Unaudited Interim Results

for the six months ended 30 June 2017
and declaration of cash dividend

Trencor Limited
(Incorporated in the Republic of South Africa)

Registration No. 1955/002869/06 | Share code: TRE | ISIN: ZAE000007506 | ("Trencor" or "the company")

COMMENTARY

GROUP

- Trading profit increased by 216% from a loss of R396 million for the corresponding six month period in 2016 to a profit of R459 million.
- Headline loss per share (including the effect of realised and unrealised foreign exchange translation losses in 2016) was 144,5 cents (2016: 324,1 cents).
- Adjusted headline loss per share (excluding the effect of unrealised foreign exchange translation losses in 2016) was 144,5 cents (2016: 314,6 cents).
- These amounts are better reflected in tabular form:

	Six months ended 30 June 2017 Cents per share	2016 Cents per share	Year ended 31 December 2016 Cents per share
Headline loss	**(144,5)**	(324,1)	(435,1)
Deduct: Net unrealised foreign exchange translation losses	**–**	9,5	–
Adjusted headline loss	**(144,5)**	(314,6)	(435,1)
Period-end rate of exchange: SA rand to US dollar	**12,99**	14,88	13,58
Average rate of exchange for the period: SA rand to US dollar	**13,28**	15,39	14,72

- Based on the spot exchange rate and the price of Textainer's shares listed on the NYSE at the reporting date, the net asset value ("NAV") of Trencor at that date was as follows:

	30 June 2017		31 December 2016	
Textainer share price	US$14,50		US$7,45	
Spot exchange rate US$1 equals	R12,99		R13,58	
	R million	R per share	R million	R per share
Beneficiary interest in Textainer	**5 138**	**29,02**	2 760	15,58
Beneficiary interest in TAC (US GAAP NAV)	**1 025**	**5,79**	1 069	6,04
Cash (excluding in Textainer and TAC)	**1 243**	**7,02**	1489	8,40
Other net assets	**224**	**1,26**	238	1,35
	7 630	**43,09**	5 556	31,37

- Consolidated gearing ratio at 30 June 2017 was 320% (2016: 302%).
- Interim dividend of 50 cents per share declared (2016: 80 cents per share).

TEXTAINER (NYSE: TGH): 48,0% beneficiary interest as at 30 June 2017 (2016: 48,2%)

US GAAP RESULTS

- Net loss for the half year was US$16,3 million (2016: loss US$4,9 million). Textainer recorded US$9,6 million of container impairments (2016: US$36,8 million) resulting from a transfer to held for sale and a write-down of its inventory of containers pending disposal.
- There was no impairment to the leased container fleet for the six months ended 30 June 2017 (2016: nil).
- Average fleet utilisation for the six months to 30 June 2017 was 95,7% (2016: 94,6%).
- During the second quarter, Textainer raised US$920 million to pay down debt and bank facilities, enabling it to free up liquidity and acquire new containers.
- Total fleet under management at 30 June 2017 was 2 992 040 (2016: 3 195 378) twenty foot equivalent units ("TEU") of which Textainer itself owned 81,3% (2016: 81,0%).
- Textainer did not declare any dividends in respect of quarters 1 and 2 of 2017 (2016: US$0,27).
- Textainer's results may be viewed on its website www.textainer.com.

THE FOLLOWING SALIENT MATTERS OCCURRED SUBSEQUENT TO 30 JUNE 2017

- Integrated and assumed the management of the approximately 182 000 TEU fleet of standard dry freight and refrigerated containers from Magellan Maritime Services GmbH.
- Closed refinancing to extend the term and lower the interest rate on US$1,2 billion warehouse facility used to acquire intermodal containers.
- Fleet utilisation was 96,6% at 8 August 2017, the date of Textainer's second quarter results release.
- Approximately US$275 million of capital expenditures to 8 August 2017 with initial yields above 12%.

REPORTING RESULTS OF TEXTAINER AND TAC UNDER IFRS

The results of Textainer and TAC, reporting under US GAAP, are converted to IFRS for inclusion in the results of Trencor, which reports under IFRS.

Despite strong improvements in container leasing market conditions in the six months ended 30 June 2017, as reflected in the continued improved results reported by Textainer, the differences in accounting treatment between US GAAP and IFRS require that Trencor further impairs the container fleets owned by Textainer and TAC in this reporting period. The main reason for these additional impairments by Trencor is the increased Textainer weighted average cost of capital ("WACC") rate used to discount future cash flows as required under IFRS.

Key factors impacting this determination are Textainer's costs of debt and cost of equity.

Textainer's overall debt has remained relatively stable over the period and the cost of debt has increased marginally. The main factor impacting the higher WACC rate used by Trencor in discounting has been the performance of the Textainer share relative to the market, resulting in a higher beta risk factor for Textainer. This, coupled with the almost doubling in the Textainer market capitalisation since 31 December 2016 and hence the larger equity weighting in the debt equity mix, has caused the increased WACC.

Adjusted to conform to IFRS, Trencor's consolidation of the results of Textainer requires that a loss of US$117,1 million be recorded for the half year (2016: loss of US$289,2 million). This included a non-cash impairment loss on the leased container fleet as required under IFRS of US$87,5 million (2016: US$223,3 million). No such impairment was necessary under US GAAP at either 30 June 2017 or 30 June 2016. Furthermore, Trencor recorded an additional depreciation charge required under IFRS for the six months to 30 June 2017 over and above the amount provided by Textainer under US GAAP of US$21,0 million (2016: US$42,5 million).

Adjusted to conform to IFRS, Trencor's consolidation of the results of TAC requires that a loss of US$6,0 million be recorded for the half year (2016: US$21,7 million loss). This included a non-cash impairment loss on the leased container fleet as required under IFRS of US$5,2 million (2016: US$19,2 million). Trencor recorded an additional depreciation charge required under IFRS for the six months 30 June 2017 over and above the amount provided under US GAAP of US$1,0 million (2016: US$1,1 million).

PREPARATION OF FINANCIAL STATEMENTS

These unaudited interim condensed consolidated financial statements have been prepared by management 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 condensed consolidated financial statements.

DECLARATION OF CASH DIVIDEND

At the annual general meeting on 10 August 2017 the chairman made reference to complex and time-consuming processes underway towards the commercial objectives of unlocking value for shareholders and finding solutions to the issues relating to the US GAAP/IFRS conversion referred to above. Pending certainty on the final outcome of these processes, the board deems it appropriate to declare an interim dividend for 2017 in the same amount as the final dividend for 2016.

Thus the board has declared an interim gross cash dividend (number 104) of 50 cents per share out of distributable reserves in respect of the six months ended 30 June 2017.

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

Last day to trade *cum* the dividend	Tuesday, 24 October 2017
Trading commences *ex* the dividend	Wednesday, 25 October 2017
Record date	Friday, 27 October 2017
Payment date	Monday, 30 October 2017

Share certificates may not be dematerialised or rematerialised between Wednesday, 25 October 2017 and Friday, 27 October 2017, both days inclusive.

Note that:

- Dividend withholding tax at the rate of 20% will be applicable to shareholders who are not exempt, which will result in a net dividend of 40 cents per share to these shareholders;
- Trencor's tax reference number is 9676002711; and
- Trencor's issued share capital at the declaration date is R885 340 (177 068 011 ordinary shares of 0,5 cent each).

CHANGES TO DIRECTORATE AND BOARD COMMITTEES

As announced on 11 August 2017, with effect from 10 August 2017:

- Jim Hoelter retired as a non-executive director;
- Jimmy McQueen retired as chief executive officer, chairman of the executive committee and executive director but remains on the board in a non-executive capacity and as a member of the risk and social and ethics committees; and
- Hennie van der Merwe was appointed as chief executive officer and chairman of the executive committee in the place of Jimmy McQueen.

On behalf of the board

Hennie van der Merwe Chief Executive Officer
29 September 2017

Directors: David Nurek (Chairman), Jimmy McQueen, Eddy Oblowitz, Ric Sieni* (Financial), Roddy Sparks, Hennie van der Merwe* (CEO), Herman Wessels (* Executive)
Secretaries: Trencor Services Proprietary Limited
Registered Office: 13th Floor, The Towers South, Heerengracht, Cape Town 8001
Transfer Secretaries: Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196 (PO Box 61051, Marshalltown 2107)
Sponsor: Rand Merchant Bank (A division of FirstRand Bank Limited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2017

R million	**Unaudited 30 June 2017**	Unaudited 30 June 2016	Audited 31 December 2016
ASSETS			
Property, plant and equipment	**43 312**	52 375	49 060
Intangible assets and goodwill	**323**	425	367
Investment in equity accounted investee	**112**	119	121
Long-term receivables	**–**	455	–
Net investment in finance leases	**785**	1 867	983
Derivative financial instruments	**65**	–	63
Deferred tax assets	**18**	23	18
Restricted cash	**1 065**	445	737
Total non-current assets	**45 680**	55 709	51 349
Inventories	**444**	439	434
Trade and other receivables	**1 535**	1 801	2 017
Current portion of long-term receivables	**–**	121	–
Current portion of net investment in finance leases	**408**	907	467
Current tax asset	**14**	–	18
Cash and cash equivalents	**3 384**	3 780	2 837
Total current assets	**5 785**	7 048	5 773
Total assets	**51 465**	62 757	57 122
EQUITY			
Share capital and premium	**44**	44	44
Reserves	**6 899**	8 512	8 155
Total equity attributable to equity holders of the company	**6 943**	8 556	8 199
Non-controlling interests	**5 124**	6 493	6 218
Total equity	**12 067**	15 049	14 417
LIABILITIES			
Interest-bearing borrowings	**33 457**	43 936	4 913
Amounts attributable to third parties in respect of long-term receivables	**–**	68	–
Derivative financial instruments	**5**	248	17
Deferred revenue	**28**	36	30
Deferred tax liabilities	**66**	136	66
Total non-current liabilities	**33 556**	44 424	5 026
Trade and other payables	**548**	1 592	719
Current tax liabilities	**140**	168	136
Current portion of interest-bearing borrowings	**5 146**	1 506	36 755
Current portion of amounts attributable to third parties in respect of long-term receivables	**5**	14	65
Current portion of deferred revenue	**3**	4	4
Total current liabilities	**5 842**	3 284	37 679
Total liabilities	**39 398**	47 708	42 705
Total equity and liabilities	**51 465**	62 757	57 122
Capital expenditure incurred during the period	**283**	3 830	7 210
Capital expenditure committed and authorised, but not yet incurred	**2 430**	1 407	–
Ratio to total equity:			
Total liabilities (%)	**326,5**	317,0	296,2
Interest-bearing borrowings (%)	**319,9**	302,0	289,0

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

for the six months ended 30 June 2017

R million	**Unaudited Six months ended 30 June 2017**	Unaudited Six months ended 30 June 2016	Audited Year ended 31 December 2016
Revenue (note 2)	**4 052**	5 055	9 373
Trading profit/(loss) before items listed below:	**459**	(396)	(468)
Realised and unrealised exchange losses on translation of long-term receivables, excluding fair value adjustment	**–**	(38)	(89)
Fair value adjustment on net long-term receivables	**–**	63	338
Impairment of property, plant and equipment (note 4)	**(1 185)**	(3 615)	(2 460)
Available-for-sale financial asset – reclassification from other comprehensive income	**–**	33	33
Compensation receivable from third party in respect of impairment of property, plant and equipment (note 4)	**(87)**	–	289
Operating loss before net finance expenses (note 3)	**(813)**	(3 953)	(2 357)
Net finance expenses (note 5)	**(853)**	(909)	(1 394)
Finance expenses – Interest expense	**(884)**	(638)	(1 406)
Finance expenses – Realised and unrealised losses on derivative financial instruments	**(4)**	(296)	(45)
Finance income – Interest income	**35**	25	57
Share of loss of equity accounted investee (net of tax)	**(4)**	(20)	(6)
Loss before tax	**(1 670)**	(4 882)	(3 757)
Income tax expense/(credit)	**40**	(88)	(11)
Loss for the period	**(1 710)**	(4 794)	(3 746)
Other comprehensive loss			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences	**(584)**	(816)	(2 370)
Change in fair value of available-for-sale financial asset	**–**	(9)	(9)
Available-for-sale financial asset – reclassification to profit or loss	**–**	(33)	(33)
Related income tax	**–**	7	7
Total comprehensive loss for the period	**(2 294)**	(5 645)	(6 151)
Total comprehensive loss for the period attributable to:			
Equity holders of the company	**(1 180)**	(2 848)	(3 055)
Non-controlling interests	**(1 114)**	(2 797)	(3 096)
	(2 294)	(5 645)	(6 151)
Loss for the period attributable to:			
Equity holders of the company	**(862)**	(2 369)	(1 743)
Non-controlling interests	**(848)**	(2 425)	(2 003)
	(1 710)	(4 794)	(3 746)
Loss per share (cents)	**(486,7)**	(1 337,7)	(984,4)
Diluted loss per share (cents)	**(486,7)**	(1 337,7)	(984,4)
Number of shares in issue (million)	**177,1**	177,1	177,1
Weighted average number of shares in issue (million)	**177,1**	177,1	177,1
Period-end rate of exchange: SA rand to US dollar	**12,99**	14,88	13,58
Average rate of exchange for the period: SA rand to US dollar	**13,28**	15,39	14,72

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2017

R million	**Unaudited Six months ended 30 June 2017**	Unaudited Six months ended 30 June 2016	Audited Restated Year ended 31 December 2016
Cash flows from operating activities			
Cash generated from operations (before items listed below):	**3 455**	3 974	7 479
Increase in container leasing equipment	**(371)**	(3 414)	(7 635)
Finance income received	**35**	25	57
Finance lease income received	**50**	103	167
Finance expenses paid	**(710)**	(626)	(1 236)
Decrease in finance leases	**195**	405	795
Receipts from long-term receivables	**–**	98	928
Payments to third parties in respect of long-term receivables	**(36)**	(10)	(49)
Dividends paid to equity holders of the company	**(88)**	(390)	(531)
Dividends paid to non-controlling interests	**–**	(218)	(231)
Income tax paid	**(31)**	(24)	(205)
Net cash inflow/(outflow) from operating activities	**2 499**	(77)	(461)
Cash flows from investing activities			
Acquisition of property, plant and equipment	**(2)**	(10)	(22)
Proceeds on disposal of available-for-sale financial asset	**–**	36	36
Increase in restricted cash	**(368)**	(14)	(372)
Net cash (outflow)/inflow from investing activities	**(370)**	12	(358)
Cash flows from financing activities			
Interest-bearing borrowings repaid (note 11)	**(19 201)**	(3 066)	(8 681)
Interest-bearing borrowings raised (note 11)	**18 008**	2 863	8 574
Debt issuance costs incurred	**(284)**	(24)	(88)
Net cash outflow from financing activities	**(1 477)**	(227)	(195)
Net increase/(decrease) in cash and cash equivalents before exchange rate fluctuations	**652**	(292)	(1 014)
Cash and cash equivalents at the beginning of the period	**2 837**	4 241	4 241
Effects of exchange rate fluctuations on cash and cash equivalents	**(105)**	(169)	(390)
Cash and cash equivalents at the end of the period	**3 384**	3 780	2 837

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2017

R million (unaudited)	Equity holders of the company								Non-controlling interests	Total equity
	Share capital	Share premium	Fair value reserve	Foreign currency translation reserve	Share-based payment reserve	Gain/Loss on changes in ownership interests in subsidiaries	Retained income	Total		
Six months ended 30 June 2017										
Balance at 1 January 2017	1	43	–	4 483	408	504	2 760	8 199	6 218	14 417
Total comprehensive loss for the period										
Loss for the period	–	–	–	–	–	–	(862)	(862)	(848)	(1 710)
Other comprehensive loss for the period										
Foreign currency translation differences	–	–	–	(318)	–	–	–	(318)	(266)	(584)
Total comprehensive loss for the period	–	–	–	(318)	–	–	(862)	(1 180)	(1 114)	(2 294)
Transactions with owners, recorded directly in equity										
Contributions by/(distributions to) owners										
Share-based payments	–	–	–	–	15	–	–	15	17	32
Dividends	–	–	–	–	–	–	(88)	(88)	–	(88)
Total contributions by/(distributions to) owners	–	–	–	–	15	–	(88)	(73)	17	(56)
Changes in ownership interests in subsidiaries	–	–	–	–	–	(3)	–	(3)	3	–
Total transactions with owners	–	–	–	–	15	(3)	(88)	(76)	20	(56)
Balance at 30 June 2017	1	43	–	4 165	423	501	1 810	6 943	5 124	12 067
Six months ended 30 June 2016										
Balance at 1 January 2016	1	43	35	5 760	374	533	5 034	11 780	9 479	21 259
Total comprehensive loss for the period										
Loss for the period	–	–	–	–	–	–	(2 369)	(2 369)	(2 425)	(4 794)
Other comprehensive loss for the period										
Foreign currency translation differences	–	–	–	(444)	–	–	–	(444)	(372)	(816)
Available-for-sale financial asset – change in fair value net of tax	–	–	(7)	–	–	–	–	(7)	–	(7)
Available-for-sale financial asset – reclassification to profit or loss	–	–	(28)	–	–	–	–	(28)	–	(28)
Total comprehensive loss for the period	–	–	(35)	(444)	–	–	(2 369)	(2 848)	(2 797)	(5 645)
Transactions with owners, recorded directly in equity										
Contributions by/(distributions to) owners										
Share-based payments	–	–	–	–	21	–	–	21	22	43
Dividends	–	–	–	–	–	–	(390)	(390)	(218)	(608)
Total contributions by/(distributions to) owners	–	–	–	–	21	–	(390)	(369)	(196)	(565)
Changes in ownership interests in subsidiaries	–	–	–	–	–	(7)	–	(7)	7	–
Total transactions with owners	–	–	–	–	21	(7)	(390)	(376)	(189)	(565)
Balance at 30 June 2016	1	43	–	5 316	395	526	2 275	8 556	6 493	15 049

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2017

1. The condensed consolidated interim financial statements are prepared in accordance with IFRS, IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa. 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 previous consolidated annual financial statements.

R million	**Unaudited Six months ended 30 June 2017**	Unaudited Six months ended 30 June 2016	Audited Year ended 31 December 2016
2. Revenue			
Goods sold	**956**	1 078	2 202
Leasing income	**3 024**	3 934	7 101
Management fees	**72**	80	158
Finance income	**–**	1	1
	4 052	5 093	9 462
Realised and unrealised exchange differences	**–**	(38)	(89)
	4 052	5 055	9 373
3. Operating loss before net finance expenses			
Other significant items which have been included in operating loss before net finance expenses:			
Depreciation	**1 991**	2 377	4 861
Impairment losses incurred – financial assets	**16**	463	628
(Write-up)/Write-down of inventories	**(32)**	734	527
4. Impairment of property, plant and equipment			
Container leasing equipment			
Impairment recognised at end of reporting period	**1 234**	3 615	2 107
Impairment recognised in respect of containers on operating leases not recovered from defaulting customers	**38**	–	353
Reversal of impairment provided on containers on operating leases with defaulting customers, as containers recovered during the period	**(87)**	–	–
	1 185	3 615	2 460

As a result of the reversal of the impairment provided on containers on operating leases with defaulting customers the compensation receivable from third party has been reduced by R87 million.

A net impairment has been recognised at 30 June 2017, reducing the carrying value of container leasing equipment to its recoverable amount. For the purposes of calculating the impairment loss, the container fleets were grouped by ownership entity and then by cash-generating units ("CGUs"). CGUs were defined as containers grouped by container type, as cash flows for the same type of containers are independent of cash flows of different container types, and are interchangeable with any other container of the same type within the container fleet. The recoverable amount of a CGU has been calculated based on its value in use. The pre-tax discount rates used to discount the future estimated cash flows were 5,8% (June 2016: 5,0% and December 2016: 4,3%) and 6,2% (June 2016: 6,8% and December 2016: 5,1%) for Textainer and TAC, respectively. Projected future cash flows were estimated using the assumptions that are part of the long-term planning forecasts of the entities concerned.

Some of the significant estimates and assumptions used to determine future estimated cash flows were: estimated future lease rates, estimated utilisation, remaining useful lives, remaining on-hire periods for expired fixed-term leases, estimated future lease rates, direct container expenses and estimated disposal prices of containers. In performing the impairment analysis, assumptions used reflected the contractually stipulated *per diem* rates, with renewal based on current market rates. Although the assumptions used in the projected future cash flow have improved as a result of strong improvements in container leasing market conditions in the six months ended 30 June 2017, a further impairment of the container fleets owned by Textainer and TAC was incurred as a result of the higher WACC rate used to discount future cash flows. The factors impacting the WACC rate are detailed in the commentary above.

4. **Impairment of property, plant and equipment (continued)**

The recoverable amounts and impairment amounts of the CGUs which were impaired are as follows:

	Unaudited Six months ended 30 June 2017		Unaudited Six months ended 30 June 2016		Audited Year ended 31 December 2016	
R million	**Recover-able amount**	**Impair-ment**	Recover-able amount	Impair-ment	Recover-able amount	Impair-ment
20' Flatrack	**196**	**(3)**	201	24	205	11
20' Dry freight	**13 219**	**120**	16 883	1 087	15 462	503
20' Refrigerated	**218**	**27**	213	7	261	2
20' Open top	**–**	**–**	170	1	–	–
40' Flatrack	**26**	**4**	575	3	–	–
40' Hi cube	**16 339**	**175**	19 231	2 267	18 974	1 363
40' Dry freight	**–**	**–**	2 692	77	2 563	(9)
40' Refrigerated	**9 490**	**911**	11 391	147	11 166	234
40' Open top	**–**	**–**	415	1	–	–
45' Hi cube	**–**	**–**	467	1	12	3
	39 488	**1 234**	52 238	3 615	48 643	2 107

R million	**Unaudited Six months ended 30 June 2017**	Unaudited Six months ended 30 June 2016	Audited Year ended 31 December 2016
5. Net finance expenses			
Finance expenses	**888**	934	1 451
Interest expense – Textainer	**848**	581	1 189
Interest expense – TAC	**36**	57	217
Realised and unrealised losses on derivative financial instruments	**4**	296	45
Finance income			
Interest income – cash and cash equivalents	**(35)**	(25)	(57)
	853	909	1 394
6. Headline loss			
Loss attributable to equity holders of the company	**(862)**	(2 369)	(1 743)
Impairment of property, plant and equipment (note 4)	**1 185**	3 615	2 460
Compensation receivable from third party in respect of impairment of property, plant and equipment (note 4)	**87**	–	(289)
Available-for-sale financial – asset reclassification from other comprehensive income	**–**	(33)	(33)
Total tax effects of adjustments	**(21)**	(50)	(31)
Total non-controlling interests' share of adjustments	**(645)**	(1 737)	(1 135)
Headline loss	**(256)**	(574)	(771)
Weighted average number of shares in issue (million)	**177,1**	177,1	177,1
Headline loss per share (cents)	**(144,5)**	(324,1)	(435,1)
Diluted headline loss per share (cents)	**(144,5)**	(324,1)	(435,1)
Adjusted headline loss:			
Headline loss (as above)	**(256)**	(574)	(771)
Net unrealised foreign exchange losses on translation of long-term receivables	**–**	24	–
Total tax effects of adjustments	**–**	(7)	–
Adjusted headline loss	**(256)**	(557)	(771)
Undiluted adjusted headline loss per share (cents)	**(144,5)**	(314,6)	435,1
Diluted adjusted headline loss per share (cents)	**(144,5)**	(314,6)	435,1

R million	Unaudited Six months ended 30 June 2017	Unaudited Six months ended 30 June 2016	Audited Year ended 31 December 2016
7. Segmental reporting			
Revenue			
Reportable segments			
Containers – finance (including exchange differences)	**–**	(36)	(86)
Containers – owning, leasing, management and trading	**4 052**	5 091	9 459
	4 052	5 055	9 373
Operating loss before net finance expenses			
Reportable segments			
Containers – finance	**(14)**	21	240
Containers – owning, leasing, management and trading	**(725)**	(3 987)	(2 523)
	(739)	(3 966)	(2 283)
Unallocated	**(74)**	13	(74)
	(813)	(3 953)	(2 357)
Loss before tax			
Reportable segments			
Containers – finance	**(14)**	21	240
Containers – owning, leasing, management and trading	**(1 614)**	(4 938)	(3 975)
	(1 628)	(4 917)	(3 735)
Unallocated	**(42)**	35	(22)
	(1 670)	(4 882)	(3 757)
Assets			
Capital expenditure incurred by the container owning, leasing, management and trading segment	**283**	3 830	7 210

As a result of the repayment of the long-term receivables during 2016, and the final settlement of the amounts due to third parties in respect of long-term receivables taking place during the current financial year, the container – finance segment will no longer be reported as a separate segment with effect from the 2018 financial year.

R million	Unaudited 30 June 2017 Carrying amount	Unaudited 30 June 2017 Fair value	Unaudited 30 June 2016 Carrying amount	Unaudited 30 June 2016 Fair value	Audited 31 December 2016 Carrying amount	Audited 31 December 2016 Fair value
8. Financial instruments						
The carrying amounts and fair values of financial assets and financial liabilities are as follows:						
Assets						
Designated at fair value through profit or loss						
Long-term receivables	**–**	**–**	576	576	–	–
Held for trading						
Derivative financial instruments	**65**	**65**	–	–	63	63
Loans and receivables						
Restricted cash	**1 065**	**1 065**	445	445	737	737
Trade and other receivables	**1 365**	**1 365**	1 515	1 515	1 731	1 731
Cash and cash equivalents	**3 384**	**3 384**	3 780	3 780	2 837	2 837
Other						
Net investment in finance leases	**1 193**	**1202**	2 774	2 741	1 450	1 451
	7 072	**7 081**	9 090	9 057	6 818	6 819

R million	Unaudited 30 June 2017 Carrying amount	Unaudited 30 June 2017 Fair value	Unaudited 30 June 2016 Carrying amount	Unaudited 30 June 2016 Fair value	Audited 31 December 2016 Carrying amount	Audited 31 December 2016 Fair value
8. Financial instruments (continued)						
Liabilities						
Liabilities at amortised cost:						
Interest-bearing borrowings (excluding debt issuance costs)	**38 268**	**38 917**	45 749	45 301	41 926	41 300
Trade and other payables	**548**	**548**	1 592	1 592	719	719
Designated at fair value through profit or loss:						
Amounts attributable to third parties in respect of long-term receivables	**5**	**5**	82	82	65	65
Held for trading:						
Derivative financial instruments	**5**	**5**	248	248	17	17
	38 826	**39 475**	47 671	47 223	42 727	42 101

9. Change in estimate

Residual values of the container fleets were reassessed at 30 June 2017. In accordance with IAS 16 *Property, Plant and Equipment,* residual values are the estimated amounts that the entities would currently obtain at the financial reporting date from the disposal of containers, after deducting the estimated costs of disposal, if the containers were already of the age and in the condition expected at the end of their useful lives. The reassessment of residual values are accounted for prospectively as a change in accounting estimate from the date of change in estimate, in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The consequence of the reassessment of residual values at 30 June 2017 is an estimated reduction of R760 million in the depreciation charge for the remainder of the year over what it would have been had the residual values not been revised. This estimate presumes no material changes to the composition of the container fleets and no significant changes for the next six months to market factors prevailing at 30 June 2017. Changes in these factors will influence the depreciation that may be charged in future periods.

10. Event after the reporting period

On 6 September 2017, Textainer refinanced its R15,5 billion warehouse facility used to acquire intermodal containers to extend the term and lower the interest rate of the facility. The facility incorporates a three-year revolving period that was extended to August 2020. Pricing on the facility consists of a spread over the London Interbank Offered Rate (LIBOR). The spread was reduced from 2,25% to 1,90%.

11. Restatement – cash flow

In compiling the consolidated statement of cash flows for the financial year ended 31 December 2016, interest-bearing borrowings raised amounting to R7 629 million were netted off against interest-bearing borrowings repaid which resulted in both interest-bearing borrowings raised and repaid being understated by an equal amount of R7 629 million. The restatement in the current period has no impact on earnings per share or headline earnings per share, and net cash flows of the group have remained as previously reported.

Condensed consolidated statement of cash flows
for the year ended 31 December 2016

R million	Amount previously reported	Change	Restated amount
Cash generated from operations	7 479	–	7 479
Others	(7 940)		(7 940)
Net cash outflow from operating activities	(461)	–	(461)
Cash inflow from investing activities	(358)	–	(358)
Cash flows from financing activities			
Interest-bearing borrowings repaid	(1 052)	(7 629)	(8 681)
Interest-bearing borrowings raised	945	7 629	8 574
Debt issuance costs incurred	(88)	–	(88)
Net cash outflow from financing activities	(195)	–	(195)
Net decrease in cash and cash equivalents before exchange rate fluctuations	(1 014)	–	(1 014)
Cash and cash equivalents at the beginning of the year	4 241	–	4 241
Effects of exchange rate fluctuations on cash and cash equivalents	(390)	–	(390)
Cash and cash equivalents at the end of the year	2 837	–	2 837

In order to provide a better appreciation of the results of the group's activities, a condensed consolidated income statement and a condensed consolidated statement of financial position are also presented in US dollars, as virtually all of the group's consolidated revenue and assets and much of its expenditure are denominated in that currency. The unaudited amounts stated in US dollars have been prepared by management and have been calculated by translating the assets and liabilities at the period-end rate of exchange, income statement items at the average rate of exchange with the difference allocated to the foreign currency translation reserve included in equity.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT IN US DOLLARS

for the six months ended 30 June 2017

US$ million	**Unaudited Six months ended 30 June 2017**	Unaudited Six months ended 30 June 2016	Unaudited Year ended 31 December 2016
Revenue	**304,8**	330,7	641,8
Trading profit/(loss) before items listed below:	**34,4**	(27,3)	(32,2)
Realised and unrealised exchange losses on translation of long-term receivables, excluding fair value adjustment	**(0,1)**	(0,3)	(0,9)
Fair value adjustment on net long-term receivables	**–**	3,3	22,1
Impairment of property, plant and equipment	**(91,3)**	(242,9)	(178,9)
Available-for-sale financial asset – reclassification from other comprehensive income	**–**	2,1	2,1
Compensation receivable from third party in respect of impairment of property, plant and equipment	**(6,6)**	–	19,4
Operating loss before net finance expenses	**(63,6)**	(265,1)	(168,4)
Net finance expenses	**(64,2)**	(59,0)	(95,1)
Finance expenses Interest expense	**(66,5)**	(41,4)	(95,9)
Realised and unrealised losses on derivative financial instruments	**(0,3)**	(19,3)	(3,1)
Finance income Interest income	**2,6**	1,7	3,9
Share of loss of equity accounted investee (net of tax)	**(0,3)**	(1,3)	(0,4)
Loss before tax	**(128,1)**	(325,4)	(263,9)
Income tax expense/(credit)	**2,9**	(5,2)	0,2
Loss for the period	**(131,0)**	(320,2)	(264,1)
Attributable to:			
Equity holders of the company	**(66,0)**	(158,6)	(122,0)
Non-controlling interests	**(65,0)**	(161,6)	(142,1)
	(131,0)	(320,2)	(264,1)
Number of shares in issue (million)	**177,1**	177,1	177,1
Weighted average number of shares in issue (million)	**177,1**	177,1	177,1
Loss per share (US cents)	**(37,3)**	(89,6)	(68,9)
Diluted loss per share (US cents)	**(37,3)**	(89,6)	(68,9)
Headline loss per share (US cents)	**(11,0)**	(21,4)	(28,5)
Diluted headline loss per share (US cents)	**(11,0)**	(21,4)	(28,5)
Adjusted headline loss per share (US cents)	**(10,9)**	(21,3)	(28,3)
Diluted adjusted headline loss per share (US cents)	**(10,9)**	(21,3)	(28,3)
Period-end rate of exchange: SA rand to US dollar	**12,99**	14,88	13,58
Average rate of exchange for the period: SA rand to US dollar	**13,28**	15,39	14,72
Trading profit/(loss) from operations comprises:			
Textainer and TAC	**41,2**	(24,9)	(23,4)
Other	**(6,8)**	(2,4)	(8,8)
	34,4	(27,3)	(32,2)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN US DOLLARS

at 30 June 2017

US$ million	**Unaudited 30 June 2017**	Unaudited 30 June 2016	Unaudited 31 December 2016
ASSETS			
Property, plant and equipment	**3 334,3**	3 519,8	3 612,7
Long-term receivables	**–**	30,6	–
Other non-current assets	**182,3**	193,9	168,5
Total non-current assets	**3 516,6**	3 744,3	3 781,2
Total current assets	**445,2**	473,3	425,0
Inventories	**34,1**	29,5	31,9
Trade and other receivables	**118,1**	120,7	148,5
Current portion of long-term receivables	**–**	8,1	–
Current portion of net investment in finance leases	**31,4**	61,0	34,4
Current tax asset	**1,1**	–	1,3
Cash and cash equivalents	**260,5**	254,0	208,9
Total assets	**3 961,8**	4 217,6	4 206,2
EQUITY			
Equity attributable to equity holders of the company	**534,3**	575,1	603,7
Non-controlling interests	**394,5**	436,4	457,8
Total equity	**928,8**	1 011,5	1 061,5
LIABILITIES			
Interest-bearing borrowings	**2 575,6**	2 952,7	361,8
Amounts attributable to third parties in respect of long-term receivables	**–**	4,5	–
Derivative financial instruments	**0,4**	16,7	1,2
Deferred revenue	**2,1**	2,4	2,3
Deferred tax liabilities	**5,1**	9,1	4,8
Total non-current liabilities	**2 583,2**	2 985,4	370,1
Total current liabilities	**449,8**	220,7	2 774,6
Trade and other payables	**42,2**	107,0	52,9
Current tax liabilities	**10,8**	11,3	10,0
Current portion of amounts attributable to third parties in respect of long-term receivables	**0,4**	0,9	4,8
Current portion of interest-bearing borrowings	**396,1**	101,2	2 706,6
Current portion of deferred revenue	**0,3**	0,3	0,3
Total liabilities	**3 033,0**	3 206,1	3 144,7
Total equity and liabilities	**3 961,8**	4 217,6	4 206,2
Ratio to total equity:			
Total liabilities (%)	**326,5**	317,0	296,2
Interest-bearing borrowings (%)	**319,9**	302,0	289,0