The results for 2009, taking into account the very difficult global trading conditions, are most satisfactory. They reflect the excellent performance of Textainer, our container leasing business operating worldwide with headquarters in Bermuda, and administration carried out in San Francisco.

Trading profit net of financing costs (excluding gains on early extinguishment of debt in Textainer) declined by 4% to R781 million. In dollar terms, the functional currency of Textainer, our main business, it declined by 6% from US$100 million to US$94 million.

Adjusted headline earnings best reflects Trencor's sustainable performance. In rand terms this declined by 19% to R381 million while in dollar terms earnings of US$43 million were 27% lower than the US$59 million reported last year.

The various measures of earnings are better reflected in tabular form:

	2009 Cents per share	2008 Cents per share
Headline earnings	134,8	420,8
Add/(Deduct):		
Unrealised foreign exchange translation losses/(gains)	114,6	(168,9)
	249,4	251,9
Deduct:		
Gain realised on the repurchase and early extinguishment of debt by Textainer	(45,9)	–
Adjusted headline earnings	203,5	251,9

Textainer

Textainer achieved considerable success in 2009. In a period of a severe global economic downturn, the company delivered a robust set of results, capitalised on opportunities to grow its business and maintained its dividend.

This achievement reflects the sound and enduring business values and practices the company has espoused over very many years. We laud the management team led by the President and CEO John Maccarone over the last 11 years as well as all the people of Textainer spread over many operations around the world who, at the coalface, 'made it all happen'.

Specifically in 2009 Textainer has:

- added containers costing US$200 million to its fleet under management;
- expanded its owned and managed container fleet by 15% on a TEU basis;
- established its new strategic position in the refrigerated container business;
- entered into sale and leasebacks with shipping lines for 28 900 TEU;
- achieved a return on equity of 16,7% p.a.; and
- maintained a dividend of 23 cents per share each quarter for the past 18 months.

The global container leasing industry outlook for 2010 is promising. Container traffic is projected to increase by 3% to 4% in 2010. In contrast, almost no containers have been produced since October 2008 and we estimate the global fleet declined by 4% in 2009 due to retirement of older containers. Furthermore, with the shortage of skilled manpower after lay-offs during the recession, it is estimated that Chinese manufacturers will produce less than a million containers in 2010. In summary, supply and demand should be in balance in 2010 – or even reflect a further decline in the global container population and thus a boost for leasing.

Since reaching a low point of 85,7% in September 2009, Textainer's fleet utilisation has increased to 91,6% at the end of March 2010.

Cash flow and dividend

The collection of the long-term receivables was adversely affected by the unfavourable trading conditions experienced by our customers and required a downward adjustment in the valuation of these receivables. On the other hand, Textainer's effective management of working capital enabled it to maintain a quarterly dividend of 23 cents per share throughout the past 18 months while maintaining their low leverage.

Taking into account these factors and the still tight credit markets together with possible requirements associated with our stated strategy to continue to grow and invest in the container industry, the board has declared a final dividend of 85 cents per share for a total of 120 cents per share in respect of 2009; an increase of 9% over the previous year.

Strategy

Trencor's strategy remains as outlined in last year's annual report – 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 through Textainer and some very limited investment in containers by our associate TAC. Our core business is owning, leasing, managing and reselling marine cargo containers worldwide as well as related financing activities.

The outlook for Textainer indicates promising potential for growth – both by acquisition of competing businesses and by organic growth as the world container fleet expands and shipping lines raise the proportion of containers that they lease from companies like Textainer, to levels prior to 2009 and possibly higher.

The group is in the fortunate position that it is able, to a considerable degree, to fund these growth opportunities from its own resources. Textainer's own unutilised facilities and available cash resources amount to US$285 million, while Trencor's cash at the centre is about US$100 million. In addition, Textainer's strong performance should enable it to raise equity from US capital markets in which case Trencor, itself, should have the opportunity to invest further by following its rights.

Group structure

In our previous annual report we advised that after due consideration and based on professional advice, we had concluded that the existing listed structure (Mobile Industries owning 46% of Trencor and Trencor in turn holding a controlling beneficiary interest in Textainer) should be retained while it holds significant advantage for these companies and their respective shareholders.

The Trencor board has again reviewed these matters and concluded that the stability afforded by the existing structure remains important, more particularly while Textainer pursues its plan of growing, not only organically, but also through the acquisition of existing container fleets, container management rights and container leasing companies. In seeking similar opportunities, a stable parentage will continue to stand Textainer in good stead – owners and financiers entrusting the management of their often large container fleets to Textainer find comfort in a stable and established corporate structure.

Following questions raised at Trencor's last annual general meeting regarding the structure for holding Trencor's interests in Textainer, we have this year addressed the position of Halco in the directors' report.

The Trencor board remains firmly of the view that the retention of a JSE-listed Trencor as Textainer's holding company continues to provide SA shareholders the unique opportunity to invest in Textainer as an investment opportunity listed on the NYSE, using rand and without resorting to their offshore investment allowances.

Corporate governance

Consistent with our support for ongoing improvements in corporate governance, we implemented the steps below during the year.

Mr R J A Sparks was appointed to the Trencor board as an additional independent director on 27 July 2009, bringing the number of independents to four out of a total of eight directors.

A governance committee has been appointed by the Trencor board, charged by its charter with overseeing the implementation of sound corporate governance principles, as appropriate for the group. The members of this committee comprise only independent directors, in the persons of Messrs D M Nurek and R J A Sparks, with Mr Sparks as chairman of the committee.

The governance committee will, inter alia, specifically assess the independence of our independent directors on a regular basis, and report its findings to the board.

I was re-elected as chairman of the board. As I am not categorised an independent, the board reconfirmed Mr D M Nurek as lead independent director.

Trencor's independent non-executive directors meet when they deem it appropriate without the executive directors to consider the performance and actions of executive management and any matters they consider appropriate.

Succession planning

Textainer's nomination committee oversees succession planning in Textainer, and has reported to the Textainer board that proper plans for all senior positions are in place. Similarly, Trencor's own nomination committee is satisfied that an adequate succession plan for Trencor is in place.

Prospects

As noted earlier, the outlook of the container industry for 2010 is promising. Counterparty risk has declined following the recapitalisation of several major shipping lines and sales prices of old containers have been rising since mid-2009 while utilisation has increased to 91,6% at the end of March 2010 from a low of 85,7% in September last year.

Our experienced management team has taken steps to improve our operations during the downturn and is well placed to maximise the group's performance in the year ahead.

Appreciation

I would like to thank our shareholders, employees and other stakeholders for their confidence in Trencor and I am grateful to my co-directors for the invaluable guidance they have, at all times, provided.

N I Jowell
16 April 2010