



Unaudited Interim Results

for the six months ended 30 June 2023

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 2023 was 64,8 cents per share (2022: basic loss and headline loss 0,3 cents per share).
- The SA rand to US dollar exchange rate on 30 June 2023 was R18,70 (2022: R16,21). The average SA rand to US dollar exchange rate for the six months to 30 June 2023 was R18,23 (2022: R15,44).
- The weakening of the SA rand against the US dollar from R16,93 on 31 December 2022 to R18,70 on 30 June 2023 has had a material impact on the basic earnings and headline earnings per share for the six months ended 30 June 2023. The unrealised profit from translation of the US dollar deposits into SA rand contributed 54,8 cents to basic and headline earnings per share.
- 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 2023	31 December 2022
Spot exchange rate US\$1	R18,70	R16,93
	Rm	Rm
TAC (book NAV)	6	6
Cash denominated in Rand	128	149
Cash denominated in US\$	1 261	1 126
Other net assets	2	3
Total NAV	1 397	1 284
	R per share	R per share
TAC (book NAV)	0,03	0,03
Cash denominated in Rand	0,74	0,86
Cash denominated in US\$	7,27	6,49
Other net assets	0,01	0,02
Total NAV per share	8,05	7,40

Notes:

- The values at the reporting period-end are actual values converted at the applicable exchange rate.
- Included in the book NAV of TAC on 30 June 2023 are cash and cash equivalents of US\$0,3 million (31 December 2022: US\$0,3 million).
- Included in cash (denominated in US\$) on 30 June 2023 are cash deposits held in escrow of US\$17 million (31 December 2022: US\$17 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 auditors. 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
14 August 2023

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2023

	Unaudited 30 June 2023	Unaudited 30 June 2022	Audited 31 December 2022
	Rm	Rm	Rm
ASSETS			
Property, plant and equipment	–	1	–
Deferred tax assets	–	1	2
Restricted cash (note 5)	330	278	293
Total non-current assets	330	280	295
Trade and other receivables	15	2	3
Current tax assets	–	–	2
Cash and cash equivalents (note 3)	1 066	947	988
Total current assets	1 081	949	993
Total assets	1 411	1 229	1 288
EQUITY			
Share capital	1	1	1
Reserves	1 396	1 226	1 283
Total equity attributable to shareholders of the company	1 397	1 227	1 284
LIABILITIES			
Deferred tax liabilities	4	–	–
Total non-current liabilities	4	–	–
Trade and other payables	2	1	4
Current tax liabilities	8	–	–
Lease liability	–	1	–
Total current liabilities	10	2	4
Total liabilities	14	2	4
Total equity and liabilities	1 411	1 229	1 288

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2023

	Unaudited Six months ended 30 June 2023	Unaudited 30 June 2022	Audited Year ended 31 December 2022
	Rm	Rm	Rm
Other operating income	119	6	–
Employee benefits expense	(2)	(3)	(5)
Depreciation	–	–	(1)
Other operating expenses	(7)	(8)	(15)
Operating profit/(loss) before finance income	110	(5)	(21)
Finance income	35	5	24
Profit before tax	145	–	3
Income tax expense	(33)	–	–
Profit for the period	112	–	3
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation gains	1	17	71
Total comprehensive income for the period	113	17	74
Earnings/(Loss) per share			
Basic earnings/(loss) per share (cents)	64,8	(0,3)	1,7
Diluted earnings/(loss) per share (cents)	64,8	(0,3)	1,7
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	18,70	16,21	16,93
Average rate of exchange for the period:			
SA rand to US dollar	18,23	15,44	16,29

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 CASH FLOWS

for the six months ended 30 June 2023

	Unaudited Six months ended 30 June 2023 Rm	Unaudited 30 June 2022 Rm	Audited Year ended 31 December 2022 Rm
Cash flows from operating activities			
Cash utilised by operations	(7)	(12)	(19)
Finance income received	14	5	20
Income tax (paid)/refunded			
Normal tax	(17)	–	(3)
Dividends tax	–	1	–
Net cash outflow from operating activities	(10)	(6)	(2)
Cash flows from investing activities			
Decrease in restricted cash	–	1	–
Net cash inflow from investing activities	–	1	–
Cash flows from financing activities			
Lease liability repaid	–	–	(1)
Net cash outflow from financing activities	–	–	(1)
Net decrease in cash and cash equivalents before exchange rate fluctuations	(10)	(5)	(3)
Cash and cash equivalents at the beginning of the period	988	936	936
Effects of exchange rate fluctuations on cash and cash equivalents	88	16	55
Cash and cash equivalents at the end of the period (note 3)	1 066	947	988

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2023

Unaudited	Share capital Rm	Foreign currency translation Reserve Rm	Retained income Rm	Total Rm
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 profit 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
Six months ended 30 June 2022				
Balance at 1 January 2022	1	443	766	1 210
Total comprehensive income for the period				
Profit for the period	–	–	–	–
Other comprehensive income for the period				
Foreign currency translation differences	–	17	–	17
Total comprehensive income for the period	–	17	–	17
Balance at 30 June 2022	1	460	766	1 227

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2023

1. 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 International Financial Reporting Standards ("IFRS") 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 and are consistent with those applied in the consolidated annual financial statements for the year ended 31 December 2022.

	Unaudited Six months ended 30 June 2023 Rm	Unaudited 30 June 2022 Rm	Audited Year ended 31 December 2022 Rm
2. Headline earnings			
Profit attributable to shareholders	112	–	3
Headline earnings/loss	112	–	3
Weighted average number of shares in issue (million)	173,5	173,5	173,5
Headline earnings/(loss) per share (cents)	64,8	(0,3)	1,7
Diluted headline earnings/(loss) per share (cents)	64,8	(0,3)	1,7

	Unaudited 30 June 2023 Rm	Unaudited 30 June 2022 Rm	Audited 31 December 2022 Rm
3. Cash and cash equivalents			
Bank balances	9	5	3
Money market instruments and call and term deposits *	1 057	942	985
	1 066	947	988

* Refer to indemnity provided by Tencor in relation to the Halco Trust indemnitees in note 6.

	Unaudited 30 June 2023 Carrying amount Rm	Fair value Rm	Unaudited 30 June 2022 Carrying amount Rm	Fair value Rm	Audited 31 December 2022 Carrying amount Rm	Fair value Rm
4. Financial instruments						
The carrying amounts and fair values of financial assets and financial liabilities are as follows:						
Assets:						
Financial assets carried at amortised cost:						
Restricted cash	330	330	278	278	293	293
Cash and cash equivalents	1 066	1 066	947	947	988	988
	1 396	1 396	1 225	1 225	1 281	1 281
Liabilities:						
Financial liabilities at amortised cost:						
Lease liability	–	–	1	1	–	–
Trade and other payables	2	2	1	1	4	4
	2	2	2	2	4	4

Impairment on restricted cash 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 nil.

	Unaudited 30 June 2023 Rm	Unaudited 30 June 2022 Rm	Audited 31 December 2022 Rm
5. Restricted cash			
The escrow account in relation to the Halco Trust indemnitees will be held until the indemnity terminates or otherwise falls away prior to 31 December 2024 (refer to note 6)	330	278	293

6. 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 affected, 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 (2022: US\$62 million), for which an amount of US\$17 million (2022: US\$17 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 5). The escrow balance will be so held until the indemnity terminates or otherwise falls away prior to 31 December 2024. 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\$17 million (2022: US\$17 million) (refer to note 5) and cash and cash equivalents in Trenchor Limited of US\$45 million (2022: US\$45 million in TAC) (refer to note 3) have been currently 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 2023, as the directors believe that the possibility of an outflow of resources in relation to the indemnity, other than for costs and expenses, is remote.

7. 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 2022.

8. 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 2022.