



TRENCOR LIMITED  
INCORPORATED IN THE REPUBLIC OF SOUTH AFRICA  
REG NO 1955/002869/06  
SHARE CODE: TRE  
ISIN: ZAE000007506  
(\*Trencor\*)

# Reviewed results

## for the year ended 31 December 2011

## and declaration of cash dividend

### COMMENTARY

#### GROUP

- Trading profit from operations after net financing costs increased by 53% from R1 002 million in 2010 to R1 529 million.
- Profit for the period included a non-cash gain of R64 million arising on the sale of containers to the prior non-controlling interest in Textainer's primary asset-owning subsidiary, Textainer Marine Containers Ltd ('TMCL') – see comments under Textainer.
- Headline earnings per share (including the effect of net realised and unrealised foreign exchange translation gains and losses) were 559,3 cents (2010: 335,5 cents).
- Adjusted headline earnings per share (which excludes the effect of net unrealised foreign exchange translation gains and losses but includes gains on the sale of containers referred to above), at 482,4 cents (2010: 369,4 cents), were up by 30,6%.
- Net unrealised foreign exchange gains arising on translation of net dollar receivables and the related valuation adjustments, not included in adjusted headline earnings per share, were R191 million or 76,9 cents per share (2010: losses R88 million or 33,9 cents per share).
- These different earnings are better reflected in tabular form:

	2011 Cents per share	2010 Cents per share
Headline earnings including gains on containers sold pursuant to TMCL's restructuring in the current year (35,7 cents per share)	559,3	335,5
Deduct/(Add): Unrealised foreign exchange translation gains/(losses)	76,9	(33,9)
Adjusted headline earnings	482,4	369,4

- Consolidated gearing ratio at 31 December 2011 was 173% (2010: 98%). This increase is a result of the expansion of Textainer's container fleet. All of the interest-bearing debt is in Textainer, without recourse to Trencor.
- Based on the spot exchange rate of US\$1 = R8,12 and the price of Textainer's shares listed on the NYSE on 31 December 2011 (US\$29,12 per share), the net asset value of Trencor at that date was as follows:

	R million	R per share
Net beneficiary interest in Textainer	7 041,3	39,76
Net interest in long-term receivables	815,2	4,60
Cash	727,2	4,11
Net liabilities	(145,7)	(0,82)
	8 438,0	47,65

- Trencor repurchased 10,8 million of its own shares for a total consideration of R417 million in March 2011.
- Final dividend of 125 cents per share declared, making a total of 175 cents per share for the year (2010: total 140 cents per share), an increase of 25% over the previous year.

#### TEXTAINER: 60,8% interest at 31 December 2011 (2010: 61,6%)

- Net profit for the year in US GAAP was US\$189,6 million (2010: US\$120,0 million). Adjusted to conform with International Financial Reporting Standards, Textainer's net profit was US\$194,0 million (2010: US\$128,0 million). Current period amounts include a non-cash gain of US\$15,5 million arising on the sale of containers to the prior non-controlling interest.
- Fleet utilisation currently stands at 97,3%, compared with spot utilisation of 98,6% a year ago. 78% of the fleet is committed to long-term and direct financing leases.
- Total capital expenditure for both the owned and managed fleets was US\$904 million for the year, used to purchase 215 000 TEU (twenty-foot equivalent units) of new standard dry-freight containers, 18 000 TEU of new refrigerated units and 215 000 TEU of used containers, all new records for the company.
- The owned portion of the total fleet of 2 469 000 TEU increased to 58,6% (2010: 50,9% of 2 314 000 TEU).
- Completed a capital restructuring of the primary asset-owning subsidiary, TMCL, effective 30 June 2011, following which Textainer now owns 100% of TMCL. The restructuring resulted in a US\$20,4 million gross gain on sale of containers to the prior non-controlling interest. The gain was the result of recognising the fair value of containers and direct finance leases in excess of their book value exchanged for TMCL's common shares at the time of the transaction. This was a non-cash transaction.
- Issued US\$400 million in asset-backed notes at a fixed interest rate of 4,7% p.a.
- Declared dividends of US\$0,35 and US\$0,37 per share in respect of the third and fourth quarter of 2011 respectively.
- Textainer's results may be viewed on its website [www.textainer.com](http://www.textainer.com).

#### DECLARATION OF CASH DIVIDEND

The board has declared a final cash dividend (number 92) of 125 cents per share in respect of the year ended 31 December 2011.

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

Last day to trade cum the dividend	Thursday, 15 March 2012
Trading commences ex the dividend	Friday, 16 March 2012
Record date	Friday, 23 March 2012
Payment date	Monday, 26 March 2012

Share certificates may not be dematerialised or rematerialised between Friday, 16 March 2012 and Friday, 23 March 2012, both days inclusive.

#### PREPARATION OF FINANCIAL STATEMENTS

These reviewed results have been prepared by management under the supervision of the financial director.

#### REVIEW OPINION

These results, other than the figures stated in US dollars, have been reviewed by the independent auditors, KPMG Inc, and their unmodified review report is available for inspection at the registered office.

On behalf of the board

**NI Jowell Chairman**

16 February 2012

#### Directors:

NI Jowell\* (Chairman), JE Hoelter (USA), C Jowell\*, JE McQueen\* (Financial), DM Nurek (Lead), E Oblowitz, RJA Sparks, HR van der Merwe\*, H Wessels (\* executive)

**Secretaries:** Trencor Services (Pty) Ltd

**Registered Office:** 1313 Main Tower, Standard Bank Centre, Heerengracht, Cape Town 8001

**Transfer Secretaries:** Computershare Investor Services (Pty) Ltd, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown 2107)

**Sponsor:** Rand Merchant Bank (A division of FirstRand Bank Ltd)

[www.trencor.net](http://www.trencor.net)

### Condensed consolidated statement of financial position at 31 December 2011

	Reviewed 2011	Audited 2010
R Million		
ASSETS		
Property, plant and equipment	15 600	9 604
Intangible assets	380	400
Investment in equity accounted investee	3	–
Other investments	14	14
Long-term receivables	756	828
Net investment in finance leases	444	325
Derivative financial instruments	–	9
Deferred tax assets	22	77
Restricted cash	370	99
Total non-current assets	17 589	11 356
Inventories	169	22
Trade and other receivables	773	458
Current portion of long-term receivables	285	149
Current portion of net investment in finance leases	167	112
Current tax assets	2	3
Cash and cash equivalents	1 333	1 029
Investment	–	235
Current assets	2 729	2 008
Total assets	20 318	13 364
EQUITY		
Share capital and premium	44	457
Reserves	4 750	3 438
Equity attributable to equity holders of the company	4 794	3 895
Non-controlling interest	2 188	2 056
Total equity	6 982	5 951
LIABILITIES		
Interest-bearing borrowings	11 031	5 475
Amounts attributable to third parties in respect of long-term receivables	173	221
Derivative financial instruments	131	90
Deferred revenue	9	20
Deferred tax liabilities	224	225
Total non-current liabilities	11 568	6 031
Trade and other payables	510	909
Current tax liabilities	78	64
Current portion of interest-bearing borrowings	1 076	340
Current portion of amounts attributable to third parties in respect of long-term receivables	53	24
Current portion of deferred revenue	51	45
Current liabilities	1 768	1 382
Total liabilities	13 336	7 413
Total equity and liabilities	20 318	13 364
Capital expenditure incurred during the year	5 396	3 566
Capital expenditure committed and authorised, but not yet incurred	277	–
Directors' valuation of other unlisted investments	14	249
Ratio to aggregate of total equity:		
Total liabilities (%)	191,0	124,6
Interest-bearing debt (%)	173,4	97,7

### Condensed consolidated statement of cash flows for the year ended 31 December 2011

	Reviewed 2011	Audited 2010
R Million		
Cash generated from operations	2 485	1 881
Increase in container leasing equipment	(5 912)	(2 934)
Finance income received	5	10
Finance expenses paid	(335)	(175)
Dividends paid to equity holders of the company	(265)	(234)
Dividends paid to non-controlling interest	(187)	(136)
Taxation paid	(43)	(56)
Net cash outflow from operating activities	(4 252)	(1 644)
Cash inflow from investing activities	236	105
Cash inflow from financing activities	4 075	1 562
Net increase in cash and cash equivalents before exchange rate fluctuations	59	23
Net cash and cash equivalents at the beginning of the year	1 029	1 115
Effects of exchange rate fluctuations on cash and cash equivalents	245	(109)
Net cash and cash equivalents at the end of the year	1 333	1 029

### Condensed consolidated statement of comprehensive income for the year ended 31 December 2011

	Reviewed 2011	Audited 2010
R Million		
Revenue (Note 2)	4 649	2 353
Trading profit before items listed below	1 944	1 226
Realised and unrealised exchange gains/(losses) on translation of long-term receivables, excluding fair value adjustment	276	(149)
Net long-term receivable fair value adjustment	(40)	250
Impairment of plant and equipment	(18)	(12)
Profit from operations	2 162	1 315
Net finance (expenses)/income (Note 3)	(415)	(224)
Finance expenses – Interest expense	(315)	(132)
– Losses on derivative financial instruments	(105)	(102)
Finance income – Interest income	5	10
Loss from equity accounted investee	(2)	–
Profit before tax	1 745	1 091
Income tax expense	(100)	(9)
Profit for the year	1 645	1 082
Other comprehensive income/(loss)		
Foreign currency translation differences	1 120	(583)
Total comprehensive income for the year	2 765	499
Total comprehensive income for the year attributable to:		
Equity holders of the company	1 720	268
Non-controlling interest	1 045	231
	2 765	499
Profit attributable to:		
Equity holders of the company	991	624
Non-controlling interest	654	458
	1 645	1 082
Basic earnings per share (cents)	554,3	332,5
Diluted earnings per share (cents)	554,3	331,8
Number of shares in issue (million)	177,1	187,5
Weighted average number of shares in issue (million)	178,8	187,5
Year-end rate of exchange: SA rand to US dollar	8,12	6,61
Average rate of exchange for the year: SA rand to US dollar	7,20	7,33

### Condensed consolidated statement of changes in equity for the year ended 31 December 2011

	Reviewed 2011	Audited 2010
R Million		
Balance at the beginning of the year	3 895	3 841
Total comprehensive income for the year	1 720	268
Profit for the year	991	624
Foreign currency translation differences	729	(356)
Dividends paid	(265)	(234)
Share-based payments	42	24
Change in holding in subsidiary	(8)	(4)
Repurchase of own shares from owners	(417)	–
Share options exercised	5	–
Acquisition of non-controlling interest without a change in control	(178)	–
Shareholders' interest	4 794	3 895
Non-controlling interest in subsidiaries	2 188	2 056
Balance at the beginning of the year	2 056	1 905
Total comprehensive income for the year	1 045	231
Profit for the year	654	458
Foreign currency translation differences	391	(227)
Dividends paid to non-controlling interest	(187)	(136)
Share-based payments	25	15
Shares issued by subsidiary	42	37
Acquisition of non-controlling interest without a change in control	(801)	–
Change in holding in subsidiary	8	4
Equity	6 982	5 951



Notes to the condensed consolidated annual financial statements  
for the year ended 31 December 2011

1. These condensed consolidated financial statements have been prepared in accordance with the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the presentation and disclosure requirements of IAS 34 *Interim Financial Reporting*, the AC 500 Series issued by the Accounting Practices Board and the Companies Act, 2008 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 2010.

	Reviewed 2011	Audited 2010
R Million		
2. <b>Revenue</b>		
Goods sold and services rendered	1 765*	521
Leasing income	2 378	1 744
Management fees	212	214
Finance income	18	23
	4 373	2 502
Realised and unrealised exchange differences	276	(149)
	4 649	2 353
* Includes R899 million in respect of containers sold to non-controlling interest		
3. <b>Net finance expenses/(income)</b>		
Finance expenses	420	234
Interest expense – Textainer	315	131
Interest expense – other group companies	–	1
Losses on derivative financial instruments	105	102
Finance income		
Interest income – cash and cash equivalents	(5)	(10)
	415	224
4. <b>Headline earnings</b>		
Profit attributable to equity holders of the company	991	624
Impairment of property, plant and equipment	18	12
Gain on disposal of property, plant and equipment	(1)	–
Total tax effects of adjustments	–	(1)
Total non-controlling interests' share of adjustments	(7)	(6)
Headline earnings	1 001	629
Weighted average number of shares in issue (million)	178,8	187,5
Headline earnings per share (cents)	559,3	335,5
Diluted headline earnings per share (cents)	559,3	334,8
Adjusted headline earnings:		
Headline earnings (as above)	1 001	629
Net (gain)/loss on translation of net US dollar receivables	(191)	88
Total tax effects of adjustments	53	(25)
Adjusted headline earnings	863	692
Undiluted adjusted headline earnings per share (cents)	482,4	369,4
Diluted adjusted headline earnings per share (cents)	482,4	368,6
5. <b>Segmental reporting</b>		
Revenue		
Reportable segments		
Containers – finance (including exchange differences)	296	(126)
Containers – owning, leasing, management and reselling	4 353 <sup>1</sup>	2 477
	4 649	2 351
Unallocated	–	2
	4 649	2 353
Profit from operations		
Reportable segments		
Containers – finance	248	123
Containers – owning, leasing, management and reselling, including gain on disposal of containers to non-controlling interest	1 934 <sup>2</sup>	1 223
	2 182	1 346
Unallocated	(20)	(31)
	2 162	1 315
Profit before taxation		
Reportable segments		
Containers – finance	248	123
Containers – owning, leasing, management and reselling, including gain on disposal of containers to non-controlling interest	1 512 <sup>2</sup>	990
	1 760	1 113
Unallocated	(15)	(22)
	1 745	1 091
<sup>1</sup> Includes R899 million revenue in respect of containers sold to non-controlling interest		
<sup>2</sup> Includes R138 million gain in respect of containers sold to non-controlling interest		
Assets		
Capital expenditure incurred by the container owning, leasing, management and reselling segment	5 396	3 566

In order to provide a better appreciation of the results of the group's activities, a condensed consolidated income statement and a 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 Tencor condensed consolidated income statement in US dollars for the year ended 31 December 2011		
	Unaudited 2011	Unaudited 2010
US\$ Million		
Revenue	620,5	337,1
Trading profit before items listed below	271,3	167,2
Realised and unrealised exchange gains/(losses) arising on translation	4,7	(4,3)
Net long-term receivable fair value adjustment	6,1	29,3
Impairment of plant and equipment	(2,4)	(1,6)
Profit from operations	279,7	190,6
Net finance (expenses)/income	(57,8)	(30,7)
Finance expense – Interest expense	(43,7)	(18,1)
– Losses on derivative financial instruments	(14,7)	(13,9)
Finance income – Interest income	0,6	1,3
Loss from equity accounted investee	(0,2)	–
Profit before tax	221,7	159,9
Income tax expense	(7,8)	(4,7)
Profit for the year	213,9	155,2
Attributable to:		
Equity holders of the company	122,7	92,8
Non-controlling interest	91,2	62,4
	213,9	155,2
Number of shares in issue (million)	177,1	187,5
Weighted average number of shares in issue (million)	178,8	187,5
Basic earnings per share (US cents)	68,6	49,5
Diluted earnings per share (US cents)	68,6	49,4
Headline earnings per share (US cents)	69,2	49,9
Diluted headline earnings per share (US cents)	69,2	49,8
Adjusted headline earnings per share (US cents)	66,6	51,5
Diluted adjusted headline earnings per share (US cents)	66,6	51,4
Year-end rate of exchange: SA rand to US dollar	8,12	6,61
Average rate of exchange for the year: SA rand to US dollar	7,20	7,33
Trading profit from operations comprises:		
Textainer	251,8	168,5
Textainer – gain on sale of containers to non-controlling interest	20,4	–
Other	(0,9)	(1,3)
	271,3	167,2

Unaudited Tencor condensed consolidated statement of financial position in US dollars at 31 December 2011		
	Unaudited 2011	Unaudited 2010
US\$ Million		
ASSETS		
Property, plant and equipment	1 921,2	1 453,0
Long-term receivables	93,1	125,2
Other non-current assets	151,8	139,9
Non-current assets	2 166,1	1 718,1
Current assets	336,1	303,7
Inventories	20,8	3,3
Trade and other receivables	95,3	69,2
Current portion of long-term receivables	35,1	22,5
Current portion of net investment in finance leases	20,6	16,9
Current tax assets	0,2	0,5
Investment	–	35,6
Cash and cash equivalents	164,1	155,7
Total assets	2 502,2	2 021,8
Equity and liabilities		
Equity attributable to equity holders of the company	590,6	589,1
Non-controlling interest	269,4	311,1
Total equity	860,0	900,2
LIABILITIES		
Interest-bearing borrowings	1 358,5	828,4
Amounts attributable to third parties in respect of long-term receivables	21,3	33,5
Derivative financial instruments	16,1	13,6
Deferred revenue	1,1	3,0
Deferred tax liabilities	27,6	34,0
Total non-current liabilities	1 424,6	912,5
Current liabilities	217,6	209,1
Trade and other payables	62,8	137,4
Current tax liability	9,6	9,7
Current portion of amounts attributable to third parties in respect of long-term receivables	6,5	3,6
Current portion of interest-bearing borrowings	132,5	51,5
Current portion of deferred revenue	6,2	6,9
Total liabilities	1 642,2	1 121,6
Total equity and liabilities	2 502,2	2 021,8
Ratio to aggregate of total equity:		
Total liabilities (%)	191,0	124,6
Interest-bearing debt (%)	173,4	97,7