Notes to the Financial Statements

for the year ended 31 December 2024

1. Reporting entity

Trencor Limited ("Trencor" or "the company") is a company incorporated in the Republic of South Africa. The address of the company's registered office is Suite 304, Sea Point Medical Centre, 11 Kloof Road, Sea Point, 8005. The consolidated financial statements of the company as at and for the year ended 31 December 2024 comprise the company and its subsidiaries (refer to note 3.1), as defined by IFRS 10 *Consolidated Financial Statements* ("IFRS 10"), together referred to as the "group" and individually as "group entity/ies". For the years ended 31 December 2024 and 2023, the group held cash.

2. Basis of preparation

2.1 Statement of compliance

The consolidated and separate financial statements for the year ended 31 December 2024 or otherwise referred to as "group" and "company" have been prepared in accordance with IFRS® Accounting Standards, the Financial Pronouncements as issued by the Financial Reporting Standards Council and SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the South African Companies Act and the JSE Listings Requirements. The financial statements were approved by the board of directors on 25 March 2025.

2.2 Basis of measurement

The consolidated and separate financial statements have been prepared on the historical cost basis unless otherwise stated.

2.3 Functional and presentation currency

These consolidated and separate financial statements are presented in South African rand ("SA rand"), which is the company's functional currency. Although there is a foreign operation transacting in foreign currency, the group has elected the presentation currency to be SA rand. All financial information has been rounded to the nearest million, unless otherwise indicated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and any future periods affected.

2.5 Segmental reporting

During 2019, Trencor disposed of the group's last remaining operating segment. Accordingly, there are no segments to report and a segment analysis has not been prepared.

2.6 Accounting standards and interpretations effective from 1 January 2024

A number of accounting standards and interpretations have been amended with changes being effective from 1 January 2024, none of which had an impact on the group's and company's financial statements.

3. Material accounting policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated and separate financial statements and have been applied consistently by group entities.

3.1 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the group.

The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date that control ceases. Intra-group balances and transactions are eliminated on consolidation.

In the case of the company, investments in subsidiaries are carried at cost, less accumulated impairment losses. The investment in TAC Limited ("TAC") was a SA rand–based investment.

3.2 Foreign currency

3.2.1 Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Foreign currency gains or losses on monetary items are recognised in profit or loss.

3.2.2 Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into SA rand at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into SA rand at the rates at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income, and accumulated in the foreign currency translation reserve.

3. Material accounting policies (continued)

When a foreign operation is disposed of, the related cumulative amount in the foreign currency translation reserve is reclassified to profit or loss as part of the gain or loss on disposal.

3.3 Financial instruments

3.3.1 Recognition and initial measurement

Financial assets and financial liabilities are initially recognised when the group becomes a party to the contractual provisions of the instruments.

A financial asset or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

Financial assets – Classification

On initial recognition, a financial asset is classified as measured at amortised cost.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model with the objective of collecting contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets – Subsequent measurement

Financial assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The business model assessment of the financial assets is based on the group's strategy and rationale for holding the financial assets. When considering the strategy, the following is considered:

- whether the financial assets are held to collect contractual cash flows;
- whether the financial assets are held for sale; or
- whether the financial assets are held for both collecting contractual cash flows and to be sold.

Financial assets – Assessment of contractual cash flows

In assessing whether the contractual cash flows are solely payments of principal and interest, the group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost. Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Restricted cash

Restricted cash comprises money market and term deposits held by independent escrow agents in escrow accounts in relation to indemnities issued by the group (refer to note 19). Restricted cash is carried at amortised cost including interest accrued using the effective interest method, which is included in profit or loss. The carrying value of restricted cash is deemed to be fair value as interest is earned at market related interest rates.

Cash investments

Cash investments which main purpose is to meet the liquidity requirements of the group in the ordinary course of business, comprise highly liquid term deposits with original maturities of more than three months. The cash investments are carried at amortised cost which is deemed to be fair value as interest is earned at market related interest rates.

Cash and cash equivalents

Cash and cash equivalents comprise money market instruments, term and call deposits and bank balances. Cash and cash equivalents are subsequently measured at amortised cost which is deemed to be fair value as they have a short-term maturity of three months or less.

Trade and other payables

Trade payables are subsequently measured at amortised cost using the effective interest method.

3.3.2 Derecognition

Financial assets

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which a group entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

A financial liability is derecognised when its contractual obligations are discharged or cancelled, or expire. A group entity also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

3. Material accounting policies (continued)

3.3 Financial instruments (continued)

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3.3.3 Offsetting

Financial assets and liabilities are off-set and the net amount presented in the statement of financial position when a group entity has a legally enforceable right to set off the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

3.3.4 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Dividends

Cash dividends are recognised as a liability in the year in which they are declared.

3.4 Impairment

Financial assets

The group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost. At each reporting date, the group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the group's historical experience and informed credit assessment, and including forward-looking information. The maximum period considered when estimating ECLs is the maximum contractual period over which the group is exposed to credit risk. ECLs are a probability-weighted estimate of credit losses.

Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive).

3.5 Revenue

Dividend income

In the case of the company, revenue comprises dividend income and is recognised when the right to receive payment is established.

3.6 Finance income

Interest income

Interest income is recognised in profit or loss as it accrues, using the effective interest method.

3.7 Employee benefits

Short-term employee benefits

The cost of all short-term employee benefits is recognised during the year in which the employee renders the related service. The accruals for employee entitlements to remuneration and annual leave represent the amount which a group entity has a present obligation to pay as a result of employees' services provided to the reporting date. The accruals have been calculated at undiscounted amounts based on current remuneration rates.

3.8 Income tax

Income tax comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the estimated taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, based on the tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are off-set if there is a legally enforceable right to off-set current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

3. Material accounting policies (continued)

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.9 Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to shareholders of the company by the weighted average number of shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit or loss attributable to shareholders of the company by the weighted average number of shares outstanding, after adjustment for the effects of all dilutive potential ordinary shares.

Headline earnings per share

The presentation of headline earnings per share is mandated under the Listings Requirements of the JSE Limited and is calculated in accordance with Circular 1/2023 *Headline Earnings*, as issued by the South African Institute of Chartered Accountants.

3.10 Accounting standards and interpretations in issue but not yet effective

A number of new standards and amendments to standards and interpretations are effective for years beginning on or after 1 January 2025 and thereafter, and have not been applied in preparing these financial statements.

The amended standards and interpretations have been considered by the group and determined that they will not have an impact on the group's or company's financial statements when they become effective.

	Company 2024 Rm	Company 2023 Rm
4. Investment in subsidiaries		
Ordinary shares at cost	**5**	377
Accumulated impairment loss	**–**	(366)
	5	11

	Country of incorporation	Company 2024 %	Company 2023 %
4.1 Subsidiaries			
TAC Limited ("TAC")	Bermuda	**–**	100
Trencor Services Proprietary Limited	Republic of South Africa	**100**	100

4.2 During the year, TAC was liquidated and paid a liquidation dividend of R6 million. Trencor recorded an impairment on the investment in TAC of R6 million.

	Company 2024 Rm	Company 2023 Rm
4.3 Income earned from subsidiaries during the year included in profit or loss		
Dividend income (refer to notes 12.1 and 18.2)	**46**	44

	Assets		Liabilities		Net	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm	**2024 Rm**	2023 Rm
5. Deferred tax liabilities/(assets)						
Deferred tax liabilities/(assets) are attributable to the following:						
Group						
Restricted cash	**–**	–	**–**	6	**–**	6
Tax losses carried forward	**–**	–	**–**	–	**–**	**–**
Deferred tax liabilities/(assets)	**–**	–	**–**	6	**–**	6
Company						
Restricted cash	**–**	–	**–**	6	**–**	6

Movement in temporary differences during the year:

	Group			Company		
	Balance at the beginning of the year Rm	Recognised in profit or loss Rm	Balance at the end of the year Rm	Balance at the beginning of the year Rm	Recognised in profit or loss Rm	Balance at the end of the year Rm
2024						
Restricted cash	**6**	**(6)**	**–**	**6**	**(6)**	**–**
2023						
Restricted cash	2	4	6	2	4	6
Tax losses carried forward	(4)	4	–	(3)	3	–
	(2)	8	6	(1)	7	6

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
6. Restricted cash				
Escrow account	**356**	335	**356**	335

The escrow arrangements concluded in connection with the Indemnity Agreement in relation to the Halco Trust indemnitees (refer to note 19), terminated on 31 December 2024, and was no longer effective from 1 January 2025. The balances in the escrow accounts were released to Trencor on 16 January 2025, after the costs incurred prior to the termination date, included in trade and other payables, were settled.

7. Trade and other receivables

Prepayments	**3**	3	**2**	2

8. Cash investment

Term deposits – Term exceeding 3 months	**–**	962	**–**	962

Refer to indemnity provided by Trencor in relation to the Halco Trust indemnitees in note 19.

9. Cash and cash equivalents

Money market instruments and call and term deposits	**1 109**	117	**1 036**	1

Refer to indemnity provided by Trencor in relation to the Halco Trust indemnitees in note 19.

10. Capital and reserves

10.1 Share capital

Authorised				
Ordinary shares of 0,5 cent each 200 000 000 (2023: 200 000 000)	**1**	1	**1**	1
Issued				
Ordinary shares of 0,5 cent each 173 534 676 (2023: 173 534 676)	**1**	1	**1**	1

10.1.1 Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the company.

10.1.2 No authorisation has been sought from shareholders to place the unissued shares of the company under the control of the directors.

10.2 Reserves

Foreign currency translation reserve				
Balance at the beginning of the year	**515**	514	**–**	–
Foreign currency translation differences – foreign operation	**–**	1	**–**	–
Accumulated foreign currency translation gains recycled to profit or loss on derecognition of the investment in TAC (refer to note 4.2)	**(515)**	–	**–**	–
Balance at the end of the year	**–**	515	**–**	–

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of the foreign operation. When a group entity is derecognised due to deconsolidation, liquidation or disposal, the accumulated foreign currency translation differences are reclassified to profit or loss.

10.3 Dividend declared

After the reporting date, the board of directors declared a gross special cash dividend of 730 cents per share (refer to note 21)	**1 267**	–	**1 267**	–

	Group 2024 Rm	Group 2023 Rm	Company 2024 Rm	Company 2023 Rm
11. Trade and other payables				
Accrued expenses	**5**	3	**4**	2
12. Operating profit before finance income				
Operating profit before finance income is arrived at after taking into account				
12.1 **Revenue**				
Dividend income	**–**	–	**46**	44
12.2 **Other operating income**				
Foreign exchange gains	**19**	105	**19**	105
12.3 **Expenses**				
Auditor's remuneration				
Audit fee – Financial statement audit	**2**	1	**1**	1
Directors' remuneration and benefits	**4**	4	**2**	2
Executive – Short-term employee benefits	**2**	2	**–**	–
Non-executive – Remuneration	**2**	2	**2**	2
13. Finance income				
Interest income				
Cash and cash equivalents	**10**	21	**1**	9
Cash investment	**58**	42	**58**	42
Restricted cash	**16**	15	**16**	15
	84	78	**75**	66
14. Income tax				
14.1 **Income tax paid**				
Amounts receivable at the beginning of the year	**2**	2	**2**	2
Recognised in profit or loss	**(31)**	(33)	**(30)**	(32)
Amounts receivable at the end of the year	**–**	(2)	**–**	(2)
Amounts paid during the year	**(29)**	(33)	**(28)**	(32)
14.2 **Income tax expense**				
South African normal – Current	**31**	33	**30**	32
– Deferred	**(6)**	8	**(6)**	7
	25	41	**24**	39
14.3 **Income tax expense reconciliation**				
Profit before tax	**593**	165	**114**	202
The income tax expense is reconciled as follows:				
Income tax expense at the applicable rate of 27% (2023: 27%)	**160**	45	**31**	55
Non-taxable amounts relating to escrow account	**(2)**	(7)	**(2)**	(7)
Non-taxable income – Dividend income (refer to note 4.3)	**–**	–	**(10)**	(12)
Non-deductible expenses apportioned against dividend income	**6**	3	**5**	3
Accumulated foreign currency translation gains recycled to profit or loss on liquidation of subsidiaries	**(139)**	–	**–**	–
Income tax expense at the effective tax rate	**25**	41	**24**	39

15. Earnings per share

	Group Gross 2024 Rm	Group Net 2024 Rm	Group Net 2023 Rm
15.1 Earnings per share			
Profit attributable to shareholders of the company		**568**	124
Weighted average number of shares in issue (million)		**173,5**	173,5
Basic earnings per share (cents)		**327,4**	71,5
Diluted earnings per share (cents)		**327,4**	71,5
15.2 Headline earnings per share			
Profit attributable to shareholders of the company		**568**	124
Accumulated foreign currency translation gains recycled to profit or loss on liquidation of subsidiary	**(515)**	**(515)**	–
Headline earnings attributable to shareholders of the company (Rm)		**53**	124
Weighted average number of shares in issue (million)		**173,5**	173,5
Headline earnings per share (cents)		**30,6**	71,5
Diluted headline earnings per share (cents)		**30,6**	71,5

16. Notes to cash flow statements

	Group 2024 Rm	Group 2023 Rm	Company 2024 Rm	Company 2023 Rm
16.1 Cash utilised by operations				
Reconciliation of profit for the year to cash utilised by operations:				
Profit for the year	**568**	124	**90**	163
Adjusted for:				
Finance income	**(84)**	(78)	**(75)**	(66)
Dividend income	**–**	–	**(46)**	(44)
Foreign exchange gains	**(19)**	(105)	**(19)**	(105)
Accumulated foreign currency translation gains recycled to profit or loss on liquidation of subsidiary	**(515)**	–	**–**	–
Impairment loss – Investment in subsidiary	**–**	–	**6**	–
Income tax expense	**25**	41	**24**	39
Operating loss before working capital changes	**(25)**	(18)	**(20)**	(13)
Working capital changes	**2**	1	**2**	2
Decrease in trade and other receivables	**–**	1	**–**	1
Increase in trade and other payables	**2**	–	**2**	1
Cash utilised by operations	**(23)**	(17)	**(18)**	(11)

16.2 **Reconciliation of movements of liabilities to cash flows arising from financing activities:**

Company	Rm
Amount due to subsidiary	
Balance at 1 January 2023	–
Changes from financing cash flows	
Amounts advanced by subsidiary	44
Changes from financing non-cash flows (refer to note 16.3)	
Dividend income from subsidiary	(44)
Balance at 31 December 2023	–
Changes from financing cash flows	
Amounts advanced by subsidiary	**49**
Amounts repaid to subsidiary	**(9)**
Changes from financing non-cash flows (refer to note 16.3)	
Dividend income from subsidiary	**(40)**
Balance at 31 December 2024	**–**

16. Notes to cash flow statements (continued)

16.3 Non-cash investing and financing cash flows

The dividend income (refer to notes 4.3 and 12.1) was utilised to settle the amounts advanced during the year by Trencor Services (refer to note 18.2).

17. Financial instruments and risk management

17.1 Accounting classifications and fair values

The carrying amounts and fair values of each category of financial assets and liabilities are as follows:

Group	Financial assets at amortised cost Rm	Financial liabilities at amortised cost Rm	Total carrying amount Rm	Fair value* Rm
2024				
Financial assets				
Restricted cash	**356**		**356**	**356**
Cash and cash equivalents	**1 109**		**1109**	**1 109**
	1 465		**1 465**	**1 465**
Financial liabilities				
Trade and other payables		**5**	**5**	**5**
2023				
Financial assets				
Restricted cash	335		335	335
Cash investment	962		962	962
Cash and cash equivalents	117		117	117
	1 414		1 414	1 414
Financial liabilities				
Trade and other payables*		3	3	3
Company				
2024				
Financial assets				
Restricted cash	**356**		**356**	**356**
Cash and cash equivalents	**1 036**		**1 036**	**1 036**
	1 392		**1 392**	**1 392**
Financial liabilities				
Trade and other payables		**4**	**4**	**4**
2023				
Financial assets				
Restricted cash	335		335	335
Cash investment	962		962	962
Cash and cash equivalents	1		1	1
	1 298		1 298	1 298
Financial liabilities				
Trade and other payables*		2	2	2

* The fair values of trade and other payables are their carrying amounts as they are a reasonable approximation thereof.

17. Financial instruments and risk management (continued)

17.2 Overview

The risks arising from the use of financial instruments include:

- credit risk;
- liquidity risk; and
- market risk (including currency risk and interest rate risk).

This note presents information about the exposure to each of the above risks, objectives, policies and the process for measuring and managing risk, and the management of capital.

The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance.

The directors have overall responsibility for the establishment and oversight of the risk management framework. Risk management is carried out by management at an operational level under policies approved by the directors. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign currency risk, interest rate risk, credit risk and investing excess liquidity.

The risk management policies are established to identify and analyse the risks in order to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk policies and systems are reviewed regularly.

The audit and risk committees oversee how management monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework. Regular reviews of risk management controls and procedures are undertaken, the results of which are reported to the audit and risk committees.

17.3 Credit risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations.

17.3.1 Credit risk exposure

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk from financial assets at 31 December was as follows:

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Financial assets at amortised cost:				
Restricted cash	**356**	335	**356**	335
Cash investment	**–**	962	**–**	962
Cash and cash equivalents	**1 109**	117	**1 036**	1
	1 465	1 414	**1 392**	1 298

Restricted cash, cash investment and cash and cash equivalents

Funds on deposit are with various institutions both locally and offshore.

The restricted cash and offshore cash and cash equivalents are on deposit offshore with institutions which have investment grade credit ratings from the major ratings agencies.

SA rand call and short-term deposits and the cash investment have been placed with banks which have long-term and short-term S&P Global Ratings on the South Africa National Scale of zaAA+/zaA-1+.

17.3.2 Impairment

Restricted cash, cash investment and cash and cash equivalents

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

17. Financial instruments and risk management (continued)

17.4 Liquidity risk

Liquidity risk is the risk that group entities will not be able to meet their financial obligations as they fall due. The approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking reputational damage.

The risk is managed through cash flow forecasts and ensuring that adequate cash resources are maintained. In terms of the company's memorandum of incorporation, its borrowing powers are unlimited.

The following are the contractual maturities of financial liabilities including estimated interest payments.

Group	Carrying amount Rm	Contractual cash flows Rm	One year or less Rm
2024			
Financial liabilities			
Trade and other payables	**5**	**5**	**5**
2023			
Financial liabilities			
Trade and other payables	3	3	3
Company			
2024			
Financial liabilities			
Trade and other payables	**4**	**4**	**4**
2023			
Financial liabilities			
Trade and other payables	2	2	2

17. Financial instruments and risk management (continued)

17.5 Market risk

Market risk is the risk that changes in foreign exchange rates and interest rates will affect income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

17.5.1 Currency risk

Group entities are exposed to currency risk on transactions that are denominated in a currency other than the respective functional currencies of those entities, primarily the US dollar and SA rand. The currency in which these transactions are primarily denominated is the US dollar.

The following is an analysis of the financial instruments in terms of the currencies in which they are held, expressed in SA rand at 31 December:

	Group					
	2024			2023		
	SA rand Rm	**US$ Rm**	**Total Rm**	SA rand Rm	US$ Rm	Total Rm
Assets						
Restricted cash	**–**	**356**	**356**	–	335	335
Cash investment	**–**	**–**	**–**	–	962	962
Cash and cash equivalents	**74**	**1 035**	**1 109**	111	6	117
	74	**1 391**	**1 465**	111	1 303	1 414
Liabilities						
Trade and other payables	**3**	**2**	**5**	3	–	3

	Company					
	2024			2023		
	SA rand Rm	**US$ Rm**	**Total Rm**	SA rand Rm	US$ Rm	Total Rm
Assets						
Restricted cash	**–**	**356**	**356**	–	335	335
Cash investment	**–**	**–**	**–**	–	962	962
Cash and cash equivalents	**1**	**1 035**	**1 036**	1	–	1
	1	**1 391**	**1 392**	1	1 297	1 298
Liabilities						
Trade and other payables	**2**	**2**	**4**	2	–	2
The following exchange rates applied during the year:						
Year-end rate US$1		**R18,75**			R18,50	
Average rate US$1		**R18,33**			R18,39	

For the group and company, for the year ended 31 December 2024, a change of 1% in the foreign currency exchange rate used to translate the US dollar denominated financial assets of R1 391 million (2023: R1 297 million) would have increased or decreased the profit after tax for the year and the equity at year end by R11 million (2023: R10 million).

17. Financial instruments and risk management (continued)

17.5 Market risk (continued)

17.5.2 Interest rate risk

Group entities are exposed to interest rate risk as they place funds in the money market. This risk is managed by maintaining an appropriate mix of term and daily call deposits with registered financial institutions which are subject to compliance with the relevant regulatory bodies.

At 31 December, the interest rate profile of interest-bearing financial instruments was:

	Group		Company	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Variable rate instruments				
Financial assets	**1 465**	1 414	**1 392**	1 298

Based on the SA rand and US dollar denominated financial asset balances at 31 December 2024, it is estimated that a 100 basis points increase/decrease in interest rates would result in an increase/decrease in interest income after tax and the equity at year end of R11 million (2023: R10 million) for the group and company. This analysis assumes that all other variables remain constant.

17.6 Capital management

Capital is regarded as total equity. The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the business. The board determines dividends payable to shareholders.

The company may purchase its own shares on the market, if there are good grounds for doing so. In this regard, the directors will ensure the requirements of the Companies Act of South Africa, including the performance of the solvency and liquidity test, are satisfied and will take account of, inter alia, an appropriate capitalisation structure for the company, the long-term cash needs and the interests of the company.

There were no changes in the approach to capital management during the year.

Neither the company nor its subsidiary are subject to externally imposed capital requirements.

17.7 Fair values

The fair values of financial instruments (refer to note 17.1) have been arrived at after taking into account current market conditions.

Fair value hierarchy

Fair values are measured using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted in an active market for an identical instrument) that can be assessed at the measurement date.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices that are similar to instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

	Company	
	2024 Rm	2023 Rm
18. Related parties		
18.1 **Identity of related parties**		
The company has related party relationships with its subsidiaries (refer to note 4.1) and directors (refer to note 18.3).		
18.2 **Intra-group transactions**		
Administration fee expense charged by Trencor Services	**4**	4
Amounts advanced by Trencor Services (refer to note 16.3)	**49**	44
Amounts repaid to Trencor Services (refer to note 16.3)	**9**	–
Dividend income from Trencor Services (refer to notes 4.3, 12,1 and 16.3)	**40**	44
Dividend income from TAC (refer to notes 4.2, 4.3, and 12,1)	**6**	–

18.3 **Transactions with directors**

The number of shares held by the directors and their associates in the issued share capital of the company at 31 December 2024 and 2023 were as follows:

	Company		
	Direct	Associates	Total
David Nurek	**–**	**10 000**	**10 000**
Eddy Oblowitz	**10 000**	**–**	**10 000**
Ric Sieni	**–**	**–**	**–**
Roddy Sparks	**–**	**4 000**	**4 000**
	10 000	**14 000**	**24 000**

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

The remuneration paid to the directors during the years ended 31 December 2024 and 2023 was as follows:

	Group			
		Contributions to		
	Guaranteed remuneration	Medical aid	Life and disability cover	Total remuneration
	R'000	R'000	R'000	R'000
2024				
Non-executive directors				
David Nurek	**897**	**–**	**–**	**897**
Eddy Oblowitz	**483**	**–**	**–**	**483**
Roddy Sparks	**460**	**–**	**–**	**460**
	1 840	**–**	**–**	**1 840**
Executive director				
Ric Sieni	**2 254**	**108**	**9**	**2 371**
Aggregate remuneration 2024	**4 094**	**108**	**9**	**4 211**
2023				
Non-executive directors				
David Nurek	897	–	–	897
Eddy Oblowitz	483	–	–	483
Roddy Sparks	460	–	–	460
	1 840	–	–	1 840
Executive director				
Ric Sieni	2 117	94	47	2 258
Aggregate remuneration 2023	3 957	94	47	4 098

Value-added tax is included in non-executive directors' remuneration.

19. Indemnity provided by Trencor in relation to the Halco Trust indemnitees

On 20 February 2018, Trencor, 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, which in turn held the shares in Textainer and TAC. Before the vesting and distribution were effected, Trencor 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 Agreement, Trencor indemnified the indemnitees against certain events, which included the incurrence of liabilities by the indemnitees, and against the incurrence of costs and expenses in connection with the indemnity.

The termination date under the Indemnity Agreement occurred on 31 December 2024, and was no longer effective from 1 January 2025. An amount of US$19 million (2023: US$18 million) held in escrow, in accordance with the terms of an escrow agreement by an independent escrow agent, was released on 16 January 2025, after the costs incurred prior to the termination date were settled in full (refer to note 6).

No contingent liability has been disclosed for this indemnity in the financial statements for the years ended 31 December 2024 and 2023 as the directors believe that the possibility of an outflow of resources in relation to the residual obligations of Trencor under the indemnity is remote.

20. Going concern

The company's approach to managing liquidity is to manage its working capital, capital expenditure and cash flows, is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. Ultimate responsibility for liquidity risk management rests with the board of directors. Typically the company ensures that it has sufficient cash on hand to meet operational expenses, including the servicing of financial obligations.

The going concern principle requires that the group and company financial statements be prepared on the basis that Trencor will remain in business for the foreseeable future. As previously advised, it is the board's intention to wind up the company's activities and thereafter to pursue its liquidation as expeditiously as is practicably possible. The exact timing for the liquidation currently remains uncertain, although all necessary efforts are already being undertaken to attain the required outcomes in the most efficient and timeous manner. Given these specific circumstances, and to assist the board in reaching its assessment of going concern, cash flow projections have been prepared up to 31 December 2025.

Once there is clarity on the timing and the process leading up to the final liquidation the board will approach shareholders with a resolution to wind up the company.

In assessing the ability of the group and company to continue as a going concern, the board considered:

- the group's financial budgets and cash flow forecasts;
- the performance of underlying business assets and their ability to make a positive contribution to the group's objectives; and
- the ability of the subsidiary to declare dividends.

The board is of the view that, based on its knowledge of the group and the company, the group and the company have adequate resources at their disposal to settle obligations as they fall due and the group and the company will continue as going concerns for the foreseeable future up until the date of liquidation and have thus prepared the group and the company financial statements on the going concern basis.

21. Events after the reporting period

In January 2025, all of Trencor's US dollar offshore deposits, as well as the US dollar deposits previously held by an escrow agent of and for Trencor's benefit, were remitted to South Africa and converted into SA Rand. The conversion in the amount of US$74,2 million yielded R1,39 billion at an average rate of US$1=R18,7796. As all the foreign denominated deposits at the reporting date have been repatriated to South Africa, from 16 January 2025 the group and company are no longer exposed to foreign currency risk.

Considering the board's stated strategy of distributing its cash resources to shareholders as and when these become commercially available, and pursuant to the occurrence of the termination date under the Indemnity Agreement (refer to note 19), the board declared a gross special cash dividend of 730 cents per share on 28 January 2025 (refer to note 10.2). In arriving at its decision to declare and pay that dividend, the directors, after taking the necessary professional advice, were satisfied that it is not reasonably foreseeable that Trencor may, in the future, be liable to make any payments under the Indemnity Agreement and that Trencor retained sufficient resources to discharge any related costs and expenses.

The directors are not aware of any other matters and or circumstances arising since the end of the financial year to the date of this report, which will have a material impact on the financial position at 31 December 2024.