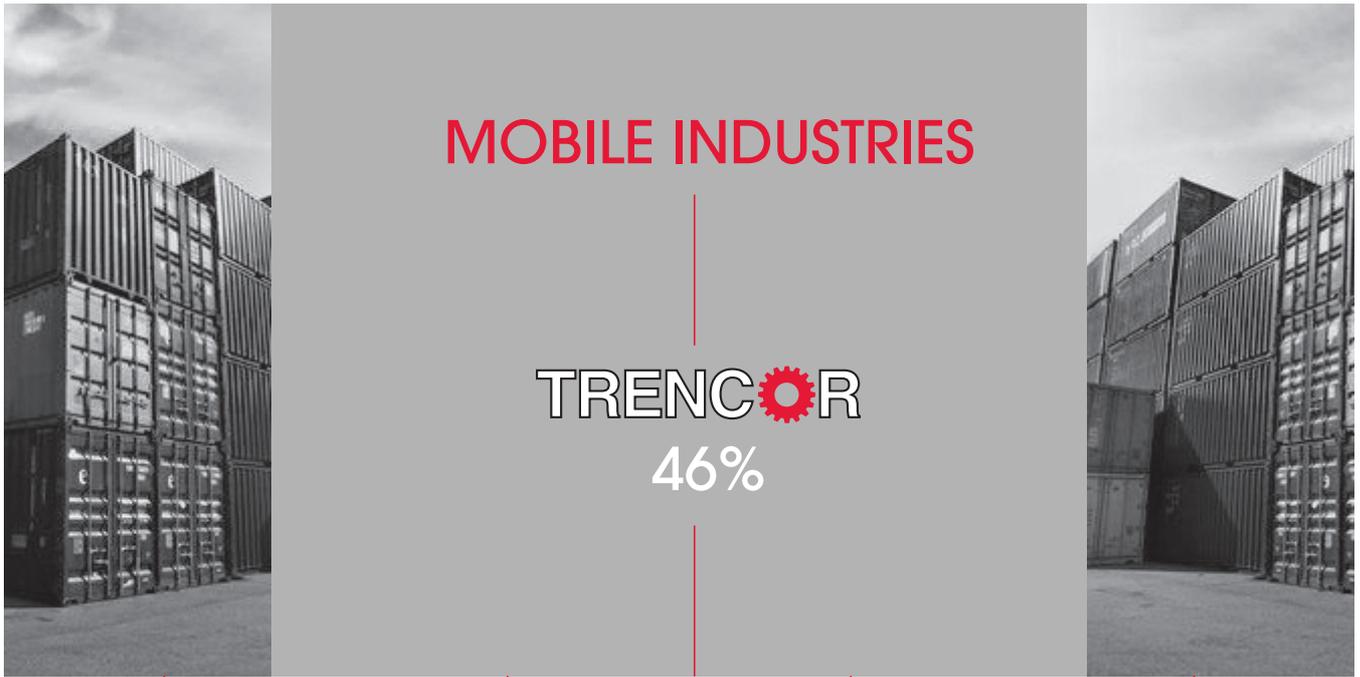
¹ Resigned 31 March 2009.

² Appointed 31 March 2009.

Brief résumés of the directors are presented on page 65.

Textainer: President and Chief Executive Officer

J A MACCARONE USA



TEXTAINER 62,6%	TRENCOR SERVICES 100%	TRENCOR CONTAINERS 100%	TAC 44%
<p>Listed on the New York Stock Exchange, the Textainer group owns, leases, manages and resells marine cargo containers worldwide</p>	<p>Corporate administration and financing</p>	<p>Collection of long-term receivables</p>	<p>Owning of marine cargo containers</p>

	2008 Rm	2007 Rm	2006 Rm	2005 Rm	2004 Rm
Operating results					
Revenue	2 804	1 698	1 730	2 100	1 120
Profit before tax	1 122	901	742	734	216
Headline earnings attributable to shareholders	720	399	380	396	114
Balance sheet summary					
Shareholders' equity	4 502	3 186	2 358	1 968	1 473
Minority interest	2 117	1 429	1 079	833	560
Total equity	6 619	4 615	3 437	2 801	2 033
Convertible debentures	–	–	261	261	261
Interest-bearing borrowings	6 689	4 237	6 427	5 181	4 295
Funding of total net assets	13 308	8 852	10 125	8 243	6 589
Property, plant and equipment	9 198	5 726	7 982	6 315	5 596
Other non-current assets	2 817	2 274	2 322	1 702	1 605
Current assets	2 449	2 066	1 285	1 366	996
Total assets	14 464	10 066	11 589	9 383	8 197
Non-interest-bearing liabilities	1 156	1 214	1 464	1 140	1 608
Total net assets	13 308	8 852	10 125	8 243	6 589
Statistics					
Number of issued shares (million)	187	187	158	156	154
Equity book value per share (cents)	2 402	1 701	1 488	1 265	956
Headline earnings per share (cents)*	384	213	209	218	77
Adjusted headline earnings per share (cents)*	252	214	175	167	160
Dividends per share (cents)	110	80	57	40	12
Dividend cover based on adjusted headline earnings (times)	2,3	2,7	3,1	4,2	13,3
Liquidity (%)					
Ratio to aggregate of total equity and convertible debentures					
Total liabilities excluding convertible debentures	119	118	213	207	257
Interest-bearing borrowings excluding convertible debentures	101	92	174	170	187
Current ratio (times)	2,4	1,5	0,9	1,1	0,8
Profitability (%)					
Taxed profit to total equity	18	16	21	26	11
Taxed profit before interest to total assets	11	8	8	10	5
Profit attributable to shareholders to shareholders' equity	19	14	18	23	8
Number of employees	191	500	542	528	408

* 2004 – 2006: headline earnings, diluted to recognise the conversion of debentures into shares effective 1 January 2007.

The results for 2008 have been very pleasing. **Trading profit** net of financing costs increased by 20% to R810 million. These excellent results are mostly due to the outstanding performance of Textainer, our container leasing business, operating worldwide with headquarters in Bermuda and administration carried out in San Francisco.

Adjusted headline earnings best reflects our sustainable performance. This measure includes, inter alia, net gains and losses arising from the ongoing disposals of containers from Textainer's leasing fleet but excludes unrealised foreign exchange translation gains and losses. For the year these earnings amounted to 251,9 cents per share, an increase of 18% over last year.

Headline earnings per share, which includes net unrealised foreign exchange translation gains and losses and excludes gains on container sales, were 384,4 cents, an increase of 80% over 2007. These differing measures are better reflected in tabular form:

	2008 Cents per share	2007 Cents per share
Headline earnings	384,4	212,9
Add/(Deduct):		
Various TrenStar adjustments	–	(44,3)
Net gains on container sales	36,4	34,4
Foreign exchange translation (gains)/losses	(168,9)	11,0
Adjusted headline earnings	251,9	214,0

Textainer

In its first full year as a listed company on the New York Stock Exchange, Textainer delivered an outstanding performance, earning US\$99,8 million (US\$2,10 a Textainer share) before charging net unrealised gains and losses on interest rate swaps. This is a 38% improvement on earnings of US\$72,2 million in the previous year. Highlights of the year were:

- renewing and expanding debt facilities; available credit now totals US\$680 million;
- originating of long-term leases of containers amounting to 212 000 TEU (twenty-foot equivalent unit);
- successfully entering the refrigerated container market; and
- achieving an average fleet utilisation of almost 95% for the year.

Dividend

The satisfactory ongoing collection of Tencor's long-term receivables together with Textainer's excellent management of working capital provided a strong boost to the group cash flow. Cash balances at the 'centre' were enhanced by an increased dividend from Textainer. On the other hand, the world's financial

situation and tight credit markets, together with the stated policy of Textainer and Tencor to pursue acquisitions which we believe may arise this year make it advisable to conserve cash. Taking into account all these factors and also considering the low leverage in the group, the board declared a final dividend of 75 cents per share making a total of 110 cents in respect of 2008, an increase of 38% over last year.

Strategy

As noted in the last two annual reports, it has been and remains our strategy to invest in existing businesses involved in the movement of goods and to include in our activities similar businesses that have the potential to render acceptable returns. We have pursued this policy, and Tencor is now essentially an investment holding company. Its core focus is owning, leasing, managing and reselling marine cargo containers worldwide as well as finance related activities.

Group structure

Having listed Textainer, we reviewed the need for continuing the existing listed corporate structures and explored the possibility of Tencor unbundling its shares in Textainer. The conclusion, after canvassing our professional advisers as well as major shareholders is that the current structure holds significant advantage for Tencor, Textainer and Mobile Industries as well as for their respective shareholders and should accordingly be retained for the time being.

We considered, inter alia, tax, exchange control restrictions on holding foreign shares and the benefits of a stable and established corporate structure. Particular weight was given to avoiding negative effects that may result from unsolicited corporate activity, the more so in a business such as Textainer that is particularly management intensive and heavily reliant on its team for success.

Textainer is an excellent investment and the retention of Tencor as its holding company provides SA shareholders the unique opportunity to invest in a NYSE listed company using rand and without resorting to their offshore investment allowances.

Most of these factors relate to Tencor's interest in Textainer but also, of course, directly affect Mobile's shares. In particular, Mobile's shareholding in Tencor is an integral part of the stability afforded by the structure and we believe is, at this stage, to the benefit of Tencor and Textainer and their shareholders.

Prospects

The worldwide liquidity crisis that began in 2008 has, of course, impacted on our container leasing customers. Freight volumes have declined as have freight rates leading to lower utilisation, increased costs and reduced margins. We anticipate that our seasoned management team will minimise the downside of these

adverse trading conditions and take advantage of the opportunities these conditions may bring.

Appreciation

It is with regret that we announce the resignation of Harold Gorvy from our board. He has reached an age where he has decided to retire. His association with Trenchor began before our listing on the JSE in 1956; first as our auditor and then as director when he retired from the audit profession. His understanding of finance was of the highest order and he always gave of his best with great integrity and a sure grasp of what was right and wrong in the often ambiguous world of business. We shall miss him greatly and wish him well.

To my colleagues on the board, I thank them for their guidance in overseeing the affairs of the group and to Trenchor's people, most of whom are located outside South Africa, I express my appreciation for the contribution they have made to our group.



N I Jowell
31 March 2009

Textainer

Operating since 1979, Textainer is primarily engaged in owning, leasing, managing and reselling standard and special dry freight marine cargo containers to global transportation companies. Textainer Group Holdings Ltd listed on the New York Stock Exchange (NYSE: TGH) on 10 October 2007. At 31 December 2008, Trenchor had a 62,6% (2007: 62,6%) interest in the company. Textainer produced excellent results in 2008 with net profit of US\$87,7 million (2007: US\$66,6 million). Textainer's income tax expense of US\$6,8 million in 2007 changed to an income tax benefit of US\$0,9 million in 2008 mainly as a result of the company's reduction of unrecognised tax benefits following the completion of an audit by the Internal Revenue Service.

Average fleet utilisation for the year was 94,8% (2007: 93,9%).

Textainer is the world's largest lessor of intermodal containers based on fleet size, with a total fleet of more than 1,3 million containers, representing over 2 million TEU (twenty-foot equivalent unit). Textainer leases containers to more than 400 shipping lines and other lessees, including each of the world's top 20 container lines, as measured by the total TEU capacity of their container vessels. The company has provided an average of more than 100 000 TEU of new containers each year for the past 10 years and has also been one of the largest purchasers of new containers among container lessors over the same period. Textainer is one of the largest sellers of used containers among container lessors, having sold more than 170 000 containers during the past two years to more than 1 000 customers.

Textainer provides its services worldwide via a network of 14 regional and area offices and over 330 independent depots in more than 150 locations. Textainer's carefully designed specifications, in-house production quality control, depot selection and audit programme are all part of a system built to manage customers' costs and provide a high quality container service.

In April 2008, Textainer established a fresh revolving credit facility with its bankers with an aggregate commitment of up to US\$205 million. This facility provides for payments of interest only during its term through to April 2013 when all borrowings are due in full. In July 2008, Textainer extended its secured debt facility and increased the commitment from US\$300 million to US\$475 million; this facility provides for payments of interest only during an initial two-year period, with a provision for the secured debt facility then to convert to a 10-year, but not to exceed 15-year, amortising note payable.

In addition to its own fleet, Textainer manages containers for a number of other owners, including TAC, a container-owning company in which Trenchor has a 44% interest. Management fees and sales commissions arising from these arrangements continue to make significant contributions to the company's operating results and also reduce volatility, even in cyclical downturns. Excluding finance leases, the total fleet under Textainer's management at 31 December 2008 numbered 1 980 000 TEU of which some 71,1% (2007: 64,9%) were on long-term lease. Textainer itself owned 868 000 TEU of which 72,8% (2007: 69,2%)

were on long-term lease. The average age of Textainer's owned fleet was 6,2 years and of the whole fleet 6,8 years.

Textainer re-entered the refrigerated container market (which it had exited in the 1990s) and purchased approximately US\$48 million of new refrigerated containers in 2008. Aggregate new equipment purchases during the year amounted to 123 500 TEU valued at US\$294 million with virtually all of the equipment going into long-term leases and finance lease contracts. The ratio of interest-bearing debt to total equity was 143% (2007: 128%) 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, usually selling them in major demand markets. During the year, the high utilisation made the sourcing of used containers for resale difficult. In spite of this, the division had the best year in its history with profit before tax of US\$14,3 million which exceeded the record results of 2007 by US\$4 million or 38%. 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's 2008 annual report can be accessed on its website <http://www.textainer.com>.

Textainer: Salient information

	2008	2007	Change
Financial (US\$ million)			
Total revenue	262,3	241,9	+8,4%
Profit before tax	94,0	90,1	+4,3%
Net profit	87,7	66,6	+31,7%
Profit attributable to Trenchor	54,9	46,2	+18,8%
Operational			
Average fleet utilisation	94,8%	93,9%	+0,9%
Fleet under management (TEU '000s), excluding finance leases	1 980	1 990	-10
Owned	868	818	+50
Managed	1 112	1 172	-60
Long-term lease fleet	1 409	1 292	+117
Short-term lease fleet	571	698	-127
Finance leases	65	50	+15

Net investment in long-term receivables

The aggregate amount of outstanding long-term receivables denominated in United States dollars at 31 December 2008 was US\$266 million (2007: US\$295 million). The discount rate applied in the valuation of the long-term receivables is unchanged from 2007 at 8,5% per annum and the net present value of these receivables, before fair value adjustments, totalled R2,3 billion (2007: R1,8 billion). An exchange rate of US\$1 = R9,27 was used to translate dollar amounts into SA rand at 31 December 2008 (2007: US\$1 = R6,78). In compliance with the requirements of International Financial Reporting Standards, the resulting

translation gain, amounting to R630 million at net present value (2007: loss of R46 million) has been included in profit before tax.

A fair value adjustment is made to take account of the estimated timing of receipt and the possible non-collectibility of the receivables, and the related effect on the amounts attributable to third parties. The net fair value adjustment at 31 December 2008 was R654 million (2007: R463 million). Approximately 90% (2007: 90%) of the net adjustment relates to the estimated timing of receipt and is in the nature of deferred income and approximately 10% (2007: 10%) relates to the possible non-collectibility of receivables.

The increase in the value of the rand resulted in a loss of R191 million (2007: gain of R18 million) on translation of the dollar-denominated fair value adjustment against the receivables. At 31 December 2008, the net present value of long-term receivables after fair value adjustments amounted to R1,54 billion (2007: R1,25 billion).

The discount rate applied to reduce the rand amounts attributable to third parties to their net present values is unchanged from 2007 at 10% per annum.

TAC

The TAC group, in which Trenchor has a 44% interest, owned 205 000 TEU of dry freight containers of various types and 2 420 stainless steel tank containers at 31 December 2008, which are managed by a number of equipment managers who lease these containers to shipping lines. Textainer continues to manage the largest portion of the dry freight container fleet and Exsif Worldwide Inc manages most of the stainless steel tank containers. Market conditions were strong in the first half of 2008 but began slowing towards the end of the year as the shipping industry was impacted by the global economic downturn. Average utilisation across the whole fleet was 92% for the year compared with 91% for 2007. New container prices increased sharply earlier in 2008 while the resale prices for used containers held up well despite the weakening market in the latter part of the year. During the year, TAC purchased 14 633 TEU of new equipment at a cost of US\$37 million from manufacturers in China; these purchases were financed out of the company's own resources and its then existing facilities. All of the new equipment was purchased for the long-term lease fleet. TAC elected to convert its revolving credit facility to a six-year term loan in November 2008 because of the very onerous conditions proposed by lenders for an extension of the facility. TAC is now using more of its cash flow to pay down its bank loan and less to invest in new containers.

Property interest

Trenchor has a 15% interest in the company that owns and operates Grand Central Airport in Midrand, Gauteng, which continues to provide satisfactory returns. Our exposure to this investment is R3 million. This investment is regarded as non-core and will be disposed of when a suitable opportunity arises.

Finance

The principal financial ratios at 31 December 2008 and the comparative figures for 2007 are reflected in the table below:

	2008	2007
Ratio to the aggregate of total equity:		
Total liabilities %	119	118
Interest-bearing liabilities %	101	92
Current ratio (times)	2,4	1,5

In April 2008, Textainer established a fresh revolving credit facility with its bankers with an aggregate commitment of up to US\$205 million. This facility provides for payments of interest only during its term through to April 2013 when all borrowings are due in full. In July 2008, Textainer extended its secured debt facility and increased the commitment from US\$300 million to US\$475 million; this facility provides for payments of interest only during an initial two-year period, with a provision for the secured debt facility then to convert to a 10-year, but not to exceed 15-year, amortising note payable.

There is no interest-bearing debt in the group other than in Textainer.

Unrestricted cash at Trenchor corporate level was enhanced by the ongoing collection of the long-term receivables and dividends from Textainer, and amounted to R782 million at 31 December 2008. The current world financial situation and tight credit markets, together with the stated policy of Trenchor and Textainer to pursue appropriate acquisitions which may arise in the foreseeable future, make it advisable for Trenchor to conserve cash.

Trencor 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 appropriate, 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 65.

The board currently comprises seven directors, three of whom are executive and four non-executive of which three 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.

Board effectiveness reviews were conducted in 2002, 2005 and again in 2008. The board is satisfied with the outcome of the process.

There is a 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 CEO of the group's operating entity reports to the chairman of that board, who in turn reports to the Trencor board.

Directors' remuneration

The remuneration paid to the directors during the year ended 31 December 2008 was as follows:

	Guaranteed remuneration incl. allowances R'000	Contributions to		Incentive bonuses R'000	Equity compensation benefits R'000	Total remuneration R'000
		Medical aid R'000	Retirement funds R'000			
2008						
Non-executive directors						
H A Gory	163	-	-	-	-	163
J E Hoelter	1 325	-	-	-	-	1 325
C Jowell	729	11	-	534	-	1 274
D M Nurek	665	-	-	-	-	665
E Oblovitz	205	-	-	-	-	205
	3 087	11	-	534	-	3 632
Executive directors						
N I Jowell	1 495	22	-	1 334	-	2 851
J E McQueen	1 794	23	187	433	179	2 616
H R van der Merwe	2 166	24	228	600	179	3 197
	5 455	69	415	2 367	358	8 664
Aggregate remuneration 2008	8 542	80	415	2 901	358	12 296

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

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.

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 2008, five meetings were held and these were attended by all members in person or by telephone/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.

The remuneration paid to the directors for the year ended 31 December 2007 was as follows:

	Guaranteed remuneration incl. allowances R'000	Contributions to		Incentive bonuses R'000	Equity compensation benefits R'000	Total remuneration R'000
		Medical aid R'000	Retirement funds R'000			
2007						
Non-executive directors						
H A Gorvy	155	-	-	-	-	155
J E Hoelter	806	-	-	-	-	806
C Jowell	669	10	-	429	-	1 108
D M Nurek	241	-	-	-	-	241
E Oblowitz	195	-	-	-	-	195
	2 066	10	-	429	-	2 505
Executive directors						
N I Jowell	1 570	20	-	1 073	-	2 663
J E McQueen	1 884	20	196	349	294	2 743
H R van der Merwe	2 272	22	239	523	294	3 350
	5 726	62	435	1 945	588	8 756
Aggregate remuneration 2007	7 792	72	435	2 374	588	11 261

No fees are paid for services as director.

Share options

The following share options in terms of The Tencor Share Option Plan have been granted to and accepted by executive directors and/or their family trusts:

	Date granted	Number of options at 31/12/2008	Offer price per share (R)	Exercisable as follows	
				between	and
J E McQueen	11/06/04	50 000	12,10	11/06/07	11/06/12
	11/06/04	50 000	12,10	11/06/08	11/06/12
	11/06/04	50 000	12,10	11/06/09	11/06/12
	11/06/04	50 000	12,10	11/06/10	11/06/12
		200 000			
H R van der Merwe*	11/06/04	50 000	12,10	11/06/07	11/06/12
	11/06/04	50 000	12,10	11/06/08	11/06/12
	11/06/04	50 000	12,10	11/06/09	11/06/12
	11/06/04	50 000	12,10	11/06/10	11/06/12
		200 000			

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

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, at 31 December 2008 and 2007 were as follows:

	Beneficial		Total
	Direct	Indirect	
2008			
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	–	10 000	10 000
E Oblowitz	10 000	–	10 000
H R van der Merwe	–	–	–
	142 667	153 941	296 608
2007			
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	10 000	–	10 000
H R van der Merwe	–	–	–
	142 667	143 941	286 608

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

Mr J E Hoelter has an indirect beneficial interest in 1 885 146 shares (2007: 2 077 746 shares) representing 4,0% (2007: 4,4%) in the issued common stock of Textainer Group Holdings Ltd, in which Trenchor has a 62,6% interest (2007: 62,6%).

Between 11 and 13 March 2009, Mr N I Jowell acquired an indirect beneficial interest in 62 981 shares in Textainer Group Holdings Ltd.

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 2.

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 currently comprises one executive and two non-executive directors, one of whom is independent.

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. The minutes of these meetings are distributed to non-executive directors after each meeting.

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

The audit committee currently consists of three independent non-executive directors and normally meets at least twice a year, prior to the finalisation of the group's interim and 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 three occasions. The meetings were attended by all members. In addition, the committee chairman meets separately with the external auditors on an ad-hoc basis.

The audit committee is satisfied as to the expertise and experience of the financial director and that the external auditors are independent in the discharge of their duties. The use of the services of the external auditors for non-audit services requires prior approval by the committee.

The main group operating entity, Textainer Group Holdings Ltd, has its own audit committee comprising persons who are not executives of that entity. This committee submits minutes and reports to the Tencor audit committee after each meeting. The external auditors of this group entity have direct and unrestricted access to the respective audit committees.

Where appropriate, the internal audit functions are 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 audit function has direct and unrestricted access to the respective audit committees.

The audit committee has reviewed the group annual financial statements and annual financial statements for the year ended 31 December 2008 and recommended to the board that the said financial statements be approved.

Remuneration committee

The remuneration committee 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, two committee meetings were held, which were attended by both members.

The committee may, if required, seek the advice of external independent consultants.

Succession planning

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 group. 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.

Risk management

Responsibility for managing the group's risk lies ultimately with the board of directors. 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 US dollar-based and, accordingly, changes in the R/US\$ exchange rate can and do significantly affect the translation of assets, liabilities, profits and losses into South African currency. 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 translation at reporting dates of the unhedged portion of the long-term receivables and related valuation adjustments are included in profit and loss and changes in the R/US\$ exchange rate may result in volatility in earnings when expressed in rand.

Interest rates

All of the group's borrowings are denominated in 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 are at variable rates. Furthermore, the company enters into interest-rate cap contracts to guard against unexpected increases in interest rates on a portion of such variable interest-rate loans. Textainer does not apply hedge accounting to the interest rate swaps,

notwithstanding that such swaps may be economically effective; it accounts on the basis that the net result of the marked-to-market valuation of these instruments is flowed through profit or loss. This may result in volatility of earnings. Textainer is also at risk to any possible default by a swap counterparty.

Credit risk concentration

Textainer's customers are mainly international shipping lines which transport goods on international trade routes. Once containers are on-hire to 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.

A single lessee accounted for US\$20 million or 10% of Textainer's lease rental income for 2008 (2007: US\$21 million or 11%).

One lessee accounted for approximately US\$8 million (16,8%) of Textainer's trade receivables, net as of 31 December 2008 and no single lessee accounted for more than 10% of Textainer's trade receivables, net in 2007.

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, 72,8% 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. Textainer monitors containers due to come off lease and manages their disposal or re-lease.

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 that 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 action 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 fair value 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.

Information resources management

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. Attention is continuously focused on maximising the benefits whilst minimising the risks associated with all aspects of the IT portfolio as they apply to business operations.

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.

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 has its own business continuity plans.

Group strategy statement

In 2005 the board confirmed the group strategy statement as published in earlier annual reports. In view of changes in strategic

direction since then, in particular the decision to focus on our global marine container operations (mainly Textainer) as the group's core business, the board has revised the group strategy as follows:

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

The enablement of 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; and
- pursuing investment in related information and communication technologies and appropriate forms of information management.

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 their 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. There was no transgression in the year under review.

Restriction on trading in shares

A formal policy prohibits directors, officers and employees from dealing in the company's shares 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 shares is permitted by any director, officer or employee whilst in possession of information which could affect the price of the company's shares and which is not in the public domain.

Directors of the company and of its major subsidiaries are required to obtain clearance from Tencor's chairman (and in the case of the chairman, or in the absence of the chairman, from the chairman of the audit or remuneration committee) prior to dealing in the

company's shares, and to timeously disclose to the company full details of any transaction for notification to and publication by the JSE Ltd.

Stakeholder communication

Members of the executive committee of the board meet on an ad-hoc basis with institutional investors, investment 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. Tencor also publishes a trading update in respect of the quarters ending March and September each year, in addition to the interim results and reviewed results announcements for the periods ending June and December respectively. 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.tencor.net>) containing financial and other information, including interactive interim, reviewed and annual results. The site has links to the websites of the group's major entities.

Community investments

Financial support is provided to various community and welfare organisations and assistance in the form of bursaries is granted to students without employment obligations.

During the year under review, monetary assistance was granted to the Community Chest Western Cape, an organisation which provides assistance to various community and welfare organisations, which the group has supported since 1974. In addition, assistance was provided to ORT-Tech, an organisation which, inter alia, adds value to the work of Education Department to implement Revised National Curriculum Statements on Technology for its project at the Secondary School in Modderdam, Cape Town. Financial support was also provided to The Red Cross War Memorial Children's Hospital, a highly specialised children's health care facility in the Cape well known for its excellence in child care and treatment on the African continent.

trencor limited and subsidiaries annual financial statements

Audit committee report

The audit committee has fulfilled all of its functions in terms of the Companies Act of South Africa, as described in the corporate governance report.

Directors' responsibility statement

The directors are responsible for the preparation and fair presentation of the group annual financial statements and annual financial statements of Trencor Limited, comprising the balance sheets at 31 December 2008, and the income statements, the statements of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the group and company's ability to continue as a going concern and there is no reason to believe the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the group annual financial statements and annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of group annual financial statements and annual financial statements

The group annual financial statements and annual financial statements of Trencor Limited, as identified in the first paragraph, which have been approved by the board of directors, are attached:

Page	
16	Directors' report
18	Balance sheets
19	Income statements
20	Statements of changes in equity
22	Statements of cash flows
23	Notes to the financial statements

Signed on behalf of the board

N I Jowell Chairman
Cape Town
31 March 2009

E Oblowitz Director and Chairman of the audit committee
Cape Town
31 March 2009

independent auditor's report

To the members of Trencor Limited

We have audited the group annual financial statements and the annual financial statements of Trencor Limited, which comprise the balance sheets at 31 December 2008, and the income statements, the statements of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report as set out on pages 16 to 63.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order

to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Trencor Limited at 31 December 2008, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

KPMG Inc
Registered Auditor

Per L P Smith
Chartered Accountant (SA)
Registered Auditor
Director
Cape Town
31 March 2009

declaration by the company secretary

It is hereby certified that for the year ended 31 December 2008, the company has lodged with the Registrar of Companies all returns as are required by a public company in terms of the Companies Act of South Africa and that such returns are true, correct and up to date.

Trencor Services (Pty) Ltd
Secretaries
Per G W Norval
Cape Town
31 March 2009

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 18 to 63.

The profit attributable to equity holders of the company from the various classes of business of the group was as follows:

	2008	2007
	Rm	Rm
Container operations		
Container finance	52,4	29,6
Textainer	361,9	323,4
Exchange translation gains/(losses)	311,8	(20,2)
Net long-term receivable adjustment	-	43,1
Interest and other corporate items	(15,8)	(7,4)
Discontinued operations	(47,7)	94,1
Exceptional items	-	197,3
	662,6	659,9

Directors and secretary

The names of the directors appear on page 2 and that of the secretary on page 64. Mr H A Gorvy resigned as a director on 31 March 2009.

In terms of the articles of association Messrs J E Hoelter, N I Jowell and H R van der Merwe 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 65.

Directors' interests

The aggregate of the direct and indirect beneficial interests of the directors in the issued shares of the company at 31 December 2008 was 11,8% (2007: 11,8%).

The direct and indirect beneficial interests of each director who held in excess of 1% of the issued shares at 31 December 2008 and 2007 were as follows:

	2008	2007
	%	%
C Jowell	5,8	5,8
N I Jowell	5,9	5,9

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

Cash dividends

	Payment number	Record date	Payment date	Cents per share	Total Rm
2007					
Interim	83	21/09/07	25/09/07	22,0	41,2
Final	84	04/04/08	07/04/08	58,0	108,6
2008					
Interim	85	05/09/08	08/09/08	35,0	65,6
Final	86	03/04/09	06/04/09	75,0	140,5

The Trecor share option plan

In terms of The Trecor Share Option Plan, options have been granted to certain executive directors and employees amounting in aggregate to 6 740 000 ordinary shares in the unissued share capital of the company.

The maximum number of shares available for utilisation under the Plan was 8 884 209 (2007: 8 884 209).

During 2008 options in respect of 103 000 ordinary shares of 0,5 cent each (2007: 247 250 shares) were exercised at the offer price of R5,25 per share and, accordingly, the issued share capital increased by the issue of an additional 103 000 shares.

Corporate governance

The report on corporate governance is presented on pages 9 to 14.

Interest in significant subsidiaries

	Share capital & premium million	Effective interest		Shares at cost		Amount owing (by)/to company	
		2008 %	2007 %	2008 Rm	2007 Rm	2008 Rm	2007 Rm
Indirect:							
Textainer Group Holdings Ltd (Incorporated in Bermuda) Owning, leasing, managing and reselling of containers	US\$162,1	62,6*	62,6	-	-	-	-
TrenStar Inc (accounted for as 'discontinued') (Incorporated in Delaware, USA) Provision of mobile asset management services	US\$74,9	58	58	-	-	-	-
Direct:							
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	1 016,7	1 016,3	(300,9)	73,5
Trencor Solutions (Pty) Ltd (Incorporated in the Republic of South Africa) Holding company for TrenStar Inc	R375,0	100	100	384,0	9,0	-	0,1
Aggregate of all other subsidiaries				1 451,4 0,2	1 076,0 0,3	(300,9) -	73,6 -
Less impairment loss				1 451,6 (354,8)	1 076,3 (9,0)	(300,9) -	73,6 -
				1 096,8	1 067,3	(300,9)	73,6

* Reduced to 62,3% on 3 January 2009 following the issue of restricted share units.

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

	2008 Rm	2007 Rm
Profits	755,4	678,7
Losses	(75,9)	(7,6)
	679,5	671,1

Special resolution

At the annual general meeting held on 19 May 2008, shareholders passed a special resolution, which was registered on 29 May 2008, to grant the company a general authority for the acquisition by the company or any of its subsidiaries of shares issued by the company. This 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.

Special resolutions of subsidiaries

On 28 March 2008, a special resolution was passed by Trencor Solutions (Pty) Ltd to give effect to the sale of its wholly-owned subsidiary TrenStar SA (Pty) Ltd effective 31 December 2007. No special resolutions were passed by the company's other South African subsidiaries during the period under review. Shareholder resolutions of material interest passed by TrenStar Inc related to the sale of its subsidiary TrenStar Tracking Solutions Inc.

Analysis of shareholders

An analysis of shareholders and of holders who held 3% or more of the issued shares at 24 December 2008 is presented on page 64.

balance sheets

at 31 December 2008

	Notes	Group		Company	
		2008	2007 Restated	2008	2007
		Rm	Rm	Rm	Rm
Assets					
Property, plant and equipment	4	9 198,4	5 726,0	-	-
Goodwill	5	-	98,3	-	-
Intangible assets	6	591,2	476,8	-	-
Investments	7	33,1	30,6	15,2	15,6
Investment in subsidiaries	8	-	-	1 096,8	1 067,3
Amounts due by subsidiary	8	-	-	67,3	73,5
Long-term loans	9	0,2	3,1	-	-
Long-term receivables	10	1 339,2	1 113,3	1,7	1,9
Net investment in finance leases	11	697,8	331,1	-	-
Derivative financial instruments	12	-	0,9	-	-
Deferred tax assets	13	5,8	106,8	-	-
Restricted cash	14	149,3	113,5	-	-
Total non-current assets		12 015,0	8 000,4	1 181,0	1 158,3
Inventories	15	14,8	25,8	-	-
Trade and other receivables	16	849,1	530,8	-	0,1
Investments	7	-	75,8	-	-
Current tax assets	17	1,5	-	-	-
Assets classified as held for sale	27	138,8	676,4	-	-
Cash and cash equivalents	18	1 445,0	757,4	-	-
Total current assets		2 449,2	2 066,2	-	0,1
Total assets		14 464,2	10 066,6	1 181,0	1 158,4
Equity					
Issued capital	19	0,9	0,9	0,9	0,9
Share premium		455,2	454,7	455,2	454,7
Reserves	19	4 045,6	2 730,2	353,1	701,1
Total equity attributable to equity holders of the company		4 501,7	3 185,8	809,2	1 156,7
Minority interest		2 117,4	1 428,7	-	-
Total equity		6 619,1	4 614,5	809,2	1 156,7
Liabilities					
Interest-bearing borrowings	20	6 151,3	3 490,7	-	-
Amounts attributable to third parties in respect of long-term receivables	10	243,1	262,7	-	-
Amount due to subsidiary	8	-	-	368,2	-
Derivative financial instruments	12	179,7	29,9	-	-
Deferred tax liabilities	13	270,7	292,4	0,9	1,0
Total non-current liabilities		6 844,8	4 075,7	369,1	1,0
Trade and other payables	21	274,1	442,0	1,3	0,5
Current tax liabilities	17	164,4	99,5	1,4	0,2
Current portion of interest-bearing borrowings	20	537,7	437,9	-	-
Liabilities classified as held for sale	27	24,1	396,9	-	-
Short-term borrowings		-	0,1	-	-
Total current liabilities		1 000,3	1 376,4	2,7	0,7
Total liabilities		7 845,1	5 452,1	371,8	1,7
Total equity and liabilities		14 464,2	10 066,6	1 181,0	1 158,4

income statements

for the year ended 31 December 2008

	Notes	Group						Company	
		Continuing operations		Discontinued operations		Entity as a whole		2008 Rm	2007 Rm
		2008 Rm	2007 Rm	2008 Rm	2007 Rm	2008 Rm	2007 Rm		
Revenue	1, 33	2 804,1	1 697,9	20,7	431,0	2 824,8	2 128,9	188,9	–
Other operating income		125,8	142,3	20,6	1,7	146,4	144,0	–	–
Changes in inventories		(215,9)	(145,6)	(0,5)	(15,0)	(216,4)	(160,6)	–	–
Direct leasing expenses		(208,7)	(230,9)	(6,4)	(58,5)	(215,1)	(289,4)	–	–
Staff costs		(209,7)	(150,4)	(9,1)	(80,1)	(218,8)	(230,5)	–	–
Depreciation		(376,0)	(336,6)	–	(63,5)	(376,0)	(400,1)	–	–
Other operating expenses		(285,9)	(103,9)	(14,0)	(62,5)	(299,9)	(166,4)	(350,5)	(7,6)
Net long-term receivable fair value adjustment		(179,2)	78,3	–	–	(179,2)	78,3	–	–
Operating profit/(loss) before net finance (costs)/income	22	1 454,5	951,1	11,3	153,1	1 465,8	1 104,2	(161,6)	(7,6)
Net finance (costs)/income	23	(332,9)	(247,7)	(6,7)	(98,9)	(339,6)	(346,6)	7,3	9,7
Finance expenses									
Interest expense		(211,1)	(260,3)	(5,1)	(98,7)	(216,2)	(359,0)	–	(0,1)
Unrealised and realised losses on derivative financial instruments		(171,3)	(35,6)	(3,3)	(4,1)	(174,6)	(39,7)	–	–
Finance income		49,5	48,2	1,7	3,9	51,2	52,1	7,3	9,8
Exceptional item	24	–	197,3	–	–	–	197,3	–	–
Profit/(Loss) before tax		1 121,6	900,7	4,6	54,2	1 126,2	954,9	(154,3)	2,1
Income tax (expense)/credit	25	(124,7)	(73,4)	(86,0)	78,4	(210,7)	5,0	(19,5)	(13,3)
Profit/(Loss) for the year		996,9	827,3	(81,4)	132,6	915,5	959,9	(173,8)	(11,2)
Attributable to:									
Equity holders of the company		710,3	565,8	(47,7)	94,1	662,6	659,9	(173,8)	(11,2)
Minority interest		286,6	261,5	(33,7)	38,5	252,9	300,0	–	–
Profit/(Loss) for the year		996,9	827,3	(81,4)	132,6	915,5	959,9	(173,8)	(11,2)
Basic earnings/(loss) per share (cents)	28	379,2	302,2	(25,4)	50,3	353,8	352,5		
Diluted earnings/(loss) per share (cents)	28	378,6	301,6	(25,4)	50,2	353,2	351,8		

statements of changes in equity

for the year ended 31 December 2008

Group	Attributable to equity			
	Share capital	Share premium	Fair value reserve	Foreign currency translation reserve
	Rm	Rm	Rm	Rm
Balance at 31 December 2006	0,8	193,0	15,8	105,8
Changes in equity for 2007				
Foreign currency translation differences	-	-	-	(57,5)
Change in fair value of available-for-sale financial asset	-	-	1,5	-
Total income and expense recognised directly in equity	-	-	1,5	(57,5)
Profit for the year	-	-	-	-
Total recognised income and expense for the year	-	-	1,5	(57,5)
Transfer of gain on dilution of investment in subsidiaries from distributable reserve to non-distributable reserve	-	-	-	-
Dividends paid to equity holders	-	-	-	-
Amount arising on change in minority interest	-	-	-	-
Share-based payments	-	-	-	-
Shares issued on conversion of debentures	0,1	260,4	-	-
Share options exercised	-	1,3	-	-
Balance at 31 December 2007	0,9	454,7	17,3	48,3
Changes in equity for 2008				
Foreign currency translation differences	-	-	-	795,0
Change in fair value of available-for-sale financial asset	-	-	1,3	-
Total income recognised directly in equity	-	-	1,3	795,0
Profit for the year	-	-	-	-
Total recognised income and expense for the year	-	-	1,3	795,0
Dividends paid to equity holders	-	-	-	-
Share-based payments	-	-	-	-
Share options exercised	-	0,5	-	-
Balance at 31 December 2008	0,9	455,2	18,6	843,3
Company	Share capital	Share premium	Fair value reserve	Preference share amortisation adjustment
	Rm	Rm	Rm	Rm
Balance at 31 December 2006	0,8	193,0	7,9	599,7
Changes in equity for 2007				
Change in fair value of available-for-sale financial asset	-	-	1,5	-
Loss for the year	-	-	-	-
Total recognised income and expense for the year	-	-	1,5	-
Dividends paid to equity holders	-	-	-	-
Share-based payments	-	-	-	-
Shares issued on conversion of debentures	0,1	260,4	-	-
Share options exercised	-	1,3	-	-
Balance at 31 December 2007	0,9	454,7	9,4	599,7
Changes in equity for 2008				
Change in fair value of available-for-sale financial asset	-	-	(0,4)	-
Loss for the year	-	-	-	-
Total recognised income and expense for the year	-	-	(0,4)	-
Dividends paid to equity holders	-	-	-	-
Share-based payments	-	-	-	-
Share options exercised	-	0,5	-	-
Balance at 31 December 2008	0,9	455,2	9,0	599,7

holders of the company

Equity compensation reserve	Gain on dilution of investment in subsidiaries	Retained income	Total	Minority interest	Total equity
Rm	Rm	Rm	Rm	Rm	Rm
4,9	85,1	1 952,4	2 357,8	1 078,8	3 436,6
-	-	-	(57,5)	(42,8)	(100,3)
-	-	-	1,5	-	1,5
-	-	-	(56,0)	(42,8)	(98,8)
-	-	659,9	659,9	300,0	959,9
-	-	659,9	603,9	257,2	861,1
-	197,3	(197,3)	-	-	-
-	-	(99,8)	(99,8)	(99,1)	(198,9)
-	-	-	-	155,9	155,9
62,1	-	-	62,1	35,9	98,0
-	-	-	260,5	-	260,5
-	-	-	1,3	-	1,3
67,0	282,4	2 315,2	3 185,8	1 428,7	4 614,5
-	-	-	795,0	549,6	1 344,6
-	-	-	1,3	-	1,3
-	-	-	796,3	549,6	1 345,9
-	-	662,6	662,6	252,9	915,5
-	-	662,6	1 458,9	802,5	2 261,4
-	-	(174,2)	(174,2)	(132,1)	(306,3)
30,7	-	-	30,7	18,3	49,0
-	-	-	0,5	-	0,5
97,7	282,4	2 803,6	4 501,7	2 117,4	6 619,1
Equity compensation reserve	Retained income/ (accumulated loss)	Total			
Rm	Rm	Rm			
1,9	200,5	1 003,8			
-	-	1,5			
-	(11,2)	(11,2)			
-	(11,2)	(9,7)			
-	(99,8)	(99,8)			
0,6	-	0,6			
-	-	260,5			
-	-	1,3			
2,5	89,5	1 156,7			
-	-	(0,4)			
-	(173,8)	(173,8)			
-	(173,8)	(174,2)			
-	(174,2)	(174,2)			
0,4	-	0,4			
-	-	0,5			
2,9	(258,5)	809,2			

statements of cash flows

for the year ended 31 December 2008

	Notes	Group		Company	
		2008 Rm	2007 Rm	2008 Rm	2007 Rm
Cash flows from operating activities					
Cash generated from/(utilised by) operations	29	1 342,0	1 279,0	185,2	(7,3)
Finance income received		51,2	52,1	7,3	9,8
Finance expenses paid		(248,2)	(340,5)	-	(0,1)
Dividends paid to shareholders of the company		(174,2)	(99,8)	(174,2)	(99,8)
Dividends paid to minorities		(132,1)	(99,1)	-	-
Income taxes paid	17	(68,6)	(35,4)	(18,4)	(14,2)
Net cash inflow/(outflow) from operating activities		770,1	756,3	(0,1)	(111,6)
Cash flows from investing activities					
Acquisition of property, plant and equipment		(2 559,2)	(1 449,3)	-	-
Acquisition of intangible assets		(0,9)	(394,3)	-	-
Increase in unlisted investments		-	(11,0)	-	-
Proceeds on disposal of property, plant and equipment		495,3	760,1	-	-
Loan repaid by subsidiary		-	-	6,2	159,2
Shares acquired in subsidiary		-	-	(375,0)	-
Proceeds on disposal of investment		89,0	-	-	-
Amounts advanced to subsidiary		-	-	-	(50,0)
Decrease/(Increase) in finance leases		116,7	(89,8)	-	-
Repayment of long-term loans		3,5	5,3	-	-
Decrease in restricted cash		5,2	48,7	-	-
Acquisition of minority interest		-	(472,7)	-	-
Reduction in investment in subsidiaries		-	-	-	0,6
Proceeds on disposal of disposal group		163,0	-	-	-
Receipts from export partnerships		-	-	0,2	0,3
Net cash (outflow)/inflow from investing activities		(1 687,4)	(1 603,0)	(368,6)	110,1
Cash flows from financing activities					
Interest-bearing borrowings repaid		(1 814,0)	(2 032,6)	-	-
Interest-bearing borrowings raised		2 971,9	2 152,3	-	-
Debt issuance costs incurred		(25,4)	-	-	-
Loan advanced by subsidiary		-	-	375,0	-
Loan repaid to subsidiary		-	-	(6,8)	-
Proceeds on issue of shares		0,5	1,3	0,5	1,3
Receipts from long-term receivables		229,9	257,7	-	-
Payments to third parties in respect of long-term receivables		(23,8)	(19,4)	-	-
Short-term borrowings repaid		(0,1)	-	-	-
Increase in minorities' interest in subsidiary		-	699,6	-	-
Net cash inflow from financing activities		1 339,0	1 058,9	368,7	1,3
Net increase/(decrease) in cash and cash equivalents		421,7	212,2	-	(0,2)
Cash and cash equivalents at the beginning of the year		808,2	616,1	-	0,2
Effect of exchange rate changes on cash and cash equivalents		296,0	(20,1)	-	-
Cash and cash equivalents at the end of the year	18, 27	1 525,9	808,2	-	-

1. Reporting entity

Trencor Limited (the 'company') is a company incorporated in the Republic of South Africa. The address of the company's registered office is 1313 Main Tower, Standard Bank Centre, Heerengracht, Cape Town, 8001. The consolidated financial statements of the company as at and for the year ended 31 December 2008 comprise the company and its subsidiaries (together referred to as the 'group' and individually as 'group entities') and the group's interest in associates. The group is primarily involved in owning, leasing, managing and reselling marine cargo containers worldwide, and finance related activities.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and the requirements of the Companies Act of South Africa.

The financial statements were approved by the board of directors on 31 March 2009.

2.2 Basis of measurement

The separate and consolidated financial statements have been prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value;
- financial instruments at fair value through profit or loss are measured at fair value;
- available-for-sale financial assets are measured at fair value;
- non-current assets and disposal groups held for sale are measured at the lower of their carrying amount or fair value less costs to sell; and
- liabilities for cash-settled share-based payment arrangements are measured at fair value.

2.3 Functional and presentation currency

These separate and consolidated financial statements are presented in South African rand, which is the company's functional currency. All financial information presented has been rounded to the nearest one hundred thousand.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 37.

2.5 Restatement of prior year amounts

In November 2007, Textainer acquired an additional interest in its subsidiary Textainer Marine Containers Ltd. A reduction of R23,7 million to the group's deferred tax liabilities as a result of the acquisition was not accounted for in the prior year. Consequently, deferred tax liabilities and goodwill recognised on the acquisition transaction were each overstated by R23,7 million at 31 December 2007. The comparative amounts at 31 December 2007 have been restated to adjust goodwill and deferred tax liabilities accordingly. There is no effect on the group's income or retained earnings reported in prior years.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these separate and consolidated financial statements, and have been applied consistently by group entities.

3.1 Basis of consolidation

3.1.1 *Subsidiaries*

Subsidiaries are entities controlled by the group. Control exists when the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the group.

Gains or losses arising on the dilution of investments in subsidiaries are recognised in profit or loss and the net gain or loss attributable to the group is transferred to a separate reserve in equity.

In the case of the company, investments in subsidiaries are carried at cost, less accumulated impairment losses.

3.1.2 *Associates*

Associates are those entities in which the group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the group holds between 20 and 50 per cent of the voting power of another entity. Associates are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the group's share of the income and expenses of associates, after adjustment to align the accounting policies with those of the group, from the date that significant

influence commences until the date that significant influence ceases. When the group's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and recognition of further losses is discontinued except to the extent that the group has an obligation or made payments on behalf of the investee.

Gains or losses arising on the dilution of investments in associates are recognised in profit or loss and the net gain or loss attributable to the group is transferred to a separate reserve in equity.

In the case of the company, investments in associate companies are carried at cost, less accumulated impairment losses.

3.1.3 *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Foreign currency

3.2.1 *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the exchange rate ruling at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognised in profit or loss except for differences arising on the translation of available-for-sale equity instruments.

3.2.2 *Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to SA rand at foreign

exchange rates at the reporting date. The income and expenses of foreign operations are translated to SA rand at rates at the dates of the transactions. Foreign currency differences are recognised directly in equity. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to profit or loss.

3.3. Financial instruments

3.3.1 *Non-derivative financial instruments*

Non-derivative financial instruments comprise investments in equity securities, long-term receivables, trade and other receivables, cash and cash equivalents, loans and borrowings, amounts attributable to third parties in respect of long-term receivables, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised on the trade date at which the group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the group's contractual rights to the cash flows from the financial assets expire or if the group transfers the financial asset to another party without retaining control or substantially all risks and rewards of ownership of the asset. Financial liabilities are derecognised if the group's obligations specified in the contract expire or are discharged or cancelled.

Available-for-sale financial assets

The group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets, unless they meet the requirements of another IAS 39 financial instrument classification. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see accounting policy note 3.9), are recognised directly in equity. The fair value of listed investments classified as available-for-sale is their quoted bid price at the balance sheet date. The fair value of unlisted investments is based on valuations received from independent valuers during the period. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

Assets and liabilities at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments

are designated at fair value through profit or loss if the group manages such instruments and makes purchase and sale decisions based on their fair value in accordance with the group's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

The group's long-term receivables are designated as at fair value through profit or loss. 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 recognised over the period of the agreements on a basis which produces a constant periodic rate of return. 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 profit or loss.

The amounts attributable to third parties in respect of long-term receivables are designated as at fair value through profit or loss. To determine fair value, the amounts are discounted to their net present value at a rate considered appropriate, having regard to their term and their denominated currency. 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

Other non-derivative financial liabilities are measured at amortised cost using the effective interest method. Other financial assets are measured at amortised cost using the effective interest method, less any accumulated impairment losses. Debt issuance costs are capitalised and amortised over the term of the debt as required by application of the effective interest method.

In the case of the company, the long-term receivable represents the participation in export partnerships and, subsequent to initial recognition, is measured at amortised cost less impairment losses. 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.

3.3.2 *Derivative financial instruments*

The group holds derivative financial instruments to hedge its foreign exchange and interest rate risk exposures arising from operational, financing and investment activities. Embedded derivatives are

separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related. A separate instrument with the same terms as the embedded derivative, and which meets the definition of a derivative, is recognised. The combined instrument is not measured at fair value through profit or loss. In accordance with its treasury policy, the group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss in all instances as the group does not apply hedge accounting.

The fair value of interest rate swaps is the estimated amount that the group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using an appropriate interest rate.

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognised in profit or loss as part of foreign currency gains and losses.

Changes in the fair value of separable embedded derivatives are recognised immediately in profit or loss.

3.3.3 *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3.3.4 *Share capital*

Shares

Incremental costs directly attributable to the issue of shares and share options are recognised as a deduction from equity, net of any tax effects.

Repurchase of capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any

tax effects, and is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

Dividends

Dividends (treated as distributions within equity) are recognised as a liability in the period in which they are declared.

3.3.5 **Offsetting**

Financial assets and liabilities are off-set and the net amount presented in the balance sheet when the group has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

3.4 **Property, plant and equipment**

3.4.1 **Recognition and measurement**

Owned assets

Items of property, plant and equipment are measured at cost less accumulated depreciation (refer note 3.4.3) and accumulated impairment losses (refer note 3.9).

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other operating income in profit or loss.

Leased assets

Leases in terms of which the group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the

present value of the minimum lease payments. Lease payments are accounted for as described in note 3.13.

3.4.2 **Subsequent costs**

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

3.4.3 **Depreciation**

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives if ownership of the assets does not pass at the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

	Years
Owner occupied buildings	50
Leasing equipment:	
Marine cargo containers	12
Kegs	15 – 20
Intermediate bulk containers	10
Plant and machinery	9
Motor vehicles	4 – 5
Other equipment	3 – 10

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

3.5 **Goodwill**

Goodwill/Negative goodwill arises on the acquisition of subsidiaries and associates.

In respect of acquisitions prior to 1 January 2004, goodwill is included at its carrying amount, which represents the amount recorded under the group's previous accounting framework (South African Statements of Generally Accepted Accounting Practice), at the date of transition to IFRS.

For acquisitions on or after 1 January 2004, goodwill represents the excess of the cost of the acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When negative goodwill arises, it is recognised immediately in profit or loss.

3.5.1 **Acquisitions of minority interests**

Goodwill arising on the acquisition of a minority interest in a subsidiary represents the excess of the cost of the additional investment over the carrying

amount of the net assets acquired at the date of acquisition.

3.5.2 *Subsequent measurement*

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

3.6 Intangible assets

3.6.1 *Research and development*

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss when incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised when the group is able to demonstrate its intention and ability to complete the product or process, the product or process is technically and commercially feasible, the group has sufficient resources to complete development and the group can reliably measure the costs to complete the development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in profit or loss as an expense as incurred. Capitalised development expenditure is measured at cost less accumulated amortisation (refer note 3.6.4) and accumulated impairment losses (refer note 3.9).

3.6.2 *Other intangible assets*

Other intangible assets acquired by the group, which have finite useful lives, are measured at cost less accumulated amortisation (refer note 3.6.4) and accumulated impairment losses (refer note 3.9). Expenditure on internally generated goodwill and brands is recognised in profit or loss as an expense as incurred.

3.6.3 *Subsequent expenditure*

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.

3.6.4 *Amortisation*

Intangible assets with finite useful lives are amortised over their useful lives. Computer software and the long-term keg contract are amortised on a straight-line basis, while the container management contracts are amortised based on the fees generated from the underlying container management agreements (which reflects the pattern

in which the asset's future economic benefits are expected to be consumed by the group). Intangible assets with finite useful lives are amortised from the dates they are available for use. The estimated useful lives are reassessed annually and are as follows for the current and comparative periods:

	Years
Computer software	4
Long-term keg contract	14
Container management contracts	11 – 13

3.7 *Net investment in finance leases*

Amounts due from lessees under finance leases are recorded as receivables at the amount of the group's net investment in the leases.

3.8 *Inventories*

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

3.9 *Impairment*

3.9.1 *Financial assets*

At each balance sheet date the group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events that occurred after the initial recognition of the asset have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated with reference to its current fair value.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal

is recognised in profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised directly in equity.

3.9.2 *Non-financial assets*

The carrying amount of the group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows 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 in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.10 *Non-current assets held for sale*

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the group's accounting policies. Thereafter, generally, the assets (or disposal group) are measured at the lower of their carrying

amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

3.11 *Provisions*

A provision is recognised in the balance sheet when the group has a present legal or constructive obligation (which can be estimated reliably) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3.12 *Revenue*

3.12.1 *Goods sold and services rendered*

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing managerial involvement with the goods, and the amount of revenue can be measured reliably. Revenue from services rendered is recognised in profit or loss in proportion to the estimated percentage of completion of the services provided at the balance sheet date. Revenue includes realised and unrealised exchange differences arising from the translation of long-term receivables.

3.12.2 *Leasing income*

Marine cargo containers

Leasing income arises principally from operating and finance leases. Under operating leases, container equipment owned by group companies is rented to various shipping lines and revenue is earned and recognised evenly over the period that the equipment is on lease, according to the terms of the contracts.

These contracts are typically for terms of five years or less. Under 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.

Kegs and intermediate bulk containers

Revenue from long-term agreements (generally 15-year agreements with international customers) is generated primarily by licensing the right to fill empty kegs provided to companies on a per fill fee basis. Revenue from shorter term agreements (generally five-year agreements with US customers) is recognised upon the delivery of empty kegs and intermediate bulk containers to its customers. Portions of the service and use fee revenue are subject to a rebate based upon where the keg or intermediate container is ultimately shipped by the customer.

The group reports as deferred revenue the difference between the invoiced service and use fee and the minimum service and use fee, and recognises as revenue the minimum service and use fee upon the delivery of the kegs and intermediate containers. The deferred revenue is recognised as revenue in the period in which the keg or intermediate bulk container is ultimately shipped to the customers' distributors and the rebate and additional service and use fee are known.

3.12.3 *Management fees*

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

3.12.4 *Dividend income*

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

3.13 Expenses

3.13.1 *Operating lease payments*

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

3.13.2 *Finance lease payments*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.13.3 *Net finance costs*

Interest paid comprises the effective interest expense on financial liabilities measured at amortised cost. Interest income is recognised in profit or loss as it accrues, using the effective interest method. Fair value gains or losses on interest rate swaps are included in finance expenses.

3.14 Employee benefits

3.14.1 *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 accruals 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 accruals have been calculated at undiscounted amounts based on current remuneration rates.

3.14.2 *Retirement benefits*

Certain of the company's subsidiaries contribute to defined contribution retirement funds. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to these funds are recognised in profit or loss as they are due.

3.14.3 *Termination benefits*

Termination benefits are recognised as an expense when the group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits for voluntary redundancies are recognised as an expense if the group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

3.14.4 *Share-based payments*

The company and certain of its subsidiaries grant share options to certain employees under share option plans which are either equity- or cash-settled.

Equity-settled

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options is measured using the Actuarial Binomial Model or Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted for service and non-market performance conditions, so as to reflect the actual number of share options that vest.

Cash-settled

The fair value of the amount payable to employees in respect of the share appreciation rights is recognised as an expense, with a corresponding increase in

liabilities, over the period in which the employees become unconditionally entitled to payment. The fair value of each share appreciation right granted under the plans is estimated on the date of grant using the Black-Scholes option pricing model. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as staff costs in profit or loss.

3.15 Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the estimated taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and associates to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, based on the tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are off-set if there is a legally enforceable right to off-set current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset 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.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Secondary tax on companies ('STC') is recognised as part of the current tax charge in the income statement when the net dividend is declared, except where the group exemption has been elected, resulting in no STC consequences for the company. When dividends received in the current year can be off-set against future dividend payments to reduce the STC liability, a deferred tax asset is recognised to the extent of probable future reductions in STC.

3.16 Discontinued operations

A discontinued operation is a component of the group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. A disposal group that is to be abandoned may also qualify as a discontinued operation. Where an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation had been discontinued from the start of the comparative period.

3.17 Earnings per share

The group presents basic and diluted earnings per share data for its shares. Basic earnings per share is calculated by dividing the profit or loss attributable to shareholders of the company by the weighted average number of shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to shareholders and the weighted average number of shares outstanding for the effects of all potential dilutive instruments, which comprise share options granted to employees.

3.18 Segment reporting

A segment is a distinguishable component of the group that is engaged in providing products or services which are subject to risks and rewards that are different from those of other segments. Based on the nature of the group's operations, geographical segment information is not distinguishable or relevant.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments and related revenue, loans and borrowings and related expenses, head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

3.19 Financial guarantee contracts

Financial guarantee contracts are contracts that require the group or the company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable).

4. Property, plant and equipment

	Group						
	Land and buildings	Leasing equipment			Plant and machinery	Other equipment and motor vehicles	Total
		Marine cargo containers	Kegs and intermediate bulk containers				
	Rm	Rm	Rm	Rm	Rm	Rm	
Cost							
2007							
Balance at the beginning of the year	7,6	7 520,2	3 082,7	16,2	159,0	10 785,7	
Additions	0,5	1 253,7	155,5	–	7,1	1 416,8	
Effect of movements in exchange rates	(0,1)	(235,9)	135,9	(0,4)	(2,7)	(103,2)	
Transfer to assets classified as held for sale	–	–	(534,9)	(0,5)	(94,5)	(629,9)	
Disposals	(0,4)	(687,0)	(2 839,2)	(1,3)	(11,5)	(3 539,4)	
Balance at the end of the year	7,6	7 851,0	–	14,0	57,4	7 930,0	
2008							
Additions	0,4	2 337,0	–	–	8,2	2 345,6	
Effect of movements in exchange rates	2,1	3 190,5	–	5,1	18,0	3 215,7	
Transfer to finance leases	–	(399,9)	–	–	–	(399,9)	
Disposals	–	(739,9)	–	(0,2)	(1,2)	(741,3)	
Balance at the end of the year	10,1	12 238,7	–	18,9	82,4	12 350,1	
Depreciation and impairment losses							
2007							
Balance at the beginning of the year	5,3	2 190,1	517,9	8,0	82,9	2 804,2	
Depreciation	0,2	330,9	59,0	1,0	9,0	400,1	
Effect of movements in exchange rates	(0,1)	(64,4)	21,8	(0,1)	(0,9)	(43,7)	
Impairment losses	–	4,0	4,1	–	–	8,1	
Transfer to assets classified as held for sale	–	–	(133,4)	(0,4)	(31,5)	(165,3)	
Disposals	(0,4)	(318,2)	(469,4)	(1,2)	(10,2)	(799,4)	
Balance at the end of the year	5,0	2 142,4	–	7,3	49,3	2 204,0	
2008							
Depreciation	0,2	368,6	–	1,0	6,2	376,0	
Effect of movements in exchange rates	1,9	924,4	–	2,8	15,2	944,3	
Impairment losses	–	4,4	–	–	–	4,4	
Transfer to finance leases	–	(3,9)	–	–	–	(3,9)	
Disposals	–	(371,8)	–	(0,1)	(1,2)	(373,1)	
Balance at the end of the year	7,1	3 064,1	–	11,0	69,5	3 151,7	
Carrying amounts							
At 1 January 2007	2,3	5 330,1	2 564,8	8,2	76,1	7 981,5	
At 31 December 2007	2,6	5 708,6	–	6,7	8,1	5 726,0	
At 31 December 2008	3,0	9 174,6	–	7,9	12,9	9 198,4	
Net book value of assets encumbered as security for interest-bearing borrowings (refer note 20).							
At 31 December 2007	–	5 708,6	–	–	–	5 708,6	
At 31 December 2008	–	9 174,6	–	–	–	9 174,6	

4.1 The net book value of buildings situated on leased premises amounts to R3,0 million (2007: R2,6 million).

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

4.3 The impairment losses represent the write-down of the carrying amounts to fair value, less costs to sell, in respect of containers identified for sale. Evaluations are carried out at the time containers come off-hire from leases to determine whether such containers should be repaired and returned to service or sold.

5. Goodwill

	Group		Company	
	2008	2007 Restated	2008	2007
	Rm	Rm	Rm	Rm
Cost				
Balance at the beginning of the year	157,4	59,1	-	-
Acquisition of minority	-	102,6	-	-
Effect of movements in exchange rates	36,2	(4,3)	-	-
Balance at the end of the year	193,6	157,4	-	-
Impairment losses				
Balance at the beginning of the year	59,1	59,1	-	-
Impairment loss	134,5	-	-	-
Balance at the end of the year	193,6	59,1	-	-
Carrying amounts				
At the end of the year	-	98,3	-	-

5.1 The carrying amount of goodwill at 1 January 2007 was nil.

5.2 Goodwill, which arose on the acquisition of an additional interest in Textainer Marine Containers Ltd, was impaired as a result of the carrying amount of the cash-generating unit being higher than its value in use. Cash flows were projected based on actual operating results and a five year projection. The discount rate used in the impairment test was based on a weighted average cost of capital, using industry debt/equity ratios.

6. Intangible assets

	Group			
	Internally generated	Purchased		
	Computer software Rm	Long-term keg contract Rm	Container management contracts Rm	Total Rm
Cost				
2007				
Balance at the beginning of the year	4,9	12,9	132,5	150,3
Additions	1,2	–	393,1	394,3
Effect of movements in exchange rates	0,1	0,1	(17,2)	(17,0)
Transfer to assets classified as held for sale	(1,2)	–	–	(1,2)
Disposals	(5,0)	(13,0)	–	(18,0)
Balance at the end of the year	–	–	508,4	508,4
2008				
Additions	–	–	0,9	0,9
Effect of movements in exchange rates	–	–	186,8	186,8
Balance at the end of the year	–	–	696,1	696,1
Amortisation				
2007				
Balance at the beginning of the year	4,1	2,9	7,1	14,1
Amortisation for the year	0,5	0,8	25,5	26,8
Effect of movements in exchange rates	0,1	–	(1,0)	(0,9)
Transfer to assets classified as held for sale	(0,2)	–	–	(0,2)
Disposals	(4,5)	(3,7)	–	(8,2)
Balance at the end of the year	–	–	31,6	31,6
2008				
Amortisation for the year	–	–	54,1	54,1
Effect of movements in exchange rates	–	–	19,2	19,2
Balance at the end of the year	–	–	104,9	104,9
Carrying amounts				
At 1 January 2007	0,8	10,0	125,4	136,2
At 31 December 2007	–	–	476,8	476,8
At 31 December 2008	–	–	591,2	591,2

The amortisation charge is recognised in other operating expenses in the income statement. No impairment losses have been recognised against these assets during the current or previous financial year.

7. Investments

	Group		Company	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
Equity instruments available-for-sale				
Non-current investments				
Listed company	15,2	15,6	15,2	15,6
Unlisted companies	17,9	15,0	-	-
	33,1	30,6	15,2	15,6
Current investments				
Unlisted				
Asian currency basket note	-	75,8	-	-
	-	75,8	-	-

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

7.2 The Asian currency basket note matured on 29 September 2008 and a loss of R1,8 million was recognised in other operating expenses on derecognition.

8. Interest in subsidiaries

Ordinary shares at cost	-	-	439,1	63,8
Preference shares including amortisation adjustment	-	-	1 012,5	1 012,5
Investment in subsidiaries before impairment loss	-	-	1 451,6	1 076,3
Less impairment loss	-	-	(354,8)	(9,0)
Investment in subsidiaries	-	-	1 096,8	1 067,3
Amount due by subsidiary	-	-	67,3	73,6
Non-current	-	-	67,3	73,5
Amount due included in trade and other receivables	-	-	-	0,1
	-	-	1 164,1	1 140,9
Amount due to subsidiary – non-current	-	-	(368,2)	-
	-	-	795,9	1 140,9

8.1 Amount due by subsidiary is unsecured and bears interest at 10,5% p.a. (2007: 9,25% p.a.) and is not repayable within the next twelve months.

8.2 Amount due to subsidiary is unsecured and interest free and is not repayable within the next twelve months.

8.3 Income earned from subsidiaries during the year included in profit or loss:

Dividends received (refer note 22)	-	-	188,9	-
Interest received (refer note 23)	-	-	7,3	9,8
Guarantee fee	-	-	-	0,1
	-	-	196,2	9,9

8.4 Trenchor Solutions (Pty) Ltd required funds to repay a loan from a fellow subsidiary. The company provided these funds by subscribing for additional shares in Trenchor Solutions (Pty) Ltd totalling R375 million. The company impaired its investment in subsidiary as a result of the accumulated losses incurred by Trenchor Solutions (Pty) Ltd.

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. The interest rate applicable to the loans was 5,58% p.a. (2007: 6,28% p.a.).

Unsecured loans advanced to property investment companies with no fixed terms of repayment

	-	2,9	-	-
	0,2	0,2	-	-
	0,2	3,1	-	-

10. Net investment in long-term receivables

	Group		Company	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
Net investment in long-term receivables comprises:				
Long-term receivables	1 339,2	1 113,3	1,7	1,9
Amounts attributable to third parties in respect of long-term receivables	(243,1)	(262,7)	-	-
	1 096,1	850,6	1,7	1,9
Represented by:				
Total receivables	2 465,9	2 001,4	1,7	1,9
Less deferred income	165,1	171,9	-	-
Net present value of long-term receivables	2 300,8	1 829,5	1,7	1,9
Less amounts attributable to third parties in respect of long-term receivables	363,7	386,6	-	-
Total amount	417,1	458,8	-	-
Less deferred expenditure	53,4	72,2	-	-
Net present value of net investment in long-term receivables	1 937,1	1 442,9	1,7	1,9
Less fair value adjustment to net investment, relating to:	654,0	463,0	-	-
Long-term receivables	764,6	577,6	-	-
Amounts attributable to third parties in respect of long-term receivables	(110,6)	(114,6)	-	-
	1 283,1	979,9	1,7	1,9
Less current portion of net investment included in:	187,0	129,3	-	-
Trade and other receivables	197,0	138,6	-	-
Trade and other payables	(10,0)	(9,3)	-	-
	1 096,1	850,6	1,7	1,9

10.1 Total receivables in base currency amounted to US\$266,0 million (2007: US\$295,2 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. (2007: 8,5% p.a.). An appropriate fair value adjustment is made to the net investment for the estimated timing of receipt and the possible non-collectibility of these receivables, and the related effect on the payment to third parties. The net present value of the long-term receivables and the related fair value adjustment were translated into SA rand at US\$1=R9,27 (2007: US\$1=R6,78). Approximately 90% (2007: 90%) of the net adjustment relates to the estimated timing of receipt and is in the nature of deferred income and approximately 10% (2007: 10%) relates to the possible non-collectibility of receivables. In recognition of the less favourable conditions currently being experienced in the container leasing industry, compared to the prior year, there has been no base currency release from the fair value adjustment (2007: R60,8 million release).

10.3 The amounts attributable to third parties in respect of the long-term receivables are denominated in SA rand and are valued by discounting future cash flows at 10% p.a. (2007: 10% p.a.). These amounts are required to be paid only when the proceeds from the related long-term receivables are received. The fair value of this liability is therefore determined with reference to the long-term receivables and no changes in fair value are considered to be attributable to the credit risk of the group.

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

Total amounts attributable to third parties	417,1	458,8	-	-
Less deferred expenditure	53,4	72,2	-	-
Net present value of amounts attributable to third parties (as above)	363,7	386,6	-	-
Fair value adjustment (as above)	(110,6)	(114,6)	-	-
Fair value of amounts attributable to third parties	253,1	272,0	-	-
Current portion included in trade and other payables (as above)	(10,0)	(9,3)	-	-
	243,1	262,7	-	-

11. Net investment in finance leases

	Group					
	Minimum lease payments	Unearned finance income	Present value of minimum lease payments	Minimum lease payments	Unearned finance income	Present value of minimum lease payments
			2008			2007
	Rm	Rm	Rm	Rm	Rm	Rm
Amounts receivable under finance leases						
Within one year	228,9	69,4	159,5	90,8	28,1	62,7
Between one and five years	661,2	139,5	521,7	265,0	57,8	207,2
After five years	201,4	25,3	176,1	140,0	16,1	123,9
	1 091,5	234,2	857,3	495,8	102,0	393,8

Analysed as:	Group		Company	
	2008	2007	2008	2007
	Rm	Rm	Rm	Rm
Non-current finance lease receivables	697,8	331,1	-	-
Current finance lease receivables included in trade and other receivables	159,5	62,7	-	-
	857,3	393,8	-	-

- 11.1 Investment in finance leases represents amounts receivable in respect of containers leased to shipping lines. The containers are usually leased for their useful lives with a purchase option at the end of the lease term. There are no contingent rentals.
- 11.2 The interest rate inherent in the leases is fixed at the contract date for the full term of the lease. The average effective interest rate contracted approximates 12,38% p.a. (2007: 8,20% p.a.).
- 11.3 Unguaranteed residual values of assets leased under finance leases at the balance sheet date are estimated at R0,1 million (2007: R0,5 million).
- 11.4 The investment in finance leases has been pledged as security for a loan (refer note 20).

12. Derivative financial instruments

The group's various derivative instruments at 31 December comprise:

Type of contract	Final maturity	Underlying	Notional amount of contracts outstanding Rm	Fair value	
				Assets Rm	Liabilities Rm
2008					
Interest rate cap contracts	November 2015	Interest rates	1 019,7	-	-
Interest rate swap contracts	November 2013	Interest rates	4 019,1	-	179,7
				-	179,7
2007					
Interest rate cap contracts	November 2015	Interest rates	678,0	-	-
Interest rate swap contracts	November 2010	Interest rates	2 384,1	0,9	29,9
				0,9	29,9

- 12.1 The interest rate cap and swap contracts have been recorded at fair value and the related fair value adjustments recorded in profit or loss.
- 12.2 At 31 December 2008, variable interest rate debt principal outstanding amounted to R6 689,0 million (2007: R3 928,6 million) of which R5 038,8 million (2007: R3 062,1 million) in notional value was covered by interest rate cap and swap contracts.

13. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group					
	Assets		Liabilities		Net	
	2008	2007	2008	2007	2008	2007
			Restated		Restated	
	Rm	Rm	Rm	Rm	Rm	Rm
Property, plant and equipment	-	-	109,6	75,8	109,6	75,8
Impairment of receivables	-	(117,9)	103,5	111,1	103,5	(6,8)
Accruals	-	-	90,3	114,2	90,3	114,2
Fair value adjustment – available-for-sale financial assets	-	-	1,6	1,4	1,6	1,4
Export partnerships	-	-	0,9	1,0	0,9	1,0
Tax loss carry-forwards	(41,0)	-	-	-	(41,0)	-
Tax (assets)/liabilities	(41,0)	(117,9)	305,9	303,5	264,9	185,6
Set-off of tax	35,2	11,1	(35,2)	(11,1)	-	-
Net tax (assets)/liabilities	(5,8)	(106,8)	270,7	292,4	264,9	185,6

Movement in temporary differences for the group during the year

	Balance at the beginning of the year	Recognised in profit or loss	Recognised in equity	Exchange adjustment in equity	Long-term receivables	Transferred to assets held for sale	Acquisition of additional investment in subsidiary	Balance at the end of the year
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
2007								
Property, plant and equipment	149,7	34,1	-	(5,0)	-	(79,3)	(23,7)	75,8
Impairment of receivables	0,6	(9,1)	-	-	1,7	-	-	(6,8)
Accruals	116,4	(8,9)	-	(1,3)	-	8,0	-	114,2
Fair value adjustment – available-for-sale financial assets	1,4	-	-	-	-	-	-	1,4
Export partnerships	1,2	(0,2)	-	-	-	-	-	1,0
Tax loss carry-forwards	(55,9)	(91,3)	-	4,7	-	142,5	-	-
Provisions	(9,6)	9,6	-	-	-	-	-	-
	203,8	(65,8)	-	(1,6)	1,7	71,2	(23,7)	185,6
2008								
Property, plant and equipment	75,8	5,2	-	28,6	-	-	-	109,6
Impairment of receivables	(6,8)	108,0	-	(0,3)	2,6	-	-	103,5
Accruals	114,2	(38,1)	-	14,2	-	-	-	90,3
Fair value adjustment – available-for-sale financial assets	1,4	-	0,2	-	-	-	-	1,6
Export partnerships	1,0	(0,1)	-	-	-	-	-	0,9
Tax loss carry-forwards	-	(35,9)	-	(5,1)	-	-	-	(41,0)
	185,6	39,1	0,2	37,4	2,6	-	-	264,9
					Group		Company	
					2008	2007	2008	2007
					Rm	Rm	Rm	Rm

13.1 Deferred tax per income statement:

Timing differences (refer above)	39,1	(65,8)	(0,1)	(0,2)
Timing differences released from assets classified as held for sale (refer note 27)	80,0	-	-	-
	119,1	(65,8)	(0,1)	(0,2)

13.2 Unrecognised deferred tax assets:

Deferred tax assets have not been recognised in respect of the following items:

Tax losses	462,7	262,2	-	-
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13. Deferred tax assets and liabilities (continued)

- 13.3 The group has deferred tax assets of R41,0 million (2007: nil) which will expire between 2018 and 2028 if not utilised.
- 13.4 In certain of the countries in which group companies operate, local tax laws provide that earnings only be taxed in those jurisdictions when the earnings are transferred out of such jurisdictions. It is intended that these earnings be permanently reinvested in those countries. At 31 December 2008, cumulative earnings of approximately R270,4 million (2007: R175,7 million) would be subject to income taxes of approximately R77,5 million (2007: R44,5 million) if such earnings of foreign companies were transferred out of such jurisdictions in the form of dividends.
- 13.5 In the case of the company, the deferred tax liability of R0,9 million (2007: R1,0 million) arises as a result of its participation in export partnerships. Details of the movements in temporary differences are reflected in the table above.
- 13.6 There were no temporary differences associated with investments in subsidiaries and associate companies for which deferred tax liabilities have not been recognised (2007: nil).

14. Restricted cash

	Group		Company	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
The restricted cash is held by grantors of finance as additional collateral for Textainer's secured debt facility and bond payable (refer note 20)	149,3	113,5	-	-
	149,3	113,5	-	-

The terms of the bond payable and the secured debt facility require that a minimum of five months interest be held as restricted cash. The net operating income of the borrowing company is also required to be placed in a trust account and cannot be withdrawn until the monthly principal and interest payments are made.

15. Inventories

Container equipment held for resale	14,8	25,8	-	-
	14,8	25,8	-	-

16. Trade and other receivables

Trade receivables	464,0	310,3	-	-
Prepayments	14,1	12,9	-	-
Current portion of long-term receivables and investment in finance leases	356,5	201,3	-	-
Other	14,5	6,3	-	-
Amount due by subsidiary	-	-	-	0,1
	849,1	530,8	-	0,1

17. Current tax

Amounts payable at the beginning of the year	99,5	79,2	0,2	-
Amounts receivable at the beginning of the year	-	(13,1)	-	(0,4)
Effect of movements in exchange rates	36,8	(2,3)	-	-
Charge per income statement (refer note 25)				
South African normal	35,1	33,7	2,2	2,4
Foreign normal	42,7	25,0	-	-
Secondary tax on companies	17,4	12,4	17,4	12,4
Amounts payable at the end of the year	(164,4)	(99,5)	(1,4)	(0,2)
Amounts receivable at the end of the year	1,5	-	-	-
Amounts paid during the year	68,6	35,4	18,4	14,2

18. Cash and cash equivalents

Bank balances	673,3	547,5	-	-
Call and term deposits	771,7	209,9	-	-
	1 445,0	757,4	-	-

19. Capital and reserves

	Group		Company	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
Share capital				
Authorised				
Ordinary shares of 0,5 cent each 200 000 000 (2007: 200 000 000)	1,0	1,0	1,0	1,0
Issued				
Ordinary shares of 0,5 cent each 187 398 892 (2007: 187 295 892)	0,9	0,9	0,9	0,9
	Number of shares (million)			
In issue at the beginning of the year	187,3	158,4	187,3	158,4
Issued for cash	0,1	0,3	0,1	0,3
Issued on conversion of debentures	–	28,6	–	28,6
In issue at the end of the year, fully paid	187,4	187,3	187,4	187,3

19.1 Shareholders have not been requested to place the unissued shares of the company under the control of the directors, save for those unissued shares reserved for The Trenchor Share Option Plan.

19.2 The shares, issued for cash, were issued by the company during the year pursuant to the exercise of certain options under The Trenchor Share Option Plan (refer note 32).

	Rm	Rm	Rm	Rm
19.3 Dividends				
Dividends declared and paid during the year are as follows:				
Final dividend in respect of financial year 2007 – 58 cents per share (2006: 37 cents)	108,6	58,6	108,6	58,6
Interim dividend in respect of financial year 2008 – 35 cents per share (2007: 22 cents)	65,6	41,2	65,6	41,2
	174,2	99,8	174,2	99,8

A final dividend of 75 cents per share in respect of financial year 2008 (2007: 58 cents per share) was declared by the board on 19 February 2009. This dividend will be subject to STC of R14,1 million (2007: R10,9 million).

19.4 The company has no distributable reserves which could be distributed by way of dividends and subject to STC (2007: STC liability on reserves R9,0 million).

19.5 Reserves

Fair value reserve

The fair value reserve includes the cumulative net change in the fair value, other than impairments, of available-for-sale investments until the investment is derecognised.

Foreign currency translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Equity compensation reserve

The equity compensation reserve comprises the cumulative value of equity-settled share-based payments.

Gain on dilution of investment in subsidiaries

This reserve represents the cumulative net gain on the dilution of the group's investment in subsidiaries.

Preference share amortisation adjustment

This reserve in the company comprises the difference between the present value of the subscription price of the preference shares paid at acquisition and the amount written up to the subscription price through profit or loss using the amortised cost method (refer note 8).

20. Interest-bearing borrowings

	Group								
	Current interest rate % p.a.	Interest indexed to	Repayment terms	Annual instalment Rm	Final maturity	Foreign amount 2008 US\$m	2007 US\$m	2008 Rm	2007 Rm
Secured (refer note 20.1)									
Loans									
Borrowings denominated in US\$									
Bond payable	1,725	LIBOR	Monthly	537,7	May 2015	372,1	430,2	3 450,0	2 916,5
Debt facility	2,445	LIBOR commences July 2010	Monthly,	279,0	June 2020	301,0	131,7	2 790,3	892,9
Revolving debt facility	2,668	US Prime or LIBOR	Full amount repayable 2013	491,3	April 2013	53,0	21,5	491,3	145,8
Total								6 731,6	3 955,2
Less unamortised debt issuance costs								(42,6)	(26,6)
								6 689,0	3 928,6
Less current portion included in current liabilities								(537,7)	(437,9)
								6 151,3	3 490,7

20.1 The secured loans are secured by way of a pledge against certain of the group's property, plant, equipment and investments in finance leases as well as requirements by lenders that a group company hold restricted cash as additional collateral for borrowings (refer notes 4, 11 and 14 respectively).

20.2 Debt issuance costs of R25,4 million (2007: R2,1 million) were capitalised during the year.

20.3 In terms of the articles of association, the company's borrowing powers are unlimited. Details of borrowing facilities are as follows:

	Group		Company	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
Total borrowing facilities	9 753,6	5 479,0	-	-
Actual borrowings at the end of the year	6 731,6	3 955,2	-	-
Unutilised facilities	3 022,0	1 523,8	-	-

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

20.5 Purchases of containers by Textainer amounted to US\$320 million during the year and were funded out of its own resources and existing facilities, resulting in a net increase in borrowings of US\$142 million. This, together with the translation of borrowings denominated in US dollars into SA rand resulted in group borrowings increasing to R6 732 million from R3 955 million in 2007.

21. Trade and other payables

Trade payables	46,2	31,8	-	-
Accrued expenses	100,2	85,4	1,3	0,5
Current portion of amounts due to third parties in respect of long-term receivables	10,0	9,3	-	-
Amounts due to container owners	97,0	121,6	-	-
Amounts due in respect of container acquisitions	19,2	192,5	-	-
Other	1,5	1,4	-	-
	274,1	442,0	1,3	0,5

22. Operating profit/(loss) before net finance costs

	Group						Company	
	Continuing operations		Discontinued operations		Entity as a whole		2008 Rm	2007 Rm
	2008 Rm	2007 Rm	2008 Rm	2007 Rm	2008 Rm	2007 Rm		
Operating profit/(loss) before net finance costs is arrived at after taking into account:								
Income								
Dividend income (included in revenue)								
Subsidiaries	-	-	-	-	-	-	188,9	-
Net profit/(loss) on disposal of property, plant and equipment	127,1	127,7	-	(54,1)	127,1	73,6	-	-
Fair value adjustment on embedded derivative	(1,8)	8,6	-	-	(1,8)	8,6	-	-
Realised and unrealised exchange losses not included in revenue	-	(0,2)	-	-	-	(0,2)	-	-
Charges								
Amortisation of intangible assets	54,1	25,5	-	1,3	54,1	26,8	-	-
Auditors' remuneration	15,2	4,6	-	2,7	15,2	7,3	1,0	0,5
Audit fee – current year	10,6	3,9	-	2,5	10,6	6,4	0,8	0,1
Audit fee – under provision prior year	4,4	0,1	-	0,2	4,4	0,3	-	-
Tax consultancy services	0,2	0,6	-	-	0,2	0,6	0,2	0,4
Directors' emoluments	12,3	11,3	-	-	12,3	11,3	1,5	0,7
Executive directors								
Short-term employee benefits	7,9	7,8	-	-	7,9	7,8	-	-
Retirement benefit contributions	0,4	0,4	-	-	0,4	0,4	-	-
Equity compensation benefits	0,4	0,6	-	-	0,4	0,6	-	-
Non-executive directors								
Remuneration	3,6	2,5	-	-	3,6	2,5	1,5	0,7
Impairment losses/(reversal of losses)	160,8	9,9	2,1	(13,7)	162,9	(3,8)	345,8	0,5
Property, plant and equipment	4,4	4,0	-	4,1	4,4	8,1	-	-
Investment in subsidiary	-	-	-	-	-	-	345,8	0,5
Assets classified as held for sale	-	-	2,1	(16,1)	2,1	(16,1)	-	-
Goodwill	134,5	-	-	-	134,5	-	-	-
Trade and other receivables	29,7	5,9	-	-	29,7	5,9	-	-
Trade and other receivables	(7,8)	-	-	(1,7)	(7,8)	(1,7)	-	-
Operating leases – premises	14,5	11,2	2,6	9,1	17,1	20,3	-	-
Share-based payments included in staff costs	47,1	17,1	-	(5,7)	47,1	11,4	-	-
Equity-settled	47,1	12,8	-	(5,7)	47,1	7,1	-	-
Cash-settled	-	4,3	-	-	-	4,3	-	-
Retirement benefit contributions included in staff costs	2,8	2,9	-	1,8	2,8	4,7	-	-
Loss on disposal of intangible assets	-	-	-	9,8	-	9,8	-	-

23. Net finance costs/(income)

	Group						Company	
	Continuing operations		Discontinued operations		Entity as a whole		2008 Rm	2007 Rm
	2008 Rm	2007 Rm	2008 Rm	2007 Rm	2008 Rm	2007 Rm		
Finance expenses	382,4	295,9	8,4	102,8	390,8	398,7	-	0,1
Interest expense, incurred by	211,1	260,3	5,1	98,7	216,2	359,0	-	0,1
Textainer	211,0	260,2	-	-	211,0	260,2	-	-
TrenStar	-	-	5,1	98,7	5,1	98,7	-	-
Other group companies	0,1	0,1	-	-	0,1	0,1	-	0,1
Net unrealised and realised losses on derivative financial instruments	171,3	35,6	3,3	4,1	174,6	39,7	-	-
Finance income								
Interest income, earned from	(49,5)	(48,2)	(1,7)	(3,9)	(51,2)	(52,1)	(7,3)	(9,8)
Subsidiary	-	-	-	-	-	-	(7,3)	(9,8)
Cash and cash equivalents	(49,2)	(46,9)	(1,7)	(3,9)	(50,9)	(50,8)	-	-
Other	(0,3)	(1,3)	-	-	(0,3)	(1,3)	-	-
	332,9	247,7	6,7	98,9	339,6	346,6	(7,3)	(9,7)

24. Exceptional item

Net gain on dilution of investment in subsidiary	-	197,3	-	-	-	197,3	-	-
	-	197,3	-	-	-	197,3	-	-

25. Income tax expense/(credit)

South African normal	35,1	33,7	-	-	35,1	33,7	2,2	2,4
Current	35,7	33,7	-	-	35,7	33,7	2,2	2,4
Adjustment in respect of prior year	(0,6)	-	-	-	(0,6)	-	-	-
Foreign normal	37,4	25,0	5,3	-	42,7	25,0	-	-
Current	43,0	25,0	5,3	-	48,3	25,0	-	-
Adjustment in respect of prior year	(5,6)	-	-	-	(5,6)	-	-	-
Secondary tax on companies	17,4	12,4	-	-	17,4	12,4	17,4	12,4
Associated tax credit – current year	(2,0)	(4,3)	-	-	(2,0)	(4,3)	-	-
Associated tax credit – prior year	(1,6)	(6,0)	-	-	(1,6)	(6,0)	-	(1,4)
South African deferred	102,3	(9,8)	0,7	4,9	103,0	(4,9)	(0,1)	(0,1)
South African deferred – origination and reversal of temporary differences	105,4	(9,8)	0,7	4,9	106,1	(4,9)	(0,1)	(0,1)
Adjustment in respect of prior year	0,9	-	-	-	0,9	-	-	-
Adjustment due to change in tax rate	(4,0)	-	-	-	(4,0)	-	-	-
Foreign deferred	(63,9)	22,4	80,0	(83,3)	16,1	(60,9)	-	-
Foreign deferred – origination and reversal of temporary differences	(27,2)	22,4	80,0	(83,3)	52,8	(60,9)	-	-
Adjustment in respect of prior year	(32,4)	-	-	-	(32,4)	-	-	-
Adjustment due to change in tax rate	(4,3)	-	-	-	(4,3)	-	-	-
	124,7	73,4	86,0	(78,4)	210,7	(5,0)	19,5	13,3

25. Income tax expense/(credit) (continued)

	Group		Company	
	2008 %	2007 %	2008 %	2007 %
The effective tax rate is reconciled as follows:				
Statutory tax rate	28,0	29,0	(28,0)	29,0
Non-taxable income	–	–	(34,3)	–
Non-tax paying entities	–	(0,5)	–	–
Non-deductible expenses	3,4	0,4	63,6	76,7
Foreign differential	(17,4)	(14,3)	–	–
Adjustment in respect of prior year	(3,5)	(0,6)	–	(63,1)
Current year losses for which no deferred tax asset was recognised	0,3	–	–	–
Recognition of previously unrecognised tax losses	–	(9,8)	–	–
Reversal of deferred tax asset included in assets classified as held for sale	7,1	–	–	–
Secondary tax on companies	1,5	1,3	11,3	578,0
Change in tax rate	(0,7)	–	–	–
Exceptional items	–	(6,0)	–	–
Effective tax rate	18,7	(0,5)	12,6	620,6

25.1 Certain group companies are not subject to tax in their country of incorporation. However, these companies are subject to tax in certain other jurisdictions due to the nature of their operations. The group estimates the tax liability based upon its interpretation of the tax laws of the various countries in which it operates. Deferred income taxes reflect temporary differences attributable to various jurisdictions at the appropriate statutory rates.

25.2 Certain group companies participate in export partnerships. As these companies were liable to the partnerships for the tax effect in the first year of their participation, the amount thereof was disclosed as an associated tax charge. In subsequent years the partnerships become liable to the companies for the tax arising as the underlying receivables are collected. The amount thereof is disclosed as an associated tax credit.

26. Discontinued operations

Discontinued operations include transactions relating to the mobile asset ownership and management businesses, discontinued during the previous financial year, and the sale of the plant and equipment of the tank container manufacturing business, discontinued during 2003. These businesses were previously included in the mobile asset management and container manufacturing segments respectively.

The mobile asset ownership and management businesses incurred a net loss prior to sale of R16,0 million. A net profit before tax of R17,5 million was recorded on the sale of these businesses. The deferred tax asset raised at 31 December 2007 relating to the utilisation of past operating losses was charged against the profit on sale of the businesses. The tank container manufacturing business plant and equipment was sold for a net profit before tax of R3,1 million effective 6 May 2008, after allowing for all costs relating to the agreement of sale.

The results of the discontinued operations are set out in the income statement.

Further details relating to operating results and profit on disposal of the discontinued operations are as follows:

	Group		Company	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
Results from operations:				
(Loss)/Profit before tax from trading activities	(16,0)	64,6	–	–
Income tax credit	–	73,5	–	–
(Loss)/Profit after tax	(16,0)	138,1	–	–
Profit on sale of plant and equipment	3,1	–	–	–
Income tax expense on profit on sale of plant and equipment	(0,7)	–	–	–
Impairment reversal on remeasurement of plant and equipment	–	16,1	–	–
Income tax expense on impairment reversal	–	(4,7)	–	–
Profit/(Loss) on disposal of discontinued operations	17,5	(26,5)	–	–
Income tax (expense)/credit on loss on disposal of discontinued operations	(85,3)	9,6	–	–
(Loss)/Profit for the year	(81,4)	132,6	–	–
Total assets	138,8	676,4	–	–
Total liabilities	24,1	396,9	–	–
Cash flow information				
Cash (utilised by)/generated from operating activities	(1,8)	20,2	–	–
Cash flows from investing activities	500,0	111,4	–	–
Cash flows from financing activities	(361,8)	(208,6)	–	–

27. Assets classified as held for sale

The remaining assets of the mobile asset ownership and management businesses and the receivable for the tank manufacturing factory plant and equipment are presented as a disposal group held for sale. The disposal group comprised assets of R138,8 million (2007: R676,4 million) less liabilities of R24,1 million (2007: R396,9 million).

	Group		Company	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
Assets classified and held for sale:				
Property, plant and equipment	-	485,7	-	-
Intangible assets	-	1,0	-	-
Investments	47,2	26,1	-	-
Deferred tax asset	-	71,2	-	-
Restricted cash	1,7	0,9	-	-
Inventories	-	2,9	-	-
Trade and other receivables	9,0	37,8	-	-
Cash and cash equivalents	80,9	50,8	-	-
	138,8	676,4	-	-
Liabilities classified as held for sale:				
Interest-bearing borrowings	-	307,9	-	-
Derivative financial instruments	3,8	6,5	-	-
Deferred income	-	1,5	-	-
Trade and other payables	9,5	75,3	-	-
Provisions	10,8	5,7	-	-
	24,1	396,9	-	-

28. Earnings per share

Basic earnings per share

Profit/(Loss) for the year attributable to equity holders of the company

From continuing operations	710,3	565,8	-	-
From discontinued operations	(47,7)	94,1	-	-

	662,6	659,9	-	-
Weighted average number of shares in issue (million)	187,3	187,2	-	-

Issued ordinary shares at 1 January (million)	187,2	158,4	-	-
Effect of shares issued during the year (million)	0,1	28,8	-	-

Basic earnings/(loss) per share (cents)

Entity as a whole	353,8	352,5	-	-
Continuing operations	379,2	302,2	-	-
Discontinued operations	(25,4)	50,3	-	-

Diluted earnings per share

Profit for the year attributable to equity holders of the company

Weighted average number of ordinary shares (diluted) (million)	187,6	187,6	-	-
Weighted average number of shares in issue (million)	187,3	187,2	-	-
Effect of share options on issue (million)	0,3	0,4	-	-

Diluted earnings/(loss) per share (cents)

Entity as a whole	353,2	351,8	-	-
Continuing operations	378,6	301,6	-	-
Discontinued operations	(25,4)	50,2	-	-

The dilution arises as a result of the potential exercise of the outstanding share options.

28. Earnings per share (continued)

	Group			
	2008		2007	
	Gross Rm	Net Rm	Gross Rm	Net Rm
Headline earnings per share				
<i>Undiluted</i>				
Profit for the year attributable to equity holders of the company		662,6		659,9
Adjustments relating to continuing activities				
Net gain on dilution of investment in subsidiaries	–	–	(197,3)	(197,3)
Impairment of plant and equipment	4,4	2,4	4,0	1,9
Impairment of goodwill	134,5	84,2	–	–
Net profit on sale of plant and equipment	(127,1)	(68,2)	(127,7)	(64,4)
Adjustments relating to discontinued operations				
Net (gain)/loss on disposal of discontinued operations ¹	(20,6)	38,9	–	–
Net (gain)/loss on remeasurement of fair value less costs to sell ²	–	–	10,4	(1,6)
Headline earnings attributable to equity holders of the company		719,9		398,5
Weighted average number of shares in issue (million)		187,3		187,2
Headline earnings per share (cents)		384,4		212,9
<i>Diluted</i>				
Headline earnings attributable to equity holders of the company		719,9		398,5
Weighted average number of ordinary shares (diluted) (million)		187,6		187,6
Diluted headline earnings per share (cents)		383,7		212,4
¹ The headline earnings adjustment relating to the disposal of the mobile asset ownership and management businesses, and the plant and equipment of the tank container manufacturing business have been included in the net (gain)/loss on disposal of discontinuing operations.				
² The headline earnings adjustment relating to the carrying values of the assets and liabilities of the UK Keg businesses, and the plant and equipment of the tank container business have been included in the net (gain)/loss on remeasurement of fair value less costs to sell.				
Adjusted headline earnings per share				
Circular 08/07 issued by The South African Institute of Chartered Accountants requires that profits and losses on the sale of property, plant and equipment be excluded from the calculation of headline earnings. The directors consider that, given the nature of Textainer's business model, this treatment of profits and losses on sales of containers from its container fleet is not appropriate for a proper understanding of the results of the group. Furthermore the effect of unrealised gains and losses on translation of the long-term receivables and the related fair value adjustment is excluded from adjusted headline earnings.				
Adjusted headline earnings may also include such other adjustments that, in the opinion of the board, are necessary to properly represent adjusted headline earnings.				
Headline earnings attributable to equity holders of the company		719,9	–	398,5
Net profit on sale of containers	127,1	68,2	(127,7)	64,4
Net (gain)/loss on translation of long-term receivables	(439,1)	(316,2)	28,5	20,6
		471,9		483,5
TrenStar Inc depreciation adjustment	–	–	(69,5)	(40,3)
TrenStar Inc deferred tax adjustment	–	–	(73,3)	(42,5)
Adjusted headline earnings attributable to equity holders of the company		471,9		400,7
Adjusted headline earnings per share (cents)		251,9		214,0
Diluted adjusted headline earnings per share (cents)		251,5		213,6

29. Cash generated from/(utilised by) operations

	Group		Company	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
Reconciliation of profit for the year to cash generated from/(utilised by) operations:				
Profit/(loss) for the year	915,5	959,9	(173,8)	(11,2)
Adjusted for:				
Finance expense	390,8	398,7	-	0,1
Finance income	(51,2)	(52,1)	(7,3)	(9,8)
Fair value adjustment on embedded derivative	1,8	(8,6)	-	-
Unrealised foreign exchange (gains)/losses	(640,0)	51,6	-	-
Net increase in fair value adjustment in respect of net investment in long-term receivables	191,0	(80,7)	-	-
Other non-cash flow adjustments to the net investment in long-term receivables	(54,2)	(41,3)	-	-
Depreciation	376,0	400,1	-	-
Profit on sale of property, plant and equipment	(127,1)	(73,6)	-	-
Exceptional items	-	(197,3)	-	-
Impairment losses, net of reversals	162,9	(3,8)	345,8	0,5
Continuing operations	160,8	9,9	345,8	0,5
Discontinued operations	2,1	(13,7)	-	-
Loss on disposal of intangible asset	-	9,8	-	-
Share-based payments	47,5	11,4	-	-
Amortisation of intangible assets	54,1	26,8	-	-
Deferred income	-	(51,1)	-	-
Net profit on disposal of disposal group	(22,7)	-	-	-
Income tax expense/(credit)	210,7	(5,0)	19,5	13,3
Operating profit/(loss) before working capital changes	1 455,1	1 344,8	184,2	(7,1)
Working capital changes	(113,1)	(65,8)	1,0	(0,2)
Decrease in inventories	17,9	1,7	-	-
(Increase)/Decrease in trade and other receivables	(60,9)	32,1	0,1	-
(Decrease)/Increase in trade and other payables	(70,1)	(99,6)	0,9	(0,2)
Cash generated from/(utilised by) operations	1 342,0	1 279,0	185,2	(7,3)

30. Operating lease commitments

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

Within one year	14,5	11,3	-	-
Between one and five years	49,5	31,3	-	-
After five years	34,7	-	-	-
	98,7	42,6	-	-

The group leases a number of office premises under operating leases. The leases typically run for a period of five to six years, with an option to renew the lease upon expiration. In the current year certain group companies have renewed their operating lease agreements. None of the leases include contingent rentals.

31. Capital commitments

For container leasing equipment authorised by the board:

Contracted	-	157,2	-	-
	-	157,2	-	-

32. Employee benefits

32.1 Share-based payments

Trencor and Textainer have share option plans for certain employees, including executive directors, to purchase shares in terms of the rules of the respective plans.

	Trencor	Textainer
Total number of shares authorised under share option plans in prior years	15 284 209	3 100 000
Share options granted prior to 31 December 2006, net of forfeitures	(6 400 000)	(3 100 000)
Number of shares available for utilisation under the plans at 31 December 2006	8 884 209	–
Additional shares authorised during 2007	–	3 808 371
Share options and restricted share units granted in 2007, net of forfeitures	–	(2 087 696)
Previously authorised shares cancelled during 2007	–	(191 168)
Number of shares available for utilisation under the plans at 31 December 2007	8 884 209	1 529 507
Share options and restricted share units granted in 2008, net of forfeitures	–	(470 681)
Previously authorised shares cancelled during 2008	–	(6 250)
Number of shares available for utilisation under the plans at 31 December 2008	8 884 209	1 052 576

Summary of activity in share option plans:

Trencor

Options granted to employees effective 30 June 2001 who were in employment for less than five years at grant date, vested over a total period of six years from the option grant date. Those issued to employees in employment for more than five years at grant date vested over a total period of three years. In terms of the transitional provisions of IFRS 2 *Share-based Payment* the company has elected not to apply this standard to these share-based payments, since they were granted before 7 November 2002.

	% of grant	
	Employment less than 5 years	Employment more than 5 years
Options granted vesting after 1 year		25
after 2 years		25
after 3 years	25	50
after 4 years	25	
after 5 years	25	
after 6 years	25	
	100	100

The right to exercise certain of the 400 000 options granted to certain directors on 11 June 2004 is subject to certain performance criteria being met. These options vest as follows: 100 000 on each of the third, fourth, fifth and sixth anniversaries of the grant date. All options lapse after a period of eight years after the grant date.

	Number of options			Weighted average	
	Unvested	Vested	Total	Exercise price R	Expiration year
Outstanding at 31 December 2006	543 750	276 500	820 250	8,59	2010
Exercised	–	(247 250)	(247 250)	5,25	2009
Vested	(193 750)	193 750	–	7,02	2009
Outstanding at 31 December 2007	350 000	223 000	573 000	10,03	2011
Exercised	–	(103 000)	(103 000)	5,25	2009
Vested	(50 000)	50 000	–	12,10	2012
Outstanding at 31 December 2008	300 000	170 000	470 000	11,08	2012

The weighted average share price at date of exercise was R28,24 per share (2007: R34,77 per share).

32. Employee benefits (continued)

32.1 Share-based payments (continued)

The fair value of the share options at grant date is determined based on the Actuarial Binomial Model. The model inputs were as follows:

	Grant date 11 June 2004
Number of options granted	400 000
Fair value at measurement date (R)	7,67
Share price at grant date (R)	12,10
Expected option lifetime (years)	5 – 7
Volatility %	50,5 – 52,8
Dividend yield %	0,0
Risk free % rate (based on national government bonds)	10,0 – 10,1

In determining share price volatility, consideration has been given to historical volatility as well as the expected option lifetime.

Textainer

Textainer granted share options through five share options plans, the 1994 Plan, the 1996 Plan, the 1997 Plan, the 1998 Plan, and the 2001 Plan, to certain employees to purchase shares of its common stock. The options under these plans have all vested and have been exercised in prior periods.

Textainer has one active share option and restricted share unit plan, the 2007 Plan. The 2007 Plan provides for the grant of share options, restricted share units, restricted shares, share appreciation rights and dividend equivalent rights. The 2007 Plan provides for grants of incentive share options only to its employees or employees of any parent or subsidiary of Textainer. Awards other than incentive share options may be granted to its employees, directors and consultants or the employees, directors and consultants of any parent or subsidiary of Textainer. There are no performance criteria attached to the option plan. The options vest over a total period of four years in increments of 25% per annum beginning approximately one year from grant date. All options lapse after a period of ten years from date of grant. Beginning approximately one year after a restricted share unit's grant date, each employee's restricted share units vest in increments of 15% per year for the first two years, 20% for the third year and 25% for the fourth and fifth year.

The following is a summary of activity in the 2007 Plan:

Share options

	Number of options			Weighted average	
	Unvested	Vested	Total	Exercise price US\$	Expiration year
Outstanding at 31 December 2006	–	330 000	330 000	2,66	2010
Granted	1 052 618	–	1 052 618	16,50	2017
Exercised	–	(330 000)	(330 000)	2,66	2010
Forfeited	(7 884)	–	(7 884)	16,50	2017
Outstanding at 31 December 2007	1 044 734	–	1 044 734	16,50	2017
Granted	251 418	–	251 418	7,19	2018
Vested	(100)	100	–	16,50	2017
Forfeited	(12 140)	–	(12 140)	16,50	2017
Outstanding at 31 December 2008	1 283 912	100	1 284 012	14,68	2017

Restricted share units

	Unvested	Vested	Total	Weighted average grant
				date fair value
Outstanding at 31 December 2006	–	–	–	–
Granted	1 052 618	–	1 052 618	14,29
Forfeited	(9 656)	–	(9 656)	14,29
Outstanding at 31 December 2007	1 042 962	–	1 042 962	14,29
Granted	251 418	–	251 418	4,52
Forfeited	(12 140)	–	(12 140)	14,29
Vested	(100)	100	–	14,29
Outstanding at 31 December 2008	1 282 140	100	1 282 240	12,34

32. Employee benefits (continued)

32.1 Share-based payments (continued)

The fair value of the share options at grant date is determined based on the Black-Scholes option pricing model with the following assumptions:

	Options granted 19 November 2008	Options granted 9 October 2007
Number of options granted	251 418	1 052 618
Fair value at measurement date (US\$)	0,60	3,62
Share price at grant date (US\$)	7,19	16,50
Expected option lifetime (years)	6,3	6,4
Volatility %	35,3	31,3
Dividend yield %	13,0	4,9
Risk free % rate (based on US Treasury bonds)	2,5	4,5

In determining share price volatility, consideration has been given to the historic volatility of publicly traded companies within Textainer's industry.

	Group		Company	
	2008	2007	2008	2007
	Rm	Rm	Rm	Rm
32.2 The amounts included in staff costs in respect of share-based payments are:				
Equity-settled	47,5	7,1	-	-
Cash-settled	-	4,3	-	-
	47,5	11,4	-	-

32.3 Retirement benefit funds

Membership of the Trecor Pension Fund, a defined contribution fund governed by the Pension Funds Act, is compulsory for all permanent employees in South Africa.

At 31 December 2008 the fund had 142 members (2007: 158 members) whose aggregate share of the fund amounted to R55,7 million (2007: R59,2 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 defined liability in respect of pensioners.

33. Segment reporting

Business segments

The group has three continuing operating divisions: Container Finance; Container Owning, Leasing, Management and Reselling; and Other Operations. The Mobile Asset Management Services and Container Manufacturing divisions are accounted for as discontinued operations. There are no transactions between segments included in the segment result.

	Container finance		Container owning, leasing, management and reselling		Mobile asset management services (discontinued)	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm	2008 Rm	2007 Rm
Revenue						
Revenue from external customers	672,3	(2,5)	2 130,3	1 698,9	20,7	431,0
Goods sold and services rendered	–	–	278,0	178,9	1,1	22,5
Leasing income	–	–	1 620,0	1 350,6	19,6	408,5
Management fees	–	–	232,3	169,4	–	–
Finance income	42,2	43,5	–	–	–	–
Realised and unrealised exchange gains/(losses)	630,1	(46,0)	–	–	–	–
Segment result before impairment of goodwill	488,7	69,1	1 133,3	903,4	(9,3)	165,6
Impairment of goodwill	–	–	(134,5)	–	–	–
Profit/(Loss) before interest and items reflected below and tax	488,7	69,1	998,8	903,4	(9,3)	165,6
Net finance costs						
Exceptional items						
Income tax expense						
Discontinued operations – net profit/(loss) on disposal						
Profit for the year						
Other information						
Segment assets	1 535,9	1 251,7	11 938,6	7 613,9	131,4	557,9
Investments						
Long-term loans						
Deferred tax assets						
Current tax assets						
Total assets						
Segment liabilities	253,4	272,4	428,6	450,2	11,7	75,2
Interest-bearing and short-term borrowings						
Deferred tax liabilities						
Current tax liabilities						
Total liabilities						
Supplementary information						
Capital expenditure	–	–	2 601,4	1 650,7	–	160,2
Depreciation and amortisation expense	–	–	428,8	360,9	–	64,8
Other significant non-cash income/(expenses)	694,2	(10,3)	80,0	111,2	19,6	(7,1)
Net long-term receivable valuation adjustment	(191,0)	80,7	–	–	–	–
Impairment (losses)/reversals	–	–	(160,8)	(9,9)	(2,1)	(2,4)

Other (including corporate overheads)		Container manufacturing (discontinued)		Consolidated	
2008	2007	2008	2007	2008	2007
Rm	Rm	Rm	Rm	Rm	Rm
1,5	1,5	-	-	2 824,8	2 128,9
-	-	-	-	279,1	201,4
1,5	1,5	-	-	1 641,1	1 760,6
-	-	-	-	232,3	169,4
-	-	-	-	42,2	43,5
-	-	-	-	630,1	(46,0)
(33,0)	(21,4)	-	(2,1)	1 579,7	1 114,6
-	-	-	-	(134,5)	-
(33,0)	(21,4)	-	(2,1)	1 445,2	1 114,6
				(339,6)	(346,6)
				-	197,3
				(210,7)	5,0
				20,6	(10,4)
				915,5	959,9
810,3	308,3	7,4	21,2	14 423,6	9 753,0
				33,1	132,5
				0,2	3,1
				5,8	178,0
				1,5	-
				14 464,2	10 066,6
14,9	12,0	12,4	13,8	721,0	823,6
				6 689,0	4 236,6
				270,7	306,6
				164,4	85,3
				7 845,1	5 452,1
0,8	0,2	-	-	2 602,2	1 811,1
1,3	1,2	-	-	430,1	426,9
(2,2)	8,0	3,1	-	794,7	101,8
-	-	-	-	(191,0)	80,7
-	-	-	16,1	(162,9)	3,8

34. Related parties

34.1 Identity of related parties

The group has related party relationships with its subsidiaries (refer directors' report), and with key management personnel, including its directors and executive officers.

34.2 Intra-group transactions and balances

Amounts due by and to subsidiaries (refer note 8).

Interest received from subsidiary (refer notes 8 and 23).

Guarantee fee received from subsidiary (refer note 8).

34.3 Transactions with key management personnel

Mr D M Nurek is a non-executive director of certain South African listed companies, some of whose subsidiaries are partners in export partnerships with the group. No new export partnerships have been concluded with these companies since March 1999.

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 related parties.

The number of shares held by the directors in the issued share capital of the company, other than indirect interests through Mobile Industries Ltd, at 31 December were as follows:

	Direct	Indirect	Total
2008			
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	–	10 000	10 000
E Oblowitz	10 000	–	10 000
	142 667	153 941	296 608
2007			
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
E Oblowitz	10 000	–	10 000
	142 667	143 941	286 608

The key management personnel compensation included in staff costs are as follows:

	Group		Company	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
Short-term employee benefits	22,7	23,1	1,5	0,7
Retirement benefit contributions	0,4	0,5	–	–
Equity compensation benefits	7,9	3,1	–	–
	31,0	26,7	1,5	0,7
Paid to:				
Directors	12,3	11,3	1,5	0,7
Executive officers	18,7	15,4	–	–
	31,0	26,7	1,5	0,7

35. Financial instruments and risk management

35.1 Categories of financial assets and liabilities

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

	Group							Total carrying amount Rm	Fair value Rm
	Designated at fair value through profit or loss Rm	Held for trading Rm	Available-for-sale Rm	Loans and receivables Rm	Other liabilities at amortised cost Rm	Other Rm			
2008									
Financial assets									
Investments	-	-	33,1	-	-	-	33,1	33,1	
Long-term loans	-	-	-	0,2	-	-	0,2	0,2	
Long-term receivables	1 339,2	-	-	-	-	-	1 339,2	1 339,2	
Net investment in finance leases	-	-	-	-	-	697,8	697,8	697,8	
Restricted cash	-	-	-	149,3	-	-	149,3	149,3	
Trade and other receivables	197,0	-	-	478,5	-	159,5	835,0	835,0	
Cash and cash equivalents	-	-	-	1 445,0	-	-	1 445,0	1 445,0	
	1 536,2	-	33,1	2 073,0	-	857,3	4 499,6	4 499,6	
Financial liabilities									
Interest-bearing borrowings	-	-	-	-	6 731,6	-	6 731,6	5 949,7	
Amounts attributable to third parties in respect of long-term receivables	243,1	-	-	-	-	-	243,1	243,1	
Derivative financial instruments	-	179,7	-	-	-	-	179,7	179,7	
Trade and other payables	10,0	-	-	-	264,1	-	274,1	274,1	
	253,1	179,7	-	-	6 995,7	-	7 428,5	6 646,6	
2007									
Financial assets									
Investments	-	-	106,4	-	-	-	106,4	106,4	
Long-term loans	-	-	-	3,1	-	-	3,1	3,1	
Long-term receivables	1 113,3	-	-	-	-	-	1 113,3	1 113,3	
Net investment in finance leases	-	-	-	-	-	331,1	331,1	331,1	
Derivative financial instruments	-	0,9	-	-	-	-	0,9	0,9	
Restricted cash	-	-	-	113,5	-	-	113,5	113,5	
Trade and other receivables	138,6	-	-	316,6	-	62,7	517,9	517,9	
Cash and cash equivalents	-	-	-	757,4	-	-	757,4	757,4	
	1 251,9	0,9	106,4	1 190,6	-	393,8	2 943,6	2 943,6	
Financial liabilities									
Interest-bearing borrowings	-	-	-	-	3 955,2	-	3 955,2	3 880,5	
Amounts attributable to third parties in respect of long-term receivables	262,7	-	-	-	-	-	262,7	262,7	
Derivative financial instruments	-	29,9	-	-	-	-	29,9	29,9	
Trade and other payables	9,3	-	-	-	432,7	-	442,0	442,0	
Short-term borrowings	-	-	-	-	0,1	-	0,1	0,1	
	272,0	29,9	-	-	4 388,0	-	4 689,9	4 615,2	
Company									
2008									
Financial assets									
Investments	-	-	15,2	-	-	-	15,2	15,2	
Amount due by subsidiary	-	-	-	67,3	-	-	67,3	67,3	
Long-term receivables	-	-	-	1,7	-	-	1,7	1,7	
	-	-	15,2	69,0	-	-	84,2	84,2	
Financial liabilities									
Amount due to subsidiary	-	-	-	-	368,2	-	368,2	368,2	
Trade and other payables	-	-	-	1,3	-	-	1,3	1,3	
	-	-	-	1,3	368,2	-	369,5	369,5	
2007									
Financial assets									
Investments	-	-	15,6	-	-	-	15,6	15,6	
Amount due by subsidiary	-	-	-	73,5	-	-	73,5	73,5	
Long-term receivables	-	-	-	1,9	-	-	1,9	1,9	
Trade and other receivables	-	-	-	0,1	-	-	0,1	0,1	
	-	-	15,6	75,5	-	-	91,1	91,1	
Financial liabilities									
Trade and other payables	-	-	-	1,3	-	-	1,3	1,3	
	-	-	-	1,3	-	-	1,3	1,3	

35. Financial instruments and risk management (continued)

35.2 Overview

The group's activities expose it to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (including currency risk, interest rate risk and price risk).

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital.

The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group.

The directors have overall responsibility for the establishment and oversight of the group's risk management framework. Risk management is carried out by the executive committee and management at operating levels under policies approved by the directors. The board provides written principles for the overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investing excess liquidity.

The group's risk management policies are established to identify and analyse the risks faced by the group to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

The group audit committee oversees how management monitors compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group. The group regularly undertakes ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

35.3 Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

35.3.1 Credit risk exposure

The carrying amount of financial assets and the total amounts guaranteed (refer note 36) represent the maximum credit exposure. The maximum exposure to credit risk from financial assets at 31 December was:

	Group		Company	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
Available-for-sale financial assets	33,1	106,4	15,2	15,6
Financial assets designated at fair value through profit or loss	1 536,2	1 251,9	-	-
Net investment in finance leases	857,3	393,8	-	-
Held for trading	-	0,9	-	-
Loans and receivables, excluding cash and cash equivalents	628,0	433,2	69,0	73,5
Cash and cash equivalents	1 445,0	757,4	-	-
	4 499,6	2 943,6	84,2	89,1

The group's credit risk arises principally from the group's long-term receivables, derivative financial instruments (interest rate swap and cap contracts), trade receivables and investment securities.

Available-for-sale financial assets

Due to the nature of the group's available-for-sale financial assets, credit risk is not considered to be significant.

Financial assets designated at fair value through profit or loss

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 estimated timing of receipt and possible non-collectibility of these receivables and the related effect on the payment to third parties.

35. Financial instruments and risk management (continued)

35.3 Credit risk (continued)

35.3.1 Credit risk exposure (continued)

The most significant long-term receivable at 31 December 2008 related to TAC Limited totalling R1 197,6 million (2007: R931,2 million). Approximately 78% (2007: 79%) of the TAC containers measured on a twenty foot equivalent unit basis are managed by Textainer.

Net investment in finance receivables

There is no significant concentration of credit risk relating to the net investment in finance leases.

Held for trading financial assets

With respect to the interest rate swap and cap contracts, the group's exposure to credit risk is determined with reference to 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.

Loans and receivables

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.

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	Group		Company	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
Container leasing customers	457,2	303,0	-	-
Other	6,8	7,3	-	-
	464,0	310,3	-	-

Cash and cash equivalents

The group's cash and cash equivalents are placed only with financial institutions having acceptable credit ratings.

35.3.2 Impairment losses

The group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

	Group					
	Gross ¹ Rm	Gross ² Rm	Total impairment Rm	Gross ¹ Rm	Gross ² Rm	Total impairment Rm
The ageing of trade receivables at the reporting date was:						
Not past due	7,5	-	-	7,8	0,2	0,2
Past due 0 – 30 days	204,9	0,2	2,0	137,1	0,5	0,5
Past due 31 – 120 days	245,6	8,4	10,1	156,4	0,9	0,9
Past due 121 – 365 days	11,2	9,1	10,8	7,9	1,1	1,2
More than one year	1,5	29,9	31,4	2,6	17,2	18,6
	470,7	47,6	54,3	311,8	19,9	21,4

¹ Gross receivables not subject to specific impairment.

² Gross receivables subject to specific impairment.

35. Financial instruments and risk management (continued)

35.3 Credit risk (continued)

35.3.2 Impairment losses (continued)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Group		Company	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
Balance at the beginning of the year	21,4	19,3	-	-
Impairment loss recognised	29,7	4,2	-	-
Impairment loss reversed	(7,8)	-	-	-
Effect of movements in exchange rates	11,0	(0,7)	-	-
Transfer to assets classified as held for sale	-	(1,4)	-	-
Balance at the end of the year	54,3	21,4	-	-

The allowance accounts in respect of trade receivables are used to record impairment losses unless the group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the financial asset directly.

35.4 Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

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.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Group					Total Rm
	Carrying amount Rm	Contractual cash flows Rm	One year or less Rm	One to five years Rm	Over five years Rm	
2008						
Non-derivative financial liabilities						
Bond payable	3 450,0	3 558,3	568,8	2 222,5	767,0	3 558,3
Debt facility	2 790,3	3 101,0	47,8	1 138,5	1 914,7	3 101,0
Revolving debt facility	491,3	522,1	7,2	514,9	-	522,1
Trade and other payables	264,1	264,1	264,1	-	-	264,1
	6 995,7	7 445,5	887,9	3 875,9	2 681,7	7 445,5
Derivative financial liabilities						
Derivative financial instruments	179,7	295,5	129,5	166,0	-	295,5
	179,7	295,5	129,5	166,0	-	295,5
2007						
Non-derivative financial liabilities						
Bond payable	2 916,5	3 448,2	526,9	1 914,5	1 006,8	3 448,2
Debt facility	892,9	1 137,9	88,6	490,8	558,5	1 137,9
Revolving debt facility	145,8	168,8	8,8	160,0	-	168,8
Trade and other payables	432,7	432,7	432,7	-	-	432,7
Short-term borrowings	0,1	0,1	0,1	-	-	0,1
	4 388,0	5 187,7	1 057,1	2 565,3	1 565,3	5 187,7

Amounts attributable to third parties in respect of long-term receivables are required to be paid only when the proceeds from the related long-term receivables are received, consequently, the group is not exposed to liquidity risk in respect of these financial liabilities.

35. Financial instruments and risk management (continued)

35.4 Liquidity risk (continued)

	Company					
	Carrying amount Rm	Contractual cash flows Rm	One year or less Rm	One to five years Rm	Over five years Rm	Total Rm
Non-derivative financial liabilities						
2008						
Amount due to subsidiary	368,2	368,2	–	368,2	–	368,2
Trade and other payables	1,3	1,3	1,3	–	–	1,3
	369,5	369,5	1,3	368,2	–	369,5
2007						
Trade and other payables	0,5	0,5	0,5	–	–	0,5
	0,5	0,5	0,5	–	–	0,5

35.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the executive committee.

35.5.1 Currency risk

The group is exposed to currency risk on sales and purchases and the group's long-term receivables that are denominated in a currency other than the respective functional currencies of group entities, primarily the US dollar and SA rand. The currency in which these transactions are primarily denominated is the US dollar.

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 exposure 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 2008 the group had no exposure to forward exchange contracts (2007: nil).

35. Financial instruments and risk management (continued)

35.5 Market risk (continued)

35.5.1 Currency risk (continued)

The following is an analysis of the group's financial instruments in terms of the currencies in which they are held, expressed in SA rand at 31 December:

Denominated in	SA rand Rm	US\$ Rm	Euro Rm	UK£ Rm	Total Rm
2008					
Assets					
Investments	14,2	18,9	–	–	33,1
Long-term loans	0,2	–	–	–	0,2
Long-term receivables	–	1 339,2	–	–	1 339,2
Net investment in finance leases	–	697,8	–	–	697,8
Restricted cash	–	149,3	–	–	149,3
Trade and other receivables	8,1	826,9	–	–	835,0
Cash and cash equivalents	204,7	1 233,2	1,7	5,4	1 445,0
	227,2	4 265,3	1,7	5,4	4 499,6
Liabilities					
Interest-bearing borrowings	–	6 193,9	–	–	6 193,9
Amounts attributable to third parties in respect of long-term receivables	243,1	–	–	–	243,1
Derivative financial instruments	–	179,7	–	–	179,7
Trade and other payables	23,8	250,3	–	–	274,1
Current portion of interest-bearing borrowings	–	537,7	–	–	537,7
	266,9	7 161,6	–	–	7 428,5
2007					
Assets					
Investments	12,3	91,3	–	2,8	106,4
Long-term loans	0,2	2,9	–	–	3,1
Long-term receivables	–	1 113,3	–	–	1 113,3
Net investment in finance leases	–	331,1	–	–	331,1
Derivative financial instruments	–	0,9	–	–	0,9
Restricted cash	–	113,5	–	–	113,5
Trade and other receivables	3,6	514,3	–	–	517,9
Cash and cash equivalents	147,1	574,6	23,4	12,3	757,4
	163,2	2 741,9	23,4	15,1	2 943,6
Liabilities					
Interest-bearing borrowings	–	3 517,3	–	–	3 517,3
Amounts attributable to third parties in respect of long-term receivables	262,7	–	–	–	262,7
Derivative financial instruments	–	29,9	–	–	29,9
Trade and other payables	19,5	422,4	0,1	–	442,0
Current portion of interest-bearing borrowings	–	437,9	–	–	437,9
Short-term borrowings	0,1	–	–	–	0,1
	282,3	4 407,5	0,1	–	4 689,9

The following exchange rates applied during the year (one foreign unit equals SA rand):

	US\$	Euro	UK£
2008 – Year-end rate	9,27	13,06	13,39
2008 – Average rate	8,12	11,92	15,00
2007 – Year-end rate	6,78	9,97	13,53
2007 – Average rate	7,02	9,62	14,05

35. Financial instruments and risk management (continued)

35.5 Market risk (continued)

35.5.1 Currency risk (continued)

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.

Sensitivity analysis

The group is exposed to currency risk only on those financial instruments that are denominated in a currency other than the respective functional currencies of group entities, namely the group's long-term receivables. A one per cent weakening of the rand against the US dollar would have increased the group's profit by approximately R11,3 million for the year ended 31 December 2008 (2007: R8,7 million). This analysis assumes that all other variables, in particular interest rates, remain constant. A one per cent strengthening of the rand against the US dollar would have had the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

35.5.2 Interest rate risk

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. All of the group's borrowings are denominated in 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 are at variable rates. Furthermore, the company enters into interest rate cap contracts to guard against unexpected increases in interest rates on a portion of such variable interest rate loans. Textainer does not apply hedge accounting to the interest rate swaps, notwithstanding that such swaps may be economically effective. It accounts on the basis that the net result of the marked-to-market valuation of these instruments is flowed through profit or loss. This may result in volatility of earnings.

The group is exposed to interest rate risk as it 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.

At 31 December the interest rate profile of the group's interest-bearing financial instruments was:

	Group		Company	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
Variable rate instruments				
Financial assets	1 594,3	874,0	67,3	73,5
Financial liabilities	(6 731,6)	(3 955,3)	-	-
	(5 137,3)	(3 081,3)	67,3	73,5

Fair value sensitivity analysis for fixed rate instruments

The group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. A change of 100 basis points in interest rates on interest rate swap contracts would have increased or decreased profit by R34,1 million (2007: R27,1 million).

Cash flow sensitivity analysis for variable rate instruments

An increase/decrease of 100 basis points in interest rates at the reporting date would have decreased/increased profit or loss by R37,8 million (2007: R33,0 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

35. Financial instruments and risk management (continued)

35.6 Fair value sensitivity for net investment in long-term receivables

The discount rate that is applied to reduce the future long-term dollar receivable stream to its net present value reflects the applicable risk free rate (being the United States Daily Treasury Yield Curve rate for the appropriate term) plus an industry specific risk premium (refer note 37). An increase/decrease in the discount rate of 100 basis points would decrease/increase profit by R10,6 million (2007: R10,7 million).

The discount rate that is applied to reduce the future stream of rand amounts attributable to the company's export partners in respect of the long-term receivables to its net present value reflects the applicable risk free rate (being the Bond Exchange of South Africa yield curve for the appropriate term) adjusted for an appropriate risk premium (refer note 37). An increase/decrease in the discount rate of 100 basis points would increase/decrease profit by R2,7 million (2007: R3,6 million).

35.7 Capital management

Capital is regarded as total equity. The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors also determines the level of dividends paid to shareholders, which according to policy guidelines, should be covered about three times by adjusted headline earnings.

The group may purchase its own shares on the market, if the 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, and the interests of the company.

The group monitors capital on the basis of the ratio of interest-bearing borrowings to total equity. This ratio is calculated as interest-bearing borrowings divided by total equity as follows:

	Group		Company	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm
Interest-bearing borrowings	6 689,0	3 928,7	–	–
Total equity	6 619,1	4 614,5	809,2	1 156,7
Ratio of interest-bearing borrowings to total equity	101,1%	85,1%	–	–

The increase in the ratio during 2008 resulted primarily from an increase in interest-bearing borrowings by Textainer to fund the purchase of new containers. The ratio of interest-bearing debt to equity in Textainer was 143% (2007: 128%) which is conservative by industry standards.

There were no changes in the group's approach to capital management during the year.

Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

35.8 Guarantees

The group has provided guarantees in respect of obligations of certain group entities (refer note 36). At 31 December 2008 the fair value of these guarantees was nil (2007: nil). These guarantees expose the group to credit and liquidity risk.

35.9 Fair values

The fair values of financial instruments have been arrived at after taking into account current market conditions (refer note 35.1).

36. Contingent liabilities, guarantees and other commitments

- 36.1 On 18 April 2005, the Public Limited Partnerships in the USA of which Textainer was one of the general partners, sold substantially all of their assets. As part of this sale, the purchaser engaged Textainer to continue to manage the containers acquired by it. Five lawsuits were filed between March 2005 and June 2007 in state and federal court, initiated by certain limited partners. The state cases have been consolidated into one action. The limited partners in the state action allege that the general partners breached their fiduciary duties by selling the assets for less than their fair value, retaining management rights over the assets following the sale, and making materially false or misleading statements in proxy statements issued in connection with the sale of assets. In the federal case, the plaintiffs allege a breach of fiduciary duty claim similar to that in the state action and also allege that the general partners violated federal securities laws. The lawsuits seek to recover damages for the limited partners based on the allegedly inadequate purchase price paid for the assets. On 5 February 2009, the plaintiffs in the state case, the plaintiff in the federal case, and the Textainer defendants reached a settlement agreement under which Textainer's insurer will pay a total of US\$10 million to the plaintiffs on defendants' behalf. On 11 February 2009, the court gave the settlement agreement its preliminary approval, and a hearing regarding final approval of the settlement agreement is expected to take place in state court on 21 April 2009.
- 36.2 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 2008 was R1,8 million (2007: R2,8 million).
- 36.3 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 2008, 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 R417,1 million (2007: R458,8 million).
- 36.4 A company in which the group has a 100% beneficial interest has guaranteed a portion of certain loan facilities of an associate company. The amount guaranteed at 31 December 2008 was R208,6 million (2007: R152,6 million).
- 36.5 At 31 December 2008 the fair value of the above guarantees was nil (2007: nil).

37. Accounting estimates and judgements

Management determines the development, selection and disclosure of the group's critical accounting policies and estimates and the application of these policies and estimates. Certain critical judgements in applying the group's accounting policies are described below:

37.1 Long-term receivables

37.1.1 *Discount rate*

US dollar cash streams

The discount rate that is applied to reduce the future long-term dollar receivable stream to its net present value is determined by the board from time to time and reflects the applicable risk free rate (being the United States Daily Treasury Yield Curve rate for the appropriate term) plus an industry specific risk premium. In determining the amount of the specific risk premium to be applied, the board takes cognisance of the then prevailing market conditions.

Rand cash streams

The discount rate that is applied to reduce the future stream of rand amounts attributable to the company's export partners in respect of the long-term receivables to its net present value is determined by the board from time to time and reflects the applicable risk free rate (being the Bond Exchange of South Africa yield curve for the appropriate term) adjusted for an appropriate risk premium.

37.1.2 *Fair value adjustment*

In calculating the amount of the fair value adjustment to the value of the net investment in long-term receivables that arose from the sale of marine cargo containers, mainly through export partnerships, management considers both the collectibility and the anticipated timing of the receipt of future instalments.

Forecasts of anticipated cash collections assist management in determining the necessity for and the amount of any fair value adjustment that may be required. These forecasts are based on estimates and judgements by management of, inter alia, the following variables for the remaining economic lives of the containers:

- New container prices
- Estimated economic life of containers
- Resale prices of containers
- Container lease rates
- Container fleet utilisations
- Prevailing interest rates
- Past payment history

Management is able to draw on the considerable industry knowledge and experience of Textainer's management in testing the validity and appropriateness of these assumptions.

37.2 Residual values

37.2.1 *Marine cargo containers*

Marine cargo containers are depreciated over their estimated useful lives to their estimated residual values. The estimated useful life of new containers that are purchased for the leasing fleet is twelve years, based on historical data gathered over a number of years. The estimated residual values vary according to the type of container and are determined with reference to expected proceeds on disposal.

37.3 Deferred tax assets

A net deferred tax asset of approximately R162,0 million (2007: R100,6 million) which originated in TrenStar Inc has not been recognised because this company is not expected to generate sufficient taxable income in the foreseeable future.

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

A number of new standards, amendments to standards and interpretations are relevant to the group and are not yet effective for the year ended 31 December 2008, and have not yet been applied in preparing these financial statements:

- 38.1 IFRS 8 *Operating Segments* requires an entity to adopt the 'management approach' when reporting on the financial performance of its operating segments. Generally, the segment reporting would be based on the information that management uses internally for evaluating segment performance and when deciding how to allocate resources to operating segments. Such information may be different from what is used to prepare the income statement and balance sheet. IFRS therefore requires explanations of the basis on which the segment information is prepared and reconciliations to the amounts recognised in the income statement and balance sheet. IFRS 8 will become mandatory for the group's 2009 financial statements. The adoption of IFRS 8 will not significantly affect the group's segmental disclosure.
- 38.2 Revised IAS 1 *Presentation of Financial Statements* introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income. Revised IAS 1, which becomes mandatory for the group's 2009 consolidated financial statements, is expected to have a significant impact on the presentation of the consolidated financial statements. The group plans to provide total comprehensive income in a single statement of comprehensive income for its 2009 consolidated financial statements.
- 38.3 Revised IFRS 3 *Business Combinations* incorporates the following changes that are likely to be relevant to the group's operations:
- The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.
 - Contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss.
 - Transaction costs, other than share and debt issue costs, will be expensed as incurred.
 - Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit or loss.
 - Any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

Revised IFRS 3, which becomes mandatory for the group's 2010 consolidated financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the group's 2010 consolidated financial statements.

- 38.4 Amended IAS 27 *Consolidated and Separate Financial Statements* requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to IAS 27, which become mandatory for the group's 2010 consolidated financial statements, are not expected to have a significant impact on the consolidated financial statements.
- 38.5 Amendment to IFRS 2 *Share-based Payment – Vesting Conditions and Cancellations* clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The amendments to IFRS 2 will become mandatory for the group's 2009 consolidated financial statements, with retrospective application. The group has not yet determined the potential effect of the amendment.
- 38.6 The amendments to IFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments* introduces additional fair value disclosure requirements and certain changes to current liquidity risk disclosure requirements. These amendments will be mandatory for the company's and the group's 2009 financial statements. Additional financial instrument disclosure will be provided accordingly by the company and the group.
- 38.7 *Improvements to International Financial Reporting Standards 2008* includes various improvements to IFRS. The only improvement that is considered relevant to the group is the amendment to IAS 16 *Property, Plant and Equipment*. This amendment will be effective for the first time in the group's 2009 consolidated financial statements and will be applied prospectively.

As a result of this amendment, containers that are held for sale as at 31 December 2009, will no longer be recognised as non-current assets held for sale in terms of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* but will instead be reflected as inventory. Profits or losses made on the sale of these containers will be recognised in profit or loss as part of gross selling revenue and no longer as part of other operating income.

corporate information

at 31 December 2008

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
investorrelations@trencor.net

Transfer secretaries

Computershare Investor Services (Pty) Ltd
70 Marshall Street, Johannesburg 2001
PO Box 61051 Marshalltown 2107
Tel 011 370 5000 Fax 011 688 7721
Call centre 0861 100 950 (within RSA)
or +27 11 370 5000 (outside RSA)
<http://www.computershare.com>

Auditor

KPMG Inc
MSC House
1 Mediterranean Street
Foreshore Cape Town 8001
PO Box 4609 Cape Town 8000

Designated auditor

L P Smith

Attorneys

Edward Nathan Sonnenbergs

Sponsors

Rand Merchant Bank (A division of FirstRand Bank Ltd)

Industry classification benchmark (ICB)

Industry: Industrial
Supersector: Industrial goods & services
Sector: Industrial transportation
Subsector: Transportation services

Market name

Trencor

JSE share code

TRE

ISIN

ZAE000007506

analysis of shareholders

at 24 December 2008

	Number of holders	% of holders	Number of shares	% interest
Mobile Industries Ltd	1	0,1	86 695 758	46,3
Mutual funds	83	7,2	53 335 780	28,4
Banks and insurance companies	26	2,3	19 862 873	10,6
Retirement funds	103	8,9	15 465 319	8,3
Other corporate bodies	99	8,6	2 712 883	1,4
Individuals	642	55,6	2 538 693	1,4
Nominee companies or trusts	191	16,5	5 724 472	3,0
Investment companies	6	0,5	938 288	0,5
Jowell family	3	0,3	124 826	0,1
Total	1 154	100,0	187 398 892	100,0
Shareholder spread				
Public shareholders	1 148	99,5	100 406 526	53,6
Non-public shareholders	6	0,5	86 992 366	46,4
Directors and associates	5	0,4	296 608	0,1
Mobile Industries Ltd	1	0,1	86 695 758	46,3
Total	1 154	100,0	187 398 892	100,0

major shareholders

The direct and indirect beneficial interests of shareholders who, in so far as is known, held 3% or more of the issued shares at 24 December 2008 were as follows:

	Direct %	Indirect through Mobile %
Jowell family		11,6
Old Mutual Life Assurance Company (Pty) Ltd	6,8	4,8
Public Investment Corporation Equity Portfolio Fund	3,7	1,2
Nedbank Rainmaker Equity Fund	4,5	2,3
Corolife Special Opportunities Portfolio Fund	4,0	3,6
	19,0	23,5
Mobile Industries Ltd	46,3	
	65,3	

Executive

NEIL IAN JOWELL (75)

B Com LLB (UCT) MBA (Columbia). Chairman of the board and of the executive committee. He is the elder son of Tencor'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 and nomination committees. 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 (64)

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

HENDRIK (HENNIE) ROUX VAN DER MERWE (61)

BA Law LLB (Stellenbosch) LLM (Tax) (Wits). Managing director and member of the executive committee. He joined Tencor 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 deputy chairman of Waco International Ltd before transferring to Tencor.

Non-executive

CECIL JOWELL (73)

B Com LLB (UCT). The younger son of the company's founder, he joined Tencor 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 (81) – resigned 31 March 2009

B Com (UCT) CA (SA) FCA has been a non-executive director of the company since 18 April 1984. He is a non-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 was 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 (69)

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 a member of the Tencor audit committee.

DAVID MORRIS NUREK (58)

Dip Law (UCT) Grad Dip Company Law (UCT) is an executive of Investec Bank Ltd. He was appointed as an alternate director of Tencor 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 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 (51)

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 and now serves as the Chief Executive Officer of the Stonehage Group's operations in South Africa. He is a director of various listed and unlisted companies in a non-executive capacity and serves as a trustee of various trusts.

Ages at 31 December 2008

diary

11 June 2009	Annual general meeting
31 December	Financial year-end
Announcements	February: Reviewed annual results March/April: Annual financial statements May: First quarter update August: Interim report November: Third quarter update
Dividends	April and October: Dividend paid

Notice is hereby given that the fifty-third annual general meeting of shareholders of Tencor Limited ('the company') will be held at 1313 Main Tower, Standard Bank Centre, Heerengracht, Cape Town on Thursday, 11 June 2009 at 15:00 for the following purposes:

1. To consider and adopt the annual financial statements of the company and the Tencor group for the year ended 31 December 2008.
2. To consider, and if deemed fit, to re-elect, on an individual basis, Messrs J E Hoelter, N I Jowell and H R van der Merwe 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 65 of the annual report.)
3. To place the 8 884 209 unissued authorised ordinary shares of the company, reserved for The Tencor 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'), the articles of association and the Listings Requirements of the JSE Limited ('JSE').
4. To confirm, in terms of the articles of association of the company, the directors' remuneration paid for the year ended 31 December 2008, as set out on page 9 of the annual report.
5. To reappoint KPMG Inc as independent auditor of the company and to appoint Mr L P Smith as the designated auditor to hold office for the ensuing year.
6. 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 Limited ('JSE') as presently constituted and which may be amended from time to time, and provided that:

- 6.1 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;
- 6.2 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;

- 6.3 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 that class in issue at the time of granting of this general authority, and for each 3% in aggregate of the initial number of that class acquired thereafter;
- 6.4 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 that class from the date of the grant of this general authority;
- 6.5 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;
- 6.6 after such acquisitions by the company or its subsidiaries, the company will still comply with the Listings Requirements of the JSE concerning shareholder spread requirements;
- 6.7 the company or its subsidiaries are not acquiring shares during a prohibited period as defined in the Listings Requirements of the JSE unless they have in place a repurchase programme where the dates and quantities of shares to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period; and
- 6.8 the company only appoints one agent to effect any acquisition/s on its behalf."

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 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 the general repurchase;
- the assets of the company and the group, fairly valued in accordance with International Financial Reporting Standards and recognised and measured in accordance with the accounting policies used in the latest audited financial statements will be in excess of the liabilities of the company and the group for the next twelve months after the date of the general repurchase;
- the issued share capital and reserves of the company and the group will be adequate for ordinary business purposes of the company or any acquiring subsidiary for the next twelve months after the date of the general repurchase;
- the working capital available to the company and the group will be sufficient for ordinary business purposes for the next twelve months after the date of the general repurchase; and
- a working capital statement will be obtained from the company's sponsors as and when any acquisition of its shares is contemplated.

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

Other disclosures in terms of section 11.26 of the JSE Listings Requirements

The annual report to which this notice of this annual general meeting is attached provides details of:

- the directors, management and secretary of the company on pages 2 and 64 respectively;
- the major shareholders of the company on page 64;

- the directors' interests in shares in the company on page 11; and
- the share capital of the company in note 19 on page 39, and an analysis of the shareholders on page 64.

There have been no material changes to the company and the group's financial or trading position (other than as disclosed in the accompanying annual report) nor are there any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had, a material effect on the financial position of the group between 31 March 2008 and the reporting date.

The directors, whose names are given on page 2 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 contains all information required by law and the JSE Listings Requirements.

General instructions and information

All shareholders are encouraged to attend, speak and vote at the annual general meeting. On a show of hands, every shareholder of the company present in person or represented shall have one vote only. On a poll, every shareholder shall have one vote for every share held.

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 Securities 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 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, Strate Limited ('Strate'), held through a CSDP or broker and are not registered as an 'own name' dematerialised shareholder you are not a registered shareholder of the company, but appear on the 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 them; 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 them with your voting instructions in respect of the annual general meeting and/or request them to appoint a proxy. You must not complete the attached form of proxy. The 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 them.

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 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
31 March 2009

Trencor Limited Annual General Meeting 11 June 2009

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 Thursday, 11 June 2009 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 ()

Home ()

being a member(s) of the company, holding

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

1. Approval of the adoption of annual financial statements.
2. Re-election of directors:
3. Placing the 8 884 209 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 2008 as set out in the annual financial statements.
5. Reappointment of independent auditor and appointment of designated auditor.
6. 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.

	For	Against	Abstain
J E Hoelter			
N I Jowell			
H R van der Merwe			

Signed at _____ on this _____ day of _____ 2009

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)

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 (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 or posted to Computershare Investor Services (Pty) Limited, PO Box 61051, Marshalltown, 2107. Forms of proxy must be received or lodged by no later than 24 hours (excluding Saturdays, Sundays and public holidays) before the annual general meeting (i.e. 15:00 on Wednesday, 10 June 2009).
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 them; 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 them with your voting instructions in respect of the annual general meeting and/or request them 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).