

Directors' Report

GENERAL REVIEW

The nature of the company's interests is described on page 3. The financial results are reflected in the financial statements on pages 24 to 69.

The (loss)/profit attributable to equity holders of the company from the various classes of businesses was as follows:

	2019 Rm	2018 Rm
Textainer		
Fair value adjustment	104	(3 345)
Gain on deconsolidation	-	5 767
Dividends tax on distribution of shares to Trencor shareholders	(174)	-
Container operations		
Net loss (2018: includes goodwill written-off)	(358)	(73)
Loss on disposal of subsidiary	(21)	-
Interest and other corporate items	(7)	499
	(456)	2 848

FIVE-YEAR REVIEW

As a result of the considerable progress made in the simplification of Trencor's interests, the five-year review is no longer of relevance and, as such, has not been included in the integrated annual report.

DIRECTORS AND SECRETARY

The names of the directors appear on page 72 and that of the secretary on page 82.

In terms of the memorandum of incorporation David Nurek, Eddy Oblowitz and Herman Wessels retire by rotation at the forthcoming annual general meeting. David Nurek and Eddy Oblowitz, being eligible, offer themselves for re-election. Herman Wessels has elected to retire and to not make himself available for re-election. Jimmy McQueen has advised his retirement from the board at the annual general meeting. The board recommends the re-election of David Nurek and Eddy Oblowitz as directors.

Brief résumés of the directors are presented on page 73.

DIRECTORS' INTERESTS

The aggregate of the direct and indirect beneficial interests of the directors in the issued shares of the company at 31 December 2019 was 0,1% (2018: 0,1%).

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

CASH DIVIDEND

	Payment number	Record date	Payment date	Cents per share (gross)	Total Rm
Final	106	24/04/20	28/04/20	185	321

ASSETS IN SPECIE DIVIDEND

On 11 December 2019, Textainer completed its inward secondary listing on the JSE and, on 17 December 2019, Trencor unbundled to its shareholders by way of a distribution of assets *in specie*, the bulk of its shares in Textainer.

	Record date	Payment date	Cents per share (gross)	Total Rm
Textainer unbundling	13/12/19	17/12/19	2 073	3 597

ISSUED SHARE CAPITAL AND SHARE REPURCHASE

As a result of the odd-lot offer and the specific offer to repurchase shares during 2019, the issued share capital of the company was reduced from R868 389 comprising 173 677 833 ordinary shares of 0,5 cent each to R867 673 comprising 173 534 676 ordinary shares of 0,5 cent each.

CONVERTING US GAAP RESULTS OF TAC TO IFRS

The results of TAC, reporting under US GAAP, are converted to IFRS for inclusion in the results of Trencor, which is required to report under IFRS. Differences in accounting treatment between US GAAP and IFRS, in the areas of impairment testing and a revision of the residual values of the container fleets, cause significant differences in financial results reported under the respective accounting conventions. It is anticipated that going forward the results under both conventions will be identical given the limited activities of TAC.

Reconciliation of TAC US GAAP results to IFRS for the year ended 31 December:

	2019 US\$m	2018 US\$m
US GAAP (loss)/profit attributable to Trencor	(45,6)	0,6
Adjustments:		
IFRS non-cash reduction/ (increase) in impairment loss	15,3	(3,8)
IFRS reduction in depreciation	3,9	8,2
IFRS tax effect of the above, and other	0,7	0,8
IFRS (loss)/profit attributable to Trencor	(25,7)	5,8

FURTHER SIMPLIFICATION OF INTERESTS

Considerable progress has been made during the 2019 financial year in relation to the simplification of Trencor's interests. For more detail, refer to the joint report by the chairman and chief executive officer on pages 3 to 5 and the listing status identified in the corporate governance report on page 12.

INTEREST IN SIGNIFICANT SUBSIDIARIES

	Currency	Share capital and premium	Effective interest		Shares at cost		Amount owing to company	
			2019 %	2018 %	2019 Rm	2018 Rm	2019 Rm	2018 Rm
TAC Limited (Incorporated in Bermuda) Owned marine cargo containers *	US\$m	93	100	100	1 392	1 392	-	-
Trencor Services Proprietary Limited (Incorporated in the Republic of South Africa) Corporate administration and cash holding	Rm	1 012	100	100	1 017	1 017	(907)	(862)
					2 409	2 409	(907)	(862)
Aggregate of all other subsidiaries					52	404	-	-
					2 461	2 813	(907)	(862)
Impairment loss					(366)	(351)	-	-
					2 095	2 462	(907)	(862)

* Effective 31 December 2019, TAC unconditionally disposed of its container fleet owning subsidiary and now holds cash.

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

	2019 Rm	2018 Rm
Profits	12	749
Losses	(383)	-
	(371)	749

SPECIAL RESOLUTIONS

At the annual general meeting held on 25 June 2019, shareholders passed special resolutions to approve the following:

- the provision of financial assistance, as contemplated in section 45 of the Companies Act, by the company to related or inter-related companies;
- the non-executive directors' remuneration, in their capacities as directors of the company, from 1 July 2019; and
- general authority granted to the company for the acquisition by the company or any of its subsidiaries of shares issued by the company. This authority is valid until the earlier of the next annual general meeting or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the company, provided that it shall not extend beyond fifteen months from the date of passing of the resolution.

At the general meeting of shareholders held on 18 October 2019, shareholders passed special resolutions to approve the following:

- an odd-lot offer to shareholders holding fewer than 100 shares in the company;
- a specific offer to repurchase shares from shareholders holding 100 shares or more but fewer than 635 shares; and
- the unbundling by the company of the greater part of its shareholding in Textainer to Trencor shareholders by way of a distribution *in specie*.

SPECIAL RESOLUTIONS OF SUBSIDIARIES

During the year under review, no special resolutions were passed by the company's South African subsidiaries. No shareholder resolutions of material interest were passed by the company's non-South African subsidiaries other than those to give effect to the simplification of Trencor's interests.

ANALYSIS OF SHAREHOLDERS

An analysis of shareholders and a list of the holders who held 5% or more of the issued shares at 31 December 2019 is presented on page 71.