



Unaudited Interim Results

for the six months ended 30 June 2024

Trencor Limited
(Incorporated in the Republic of South Africa)

Registration number 1955/002869/06 | Share code: TRE | ISIN: ZAE000007506 | ("Trencor" or "the company")

COMMENTARY

- Basic earnings and headline earnings for the six months ended 30 June 2024 was 9,8 cents per share (2023: basic earnings and headline earnings 64,8 cents per share).
- The SA rand/US dollar exchange rate at any point in time can have a material impact on basic earnings and headline earnings per share. The after tax unrealised loss from the translation of the US dollar deposits into SA rand for the current period was R4,5 million (2023: profit of R94,6 million). This had a negative impact on basic and headline earnings per share in the current period of 2,9 cents (2023: positive 54,8 cents).
- The SA rand to US dollar exchange rate at 30 June 2024 was R18,43 (2023: R18,70). The average SA rand to US dollar exchange rate for the six months to 30 June 2024 was R18,80 (2023: R18,23).
- Based on the relevant spot exchange rates listed below, the net asset value ("NAV") of Trencor at the dates below was as follows:

	30 June 2024	31 December 2023
Spot exchange rate US\$1	18,43 R million	18,50 R million
TAC (US\$ book NAV, translated into Rand)	6	6
Cash denominated in Rand	94	111
Cash denominated in US\$	1 329	1 297
Other net liabilities	(2)	(4)
Total NAV	1 427	1 410
	R per share	R per share
TAC (US\$ book NAV, translated into Rand)	0,03	0,03
Cash denominated in Rand	0,54	0,64
Cash denominated in US\$	7,66	7,48
Other net liabilities	(0,01)	(0,02)
Total NAV per share	8,22	8,13

Notes:

- The values at a reporting period-end are actual values converted at the applicable exchange rate.
- Included in the book NAV of TAC at 30 June 2024 are cash and cash equivalents of US\$0,3 million (31 December 2023: US\$0,3 million).
- Included in cash denominated in US\$ at 30 June 2024 are cash deposits held in escrow of US\$18 million (31 December 2023: US\$18 million).
- The NAV table is updated each month on Trencor's website.

DIVIDEND

For the reasons outlined in previous integrated annual reports, no dividend has been declared.

WINDING UP

Whether or not the company will be in a position to commence the winding up process following 31 December 2024, as currently intended, will depend on the satisfactory conclusion of all outstanding regulatory and other matters required in order to wind the company up. Engagement with all interested parties is progressing and ongoing, seeking to ensure that the winding up process commences as soon as possible after 31 December 2024.

PREPARATION OF FINANCIAL STATEMENTS

These unaudited interim condensed consolidated financial statements have been prepared under the supervision of the financial director, Ric Sieni CA(SA), and have not been audited or reviewed by Trencor's external auditor. The directors take full responsibility for the preparation of the interim results.

On behalf of the board

Ric Sieni
Chief Executive Officer and Financial Director
13 August 2024

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2024

	Unaudited 30 June 2024 Rm	Unaudited 30 June 2023 Rm	Audited 31 December 2023 Rm
ASSETS			
Restricted cash (note 3)	–	330	335
Total non-current assets	–	330	335
Trade and other receivables	2	15	3
Restricted cash (note 3)	342	–	–
Cash investment (note 4)	987	–	962
Current tax assets	5	–	2
Cash and cash equivalents (note 5)	100	1 066	117
Total current assets	1 436	1 081	1 084
Total assets	1 436	1 411	1 419
EQUITY			
Share capital	1	1	1
Reserves	1 426	1 396	1 409
Total equity attributable to shareholders of the company	1 427	1 397	1 410
LIABILITIES			
Deferred tax liabilities	8	4	6
Total non-current liabilities	8	4	6
Trade and other payables	1	2	3
Current tax liabilities	–	8	–
Total current liabilities	1	10	3
Total liabilities	9	14	9
Total equity and liabilities	1 436	1 411	1 419

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2024

	Six months ended 30 June 2024 Rm	30 June 2023 Rm	Year ended 31 December 2023 Rm
Foreign exchange (losses)/gains	(6)	119	105
Employee benefits expense	(2)	(2)	(5)
Other operating expenses	(8)	(7)	(13)
Operating (loss)/profit before finance income	(16)	110	87
Finance income	43	35	78
Profit before tax	27	145	165
Income tax expense	(10)	(33)	(41)
Profit for the period	17	112	124
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation gains	–	1	1
Total comprehensive income for the period	17	113	125
Earnings per share			
Basic earnings per share (cents)	9,8	64,8	71,5
Diluted earnings per share (cents)	9,8	64,8	71,5
Number of shares in issue (million)	173,5	173,5	173,5
Weighted average number of shares in issue (million)	173,5	173,5	173,5
Period-end rate of exchange:			
SA rand to US dollar	18,43	18,70	18,50
Average rate of exchange for the period:			
SA rand to US dollar	18,80	18,23	18,39

Directors:

Independent non-executive: David Nurek (Chairman), Eddy Oblowitz, Roddy Sparks
Executive: Ric Sieni (Chief Executive Officer and Financial Director)

Secretaries: Trencor Services Proprietary Limited

Registered office: Suite 304, Sea Point Medical Centre, 11 Kloof Road, Sea Point, 8005

Transfer Secretaries: Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196 (Private Bag X9000 Saxonwold 2132)

Sponsor: Investec Bank Limited

www.trencor.net

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2024

	Share capital	Foreign currency translation reserve	Retained income	Total	Unaudited 30 June 2024 Rm	Unaudited 30 June 2023 Rm	Audited 31 December 2023 Rm
Unaudited							
Six months ended 30 June 2024							
Balance at 1 January 2024	1	515	894	1 410			
Total comprehensive income for the period							
Profit for the period	–	–	17	17			
Total comprehensive income for the period	–	–	17	17			
Balance at 30 June 2024	1	515	911	1 427			
Six months ended 30 June 2023							
Balance at 1 January 2023	1	514	769	1 284			
Total comprehensive income for the period							
Profit for the period	–	–	112	112			
Other comprehensive income for the period							
Foreign currency translation differences	–	1	–	1			
Total comprehensive income for the period	–	1	112	113			
Balance at 30 June 2023	1	515	881	1 397			

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2024

	Unaudited Six months ended 30 June 2024 Rm	Unaudited 30 June 2023 Rm	Audited Year ended 31 December 2023 Rm
Cash flows from operating activities			
Cash utilised by operations	(12)	(7)	(17)
Finance income received	6	14	21
Income tax paid	(11)	(17)	(33)
Net cash outflow from operating activities	(17)	(10)	(29)
Cash flows from investing activities			
Increase in cash investment	–	–	(919)
Net cash inflow from investing activities	–	–	(919)
Net decrease in cash and cash equivalents before exchange rate fluctuations	(17)	(10)	(948)
Cash and cash equivalents at the beginning of the period	117	988	988
Effects of exchange rate fluctuations on cash and cash equivalents	–	88	77
Cash and cash equivalents at the end of the period (note 5)	100	1 066	117

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2024

- The interim condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for interim reports and the requirements of the Companies Act of South Africa. The Listings Requirements require interim reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the Financial Reporting Guides and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of these interim financial statements are in terms of (IFRS Accounting Standards) and are consistent with those applied in the consolidated annual financial statements for the year ended 31 December 2023.

	Unaudited Six months ended 30 June 2024 Rm	Unaudited 30 June 2023 Rm	Audited Year ended 31 December 2023 Rm
2. Headline earnings			
Profit attributable to shareholders	17	112	124
Headline earnings	17	112	124
Weighted average number of shares in issue (million)	173,5	173,5	173,5
Headline earnings per share (cents)	9,8	64,8	71,5
Diluted headline earnings per share (cents)	9,8	64,8	71,5
	Unaudited 30 June 2024 Rm	Unaudited 30 June 2023 Rm	Audited 31 December 2023 Rm
3. Restricted cash			
Escrow account (refer to note 7)	342	330	335

	Unaudited 30 June 2024 Rm	Unaudited 30 June 2023 Rm	Audited 31 December 2023 Rm
4. Cash investment			
Term deposits – Term exceeding 3 months (refer to note 7)	987	–	962

	Unaudited 30 June 2024 Rm	Unaudited 30 June 2023 Rm	Audited 31 December 2023 Rm
5. Cash and cash equivalents			
Bank balances	1	9	–
Money market instruments and call and term deposits (refer to note 7)	99	1 057	117
	100	1066	117

	Unaudited 30 June 2024 Carrying amount Rm	Unaudited 30 June 2024 Fair value Rm	Unaudited 30 June 2023 Carrying amount Rm	Unaudited 30 June 2023 Fair value Rm	Audited 31 December 2023 Carrying amount Rm	Audited 31 December 2023 Fair value Rm
6. Financial instruments						
Assets:						
Financial assets carried at amortised cost:						
Restricted cash	342	342	330	330	335	335
Cash investment	987	987	–	–	962	962
Cash and cash equivalents	100	100	1 066	1 066	117	117
	1 429	1 429	1 396	1 396	1 414	1 414

	Unaudited 30 June 2024 Carrying amount Rm	Unaudited 30 June 2024 Fair value Rm	Unaudited 30 June 2023 Carrying amount Rm	Unaudited 30 June 2023 Fair value Rm	Audited 31 December 2023 Carrying amount Rm	Audited 31 December 2023 Fair value Rm
Liabilities:						
Financial liabilities carried at amortised cost:						
Trade and other payables	1	1	2	2	4	4
	1	1	2	2	4	4

Impairment on restricted cash, cash investment and cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The group considers that these restricted cash and cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties, therefore the expected credit loss allowance for these financial assets is considered to be nil.

7. Indemnity provided by Trenchor in relation to the Halco Trust indemnitees

On 20 February 2018, Trenchor, as a nominated beneficiary of the Halco Trust, received a vesting and distribution from the Halco Trust of the entire issued share capital of Halco Holdings Inc ("Halco"), which in turn held the shares in Textainer and TAC. Before the vesting and distribution were effected, Trenchor was required to provide an indemnity in a negotiated amount of US\$62 million, *inter alia*, to the trustee of the Halco Trust, *in lieu* of the indemnity the trustee enjoyed under the Deed of Settlement of the Halco Trust at the time.

In terms of this indemnity, Trenchor indemnifies the indemnitees detailed below against certain events, which include the incurrence of liabilities by the indemnitees, and against the incurrence of costs and expenses by the indemnitees in connection with the indemnity and the processes thereunder. The indemnity extends to liabilities, costs and expenses incurred by the indemnitees in relation to the administration and/or the termination of the Halco Trust, the liquidation of the corporate trustee of the Halco Trust, the escrow arrangements contemplated by the indemnity, liabilities, costs and expenses by the directors and shareholder of the corporate trustee of the Halco Trust associated with the aforementioned liabilities and other liabilities, costs and expenses incurred by the indemnitees pursuant to any joint matter in terms of the indemnity. The indemnitees include the corporate trustee of the Halco Trust, the directors and shareholder of such trustee, their respective successors in title, and the directors and shareholders of such shareholder and their respective successors in title, as well as any liquidator of the corporate trustee.

The indemnity terminates on 31 December 2024 and Trenchor's maximum potential exposure under such indemnity is US\$62 million (2023: US\$62 million), for which an amount of US\$18 million (2023: US\$18 million) is currently held in accordance with the terms of an escrow agreement by an independent escrow agent in an interest-bearing escrow account in Liechtenstein (refer to note 3). The escrow balance will be so held until the indemnity terminates on 31 December 2024, after which date the escrow amount will only be available to Trenchor. Trenchor is contractually required in terms of the escrow arrangement linked to the indemnity to retain sufficient cash and other liquid assets equal to the full face value of the maximum potential exposure under the indemnity of US\$62 million, in effecting any distribution or corporate reorganisation. Restricted cash of US\$18 million (2023: US\$18 million) (refer to note 3) and the cash investment of US\$44 million (2023: US\$44 million, cash and cash equivalents) (refer to notes 4 and 5) have currently been earmarked against any such maximum potential exposure.

No contingent liability has been disclosed for this indemnity in the financial statements for the six months ended 30 June 2024, as the directors believe that the possibility of an outflow of resources in relation to the indemnity, other than for costs and expenses, in relation thereto, is remote.

8. Use of estimates and judgements

Judgements and estimates are consistent with those in the consolidated annual financial statements as at and for the year ended 31 December 2023.

9. Financial risk management

The group's financial risk management objectives and policies are consistent with those disclosed in the consolidated annual financial statements as at and for the year ended 31 December 2023.