

TRENCOR | MOBILE

TRENCOR LIMITED
REG NO 1955/002869/06 • ('Trencor')
SHARE CODE: TRE • ISIN: ZAE000007506

MOBILE INDUSTRIES LIMITED
REG NO 1968/014997/06 • ('Mobile')
SHARE CODE: MOB • ISIN: ZAE000091435



Highlights

TRENCOR: GROUP

- Trading profit** from continuing operations after net financing costs (but excluding gains on the repurchase of debt by Textainer in 2009) increased by 28% from R781 million in 2009 to R1 002 million.
- The net long-term receivable valuation adjustment was reduced by R189 million following the significantly improved outlook for collections as a result of the prevailing strong container leasing market. This increased earnings by 72 cents per share.
- Headline earnings per share** which includes net unrealised foreign exchange losses and gains were 335,5 cents (2009: 134,8 cents).
- Adjusted headline earnings per share**, which excludes net unrealised foreign exchange losses and gains arising on translation of net dollar receivables and the related valuation adjustments and excludes gains realised in 2009 by Textainer on the repurchase of portion of its own debt, at 369,4 cents (2009: 203,5 cents), were up by 81%.
- Net realised and unrealised foreign exchange losses arising on translation of net dollar receivables and the related valuation adjustments, not included in adjusted headline earnings per share, were R88 million or 34 cents per share (2009: loss R298 million or 115 cents per share).
- These different earnings are better reflected in tabular form:

	2010 Cents per share	2009 Cents per share
Headline earnings	335,5	134,8
Add:		
Unrealised foreign exchange translation losses	33,9	114,6
	369,4	249,4
Deduct:		
Gain realised on the repurchase of debt by Textainer	–	(45,9)
Adjusted headline earnings	369,4	203,5

- Consolidated gearing ratio at 31 December 2010 was 98% (2009: 88%). All of the interest-bearing debt is in Textainer.
- Final dividend of 100 cents per share declared, making a total of 140 cents per share for the year (2009: total 120 cents per share), an increase of 17% over the previous year.
- Shareholders in Trencor are reminded that Trencor will, out of cash resources, undertake the specific repurchase of 10 800 881 shares at R38,61 per share referred to in the circular to shareholders dated 22 November 2010. Implementation of the specific repurchase is anticipated to occur on or about 14 March 2011.

TEXTAINER: 61,6% interest at 31 December 2010 (2009: 62,3%)

- Profit for the year was US\$128,0 million (2009: US\$92,0 million including gains on the repurchase of debt amounting to US\$15,3 million); profit in 2010 included a reversal of certain taxation provisions amounting to US\$11,1 million (2009: nil) no longer required under IFRS.
- Current fleet utilisation is 98,6% compared to 91,0% a year ago.
- Purchased a total of 214 000 TEU (twenty foot equivalent units) of new equipment in 2010 representing a total of US\$503,7 million in capital expenditure.
- Increased the owned portion of the total fleet to 51% as at 31 December 2010 from 45% in 2009.

Declaration of cash dividend

Trencor has declared a final cash dividend (number 90) of 100 cents per share in respect of the year ended 31 December 2010.

The salient dates pertaining to the cash dividend payments are as follows:

Last day to trade cum dividend	Friday, 25 March 2011
Trading commences ex dividend	Monday, 28 March 2011
Record date	Friday, 1 April 2011
Payment date	Monday, 4 April 2011

Share certificates may not be dematerialised or rematerialised between Monday, 28 March 2011 and Friday, 1 April 2011, both days inclusive.

Condensed consolidated statements of comprehensive income for the year ended 31 December 2010

	Trencor		Mobile	
	Reviewed 2010	Audited 2009	Reviewed 2010	Audited 2009
R Million				
Revenue (Note 2)	2 353	1 958	0,4	0,6
Continuing operations				
Trading profit/(loss) before items listed below	1 226	885	(6,9)	(1,1)
Realised and unrealised exchange losses on translation of long-term receivables, excluding fair value adjustment	(149)	(442)		
Net long-term receivable fair value adjustment	250	130		
Impairment of plant and equipment	(12)	(16)		
Net gain on disposal of available-for-sale financial asset transferred from equity	–	7		
Other			–	(0,6)
Profit/(loss) from operations	1 315	564	(6,9)	(1,7)
Net finance (expenses)/income (Note 3)	(224)	71		
Finance expenses – Interest expense	(132)	(95)		
– Losses on derivative financial instruments	(102)	(29)		
Finance income – Interest income	10	20		
– Gain on repurchase of debt	–	175		
Share of profit of associate			257,5	119,7
Profit before tax	1 091	635	250,6	118,0
Income tax (expense)/credit	(9)	32	(0,1)	0,1
Profit after tax from continuing operations	1 082	667	250,5	118,1
Discontinued operations				
Profit for the year from discontinued operations (net of income tax)	–	24		
Profit for the year	1 082	691	250,5	118,1
Other comprehensive loss	(583)	(1 205)	(164,4)	(336,7)
Foreign currency translation differences	(583)	(1 196)		
Net change in fair value of available-for-sale financial asset	–	(2)		
Net gain on disposal of available-for-sale financial asset transferred to profit or loss	–	(7)		
Share of other comprehensive loss of associate			(164,4)	(336,7)
Total comprehensive income/(loss) for the year	499	(514)	86,1	(218,6)
Total comprehensive income/(loss) for the year attributable to:				
Equity holders of the company	268	(471)	86,1	(218,6)
Non-controlling interest	231	(43)		
	499	(514)	86,1	(218,6)
Profit attributable to:				
Equity holders of the company	624	259	250,5	118,1
Non-controlling interest	458	432		
	1 082	691	250,5	118,1
Basic earnings per share (cents)				
Entity as a whole	332,5	138,1		
Continuing operations	332,5	134,7	23,5	11,1
Discontinued operations	–	3,4		
Diluted earnings per share (cents)				
Entity as a whole	331,8	138,0		
Continuing operations	331,8	134,6	23,5	11,1
Discontinued operations	–	3,4		
Number of shares in issue (million)	187,5	187,5	1 068,0	1 068,0
Weighted average number of shares in issue (million)	187,5	187,4	1 068,0	1 068,0
Year-end rate of exchange: SA rand to US dollar	6,61	7,35		
Average rate of exchange for the year: SA rand to US dollar	7,33	8,33		

Condensed consolidated statements of cash flows for the year ended 31 December 2010

	Trencor		Mobile	
	Reviewed 2010	Audited 2009	Reviewed 2010	Audited 2009
R Million				
Cash generated from/(utilised by) operations	1 881	1 483	(1,7)	(2,4)
Acquisition of container leasing equipment	(2 934)	(1 162)		
Finance income received	10	20	0,4	0,6
Dividends received			108,3	95,4
Finance expenses paid	(175)	(201)	(0,1)	–
Dividends paid to equity holders of the company	(234)	(206)	(107,8)	(94,5)
Dividends paid to non-controlling interest	(136)	(139)		
Taxation paid	(56)	(82)	(0,2)	(0,4)
Net cash outflow from operating activities	(1 644)	(287)	(1,1)	(1,3)
Cash inflow from investing activities	105	55	–	0,2
Cash inflow from financing activities	1 562	74		
Net increase/(decrease) in cash and cash equivalents before exchange rate changes	23	(158)	(1,1)	(1,1)
Net cash and cash equivalents at the beginning of the year	1 115	1 526	6,9	8,0
Effects of exchange rate changes on cash and cash equivalents	(109)	(253)		
Net cash and cash equivalents at the end of the year	1 029	1 115	5,8	6,9

Condensed consolidated statements of financial position at 31 December 2010

	Trencor		Mobile	
	Reviewed 2010	Audited 2009	Reviewed 2010	Audited 2009
R Million				
ASSETS				
Property, plant and equipment	9 604	7 858		
Intangible assets	400	493		
Investment in associate			–	2 036,0
Investments	15	272		
Long-term receivables	828	838		
Net investment in finance leases	325	447		
Participation in export partnerships			1,8	2,0
Derivative financial instruments	9	5		
Deferred tax assets	77	101		
Restricted cash	99	48		
Total non-current assets	11 357	10 062	1,8	2 038,0
Inventories	22	9		
Trade and other receivables	718	767	0,3	0,4
Current tax assets	3	2		
Asset held for distribution (Note 6) (Fair value R2 774,3 million)			2 029,9	–
Investments	235	–		
Cash and cash equivalents	1 029	1 104	5,8	6,9
Assets classified as held for sale	–	11		
Current assets	2 007	1 893	2 036,0	7,3
Total assets	13 364	11 955	2 037,8	2 045,3
EQUITY				
Share capital and premium	457	457	192,7	192,7
Reserves/(Accumulated deficit)	3 438	3 384	(937,2)	1 849,7
Equity/(Deficit) attributable to equity holders of the company	3 895	3 841	(744,5)	2 042,4
Non-controlling interest	2 056	1 905		
Total equity/(deficit) (Note 6)	5 951	5 746	(744,5)	2 042,4
LIABILITIES				
Interest-bearing borrowings	5 475	4 538		
Amounts attributable to third parties in respect of long-term receivables	221	204		
Derivative financial instruments	90	66		
Deferred income	20	83		
Deferred tax liabilities	225	230	1,8	2,0
Total non-current liabilities	6 031	5 121	1,8	2,0
Trade and other payables	933	389	6,0	0,9
Current tax liabilities	64	138	0,1	–
Current portion of interest-bearing borrowings	340	500		
Amount owing to subsidiary of associate			0,1	–
Current portion of deferred income	45	58		
Distribution payable (Note 6)			2 774,3	–
Liabilities classified as held for sale	–	3		
Current liabilities	1 382	1 088	2 780,5	0,9
Total liabilities	7 413	6 209	2 782,3	2,9
Total equity and liabilities	13 364	11 955	2 037,8	2 045,3
Capital expenditure incurred during the year	3 566	1 496		
Capital expenditure committed and authorised, but not yet incurred	–	62		
Market value of listed investments			2 774,3	2 275,8
Directors' valuation of unlisted investments	250	272		
Ratio to aggregate of total equity:				
Total liabilities (%)	124,6	108,1		
Interest-bearing debt (%)	97,7	87,7		

Condensed consolidated statements of changes in equity for the year ended 31 December 2010

	Trencor		Mobile	
	Reviewed 2010	Audited 2009	Reviewed 2010	Audited 2009
R Million				
Balance at the beginning of the year	3 841	4 502	2 042,4	2 348,7
Total comprehensive income/(loss) for the year	268	(471)	86,1	(218,6)
Profit for the year	624	259	250,5	118,1
Share of other comprehensive loss of associate			(164,4)	(336,7)
Foreign currency translation differences	(356)	(721)		
Net change in fair value of available-for-sale financial asset	–	(2)		
Net gain on disposal of available-for-sale financial asset transferred to profit or loss	–	(7)		
Dividends paid	(234)	(206)	(107,8)	(94,5)
Distribution of shares in associate payable to shareholders (Note 6)			(3 198,2)	–
Change in fair value of distribution payable to shareholders (Note 6)			423,9	–
Share of net increase in non-distributable reserves of associate			9,1	6,8
Share-based payments	24	25		
Change in holding in subsidiary	(4)	(10)		
Shares issued	–	1		
Shareholders' interest/(deficit)	3 895	3 841	(744,5)	2 042,4
Non-controlling interest in subsidiaries	2 056	1 905		
Balance at the beginning of the year	1 905	2 117		
Total comprehensive income/(loss) for the year	231	(43)		
Profit for the year	458	432		
Foreign currency translation differences	(227)	(475)		
Dividends paid to non-controlling interest	(136)	(139)		
Share-based payments	15	15		
Liquidation dividend paid by subsidiary company	–	(55)		
Shares issued by subsidiary	37	–		
Change in holding in subsidiary	4	10		
Equity/(Deficit)	5 951	5 746	(744,5)	2 042,4

Reviewed Results

for the year ended 31 December 2010
and declaration of cash dividend

Notes to the condensed consolidated annual financial statements for the year ended 31 December 2010

1. These condensed consolidated financial statements have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS), South African Statements and Interpretations of Statements of Generally Accepted Accounting Practice (AC 500 Series) and presentation and disclosure requirements of IAS 34 *Interim Financial Reporting* and the Companies Act of South Africa. The accounting policies applied in the preparation of these consolidated condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2009, except for the first-time application of IFRIC 17 *Distribution of Non-cash Assets to Owners* which became effective on 1 January 2010. The effects of applying IFRIC 17 are detailed in note 6.

R Million	Trencor		Mobile	
	Reviewed 2010	Audited 2009	Reviewed 2010	Audited 2009
2. Revenue				
Goods sold and services rendered	521	562		
Leasing income	1 744	1 596		
Management fees	214	210		
Finance income	23	32	0,4	0,6
	2 502	2 400	0,4	0,6
Realised and unrealised exchange differences	(149)	(442)		
	2 353	1 958	0,4	0,6
3. Net finance expenses/(income)				
Finance expenses	234	124		
Interest expense – Textainer	131	95		
Interest expense – other group companies	1	–		
Losses on derivative financial instruments	102	29		
Finance income	(10)	(195)		
Interest income – cash and cash equivalents	(10)	(20)		
Gain on repurchase of debt by Textainer	–	(175)		
	224	(71)		
4. Headline earnings				
Profit attributable to equity holders of the company	624	259	250,5	118,1
Impairment of plant and equipment	12	16		
Net gain on disposal of available-for-sale financial asset transferred from equity	–	(7)		
Profit on disposal of discontinued operations	–	(26)		
Total tax effects of adjustments	(1)	(1)		
Total non-controlling interests' share of adjustments	(6)	12		
Net loss on dilution of investment in associate			–	0,6
Attributable share of headline earnings adjustments of associate			2,6	(2,9)
Headline earnings	629	253	253,1	115,8
Weighted average number of shares in issue (million)	187,5	187,4	1 068,0	1 068,0
Headline earnings per share (cents)	335,5	134,8	23,7	10,8
Diluted headline earnings per share (cents)	334,8	134,7	23,7	10,8
Adjusted headline earnings				
Headline earnings (as above)	629	253		
Gain on repurchase of debt	–	(175)		
Net loss on translation of net US dollar receivables	88	298		
Total tax effects of adjustments	(25)	(79)		
Total non-controlling interests' share of adjustments	–	84		
Adjusted headline earnings	692	381		
Undiluted adjusted headline earnings per share (cents)	369,4	203,5		
Diluted adjusted headline earnings per share (cents)	368,6	203,3		
5. Segmental reporting				
Revenue				
Reportable segments				
Containers – finance (including exchange differences)	(126)	(410)		
Containers – owning, leasing, management and reselling	2 477	2 365		
	2 351	1 955		
Unallocated	2	3		
	2 353	1 958		
Profit from operations				
Reportable segments				
Containers – finance	123	(286)		
Containers – owning, leasing, management and reselling	1 223	878		
	1 346	592		
Unallocated	(31)	(28)		
	1 315	564		
Assets				
Capital expenditure incurred by the container owning, leasing management and reselling segment	3 566	1 496		

6. **Unbundling of Trencor shares by Mobile**
As a result of Mobile announcing on 22 November 2010 its intention to unbundle its entire investment in Trencor, Mobile ceased to equity account its investment in Trencor at that date. In terms of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, its investment in Trencor, at 22 November 2010, has been measured at the lower of its carrying amount and fair value less costs to distribute.

In terms of IFRIC 17 *Distribution of Non-cash Assets to Owners*, Mobile became committed to distribute its investment in Trencor to its shareholders when the distribution was approved at a general meeting held on 14 December 2010. The liability resulting from the obligation to distribute the asset was measured at fair value of R3 198,2 million, and is based on the quoted bid price of the Trencor share at that date.

At 31 December 2010, the carrying amount of Mobile's investment in Trencor was R2 029,9 million, whereas its fair value, based on the quoted bid price of the Trencor share, was R2 774,3 million. The change in the fair value of the investment in Trencor resulted in a remeasurement of the carrying amount of the distribution payable. This change was recognised in equity.

The recognition of the liability at fair value and the asset at its carrying amount has resulted in an accounting mismatch between the liability and the asset, giving rise to a temporary deficit in equity only until such time as the liability is settled. The difference between the carrying amount of the asset distributed and the carrying amount of the distribution payable was recognised in profit or loss at the date of distribution on 4 February 2011 (the record date), thereby reversing the temporary deficit in equity created by the mismatch.

At 28 February 2011 the financial position of Mobile is as follows:

	R Million
Total assets	1,1
Total liabilities	(0,9)
Total equity	0,2

In order to provide a better appreciation of the results of the group's activities, a condensed consolidated income statement and a consolidated statement of financial position are also presented in US dollars, as virtually all of the group's revenue and assets and much of its expenditure are denominated in that currency. The amounts stated in US dollars have been prepared by management and are unaudited.

Unaudited Trencor condensed consolidated income statement in US dollars for the year ended 31 December 2010

US\$ Million	Unaudited 2010	Unaudited 2009
Revenue	337,1	282,2
Continuing operations		
Trading profit before items listed below	167,2	106,1
Realised and unrealised exchange losses arising on translation	(4,3)	(5,8)
Net long-term receivable fair value adjustment	29,3	(4,7)
Impairment of plant and equipment	(1,6)	(2,0)
Other	–	1,0
Profit from operations	190,6	94,6
Net finance (expenses)/income	(30,7)	7,0
Finance expense – Interest expense	(18,1)	(11,4)
– Losses on derivative financial instruments	(13,9)	(3,5)
Finance income	1,3	2,4
– Gain on repurchase of debt	–	19,5
Profit before tax	159,9	101,6
Income tax expense	(4,7)	(3,5)
Profit after tax from continuing operations	155,2	98,1
Discontinued operations		
Profit for the year from discontinued operations (net of income tax)	–	3,1
Profit for the year	155,2	101,2
Attributable to:		
Equity holders of the company	92,8	49,8
Non-controlling interest	62,4	51,4
	155,2	101,2
Number of shares in issue (million)	187,5	187,5
Weighted average number of shares in issue (million)	187,5	187,4
Basic earnings per share (US cents)		
Entity as a whole	49,5	26,6
Continuing operations	49,5	26,1
Discontinued operations	–	0,5
Diluted earnings per share (US cents)		
Entity as a whole	49,4	26,6
Continuing operations	49,4	26,1
Discontinued operations	–	0,5
Headline earnings per share (US cents)	49,9	26,0
Diluted headline earnings per share (US cents)	49,8	26,0
Adjusted headline earnings per share (US cents)	51,5	23,2
Diluted adjusted headline earnings per share (US cents)	51,4	23,1
Year-end rate of exchange: SA rand to US dollar	6,61	7,35
Average rate of exchange for the year: SA rand to US dollar	7,33	8,33
Trading profit from continuing operations comprises:		
Textainer	168,5	107,4
Other	(1,3)	(1,3)
	167,2	106,1

Unaudited Trencor condensed consolidated statement of financial position in US dollars at 31 December 2010

US\$ Million	Unaudited 2010	Unaudited 2009
ASSETS		
Property, plant and equipment	1 453,0	1 069,1
Long-term receivables	125,2	114,0
Other non-current assets	139,9	186,0
Non-current assets	1 718,1	1 369,1
Current assets	303,7	257,5
Inventories	3,3	1,3
Trade and other receivables	108,6	104,4
Current tax assets	0,5	0,2
Investment	35,6	–
Assets classified as held for sale	–	1,5
Cash and cash equivalents	155,7	150,1
Total assets	2 021,8	1 626,6
Equity and liabilities		
Equity attributable to equity holders of the company	589,1	522,7
Non-controlling interest	311,1	259,1
Total equity	900,2	781,8
LIABILITIES		
Interest-bearing borrowings	828,4	617,4
Amounts attributable to third parties in respect of long-term receivables	33,5	27,8
Derivative financial instruments	13,6	9,0
Deferred income	3,0	11,3
Deferred tax liabilities	34,0	31,3
Total non-current liabilities	912,5	696,8
Current liabilities	209,1	148,0
Trade and other payables	141,0	53,9
Current tax liability	9,7	17,8
Current portion of interest-bearing borrowings	51,5	68,0
Current portion of deferred income	6,9	7,9
Liabilities classified as held for sale	–	0,4
Total liabilities	1 121,6	844,8
Total equity and liabilities	2 021,8	1 626,6
Ratio to aggregate of total equity:		
Total liabilities (%)	124,6	108,1
Interest-bearing debt (%)	97,7	87,7

These results can be viewed on the websites

www.trencor.net | www.mobile-industries.net