



## CORPORATE GOVERNANCE

Corporate  
governance

The board of directors endorses the Code of Corporate Practices and Conduct in the King II Report on Corporate Governance. Ongoing enhancement of corporate governance principles is a global movement, fully supported by the board and the board will continue to adopt, as appropriate, existing and new principles which advance good practical corporate governance and add value to the group's business activities.

It must be noted that Mobile is an investment holding company, has no employees and is classified as the pyramid company of Tencor Ltd ("Tencor") in terms of the Listings Requirements of the JSE.

The board is of the opinion that the group has, in all material respects and where relevant, complied with the Code during the year under review.

The salient features of the group's corporate governance are set out below.

BOARD OF DIRECTORS  
COMPOSITION

The names and brief résumés of the directors appear on page 98. The board currently comprises four non-executive directors, two of whom qualify as independent non-executive directors in terms of the King II Report.

There is a procedure for appointments to the board and such appointments are formal and transparent and a matter for the board as a whole.

The directors have considerable experience and an excellent understanding of the group's business and all serve on the board of Tencor.

The board as a whole is satisfied that no one director or block of directors has undue power on decision-making.

## PROFESSIONAL ADVICE

All directors have access to the company secretary and are entitled to obtain independent professional advice, at the company's expense if required.

## MEETINGS

The board meets regularly on a scheduled quarterly basis and at such other times as circumstances may require. During the year ended 31 December 2005, four meetings were held and these were attended by all directors.

Board papers are timeously issued to all directors prior to each meeting and contain relevant detail to inform members of the financial position of the group.

## DIRECTORS' SERVICE CONTRACTS

None of the directors are bound by any service contracts. In terms of the articles of association, not less than one-third of the directors are required to retire by rotation at each annual general meeting of the company and may offer themselves for re-election. The appointment of new directors during the year is required to be confirmed at the next annual general meeting and such new directors are required to retire at such annual general meeting, but may offer themselves for re-election.

## DIRECTORS' REMUNERATION

No remuneration is paid to the directors and, accordingly, no remuneration committee has been established.

## DIRECTORS' INTERESTS

The number of securities held by the directors in the issued securities of the company at 31 December 2005 and 2004 were as follows:

	BENEFICIAL		NON-BENEFICIAL		TOTAL
	DIRECT	INDIRECT	DIRECT	INDIRECT	
<b>ORDINARY SHARES</b>					
H A GORVY	105 000	247	-	-	105 247
C JOWELL	482 806	46 461 862	-	88 148	47 032 816
N I JOWELL	24 553	50 370 649	-	-	50 395 202
E OBLOWITZ	-	-	-	-	-
	612 359	96 832 758	-	88 148	97 533 265
<b>*N' ORDINARY SHARES</b>					
H A GORVY	-	10 939	-	-	10 939
C JOWELL	967 987	79 448 068	-	176 380	80 592 435
N I JOWELL	49 128	79 436 695	-	-	79 485 823
E OBLOWITZ	-	-	-	-	-
	1 017 115	158 895 702	-	176 380	160 089 197
<b>6% CONVERTIBLE DEBENTURES</b>					
H A GORVY	-	-	-	-	-
C JOWELL	3 532	43 637	-	640	47 809
N I JOWELL	178	42 562	-	-	42 740
E OBLOWITZ	-	-	-	-	-
	3 710	86 199	-	640	90 549

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

SUB-COMMITTEES OF THE BOARD  
AUDIT COMMITTEE

On 25 August 2004, the board formally established its own separate audit committee to assume the functions relating to the company which were previously conducted by the audit committee of Tencor. Messrs E Oblowitz (committee chairman) and HA Gorvy, both independent non-executive directors, serve on the committee.

The committee meets at least twice a year, prior to the finalisation of the group's interim results and reviewed annual results, and at such other times as may be required. The committee is primarily responsible for assisting the board in carrying out its duties in regard to accounting policies, internal controls and audit, financial reporting, identification and monitoring of risk, and the relationship with the external auditors.

In addition to the committee members, the chairman of the board and certain Tencor group executives are normally invited to attend meetings of the committee as observers. The external auditors attend all meetings and have direct and unrestricted access to the audit committee at all times.

During the year, the committee met on two occasions. The meetings were attended by both members.

In addition, the committee chairman meets separately with the external auditors on an ad-hoc basis.

The audit committee is satisfied that the external auditors are independent in the discharge of their duties. The use of the services of the external auditors for significant non-audit services is considered by the committee on an ad-hoc basis.

Where appropriate, the internal audit function is primarily outsourced to suitably qualified independent external parties which are contracted on an ad-hoc basis to perform certain

### Corporate governance

internal audit functions in terms of specified terms of reference and to report thereon to the audit committee. The internal auditors have direct and unrestricted access to the audit committee.

#### OTHER

There are no other sub-committees of the board. All other matters are considered by the full board.

#### BOARD AND AUDIT COMMITTEE TERMS OF REFERENCE

The board is ultimately accountable and responsible for the performance and affairs of the group. In essence, it provides strategic direction to the group, monitors and evaluates performance and management of its subsidiaries and associate company, determines policies and processes to ensure effective risk management and internal controls, determines policies regarding communication and is responsible for ensuring an effective composition of the board.

Formal detailed terms of reference for the audit committee have been approved and implemented and will be reviewed by the board on a regular basis.

#### RISK MANAGEMENT

Responsibility for managing the group's risk lies with the board of directors. However, shareholders are referred to the report on corporate governance published in the accompanying Trecor annual report relating to its significant risk exposures which could have an effect on Mobile.

#### CODE OF ETHICS

The board agreed a formal code of ethical conduct in 1998 which seeks to ensure high ethical standards. All directors are expected to strive at all times to adhere to this code, and to enhance the reputation of the group. The code is signed by all directors at least every three years.

Any transgression of the code is required to be brought to the attention of the audit committee.

#### RESTRICTION ON TRADING IN SECURITIES

A formal policy, implemented some years ago, prohibits directors and officers from dealing in the company's securities, and those of Trecor, from the date of the end of an interim reporting period until after the interim results have been published and similarly from the end of the financial year until after the reviewed annual results have been published. Directors and officers are reminded of this policy prior to the commencement of any restricted period.

In addition, no dealing in the company's securities is permitted by any director or officer whilst in possession of information which could affect the price of the company's securities and which is not in the public domain.

Directors of the company and of its subsidiaries are required to obtain clearance from Mobile's chairman (and in the case of the chairman, or in the absence of the chairman, from the chairman of the audit committee) prior to dealing in the company's securities, and to timeously disclose to the company full details of any transaction for notification to and publication by the JSE.

#### STAKEHOLDER COMMUNICATION

Members of the board meet on an ad-hoc basis with institutional investors, investor analysts, individuals and members of the financial media. Discussions at such meetings are restricted to matters that are in the public domain.

Shareholders are informed, by means of press announcements and releases in South Africa and/or printed matter sent to such shareholders, of all relevant corporate matters and financial reporting as required in terms of prevailing legislation. In addition, such announcements are communicated via a broad range of channels in both the electronic and print media. The company maintains a corporate website (<http://www.mobile-industries.net>) containing financial and other information, including interactive interim, reviewed and annual results. The site has links to the website of Trecor and to each of its major operating subsidiary companies.

#### ACCESS TO INFORMATION

The company and its subsidiaries are compliant with the provisions of the Promotion of Access to Information Act. The manual in terms of this legislation is available from the registered office of the company and on the company's website.

DECLARATION  
BY THE COMPANY  
SECRETARY

It is hereby certified that for the year ended 31 December 2005, the company has lodged, with the Registrar of Companies, all returns as are required by a public company in terms of the Companies Act in South Africa and that such returns are true, correct and up to date.



TRENCOR SERVICES (PTY) LTD  
SECRETARIES  
PER: G W NORVAL  
CAPE TOWN  
29 MARCH 2006

*Declaration  
by the secretary*

*Annual  
financial  
statements*

*Report of the  
independent  
auditors*

MOBILE INDUSTRIES LIMITED  
AND SUBSIDIARIES  
ANNUAL FINANCIAL  
STATEMENTS

RESPONSIBILITY FOR  
ANNUAL FINANCIAL STATEMENTS

The board of directors is responsible for the preparation of financial statements, on a consistent basis and supported by reasonable and prudent judgements and estimates, that fairly present the state of affairs of the company and of the group in accordance with International Financial Reporting Standards, the Companies Act in South Africa and the Listings Requirements of the JSE.

The board is satisfied that adequate internal accounting controls and systems are maintained, aimed at providing reasonable assurance that assets are adequately safeguarded, based on established policies and procedures implemented by competent personnel who are required to maintain the highest ethical standards at all times.

GOING CONCERN STATEMENT

The annual financial statements of the company and of the group for the year ended 31 December 2005 are prepared on the going concern basis. In the opinion of the directors, the company and the group will continue as a going concern for the foreseeable future.

BOARD APPROVAL

The annual financial statements and group annual financial statements for the year ended 31 December 2005, which have been approved by the board of directors, are attached:

PAGE 80	Directors' report
82	Balance sheets
83	Income statements
84	Statements of changes in equity
85	Cash flow statements
86	Notes to the financial statements

Signed on behalf of the board



C. JOWELL CHAIRMAN



E. OBLOWITZ DIRECTOR  
CAPE TOWN  
29 MARCH 2006

REPORT OF  
THE INDEPENDENT  
AUDITORS

TO THE MEMBERS OF  
MOBILE INDUSTRIES LIMITED

We have audited the annual financial statements and group annual financial statements of Mobile Industries Limited set out on pages 80 to 96 for the year ended 31 December 2005. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis,

evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and of the group as of 31 December 2005, and the results of their operations and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act in South Africa.

*KPMG Inc.*

KPMG INC  
REGISTERED ACCOUNTANTS  
AND AUDITORS  
CHARTERED ACCOUNTANTS (SA)  
CAPE TOWN  
29 MARCH 2006

## DIRECTORS' REPORT

### Directors' report

#### NATURE OF BUSINESS

Mobile is an investment holding company listed on the JSE and is the pyramid company of Trecor Ltd ("Trecor").

The company's main investment as at 31 December 2005 is a holding of 46,88% (2004: 47,37%) of the issued share capital and 47,96% (2004: 47,96%) of the 6% convertible debentures of Trecor, a holding company incorporated in South Africa and listed on the JSE. Trecor's core business focus worldwide is:

- owning, leasing and managing marine cargo containers;
- owning and leasing various types of returnable packaging units (such as beer kegs) together with the appropriate technology and hardware, including transponders and software systems;
- supply chain and other mobile asset management services; and
- finance related activities.

Members are directed to the Trecor Chairman's Statement and results which are fully reported on in the accompanying annual report.

#### GENERAL REVIEW

The financial results are reflected in the financial statements on pages 82 to 96. The estimated proportion of income after taxation attributable to the various classes of business of the group is as follows:

	2005 %	2004 RESTATED %
FAIR VALUE ADJUSTMENT ON INVESTMENT IN CONVERTIBLE DEBENTURES	<b>26,2</b>	57,1
SHARE OF PROFIT OF ASSOCIATE	<b>73,5</b>	43,4
FINANCE INCOME/(EXPENSE)	<b>0,3</b>	(0,5)
	<b>100,0</b>	100,0

#### DIRECTORS AND SECRETARY

The names of the directors appear on page 76 and that of the secretary on page 97.

In terms of the articles of association Messrs H A Gorvy and E Oblovitz retire by rotation at the forthcoming annual general meeting but, being eligible, offer themselves for re-election.

Brief résumés of the directors are presented on page 98.

#### DIRECTORS' INTERESTS

The aggregate of the direct and indirect interests of the directors in the issued securities of the company at 31 December 2005 and 2004 were as follows:

	ORDINARY	'N' ORDINARY	6% CONVERTIBLE DEBENTURES
BENEFICIAL %	32,9	26,6	0,2

The direct and indirect interests of each director who held in excess of 1% of the issued securities at 31 December 2005 and 2004 were as follows:

	ORDINARY	'N' ORDINARY
BENEFICIAL %		
C JOWELL	15,8	13,4
N I JOWELL	17,0	13,2

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

#### DIVIDENDS AND DEBENTURE INTEREST

	PAYMENT NUMBER	RECORD DATE	PAYMENT DATE	AMOUNT PER SHARE/ DEBENTURE	TOTAL
				CENTS	R'000
DIVIDENDS					
2004 - INTERIM	-	-	-	-	-
- FINAL	63	08/04/05	11/04/05	0,90	8 081
2005 - INTERIM	64	30/09/05	03/10/05	0,75	6 734
- FINAL	65	07/04/06	10/04/06	2,30	20 651
DEBENTURE INTEREST					
- 6% CONVERTIBLE	27	17/06/05	30/06/05	6,75	3 829
	28	15/12/05	30/12/05	6,75	3 829

#### STRATE

Holders of securities are reminded that paper certificates are no longer good for delivery and those who have not yet dematerialised their holdings are urged to surrender their paper certificates to a selected Central Securities Depository Participant, bank or qualifying stockbroker for conversion into an electronic record, to render them eligible for settlement in the STRATE system of electronic settlement on the JSE.

#### CORPORATE GOVERNANCE

The report on corporate governance is presented on pages 77 and 78.

#### SUBSIDIARY

The company holds 100% (2004: 100%) of the 700 000 (2004: 700 000) issued ordinary shares of Mobile Acceptances (Pty) Ltd. Details of this investment are as follows:

	2005 R'000	2004 R'000
SHARES AT COST	<b>2 233</b>	2 233
NET (LOSS)/PROFIT FOR THE YEAR	<b>(110)</b>	528

Effective 31 May 2004, the company acquired the 26% minority interest in Mobile Acceptances, increasing its shareholding to 100%.

#### SPECIAL RESOLUTION

At the annual general meeting held on 25 May 2005, shareholders passed a special resolution, which was registered on 13 June 2005, to grant the company a general authority for the acquisition by the company or any of its subsidiaries of shares issued by the company, which authority is valid until the earlier of the next annual general meeting or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the company, provided that it shall not extend beyond fifteen months from the date of passing of the resolution.

#### SPECIAL RESOLUTIONS OF SUBSIDIARIES

No special resolutions were passed by the company's subsidiaries during the year under review.

### INTEREST IN TRENCOR

During the year under review, the number of shares in issue in Trencor increased by 1 605 232 shares as a result of the exercise of options by certain of its directors and employees in terms of The Trencor Share Option Plan. At 31 December 2005 the company had a 46,88% interest (2004: 47,37%) in the issued share capital of Trencor.

Subsequent to the year-end, the number of shares in issue in Trencor increased by 220 000 as a result of the exercise of options just prior to year-end which were allotted and issued on 4 January 2006 and an additional 3 000 shares on 15 March 2006. As a result the company's interest in the issued share capital of Trencor decreased from 46,88% to 46,81%.

### ANALYSIS OF SHARE AND DEBENTURE HOLDERS

An analysis of share and debenture holders and of holders who held 5% or more of the issued securities at 31 December 2005 is presented on page 97.

## MOBILE INDUSTRIES LIMITED AND SUBSIDIARIES

## BALANCE SHEETS

Balance sheets

AT 31 DECEMBER 2005

	NOTES	GROUP		COMPANY	
		2005 R'000	2004 RESTATED R'000	2005 R'000	2004 RESTATED R'000
<b>ASSETS</b>					
INVESTMENT IN ASSOCIATE	2	932 746	696 285	76 697	76 697
INVESTMENT IN CONVERTIBLE DEBENTURES IN ASSOCIATE	2	271 869	199 096	271 869	199 096
INVESTMENT IN SUBSIDIARIES	3	–	–	2 233	2 233
PARTICIPATION IN EXPORT PARTNERSHIPS	4	4 179	5 551	–	–
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1 208 794</b>	<b>900 932</b>	<b>350 799</b>	<b>278 026</b>
TRADE AND OTHER RECEIVABLES	5	613	154	613	154
AMOUNT DUE FROM SUBSIDIARY OF ASSOCIATE		7 341	–	7 341	–
CASH AND CASH EQUIVALENTS		1 018	9 329	1 018	2 924
<b>TOTAL CURRENT ASSETS</b>		<b>8 972</b>	<b>9 483</b>	<b>8 972</b>	<b>3 078</b>
<b>TOTAL ASSETS</b>		<b>1 217 766</b>	<b>910 415</b>	<b>359 771</b>	<b>281 104</b>
<b>EQUITY</b>					
ISSUED CAPITAL	6	1 513	1 513	1 513	1 513
SHARE PREMIUM	6	65 024	65 024	65 024	65 024
RESERVES	7	1 017 561	708 264	159 370	86 369
<b>TOTAL EQUITY</b>		<b>1 084 098</b>	<b>774 801</b>	<b>225 907</b>	<b>152 906</b>
<b>LIABILITIES</b>					
CONVERTIBLE DEBENTURES	8	127 634	127 634	127 634	127 634
DEFERRED TAXATION	9	3 407	5 551	–	–
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>131 041</b>	<b>133 185</b>	<b>127 634</b>	<b>127 634</b>
TRADE AND OTHER PAYABLES	10	1 978	921	1 651	564
AMOUNTS DUE TO SUBSIDIARIES	3	–	–	4 579	–
INCOME TAX PAYABLE		649	1 508	–	–
<b>TOTAL CURRENT LIABILITIES</b>		<b>2 627</b>	<b>2 429</b>	<b>6 230</b>	<b>564</b>
<b>TOTAL LIABILITIES</b>		<b>133 668</b>	<b>135 614</b>	<b>133 864</b>	<b>128 198</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1 217 766</b>	<b>910 415</b>	<b>359 771</b>	<b>281 104</b>

## MOBILE INDUSTRIES LIMITED AND SUBSIDIARIES

## INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

*Income  
statements*

	NOTES	GROUP		COMPANY	
		2005 R'000	2004 RESTATED R'000	2005 R'000	2004 RESTATED R'000
REVENUE	1,11	8 013	8 633	23 959	16 426
ADMINISTRATION EXPENSES		(1 247)	(1 242)	(1 028)	(887)
REVERSAL OF IMPAIRMENT OF RECEIVABLE		-	3 588	-	-
FAIR VALUE ADJUSTMENT ON INVESTMENT IN CONVERTIBLE DEBENTURES		72 773	53 550	72 773	53 550
<b>OPERATING PROFIT BEFORE INTEREST</b>		<b>79 539</b>	64 529	<b>95 704</b>	69 089
INTEREST EXPENSE		(7 658)	(7 776)	(7 888)	(7 698)
SHARE OF PROFIT OF ASSOCIATE		204 353	40 664	-	-
PROFIT/(LOSS) ON DILUTION OF INTEREST IN ASSOCIATE		1 769	(147)	-	-
<b>PROFIT BEFORE TAX</b>	12	<b>278 003</b>	97 270	<b>87 816</b>	61 391
INCOME TAX EXPENSE	13	(282)	(3 558)	-	-
<b>PROFIT FOR THE YEAR</b>		<b>277 721</b>	93 712	<b>87 816</b>	61 391
ATTRIBUTABLE TO:					
EQUITY HOLDERS OF THE PARENT		277 721	93 619	87 816	61 391
MINORITY INTEREST		-	93	-	-
<b>PROFIT FOR THE YEAR</b>		<b>277 721</b>	93 712	<b>87 816</b>	61 391
<b>EARNINGS PER SHARE (CENTS)</b>	14				
BASIC		30,9	10,4		
DILUTED		26,5	9,3		

MOBILE INDUSTRIES LIMITED AND SUBSIDIARIES  
STATEMENTS OF CHANGES IN EQUITY

Statements of  
changes in  
equity

FOR THE YEAR ENDED 31 DECEMBER 2005

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT							
	SHARE CAPITAL	SHARE PREMIUM	NON-DIS- TRIBUTABLE RESERVE	REVALUATION RESERVE	RETAINED INCOME	TOTAL	MINORITY INTEREST	TOTAL EQUITY
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>GROUP</b>								
BALANCE AT 31 DECEMBER 2003 (AS PREVIOUSLY REPORTED)	1 513	65 024	510 530	–	136 547	713 614	4 139	717 753
RESTATEMENT FOR FIRST-TIME ADOPTION OF IFRS (REFER NOTE 18)			(471 580)	20 596	471 580	20 596		20 596
CHANGE IN ACCOUNTING TREATMENT OF DERIVATIVE FINANCIAL INSTRUMENTS BY ASSOCIATE (REFER NOTE 18.1)			18 569		(19 374)	(805)		(805)
BALANCE AT 1 JANUARY 2004 (RESTATED)	1 513	65 024	57 519	20 596	588 753	733 405	4 139	737 544
SHARE OF DECREASE IN NON- DISTRIBUTABLE RESERVE OF ASSOCIATE			(52 223)			(52 223)		(52 223)
GAIN ON DILUTION OF ASSOCIATE'S INVESTMENT IN SUBSIDIARIES TRANSFERRED TO NON-DISTRIBUTABLE RESERVE			3 623		(3 623)	–		–
LOSS ON DILUTION OF INVESTMENT IN ASSOCIATE TRANSFERRED TO NON-DISTRIBUTABLE RESERVE			(147)		147	–		–
ACQUISITION OF MINORITY INVESTMENT IN SUBSIDIARY							(1 112)	(1 112)
DIVIDEND PAID TO MINORITY							(3 120)	(3 120)
PROFIT FOR THE YEAR (RESTATED)					93 619	93 619	93	93 712
TRANSFER OF UNREALISED GAIN ON INVESTMENT IN CONVERTIBLE DEBENTURES				53 550	(53 550)	–		–
BALANCE AT 31 DECEMBER 2004 (RESTATED)	1 513	65 024	8 772	74 146	625 346	774 801	–	774 801
SHARE OF INCREASE IN NON-DISTRIBUTABLE RESERVE OF ASSOCIATE			46 391			46 391		46 391
GAIN ON DILUTION OF ASSOCIATE'S INVESTMENT IN SUBSIDIARIES TRANSFERRED TO NON-DISTRIBUTABLE RESERVE			1 769		(1 769)	–		–
DIVIDENDS PAID					(14 815)	(14 815)		(14 815)
PROFIT FOR THE YEAR					277 721	277 721		277 721
TRANSFER OF UNREALISED GAIN ON INVESTMENT IN CONVERTIBLE DEBENTURES				72 773	(72 773)	–		–
BALANCE AT 31 DECEMBER 2005	1 513	65 024	56 932	146 919	813 710	1 084 098	–	1 084 098
<b>COMPANY</b>								
BALANCE AT 31 DECEMBER 2003 (AS PREVIOUSLY REPORTED)	1 513	65 024	120		4 262	70 919		
RESTATEMENT FOR FIRST-TIME ADOPTION OF IFRS (REFER NOTE 18.2)				20 596		20 596		
PROFIT FOR THE YEAR (RESTATED)					61 391	61 391		
TRANSFER OF UNREALISED GAIN ON INVESTMENT IN CONVERTIBLE DEBENTURES				53 550	(53 550)	–		
BALANCE AT 31 DECEMBER 2004 (RESTATED)	1 513	65 024	120	74 146	12 103	152 906		
DIVIDENDS PAID					(14 815)	(14 815)		
PROFIT FOR THE YEAR					87 816	87 816		
TRANSFER OF UNREALISED GAIN ON INVESTMENT IN CONVERTIBLE DEBENTURES				72 773	(72 773)	–		
BALANCE AT 31 DECEMBER 2005	1 513	65 024	120	146 919	12 331	225 907		

## MOBILE INDUSTRIES LIMITED AND SUBSIDIARIES

**CASH FLOW STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2005

*Cash flow  
statements*

	NOTES	GROUP		COMPANY	
		2005 R'000	2004 R'000	2005 R'000	2004 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
CASH (UTILISED BY)/GENERATED FROM OPERATIONS	15.1	<b>(6 638)</b>	11 718	<b>(7 741)</b>	(872)
INTEREST RECEIVED		<b>8 013</b>	7 546	<b>7 907</b>	7 546
INTEREST PAID		<b>(7 658)</b>	(7 776)	<b>(7 888)</b>	(7 698)
DIVIDENDS RECEIVED		<b>16 052</b>	–	<b>16 052</b>	8 880
DIVIDENDS PAID TO MINORITY		–	(3 120)	–	–
DIVIDENDS PAID		<b>(14 815)</b>	–	<b>(14 815)</b>	–
INCOME TAXES (PAID)/REFUNDED	15.2	<b>(3 265)</b>	(3 339)	–	10
<b>NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES</b>		<b>(8 311)</b>	5 029	<b>(6 485)</b>	7 866
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
INCREASE IN INVESTMENT IN ASSOCIATE		–	(4 261)	–	(4 261)
INCREASE IN INVESTMENT IN SUBSIDIARY		–	–	–	(1 049)
ACQUISITION OF MINORITY INTEREST		–	(1 049)	–	–
REPAYMENT OF LOAN BY SUBSIDIARIES		–	–	<b>4 579</b>	–
<b>NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES</b>		–	(5 310)	<b>4 579</b>	(5 310)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		<b>(8 311)</b>	(281)	<b>(1 906)</b>	2 556
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		<b>9 329</b>	9 610	<b>2 924</b>	368
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>1 018</b>	9 329	<b>1 018</b>	2 924

MOBILE INDUSTRIES LIMITED AND SUBSIDIARIES  
 NOTES TO THE FINANCIAL STATEMENTS

Notes to the  
 financial  
 statements

**I ACCOUNTING POLICIES**

**SIGNIFICANT ACCOUNTING POLICIES**

Mobile Industries Limited (the 'company') and its subsidiaries are companies incorporated in South Africa. The consolidated financial statements of the company for the year ended 31 December 2005 comprise the company and its subsidiaries (together referred to as the 'group') and the group's interest in its associate.

The financial statements were authorised for issue by the directors on 29 March 2006.

**I.1 STATEMENT OF COMPLIANCE**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB). IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the group is provided in note 18.

**I.2 BASIS OF PREPARATION**

The financial statements are presented in SA rand, rounded to the nearest one thousand. They are prepared on the historical cost basis except as otherwise stated below.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening IFRS balance sheet at 1 January 2004 for the purposes of the transition to IFRS.

The accounting policies have been applied consistently by group entities.

**I.3 BASIS OF CONSOLIDATION**

**I.3.1 SUBSIDIARIES**

Subsidiaries are entities controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Gains or losses arising from the dilution of investments in subsidiaries are recognised in the income statement and the net gain or loss attributable to the group is transferred to a non-distributable reserve.

In the case of the company, investments in subsidiaries are carried at cost less impairment losses.

**I.3.2 ASSOCIATES**

Associates are those entities in which the group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the group's share of losses exceeds its interest in an associate, the group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the group has incurred legal or constructive obligations or made payments on behalf of an associate.

Gains or losses arising from the dilution of investments in associates are recognised in the income statement and the net gain or loss attributable to the group is transferred to a non-distributable reserve.

In the case of the company, investments in associates are carried at cost less impairment losses.

**I.3.3 TRANSACTIONS ELIMINATED ON CONSOLIDATION**

Intra-group balances and any unrealised gains and losses or income and

expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with associates are eliminated to the extent of the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**I.4 IMPAIRMENT**

The carrying amounts of the group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

In respect of goodwill, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

**I.4.1 CALCULATION OF RECOVERABLE AMOUNT**

The recoverable amount of the group's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows generated by an asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

**I.4.2 REVERSALS OF IMPAIRMENT**

An impairment loss in respect of the participation in exports partnerships, carried at cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there is an indication that the impairment no longer exists and/or there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**I.5 GOODWILL**

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries and associates.

In respect of acquisitions prior to 1 January 2004, goodwill is included at its carrying amount recorded under South African Statements of Generally Accepted Accounting Practice (SA GAAP) at the date of transition to IFRS. The classification and accounting treatment of business combinations that occurred prior to 1 January 2004 has not been reconsidered in preparing the group's opening IFRS balance sheet at 1 January 2004.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is no longer amortised but is tested annually for impairment (see accounting policy 1.4). In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Negative goodwill arising on an acquisition is recognised directly in profit or loss.

**I.6 INVESTMENTS IN FINANCIAL INSTRUMENTS**

Investments in financial instruments held by the group are designated as financial assets at fair value through profit and loss, with any resultant gain or loss being recognised in the income statement. Financial instruments are initially recognised at fair value.

The fair value of investments at fair value through profit and loss is their quoted bid price at the balance sheet date.

Financial instruments at fair value through profit and loss are recognised/derecognised by the group on the date it commits to purchase/sell the investments.

The net unrealised gain or loss on the revaluation of financial instruments taken through the income statement is transferred to a non-distributable reserve. Such unrealised gains or losses are transferred from non-distributable to distributable reserves upon derecognition.

#### 1.7 LOANS

Loans originated by the group are measured at amortised cost less impairment losses.

#### 1.8 TAXATION

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is provided using the balance sheet liability method, providing for 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 that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that the company controls the timing of the reversal of such differences and that it is probable that they will 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, using tax rates enacted or substantively enacted at the balance sheet date.

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.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Secondary tax on companies (STC) is recognised as part of the current tax charge in the income statement when the net dividend is declared, except where the group exemption has been elected, resulting in no STC consequences for the company. When dividends received in the current year can be offset against future dividend payments to reduce the STC liability, a deferred tax asset is recognised to the extent of probable future reductions in STC.

#### 1.9 TRADE AND OTHER RECEIVABLES

Trade and other receivables are stated at amortised cost less impairment losses (see accounting policy 1.4).

#### 1.10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

#### 1.11 SHARE CAPITAL AND DIVIDENDS

Dividends are recognised as a liability in the period in which they are declared.

#### 1.12 FINANCIAL LIABILITIES

Non-derivative financial liabilities are measured at amortised cost, comprising original debt less principal payments and amortisations.

#### 1.13 PROVISIONS

A provision is recognised in the balance sheet when the group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

#### 1.14 PARTICIPATION IN EXPORT PARTNERSHIPS

The participation in export partnerships is measured at amortised cost. Amortised cost is the group companies' cost of the original participation plus their share of the gross profit less their share of the subsequent net amounts received as partner in the partnership.

#### 1.15 REVENUE

##### 1.15.1 INVESTMENT INCOME

Interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective interest rate over the periods to maturity, where it is possible such income will accrue to the group. Dividend income is recognised when the right to receive payment is established.

##### 1.15.2 FINANCE INCOME EARNED

Finance income is recognised in the income statement over the period of the agreements using the effective interest method.

#### 1.16 INTEREST EXPENSE

Interest expense comprises interest payable on borrowings and interest expense component of finance lease payments calculated using the effective interest rate method and amortisation of debt issuance costs.

#### 1.17 SEGMENT REPORTING

The group has no distinguishable segments and consequently no segmental report is prepared.

#### 1.18 ACCOUNTING STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET EFFECTIVE

At the date of authorisation of the financial statements for the year ended 31 December 2005, the following relevant accounting standards and interpretations were in issue but not yet effective:

##### 1.18.1

IFRS 7 *Financial Instruments: Disclosures (including amendments to IAS 1, Presentation of Financial Statements: Capital Disclosures)*, which is effective for annual periods commencing on or after 1 January 2007.

The disclosures provided in respect of financial instruments in the financial statements of the period ending 31 December 2007, as well as comparative information, will be required to be compliant with IFRS 7. IFRS 7 requires additional disclosure compared to that required in terms of existing IFRS. The adoption of IFRS 7 will not have any impact on the accounting policies adopted for financial instruments.

##### 1.18.2

IAS 39 amendment – *Financial Instruments: Recognition and Measurement (June 2005) – The Fair Value Option*, which is effective for annual periods commencing on or after 1 January 2006.

The amendments to IAS 39 will be adopted by the group for the first time for the year ending 31 December 2006 and are not expected to have any impact on the existing accounting treatment of financial instruments.

Notes to the  
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## INVESTMENT IN ASSOCIATE

	GROUP		COMPANY		
	2005 R'000	2004 R'000	2005 R'000	2004 R'000	
TRENCOR					
LISTED SHARES HELD AT COST	<b>76 697</b>	76 697	<b>76 697</b>	76 697	
NUMBER OF SHARES: 72 964 978 (2004: 72 964 978)					
MARKET VALUE: R1 532 264 538 (2004: R1 058 721 831)					
ATTRIBUTABLE RESERVES AND PROFIT NET OF DIVIDENDS RECEIVED	<b>856 049</b>	619 588	-	-	
	<b>932 746</b>	696 285	<b>76 697</b>	76 697	
LISTED 6% CONVERTIBLE DEBENTURES AT FAIR VALUE	<b>271 869</b>	199 096	<b>271 869</b>	199 096	
NUMBER OF DEBENTURES: 13 730 780 (2004: 13 730 780)					
SHARE OF PROFIT/(LOSS) OF DISCONTINUED OPERATIONS OF TRENCOR	<b>2 491</b>	(94)	-	-	
SUMMARY FINANCIAL INFORMATION OF TRENCOR – 100%					
	ASSETS R'000	LIABILITIES R'000	EQUITY R'000	REVENUES R'000	PROFIT R'000
2005	<b>9 382 564</b>	<b>6 568 630</b>	<b>2 813 934</b>	<b>2 099 522</b>	<b>434 174</b>
2004	8 197 390	6 161 946	2 035 444	1 119 953	86 210

## 3 INVESTMENT IN SUBSIDIARIES

	GROUP		COMPANY	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
UNLISTED SHARES HELD AT COST	-	-	<b>2 233</b>	2 233
AMOUNTS DUE TO SUBSIDIARIES	-	-	<b>(4 579)</b>	-
	-	-	<b>(2 346)</b>	2 233

## 4 PARTICIPATION IN EXPORT PARTNERSHIPS

The subsidiaries participate in certain export partnerships. The partnerships bought and sold containers in terms of long-term suspensive purchase and credit sale agreements, with repayment terms usually over a 10 to 15 year period.

## 5 TRADE AND OTHER RECEIVABLES

PREPAID EXPENSES	-	134	-	134
ACCRUED INCOME	<b>613</b>	20	<b>613</b>	20
	<b>613</b>	154	<b>613</b>	154

## 6

## CAPITAL AND SHARE PREMIUM

	GROUP		COMPANY	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
SHARE CAPITAL				
AUTHORISED				
ORDINARY SHARES OF 0,5 CENT EACH				
390 000 000 (2004: 390 000 000)	<b>1 950</b>	1 950	<b>1 950</b>	1 950
'N' ORDINARY SHARES OF 0,005 CENT EACH				
1 000 000 000 (2004: 1 000 000 000)	<b>50</b>	50	<b>50</b>	50
	<b>2 000</b>	2 000	<b>2 000</b>	2 000
ISSUED				
ORDINARY SHARES 296 634 742 (2004: 296 634 742)	<b>1 483</b>	1 483	<b>1 483</b>	1 483
'N' ORDINARY SHARES 601 226 334 (2004: 601 226 334)	<b>30</b>	30	<b>30</b>	30
	<b>1 513</b>	1 513	<b>1 513</b>	1 513
SHARE PREMIUM	<b>65 024</b>	65 024	<b>65 024</b>	65 024
	<b>66 537</b>	66 537	<b>66 537</b>	66 537

The ordinary shares and the 'N' ordinary shares rank pari passu in all respects, save that upon a poll each ordinary share entitles the holder thereof to 100 votes and each 'N' ordinary share entitles the holder thereof to one vote.

## 7

## RESERVES

NON-DISTRIBUTABLE				
RESERVES OF ASSOCIATE ATTRIBUTABLE TO THE GROUP	<b>56 732</b>	8 572	-	-
REVENUE PROFITS OF THE SUBSIDIARY ATTRIBUTABLE TO THE HOLDING COMPANY, CONVERTED INTO CAPITALISATION SHARES BY THE SUBSIDIARY	<b>120</b>	120	<b>120</b>	120
REVALUATION RESERVE - FAIR VALUE ADJUSTMENTS	<b>146 919</b>	74 146	<b>146 919</b>	74 146
POST-ACQUISITION NON-DISTRIBUTABLE RESERVE OF SUBSIDIARY	<b>80</b>	80	-	-
	<b>203 851</b>	82 918	<b>147 039</b>	74 266
DISTRIBUTABLE				
RETAINED INCOME	<b>813 710</b>	625 346	<b>12 331</b>	12 103
COMPANY AND SUBSIDIARIES	<b>14 393</b>	14 330	<b>12 331</b>	12 103
ASSOCIATE	<b>799 317</b>	611 016	-	-
TOTAL RESERVES	<b>1 017 561</b>	708 264	<b>159 370</b>	86 369
DIVIDENDS				
DIVIDENDS DECLARED AND PAID DURING THE YEAR ARE AS FOLLOWS:				
FINAL DIVIDEND IN RESPECT OF FINANCIAL YEAR 2004 - 0,9 CENTS PER SHARE	<b>8 081</b>	-	<b>8 081</b>	-
INTERIM DIVIDEND IN RESPECT OF FINANCIAL YEAR 2005 - 0,75 CENTS PER SHARE	<b>6 734</b>	-	<b>6 734</b>	-
	<b>14 815</b>	-	<b>14 815</b>	-

A final dividend of 2,3 cents per share in respect of financial year 2005 (2004: 0,9 cents per share) was declared by the board on 27 February 2006. This dividend will not be subject to STC as the company has sufficient unutilised STC credits (refer note 9).

The distributable reserves of the company would not attract STC if distributed by way of dividends as the company has sufficient unutilised STC credits.

Notes to the  
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## CONVERTIBLE DEBENTURES

	GROUP		COMPANY	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
<b>8</b> 56 726 200 UNSECURED AUTOMATICALLY CONVERTIBLE SUBORDINATED DEBENTURES OF R2,25 EACH	<b>127 634</b>	127 634	<b>127 634</b>	127 634

The debentures bear interest at 6% p.a. payable in arrears in June and December. The debentures will be automatically converted into shares on the basis of one ordinary share and two 'N' ordinary shares for each debenture converted on the last Friday of the fifth month of the financial year following the financial year in respect of which the total dividend declared in cents per share is equal to or exceeds 4,5 cents.

**9** DEFERRED TAXATION  
DEFERRED TAX LIABILITY

BALANCE AT 1 JANUARY	<b>5 551</b>	5 298	-	-
TAX RATE CHANGE	<b>(62)</b>	-	-	-
CURRENT - TEMPORARY DIFFERENCES	<b>(2 082)</b>	253	-	-
BALANCE AT 31 DECEMBER	<b>3 407</b>	5 551	-	-
COMPRISING:				
PARTICIPATION IN EXPORT PARTNERSHIPS	<b>3 407</b>	5 551	-	-
	<b>3 407</b>	5 551	-	-

The company has an unutilised STC credit of R14 417 773 (2004: R13 855 234) in respect of which a deferred tax asset has not been raised, as it is not considered probable that dividend payments will exceed dividend receipts for the foreseeable future.

The revaluation of the investment in convertible debentures of the associate has not given rise to a deferred tax liability as it is not considered probable that a related tax liability will arise.

**IO** TRADE AND OTHER PAYABLES

TRADE PAYABLE	<b>267</b>	267	-	-
ACCRUED EXPENSES	<b>1 382</b>	333	<b>1 322</b>	243
UNCLAIMED DEBENTURE INTEREST AND DIVIDENDS	<b>329</b>	321	<b>329</b>	321
	<b>1 978</b>	921	<b>1 651</b>	564

**II** REVENUE

FINANCE INCOME	-	1 024	-	-
DIVIDENDS RECEIVED	-	-	<b>16 052</b>	8 880
INTEREST RECEIVED	<b>8 013</b>	7 609	<b>7 907</b>	7 546
INVESTMENT IN CONVERTIBLE DEBENTURES OF ASSOCIATE	<b>7 497</b>	7 497	<b>7 497</b>	7 497
SUBSIDIARY	-	-	<b>404</b>	-
OTHER	<b>516</b>	112	<b>6</b>	49
	<b>8 013</b>	8 633	<b>23 959</b>	16 426

**I2****PROFIT BEFORE TAXATION**

Profit before taxation has been arrived at after taking into account:

	GROUP		COMPANY	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
AUDITOR'S REMUNERATION	<b>152</b>	141	<b>97</b>	71
AUDIT FEE CURRENT YEAR	<b>157</b>	141	<b>97</b>	71
PRIOR YEAR	<b>(5)</b>	-	-	-

**I3****INCOME TAX EXPENSE**

SOUTH AFRICAN NORMAL	<b>2 406</b>	1 805	-	-
CURRENT	<b>2 164</b>	947	-	-
ADJUSTMENT IN RESPECT OF PRIOR YEAR	-	120	-	-
CAPITAL GAINS TAX	-	738	-	-
ADJUSTMENT IN RESPECT OF PRIOR YEAR CAPITAL GAINS TAX	<b>242</b>	-	-	-
SOUTH AFRICAN DEFERRED	<b>(2 124)</b>	253	-	-
(CREDIT)/CHARGE FOR THE YEAR	<b>(2 082)</b>	253	-	-
COMPANY TAX RATE CHANGE	<b>(42)</b>	-	-	-
SECONDARY TAX ON COMPANIES	-	1 500	-	-
	<b>282</b>	3 558	-	-
THE EFFECTIVE TAX RATE IS RECONCILED AS FOLLOWS:	%	%	%	%
STATUTORY TAX RATE	<b>29,0</b>	30,0	<b>29,0</b>	30,0
UTILISATION OF COMPUTED TAX LOSSES	<b>0,1</b>	0,3	<b>0,3</b>	0,5
NON-TAXABLE INCOME	<b>(7,6)</b>	(16,5)	<b>(29,3)</b>	(30,5)
DISALLOWABLE EXPENSES	-	0,1	-	-
DILUTION OF INTEREST IN ASSOCIATE	<b>(0,2)</b>	-	-	-
PRIOR YEAR ADJUSTMENT	-	0,1	-	-
PRIOR YEAR ADJUSTMENT CAPITAL GAINS TAX	<b>0,1</b>	-	-	-
CAPITAL GAINS TAX	-	0,8	-	-
PROFIT OF ASSOCIATE	<b>(21,3)</b>	(12,6)	-	-
SECONDARY TAX ON COMPANIES	-	1,5	-	-
EFFECTIVE TAX RATE	<b>0,1</b>	3,7	-	-

Notes to the  
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## EARNINGS AND HEADLINE EARNINGS PER SHARE

I4

	GROUP		COMPANY	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
EARNINGS PER SHARE				
UNDILUTED				
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	<b>277 721</b>	93 619	-	-
WEIGHTED AVERAGE NUMBER OF SHARES IN ISSUE ('000)	<b>897 861</b>	897 861	-	-
EARNINGS PER SHARE (CENTS)	<b>30,9</b>	10,4	-	-
DILUTED				
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	<b>277 721</b>	93 619	-	-
AFTER TAX EFFECT OF INTEREST NOT PAYABLE ON DEBENTURES TO BE CONVERTED	<b>5 437</b>	5 361	-	-
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (DILUTED)	<b>283 158</b>	98 980	-	-
NUMBER OF SHARES IN ISSUE FOR DILUTED EARNINGS PER SHARE ('000)	<b>1 068 040</b>	1 068 040	-	-
NUMBER OF SHARES IN ISSUE FOR UNDILUTED EARNINGS PER SHARE ('000)	<b>897 861</b>	897 861	-	-
SHARES TO BE ISSUED ON CONVERSION OF DEBENTURES ('000)	<b>170 179</b>	170 179	-	-
DILUTED EARNINGS PER SHARE (CENTS)	<b>26,5</b>	9,3	-	-

The dilution would arise as a result of any future conversion of debentures referred to in note 8.

HEADLINE EARNINGS PER SHARE				
UNDILUTED				
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	<b>277 721</b>	93 619	-	-
(PROFIT)/LOSS ON DILUTION OF INTEREST IN ASSOCIATE	<b>(1 769)</b>	147	-	-
ATTRIBUTABLE SHARE OF HEADLINE EARNINGS ADJUSTMENTS OF ASSOCIATE	<b>(13 004)</b>	16 241	-	-
HEADLINE EARNINGS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	<b>262 948</b>	110 007	-	-
WEIGHTED AVERAGE NUMBER OF SHARES IN ISSUE ('000)	<b>897 861</b>	897 861	-	-
HEADLINE EARNINGS PER SHARE (CENTS)	<b>29,3</b>	12,3	-	-
DILUTED				
UNDILUTED HEADLINE EARNINGS	<b>262 948</b>	110 007	-	-
AFTER TAX EFFECT OF INTEREST NOT PAYABLE ON DEBENTURES TO BE CONVERTED	<b>5 437</b>	5 361	-	-
DILUTED HEADLINE EARNINGS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	<b>268 385</b>	115 368	-	-
NUMBER OF SHARES IN ISSUE FOR DILUTED EARNINGS PER SHARE ('000)	<b>1 068 040</b>	1 068 040	-	-
DILUTED HEADLINE EARNINGS PER SHARE (CENTS)	<b>25,1</b>	10,8	-	-

## I5

## NOTES TO THE CASH FLOW STATEMENTS

## I5.1

Reconciliation of profit before taxation to cash  
(utilised by)/generated from operations:

	GROUP		COMPANY	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
PROFIT BEFORE TAX	<b>278 003</b>	97 270	<b>87 816</b>	61 391
ATTRIBUTABLE PROFIT OF ASSOCIATE	<b>(204 353)</b>	(40 664)	-	-
ADJUSTED FOR:				
INTEREST PAID	<b>7 658</b>	7 776	<b>7 888</b>	7 698
INVESTMENT INCOME	<b>(8 013)</b>	(7 609)	<b>(23 959)</b>	(16 426)
FAIR VALUE ADJUSTMENT ON REVALUATION OF INVESTMENT IN CONVERTIBLE DEBENTURES	<b>(72 773)</b>	(53 550)	<b>(72 773)</b>	(53 550)
(PROFIT)/LOSS ON DILUTION OF INVESTMENT IN ASSOCIATE	<b>(1 769)</b>	147	-	-
OPERATING (LOSS)/PROFIT BEFORE WORKING CAPITAL CHANGES	<b>(1 247)</b>	3 370	<b>(1 028)</b>	(887)
WORKING CAPITAL CHANGES	<b>(6 743)</b>	300	<b>(6 713)</b>	15
INCREASE IN TRADE AND OTHER RECEIVABLES	<b>(459)</b>	(148)	<b>(459)</b>	(149)
(INCREASE)/DECREASE IN AMOUNT DUE FROM SUBSIDIARY OF ASSOCIATE	<b>(7 341)</b>	352	<b>(7 341)</b>	-
INCREASE IN TRADE AND OTHER PAYABLES	<b>1 057</b>	96	<b>1 087</b>	164
DECREASE IN LONG-TERM RECEIVABLES	-	2 447	-	-
RECEIPT FROM EXPORT PARTNERSHIPS	<b>1 352</b>	554	-	-
PROCEEDS ON SALE OF LONG-TERM RECEIVABLES	-	5 047	-	-
CASH (UTILISED BY)/GENERATED FROM OPERATIONS	<b>(6 638)</b>	11 718	<b>(7 741)</b>	(872)

## I5.2

Taxation paid/(refunded):

AMOUNTS UNPAID/(PREPAID) AT 1 JANUARY	<b>1 508</b>	1 542	-	(10)
CHARGE PER INCOME STATEMENT	<b>2 406</b>	1 805	-	-
SECONDARY TAX ON COMPANIES	-	1 500	-	-
AMOUNTS UNPAID AT 31 DECEMBER	<b>(649)</b>	(1 508)	-	-
	<b>3 265</b>	3 339	-	(10)

*Notes to the  
financial  
statements*

## **I6** FINANCIAL INSTRUMENTS

Exposure to cash flow, funding, interest rate and credit risks arise in the normal course of the group's business.

### 16.1 CASH FLOW AND FUNDING RISK

The risk is managed through cash flow forecasts and ensuring that adequate borrowing facilities are maintained. In terms of the articles of association, the company's borrowing powers are unlimited.

### 16.2 INTEREST RATE RISK

As part of the process of managing the group's fixed and floating rate borrowings mix, the interest rate borrowings mix, the interest rate characteristics of new borrowings and the refinancing of existing borrowings are structured according to anticipated movements in interest rates.

### 16.3 CREDIT RISK

Trencor has warranted certain important cash flow aspects of the group's participation in export partnerships (refer note 4). The company's directors have considered the credit risk relating to these aspects warranted and have satisfied themselves as to Trencor's creditworthiness.

### 16.4 FAIR VALUES

The fair values of all financial instruments are substantially similar to carrying amounts reflected in the balance sheet, except for the participation in export partnerships and convertible debentures. The fair value of the convertible debentures is based on quoted market prices, without any deduction for transaction costs. The cash flows from the participation in export partnerships (refer note 4) which will be received by the group over the next 10 years, have not been discounted. For fair presentation purposes, it is noted that any impairment to the participation in export partnerships will result in a corresponding reduction in the related deferred taxation liability and thus there would be no impact on the net cash flow statement and the income statement of the group.

The fair values together with the carrying amounts of the financial instruments mentioned above are as follows:

	GROUP				COMPANY			
	FAIR VALUE	CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE	CARRYING VALUE
	2005		2004		2005		2004	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
CONVERTIBLE DEBENTURES	<b>283 631</b>	<b>127 634</b>	195 705	127 634	<b>283 631</b>	<b>127 634</b>	195 705	127 634
PARTICIPATION IN EXPORT PARTNERSHIPS	<b>3 996</b>	<b>4 179</b>	5 286	5 551	–	–	–	–

## **I7** RELATED PARTIES

### 17.1 IDENTITY OF RELATED PARTIES

The group has a related party relationship with its subsidiaries, its associate and key management personnel of the company, which comprises the directors (refer directors' report).

### 17.2 INTRA-GROUP TRANSACTIONS

Amounts due to subsidiaries (refer note 3).

Investment in associate (refer note 2).

Interest received from subsidiaries (refer note 11).

Interest received from associate (refer note 11).

### 17.3 PARTICIPATION IN EXPORT PARTNERSHIPS

The subsidiaries are partners in export partnerships. The managing partner of these partnerships is Trencor Services (Pty) Ltd, a subsidiary of Trencor (refer notes 4 and 16.1).

## TRANSITION TO IFRS AND OTHER PRIOR YEAR CHANGES

	1 JANUARY 2004				31 DECEMBER 2004						
	SA GAAP	ASSOCIATE: CHANGE IN TREATMENT DERIVATIVE INSTRUMENTS	EFFECT ON TRANSITION TO IFRS:		SA GAAP	ASSOCIATE: CHANGE IN TREATMENT DERIVATIVE INSTRUMENTS	EFFECT OF TRANSITION TO IFRS				IFRS
			INVESTMENT: CONVERTIBLE DEBENTURES	GAIN ON			INVESTMENT: CONVERTIBLE DEBENTURES	GOODWILL NO LONGER AMORTISED	SHARE OF ADJUSTMENTS IN ASSOCIATE	IFRS	
R'000	R'000 (NOTE 18.1)	R'000 (NOTE 18.2)	R'000	R'000	R'000 (NOTE 18.1)	R'000 (NOTE 18.2)	R'000 (NOTE 18.3)	R'000 (NOTE 18.4)	R'000		
<b>BALANCE SHEETS</b>											
<b>GROUP</b>											
INVESTMENT IN ASSOCIATE	829 485	(805)	20 596	849 276	820 777	709	74 146	18	(269)	895 381	
OTHER NON-CURRENT ASSETS	12 450	–	–	12 450	5 551	–	–	–	–	5 551	
TOTAL CURRENT ASSETS	11 127	–	–	11 127	9 483	–	–	–	–	9 483	
<b>TOTAL ASSETS</b>	<b>853 062</b>	<b>(805)</b>	<b>20 596</b>	<b>872 853</b>	<b>835 811</b>	<b>709</b>	<b>74 146</b>	<b>18</b>	<b>(269)</b>	<b>910 415</b>	
ISSUED CAPITAL AND PREMIUM	66 537	–	–	66 537	66 537	–	–	–	–	66 537	
RESERVES	647 077	(805)	20 596	666 868	633 660	709	74 146	18	(269)	708 264	
NON-CURRENT LIABILITIES	132 932	–	–	132 932	133 185	–	–	–	–	133 185	
MINORITY INTEREST	4 139	–	–	4 139	–	–	–	–	–	–	
CURRENT LIABILITIES	2 377	–	–	2 377	2 429	–	–	–	–	2 429	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>853 062</b>	<b>(805)</b>	<b>20 596</b>	<b>872 853</b>	<b>835 811</b>	<b>709</b>	<b>74 146</b>	<b>18</b>	<b>(269)</b>	<b>910 415</b>	
<b>COMPANY</b>											
INVESTMENT IN ASSOCIATE	197 386	–	20 596	217 982	201 647	–	74 146	–	–	275 793	
INVESTMENT IN SUBSIDIARY	1 184	–	–	1 184	2 233	–	–	–	–	2 233	
TOTAL CURRENT ASSETS	383	–	–	383	3 078	–	–	–	–	3 078	
<b>TOTAL ASSETS</b>	<b>198 953</b>	<b>–</b>	<b>20 596</b>	<b>219 549</b>	<b>206 958</b>	<b>–</b>	<b>74 146</b>	<b>–</b>	<b>–</b>	<b>281 104</b>	
ISSUED CAPITAL AND PREMIUM	66 537	–	–	66 537	66 537	–	–	–	–	66 537	
RESERVES	4 382	–	20 596	24 978	12 223	–	74 146	–	–	86 369	
NON-CURRENT LIABILITIES	127 634	–	–	127 634	127 634	–	–	–	–	127 634	
CURRENT LIABILITIES	400	–	–	400	564	–	–	–	–	564	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>198 953</b>	<b>–</b>	<b>20 596</b>	<b>219 549</b>	<b>206 958</b>	<b>–</b>	<b>74 146</b>	<b>–</b>	<b>–</b>	<b>281 104</b>	

# I8

## TRANSITION TO IFRS AND OTHER PRIOR YEAR CHANGES (continued)

RECONCILIATION OF PROFIT BEFORE TAX FOR THE YEAR ENDED 31 DECEMBER 2004

	EFFECT OF TRANSITION TO IFRS					IFRS R'000
	SA GAAP	ASSOCIATE: CHANGE IN TREATMENT DERIVATIVE INSTRUMENTS	GAIN ON INVESTMENT: CONVERTIBLE DEBENTURES	GOODWILL NO LONGER AMORTISED	SHARE OF ADJUSTMENTS BY ASSOCIATE	
	R'000	R'000 (NOTE 18.1)	R'000 (NOTE 18.2)	R'000 (NOTE 18.3)	R'000 (NOTE 18.4)	
<b>GROUP</b>						
PROFIT FROM OPERATIONS	10 979	-	-	-	-	10 979
UNREALISED GAIN ON REVALUATION OF INVESTMENT IN CONVERTIBLE DEBENTURES	-	-	53 550	-	-	53 550
OPERATING PROFIT BEFORE INTEREST	10 979	-	53 550	-	-	64 529
INTEREST EXPENSE	(7 776)	-	-	-	-	(7 776)
SHARE OF PROFIT OF ASSOCIATE	27 900	12 862	-	18	(116)	40 664
LOSS ON DILUTION OF INVESTMENT IN ASSOCIATE	(147)	-	-	-	-	(147)
	30 956	12 862	53 550	18	(116)	97 270
<b>COMPANY</b>						
PROFIT FROM OPERATIONS	15 539	-	-	-	-	15 539
UNREALISED GAIN ON REVALUATION OF INVESTMENT IN CONVERTIBLE DEBENTURES	-	-	53 550	-	-	53 550
OPERATING PROFIT BEFORE INTEREST	15 539	-	53 550	-	-	69 089
INTEREST EXPENSE	(7 698)	-	-	-	-	(7 698)
	7 841	-	53 550	-	-	61 391

**18.1**

Trencor has determined that under the stricter application of IAS 39, it may not use hedge accounting for certain interest swaps taken out to hedge economic risk, notwithstanding that the swaps were economically effective. It is therefore required to account on the basis that the net result of the marked-to-market valuation of these instruments is recognised in profit and loss.

**18.2**

Investments in convertible debentures held by the company previously carried at cost are now classified as financial assets and are stated at fair value in accordance with the amendments to IAS 39 with any resultant gain or loss being recognised through the income statement.

**18.3**

Goodwill was previously carried at cost less accumulated amortisation and accumulated impairment losses under SA GAAP. Goodwill is not amortised under IFRS and is stated at cost less any accumulated impairment losses.

**18.4**

Attributable share of the adjustments made in Trencor to account for the IFRS changes relating to goodwill no longer being amortised and the recognition of the fair value of share options granted to employees.

**18.5**

The company's share of post-acquisition reserves of the associate of R471,6 million at 1 January 2004 has been transferred from non-distributable reserves to retained income at the date of transition to IFRS.

## CORPORATE INFORMATION

*Corporate  
information  
Analysis of  
share and  
debenture  
holders*

**COMPANY REGISTRATION**

MOBILE INDUSTRIES LIMITED  
INCORPORATED IN THE REPUBLIC OF SOUTH  
AFRICA ON 9 DECEMBER 1968  
REGISTRATION NUMBER 1968/014997/06

**YEAR LISTED**

1969

**REGISTERED OFFICE AND POSTAL ADDRESS**

1313 MAIN TOWER STANDARD BANK CENTRE  
HEERENGRACHT CAPE TOWN 8001  
TEL 021 421 7310 FAX 021 419 3692  
INTERNATIONAL +27 21

**SECRETARY**

TRENCOR SERVICES (PTY) LTD

**INTERNET ADDRESS**

<http://www.mobile-industries.net>

**E-MAIL**

[info@mobile-industries.net](mailto:info@mobile-industries.net)  
[investorrelations@mobile-industries.net](mailto:investorrelations@mobile-industries.net)

**TRANSFER SECRETARIES**

COMPUTERSHARE INVESTOR SERVICES 2004  
(PTY) LTD  
70 MARSHALL STREET

JOHANNESBURG 2001

PO BOX 61051 MARSHALLTOWN 2107

TEL 011 370 5000 FAX 011 688 7721

CALL CENTRE 0861 100950 (WITHIN RSA) OR

+27 11 370 5000 (OUTSIDE RSA)

<http://www.computershare.com>

**SOUTH AFRICAN COMMERCIAL BANK**

FIRSTSTRAND BANK LTD

**AUDITORS**

KPMG INC

**ATTORNEYS**

SONNENBERG HOFFMANN GALOMBIK

**SPONSORS**

RAND MERCHANT BANK (A DIVISION OF  
FIRSTSTRAND BANK LTD)

**INDUSTRY CLASSIFICATION BENCHMARK (ICB)**

INDUSTRY: INDUSTRIAL

SUPERSECTOR: INDUSTRIAL GOODS & SERVICES

SECTOR: INDUSTRIAL TRANSPORTATION

SUBSECTOR: TRANSPORTATION SERVICES

**MARKET NAME**

MOBILE

**JSE SHARE CODES**

ORDINARY SHARES: MOB

ISIN: ZAE000004602

'N' ORDINARY SHARES: MBN

ISIN: ZAE000012274

6% CONVERTIBLE DEBENTURES: MOBD

ISIN: ZAE000004610

## ANALYSIS OF SHARE AND DEBENTURE HOLDERS

AT 31 DECEMBER 2005

	ORDINARY SHARES				'N' ORDINARY SHARES				6% CONVERTIBLE DEBENTURES			
	NUMBER OF HOLDERS	% OF HOLDERS	NUMBER OF SHARES	INTEREST %	NUMBER OF HOLDERS	% OF HOLDERS	NUMBER OF SHARES	INTEREST %	NUMBER OF HOLDERS	% OF HOLDERS	NUMBER OF DEBENTURES	INTEREST %
JOWELL FAMILY	10	0,5	97 428 018	32,8	10	0,4	160 078 258	26,6	7	0,4	90 462	0,2
BANKS AND INSURANCE COMPANIES	44	2,1	33 476 481	11,3	51	2,2	99 441 268	16,5	45	2,6	17 578 391	31,0
INDIVIDUALS	1 606	77,1	12 640 145	4,3	81	3,4	169 491 884	28,2	1 353	76,9	4 196 415	7,4
INVESTMENT COMPANIES	17	0,8	31 611 303	10,7	63	2,7	69 615 666	11,6	10	0,6	2 289 163	4,0
MUTUAL FUNDS	44	2,1	47 767 088	16,1	217	9,2	41 739 058	7,0	43	2,4	16 185 097	28,5
NOMINEE COMPANIES OR TRUSTS	206	9,9	21 488 041	7,2	11	0,4	20 488 537	3,4	203	11,5	9 543 784	16,8
OTHER CORPORATE BODIES	119	5,7	26 123 689	8,8	127	5,4	19 950 035	3,3	76	4,3	3 076 138	5,4
RETIREMENT FUNDS	37	1,8	26 099 977	8,8	1 801	76,3	20 421 628	3,4	23	1,3	3 766 750	6,7
<b>TOTAL</b>	<b>2 083</b>	<b>100,0</b>	<b>296 634 742</b>	<b>100,0</b>	<b>2 361</b>	<b>100,0</b>	<b>601 226 334</b>	<b>100,0</b>	<b>1 760</b>	<b>100,0</b>	<b>56 726 200</b>	<b>100,0</b>
<b>SHAREHOLDER SPREAD</b>												
PUBLIC SHAREHOLDERS	2 075	99,6	56 014 372	18,9	2 354	99,7	189 779 118	31,6	1 755	99,7	39 770 059	70,1
NON-PUBLIC SHAREHOLDERS	8	0,4	240 620 370	81,1	7	0,3	411 447 216	68,4	5	0,3	16 956 141	29,9
DIRECTORS AND ASSOCIATES	4	0,2	143 192 352	48,3	3	0,1	160 078 258	26,6	4	0,2	90 462	0,2
PERSONS INTERESTED, DIRECTLY OR INDIRECTLY, IN 10% OR MORE	4	0,2	97 428 018	32,8	4	0,2	251 368 958	41,8	1	0,1	16 865 679	29,7
<b>TOTAL</b>	<b>2 083</b>	<b>100,0</b>	<b>296 634 742</b>	<b>100,0</b>	<b>2 361</b>	<b>100,0</b>	<b>601 226 334</b>	<b>100,0</b>	<b>1 760</b>	<b>100,0</b>	<b>56 726 200</b>	<b>100,0</b>

## MAJOR SHARE AND DEBENTURE HOLDERS

The direct and indirect beneficial interests of ordinary and 'N' ordinary shareholders and holders of 6% convertible debentures who, in so far as is known, held 5% or more of the issued securities at 31 December 2005 were as follows:

	ORDINARY		'N' ORDINARY		6% CONVERTIBLE DEBENTURES	
	DIRECT %	INDIRECT %	DIRECT %	INDIRECT %	DIRECT %	INDIRECT %
JOWELL FAMILY	32,8		26,6			
OLD MUTUAL GROUP	10,5		21,1		30,2	
INVESTMENT SOLUTIONS					6,5	
CORONATION GROUP	14,8					
PRUDENTIAL M&G FUNDS					6,2	
D L BARNES	7,9				6,3	
NEDCOR	5,1		5,3		6,4	
<b>TOTAL</b>	<b>71,1</b>		<b>53,0</b>		<b>55,6</b>	

## DIRECTORATE: BRIEF RÉSUMÉS

### *Directorate: Brief résumés Diary*

#### NON-EXECUTIVE

CECIL JOWELL (70)

B Com LLB (UCT) is chairman. He is the younger son of Trenchor's founder, Joe Jowell, and was appointed as a director of Mobile on 27 January 1969. He joined Trenchor on 1 November 1958 and has been an executive director of that company since 2 October 1962 and assumed a part-time executive role from 15 March 2002. Effective 23 December 2003, his Trenchor board status changed to that of a non-executive. He serves on Trenchor's executive committee in an advisory capacity and is a member of its nomination committee. In 1991 he was voted as one of Business Times' Top Five Businessmen.

NEIL IAN JOWELL (72)

B Com LLB (UCT) MBA (Columbia) has been a director since 27 January 1969. He is the elder son of Trenchor's founder and joined that company on 1 January 1956. He was appointed to the Trenchor board on 30 December 1966 and, following the death of his father in 1973, as chairman of Trenchor. He is chairman of Trenchor's executive committee and is also a member of Trenchor's remuneration committee. In 1987 he was voted Cape Times Business Man of the Year and in 1991 as one of Business Times' Top Five Businessmen.

#### INDEPENDENT NON-EXECUTIVE

HAROLD AUBREY GORVY (78)

B Com (UCT) CA (SA) FCA was appointed to the boards of Mobile and Trenchor on 18 April 1984. He is an executive director of Stonehage Group, an international financial services group and was previously chairman of Andersens in South Africa. He relocated to the UK in 1987. He is a member of the audit committee and of Trenchor's audit and nomination committees and serves as an executive and non-executive director on the boards of several unlisted companies.

EDWIN (EDDY) OBLowitz (48)

B Com (UCT) CA (SA) CPA (Isr) was appointed as a non-executive director of Mobile and Trenchor on 3 March 2004 and is chairman of the Mobile and Trenchor audit committees. He was previously an international partner of Andersens in South Africa before becoming an independent financial and business consultant. He serves on the boards of various listed and unlisted companies in a non-executive capacity and as a trustee of various trusts.

AGES AT 31 DECEMBER 2005

## *Diary*

	<u>ANNOUNCEMENTS</u>	<u>DIVIDENDS</u>	<u>6% CONVERTIBLE DEBENTURES</u>
17 MAY 2006	AUGUST	APRIL AND OCTOBER	JUNE AND DECEMBER
<u>ANNUAL GENERAL MEETING</u>	<u>INTERIM REPORT</u>	DIVIDEND PAID	INTEREST PAID
31 DECEMBER	FEBRUARY/MARCH		
<u>FINANCIAL YEAR-END</u>	<u>REVIEWED ANNUAL RESULTS</u>		
	MARCH/APRIL		
	<u>ANNUAL FINANCIAL STATEMENTS</u>		

## NOTICE TO SHAREHOLDERS

*Notice to  
shareholders*

Notice is hereby given that the thirty-sixth annual general meeting of shareholders of Mobile Industries Limited ('the company') will be held at 1313 Main Tower, Standard Bank Centre, Heerengracht, Cape Town on Wednesday 17 May 2006 at 15:15 (or as soon as the annual general meeting of Trencor Limited convened to be held on Wednesday, 17 May 2006 at 15:00 has been concluded) for the following purposes:

1. To consider and adopt the annual financial statements of the company and the Mobile group for the year ended 31 December 2005.
2. To consider, and if deemed fit, to re-elect, on an individual basis, Messrs H A Gorvy and E Oblowitz who retire by rotation as directors in terms of the articles of association but, being eligible, offer themselves for re-election. (Brief résumés of the directors are presented on page 98 of the annual report.)
3. To consider and, if deemed fit, to pass, with or without modification, the following special resolution:  
 "Resolved that the company hereby approves, as a general approval contemplated in sections 85 and 89 of the Companies Act, No 61 of 1973 (as amended) ('the Act'), the acquisition by the company or any of its subsidiaries from time to time of the issued ordinary and 'N' ordinary shares ('securities') of the company, upon such terms and conditions and in such amounts as the directors of the company may from time to time determine, but subject to the articles of association of the company, the provisions of the Act and the Listings Requirements of the JSE Limited ('JSE') as presently constituted and which may be amended from time to time, and provided that:
  - 3.1 any such acquisition of securities shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty;
  - 3.2 this general authority shall only be valid until the company's next annual general meeting, provided that it shall not extend beyond fifteen months from the date of passing of this special resolution;
  - 3.3 a paid press announcement containing full details of the acquisitions will be published as soon as the company and/or its subsidiaries has/have acquired securities constituting, on a cumulative basis, 3% of the number of securities of that class in issue at the time of granting of this general authority, and each time the company acquires a further 3% of such securities thereafter;
  - 3.4 acquisitions by the company and its subsidiaries of securities in the share capital of the company may not, in the aggregate, exceed in any one financial year 20% (or 10% where such acquisitions relate to the acquisition by a subsidiary) of the company's issued share capital of that class from the date of the grant of this general authority;
  - 3.5 in determining the price at which the company's securities are acquired by the company or its subsidiaries in terms of this general authority, the maximum price at which such securities may be acquired may not be greater than 10% above the weighted average of the market price at which such securities are traded on the JSE, as determined over the

five business days immediately preceding the date of the acquisition of such securities by the company or its subsidiaries.

- 3.6 after such acquisitions by the company or its subsidiaries, the company will still comply with the Listings Requirements of the JSE concerning shareholder spread requirements;
- 3.7 the company or its subsidiaries are not acquiring securities during a prohibited period as defined in the Listings Requirements of the JSE; and
- 3.8 the company only appoints one agent to effect any acquisition/s on its behalf."

### REASON AND EFFECT

The reason for this special resolution is to grant the company a general authority in terms of the Act for the acquisition by the company or any of its subsidiaries of securities issued by the company, which authority shall be valid until the earlier of the next annual general meeting of the company or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the company, provided that the general authority shall not exceed beyond fifteen months from the date of this annual general meeting. The effect of the passing and registration of this special resolution will be to authorise the company or any of its subsidiaries to acquire securities issued by the company.

### STATEMENT BY THE BOARD OF DIRECTORS OF THE COMPANY

Pursuant to and in terms of the Listings Requirements of the JSE, the board of directors of the company hereby states that:

- (a) the intention of the directors of the company is to utilise the general authority to acquire securities in the company if at some future date the cash resources of the company are in excess of its requirements or there are other good grounds for doing so. In this regard the directors will take account of, inter alia, an appropriate capitalisation structure for the company, the long-term cash needs of the company, and the interests of the company;
- (b) in determining the method by which the company intends to acquire its securities, the maximum number of securities to be acquired and the date on which such acquisition will take place, the directors of the company will only make the acquisition if at the time of the acquisition they are of the opinion that:
  - the company and the group will, after the acquisition of the securities, be able to pay their debts as they become due in the ordinary course of business for the next twelve months after the date of this notice of the annual general meeting;
  - the consolidated assets of the company and the group, fairly valued in accordance with International Financial Reporting Standards and recognised and measured in accordance with the accounting policies used in the latest audited financial statements will, after the acquisition, be in excess of the consolidated liabilities of the company and the group for the next twelve months after the date of this notice of the annual general meeting;
  - the issued share capital and reserves of the company and the group will, after the acquisition, be adequate

*Notice to  
shareholders*

for ordinary business purposes of the company or any acquiring subsidiary for the next twelve months after the date of this notice of the annual general meeting;

- the working capital available to the company and the group will, after the acquisition, be sufficient for ordinary business requirements for the next twelve months after the date of this notice of the annual general meeting; and
- a working capital statement will be obtained from the company's sponsors as and when any acquisition of its securities is contemplated.

4. To transact such other business as may be transacted at an annual general meeting.

#### OTHER DISCLOSURES IN TERMS OF SECTION 11.26 OF THE JSE LISTINGS REQUIREMENTS

The annual report to which this notice of this annual general meeting is attached provides details of:

- the directors and secretary of the company on page 76 and 97 respectively;
- the major shareholders of the company on page 97;
- the directors' interests in securities in the company on page 77; and
- the share capital of the company in note 6 on page 89, and an analysis of the shareholders on page 97.

There are no material changes to the group's financial or trading position (other than as disclosed in the accompanying annual report), nor are there any legal or arbitration proceedings, including proceedings that are pending or threatened, that may materially affect the financial position of the group between 24 March 2005 and the reporting date.

The directors, whose names are given on page 76 of the annual report, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the annual report and this notice contains all information required by law and the JSE Listings Requirements.

#### GENERAL INSTRUCTIONS AND INFORMATION

All shareholders are encouraged to attend, speak and vote at the annual general meeting. On a show of hands, every shareholder of the company present in person or represented shall have one vote only. On a poll, every ordinary shareholder shall have 100 votes for every ordinary share held and every 'N' ordinary shareholder shall have one vote for every 'N' ordinary share held.

If you hold certificated shares (i.e. have not dematerialised your shares in the company) or are registered as an own name dematerialised shareholder (i.e. have specifically instructed your Central Security Depository Participant ('CSDP') to hold your shares in your own name on the company's sub-register), then:

- you may attend and vote at the annual general meeting; alternatively
- you may appoint a proxy to represent you at the annual general meeting by completing the attached form of proxy

and returning it to the office of the company's transfer secretaries to be received not less than 24 hours before the time appointed for the holding of the meeting (excluding Saturdays, Sundays and public holidays).

Please note that if you are the owner of dematerialised shares (i.e. have replaced the paper share certificates representing the shares with electronic records of ownership under the JSE's electronic settlement system operated by STRATE Limited ('STRATE') held through a CSDP or broker (or its nominee) and are not registered as an 'own name' dematerialised shareholder, then you are not a registered shareholder of the company, but appear as the holder of a beneficial interest on the relevant sub-register of the company held by your CSDP. Accordingly, in these circumstances subject to the mandate between yourself and your CSDP or broker, as the case may be:

- if you wish to attend the annual general meeting you must contact your CSDP or broker, as the case may be, and obtain the relevant letter of representation from them; alternatively
- if you are unable to attend the annual general meeting but wish to be represented at the meeting, you must contact your CSDP or broker, as the case may be, and furnish them with your voting instructions in respect of the annual general meeting and/or request them to appoint a proxy. You must not complete the attached form of proxy. Your instructions must be provided in accordance with the mandate between yourself and your CSDP or broker, as the case may be, within the time period required by them.

CSDPs, brokers or their nominees, as the case may be, recorded in the company's sub-register as holders of dematerialised shares held on behalf of an investor/beneficial owner in terms of STRATE should, when authorised in terms of their mandate or instructed to do so by the owner on behalf of whom they hold dematerialised shares in the company, vote by either appointing a duly authorised representative to attend and vote at the annual general meeting or by completing the attached form of proxy in accordance with the instructions thereon and returning it to the company's transfer secretaries to be received not less than 24 hours before the time appointed for the holding of the meeting (excluding Saturdays, Sundays and public holidays).

By order of the board



TRENCOR SERVICES (PTY) LTD  
SECRETARIES  
PER: G W NORVAL  
CAPE TOWN 29 MARCH 2006



MOBILE INDUSTRIES LIMITED ANNUAL GENERAL MEETING 17 MAY 2006

FORM OF PROXY ORDINARY SHARES

(Incorporated in the Republic of South Africa)
(Registration number 1968/014997/06)
('the company')
Ordinary shares (Share code: MOB ISIN: ZAE000004602)

For use at the annual general meeting of shareholders of the company to be held at 1313 Main Tower, Standard Bank Centre, Heerengracht, Cape Town on Wednesday, 17 May 2006 at 15:15 (or as soon as the annual general meeting of Trecor Limited convened to be held on Wednesday, 17 May 2006 at 15:00 has been concluded).

Not to be used by beneficial owners of shares who have dematerialised their shares ('dematerialised shares') through a Central Securities Depository Participant ('CSDP') or broker, as the case may be, unless they are recorded on the sub-register as 'own name' dematerialised shareholders ('own name dematerialised shareholders'). Generally, you will not be an own name dematerialised shareholder unless you have specifically requested the CSDP to record you as the

holder of the shares in your own name in the company's sub-register.

Only for use by certificated, own name dematerialised shareholders and CSDPs or brokers (or their nominees) registered in the company's sub-register as the holder of dematerialised shares.

Each shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies (none of whom need be a shareholder of the company) to attend, speak and vote in place of that member at the annual general meeting.

Refer to notes on reverse side hereof.

TO BE RETURNED TO: THE TRANSFER SECRETARIES MOBILE INDUSTRIES LIMITED
COMPUTERSHARE INVESTOR SERVICES 2004 (PTY) LIMITED
70 MARSHALL STREET JOHANNESBURG 2001
PO BOX 61051 MARSHALLTOWN 2107

AS SOON AS POSSIBLE TO BE RECEIVED NOT LATER THAN 24 HOURS BEFORE THE MEETING.

I/WE (FULL NAMES)

OF (ADDRESS)

TELEPHONE: WORK ( )

TELEPHONE: HOME ( )

BEING A MEMBER(S) OF THE COMPANY, HOLDING

ORDINARY SHARES IN THE COMPANY

HEREBY APPOINT (REFER NOTE 1)

OR FAILING HIM/HER

OR FAILING HIM/HER

or failing him/her the chairperson of the annual general meeting as my/our proxy to act for me/us on my/our behalf at the aforementioned annual general meeting of shareholders of the company and at any adjournment thereof in accordance with the following instructions:

Insert an 'X' in the relevant spaces according to how you wish your votes to be cast. If you wish to cast less than all the votes in respect of the shares held by you, insert the number of votes in respect of which you desire to vote (one hundred votes per ordinary share) (see note 2). Unless otherwise instructed my/our proxy can vote as he/she deems fit.

1. Approval of the adoption of annual financial statements.

2. Re-election of directors:

H A GORVY

E OBLowitz

3. Proposed special resolution granting a general authority to the company or its subsidiaries to acquire the issued shares of the company upon such terms and conditions and in such amounts as the directors may from time to time determine.

Table with 3 columns: FOR, AGAINST, ABSTAIN and 3 rows corresponding to the resolutions above.

SIGNED AT

ON THIS

DAY OF

2006

SIGNATURE

ASSISTED BY (WHERE APPLICABLE) SIGNATURE

NAME OF SIGNATORY:

NAME OF ASSISTANT:

CAPACITY:

CAPACITY:

(AUTHORITY OF SIGNATORY TO BE ATTACHED IF APPLICABLE - SEE NOTE 6)

**NOTES:**

1. A certificated or own name dematerialised shareholder or nominee of a CSDP or broker registered as a shareholder in the company's sub-register may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting 'the chairperson of the annual general meeting', but any such deletion must be initialled by the shareholder. The person whose name stands first on the proxy form and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow thereafter. If no proxy is inserted in the spaces provided, then the chairperson shall be deemed to be appointed as the proxy.
2. A shareholder's instructions to the proxy must be indicated in the appropriate box provided. If there is no clear indication as to the voting instructions to the proxy, the proxy will be deemed to be authorised to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder, but the total of the votes cast or abstained may not exceed the total of the votes exercisable by the shareholder.
3. Proxy forms must be lodged with the company's transfer secretaries, Computershare Investor Services 2004 (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 or posted to Computershare Investor Services 2004 (Pty) Limited, PO Box 61051, Marshalltown, 2107. Forms of proxy must be received or lodged by no later than 24 hours before the annual general meeting (i.e. 15:15 on Tuesday, 16 May 2006).
4. The completion and lodging of this proxy form will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof.
5. Where there are joint holders of shares, the vote of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the register of members, will be accepted.
6. Documentary evidence establishing the authority of a person signing this proxy form in a representative capacity must be attached to this proxy form unless previously recorded by the company's transfer secretaries or waived by the chairperson of the annual general meeting. CSDPs or brokers registered as shareholders in the company's sub-register voting on instructions from owners of shares registered in the company's sub-sub-register, are requested that they identify the owner in the sub-sub-register on whose behalf they are voting and return a copy of the instruction from such owner to the company's transfer secretaries together with this form of proxy.
7. Any alteration or correction made to this proxy form must be initialled by the signatory/ies, but may not be accepted by the chairperson.
8. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the company's transfer secretaries.
9. Certificated shareholders which are a company or body corporate may by resolution of their directors, or other governing body, in terms of section 188 of the Companies Act, No 61 of 1973 (as amended), authorise any person to act as their representative.
10. The chairperson of the annual general meeting may, in his/her discretion, accept or reject any form of proxy which is completed other than in accordance with these notes.
11. If required, additional forms of proxy are available from the company's transfer secretaries or the registered office of the company.
12. If you are the owner of dematerialised shares held through a CSDP or broker (or its nominee) and are not an own name dematerialised shareholder, then you are not a shareholder of the company, but appear as the holder of a beneficial interest on the relevant sub-register of the company held by your CSDP. Accordingly, in these circumstances, do NOT complete this proxy form subject to the mandate between yourself and your CSDP or broker:
  - if you wish to attend the annual general meeting you must contact your CSDP or broker, as the case may be, and obtain the relevant letter of representation from them; alternatively
  - if you are unable to attend the annual general meeting but wish to be represented at the meeting, you must contact your CSDP or broker, as the case may be, and furnish them with your voting instructions in respect of the annual general meeting and/or request them to appoint a proxy. You must not complete the attached form of proxy. Your instructions must be provided in accordance with the mandate between yourself and your CSDP or broker, as the case may be.CSDPs, brokers or their nominees, as the case may be, recorded in the company's sub-register as holders of dematerialised shares held on behalf of an investor/beneficial owner in terms of STRATE should, when authorised in terms of their mandate or instructed to do by the person on behalf of whom they hold the dematerialised shares, vote by either appointing a duly authorised representative to attend and vote at the annual general meeting or by completing the attached form of proxy in accordance with the instructions thereon and returning it to the company's transfer secretaries to be received not less than 24 hours prior to the time appointed for the holding of the meeting (excluding Saturdays, Sundays and public holidays).

**MOBILE INDUSTRIES LIMITED ANNUAL GENERAL MEETING 17 MAY 2006**

**FORM OF PROXY 'N' ORDINARY SHARES**

(Incorporated in the Republic of South Africa)  
 (Registration number 1968/014997/06)  
 ('the company')  
 'N' Ordinary shares (Share code: MBN ISIN: ZAE000012274)

For use at the annual general meeting of shareholders of the company to be held at 1313 Main Tower, Standard Bank Centre, Heerengracht, Cape Town on Wednesday, 17 May 2006 at 15:15 (or as soon as the annual general meeting of Trecor Limited convened to be held on Wednesday, 17 May 2006 at 15:00 has been concluded).

Not to be used by beneficial owners of shares who have dematerialised their shares ('dematerialised shares') through a Central Securities Depository Participant ('CSDP') or broker, as the case may be, unless they are recorded on the sub-register as 'own name' dematerialised shareholders ('own name dematerialised shareholders'). Generally, you will not be an own name dematerialised shareholder unless you have specifically requested the CSDP to record you as the

holder of the shares in your own name in the company's sub-register.

Only for use by certificated, own name dematerialised shareholders and CSDPs or brokers (or their nominees) registered in the company's sub-register as the holder of dematerialised shares.

Each shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies (none of whom need be a shareholder of the company) to attend, speak and vote in place of that member at the annual general meeting.

Refer to notes on reverse side hereof.

TO BE RETURNED TO: THE TRANSFER SECRETARIES MOBILE INDUSTRIES LIMITED  
 COMPUTERSHARE INVESTOR SERVICES 2004 (PTY) LIMITED  
 70 MARSHALL STREET JOHANNESBURG 2001  
 PO BOX 61051 MARSHALLTOWN 2107

AS SOON AS POSSIBLE TO BE RECEIVED NOT LATER THAN 24 HOURS BEFORE THE MEETING.

I/WE (FULL NAMES)

OF (ADDRESS)

TELEPHONE: WORK ( )

TELEPHONE: HOME ( )

BEING A MEMBER(S) OF THE COMPANY, HOLDING

'N' ORDINARY SHARES IN THE COMPANY

HEREBY APPOINT (REFER NOTE 1)

OR FAILING HIM/HER

OR FAILING HIM/HER

or failing him/her the chairperson of the annual general meeting as my/our proxy to act for me/us on my/our behalf at the aforementioned annual general meeting of shareholders of the company and at any adjournment thereof in accordance with the following instructions:

Insert an 'X' in the relevant spaces according to how you wish your votes to be cast. If you wish to cast less than all the votes in respect of the shares held by you, insert the number of votes in respect of which you desire to vote (one vote per 'N' ordinary share) (see note 2). Unless otherwise instructed my/our proxy can vote as he/she deems fit.

1. Approval of the adoption of annual financial statements.

2. Re-election of directors:

H A GORVY

E OBLowitz

3. Proposed special resolution granting a general authority to the company or its subsidiaries to acquire the issued shares of the company upon such terms and conditions and in such amounts as the directors may from time to time determine.

VOTES

FOR

AGAINST

ABSTAIN

SIGNED AT

ON THIS

DAY OF

2006

SIGNATURE

ASSISTED BY (WHERE APPLICABLE) SIGNATURE

NAME OF SIGNATORY:

NAME OF ASSISTANT:

CAPACITY:

CAPACITY:

(AUTHORITY OF SIGNATORY TO BE ATTACHED IF APPLICABLE – SEE NOTE 6)

**NOTES:**

1. A certificated or own name dematerialised shareholder or nominee of a CSDP or broker registered as a shareholder in the company's sub-register may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting 'the chairperson of the annual general meeting', but any such deletion must be initialled by the shareholder. The person whose name stands first on the proxy form and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow thereafter. If no proxy is inserted in the spaces provided, then the chairperson shall be deemed to be appointed as the proxy.
2. A shareholder's instructions to the proxy must be indicated in the appropriate box provided. If there is no clear indication as to the voting instructions to the proxy, the proxy will be deemed to be authorised to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder, but the total of the votes cast or abstained may not exceed the total of the votes exercisable by the shareholder.
3. Proxy forms must be lodged with the company's transfer secretaries, Computershare Investor Services 2004 (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 or posted to Computershare Investor Services 2004 (Pty) Limited, PO Box 61051, Marshalltown, 2107. Forms of proxy must be received or lodged by no later than 24 hours before the annual general meeting (i.e. 15:15 on Tuesday, 16 May 2006).
4. The completion and lodging of this proxy form will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof.
5. Where there are joint holders of shares, the vote of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the register of members, will be accepted.
6. Documentary evidence establishing the authority of a person signing this proxy form in a representative capacity must be attached to this proxy form unless previously recorded by the company's transfer secretaries or waived by the chairperson of the annual general meeting. CSDPs or brokers registered as shareholders in the company's sub-register voting on instructions from owners of shares registered in the company's sub-sub-register, are requested that they identify the owner in the sub-sub-register on whose behalf they are voting and return a copy of the instruction from such owner to the company's transfer secretaries together with this form of proxy.
7. Any alteration or correction made to this proxy form must be initialled by the signatory/ies, but may not be accepted by the chairperson.
8. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the company's transfer secretaries.
9. Certificated shareholders which are a company or body corporate may by resolution of their directors, or other governing body, in terms of section 188 of the Companies Act, No 61 of 1973 (as amended), authorise any person to act as their representative.
10. The chairperson of the annual general meeting may, in his/her discretion, accept or reject any form of proxy which is completed other than in accordance with these notes.
11. If required, additional forms of proxy are available from the company's transfer secretaries or the registered office of the company.
12. If you are the owner of dematerialised shares held through a CSDP or broker (or its nominee) and are not an own name dematerialised shareholder, then you are not a shareholder of the company, but appear as the holder of a beneficial interest on the relevant sub-register of the company held by your CSDP. Accordingly, in these circumstances, do NOT complete this proxy form subject to the mandate between yourself and your CSDP or broker:
  - if you wish to attend the annual general meeting you must contact your CSDP or broker, as the case may be, and obtain the relevant letter of representation from them; alternatively
  - if you are unable to attend the annual general meeting but wish to be represented at the meeting, you must contact your CSDP or broker, as the case may be, and furnish them with your voting instructions in respect of the annual general meeting and/or request them to appoint a proxy. You must not complete the attached form of proxy. Your instructions must be provided in accordance with the mandate between yourself and your CSDP or broker, as the case may be.CSDPs, brokers or their nominees, as the case may be, recorded in the company's sub-register as holders of dematerialised shares held on behalf of an investor/beneficial owner in terms of STRATE should, when authorised in terms of their mandate or instructed to do by the person on behalf of whom they hold the dematerialised shares, vote by either appointing a duly authorised representative to attend and vote at the annual general meeting or by completing the attached form of proxy in accordance with the instructions thereon and returning it to the company's transfer secretaries to be received not less than 24 hours prior to the time appointed for the holding of the meeting (excluding Saturdays, Sundays and public holidays).