

Trencor Limited is a holding company quoted in the Industrial Transportation sector of the JSE Securities Exchange South Africa. Its core business is the owning, financing, leasing-out and managing of marine cargo containers worldwide, finance related activities and the provision of supply chain management services to enable the controlled movement of goods by providing and integrating the use of equipment, services, knowledge and information, mainly in the transportation industry. Other operations are engaged in the manufacture and export of containers for international markets and trailer manufacturing.



TRENCOR

TRENCOR LIMITED ANNUAL REPORT 2000

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DIRECTORS

N I Jowell CHAIRMAN *
 A M Brown (BRITISH) *
 H A Gorvy
 C Jowell *
 J E McQueen *
 D M Nurek
 G M C Ryan
 H R van der Merwe *

AUDIT COMMITTEE

D M Nurek CHAIRMAN
 H A Gorvy

REMUNERATION COMMITTEE

N I Jowell CHAIRMAN
 D M Nurek

* EXECUTIVE

HIGHLIGHTS

		2000	1999	1998
TURNOVER	RM	1 780	1 464	1 550
(LOSS) / INCOME BEFORE TAXATION	RM	(118)	23	483
INCOME ATTRIBUTABLE TO SHAREHOLDERS (HEADLINE)	RM	252	63	337
TOTAL ASSETS	RM	5 949	5 766	5 178
HEADLINE EARNINGS PER SHARE (UNDILUTED)	CENTS	165,0	41,1	221,8
DIVIDENDS PER SHARE	CENTS	-	28	48
NET ASSET VALUE PER SHARE	CENTS	889	928	896
INTEREST-BEARING DEBT, EXCLUDING CONVERTIBLE DEBENTURES /AGGREGATE OF TOTAL SHAREHOLDERS' FUNDS AND CONVERTIBLE DEBENTURES				
WITH TEXTAINER CONSOLIDATED	%	165	143	112
WITH TEXTAINER EQUITY ACCOUNTED	%	62	64	32



MOBILE INDUSTRIES

MOBILE ACCEPTANCES 74%

CREDIT FINANCING OF TRANSPORT EQUIPMENT

TRENCOR 47%

CONTAINERS

* **TEXTAINER** 74%

THE TEXTAINER GROUP COMPANIES OWN, MANAGE AND LEASE OUT FREIGHT CONTAINERS WORLDWIDE

* **TRENCOR SERVICES** 100%

EXPORTING, MARKETING AND FINANCING OF CONTAINERS

* **TPI EQUIPMENT MANAGEMENT** 35%

MANAGEMENT OF TANK CONTAINERS

* **TAC** 44%

OWNING OF CONTAINERS

MANUFACTURING

* **HENRED-FRUEHAUF** 100%

THE CONTAINER DIVISION MANUFACTURES TANK AND STAKBED CONTAINERS

THE TRAILER DIVISION MANUFACTURES TRUCK TRAILERS, ROAD TANKERS AND TRAILER COMPONENTS AND SERVICES TRAILERS

THROUGHOUT SOUTHERN AFRICA

SUPPLY CHAIN MANAGEMENT SERVICES

* **TRENCOR SOLUTIONS (FORMERLY HTK)** 100%

THE TRENCOR SOLUTIONS GROUP MANAGES RETURNABLE PACKAGING THROUGH THE PROVISION OF TRACKING AND LOGISTICS MANAGEMENT

SERVICES AND ALSO MANUFACTURES AND RENTS OUT INTERMEDIATE BULK CONTAINERS

* **CENTRICITY** 40%

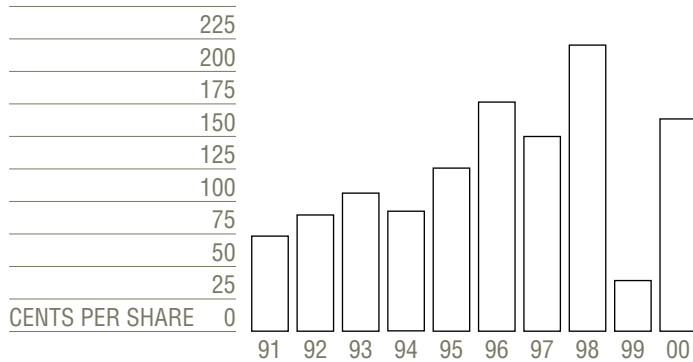
CENTRICITY IS A NEWLY ESTABLISHED INTERNET-BASED TRANSPORTATION AND LOGISTICS BUSINESS SERVICES PROVIDER AND SYSTEMS DEVELOPER



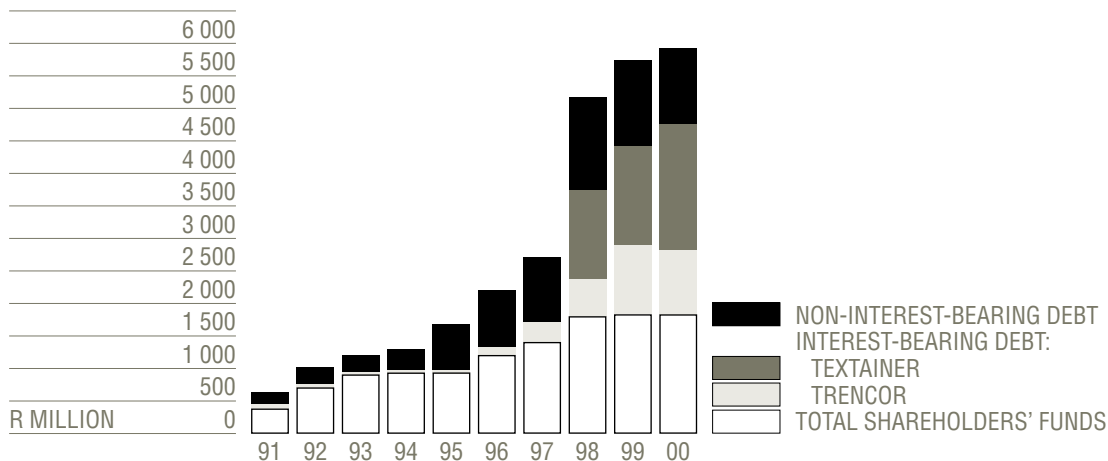
GROUP VALUE ADDED STATEMENT

	2000		1999	
	RM	%	RM	%
EMPLOYEES' REMUNERATION	224,3	12,6	226,0	15,4
TAXATION	(90,0)	(5,1)	(55,3)	(3,8)
INTEREST EXPENSE	264,5	14,9	248,5	17,0
DEPRECIATION	205,6	11,6	183,6	12,5
DIVIDENDS PAID	–	–	42,8	2,9
RETAINED EARNINGS	(61,1)	(3,4)	20,2	1,4
OUTSIDE SHAREHOLDERS	43,2	2,4	24,3	1,7
	586,5	33,0	690,1	47,1
TURNOVER	1 779,9	100,0	1 463,9	100,0
DISCONTINUED OPERATIONS – ASSET WRITE DOWNS AND PROVISIONS	412,4	23,2	–	–
MATERIALS AND SERVICES PURCHASED	781,0	43,8	773,8	52,9
VALUE ADDED	586,5	33,0	690,1	47,1

HEADLINE EARNINGS PER SHARE (UNDILUTED)



FUNDING OF TOTAL ASSETS




TEN YEAR REVIEW
OPERATING RESULTS

	00 RM	99 RM	98 RM	97 RM	96 RM	95 RM	94 RM	93 RM	92 RM	91 RM
TURNOVER	1 780	1 464	1 550	1 415	1 317	1 194	922	790	644	511
(LOSS)/INCOME BEFORE TAXATION	(118)	23	483	316	371	221	201	223	161	120
INCOME ATTRIBUTABLE TO SHAREHOLDERS (HEADLINE)	252	63	337	227	264	186	137	157	130	105

BALANCE SHEET SUMMARY

SHAREHOLDERS' EQUITY	1 359	1 418	1 370	1 105	895	655	613	587	443	311
OUTSIDE SHAREHOLDERS' INTEREST	186	148	139	26	24	13	47	36	29	26
TOTAL SHAREHOLDERS' FUNDS	1 545	1 566	1 509	1 131	919	668	660	623	472	337
CONVERTIBLE DEBENTURES	261	261	261	261	261	261	261	261	261	–
INTEREST-BEARING DEBT	2 978	2 606	1 984	339	131	20	39	49	43	92
FUNDING OF TOTAL NET ASSETS	4 784	4 433	3 754	1 731	1 311	949	960	933	776	429
FIXED ASSETS	2 730	2 364	2 018	232	197	178	166	139	123	98
OTHER NON-CURRENT ASSETS	2 368	2 291	2 242	1 846	1 319	883	536	505	284	182
CURRENT ASSETS	851	1 111	918	628	676	583	585	552	585	318
TOTAL ASSETS	5 949	5 766	5 178	2 706	2 192	1 644	1 287	1 196	992	598
NON-INTEREST-BEARING LIABILITIES	1 165	1 333	1 424	975	881	695	327	263	216	169
TOTAL NET ASSETS	4 784	4 433	3 754	1 731	1 311	949	960	933	776	429

STATISTICS

NUMBER OF ISSUED SHARES (MILLION)	153	153	153	151	149	146	145	145	145	143
EQUITY BOOK VALUE PER SHARE (CENTS)	889	928	896	731	600	448	422	404	305	217
HEADLINE EARNINGS PER SHARE (CENTS) – UNDILUTED	165	41	222	151	178	128	94	108	91	74
DIVIDENDS PER SHARE (CENTS)	–	28	48	43	43	34	25	25	20	16
DIVIDEND COVER (TIMES)	–	1	5	4	4	4	4	4	5	5

LIQUIDITY (%)

RATIO TO AGGREGATE OF TOTAL SHAREHOLDERS' FUNDS AND CONVERTIBLE DEBENTURES

TOTAL LIABILITIES EXCLUDING CONVERTIBLE DEBENTURES	229	216	193	94	86	77	40	35	35	77
INTEREST-BEARING DEBT EXCLUDING CONVERTIBLE DEBENTURES	165	143	112	24	11	2	4	5	6	27
CURRENT RATIO (TIMES)	1,0	1,3	1,3	1,6	1,6	1,6	2,3	2,4	2,9	1,4

PROFITABILITY BASED ON HEADLINE EARNINGS EXCLUDING DISCONTINUING OPERATIONS (%)

TAXED INCOME/TOTAL SHAREHOLDERS' EQUITY	18	5	26	22	34	29	23	30	33	37
TAXED INCOME BEFORE INTEREST/TOTAL ASSETS	9	5	11	11	13	14	13	16	19	22
TAXED INCOME BEFORE INTEREST/TOTAL NET ASSETS	11	7	15	17	22	21	17	21	24	31
INCOME ATTRIBUTABLE TO SHAREHOLDERS/SHAREHOLDERS' EQUITY	18	5	27	23	34	29	23	32	35	39
BURDEN COVER (TIMES)	3	2	5	6	9	9	9	9	6	7
NUMBER OF EMPLOYEES	1 263	2 676	2 542	5 126	5 475	5 192	5 043	4 772	4 960	3 395

BURDEN COVER

The number of times that interest, lease instalments for movable assets and rentals for immovable property are covered by income before tax, depreciation, interest, lease instalments and rentals paid by the company and its subsidiaries.

COMPARATIVE FIGURES

The disclosure of income of associates and long-term receivables has been changed to accord with South African Statements of Generally Accepted Accounting Practice. Comparative figures have been restated accordingly, except in the case of long-term receivables for the period 1991 to 1994 as the details are not readily available.

CHAIRMAN'S STATEMENT

I am pleased to report an increase in headline earnings to R252 million or 165 cents per share (1999: R63 million and 41 cents per share).

The closure of our dry freight container factory (announced on 28 October 1999) in a period of extremely difficult conditions in the industry had a severe impact on the group. To gain a meaningful perspective in reviewing our results it is necessary to separate the effects of closing the Isithebe factory from our continuing operations. For the year to 30 June 2000, continuing operations as a whole did very well achieving attributable income of R307 million (1999: R81 million). Headline earnings were R252 million, after taking into account the trading loss at Isithebe, prior to its closure, for the 6 months to December 1999 of R55 million.

The total write downs associated with the closure of the Isithebe factory amounted to R521 million, and consequently a total net attributable loss of R61 million was sustained for the year under review. Notwithstanding these losses, total shareholders' funds remain virtually unchanged from last year.

TRADING PERFORMANCE

In our last two annual reports we noted the detrimental effects on the container industry caused by the economic crisis in Asia and the decrease in container prices in China. The severity of these factors caused Textainer's fleet utilisation to decline to an average of 75% for the six months to June 1999 and net operating income per container declined to levels 20% less than previous lows.

Trading conditions began to improve midway through 1999 and Textainer's fleet utilisation is currently around 85%. Although rental rates remain low, they are acceptable considering the low prices for new containers continuing to come out of China. Despite these conditions Textainer performed very well, increasing taxed income from US\$9,7 million to US\$19,1 million. Textainer is benefiting from the current low prices by building up its fleet on long-term lease. Textainer is now a major contributor to our earnings.

Textainer's total managed fleet now exceeds 900 000 TEU (20-foot equivalent unit), making it the world's largest lessor of dry freight marine containers. Textainer itself owns 280 000 TEU of which 46% are on long-term lease as opposed to master (short-term) leases. Early last year, the company embarked on a policy of increasing the number of containers on long-term lease in order to reduce the volatility of earnings from containers on master leases. While possibly foregoing better earnings in strong markets, the greater stability over the business cycle will, on balance,

be to our advantage. Our current aim is to have at least 50% of our owned containers on long-term leases.

Together with the increasing proportion of management fee income, the company should be better protected in periods of volatility and sharp declines in trading conditions. Textainer continues to strengthen its leadership position in the industry and should benefit further from the improving prospects of its customers and the shipping industry.

Exchange gains, mainly in the second half, made a major contribution to earnings. The decline in the R/US\$ exchange rate over the year to June 2000 from R6,03 to R6,78 contributed to an exchange gain of R347 million. It also resulted in an increase in the Rand value of provisions in respect of Dollar denominated receivables.

TAC and PrimeSource, in which Trencor holds respectively 44% and 40% of the issued shares, together own about 233 000 TEU of various types of containers which are managed by a number of equipment managers. Textainer manages the largest portion. In common with most other equipment owners in the container leasing industry, TAC and PrimeSource experienced very difficult trading conditions in the past two years, but are showing encouraging signs of improvement.

MANUFACTURING

As previously reported, our dry freight container factory at Isithebe, KwaZulu-Natal, was closed in December 1999. This closure was necessitated, inter alia, by the cessation of participation in the container export trade by the group's export partners following queries issued by the South African Revenue Service ('SARS') to some of our export partners, low Chinese container prices and high production costs in South Africa.

The closure led to costs and write downs amounting to R521 million and the direct loss of 1 400 jobs at the factory. The write downs included a net reduction of R299 million in the valuation of long-term receivables.

The bulk of the inventory of materials and components at the factory has been sold to a Chinese container manufacturer. Several initiatives are under way to dispose of the specialised plant.

Our tank container businesses, both manufacturing and leasing, are operating reasonably well in the difficult prevailing market conditions, but the returns are not satisfactory. This applies equally to the stacked manufacturing operation. As reported in February, the continued viability of these businesses remains under review and subject to normal commercial considerations.

The operations of our trailer division are improving and overheads have been significantly reduced. Despite current poor trading conditions, returns are not yet acceptable.





SUPPLY CHAIN MANAGEMENT

Trencor Solutions, formerly known as HTK, provides returnable packaging to various industries, but mainly to the motor industry in South Africa. It is now shifting its focus to providing software and technology infrastructure for managing returnable packaging services in South Africa and internationally. Progress has been made in forging alliances to extend the business offshore and also in conducting scoping exercises with large potential customers overseas. While promising, these efforts are still to prove their viability.

Centricity is an internationally based transportation and logistics service provider and systems developer. It has a well known and highly respected professional team with a good track record in supply chain logistics, enterprise resource planning and software development. The aim is to provide software tools to the transportation industry using Internet technologies.

EXPORT PARTNERSHIPS AND BANKING FACILITIES

As previously reported, our export partners are no longer prepared to undertake new transactions in the container export trade. The reasons for and the effects of this are more fully described in the Directors' Report.

The cessation of their participation required the company to arrange a three year facility with its South African bankers to fund the production and export on credit terms of containers manufactured from July 1999 and to put in place sufficient facilities for the foreseeable future. The salient details of the facility, which was concluded on 20 November 2000, are described in note 28 to the financial statements.

LONG-TERM RECEIVABLES

As reported elsewhere, we are no longer able to offer extended credit to customers for containers manufactured in South Africa and the long-term receivables remain about the same as last year at US\$659 million.

The present value of these receivables at US\$1 = R6,78 is R3,2 billion (1999: at US\$1 = R6,03 was R2,7 billion).

WACO

Subsequent to the financial year end, we completed the sale of our interests in Waco International for a net cash receipt of R170 million resulting in a capital profit of R94 million.

LEVERAGE

The borrowings of Textainer are secured by its own balance sheet without any recourse to Trencor and its ratio of interest-bearing debt to equity at 30 June 2000 was 283%.

Had Textainer notionally been equity accounted, the ratio of Trencor's own debt (excluding the convertible debentures) to the aggregate of total shareholders' funds and the convertible debentures would have decreased from 64% last year to 62% at 30 June 2000. If the disposal, in July 2000, of the group's interests in Waco had taken place prior to the financial year end, this ratio would have been 49%.

DIVIDENDS

In view of the significant write downs associated with the closure of our Isithebe factory and the overall attributable loss sustained for the year as a result, and in order to conserve cash, the directors resolved not to pay dividends in respect of the year under review.

The company will not declare dividends until the advances under its banking facilities have been repaid, as referred to in note 28 to the financial statements.

FORECAST

Our business operations are now, as last year, mainly focussed on the container industry. This industry has emerged from the severe slump in 1998/99 and, together with the shipping industry, appears set for a period of stable and satisfactory trading conditions. Shipping economists are predicting annual growth between 7% and 8% over the next 8 to 10 years with the containerised portion at least equalling that growth rate over the period.

Our operations are well positioned to take advantage of such conditions. However, Chinese prices and their impact on lease rates and the returns to container owners are unpredictable, as is the exchange rate of the Rand to the US Dollar. Accordingly, a meaningful forecast of results for the coming period cannot be made.

* * *

Ian Sims retired from the board at the annual general meeting in December 1999 to relocate to New Zealand. I express my sincere appreciation to him for his guidance and wise counsel over the last 10 years and wish him well in the next stage of his retirement.

As always, the commitment and dedication of my co-directors in conducting the affairs of the group are much appreciated.

Our staff, local and international, are to be congratulated for their efforts during a demanding year.

N I JOWELL 20 NOVEMBER 2000

REVIEW OF OPERATIONS

TEXTAINER

Textainer, our 74% subsidiary, which is primarily engaged in the business of leasing-out standard and special dry freight marine cargo containers to global transportation companies, achieved excellent results for the year under review and further strengthened its position as the world's leading lessor of standard dry freight containers.

Textainer's administrative headquarters are based in San Francisco and it has offices and depots strategically positioned throughout the world. Its dedicated and professional team of specialists is committed to providing the highest standard of service and equipment by ensuring high quality containers with lower repair costs for its customers. It remains the only container leasing company to have received worldwide ISO 9002 multi-site certification. The Textainer group has embarked on several major information systems projects to further streamline its administrative and management procedures.

In addition to its own fleet, Textainer manages containers for a number of other owners. These include six United States public limited partnerships which initially raised almost US\$500 million and own approximately 20% of the containers managed by Textainer, as well as container owners associated with the Trencor group, such as TAC and PrimeSource. Effective 1 June 1999, Textainer was awarded the contract for the management of a fleet of 230 000 TEU (20-foot equivalent unit) for Xtra International, a large transportation equipment rental company listed on the New York Stock Exchange. Management fees and container sales commissions resulting from this contract are now contributing significantly to operating results. The smooth change-over in the management of the large Xtra fleet and the improvement in its performance already achieved by Textainer, make Textainer an excellent candidate to manage additional fleets for other owners.

An average of over 70 000 TEU of new production has been added to the fleet annually over the last eight years and the total fleet under management currently exceeds 900 000 TEU. The portion of the fleet owned by the Textainer group itself is now 280 000 TEU of which 46% is on long-term lease resulting in higher utilisation and less volatile revenues.

The Resale Division recorded its highest ever unit and dollar sales volumes and contribution to net income during calendar 1999 with the sale of 45 000 containers. In March 2000, Textainer was awarded a sole supplier contract with the Mobile Storage Group, a US based international provider of storage facilities, which is expected to result in

unit sales of 10 000 to 20 000 used containers per year over the next five years.

Exports to Asia are strengthening as Asian economies improve, although the strong US dollar reduced exports from North America to Asia to the advantage of exports from Europe. These developments have gone some way in correcting the trade flow imbalances of the last few years. In addition, the shipping lines have succeeded in raising freight rates which, in turn, has generally improved returns for the container leasing industry. The strong recovery in the container industry has led to a marked increase in Textainer's fleet utilisation from 75% in June 1999 to 85% by mid-August 2000. The improvements stemming from the above favourable conditions have had a major positive impact on net operating income. Textainer's earnings increased from US\$9,7 million last year to US\$19,1 million for the year to June 2000.

CONTAINER MANUFACTURING

DRY FREIGHT CONTAINERS

Our dry freight marine container factory at Isithebe, KwaZulu-Natal, was closed in December 1999. This closure was necessitated, inter alia, by the cessation of participation in the container export trade by the group's export partners following queries issued by the South African Revenue Service to some of our export partners, low Chinese container prices and high production costs in South Africa.

The costs and write-downs associated with this closure amounted to R521 million and resulted in the loss of 1 400 jobs at the factory and an estimated 2 000 at our suppliers.

To date, 75% of the inventory of production materials and components at the closed factory has been sold to a Chinese container manufacturer. The remaining 25% is currently being packed, also for shipment to China. Prices achieved were such that the provisions previously made proved adequate.

The plant and machinery have been mothballed pending the outcome of various disposal options. This equipment is very specialised as it was designed and constructed for the sole purpose of manufacturing dry freight containers. Several initiatives are under way to realise the maximum possible value for it.

TANK CONTAINERS

Tank container production at our facility at Parow in the Western Cape continues, albeit on a reduced scale. The tank container industry is currently experiencing difficult market conditions caused, in part, by the financial melt-down in Far East and Asian economies a few years ago and the substantial restructuring in the customer community. At



the same time, the cessation of participation in the container export trade from South Africa by our export partners and our resultant inability to continue to grant long-term credit to a significant part of our customer base has placed us at a disadvantage. We are however striving to increase our customer base against strong competition in an already over-supplied market by maintaining our high quality standards and increasing our product range.

We are beginning to see a slight improvement in market conditions and it is possible that this facility may yet achieve an acceptable return. The future of the tank factory is under constant review.

STAKBEDS

Our stakbed manufacturing plant at Montague Gardens has also been affected by unusually tough market conditions. After a period of 3 years during which we dominated the world market for this product, demand collapsed. The world stakbed fleet is still under-utilised and no substantial improvement is expected before the middle of 2001.

As in the case of our tank container factory, the viability of stakbed manufacturing remains under constant review.

TPI EQUIPMENT MANAGEMENT ('TPI')

Our London-based 35% associate, TPI, has continued to demonstrate its strong marketing ability as an international manager and lessor of tank containers. It has grown its fleet to almost 3 500 units within 3 years during which it has achieved better than average on-hire rates and fleet utilisation, but has not yet reached critical mass. TAC, an overseas associate of Trencor, owns approximately half of the fleet managed by TPI.

TAC AND PRIMESOURCE

In common with most other equipment owners in the container leasing industry, TAC and PrimeSource, in which Trencor holds respectively 44% and 40% of the issued shares, experienced difficult trading conditions in the previous two years. Performance of their various fleets showed encouraging signs of improvement from the beginning of the new financial period. Amounts owing by these companies for containers supplied on extended credit terms are included in long-term receivables.

TAC and PrimeSource together own about 233 000 TEU of various types of containers which are managed by a number of equipment managers. Textainer manages the largest portion.

During the year, the PrimeSource bank debt was refinanced and, as part of this process, ownership of its container fleet was transferred to TAC. As previously

reported, the PrimeSource fleet continues to be managed by Textainer.

TAC has for a number of years sourced containers from the group in South Africa and from other manufacturers elsewhere, particularly in China. The closure of the factory at Isithebe has inhibited TAC's ability to increase and refresh its fleet, even from non-South African sources, and to thereby average down its overall fleet cost. It is hoped that TAC will soon be able to resume its new container purchases from China.

TRAILERS

Henred-Fruehauf's trailer manufacturing business has been affected by the closure in April of the tank container line at its Wadeville branch as well as by poor trading conditions in the trailer market.

It is gaining market share due to sustained efforts to recover its leading position in the trailer industry. However, several major banks appear to be taking a pessimistic view of the transportation industry at the moment and this is creating some difficulty for customers of this division to fund the purchases they seek to make.

Despite these setbacks, Henred-Fruehauf remains the best brand in the trailer business and has an organized, disciplined and capable management team which has done a creditable job in reducing overheads in the last two to three years and is striving to achieve acceptable returns.

SUPPLY CHAIN MANAGEMENT

TRENCOR SOLUTIONS

The Trencor Solutions group (formerly HTK) is a returnable packaging services provider for various industries in South Africa. Its software systems and infrastructure are made available to its customer base in order to improve the efficiency of the supply chain both domestically and internationally and to add value to returnable packaging services. Users of its systems and infrastructure have improved their own supply chain efficiencies and achieved substantial savings in the process.

The concepts applied by Trencor Solutions have attracted international attention as a solution to managing returnable packaging, as the world moves from expendable packaging to returnable/re-useable packaging. We are taking steps to capitalise on the opportunities presented by these developments and feasibility studies to use our systems are underway with a number of overseas businesses.

In pursuance of the Trencor group's increasing focus on the provision and integration of information systems related to the transportation industry, we acquired 100% of Dynanet

Solutions (Pty) Ltd and a 70% interest in the business of Warehouse Works during the year under review, for an aggregate consideration of R10,6 million.

CENTRICITY

The group acquired for US\$5 million a 40% interest in Centricity Inc, a recently established Internet-based transportation and logistics business services provider and systems developer. The company, based in Atlanta, USA, has a unique team of respected professionals with experience in supply chain logistics, enterprise resource planning and software development.

Centricity aims to be a global provider of web-deployed software, on a subscription and transaction based pricing structure, to the transportation industry with special emphasis on the shipping industry.

LONG-TERM RECEIVABLES

The cessation of the formation of export partnerships with third parties for the reasons referred to elsewhere in this report and certain legislative changes enacted during the year, have resulted in the group no longer being able to offer export customers extended credit terms in respect of containers manufactured in South Africa. As a result, the aggregate amount of the long-term receivables outstanding, which are almost totally denominated in US dollars, has not increased since last year and amounts to US\$659 million, although the value has increased in rand terms due to the decline in the value of the rand against the US dollar. At their net present values and after marking forward exchange contracts and other hedging instruments to market, the value of these receivables totalled R3,2 billion (1999: R2,7 billion). An exchange rate of US\$1=R6,78 was used to translate dollar amounts into rand at 30 June 2000 (1999: US\$1=R6,03).

Whilst the decline in the exchange rate resulted in an upward revaluation in the present value of the long-term receivables, the revaluation itself also caused an increase in the rand value of the dollar-denominated provisions.

As a consequence of the closure of the group's dry freight container factory at Isithebe we have had to consider the possible impact on receivables arising from the inability of certain long-term debtors to acquire containers from South Africa on extended credit terms. This may limit their capacity to purchase containers from other suppliers, particularly in China. The inability to increase fleet size with lower-priced new equipment and so average-down the cost of their fleets at a time when the world container market appears to be recovering, may also impair their ability to timeously meet their obligations to pay for the higher priced equipment acquired from South Africa in prior years. For

these reasons and based on prevailing conditions in the container leasing industry, it was considered necessary to reduce the present value of these long-term receivables, net of amounts attributable to third parties, by an amount of R299 million.

It has also been considered prudent to adjust the valuation of other long-term receivables, net of amounts attributable to third parties, by R51 million, making the total net adjustment for the year R350 million.

PROPERTY INTERESTS

Trencor has a 15% interest in the companies which own the land and operate Grand Central Airport and a 31% interest in a property development in Midrand called Midrand Town Centre.

The airport continues to provide satisfactory returns on our investment and the building constructed at Midrand Town Centre is substantially let.

Our current aggregate exposure to these property interests is R19,1 million. Trencor intends to disinvest from these non-core property investments when an opportunity arises.

FINANCE

The principal financial ratios at 30 June 2000, and the comparative figures for the previous year are reflected in the table below. In order to show the impact of the consolidation of Textainer, the ratios are also stated on the basis of notionally equity accounting Trencor's interest in Textainer. It should be noted that Textainer's liabilities are secured by its own balance sheet and without any recourse to Trencor.

	2000	1999
RATIO TO THE AGGREGATE OF TOTAL SHAREHOLDERS' FUNDS AND CONVERTIBLE DEBENTURES:		
TOTAL LIABILITIES EXCLUDING CONVERTIBLE DEBENTURES		
With Textainer consolidated	229%	216%
Had Textainer notionally been equity accounted	120%	130%
INTEREST-BEARING LIABILITIES EXCLUDING CONVERTIBLE DEBENTURES		
With Textainer consolidated	165%	143%
Had Textainer notionally been equity accounted	62%	64%
CURRENT RATIO		
With Textainer consolidated	1,0	1,3
Had Textainer notionally been equity accounted	0,8	1,3

Subsequent to the financial year end, the group disposed of all of its interests in Waco International Ltd for a net cash



receipt of R170 million. Had this transaction been concluded prior to 30 June 2000, the above ratios of interest-bearing liabilities would have been 148% and 49% (instead of 165% and 62%). Capital expenditure during the year amounted to R428 million of which R404 million is attributable to Textainer. At 30 June 2000, Textainer was committed to capital expenditure of R27 million which will be funded from its existing facilities.

Certain properties may be sold if they become surplus to the group's operational requirements during the current period. The basis of valuation of these properties has been changed from the depreciated replacement value method, based on existing use, to the open market value and, as a result, an amount of R29 million has been written off against non-distributable reserves.

COMMUNITY INVESTMENTS

Financial support is provided, although limited during the year under review, to a number of institutions and educational assistance in the form of bursaries is granted to students. The group also assists various community and welfare organisations.

RETIREMENT BENEFIT FUNDS

Membership of the Trencor Pension Fund, a defined contribution fund governed by the Pension Funds Act, is compulsory for all permanent employees who are not members of industry funds. At 30 June 2000 the Fund had 359 members whose aggregate share of the Fund amounted to R82 million. The market value of the Fund's investments at that date was R110 million.

Effective 1 July 1999, the Fund's liability in respect of its 411 pensioners was transferred to an insurer for a consideration of R74 million.

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



NOTICE TO SHAREHOLDERS

Notice is hereby given that the forty-fifth annual general meeting of shareholders of Trencor Limited will be held at 1313 Main Tower, Standard Bank Centre, Heerengracht, Cape Town on 22 January 2001 at 16h00 for the following purposes:

1. To receive and adopt the annual financial statements and group annual financial statements for the year ended 30 June 2000.
2. To elect directors in place of those retiring in accordance with the Articles of Association.
3. To renew the directors' general authority over the unissued shares of the company.
4. To confirm, in terms of the Articles of Association of the company, the directors' fees payable for the year ended 30 June 2000.
5. To transact such other business as may be transacted at an annual general meeting.

A member entitled to attend and vote at the meeting may appoint a proxy or proxies to attend, speak and on a poll to vote in his stead. A proxy need not be a member of the company.

Shareholders which are companies, close corporations or other bodies corporate may in terms of section 188 of the Companies Act, 1973 (as amended), authorise any person to act as its representative.

A proxy form is bound in at the end of this document. In order to be effective the proxy form and the power of attorney or other authority, if any, under which it is signed, must be received by the transfer secretaries of the company not less than 24 hours before the time appointed for the holding of the meeting, or any adjournment thereof, as the case may be, at which the proxy proposes to vote. By order of the board

TRENCOR SERVICES (PTY) LTD
SECRETARIES
PER: G W NORVAL
CAPE TOWN 20 NOVEMBER 2000

COMPANIES ACT RETURNS

It is hereby certified that for the year ended 30 June 2000, the company has lodged, with the Registrar of Companies, all returns required in terms of the Companies Act and that such returns are true, correct and up to date.

TRENCOR SERVICES (PTY) LTD
SECRETARIES
PER: G W NORVAL
CAPE TOWN 20 NOVEMBER 2000

**TRENCOR LIMITED AND SUBSIDIARIES
ANNUAL FINANCIAL STATEMENTS
RESPONSIBILITY FOR ANNUAL FINANCIAL STATEMENTS**

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

The board is satisfied that adequate internal accounting controls and systems are maintained, aimed at providing reasonable assurance that assets are adequately safeguarded, based on established policies and procedures implemented by competent personnel who are required to maintain the highest ethical standards at all times. In the opinion of the directors, the company and the group will continue as a going concern for the foreseeable future.

The audit committee is composed of two non-executive directors and meets formally at least twice a year with the external auditors and management. The external auditors have unrestricted access to this committee and to all company records and personnel.

BOARD APPROVAL

The annual financial statements and group annual financial statements for the year ended 30 June 2000, which have been approved by the board of directors, are attached:

- Page 14 Directors' report
- 16 Balance sheets
- 17 Income statements
- 18 Statements of changes in shareholders' equity
- 19 Cash flow statements
- 20 Notes to the financial statements

Signed on behalf of the board

N I JOWELL CHAIRMAN

D M NUREK DIRECTOR
CAPE TOWN 20 NOVEMBER 2000

**REPORT OF THE
INDEPENDENT AUDITORS**

TO THE MEMBERS OF TRENCOR LIMITED

We have audited the annual financial statements and group annual financial statements of Trencor Limited, as set out on pages 14 to 40, for the year ended 30 June 2000. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

SCOPE

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

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

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

AUDIT OPINION

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company and the group at 30 June 2000 and the results of their operations and cash flows for the year then ended, in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act.

We concur with the decision of the directors as described in note 25 to prepare group annual financial statements in the manner presented.

EMPHASIS OF MATTER: EXPORT PARTNERSHIPS AND BANKING FACILITIES
Without qualifying our opinion above, we draw attention to the Export Partnerships and Banking Facilities note which appears in the Directors' Report on page 15.

REGISTERED ACCOUNTANTS AND AUDITORS
CHARTERED ACCOUNTANTS (SA)
CAPE TOWN 20 NOVEMBER 2000

DIRECTORS' REPORT

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 16 to 40. In reviewing these financial statements, attention is drawn to the following events which occurred:

- * the cessation of new export partnerships referred to in this Directors' Report under Export Partnerships and Banking Facilities on page 15; and
- * the consequential effect that the cessation of the formation of new export partnerships and the closure of the Isithebe factory has had:
 - on the banking facilities of the group which are more fully described in note 28 to the financial statements; and
 - in regard to the closure of the Isithebe container manufacturing facility resulting in write-offs and additional provisions, excluding the net adjustment to long-term receivables, of R222 million; and
 - in limiting the ability of certain container customers to increase their fleet sizes, thereby necessitating a downward adjustment in the valuation of net long-term receivables of R299 million, as more fully described in note 18 to the financial statements.

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

	2000	1999
	RM	RM
CONTAINER OPERATIONS		
SALES AND FINANCING	7,1	116,1
MANUFACTURING	4,0	0,1
EXCHANGE RATE GAINS/(LOSSES)	242,8	(54,5)
TEXTAINER	90,6	43,1
TRAILERS	(4,4)	(8,2)
NET INTEREST (EXCLUDING TEXTAINER)	(63,5)	(64,3)
OTHER	(28,0)	(5,3)
DISCONTINUED OPERATIONS	(312,9)	–
DEFERRED TAXATION RELEASE	3,5	35,8
	(60,8)	62,8

Container sales and financing activities for the year under review have been adversely affected by the cessation in the formation of export partnerships.

DIRECTORS AND SECRETARY

The names of the directors appear on page 3 and that of the secretary on page 42. Mr I J Sims retired as a director on 2 December 1999.

In terms of the Articles of Association Messrs A M Brown, N I Jowell and D M Nurek retire by rotation at the forthcoming annual general meeting but, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

The aggregate of the direct and indirect interests of the directors in the issued share capital of the company was as follows:

	30/06/00	30/06/99
BENEFICIAL %	1,7	3,2
NON-BENEFICIAL %	12,9	12,7
	14,6	15,9

The direct and indirect interests of each director who held in excess of 1% of the issued share capital was as follows:

	30/06/00	30/06/99
BENEFICIAL %		
G M C RYAN	1,5	0,6
NON-BENEFICIAL %		
C JOWELL	6,3	6,2
N I JOWELL	6,3	6,2

DIVIDENDS AND DEBENTURE INTEREST

	PAYMENT NUMBER	REGISTRATION DATE	PAYMENT DATE	AMOUNT	TOTAL
				PER SHARE/ DEBENTURE	
				CENTS	R'000
DIVIDENDS					
1999 – INTERIM	76	05/03/99	16/04/99	14,0	21 398
– FINAL	77	17/09/99	15/10/99	14,0	21 398
DEBENTURE INTEREST					
6% CONVERTIBLE	14	04/12/98	31/12/98	27,3	7 815
	15	18/06/99	30/06/99	27,3	7 815
	16	03/12/99	28/12/99	27,3	7 815
	17	09/06/00	30/06/00	27,3	7 815
	18	08/12/00	31/12/00	27,3	7 815

The company will not declare dividends until the advances under its banking facilities have been repaid. In the event of a default under the terms of the facilities, payment of interest on the convertible debentures may be suspended until the advances under the facilities have been repaid. Refer to note 28 to the financial statements.

CHANGE IN FINANCIAL YEAR END

Textainer Group Holdings Ltd, a 74% subsidiary, is required to end its financial year at 31 December. In view of its increasing materiality in relation to Trencor, it has been decided that the year ends should be co-terminous.

Accordingly, the board of Trencor resolved to change the financial year end of Trencor from 30 June to 31 December. The next financial period will be for the eighteen months from 1 July 2000 to 31 December 2001. Interim reports will be issued for the six months ending 31 December 2000 and for the twelve months to 30 June 2001.

6% CONVERTIBLE DEBENTURES: ALTERATION OF CONVERSION DATE

In terms of the trust deed governing the 6% convertible debentures dated 19 November 1991 (as amended on 9 February 1993), each debenture is to be automatically and compulsorily converted into one share for each debenture converted.

Such conversion is to take place on the last Friday or, if that Friday is not a business day, the immediately preceding business day in November ("the conversion date") of the financial year following that in respect of which the total dividend declared is equal to or exceeds the annual interest in cents paid on each debenture.

In terms of the trust deed, the company is obliged to comply with the conditions contained in clause 20.10 thereof if, at any time prior to the

conversion date, it changes the date upon which its financial year ends. In compliance with the foregoing clause of the trust deed, notice is hereby given that:

- * the conversion date is hereby altered to be the last Friday (or, if that Friday is not a business day, the immediately preceding business day) of the fifth month of the financial year following the financial year in respect of which the total dividend declared is equal to or exceeds the annual interest in cents paid on each debenture; and
- * the rights of the debenture holders to interest on their debentures and dividends on the shares arising from conversion shall not be diminished or adversely affected by the altered conversion date.

Save that the conversion date shall be altered, the terms of the trust deed and of the debentures remain unaltered and of full force and effect.

EXPORT PARTNERSHIPS AND BANKING FACILITIES

As previously announced, during September and October 1999 the South African Revenue Service ('SARS') issued queries to some of the group's export partners relating to the tax treatment of their participation in the container export trade through the export partnerships.

The income tax principles underlying the participation of partners in the export trade have been the subject of a number of supportive legal opinions, including from various Senior Counsel, and we remain confident that the legal advice received will prevail should SARS seek to challenge the tax treatment. As a result of the issuing of these queries and certain legislative changes enacted during the year, our export partners were and are no longer prepared to undertake new transactions in this export trade.

A successful challenge by SARS, which we believe is unlikely, may result in the acceleration of the payment of certain amounts attributable to third parties (ie our export partners) which are carried at their net present value and which would otherwise be paid over ten to fifteen years.

Details of the total amounts owing to export partners and the net present value thereof are the amounts reflected as attributable to third parties, as more fully disclosed in note 6 to the financial statements.

The group has arranged funding facilities to replace new partnership participation no longer available as a consequence of the cessation of the formation of export partnerships. The salient details of the banking facilities arranged are reported in note 28 to the financial statements.

CORPORATE GOVERNANCE PRINCIPLES

Trencor endorses the Code of Corporate Practices and Conduct recommended in the King Report on Corporate Governance. Ongoing enhancement of corporate governance principles is a global phenomenon, fully supported by the board, and the board will continue to adopt existing and new principles which advance corporate governance and add value within Trencor's businesses.

The board has satisfied itself that Trencor has adhered to key corporate governance principles during the year under review.

CODE OF ETHICS

The board, management and staff have agreed a code of ethical conduct 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.

COMMITTEES OF THE BOARD

The audit committee of the board, comprising two non-executive directors, meets formally at least twice a year with the external auditors and members of senior management to evaluate aspects of accounting practices, auditing, control systems and management of risk areas. The external auditors have direct and unrestricted access to the audit committee.

The remuneration committee of the board comprises one non-executive director and the executive chairman. The remuneration committee reviews the compensation of senior management, and reports directly to the board.

INTEREST IN MATERIAL SUBSIDIARIES

	ISSUED CAPITAL '000	EFFECTIVE HOLDING		SHARES AT COST OR VALUATION		AMOUNT OWING (BY)/TO COMPANY	
		2000	1999	2000	1999	2000	1999
		%	%	R'000	R'000	R'000	R'000
INDIRECT:							
TEXTAINER GROUP HOLDINGS LTD	US\$187	74	74	-	-	-	-
Owning, management and leasing out of containers							
DIRECT:							
HENRED-FRUEHAUF (PTY) LTD	R4 200	100	100	343 048	325 409	-	-
Manufacturing							
TRENCOR SERVICES (PTY) LTD	R50	100	100	521 224	615 097	(49 817)	41 367
Exporting and financing of containers and management services							
TRENCOR SOLUTIONS (PTY) LTD	R2,7	100	89	9 001	9 000	-	-
Manufacturing and rental of mini-containers and tracking and logistics management services							
Aggregate of other subsidiaries				873 273	949 506	(49 817)	41 367
				1 328	1 328	-	-
				874 601	950 834	(49 817)	41 367

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

	2000 R'000	1999 R'000
PROFITS	83 467	138 282
LOSSES	(144 260)	(64 610)
	(60 793)	73 672

ACQUISITIONS AND DISPOSALS

In line with the group's increasing focus on providing and integrating the use of equipment, management and other services, knowledge and information related to the global transportation industry, the following transactions were concluded:

* Effective 1 July 1999, the interest in Trencor Solutions (Pty) Ltd (formerly Hessen Technik Konstruktionen (SA) (Pty) Ltd) was increased from 89% to 100% for a total consideration of R4,5 million.

* Effective 1 December 1999, a 51% interest in Dynanet Solutions (Pty) Ltd was acquired. This interest was increased to 100% with effect from 7 July 2000. The aggregate consideration for these interests was R9 million.

* A 70% interest was acquired in the business of Warehouse Works for a consideration of R1,6 million with effect from 1 February 2000.

* In December 1999, a 12% interest was acquired in Centricity Inc (then known as GlobalTran Inc) for a consideration of US\$1,5 million. Effective 8 July 2000, this interest was increased to 40% for a consideration of US\$3,5 million.

* On 11 July 2000, shareholders in general meeting ratified the disposal by Trencor of its entire direct and indirect interests in Waco International Ltd to a consortium led by Ethos Private Equity Ltd. After settlement of certain costs and obligations, Trencor realised a net amount of R170 million on 31 July 2000, which will be utilised in the normal course of operations.

TRENCOR LIMITED AND SUBSIDIARIES

BALANCE SHEETS AT 30 JUNE 2000

	NOTES	GROUP		COMPANY	
		2000 R'000	1999 R'000	2000 R'000	1999 R'000
ASSETS					
NON-CURRENT ASSETS					
FIXED ASSETS	2	2 730 055	2 364 404	–	–
INVESTMENTS	3	113 247	103 556	84 330	75 030
INTEREST IN SUBSIDIARIES	4,25	–	–	824 784	992 202
LONG-TERM LOANS	5	58 215	21 131	–	–
LONG-TERM RECEIVABLES	6	2 195 998	2 166 392	4 962	3 592
		5 097 515	4 655 483	914 076	1 070 824
CURRENT ASSETS					
INVENTORIES	7	153 004	197 774	–	–
ACCOUNTS RECEIVABLE	6	446 600	528 680	1 637	42 482
CASH AND CASH EQUIVALENTS		251 548	384 178	31 820	82 564
		851 152	1 110 632	33 457	125 046
TOTAL ASSETS		5 948 667	5 766 115	947 533	1 195 870
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES					
SHARE CAPITAL AND PREMIUM	8	164 521	164 521	164 521	164 521
RESERVES		1 194 290	1 253 741	469 149	328 306
SHAREHOLDERS' EQUITY		1 358 811	1 418 262	633 670	492 827
INTEREST OF OUTSIDE SHAREHOLDERS IN SUBSIDIARIES		186 617	148 229	–	–
TOTAL SHAREHOLDERS' FUNDS		1 545 428	1 566 491	633 670	492 827
CONVERTIBLE DEBENTURES	9	260 504	260 504	260 504	260 504
OTHER NON-CURRENT LIABILITIES					
INTEREST-BEARING BORROWINGS	10	2 549 856	2 199 962	–	–
AMOUNTS ATTRIBUTABLE TO THIRD PARTIES IN RESPECT OF LONG-TERM RECEIVABLES	6	510 785	594 818	–	–
DEFERRED TAXATION	11	209 462	263 747	2 913	3 592
		3 270 103	3 058 527	2 913	3 592
CURRENT LIABILITIES					
ACCOUNTS PAYABLE	6	377 342	445 288	9 410	6 326
PROVISIONS	12	63 789	23 003	–	–
TAXATION		3 387	3 246	1 036	2 948
BANK OVERDRAFTS AND SHORT-TERM LOANS	13	184 565	230 843	40 000	408 275
CURRENT PORTION OF INTEREST-BEARING BORROWINGS	10	243 549	156 815	–	–
SHAREHOLDERS FOR DIVIDENDS		–	21 398	–	21 398
		872 632	880 593	50 446	438 947
TOTAL EQUITY AND LIABILITIES		5 948 667	5 766 115	947 533	1 195 870

TRENCOR LIMITED AND SUBSIDIARIES

INCOME STATEMENTS FOR THE YEAR ENDED 30 JUNE 2000

	NOTES	GROUP						COMPANY	
		CONTINUING		DISCONTINUING		ENTERPRISE AS A WHOLE		2000 R'000	1999 R'000
		2000 R'000	1999 R'000	2000 R'000	1999 R'000	2000 R'000	1999 R'000		
TURNOVER	1,14	1 676 323	1 250 266	103 606	213 677	1 779 929	1 463 943	221 585	60 290
LESS: COST OF GOODS SOLD, BEFORE CHARGING:		450 069	438 476	142 170	161 469	592 239	599 945	-	-
CONTAINER LEASING DIRECT EXPENSES		94 767	106 469	-	-	94 767	106 469	-	-
STAFF COSTS		189 532	178 967	34 815	47 026	224 347	225 993	-	-
DEPRECIATION	2	199 677	177 536	5 910	6 016	205 587	183 552	-	-
OTHER ADMINISTRATION AND SELLING EXPENSES/(INCOME)		47 450	57 137	(816)	(5 348)	46 634	51 789	347	2 225
ABNORMAL ITEMS		-	(14 887)	-	32 514	-	17 627	-	-
NET LONG-TERM RECEIVABLE ADJUSTMENT	6	50 816	40 000	299 184	-	350 000	40 000	-	-
EMPLOYEE RETRENCHMENT COSTS		-	-	30 328	-	30 328	-	-	-
IMPAIRMENT OF FIXED ASSETS	2	-	-	51 063	-	51 063	-	-	-
WRITE DOWN OF INVENTORY	7	-	-	24 448	-	24 448	-	-	-
LEASES AND OTHER COMMITMENTS	12	-	-	37 654	-	37 654	-	-	-
INCOME/(LOSS) FROM OPERATIONS		644 012	266 568	(521 150)	(28 000)	122 862	238 568	221 238	58 065
NET INTEREST EXPENSE	15	240 756	215 499	-	-	240 756	215 499	4 061	11 496
		403 256	51 069	(521 150)	(28 000)	(117 894)	23 069	217 177	46 569
ATTRIBUTABLE INCOME OF ASSOCIATE COMPANIES		328	269	-	-	328	269	-	-
INCOME/(LOSS) BEFORE TAXATION	15	403 584	51 338	(521 150)	(28 000)	(117 566)	23 338	217 177	46 569
TAXATION	16	63 381	(45 403)	(153 345)	(9 900)	(89 964)	(55 303)	100	3 747
INCOME/(LOSS) AFTER TAXATION		340 203	96 741	(367 805)	(18 100)	(27 602)	78 641	217 077	42 822
INCOME ATTRIBUTABLE TO OUTSIDE SHAREHOLDERS IN SUBSIDIARIES		33 207	15 864	-	-	33 207	15 864	-	-
NET INCOME/(LOSS) FOR THE YEAR		306 996	80 877	(367 805)	(18 100)	(60 809)	62 777	217 077	42 822
(LOSS)/EARNINGS PER SHARE (CENTS)	17								
UNDILUTED						(39,8)	41,1		
DILUTED						(39,8)	40,4		
HEADLINE EARNINGS PER SHARE (CENTS)	17								
UNDILUTED						165,0	41,1		
DILUTED						145,0	40,4		

TRENCOR LIMITED AND SUBSIDIARIES

CASH FLOW STATEMENTS FOR THE YEAR ENDED 30 JUNE 2000

	NOTES	GROUP		COMPANY	
		2000 R'000	1999 R'000	2000 R'000	1999 R'000
CASH FLOWS FROM OPERATING ACTIVITIES					
CASH GENERATED FROM OPERATIONS	22.1	35 999	6 514	43 586	1 506
INTEREST RECEIVED		23 719	33 031	28 023	34 851
INTEREST PAID		(264 475)	(248 506)	(32 088)	(46 347)
DIVIDENDS RECEIVED		4 925	10 970	221 585	60 290
DIVIDENDS PAID	22.2	(21 398)	(73 364)	(21 398)	(73 364)
DIVIDENDS PAID TO OUTSIDE SHAREHOLDERS		(9 958)	(8 147)	-	-
TAXATION PAID	22.3	(13 565)	(20 164)	(2 692)	(1 400)
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES		(244 753)	(299 666)	237 016	(24 464)
CASH FLOWS FROM INVESTING ACTIVITIES					
ADDITIONS TO FIXED ASSETS		(426 758)	(731 122)	-	-
INCREASE IN UNLISTED INVESTMENTS		(8 730)	(343)	(9 315)	-
PROCEEDS ON DISPOSAL OF FIXED ASSETS		49 856	251 166	-	-
PROCEEDS ON DISPOSAL OF INVESTMENTS		4 224	2 566	15	2 566
INCREASE/(DECREASE) IN LOAN FROM SUBSIDIARY		-	-	91 917	(108 458)
LONG-TERM LOANS REPAID BY SUBSIDIARIES		-	-	-	375
INCREASE IN INVESTMENT IN SUBSIDIARY		-	-	-	(199 300)
(INCREASE)/DECREASE IN LONG-TERM LOANS		(56 609)	132 988	-	-
ACQUISITION OF OUTSIDE SHAREHOLDER'S INTEREST IN SUBSIDIARY		(4 500)	-	-	-
ACQUISITIONS OF BUSINESSES, NET OF CASH	22.4	(4 674)	-	-	-
INVESTMENT IN EXPORT PARTNERSHIP		-	-	(2 102)	-
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES		(447 191)	(344 745)	80 515	(304 817)
CASH FLOWS FROM FINANCING ACTIVITIES					
INTEREST-BEARING BORROWINGS RAISED/(REPAID)		220 033	396 646	-	(375)
RECEIPTS FROM LONG-TERM RECEIVABLES		451 367	331 962	-	-
PAYMENTS TO THIRD PARTIES IN RESPECT OF LONG-TERM RECEIVABLES		(81 742)	(80 245)	-	-
OUTSIDE SHAREHOLDERS' INVESTMENT IN SUBSIDIARY		-	695	-	-
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		589 658	649 058	-	(375)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(102 286)	4 647	317 531	(329 656)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		153 335	147 403	(325 711)	3 945
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		15 934	1 285	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	22.5	66 983	153 335	(8 180)	(325 711)

TRENCOR LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

A. GENERAL

The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice ("GAAP"), on the historical cost basis except that certain land and buildings and material domestic operating subsidiaries have been revalued, and certain assets and liabilities are carried at their fair values. The principal accounting policies of the group are consistent with those applied in the previous year, except where stated, and are as follows:

B. BUSINESS COMBINATIONS, CONSOLIDATION AND GOODWILL

The group annual financial statements deal with the company and its subsidiaries and associate companies. The results of subsidiaries are included from their effective dates of acquisition up to their effective dates of disposal. Goodwill, being the excess of the cost of an acquisition over the fair value of the group's share of the net assets of the acquired subsidiary at the date of acquisition, has been deducted from distributable reserves. All significant intra-group transactions have been eliminated. Separate disclosure is made of minority interests.

C. INVESTMENTS

Subsidiary companies

Interests in material domestic operating subsidiaries are stated at attributable net asset value, as determined from their latest audited financial statements. Gains or losses arising on revaluation are credited or charged directly to the revaluation reserve which is a non-distributable reserve. Interests in non-domestic operating subsidiaries are stated at cost.

Associate companies

Companies, not being subsidiaries, but in which the group exercises significant influence, but not control, and holds a long-term equity interest, are considered to be associate companies. The group's share of post-acquisition results of these companies is incorporated in the financial statements, using the equity method of accounting, from the effective dates of acquisition until the effective dates of disposal.

Other investments

Long-term investments, other than subsidiary and associate companies, are stated at cost less any provision for permanent diminution in value. Dividends are accounted for on the last date for registration in respect of listed investments and date of declaration in respect of unlisted investments. On the disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

D. DEFERRED TAXATION

Deferred tax is provided at current rates using the comprehensive method. Full provision is made for all temporary differences between the tax value of an asset or liability and its balance sheet carrying amount. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

E. FIXED ASSETS

Fixed assets are stated at cost or valuation less accumulated depreciation. Fixed assets other than land and buildings are depreciated on the straight-line method, at rates calculated to amortise the assets over their estimated useful lives. Land and buildings are classified as investment properties and are not depreciated; however, buildings on leasehold land are written-off over the initial lease periods. Land and buildings are revalued every five years on the depreciated replacement value method, based on existing use. The valuation of certain properties has been changed to the open market value method; refer note 2(i). The unrealised adjustments to carrying value arising on revaluation, so far as they concern the group, are taken direct to the revaluation reserve which is a non-distributable reserve. Fixed assets subject to capital leases are depreciated over the shorter of their estimated useful lives or the lease term. Fixed assets are reviewed for potential impairment and all impairment adjustments are charged to the income statement.

F. LONG-TERM RECEIVABLES

Sales under long-term credit agreements are discounted to their net present value at rates considered appropriate, having regard to their term and the currencies in which they are written. The deferred portion of income is allocated over the period of the agreements on a basis which produces a constant periodic rate of return. Sales denominated in foreign currencies are recorded at the rates of exchange ruling at the date of the transactions. At the financial year end, receivables denominated in foreign currencies are valued at rates of exchange ruling at the balance sheet date. Any gains or losses arising from this valuation are included in income.



G. AMOUNTS ATTRIBUTABLE TO THIRD PARTIES IN RESPECT OF LONG-TERM RECEIVABLES

Amounts attributable to third parties in respect of long-term receivables are discounted to their net present value at rates considered appropriate, having regard to their term. The deferred portion of expenditure is allocated over the period of the agreements on a basis which produces a constant periodic rate of return.

H. INVENTORIES

Inventories are stated at the lower of first-in, first-out cost or estimated net realisable value. Estimated net realisable value is the estimated selling price less any related costs of completion and disposal. Work-in-progress and finished goods are valued at raw material cost plus direct labour and an appropriate share of manufacturing overhead costs.

I. PROVISIONS

Warranties

Provision is made for the group's estimated liability on all products still under warranty at balance sheet date. This is based on service histories.

Damage Protection Plan

Certain group companies offer a damage protection plan to certain lessees of containers. Under the terms of the plan, the group earns additional revenues and in return bears certain container repair costs. These revenues are recognised in the income statement as earned and a provision is made to cover the group's obligations for the estimated future container repair costs.

J. TRANSLATION OF FOREIGN CURRENCIES

Translation of foreign currency transactions

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

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

Translation of foreign entities

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

K. FINANCIAL INSTRUMENTS

Financial instruments carried on the balance sheet include long-term receivables, long-term loans, accounts receivable, cash and cash equivalents, convertible debentures, interest-bearing borrowings, amounts attributable to third parties in respect of long-term receivables, accounts payable, bank overdrafts and short-term loans. These instruments are carried at their estimated fair values unless otherwise stated. The determination of fair values of long-term receivables and amounts attributable to third parties in respect of long-term receivables is described in notes F and G above.

L. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments, principally forward exchange contracts, currency options, interest rate cap and swap contracts and forward rate agreements, are used by the group in its management of risk. Interest rate cap premiums are capitalised and amortised to interest expense over the term of the related cap. At financial year-end these derivative instruments, other than interest rate cap contracts are marked to market. Any gains or losses arising from this valuation are included in income.

M. TURNOVER

Turnover comprises net invoiced sales, leasing income, management fees received for equipment management and in the case of long-term credit agreements, the appropriate income allocation. Leasing income arises principally from renting container equipment owned by group companies to various shipping lines. Revenue is recorded when earned according to the terms of the container rental contracts. These contracts are typically for terms of five years or less and are classified as operating leases. Management fees consist of fees earned by group companies for services related to the management of container equipment, reimbursements of administrative services necessary to the operation and management of equipment and net acquisition fees and sales commissions earned on the acquisition and sale of equipment. In the case of the company, turnover comprises dividend income.



N. EARNINGS PER SHARE

Earnings per share is based on earnings attributable to shareholders and is calculated on the weighted average number of shares in issue during the financial year. Headline earnings per share is based on earnings attributable to shareholders, adjusted for discontinuing operations or any other non-trading items and the tax effect thereon, and is calculated as above.

O. LEASES

Assets subject to finance lease agreements are capitalised at their cash cost and the corresponding liabilities recognised. The assets are depreciated in terms of the group's depreciation policy. Lease finance charges are expensed as incurred. Lease payments in respect of operating leases are also expensed as incurred.

P. RETIREMENT BENEFIT CONTRIBUTIONS

Retirement benefit contributions are expensed as incurred.

Q. CASH FLOWS

For the purposes of the cash flow statement, cash includes cash on hand, deposits held on call with banks, bank overdrafts and short-term loans.

R. SEGMENTS

All segment revenue and expenses are directly attributable to the segments. Segment assets include all operating assets used by the segment and consist principally of fixed assets, long-term receivables and current assets. Segment liabilities include all operating liabilities and consist principally of amounts attributable to third parties, trade creditors and provisions. These assets and liabilities are all directly attributable to the segments. Segment revenue, expenses and result include transfers between the business segments. These transfers are eliminated on consolidation.

S. COMPARATIVE INFORMATION

In compliance with the requirements of GAAP, certain changes have been made in the disclosure of the long-term receivables. The present value of amounts which are attributable to third parties in respect of long-term receivables have been included in other non-current liabilities and current liabilities, as appropriate. Previously, long-term receivables were disclosed net of these amounts. The 6% unsecured automatically convertible subordinated debentures were previously disclosed in the balance sheet as deferred equity and are now disclosed as convertible debentures. These changes in disclosure have no income statement impact.

2. FIXED ASSETS

	2000	LAND AND BUILDINGS	CONTAINER LEASING EQUIPMENT	PLANT AND MACHINERY	MOTOR VEHICLES	OFFICE FURNITURE, FITTINGS AND EQUIPMENT	TOTAL
		R'000	R'000	R'000	R'000	R'000	R'000
COST							
Balance at the beginning of the year		156 499	2 311 346	149 212	9 576	49 051	2 675 684
Additions, including business combinations		2 419	401 558	10 960	689	12 609	428 235
Revaluation		(29 023)	–	–	–	–	(29 023)
Exchange differences on translation of foreign entities		929	338 971	2 068	175	5 961	348 104
Disposals		(2 576)	(87 768)	(7 231)	(1 693)	(3 136)	(102 404)
Balance at the end of the year		128 248	2 964 107	155 009	8 747	64 485	3 320 596
ACCUMULATED DEPRECIATION							
Balance at the beginning of the year		3 191	235 755	43 826	6 005	22 503	311 280
Depreciation		1 046	177 069	12 743	1 543	13 186	205 587
Exchange differences on translation of foreign entities		263	73 230	341	85	4 684	78 603
Impairment of fixed assets		1 395	–	45 479	–	4 189	51 063
Disposals		(1 706)	(43 691)	(6 694)	(1 283)	(2 618)	(55 992)
Balance at the end of the year		4 189	442 363	95 695	6 350	41 944	590 541
Net book value		124 059	2 521 744	59 314	2 397	22 541	2 730 055
Net book value of assets encumbered as security for interest-bearing borrowings (refer note 10)		116 890	2 480 863	30 121	80	425	2 628 379

	1999	LAND AND BUILDINGS	CONTAINER LEASING EQUIPMENT	PLANT AND MACHINERY	MOTOR VEHICLES	OFFICE FURNITURE, FITTINGS AND EQUIPMENT	TOTAL
		R'000	R'000	R'000	R'000	R'000	R'000
COST							
Balance at the beginning of the year		131 539	1 918 590	76 004	9 595	34 531	2 170 259
Additions		147 401	450 368	113 079	964	19 310	731 122
Revaluation		24 748	–	–	–	–	24 748
Transfer-in of capital work-in-progress		–	–	24 440	–	–	24 440
Exchange differences on translation of foreign entities		(371)	35 097	(723)	42	798	34 843
Disposals		(146 818)	(92 709)	(63 588)	(1 025)	(5 588)	(309 728)
Balance at the end of the year		156 499	2 311 346	149 212	9 576	49 051	2 675 684
ACCUMULATED DEPRECIATION							
Balance at the beginning of the year		2 989	115 264	37 812	4 756	15 930	176 751
Depreciation		1 129	156 525	12 047	1 901	11 950	183 552
Exchange differences on translation of foreign entities		2	6 069	(162)	(33)	439	6 315
Disposals		(929)	(42 103)	(5 871)	(619)	(5 816)	(55 338)
Balance at the end of the year		3 191	235 755	43 826	6 005	22 503	311 280
Net book value		153 308	2 075 591	105 386	3 571	26 548	2 364 404
Net book value of assets encumbered as security for interest-bearing borrowings (refer note 10)		144 050	2 015 268	63 821	107	556	2 223 802

i) The net book value of buildings situated on leased premises amounts to R7 169 760 (1999: R8 370 354). In accordance with the group's accounting policy, land and buildings were revalued in March 1999 by a sworn appraiser of JHI Property Services. Certain properties may be sold if they become surplus to the group's operational requirements. The basis of valuation of these properties has been changed from depreciated replacement value, based on existing use, to the open market value. The open market valuation of these properties was performed by JHI Property Services in July 2000. The resulting decrease in carrying value of R29 023 000 has been charged directly against the revaluation reserve included in the non-distributable reserves. A register containing details of land and buildings is available for inspection at the registered office of the company.

ii) The net book value of container leasing equipment held under finance leases amounts to R9 797 000 (1999: R26 520 000).

iii) Fixed assets are depreciated at the following rates: % p.a.

Container leasing equipment	6	(to a residual value of 28%)
Plant and machinery	20	
Motor vehicles	20-25	
Office furniture, fittings and equipment	10-33	

iv) The impairment of fixed assets of R51 063 000 is as a result of the closure of the dry freight marine container factory. The carrying value of these assets is now based on their estimated net selling price as determined by an independent valuator.

	GROUP		COMPANY	
	2000 R'000	1999 R'000	2000 R'000	1999 R'000
3. INVESTMENTS				
Associate companies	1 864	2 076	474	489
Unlisted shares at cost	474	489	474	489
Attributable income and reserves since acquisition, net of dividends received	1 390	1 587	–	–
Other unlisted investments	36 842	26 939	9 315	–
Listed investment at cost	74 541	74 541	74 541	74 541
	113 247	103 556	84 330	75 030
Valuation of investments:				
Unlisted associate companies	1 864	2 076	1 864	2 076
Other unlisted investments	36 842	26 939	9 315	–
Listed investment	104 288	72 751	104 288	72 751



- i) The directors' valuation of investments in unlisted associate companies is based on the cost of shares plus attributable income and reserves since acquisition, net of dividends received.
- ii) The directors' valuation of other unlisted investments is based on the cost of the investments.
- iii) The directors' valuation of listed investments is based on the ruling market price at the balance sheet date.
- iv) A detailed list of investments in associate and other companies is available on request from the registered office of the company.
- v) The listed investment was disposed of subsequent to the year end. Refer note 26.

	GROUP		COMPANY	
	2000 R'000	1999 R'000	2000 R'000	1999 R'000
4. INTEREST IN SUBSIDIARIES				
Cost	-	-	475 205	475 205
Revaluation of material domestic operating subsidiaries	-	-	399 396	475 630
	-	-	874 601	950 835
Loans	-	-	(49 817)	41 367
	-	-	824 784	992 202

Included in the above is an amount of R412 423 000 (1999: R412 423 000), directors valuation R653 601 000 (1999: R552 452 000), paid in advance for preference shares to be issued in a subsidiary company in March 2001, February 2003 and February 2004.

5. LONG-TERM LOANS

UNSECURED LOANS

Associate companies	48 617	9 079	-	-
Loan bearing interest at market related call rates with no fixed terms of repayment	10 759	9 079	-	-
	14 128	-	-	-
Loan bearing interest at three month LIBOR with no fixed terms of repayment	34 128	-	-	-
Less provision	20 000	-	-	-
Loan bearing interest at one month LIBOR plus 7% repayable by December 2009	23 730	-	-	-
Loan bearing interest at market related call rates repayable in annual instalments	1 802	3 256	-	-
Interest free loan repayable in annual instalments of R1 000 000, with a final amount due of R5 796 000, in February 2003	7 796	8 796	-	-
	58 215	21 131	-	-

	GROUP		COMPANY	
	2000 R'000	1999 R'000	2000 R'000	1999 R'000
6. NET INVESTMENT IN LONG-TERM RECEIVABLES				
Net investment in long-term receivables comprises:				
Long-term receivables	2 195 998	2 166 392	4 962	3 592
Amounts attributable to third parties	(510 785)	(594 818)	-	-
	1 685 213	1 571 574	4 962	3 592
Represented by				
Total receivables	4 485 021	3 992 960	-	-
Denominated in US Dollars	4 403 743	3 891 479	-	-
Denominated in Rand	18 582	41 338	-	-
Denominated in other currencies	62 696	60 143	-	-
Less: Deferred income	1 315 780	1 241 996	-	-
Net present value of long-term receivables	3 169 241	2 750 964	-	-
Amounts attributable to third parties	732 299	750 698	-	-
Total amount	1 321 593	1 431 812	-	-
Less: Deferred expenditure	589 294	681 114	-	-
Net present value of net investment in long-term receivables	2 436 942	2 000 266	-	-
Adjustment to net investment, relating to:				
Long-term receivables	812 519	407 554	-	-
Amounts attributable to third parties	(184 130)	(107 277)	-	-
	1 808 553	1 699 989	-	-
Current portion of net investment included in:				
Accounts receivable	160 724	177 018	-	-
Accounts payable	(37 384)	(48 603)	-	-
	1 685 213	1 571 574	-	-

i) Total receivables in base currencies:

	000's	000's
US Dollars	658 898	663 961
Pounds Sterling	5 123	5 299
Canadian Dollars	2 179	2 384

ii) Long-term receivables are valued by discounting future cash flows. The discount rate applied to receivables denominated in foreign currencies is 9,5% p.a. (1999: 9,5% p.a.) and in SA Rands 15% p.a. (1999: 15% p.a.). An appropriate adjustment is made to the net investment for the timing of receipt and the possible non-collectibility of these receivables and the related payment to third parties.

iii) The amounts attributable to third parties in respect of the long-term receivables are denominated in Rands and are valued by discounting future cash flows at 15% p.a. (1999: 15% p.a.). These are payable only as and when the proceeds from the related long-term receivables are received.

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

	GROUP	
	2000 R'000	1999 R'000
Total amounts attributable to third parties	1 321 593	1 431 812
Less: Deferred expenditure	589 294	681 114
Net present value of amounts attributable to third parties (as above)	732 299	750 698
Adjustment to net investment (as above)	(184 130)	(107 277)
Current portion of net investment included in accounts payable (as above)	(37 384)	(48 608)
	510 785	594 813



v) In the normal course of its activities, the group enters into trading activities to secure the Rand value of the long-term receivables utilising forward exchange, currency option, interest rate swap and forward rate agreement contracts. Details of contracts at 30 June 2000:

	FORWARD EXCHANGE CONTRACTS		OPTION CONTRACTS			
	2000 US\$'000	1999 US\$'000	2000 US\$'000	1999 US\$'000		
Notional net principal amount bought/(sold):						
within one year	(20 000)	1 942	–	(28 975)		
after one year	(32 000)	(10 000)	–	–		
	(52 000)	(8 058)	–	(28 975)		
	INTEREST RATE CONTRACTS				FORWARD RATE AGREEMENTS	
	2000 R'000	1999 R'000	2000 US\$'000	1999 US\$'000	2000 US\$'000	1999 US\$'000
Notional net principal amount contracted for:						
within one year	–	–	–	–	–	15 000
after one year	(50 000)	50 000	35 000	–	–	–
	(50 000)	50 000	35 000	–	–	15 000
	FORWARD EXCHANGE CONTRACTS		OPTION CONTRACTS		INTEREST RATE CONTRACTS	
	2000 R'000	1999 R'000	2000 R'000	1999 R'000	2000 R'000	1999 R'000
Fair market value (asset/(liability)) maturing:						
within one year	(69 219)	(30 885)	–	3 468	–	132
after one year	5 744	(60 054)	–	–	1 271	(13 657)
	(63 475)	(90 939)	–	3 468	1 271	(13 525)

vi) The interest rate contracts are repriced to market rates of interest every 90 days at which point a settlement occurs.

vii) Foreign exchange, option and interest rate swap contracts are shown in the balance sheet at their mid-market valuation taking into account legal right of set-off.

	GROUP		COMPANY	
	2000 R'000	1999 R'000	2000 R'000	1999 R'000
7. INVENTORIES				
Raw materials	89 143	137 220	–	–
Work-in-progress	19 447	26 776	–	–
Finished goods	4 922	16 572	–	–
Container equipment held for resale	39 168	16 844	–	–
Merchandise, consumable stores and maintenance spares	324	362	–	–
	153 004	197 774	–	–

Following the closure of the dry freight marine container factory, raw material inventories attributable to the factory were written down by R24 448 000 in the current year and are being carried at net realisable value of R33 891 000.

8. SHARE CAPITAL AND PREMIUM

SHARE CAPITAL

AUTHORISED

Ordinary shares of 0,5 cent each 200 000 000 (1999: 200 000 000)	1 000	1 000	1 000	1 000
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ISSUED

Ordinary shares of 0,5 cent each 152 842 092 (1999: 152 842 092)	764	764	764	764
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SHARE PREMIUM

	163 757	163 757	163 757	163 757
	164 521	164 521	164 521	164 521

i) No shares (1999: no shares) were issued by the company during the year.

ii) In terms of the Executive Share Purchase Scheme, 5 442 300 unissued shares were placed at the disposal of the directors. Options have been granted and exercised and shares issued in respect of 4 005 167 shares (1999: 4 005 167 shares). At 30 June 2000, 1 437 133 shares (1999: 1 437 133 shares) reserved for the Scheme remained unissued and available for sale by the trustees. No shares (1999: no shares) were sold during the year. 141 592 shares (1999: 131 592 shares) were held by the trust in terms of the Scheme.

iii) The remaining unissued shares are under the control of the directors until the forthcoming annual general meeting.

	GROUP		COMPANY	
	2000 R'000	1999 R'000	2000 R'000	1999 R'000
9. CONVERTIBLE DEBENTURES				
28 626 800 unsecured automatically convertible subordinated debentures of R9,10 each	260 504	260 504	260 504	260 504

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

ii) In the event of a default under the terms of the banking facilities, payment of interest on the convertible debentures may be suspended until the advances under the facilities have been repaid. Refer note 28.

10. INTEREST-BEARING BORROWINGS

This note should be read in conjunction with the Banking Facilities note 28. Facilities marked * relate solely to Textainer Group Holdings and its subsidiaries, with no recourse to Trencor.

SECURED LOANS

Secured debt facility*	1 760 481	1 362 171		
A group company has a securitisation agreement with two banks to provide a secured debt facility. The agreement, as amended on 28 June 2000, provides for the facility to convert to a nine-year fully amortising loan on 28 June 2001, with amortisation commencing on 6 July 2002. The loan bears interest at a daily variable rate depending on the banks' sources of finance. The total obligation is secured by a pledge of the relevant group company's container leasing equipment (refer note 2)				
Loans repayable in quarterly instalments, bearing interest at variable rates, secured by container leasing equipment (refer note 2)*	35 174	48 270		
Obligations under financial leases*	8 150	15 612		
Loans repayable in quarterly instalments, bearing interest at variable rates secured by land and buildings, plant and machinery and various equipment (refer note 2). The final instalment is due on 30 September 2003	181 600	200 072		
Loan repayable in half yearly instalments, bearing interest at variable rates, secured by plant and machinery and various equipment (refer note 2). The final instalment is due on 30 June 2003	9 334	12 046		
Loans repayable in quarterly instalments, bearing interest at variable rates. The final instalment is due on 30 September 2003. The loan is secured in terms of note 28	172 619	223 651		
Loan repayable in quarterly instalments bearing interest at 19,16% p.a. The final instalment is due on 30 September 2003. The loan is secured in terms of note 28	242 997	172 850		
Loan bearing interest at LIBOR plus 2% repayable by 30 September 2003. The loan is secured in terms of note 28	218 296	202 711		
	2 628 651	2 237 383		
Current portion included in current liabilities	243 549	156 815		
	2 385 102	2 080 568		



	GROUP	
	2000 R'000	1999 R'000
UNSECURED LOANS		
Revolving credit facility*	164 754	119 394
This facility, as amended on 29 June 2000, provides for a conversion to a six-year fully amortising loan, with amortisation to commence on 31 March 2002. Interest on the outstanding amount can be based on the US prime rate or LIBOR plus a margin		
	164 754	119 394
Total interest-bearing long-term borrowings	2 549 856	2 199 962

i) Certain of the loans have restrictive covenants including minimum net worth requirements, minimum working capital requirements and maintenance of minimum levels of profitability.

ii) Certain group companies enter into various interest rate cap, participating interest rate cap and swap agreements with banks to reduce the impact of changes in interest rates associated with their variable debt. At 30 June 2000 variable interest rate principal outstanding amounted to R1 960 044 000 of which R1 775 112 000 in notional values was covered by these contracts as follows:

	NOTIONAL DEBT	
	2000 R'000	1999 R'000
Interest rate cap contracts	958 258	912 749
Interest rate swap contracts	816 854	589 131
	1 775 112	1 501 880

	GROUP		COMPANY	
	2000 R'000	1999 R'000	2000 R'000	1999 R'000
11. DEFERRED TAXATION				
Arising as a result of:				
Deferred tax liabilities				
Fixed assets	28 683	29 753	-	-
Debtors allowances	82 542	177 081	-	-
Income statement accruals	140 828	81 450	-	-
Export partnerships	2 913	3 592	2 913	3 592
	254 966	291 876	2 913	3 592
Deferred tax assets				
Assessable losses	(20 030)	(15 895)	-	-
Provisions	(25 474)	(12 234)	-	-
	(45 504)	(28 129)	-	-
Net deferred tax liability	209 462	263 747	2 913	3 592



	GROUP					
	Carrying value at the beginning of the year	Additional provisions	Amounts used	Amounts reversed	Exchange differences	Carrying value at the end of the year
	R'000	R'000	R'000	R'000	R'000	R'000
12. PROVISIONS						
	2000					
Warranty provision	12 095	2 508	(1 105)	(2 606)	–	10 892
Damage protection plan	10 908	10 641	(5 512)	–	1 360	17 397
Provision for leases and other commitments	–	35 500	–	–	–	35 500
	23 003	48 649	(6 617)	(2 606)	1 360	63 789
	1999					
Warranty provision	10 780	2 659	(891)	(453)	–	12 095
Damage protection plan	5 319	10 342	(4 841)	–	88	10 908
	16 099	13 001	(5 732)	(453)	88	23 003

- i) The warranty provision has been recognised for possible warranty claims on products sold. The group warrants certain of its products for periods of three to seven years.
- ii) The damage protection plan provision is recognised for certain container repairs for containers leased in terms of the damage protection plan. The rental contracts are typically for terms of five years or less.
- iii) The provision for leases and other commitments is in respect of the leases on the closed container factory which terminate in August 2008. The provision has been calculated by discounting the future rental payments at a rate of 12% p.a. An appropriate amount has been provided to re-instate the property to the satisfaction of the lessor on termination of the leases.

13. BANK OVERDRAFTS AND SHORT-TERM LOANS

The bank overdrafts and short-term loans are secured and bear interest at market related rates, with repayment terms as disclosed in note 28.

	GROUP		COMPANY	
	2000 R'000	1999 R'000	2000 R'000	1999 R'000
14. TURNOVER				
Invoiced sales - goods and services	654 371	809 732	–	–
Leasing income	495 188	433 949	–	–
Management fees	112 838	102 267	–	–
Finance income	171 820	196 891	–	–
Realised and unrealised exchange gains/(losses)	345 712	(78 896)	–	–
Dividends	–	–	221 585	60 290
	1 779 929	1 463 943	221 585	60 290



	GROUP		COMPANY	
	2000 R'000	1999 R'000	2000 R'000	1999 R'000
15. INCOME/(LOSS) BEFORE TAXATION				
Income/(loss) before taxation is arrived at after taking into account:				
INCOME				
Income from subsidiaries	-	-	245 178	91 586
Administration fees	-	-	40	40
Dividends	-	-	217 115	56 798
Interest received	-	-	28 023	34 748
Unlisted Investments				
Interest received	23 719	33 007	4	79
Associate companies				
Other	965	6 952	-	-
	22 754	26 055	4	79
Listed investments				
Dividends	4 470	3 492	4 470	3 492
Interest received	-	24	-	24
Net profit on disposal of investments	4 224	1 494	-	1 988
Net surplus/(loss) on disposal of fixed assets	3 444	(3 224)	-	-
Continuing operations	3 568	(1 870)	-	-
Discontinuing operations	(124)	(1 354)	-	-
Realised and unrealised exchange gains not included in turnover	1 169	1 050	-	-
Abnormal gain on deferral of payment to third parties	-	25 190	-	-
CHARGES				
Auditors' remuneration	4 554	3 570	20	15
Continuing operations	4 469	3 336	20	15
Discontinuing operations	85	234	-	-
Directors' emoluments	8 374	6 893	2	3
Executive directors	8 290	6 780	2	3
For services as directors	2	2	2	3
Salaries, bonuses and company contributions	8 288	6 778	-	-
Non-executive directors				
For services as directors	84	113	-	-
Interest expense	264 475	248 506	32 088	46 347
Textainer	122 011	104 134	-	-
Other group companies	142 464	144 372	32 088	46 347
Operating leases	15 011	12 440	-	-
Continuing operations	8 224	7 973	-	-
Premises	8 131	7 748	-	-
Vehicles and equipment	93	225	-	-
Discontinuing operations	6 787	4 467	-	-
Premises	5 622	2 965	-	-
Vehicles and equipment	1 165	1 502	-	-
Provision against loan to associate company	20 000	-	-	-
Technical fees	16 353	39 353	-	-
Related party	16 353	36 125	-	-
Other	-	3 228	-	-
Abnormal start-up costs at container factories	-	42 817	-	-
Continuing operations	-	10 303	-	-
Discontinuing operations	-	32 514	-	-

16. TAXATION

	GROUP		COMPANY	
	2000 R'000	1999 R'000	2000 R'000	1999 R'000
South African Normal	1 320	786	780	762
Current	1 282	786	1 103	323
Adjustment in respect of prior year	38	–	(323)	439
Foreign Normal Current	11 759	10 314	–	–
Associated tax (credit)/charge	(28 865)	(7 754)	–	671
Associated tax charge rate change	–	(2 662)	–	–
Secondary tax on companies	–	3 688	–	2 314
South African Deferred	(75 688)	(64 887)	(680)	–
Credit for the year	(76 554)	(26 822)	(680)	–
Adjustment in respect of prior year	866	(2 223)	–	–
Adjustment due to change in rate	–	(35 842)	–	–
Foreign Deferred	1 510	5 212	–	–
Charge for the year	4 976	5 204	–	–
Adjustment in respect of prior year	–	8	–	–
Adjustment due to change in rate	(3 466)	–	–	–
	(89 964)	(55 303)	100	3 747
The effective tax rate is reconciled as follows:				
	%	%	%	%
Statutory tax rate	(30,0)	30,0	30,0	30,0
Permanent differences	(25,7)	(67,2)	(29,8)	(27,0)
Foreign differential	(21,0)	(50,4)	–	–
Prior year adjustment	1,0	(12,4)	(0,1)	–
Losses	2,1	(0,7)	–	–
Tax rate change	(2,9)	(155,0)	–	–
	(76,5)	(255,7)	0,1	3,0
Secondary tax on companies	–	16,0	–	5,0
Effective tax rate	(76,5)	(239,7)	0,1	8,0

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

17. (LOSS)/EARNINGS AND HEADLINE EARNINGS PER SHARE

(LOSS)/EARNINGS PER SHARE

UNDILUTED

(Loss)/Earnings attributable to shareholders	(60 809)	62 777
Weighted average number of shares in issue	152 842	152 842
(Loss)/Earnings per share (cents)	(39,8)	41,1

DILUTED

(Loss)/Earnings attributable to shareholders	(60 809)	73 249
Number of shares in issue during the year	152 842	181 469
(Loss)/Earnings per share (cents)	(39,8)	40,4
Dilution (cents per share)	–	0,7



	GROUP	
	2000 R'000	1999 R'000
HEADLINE EARNINGS PER SHARE		
UNDILUTED		
(Loss)/Earnings attributable to shareholders	(60 809)	62 777
Discontinuing operations	367 805	–
Losses incurred up to date of discontinuance	(54 882)	–
<hr/>		
Headline earnings	252 114	62 777
Weighted average number of shares in issue	152 842	152 842
Headline earnings per share (cents)	165,0	41,1
DILUTED		
(Loss)/Earnings attributable to shareholders	(49 868)	73 249
Discontinuing operations	367 805	–
Losses incurred up to date of discontinuance	(54 882)	–
<hr/>		
Headline earnings	263 055	73 249
Number of shares in issue during the year	181 469	181 469
Headline earnings per share (cents)	145,0	40,4
Dilution (cents per share)	20,0	0,7

The dilution arises as a result of any future conversion of debentures referred to in note 9. The directors are currently of the opinion that the debentures will not be converted in the foreseeable future and therefore no dilution is anticipated for the foreseeable future. No dilutive effect has been presented in respect of the loss per share in the current year as the effect would be anti-dilutive.

18. DISCONTINUING OPERATION

In December 1999 the dry freight marine container factory at Isithebe was closed as manufacturing at the facility was no longer considered viable. As a consequence, consideration has been given to the possible impact on receivables arising from the inability of certain export customers to acquire containers from the group on extended credit terms. This may limit their capacity to purchase containers from other suppliers, particularly in China. The inability to increase fleet size with lower priced new equipment and so average-down the cost of their fleets at a time when the world container market appears to be recovering, may also impair their ability to timeously meet their obligations to pay for the higher priced equipment acquired from the group in prior years. For these reasons, and based on prevailing conditions in the container leasing industry, it was considered necessary to reduce the present value of these long-term receivables, net of amounts attributable to third parties, by an amount of R299 million.

After providing for the likely impairment of fixed assets, write down of inventories, staff retrenchment costs, leases and other commitments, the carrying amounts at 30 June 2000 of the total assets and the total liabilities directly attributable to the Isithebe factory are R55 653 000 and R72 650 000 respectively. The results relating to the discontinuing operation are set out in the income statement. This operation is reported in the container operations – manufacturing and container sales and finance segments. Refer note 21.

19. CAPITAL COMMITMENTS

For container leasing equipment and manufacturing plant authorised by the board		
Contracted	27 188	3 703
Not yet contracted	–	6 814
Outside shareholder interest to be acquired	5 500	4 500
Increase in unlisted investment	24 509	–
<hr/>		
	57 197	15 017

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

	CONTAINER OPERATIONS						CONSOLIDATED R'000
	SALES AND FINANCE	MANUFACTURING	OWNING AND LEASING	TRAILERS	OTHER	ELIMINATION	
	R'000	R'000	R'000	R'000	R'000	R'000	
Deferred taxation							263 747
Bank overdrafts and short-term loans							230 843
Shareholders for dividends							21 398
Taxation							3 246
Consolidated total liabilities							4 199 624
Supplementary information							
Capital expenditure	–	128 259	441 180	8 106	153 577	–	731 122
Continuing operations	–	98 356	441 180	8 106	153 577	–	701 219
Discontinuing operations	–	29 903	–	–	–	–	29 903
Depreciation	–	10 967	165 604	4 431	2 550	–	183 552
Continuing operations	–	4 951	165 604	4 431	2 550	–	177 536
Discontinuing operations	–	6 016	–	–	–	–	6 016

	GROUP		COMPANY	
	2000 R'000	1999 R'000	2000 R'000	1999 R'000

22. NOTES TO THE CASH FLOW STATEMENTS

22.1 Reconciliation of (loss)/income before taxation to cash generated from operations

(Loss)/Income before taxation	(117 566)	23 338	217 177	46 569
Adjusted for:				
Attributable income of associate companies	(328)	(269)	–	–
Interest paid	264 475	248 506	32 088	46 347
Net increase in adjustment to net investment in long-term receivables	328 112	109 376	–	–
Non-cash flow items in net investment in long-term receivables	(445 270)	(477 030)	–	–
Unrealised foreign exchange gains	(355 120)	(124 053)	–	–
Depreciation	205 587	183 552	–	–
Increases in provisions	40 786	–	–	–
(Surplus)/Loss on disposal of fixed assets	(3 444)	3 224	–	–
Profit on disposal of investments	(4 224)	(1 494)	–	(1 988)
Impairment of fixed assets	51 063	–	–	–
Write down of inventories	24 448	–	–	–
Provision against loan to associate company	20 000	–	–	–
Investment income	(28 189)	(36 523)	(249 608)	(95 141)
Pre-acquisition profit written-off	–	–	–	3 600
Operating loss before working capital changes	(19 670)	(71 373)	(343)	(613)
Working capital changes	55 669	77 887	43 929	2 119
Decrease/(Increase) in inventories	23 184	(74 220)	–	–
Decrease/(Increase) in accounts receivable	91 105	65 091	40 845	(762)
(Decrease)/Increase in accounts payable	(58 620)	87 016	3 084	2 881
Cash generated from operations	35 999	6 514	43 586	1 506
22.2 Dividends paid				
Amounts unpaid at the beginning of the year	21 398	51 966	21 398	51 966
Charge per income statement	–	42 796	–	42 796
Amounts unpaid at the end of the year	–	(21 398)	–	(21 398)
	21 398	73 364	21 398	73 364



	GROUP		COMPANY	
	2000 R'000	1999 R'000	2000 R'000	1999 R'000
22.3 Taxation paid				
Amounts unpaid at the beginning of the year	3 246	8 524	2 948	1 272
Translation adjustment on Textainer taxation	627	98	–	–
Charge per income statement	13 079	14 788	780	3 076
Amounts unpaid at the end of the year	(3 387)	(3 246)	(1 036)	(2 948)
	13 565	20 164	2 692	1 400

22.4 Acquisition of businesses

During the year, the group acquired a 51% equity interest in Dynanet Solutions (Pty) Ltd and 70% of the business of Warehouse Works. The fair value of the assets acquired and the liabilities assumed were as follows:

Cash	59			
Accounts receivable	752			
Accounts payable	(474)			
Fixed assets	1 477			
Investments	250			
Goodwill	2 669			
Purchase price	4 733			
Less: Cash	(59)			
Cash flow on acquisition	4 674			

22.5 Cash and cash equivalents

Cash and cash equivalents consist of bank balances and cash on hand. Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

Cash and cash equivalents	251 548	384 178	31 820	82 564
Bank overdrafts and short-term loans	(184 565)	(230 843)	(40 000)	(408 275)
	66 983	153 335	(8 180)	(325 711)

22.6 Discontinuing operation

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

Operating activities	32 105	(66 462)	–	–
Investing activities	(7 300)	(38 457)	–	–
	24 805	(104 919)	–	–

23. FINANCIAL INSTRUMENTS

A Treasury Committee, consisting of senior executives in the group, meets as required to consider current currency and interest rate exposures and treasury management strategies. Compliance with group policies and exposure limits are reviewed at quarterly meetings of the Board. Certain aspects of the treasury function were outsourced for a period of the financial year to a related party, Coronation Global Ltd, a subsidiary of Coronation Holdings Ltd, a financial institution listed on the JSE Securities Exchange South Africa, which is subject to compliance with the relevant regulatory bodies. This contract ceased on 30 November 1999.

CASH FLOW AND FUNDING RISK MANAGEMENT

The risk is managed through cash flow forecasts and ensuring that adequate borrowing facilities are maintained. In terms of the articles of association, the group's borrowing powers are unlimited, but are subject to the banking facility agreement referred to in note 28.

Total borrowing facilities granted by financial institutions	3 441 877	3 592 119		
Actual borrowings at year end	2 972 355	2 587 620		
Other utilisation of facilities at year end	51 081	34 312		
Unutilised facilities	418 441	970 187		



FOREIGN CURRENCY RISK MANAGEMENT

The group enters into forward exchange contracts to buy and sell specified amounts of various foreign currencies in the future at predetermined exchange rates. The contracts are entered into in order to manage the group's exposures to fluctuations in foreign currency exchange rates. The contracts are generally matched with anticipated future cash flows in foreign currencies primarily from sales and purchases. In addition, the group enters into currency options, interest rate swap and forward rate agreements in order to manage foreign currency risk. Refer note 6.

INTEREST RATE RISK MANAGEMENT

As part of the process of managing the group's fixed and floating rate borrowings mix, the interest rate borrowings mix, the interest rate characteristics of new borrowings and the refinancing of existing borrowings are structured according to anticipated movements in interest rates.

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

The group makes use of interest rate derivatives only as approved in terms of company policy limits in order to manage interest rate risk. Certain group companies have entered into interest rate swap contracts that entitle them to receive interest at floating rates on notional principal amounts and oblige them to pay interest at fixed rates on the same amounts. The interest rate swaps allow the companies to raise long-term borrowings at floating rates and effectively swap them into fixed rates that are lower than those available to the companies if fixed borrowings were made directly. Under the interest rate swaps, the entity agrees with the parties to exchange, at specified intervals, mainly quarterly, the difference between the fixed-rate and floating-rate interest amounts calculated by reference to the agreed notional principal amounts. Refer to note 6 and note 10.

CREDIT RISK MANAGEMENT

Financial assets which potentially subject the group to concentrations of credit risk consist principally of cash, short-term investments, long-term receivables and accounts receivable.

The group's cash equivalents and short-term deposits are placed only with registered financial institutions. Credit risk with respect to accounts receivable is mitigated due to the diverse customer base. The risk arising on short-term accounts receivable is also managed through a group policy on the granting of credit limits and continual review and monitoring of these limits. Accordingly, the group has no significant concentration of credit risk with respect to these financial assets.

Credit risk with respect to long-term receivables is determined by the creditworthiness of the international customers to which containers are supplied. Management closely monitors the activities and performance of these customers. Long-term receivables are valued by discounting future cash flows and an appropriate adjustment is made to the net investment for the timing of receipt and the possible non-collectibility of these receivables and the related payments to third parties.

With respect to the derivative contracts, the group's exposure to credit risk is determined by the counterparties with which they contract and the markets and countries in which those counterparties conduct their business. Limits are established in advance for all credit exposures within strict company guidelines. Individual limits and the utilisation of those limits is 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.

FAIR VALUES

The fair values of accounts receivable, cash and cash equivalents accounts payable, bank overdrafts and short-term loans approximated their carrying values due to the short-term maturities. The fair values of borrowings, convertible debentures and net investment in long-term receivables are their carrying values.



24. RELATED PARTY TRANSACTIONS

INTRA-GROUP TRANSACTIONS

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

DIRECTOR TRANSACTIONS WITH GROUP ENTITIES

Certain non-executive directors of Trencor hold positions in other entities, where it may be said they control or significantly influence the financial or operating policies of these entities. Accordingly, the following are considered to be director-related entities:

DIRECTOR	DIRECTOR-RELATED ENTITY	POSITION HELD IN DIRECTOR-RELATED ENTITY
D M Nurek	Sonnenberg Hoffmann & Galombik Inc	Executive Chairman (until 30 June 2000)
G M C Ryan	Coronation Holdings Ltd	Executive Chairman

Significant transactions between the group and these director-related entities:

- * For a period during the financial year, certain aspects of the treasury management function were outsourced, in terms of an arm's length agreement, to a subsidiary of Coronation Holdings Ltd for a fee of R16 353 000.
- * Messrs D M Nurek and H A Gorvy are also non-executive directors of certain listed companies, some of whose subsidiaries are partners in export partnerships with the group. No new export partnerships were concluded with these companies during the year under review.

During the year, the board approved the sale of tank containers by a group company on normal commercial terms and conditions at standard prices to Messrs N I Jowell, C Jowell and A M Brown.

Prior to the appointment of Mr H R van der Merwe as a director of Trencor, a company in a family trust structure established by him issued 11% redeemable preference shares to a bank, which shares were subsequently acquired by Trencor at a cost of R2 559 226. This amount is included in accounts receivable. Mr H R van der Merwe has provided a put in favour of Trencor should the redeemable preference shares not be redeemed. The shares are redeemable on or after 31 March 2000 on 31 days notice at the instance of the company.

The group has entered into transactions for the supply of containers to its associates TAC and PrimeSource in the normal course of business on an arm's-length basis.

Certain non-executive directors of Trencor are also non-executive directors of other public companies which have transactions with the group. Except as disclosed above, the relevant directors do not believe they have the capacity to control or significantly influence the financial or operating policies of those companies. Those companies are therefore not considered to be director-related entities.

25. INVESTMENT IN NON-CONSOLIDATED SUBSIDIARY

This note should be read in conjunction with note 26.

The directors are of the opinion that consolidated financial statements should not be prepared for Forhold (Pty) Ltd as the required information about the state of the affairs, business and results of the operations of that company and its subsidiaries is more effectively and meaningfully presented in the manner below:

	FORHOLD	
	2000 R'000	1999 R'000
Preference shareholders	520 870	520 870
Investments	520 870	520 870
Current assets		
Accounts receivable	–	33 336
Current liabilities		
Accounts payable	–	(33 336)
	520 870	520 870
Shareholding %	100	100

i) At 30 June 2000, Trencor had an interest in Waco International Ltd through its holding of 100% of the ordinary shares in Forhold which, in turn, had a 44% interest in Waco International. The preference shares in Forhold were held by a consortium of banks. Trencor could procure the redemption of the preference shares held by the banks in whole or in part, at any time up to 31 July 2001. Failing such redemption, the holders of the preference shares would have become entitled to exercise voting rights which may have resulted in control of Forhold vesting in the holders of the preference shares at the time. The dividend yield on the preference shares was equivalent to the yield on the Waco International shares. Trencor had no obligation to Forhold and/or the consortium of banks, unless it procured the redemption of the preference shares. Market value of listed investments in Forhold at 30 June 2000 was R777 616 091 (1999: R523 687 257).

ii) In terms of a sub-underwriting agreement entered into between the company, Waco International and a third party, the third party was entitled to purchase from Forhold at any time before 31 July 2001 a maximum of 7 981 320 preferred ordinary shares in Waco International at a price of 500 cents per share, plus the carry cost as set out in the said agreement.

26. SUBSEQUENT EVENT

Subsequent to the financial year end the group disposed of its entire interests in Waco International. The financial effects of this transaction are as follows:

	GROUP	COMPANY
	R'000	R'000
Proceeds on sale of investment, net of commitments to third party and costs of disposal	893 718	97 870
Less:		
Cost of investment	595 411	74 541
Write-off of debt on disposal	1 303	1 303
Premium on redemption of preference shares	202 950	-
Net capital surplus on disposal	94 054	22 026

27. RETIREMENT BENEFITS

RETIREMENT SCHEME

Membership of the Trencor Pension Fund, a defined contribution fund governed by the Pension Funds Act, is compulsory for all permanent employees who are not members of industry funds. The company contributes 10,5% of pensionable emoluments.

The Fund is actuarially valued every three years. The statutory valuation at 31 December 1997, as well as an actuarial review carried out at December 1998, confirmed that the Fund was in a sound financial position at those dates.

POST RETIREMENT BENEFITS

Certain employees' medical aid contributions, post retirement, are subsidised by the company. These subsidies are charged against income when incurred. The actuarial value of this unfunded liability is not significant.

28. BANKING FACILITIES

The cessation of the formation of new export partnerships with third parties, as first reported on 28 October 1999, required the group to raise funding for the production of marine cargo containers manufactured for export from 1 July 1999 and to put in place sufficient funding for the foreseeable future. The group concluded a facility with its South African bankers ('the banks') on 20 November 2000 to cover ongoing trading operations, the salient aspects of which are as follows:

THE FACILITY

The facilities expire on 30 September 2003 and are repayable in three equal annual instalments commencing on 30 September 2001. Early repayment will not attract any penalty.

The interest rates charged on the advances under the facilities are as stated in notes 10 and 13. Additional interest charged on advances under the facilities up to 30 June 2000 amounted to R7,8 million (R5 million after tax); this amount will be brought into account in the next financial period. In addition, a fee equal to the greater of 2% of the total amount outstanding under the advances at 30 September 2002 or R10 million will become payable. A fee equal to 2% of the total amount outstanding at 31 August 2003 (if any) will become payable.

It should be noted that Textainer Group Holdings Ltd and its subsidiary and associate companies ('Textainer') operate under their own facilities provided by non-South African banks.

SECURITY

All group companies will be required to provide security to the banks for the facilities granted, except Leasecon International Inc. In the case of Textainer, Trencor and the banks will first examine the feasibility of obtaining such security rights, bearing in mind the position of minority shareholders and existing lenders to that group. Trencor has provided the banks with a cession and pledge over the shares held by it in Textainer.

KEY FEATURES

The company has committed to continue its previously stated strategy of focussing on its core businesses and to use its best endeavours to dispose of, on a commercial basis, all non-core assets.

Should the outstanding queries raised by SARS regarding the tax treatment of the Trencor export partners in respect of the Trencor export partnerships be resolved sufficiently to create adequate certainty, and provided



further that the aggregate cost of capital in respect of a recapitalisation of the group or alternative funding is less than the cost to the group of the aggregate of the advance outstanding under the facility at such time, the company will recapitalise itself or any company in the group or enter into alternative funding arrangements in substitution of the advances from the banks.

The company has undertaken to ensure that:

- * certain minimum cash flow generation, and minimum EBIT (earnings before interest paid and tax) and EBITDA (earnings before interest paid, depreciation, revaluation, goodwill amortisations and tax) to interest ratios, shall be maintained during the term of the facility (refer note 10);
- * the debt to equity ratio of Textainer (excluding Textainer Marine Containers Ltd) on a consolidated basis will not exceed 350% and of Textainer Marine Containers Ltd will not exceed 567% at any time during the duration of the facility agreement without the prior written approval of the banks which shall not be unreasonably withheld. The actual ratios at 30 September 2000 (the latest information available at the date of this report) were 245% and 423% respectively;
- * if applicable, such steps as are necessary to restore any company in the group which may be regarded as being insolvent will be taken.

No dividends will be declared until the advances under the facilities have been repaid.

If there is an event of default, payment of interest on the 6% convertible debentures may be suspended until the advances under the facilities have been repaid (refer note 9).

SARS' QUERIES

The banks will be entitled to request repayment of the facilities in the event that any objection against or a review of an adverse tax assessment against any of the Trencor export partners in respect of their income received from Trencor export partnerships is finally determined or settled in such a manner as would entitle such export partner/s to call on Trencor Services (Pty) Ltd to pay a material amount to such export partner/s in terms of the agreements between Trencor Services (Pty) Ltd and such export partner/s.

ADMINISTRATION

SECRETARY	TRENCOR SERVICES (PTY) LTD
REGISTERED OFFICE AND POSTAL ADDRESS	1313 MAIN TOWER STANDARD BANK CENTRE HEERENGRACHT CAPE TOWN 8001 TEL +27 21 421-7310 FAX +27 21 419-3692
INTERNET ADDRESS	http://www.trencor.net
E-MAIL	info@trencor.net
COMPANY REGISTRATION NO	1955/002869/06
TRANSFER SECRETARIES	COMPUTERSHARE SERVICES LTD EDURA 41 FOX STREET JOHANNESBURG 2001 P O BOX 61051 MARSHALLTOWN 2107 TEL +27 11 377-7700 FAX +27 11 836-0792
PRINCIPAL BANKERS	FIRSTSTRAND BANK LTD FIRST UNION NATIONAL BANK OF NORTH CAROLINA THE STANDARD BANK OF SOUTH AFRICA LTD
AUDITORS	ARTHUR ANDERSEN & CO
ATTORNEYS	SONNENBERG HOFFMANN & GALOMBIK INC

DIARY

	22 JANUARY 2001	ANNUAL GENERAL MEETING
	31 DECEMBER 2001	NEXT FINANCIAL PERIOD ENDS
ANNOUNCEMENTS	FEBRUARY 2001	INTERIM REPORT 6 MONTHS TO 31 DECEMBER 2000
	AUGUST 2001	INTERIM REPORT 12 MONTHS TO 30 JUNE 2001
	FEBRUARY 2002	PROVISIONAL RESULTS 18 MONTHS TO 31 DECEMBER 2001
	MARCH 2002	FINANCIAL STATEMENTS 18 MONTHS TO 31 DECEMBER 2001
6% CONVERTIBLE DEBENTURES	JUNE AND DECEMBER	INTEREST PAYABLE

ANALYSIS OF SHARE AND DEBENTURE HOLDERS AT 30 JUNE 2000

MOBILE

INDIVIDUALS
PENSION FUNDS
INSURANCE COMPANIES
BANKS AND BANK NOMINEES
OTHER COMPANIES
OTHER CORPORATE BODIES
JOSEPH JOWELL'S HOLDINGS (PTY) LTD

SHAREHOLDER SPREAD

PUBLIC SHAREHOLDERS
NON-PUBLIC SHAREHOLDERS
DIRECTORS
PERSONS INTERESTED, DIRECTLY OR INDIRECTLY, IN 10% OR MORE

TRENCOR

INDIVIDUALS
PENSION FUNDS
INSURANCE COMPANIES
BANKS AND BANK NOMINEES
OTHER COMPANIES
OTHER CORPORATE BODIES
MOBILE INDUSTRIES LTD

SHAREHOLDER SPREAD

PUBLIC SHAREHOLDERS
NON-PUBLIC SHAREHOLDERS
DIRECTORS
PERSONS INTERESTED, DIRECTLY OR INDIRECTLY, IN 10% OR MORE

ORDINARY SHARES				N' ORDINARY SHARES				6% CONVERTIBLE DEBENTURES			
NUMBER OF HOLDERS	% OF HOLDERS	NUMBER OF SHARES	% OF INTEREST	NUMBER OF HOLDERS	% OF HOLDERS	NUMBER OF SHARES	% INTEREST	NUMBER OF HOLDERS	% OF HOLDERS	NUMBER OF DEBENTURES	% INTEREST
2 140	86,5	11 458 625	3,9	2 250	87,6	18 348 818	3,0	1 639	86,6	996 089	1,7
31	1,2	1 134 255	0,4	38	1,5	1 605 090	0,3	27	1,4	248 724	0,4
9	0,4	70 821 147	23,9	10	0,4	156 402 326	26,0	8	0,4	19 947 754	35,2
203	8,2	129 676 773	43,7	190	7,4	264 532 111	44,0	154	8,2	35 005 533	61,7
87	3,5	4 739 509	1,6	74	2,9	2 240 129	0,4	63	3,3	500 900	0,9
4	0,2	116 209	–	5	0,2	126 282	–	1	0,1	27 200	0,1
1	–	78 688 224	26,5	1	–	157 971 578	26,3	–	–	–	–
2 475	100,0	296 634 742	100,0	2 568	100,0	601 226 334	100,0	1 892	100,0	56 726 200	100,0
2 467	99,6	67 142 992	22,6	2 561	99,7	107 345 490	17,9	1 885	99,6	10 626 448	18,7
4	0,2	978 452	0,3	4	0,2	1 969 756	0,3	3	0,2	83 930	0,2
4	0,2	228 513 298	77,1	3	0,1	491 911 088	81,8	4	0,2	46 015 822	81,1
2 475	100,0	296 634 742	100,0	2 568	100,0	601 226 334	100,0	1 892	100,0	56 726 200	100,0
617	81,2	3 614 969	2,4					66	56,9	652 375	2,3
16	2,1	185 807	0,1					1	0,8	37 500	0,1
7	0,9	27 384 139	17,9					3	2,6	3 132 474	10,9
86	11,3	48 517 239	31,7					39	33,6	10 957 571	38,3
30	4,0	699 134	0,4					5	4,3	110 500	0,4
3	0,4	53 968	0,1					1	0,9	5 600	–
1	0,1	72 386 836	47,4					1	0,9	13 730 780	48,0
760	100,0	152 842 092	100,0					116	100,0	28 626 800	100,0
754	99,2	36 808 611	24,1					112	96,5	7 066 946	24,7
3	0,4	132 667	0,1					1	0,9	37 000	0,1
3	0,4	115 900 814	75,8					3	2,6	21 522 854	75,2
760	100,0	152 842 092	100,0					116	100,0	28 626 800	100,0



MAJOR SHARE AND DEBENTURE HOLDERS

The direct and indirect interests of ordinary and 'N' ordinary shareholders and holders of 6% convertible debentures who, in so far as is known, held 5% or more of the issued securities at 30 June 2000 were as follows:

	ORDINARY	'N'	6%			
	SHARES	ORDINARY	CONVERTIBLE			
	DIRECT	DIRECT	DEBENTURES			
	%	%	DIRECT			
MOBILE						
SFSS NOMINEES (PTY) LTD	–	–	5,5			
ABSA NOMINEES (PTY) LTD	6,0	5,0	11,4			
STANDARD BANK NOMINEES (TVL) (PTY) LTD	10,6	15,7	11,2			
NEDCOR BANK NOMINEES LTD	16,1	13,9	23,4			
OLD MUTUAL NOMINEES (PTY) LTD	23,8	26,0	35,1			
JOSEPH JOWELL'S HOLDINGS (PTY) LTD	26,4	26,3	–			
	82,9	86,9	86,6			
	SHARES			6% CONVERTIBLE DEBENTURES		
	DIRECT	INDIRECT		DIRECT	INDIRECT	TOTAL
	ORDINARY	THROUGH			THROUGH	
	%	MOBILE	'N' ORDINARY	%	MOBILE	%
TRENCOR						
ABSA NOMINEES (PTY) LTD	5,8	2,8	2,4	–	5,5	5,5
NEDCOR BANK NOMINEES LTD	9,5	7,6	6,6	6,8	6,8	13,6
STANDARD BANK NOMINEES (TVL) (PTY) LTD	10,7	5,0	7,4	16,3	4,7	21,0
OLD MUTUAL NOMINEES (PTY) LTD	17,8	11,3	12,3	10,9	11,2	22,1
	43,8	26,7	28,7	34,0	28,2	62,2
MOBILE INDUSTRIES LTD	47,4			48,0		
	91,2			82,2		

