

Audit committee report

The audit committee has fulfilled all of its functions in terms of the Companies Act of South Africa, as described in the corporate governance report.

Directors' responsibility statement

The directors are responsible for the preparation and fair presentation of the group annual financial statements and annual financial statements of Mobile Industries Limited, comprising the statements of financial position at 31 December 2009, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the group and company's ability to continue as a going concern and there is no reason to believe the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the group annual financial statements and annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of group annual financial statements and annual financial statements

The group annual financial statements and annual financial statements of Mobile Industries Limited, as identified in the directors' responsibility statement, which have been approved by the board of directors, are attached:

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Signed on behalf of the board



C Jowell Chairman



E Obowitz Director and chairman of the audit committee

Cape Town
16 April 2010

Independent Auditor's Report

To the members of Mobile Industries Limited

We have audited the group annual financial statements and the annual financial statements of Mobile Industries Limited, which comprise the statements of financial position at 31 December 2009, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report as set out on pages 81 to 96.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers

internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Mobile Industries Limited at 31 December 2009, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

KPMG Inc
Registered Auditor



Per L P Smith
Chartered Accountant (SA)
Registered Auditor
Director
Cape Town
16 April 2010

Declaration by the Company Secretary

It is hereby certified that for the year ended 31 December 2009, the company has lodged with the Registrar of Companies all returns as are required by a public company in terms of the Companies Act of South Africa and that such returns are true, correct and up to date.



Trencor Services (Pty) Ltd
Secretaries
Per G W Norval
Cape Town
16 April 2010

General review

The nature of the company's business is described on page 77. The financial results are reflected in the financial statements on pages 82 to 96.

The estimated proportion of income after tax attributable to the various classes of business of the group is as follows:

	2009 %	2008 %
Loss on dilution of investment in associate	(0,5)	(0,2)
Share of profit of associate	101,3	100,5
Other	(0,8)	(0,3)
	100,0	100,0

Directors and secretary

The names of the directors appear on page 77 and that of the secretary on page 98. Mr H A Gorvy resigned as a director on 31 March 2009 and, on that date, Mr D M Nurek was appointed in his stead.

In terms of the articles of association Messrs C Jowell and E Oblowitz 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 99.

Directors' interests

The aggregate of the direct and indirect beneficial interests of the directors in the issued shares of the company at 31 December 2009 was 25,1% (2008: 25,1%).

The direct and indirect beneficial interests of each director who held in excess of 1% of the issued shares at 31 December 2009 and 2008 were as follows:

	2009 %	2008 %
C Jowell	12,4	12,4
N I Jowell	12,6	12,6

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

Cash dividends

	Payment number	Record date	Payment date	Cents per share	Total Rm
2008					
Interim	70	05/09/08	08/09/08	2,80	29,9
Final	71	03/04/09	06/04/09	6,05	64,6
2009					
Interim	72	04/09/09	07/09/09	2,80	29,9
Final	73	26/03/10	29/03/10	6,90	73,7

Corporate governance

The report on corporate governance is presented on pages 78 and 79.

Subsidiaries

The company holds 100% (2008: 100%) of the 700 000 (2008: 700 000) issued shares of Mobile Acceptances (Pty) Limited. Details of this investment are as follows:

	2009 Rm	2008 Rm
Shares at cost	2,2	2,4
Profit for the year	0,4	0,4

Mobile Acceptances (Pty) Limited, in turn, holds 100% (2008: 100%) of the 100 (2008: 100) issued shares of Transport Acceptances (Pty) Limited. These subsidiaries are incorporated in the Republic of South Africa and are partners in export partnerships.

Special resolution

At the annual general meeting held on 11 June 2009, shareholders passed a special resolution, which was registered on 25 June 2009, 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 period under review.

Interest in Trecor

During the year under review, the number of shares in issue in Trecor increased by 70 000 shares as a result of the exercise of options in terms of The Trecor Share Option Plan. At 31 December 2009 the company had a 46,25% interest (2008: 46,26%) in the issued share capital of Trecor.

Analysis of shareholders

An analysis of shareholders and of holders who held 3% or more of the issued shares at 31 December 2009 is presented on page 98.

Statements of Financial Position

at 31 December 2009

	Notes	Group		Company	
		2009 Rm	2008 Rm	2009 Rm	2008 Rm
Assets					
Goodwill		–	0,2	–	–
Investment in associate	4	2 036,0	2 342,2	463,9	463,9
Investment in subsidiaries	5	–	–	2,2	2,4
Participation in export partnerships	6	2,0	2,2	–	–
Total non-current assets		2 038,0	2 344,6	466,1	466,3
Trade and other receivables	7	0,4	0,5	0,4	0,5
Cash and cash equivalents	16.3	6,9	8,0	6,9	8,0
Total current assets		7,3	8,5	7,3	8,5
Total assets		2 045,3	2 353,1	473,4	474,8
Equity					
Issued capital	8	0,1	0,1	0,1	0,1
Share premium	8	192,6	192,6	192,6	192,6
Reserves	9	1 849,7	2 156,0	273,3	273,9
Total equity attributable to equity holders of the company		2 042,4	2 348,7	466,0	466,6
Liabilities					
Deferred tax	10	2,0	2,2	–	–
Total non-current liabilities		2,0	2,2	–	–
Trade and other payables	11	0,9	0,7	0,8	0,6
Amounts due to subsidiaries	5	–	–	6,6	6,3
Amount due to subsidiary of associate		–	1,2	–	1,2
Income tax liability	16.2	–	0,3	–	0,1
Total current liabilities		0,9	2,2	7,4	8,2
Total liabilities		2,9	4,4	7,4	8,2
Total equity and liabilities		2 045,3	2 353,1	473,4	474,8

Statements of Comprehensive Income

for the year ended 31 December 2009

	Notes	Group		Company	
		2009 Rm	2008 Rm	2009 Rm	2008 Rm
Revenue	3.6, 12	0,6	0,9	96,0	81,5
Administration expenses		(1,7)	(1,8)	(1,6)	(1,5)
Operating (loss)/profit before interest		(1,1)	(0,9)	94,4	80,0
Interest expense	13	–	–	(0,5)	(0,6)
Share of profit of associate		119,7	306,6	–	–
Loss on dilution of interest in associate		(0,6)	(0,6)	–	–
Profit before tax	13	118,0	305,1	93,9	79,4
Income tax credit/(expense)	14	0,1	(0,1)	–	(0,1)
Profit for the year		118,1	305,0	93,9	79,3
Other comprehensive (loss)/income					
Share of other comprehensive (loss)/income of associate		(336,7)	368,4	–	–
Total comprehensive (loss)/income for the year		(218,6)	673,4	93,9	79,3
Basic earnings per share (cents)	15	11,1	28,6		
Diluted earnings per share (cents)	15	11,1	28,6		

Statements of Changes in Equity

for the year ended 31 December 2009

Group	Share capital Rm	Share premium Rm	Non-distributable reserve Rm	Revaluation reserve Rm	Retained income Rm	Total Rm
Balance at 31 December 2007	0,1	192,6	200,1	262,2	1 086,2	1 741,2
Total comprehensive income for the year						
Profit for the year	–	–	–	–	305,0	305,0
Other comprehensive income						
Share of other comprehensive income of associate	–	–	368,4	–	–	368,4
Total comprehensive income for the year	–	–	368,4	–	305,0	673,4
Loss on dilution of investment in associate transferred to non-distributable reserve	–	–	(0,6)	–	0,6	–
Contributions by/(Distributions to) owners						
Share of associate's transactions with owners – share-based payments	–	–	14,2	–	–	14,2
Dividends paid to equity holders	–	–	–	–	(80,1)	(80,1)
Total transaction with owners	–	–	14,2	–	(80,1)	(65,9)
Balance at 31 December 2008	0,1	192,6	582,1	262,2	1 311,7	2 348,7
Total comprehensive income for the year						
Profit for the year	–	–	–	–	118,1	118,1
Other comprehensive loss						
Share of other comprehensive loss of associate	–	–	(336,7)	–	–	(336,7)
Total comprehensive (loss)/income for the year	–	–	(336,7)	–	118,1	(218,6)
Loss on dilution of investment in associate transferred to non-distributable reserve	–	–	(0,6)	–	0,6	–
Contributions by/(Distributions to) owners						
Share of associate's transactions with owners – share-based payments	–	–	6,8	–	–	6,8
Dividends paid to equity holders	–	–	–	–	(94,5)	(94,5)
Total transactions with owners	–	–	6,8	–	(94,5)	(87,7)
Balance at 31 December 2009	0,1	192,6	251,6	262,2	1 335,9	2 042,4
Company						
Balance at 31 December 2007	0,1	192,6	0,1	262,2	12,4	467,4
Total comprehensive income for the year						
Profit for the year	–	–	–	–	79,3	79,3
Distribution to owners						
Dividends paid to equity holders	–	–	–	–	(80,1)	(80,1)
Balance at 31 December 2008	0,1	192,6	0,1	262,2	11,6	466,6
Total comprehensive income for the year						
Profit for the year	–	–	–	–	93,9	93,9
Distribution to owners						
Dividends paid to equity holders	–	–	–	–	(94,5)	(94,5)
Balance at 31 December 2009	0,1	192,6	0,1	262,2	11,0	466,0

Statements of Cash Flows

for the year ended 31 December 2009

	Notes	Group		Company	
		2009 Rm	2008 Rm	2009 Rm	2008 Rm
Cash flows from operating activities					
Cash utilised by operations	16.1	(2,4)	(2,0)	(2,2)	(1,7)
Interest received		0,6	0,9	0,6	0,9
Interest paid		–	–	(0,5)	(0,6)
Dividends received		95,4	80,6	95,4	80,6
Dividends paid		(94,5)	(80,1)	(94,5)	(80,1)
Income tax paid	16.2	(0,4)	(0,5)	(0,1)	(0,1)
Net cash outflow from operating activities		(1,3)	(1,1)	(1,3)	(1,0)
Cash flows from investing activities					
Amount recovered/(paid) for shares in subsidiary		0,2	(0,2)	0,2	(0,2)
Net cash inflow/(outflow) from investing activities		0,2	(0,2)	0,2	(0,2)
Decrease in cash and cash equivalents		(1,1)	(1,3)	(1,1)	(1,2)
Cash and cash equivalents at the beginning of the year		8,0	9,3	8,0	9,2
Cash and cash equivalents at the end of the year	16.3	6,9	8,0	6,9	8,0

1 Reporting entity

Mobile Industries Limited (the 'company') is a company registered in the Republic of South Africa. The address of the company's registered office is 1313 Main Tower, Standard Bank Centre, Heerengracht, Cape Town, 8001. The consolidated financial statements of the company as at and for the year ended 31 December 2009 comprise the company and its subsidiaries (together referred to as the 'group' and individually as 'group entities') and the group's interest in an associate entity. The company is an investment holding company.

2 Basis of preparation

2.1 Statement of compliance

The separate and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and the requirements of the Companies Act of South Africa.

The financial statements were approved by the board of directors on 16 April 2010.

2.2 Basis of measurement

The separate and consolidated financial statements are prepared on the historical cost basis except as otherwise stated below.

2.3 Functional and presentation currency

These separate and consolidated financial statements are produced in South African rand, which is the company's functional currency. All financial information presented in rand has been rounded to the nearest one hundred thousand.

2.4 Use of estimates and judgements

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. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and any future periods affected.

2.5 Change in accounting policies

Effective 1 January 2009, the group has changed its accounting policies in the following areas:

- accounting for business combinations; and
- presentation of financial statements

2.5.1 Accounting for business combinations and acquisition of non-controlling interests

The group has chosen to early adopt the requirements of the amendments to IAS 27

Consolidated and Separate Financial Statements effective 1 January 2009. As a result, changes in any group entity's ownership interest in a subsidiary after control is obtained are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). Accordingly, gains or losses which arise from acquisitions or disposals of additional non-controlling interests are accounted for as equity transactions provided control is retained after the conclusion of such transactions. As a result of early adopting IAS 27, the group has early adopted the requirements of IFRS 3 *Business Combinations*. The application of these amendments did not impact the group's financial results.

2.5.2 Presentation of financial statements

The group applied the revised IAS 1 *Presentation of Financial Statements* which became effective for the first time on 1 January 2009. As a result, the group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

2.5.3 Change in accounting policies by associate ***Accounting for gains and losses on disposal of container leasing equipment***

Trencor adopted the amendment to IAS 16 *Property, Plant and Equipment*, which formed part of the IASB's Annual Improvement Project for 2009, which has resulted in containers in the leasing fleet being transferred to inventory at their carrying amounts when they cease to be rented or become held for sale. Proceeds on the sale of these assets are recognised in revenue in accordance with IAS 18 *Revenue*. Profits or losses arising from the sale of these assets are included in headline earnings for the first time during the current year. Due to the change in accounting policy the share of headline earnings adjustments no longer includes this exclusion. Comparative amounts have been re-presented to account for the changes.

3 Significant accounting policies

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

3.1 Basis of consolidation

3.1.1 Subsidiaries

Subsidiaries are entities controlled by the group. Control exists when the group has the power 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 currently are exercisable 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. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the group.

Changes in any group entity's ownership interest in a subsidiary after control is obtained are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). Accordingly, gains or losses which arise from acquisitions or disposals of additional non-controlling interests are accounted for as equity transactions provided control is retained after the conclusion of such transactions.

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

3.1.2 Associates

Associates are those entities in which the group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the group holds between 20 and 50 per cent of the voting power of another entity. Associates are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the group's share of their income, expenses and equity movements of associates, after adjustment to align the accounting policies with those of the group, 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 carrying amount of that interest (including any long-term investments) is reduced to nil and recognition of further losses is discontinued except to the extent that the group has an obligation or made payments on behalf of the investee.

Gains or losses arising on the dilution of investments in associates are recognised in profit or loss and the net gain or loss attributable to the group is transferred to a separate reserve in equity.

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

3.1.3 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment 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.

3.2 Impairment

At each reporting date the group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset is considered to be impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the group on terms that the group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, and the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account

against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3.3 Goodwill

Goodwill/Negative goodwill arises on the acquisition of subsidiaries and associates.

In respect of acquisitions prior to 1 January 2004, goodwill is included at its carrying amount, which represents the amount recorded under the group's previous accounting framework (South African Statements of Generally Accepted Accounting Practice), at the date of transition to IFRS.

For acquisitions on or after 1 January 2004, goodwill represents the excess of the cost of the acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When negative goodwill arises, it is recognised immediately in profit or loss.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

3.4 Financial instruments

Non-derivative financial instruments comprise trade and other receivables, participation in export partnerships, cash and cash equivalents, trade and other payables, amounts due to subsidiaries and amounts due to subsidiary of associate.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable costs. Subsequent to initial recognition, non-derivative financial instruments are measured at amortised cost.

Regarding the company's participation in export partnerships, 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.

A financial instrument is recognised on the trade date at which the group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the group's contractual rights to the cash flows from the financial assets expire or if the group transfers the financial asset to another party without retaining control or substantially all risks and rewards of ownership of the asset. Financial liabilities

are derecognised if the group's obligations specified in the contract expire or are discharged or cancelled.

3.4.1 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.

3.4.2 Share capital

Ordinary shares

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

Repurchase of capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

Dividends

Dividends (treated as distributions within equity) are recognised as a liability in the period in which they are declared.

3.4.3 Offsetting

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

3.5 Provisions

A provision is recognised in the statement of financial position when the group has a present legal or constructive obligation (that can be estimated reliably) and it is probable that an outflow of economic benefits will be required to settle the obligation. 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 the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

3.6 Revenue

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.

3.7 Interest expense

Interest expense comprises the effective interest expense of financial liabilities measured at amortised cost.

3.8 Income tax

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries and associates 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 reporting 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 profit or loss 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 off-set against future dividend payments to reduce the STC liability, a deferred tax asset is recognised to the extent of probable future reductions in STC.

3.9 Earnings per share

The group presents basic and diluted earnings per share data for its shares. Basic earnings per share is calculated by dividing the profit or loss attributable to shareholders of the company by the weighted average number of shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to shareholders and the weighted average number of shares outstanding for the effects of all potential dilutive instruments.

3.10 Segment reporting

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. The group has no distinguishable operating segments and consequently no segmental report is prepared.

Notes to the Financial Statements

for the year ended 31 December 2009

4 Investment in associate

	Group		Company	
	2009 Rm	2008 Rm	2009 Rm	2008 Rm
Trencor Limited				
Listed shares held at cost	463,9	463,9	463,9	463,9
Number of shares: 86 695 758 (2008: 86 695 758)				
Market value: R2 275,8 million (2008: R1 699,2 million)				
Attributable reserves and profit net of dividends received	1 572,1	1 878,3	–	–
	2 036,0	2 342,2	463,9	463,9
Mobile Industries holds 46,25% of the issued share capital of Trencor (2008: 46,26%)				
Share of profit/(loss) of discontinued operations of Trencor	3,2	(22,1)	–	–

Summary financial information of Trencor – 100%

	Assets Rm	Liabilities Rm	Equity Rm	Revenue Rm	Profit Rm
2009	11 955,0	6 209,0	5 746,0	1 958,0	259,0
2008	14 464,2	7 845,1	6 619,1	2 804,1	662,6

5 Investment in subsidiaries

	Group		Company	
	2009 Rm	2008 Rm	2009 Rm	2008 Rm
Unlisted shares held at cost	–	–	2,2	2,4
Amounts due to subsidiaries	–	–	(6,6)	(6,3)
	–	–	(4,4)	(3,9)

The amounts due to subsidiaries represent short-term cash deposited with the holding company. Interest is paid to the subsidiaries at a rate based on bank call deposit rates.

6 Participation in export partnerships

The subsidiaries participate in various 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.

7 Trade and other receivables

Accrued income	0,4	0,5	0,4	0,5
	0,4	0,5	0,4	0,5

8 Capital and share premium

	Group		Company	
	2009 Rm	2008 Rm	2009 Rm	2008 Rm
Share capital				
Authorised				
Ordinary shares of 0,005 cent each 10 633 160 542 (2008: 10 633 160 542)	0,5	0,5	0,5	0,5
Issued				
Ordinary shares 1 068 039 676 (2008: 1 068 039 676)	0,1	0,1	0,1	0,1
Share premium	192,6	192,6	192,6	192,6
	192,7	192,7	192,7	192,7

Shareholders have not been requested to place the unissued shares of the company under the control of the directors.

9 Reserves

Non-distributable				
Reserves of associate attributable to the group	251,4	581,9	–	–
Revenue profits of the subsidiary company attributable to the holding company, converted into capitalisation shares by the subsidiary	0,1	0,1	0,1	0,1
Revaluation reserve – fair value adjustments transferred from retained income	262,2	262,2	262,2	262,2
Post-acquisition non-distributable reserve of subsidiary	0,1	0,1	–	–
	513,8	844,3	262,3	262,3
Distributable				
Retained income	1 335,9	1 311,7	11,0	11,6
Company and subsidiaries	15,2	15,3	11,0	11,6
Associate	1 320,7	1 296,4	–	–
Total reserves	1 849,7	2 156,0	273,3	273,9
Dividends				
Dividends declared and paid during the year are as follows:				
Final dividend in respect of financial year 2008				
– 6,05 cents per share (2007: 4,7 cents)	64,6	50,2	64,6	50,2
Interim dividend in respect of financial year 2009				
– 2,8 cents per share (2008: 2,8 cents)	29,9	29,9	29,9	29,9
	94,5	80,1	94,5	80,1

A final dividend of 6,9 cents per share in respect of financial year 2009 was declared by the board on 16 February 2009. This dividend will not be subject to STC as the company has sufficient unutilised STC credits (refer note 10).

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 Financial Statements

for the year ended 31 December 2009

10 Deferred tax

	Group		Company	
	2009 Rm	2008 Rm	2009 Rm	2008 Rm
Deferred tax liability				
Balance at the beginning of the year	2,2	2,6	–	–
Adjustment due to change in tax rate	–	(0,1)	–	–
Current – temporary differences	(0,2)	(0,3)	–	–
Balance at end of the year	2,0	2,2	–	–
Comprising:				
Participation in export partnerships	2,0	2,2	–	–
	2,0	2,2	–	–

Deferred tax is provided at the SA normal tax rate, currently 28% (2008: 28%).

There were no temporary differences associated with investments in subsidiary and associate companies for which deferred tax liabilities have not been recognised (2008: nil).

The company has an unutilised STC credit of R18,7 million (2008: R17,8 million) 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.

11 Trade and other payables

Accrued expenses	0,2	0,2	0,1	0,1
Unclaimed debenture interest and dividends	0,7	0,5	0,7	0,5
	0,9	0,7	0,8	0,6

12 Revenue

Dividend income from associate	–	–	95,4	80,6
Interest income				
Bank	0,6	0,9	0,6	0,9
	0,6	0,9	96,0	81,5

13 Profit before tax

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

Auditor's remuneration				
Audit fee – current year	0,2	0,2	0,1	0,1
Interest expense				
Subsidiaries	–	–	0,5	0,6

14 Income tax (credit)/expense

	Group		Company	
	2009 Rm	2008 Rm	2009 Rm	2008 Rm
South African normal	0,1	0,5	–	0,1
Current	0,3	0,5	–	0,1
Adjustment in respect of prior year	(0,2)	–	–	–
South African deferred	(0,2)	(0,4)	–	–
Reversal of temporary differences	(0,2)	(0,3)	–	–
Adjustment due to change in rate	–	(0,1)	–	–
	(0,1)	0,1	–	0,1
The effective tax rate is reconciled as follows:	%	%	%	%
Statutory tax rate	28,0	28,0	28,0	28,0
Non-taxable income	–	–	(28,4)	(28,5)
Non-deductible expenditure	0,2	0,1	0,4	0,6
Dilution of investment in associate	0,1	0,1	–	–
Profit of associate	(28,4)	(28,2)	–	–
Effective tax rate	(0,1)	–	–	0,1

15 Earnings and headline earnings per share

	Rm	Rm	Rm	Rm
Basic earnings per share				
Profit for the year attributable to equity holders of the company	118,1	305,0	–	–
Weighted average number of shares in issue (million)	1 068,0	1 068,0	–	–
Earnings per share (cents)	11,1	28,6	–	–

Diluted earnings per share is equal to basic earnings per share.

	Rm	Rm	Rm	Rm
Headline earnings per share				
Undiluted				
Profit for the year attributable to equity holders of the company	118,1	305,0	–	–
Loss on dilution of interest in associate	0,6	0,6	–	–
Attributable share of headline earnings adjustments of associate	(2,9)	58,1	–	–
Headline earnings attributable to equity holders of the company	115,8	363,7	–	–
Weighted average number of shares in issue (million)	1 068,0	1 068,0	–	–
Headline earnings per share (cents)	10,8	34,1	–	–

Diluted headline earnings per share is equal to undiluted headline earnings per share.

16 Notes to the statements of cash flows

16.1 Reconciliation of profit for the year to cash utilised by operations

Profit for the year	118,1	305,0	93,9	79,3
Attributable profit of associate	(119,7)	(306,6)	–	–
Adjusted for:				
Interest expense	–	–	0,5	0,6
Dividend income	–	–	(95,4)	(80,6)
Interest income	(0,6)	(0,9)	(0,6)	(0,9)
Loss on dilution of interest in associate	0,6	0,6	–	–
Income tax (credit)/expense	(0,1)	0,1	–	0,1
Operating loss before working capital changes	(1,7)	(1,8)	(1,6)	(1,5)
Working capital changes	(0,9)	(0,6)	(0,6)	(0,2)
Decrease/(Increase) in trade and other receivables	0,1	(0,3)	0,1	(0,3)
(Decrease)/Increase in amounts due to subsidiary of associate	(1,2)	1,2	(1,2)	1,2
Increase in amount due to subsidiary	–	–	0,3	0,4
Increase/(Decrease) in trade and other payables	0,2	(1,5)	0,2	(1,5)
Receipt from export partnerships	0,2	0,4	–	–
Cash utilised by operations	(2,4)	(2,0)	(2,2)	(1,7)

16 Notes to the statements of cash flows (continued)

16.2 Tax paid

	Group		Company	
	2009 Rm	2008 Rm	2009 Rm	2008 Rm
Amounts unpaid at the beginning of the year	0,3	0,3	0,1	0,1
Normal tax recognised in profit or loss	0,1	0,5	–	0,1
Amounts unpaid at the end of the year	–	(0,3)	–	(0,1)
	0,4	0,5	0,1	0,1

16.3 Cash and cash equivalents

Bank balances	0,2	0,1	0,2	0,1
Call and term deposits	6,7	7,9	6,7	7,9
	6,9	8,0	6,9	8,0

17 Financial instruments

17.1 Categories of financial assets and liabilities

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

Investment in subsidiaries	–	–	2,2	2,4
Loans and receivables				
Participation in export partnerships	2,0	2,2	–	–
Trade and other receivables	0,4	0,5	0,4	0,5
Cash and cash equivalents	6,9	8,0	6,9	8,0
	9,3	10,7	9,5	10,9
Financial liabilities measured at amortised cost				
Amounts due to subsidiaries	–	–	6,6	6,3
Amount due to subsidiary of associate	–	1,2	–	1,2
Trade and other payables	0,9	0,7	0,8	0,6
	0,9	1,9	7,4	8,1

17.2 Overview

The group's activities expose it to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

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

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

The directors have overall responsibility for the establishment and oversight of the group's risk management framework. Risk management is carried out by the board. The board provides written principles for the overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investing excess liquidity.

The group's risk management policies are established to identify and analyse the risks faced by the group to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

The group audit committee oversees how management monitors compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group.

17 Financial instruments (continued)

17.3 Credit risk

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

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

	Group		Company	
	2009 Rm	2008 Rm	2009 Rm	2008 Rm
Loans and receivables				
Participation in export partnerships	2,0	2,2	–	–
Trade and other receivables	0,4	0,5	0,4	0,5
Cash and cash equivalents	6,9	8,0	6,9	8,0
	9,3	10,7	7,3	8,5

The group's cash and cash equivalents are placed only with financial institutions having acceptable credit ratings.

17.4 Liquidity risk

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

The risk is managed through cash flow forecasts. In terms of the company's articles of association, its borrowing powers are unlimited.

The contractual cash flows on all financial liabilities are the same as their carrying amounts and are all contractually due within one year.

17.5 Market risk

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

17.6 Interest rate risk

The group is exposed to interest rate risk as it places funds on the money market. This risk is managed by maintaining an appropriate mix of fixed and daily call placements with registered financial institutions which are subject to compliance with the relevant regulatory bodies.

Cash flow sensitivity analysis for variable rate instruments

An increase/decrease of 100 basis points in interest rates at the reporting date would have increased/decreased profit or loss by R0,1 million (2008: R0,1 million). This analysis assumes that all other variables remain constant.

17.7 Capital management

Capital is regarded as total equity.

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors also determines the level of dividends paid to shareholders.

The group may purchase its own shares on the market, if the 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, the long-term cash needs and the interests of the company.

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

Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

17.8 Fair values

The fair values of all financial instruments are substantially similar to carrying amounts reflected in the statement of financial position.

Notes to the Financial Statements

for the year ended 31 December 2009

18 Related party transactions

18.1 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).

18.2 Intra-group transactions

Amounts due to subsidiaries (refer note 5).
Investment in associate (refer note 4).
Interest paid to subsidiaries (refer note 13).

18.3 Participation in export partnerships

The subsidiaries are partners in export partnerships. The managing partner of these partnerships is Trencor Services (Pty) Limited, a subsidiary of the associate (refer note 6).

18.4 Transactions with key management personnel

Directors' interest in share capital

The number of shares held by the directors in the issued share capital of the company at 31 December was as follows:

	Beneficial		Non-beneficial		Total
	Direct	Indirect	Direct	Indirect	
2009					
C Jowell	1 461 389	131 040 841	–	266 448	132 768 678
N I Jowell	74 215	134 933 030	–	–	135 007 245
	1 535 604	265 973 871	–	266 448	267 775 923
2008					
H A Gorvy	105 000	11 186	–	–	116 186
C Jowell	1 461 389	131 040 841	–	266 448	132 768 678
N I Jowell	74 215	134 933 030	–	–	135 007 245
	1 640 604	265 985 057	–	266 448	267 892 109

There were no other transactions with key management personnel during the year (2008: none).

19 Accounting standards and interpretations in issue but not yet effective

The following new standards, amendments to standards and interpretations are relevant to the group and are not yet effective for the year ended 31 December 2009, and have not yet been early adopted in preparing these financial statements:

- 19.1 IFRS 9 *Financial Instruments* (effective for years commencing on or after 1 January 2013) – this standard addresses the initial measurement and classification of financial assets as either measured at amortised cost or at fair value. Financial assets are measured at amortised cost when the business model is to hold assets in order to collect contractual cash flows. All other financial assets are measured at fair value with changes recognised in profit or loss. For an investment in an equity instrument that is not held for trading, an entity may on initial recognition elect to present all fair value changes from the investment in other comprehensive income. IFRS 9 will be adopted for the first time for the year ending 31 December 2013 and will be applied retrospectively, subject to certain transitional provisions. The impact on the financial statements has not yet been estimated.
- 19.2 Revised IAS 24 *Related Party Disclosures* (effective for years commencing on or after 1 January 2011) – this standard addresses the disclosure requirements in respect of related parties, with the main changes relating to the definition of a related party where new related party relationships have been identified. This standard will be adopted retrospectively for the first time for the year ending 31 December 2011, although it is not expected to have a significant impact on the disclosure in the financial statements.

