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### Directors

|            |             |                     |
|------------|-------------|---------------------|
| C JOWELL   | Chairman    | AUDIT COMMITTEE     |
| H A GORVY  | Independent | E OBLOWITZ Chairman |
| N I JOWELL |             | H A GORVY           |
| E OBLOWITZ | Independent |                     |

All directors are non-executive.

Brief résumés of the directors are presented on page 97.

### TEN YEAR REVIEW

|  | 06<br>RM     | 05 <sup>1</sup><br>RM | 04 <sup>1</sup><br>RM | 03<br>RM | 02<br>RM | 01 <sup>2</sup><br>RM | 00<br>RM | 99<br>RM | 98<br>RM | 97<br>RM |
|--|--------------|-----------------------|-----------------------|----------|----------|-----------------------|----------|----------|----------|----------|
| PROFIT/(LOSS)  | <b>252,8</b> | 272,8                 | 90,4                  | (46,1)   | (174,8)  | 383,2                 | (26,5)   | 32,9     | 168,9    | 113,9    |
| ATTRIBUTABLE HEADLINE EARNINGS/(LOSS) OF ASSOCIATE     | <b>169,9</b> | 186,4                 | 53,6                  | (78,2)   | (163,7)  | 344,2                 | 145,6    | 9,3      | 125,0    | 76,9     |
| HEADLINE EARNINGS/(LOSS)                               | <b>285,3</b> | 258,0                 | 106,7                 | (77,6)   | (163,6)  | 344,8                 | 121,1    | 32,0     | 160,3    | 112,2    |
| STATISTICS   |              |                       |                       |          |          |                       |          |          |          |          |
| NUMBER OF ISSUED SHARES (MILLION)                      | <b>897,9</b> | 897,9                 | 897,9                 | 897,9    | 897,9    | 897,9                 | 897,9    | 897,9    | 897,9    | 890,5    |
| EQUITY BOOK VALUE PER SHARE (CENTS)                    | <b>150,9</b> | 119,6                 | 85,9                  | 79,5     | 91,6     | 122,9                 | 71,8     | 74,8     | 72,1     | 59,2     |
| HEADLINE EARNINGS/(LOSS) PER SHARE (CENTS) – UNDILUTED | <b>31,8</b>  | 28,7                  | 11,9                  | (8,6)    | (18,2)   | 38,4                  | 13,5     | 3,6      | 17,9     | 12,6     |
| DIVIDENDS PER SHARE (CENTS)                            | <b>4,55</b>  | 3,00                  | 0,90                  | –        | –        | –                     | –        | 2,34     | 3,92     | 3,67     |
| DIVIDEND COVER (TIMES)                                 | <b>7,0</b>   | 9,6                   | 13,2                  | –        | –        | –                     | –        | 1,5      | 4,6      | 3,4      |

<sup>1</sup> Restated.

<sup>2</sup> 18 months. Up until 2000, the reporting periods were to 30 June, thereafter to 31 December.

## ● 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 Trencor Ltd ('Trencor') in terms of the Listings Requirements of the JSE Ltd ('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 97. 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 Trencor.

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 2006, 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 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 2006 and 2005 were as follows:

|                           | BENEFICIAL |             | NON-BENEFICIAL |          | TOTAL       |
|---------------------------|------------|-------------|----------------|----------|-------------|
|                           | DIRECT     | INDIRECT    | DIRECT         | INDIRECT |             |
| ORDINARY SHARES           |            |             |                |          |             |
| 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  |
| 'N' ORDINARY SHARES       |            |             |                |          |             |
| 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 |
| 6% CONVERTIBLE DEBENTURES |            |             |                |          |             |
| 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      |

Subsequent to the year-end, as a result of the share capital restructuring referred to in the directors' report, the 'N' ordinary shares were renamed to ordinary shares. Accordingly, the number of ordinary shares held by the directors with effect from 12 March 2007 was as follows:

|                 | BENEFICIAL |             | NON-BENEFICIAL |          | TOTAL       |
|-----------------|------------|-------------|----------------|----------|-------------|
|                 | DIRECT     | INDIRECT    | DIRECT         | INDIRECT |             |
| ORDINARY SHARES |            |             |                |          |             |
| H A GORVY       | 105 000    | 11 186      | –              | –        | 116 186     |
| C JOWELL        | 1 450 793  | 125 909 930 | –              | 264 528  | 127 625 251 |
| N I JOWELL      | 73 681     | 129 807 344 | –              | –        | 129 881 025 |
| E OBLowitz      | –          | –           | –              | –        | –           |
|                 | 1 629 474  | 255 728 460 | –              | 264 528  | 257 622 462 |

### SUB-COMMITTEES OF THE BOARD

**AUDIT COMMITTEE** In 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 Trencor. Messrs E Oblowitz (committee chairman) and H A 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.

## Corporate governance

In addition to the committee members, the chairman of the board and certain Trecor 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.

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.

## Declaration by the company secretary

It is hereby certified that for the year ended 31 December 2006, 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  
30 MARCH 2007

## Mobile Industries Limited and subsidiaries Annual financial statements

### 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 balance sheets at 31 December 2006, and the income statements, the statements of changes in equity and cash flow statements 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, save for those specific Trencor Ltd businesses impacted by the uncertainties described in note 19.

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 first paragraph, 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  
30 MARCH 2007

## Independent auditor's report

### TO THE MEMBERS OF MOBILE INDUSTRIES LIMITED REPORT ON THE FINANCIAL STATEMENTS

We have audited the group annual financial statements and the annual financial statements of Mobile Industries Limited, which comprise the balance sheets at 31 December 2006, and the income statements, the statements of changes in equity and cash flow statements 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 80 to 95.

### 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, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Mobile Industries Limited at 31 December 2006, 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.

### EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to note 19 to the financial statements. This note indicates the circumstances that have made trading contracts between certain Trencor Ltd subsidiaries in the United Kingdom and their brewer customers uneconomic and, consequently, that these contracts may be terminated on the basis that the brewers will repurchase the keg fleets for amounts that will satisfy the related outstanding debt.

The note indicates that should the contracts be terminated on this basis, there is a possibility that the subsidiaries may have to bear some additional costs but, as a decision has still to be made in this regard, no provision for any loss or additional liability that may result is made in these financial statements. The note also indicates that these conditions result in the existence of a material uncertainty which may cast significant doubt on the ability of these subsidiaries in the United Kingdom, and possibly TrensStar Inc, to continue as going concerns.

KPMG INC  
REGISTERED AUDITOR



PER G M PICKERING  
CHARTERED ACCOUNTANT (SA)  
REGISTERED AUDITOR  
DIRECTOR  
CAPE TOWN  
30 MARCH 2007

## ● Directors' report

### NATURE OF BUSINESS

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

The company's main investment is a holding of 46,04% (2005: 46,88%) of the issued share capital and 47,96% (2005: 47,96%) of the 6% convertible debentures of Trecor Ltd, a holding company listed on the JSE. Trecor's core business focus worldwide is:

- \* owning, leasing and managing marine cargo containers;
- \* owning and leasing returnable packaging units together with the related management and technology; and
- \* finance related activities.

Members are directed to the Chairman's statement and results of Trecor 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 95. The estimated proportion of income after tax attributable to the various classes of business of the group is as follows:

|  | 2006<br>%    | 2005<br>% |
|--|--------------|-----------|
| UNREALISED GAIN – CONVERTIBLE DEBENTURES             | <b>45,6</b>  | 26,7      |
| (LOSS)/PROFIT ON DILUTION OF INVESTMENT IN ASSOCIATE | <b>(4,6)</b> | 0,7       |
| PROFIT OF ASSOCIATE                                  | <b>58,9</b>  | 73,1      |
| FINANCE AND OTHER INCOME                             | <b>0,1</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 96.

In terms of the articles of association Messrs C Jowell and N I Jowell 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 97.

### DIRECTORS' INTERESTS

The aggregate of the direct and indirect interests of the directors in the issued securities of the company at 31 December 2006 and 2005 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 2006 and 2005 were as follows:

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

Subsequent to the year-end, as a result of the share capital restructuring referred to below, the 'N' ordinary shares were renamed ordinary shares. Accordingly, the aggregate of the

direct and indirect interests of the directors in the issued securities of the company with effect from 12 March 2007 was as follows:

|              | ORDINARY | 6% CONVERTIBLE DEBENTURES |
|--------------|----------|---------------------------|
| BENEFICIAL % | 28,8     | 0,2                       |

In addition the direct and indirect interests of each director who held in excess of 1% of the issued securities at 12 March 2007 was as follows:

|              | ORDINARY |
|--------------|----------|
| BENEFICIAL % |          |
| C JOWELL     | 14,2     |
| N I JOWELL   | 14,5     |

There have been no other 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 CENTS | TOTAL R'000 |
|--------------------|----------------|-------------|--------------|-----------------------------------|-------------|
| DIVIDENDS          |                |             |              |                                   |             |
| 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      |
| 2006 – INTERIM     | 66             | 29/09/06    | 02/10/06     | 1,55                              | 13 917      |
| – FINAL            | 67             | 05/04/07    | 10/04/07     | 3,0                               | 26 936      |
| DEBENTURE INTEREST |                |             |              |                                   |             |
| – 6% CONVERTIBLE   | 29             | 15/05/06    | 30/06/06     | 6,75                              | 3 829       |
|                    | 30             | 15/12/06    | 29/12/06     | 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 to 78.

### SUBSIDIARIES

The company holds 100% (2005: 100%) of the 700 000 (2005: 700 000) issued ordinary shares of Mobile Acceptances (Pty) Ltd. Details of this investment are as follows:

|                            | 2006<br>R'000 | 2005<br>R'000 |
|----------------------------|---------------|---------------|
| SHARES AT COST             | <b>2 233</b>  | 2 233         |
| PROFIT/(LOSS) FOR THE YEAR | <b>1 033</b>  | (110)         |

Mobile Acceptances (Pty) Ltd, in turn, holds 100% (2005: 100%) of the 100 (2005: 100) issued ordinary shares of Transport Acceptances (Pty) Ltd. These subsidiaries are incorporated in the Republic of South Africa and are partners in export partnerships.

## Directors' report

### SPECIAL RESOLUTION

At the annual general meeting held on 17 May 2006, shareholders passed a special resolution, which was registered on 25 May 2006, 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 2 784 518 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 2006 the company had a 46,06% interest (2005: 46,88%) in the issued share capital of Trencor.

Subsequent to the year-end, the number of shares in issue in Trencor increased by 62 475 following the exercise of options and, as a result, the company's interest in the issued share capital of Trencor decreased from 46,06% to 46,04%.

### 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 2006 is presented on page 96.

### SUBSEQUENT EVENT: SHARE CAPITAL RESTRUCTURING

As previously announced, the board proposed to simplify the company's capital structure as detailed in the circular to security holders dated 19 January 2007. Current stock market practice is to avoid the creation of shares with different voting rights. Furthermore, the different classes of shares in issue provided multiple investment entry points into Mobile. Accordingly, the board proposed resolutions to align shareholders' voting interests with their economic interests and reduce the number of investment entry points into Mobile.

Given that historically the 'N' ordinary shares traded at a share price closely approximating the share price of the ordinary shares, it was proposed that the par value of the ordinary shares be decreased to that of the 'N' ordinary shares and that the 'N' ordinary shares be renamed to ordinary shares. As a consequence, the terms of the convertible debentures had to be amended to provide for their conversion into three ordinary shares, instead of into one ordinary share and two 'N' ordinary shares.

Subsequent to the year-end, on 19 February 2007, holders of securities in general meetings approved the relevant special and ordinary resolutions to give effect to the proposed share capital restructuring and the amendment to the conversion terms of the convertible debentures. The special resolutions

were registered by the Registrar of Companies on 23 February 2007.

The share capital restructuring has been implemented as follows:

- \* The par value of the issued ordinary shares was reduced from 0,5 cent per share to 0,005 cent per share and an amount of 0,495 cent per share was paid on 12 March 2007 in cash as a return of capital, in terms of section 90 of the Companies Act in South Africa, to the holders of ordinary shares.
- \* The authorised but unissued ordinary shares were sub-divided on a hundred-for-one basis into shares of 0,005 cent per share each.
- \* All the 'N' ordinary shares, issued and unissued, were renamed to ordinary shares and the memorandum and articles of association of the company were amended by removing the references to the 'N' ordinary shares.
- \* The terms of the debenture trust deed were amended to adjust the conversion terms from the previous one ordinary share and two 'N' ordinary shares to be three ordinary shares instead.
- \* On 5 March 2007 the listing of the 'N' ordinary shares was suspended on the JSE and trading in the new ordinary shares with a par value of 0,005 cent each under the new ISIN ZAE000091435 commenced.

The share capital restructuring has no effect on earnings and headline earnings per share, nor on net asset value and net tangible asset value per share.

Following the share capital restructuring, the company's authorised and issued share capital effective 12 March 2007 is as follows:

|            |  |             |
|------------|--|-------------|
| AUTHORISED | 10 633 160 542 ORDINARY SHARES<br>OF 0,005 CENT EACH | R531 658,03 |
| ISSUED     | 897 861 076 ORDINARY SHARES<br>OF 0,005 CENT EACH    | R44 893,05  |

Holders of certificated ordinary and/or 'N' ordinary shares issued prior to 5 March 2007 are reminded to submit the form/s of surrender, contained in the circular to security holders dated 19 January 2007, together with their documents of title, to the company's transfer secretaries in order to receive a replacement new ordinary share certificate.

### CONVERSION OF CONVERTIBLE DEBENTURES

In terms of the trust deed governing the convertible debentures, as amended in general meeting on 19 February 2007, each debenture will automatically convert into three ordinary shares. Such conversion will take place on the last Friday of the fifth month of the financial year following the financial year in respect of which the total dividend declared is equal to or exceeds 4,5 cents per share.

In view of the fact that the total dividend declared in respect of the year ended 31 December 2006 amounted to 4,55 cents per share, each debenture will be converted into three ordinary shares on 25 May 2007. A circular containing details with regard to the conversion will be issued to debenture holders in due course.

After conversion of the 56 726 200 debentures, the issued share capital will amount to R53 402 comprising 1 068 042 676 ordinary shares of 0,005 cent each.

# Mobile Industries Limited and subsidiaries

## ● Balance sheets at 31 December 2006

|   | NOTES | GROUP            |                           | COMPANY        |               |
|---|-------|------------------|---------------------------|----------------|---------------|
|   |       | 2006<br>R'000    | 2005<br>RESTATED<br>R'000 | 2006<br>R'000  | 2005<br>R'000 |
| <b>ASSETS</b>   |       |                  |                           |                |               |
| INVESTMENT IN ASSOCIATE   | 2     | <b>1 085 943</b> | 922 738                   | <b>76 697</b>  | 76 697        |
| INVESTMENT IN CONVERTIBLE DEBENTURES IN ASSOCIATE                 | 2     | <b>387 208</b>   | 271 869                   | <b>387 208</b> | 271 869       |
| INVESTMENT IN SUBSIDIARIES  | 3     | –                | –                         | <b>2 233</b>   | 2 233         |
| PARTICIPATION IN EXPORT PARTNERSHIPS                              | 4     | <b>2 899</b>     | 4 179                     | –              | –             |
| <b>TOTAL NON-CURRENT ASSETS</b>                                   |       | <b>1 476 050</b> | 1 198 786                 | <b>466 138</b> | 350 799       |
| TRADE AND OTHER RECEIVABLES                                       | 5     | <b>639</b>       | 613                       | <b>631</b>     | 613           |
| AMOUNT DUE FROM SUBSIDIARY OF ASSOCIATE                           |       | –                | 7 341                     | –              | 7 341         |
| CASH AND CASH EQUIVALENTS   |       | <b>10 959</b>    | 1 018                     | <b>9 686</b>   | 1 018         |
| <b>TOTAL CURRENT ASSETS</b>                                       |       | <b>11 598</b>    | 8 972                     | <b>10 317</b>  | 8 972         |
| <b>TOTAL ASSETS</b>   |       | <b>1 487 648</b> | 1 207 758                 | <b>476 455</b> | 359 771       |
| <b>EQUITY</b>   |       |                  |                           |                |               |
| ISSUED CAPITAL  | 6     | <b>1 513</b>     | 1 513                     | <b>1 513</b>   | 1 513         |
| SHARE PREMIUM   | 6     | <b>65 024</b>    | 65 024                    | <b>65 024</b>  | 65 024        |
| RESERVES  | 7     | <b>1 288 085</b> | 1 007 553                 | <b>275 690</b> | 159 370       |
| <b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b> |       | <b>1 354 622</b> | 1 074 090                 | <b>342 227</b> | 225 907       |
| <b>LIABILITIES</b>  |       |                  |                           |                |               |
| CONVERTIBLE DEBENTURES  | 8     | <b>127 634</b>   | 127 634                   | <b>127 634</b> | 127 634       |
| DEFERRED TAX  | 9     | <b>2 899</b>     | 3 407                     | –              | –             |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                              |       | <b>130 533</b>   | 131 041                   | <b>127 634</b> | 127 634       |
| TRADE AND OTHER PAYABLES  | 10    | <b>1 876</b>     | 1 978                     | <b>1 826</b>   | 1 651         |
| AMOUNTS DUE TO SUBSIDIARIES                                       | 3     | –                | –                         | <b>4 556</b>   | 4 579         |
| AMOUNT DUE TO SUBSIDIARY OF ASSOCIATE                             |       | <b>212</b>       | –                         | <b>212</b>     | –             |
| INCOME TAX PAYABLE  | 15    | <b>405</b>       | 649                       | –              | –             |
| <b>TOTAL CURRENT LIABILITIES</b>                                  |       | <b>2 493</b>     | 2 627                     | <b>6 594</b>   | 6 230         |
| <b>TOTAL LIABILITIES</b>  |       | <b>133 026</b>   | 133 668                   | <b>134 228</b> | 133 864       |
| <b>TOTAL EQUITY AND LIABILITIES</b>                               |       | <b>1 487 648</b> | 1 207 758                 | <b>476 455</b> | 359 771       |

Mobile Industries Limited  
and subsidiaries

● Income statements  
for the year ended 31 December 2006

|   | NOTES | GROUP           |                           | COMPANY        |               |
|---|-------|-----------------|---------------------------|----------------|---------------|
|   |       | 2006<br>R'000   | 2005<br>RESTATED<br>R'000 | 2006<br>R'000  | 2005<br>R'000 |
| REVENUE   | 1, 11 | <b>8 231</b>    | 8 013                     | <b>44 562</b>  | 23 959        |
| ADMINISTRATION EXPENSES   |       | <b>(868)</b>    | (1 247)                   | <b>(1 080)</b> | (1 028)       |
| FAIR VALUE ADJUSTMENT ON INVESTMENT IN CONVERTIBLE DEBENTURES     |       | <b>115 339</b>  | 72 773                    | <b>115 339</b> | 72 773        |
| OPERATING PROFIT BEFORE INTEREST                                  |       | <b>122 702</b>  | 79 539                    | <b>158 821</b> | 95 704        |
| INTEREST EXPENSE  | 12    | <b>(7 772)</b>  | (7 658)                   | <b>(7 933)</b> | (7 888)       |
| SHARE OF PROFIT OF ASSOCIATE                                      |       | <b>148 904</b>  | 199 358                   | -              | -             |
| (LOSS)/PROFIT ON DILUTION OF INTEREST IN ASSOCIATE                |       | <b>(11 550)</b> | 1 836                     | -              | -             |
| PROFIT BEFORE TAX   | 12    | <b>252 284</b>  | 273 075                   | <b>150 888</b> | 87 816        |
| INCOME TAX CREDIT/(EXPENSE)                                       | 13    | <b>483</b>      | (282)                     | -              | -             |
| PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY |       | <b>252 767</b>  | 272 793                   | <b>150 888</b> | 87 816        |
| EARNINGS PER SHARE (CENTS)  | 14    |                 |                           |                |               |
| BASIC   |       | <b>28,2</b>     | 30,4                      |                |               |
| DILUTED   |       | <b>24,2</b>     | 26,0                      |                |               |

# Mobile Industries Limited and subsidiaries

## ● Statements of changes in equity for the year ended 31 December 2006

|  | SHARE<br>CAPITAL<br>R'000 | SHARE<br>PREMIUM<br>R'000 | NON-<br>DISTRIBUTABLE<br>RESERVE<br>R'000 | NON-<br>DISTRIBUTABLE<br>REVALUATION<br>RESERVE<br>R'000 | RETAINED<br>INCOME<br>R'000 | TOTAL<br>EQUITY<br>R'000 |
|--|---------------------------|---------------------------|---|--|-----------------------------|--------------------------|
| <b>GROUP</b>   |                           |                           |   |  |                             |                          |
| BALANCE AT 31 DECEMBER 2004 (AS PREVIOUSLY REPORTED)   | 1 513                     | 65 024                    | 8 772                                     | 74 146   | 625 346                     | 774 801                  |
| ADJUSTMENT DUE TO RESTATEMENT BY ASSOCIATE (REFER NOTE 18)   | –                         | –                         | –   | –  | (4 522)                     | (4 522)                  |
| RESTATE BALANCE  | 1 513                     | 65 024                    | 8 772                                     | 74 146   | 620 824                     | 770 279                  |
| NET INCOME RECOGNISED IN EQUITY FOR 2005   |                           |                           |   |  |                             |                          |
| SHARE OF INCREASE IN NON-DISTRIBUTABLE RESERVE OF ASSOCIATE  | –                         | –                         | 45 833                                    | –  | –                           | 45 833                   |
| PROFIT FOR THE YEAR  | –                         | –                         | –   | –  | 272 793                     | 272 793                  |
| TOTAL RECOGNISED INCOME AND EXPENSE FOR THE YEAR   | –                         | –                         | 45 833                                    | –  | 272 793                     | 318 626                  |
| PROFIT ON DILUTION OF ASSOCIATE'S INVESTMENT IN SUBSIDIARIES<br>TRANSFERRED TO NON-DISTRIBUTABLE RESERVE | –                         | –                         | 1 836                                     | –  | (1 836)                     | –                        |
| TRANSFER OF UNREALISED GAIN ON INVESTMENT IN CONVERTIBLE<br>DEBENTURES                                   | –                         | –                         | –   | 72 773   | (72 773)                    | –                        |
| DIVIDENDS PAID TO EQUITY HOLDERS   | –                         | –                         | –   | –  | (14 815)                    | (14 815)                 |
| BALANCE AT 31 DECEMBER 2005 (RESTATE)  | 1 513                     | 65 024                    | 56 441                                    | 146 919  | 804 193                     | 1 074 090                |
| NET INCOME RECOGNISED IN EQUITY FOR 2006   |                           |                           |   |  |                             |                          |
| SHARE OF INCREASE IN NON-DISTRIBUTABLE RESERVE OF ASSOCIATE  | –                         | –                         | 62 333                                    | –  | –                           | 62 333                   |
| PROFIT FOR THE YEAR  | –                         | –                         | –   | –  | 252 767                     | 252 767                  |
| TOTAL RECOGNISED INCOME AND EXPENSE  | –                         | –                         | 62 333                                    | –  | 252 767                     | 315 100                  |
| LOSS ON DILUTION OF ASSOCIATE'S INVESTMENT IN SUBSIDIARIES<br>TRANSFERRED TO NON-DISTRIBUTABLE RESERVE   | –                         | –                         | (11 550)                                  | –  | 11 550                      | –                        |
| TRANSFER OF UNREALISED GAIN ON INVESTMENT IN CONVERTIBLE<br>DEBENTURES                                   | –                         | –                         | –   | 115 339  | (115 339)                   | –                        |
| DIVIDENDS PAID TO EQUITY HOLDERS   | –                         | –                         | –   | –  | (34 568)                    | (34 568)                 |
| BALANCE AT 31 DECEMBER 2006  | 1 513                     | 65 024                    | 107 224                                   | 262 258  | 918 603                     | 1 354 622                |
| <b>COMPANY</b>   |                           |                           |   |  |                             |                          |
| BALANCE AT 31 DECEMBER 2004  | 1 513                     | 65 024                    | 120                                       | 74 146   | 12 103                      | 152 906                  |
| PROFIT FOR THE YEAR  | –                         | –                         | –   | –  | 87 816                      | 87 816                   |
| TRANSFER OF UNREALISED GAIN ON INVESTMENT IN CONVERTIBLE<br>DEBENTURES                                   | –                         | –                         | –   | 72 773   | (72 773)                    | –                        |
| DIVIDENDS PAID TO EQUITY HOLDERS   | –                         | –                         | –   | –  | (14 815)                    | (14 815)                 |
| BALANCE AT 31 DECEMBER 2005  | 1 513                     | 65 024                    | 120                                       | 146 919  | 12 331                      | 225 907                  |
| PROFIT FOR THE YEAR  | –                         | –                         | –   | –  | 150 888                     | 150 888                  |
| TRANSFER OF UNREALISED GAIN ON INVESTMENT IN CONVERTIBLE<br>DEBENTURES                                   | –                         | –                         | –   | 115 339  | (115 339)                   | –                        |
| DIVIDENDS PAID TO EQUITY HOLDERS   | –                         | –                         | –   | –  | (34 568)                    | (34 568)                 |
| BALANCE AT 31 DECEMBER 2006  | 1 513                     | 65 024                    | 120                                       | 262 258  | 13 312                      | 342 227                  |

# Mobile Industries Limited and subsidiaries

## ● Cash flow statements for the year ended 31 December 2006

|  | NOTES | GROUP           |               | COMPANY         |               |
|--|-------|-----------------|---------------|-----------------|---------------|
|  |       | 2006<br>R'000   | 2005<br>R'000 | 2006<br>R'000   | 2005<br>R'000 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>            |       |                 |               |                 |               |
| CASH GENERATED FROM/(UTILISED BY) OPERATIONS           | 15.1  | <b>7 837</b>    | (6 638)       | <b>6 607</b>    | (7 741)       |
| INTEREST RECEIVED                                      |       | <b>8 231</b>    | 8 013         | <b>8 080</b>    | 7 907         |
| INTEREST PAID  |       | <b>(7 772)</b>  | (7 658)       | <b>(7 933)</b>  | (7 888)       |
| DIVIDENDS RECEIVED                                     |       | <b>36 482</b>   | 16 052        | <b>36 482</b>   | 16 052        |
| DIVIDENDS PAID   |       | <b>(34 568)</b> | (14 815)      | <b>(34 568)</b> | (14 815)      |
| INCOMETAX PAID   | 15.2  | <b>(269)</b>    | (3 265)       | -               | -             |
| NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES    |       | <b>9 941</b>    | (8 311)       | <b>8 668</b>    | (6 485)       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>            |       |                 |               |                 |               |
| REPAYMENT OF LOAN BY SUBSIDIARIES                      |       | -               | -             | -               | 4 579         |
| NET CASH INFLOW FROM INVESTING ACTIVITIES              |       | -               | -             | -               | 4 579         |
| INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS       |       | <b>9 941</b>    | (8 311)       | <b>8 668</b>    | (1 906)       |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR |       | <b>1 018</b>    | 9 329         | <b>1 018</b>    | 2 924         |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR       |       | <b>10 959</b>   | 1 018         | <b>9 686</b>    | 1 018         |



# Mobile Industries Limited and subsidiaries

## ● Notes to the financial statements for the year ended 31 December 2006

### 1

#### ACCOUNTING POLICIES

##### 1.1 SIGNIFICANT ACCOUNTING POLICIES

Mobile Industries Limited (the 'company') and its subsidiaries are companies incorporated in the Republic of South Africa. The consolidated financial statements of the company for the year ended 31 December 2006 comprise the company and its subsidiaries (together referred to as the 'group') and the group's interest in its associate. The financial statements were approved by the board of directors on 30 March 2007.

##### 1.2 STATEMENT OF COMPLIANCE

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

##### 1.3 BASIS OF PREPARATION

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

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.

The accounting policies have been applied consistently by group entities.

##### 1.4 BASIS OF CONSOLIDATION

###### 1.4.1 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 on 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 accumulated impairment losses.

###### 1.4.2 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 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 non-distributable reserve.

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

###### 1.4.3 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.

##### 1.5 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 profit or loss.

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.

###### 1.5.1 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 fair value less costs to sell 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 pretax 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.

###### 1.5.2 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.

##### 1.6 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 at the date of transition to IFRS.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see accounting policy 1.5). 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.

## Notes to the financial statements

### 1.7 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.

### 1.8 LOANS AND RECEIVABLES

Loans and receivables are measured at amortised cost less accumulated impairment losses.

### 1.9 TAX

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 estimated 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 tax purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and associate 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 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.

### 1.10 TRADE AND OTHER RECEIVABLES

Trade and other receivables are stated at amortised cost less accumulated impairment losses (see accounting policy 1.5).

### 1.11 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.

### 1.12 SHARE CAPITAL AND DIVIDENDS

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

### 1.13 FINANCIAL LIABILITIES

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

### 1.14 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.

### 1.15 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.

### 1.16 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.

### 1.17 INTEREST EXPENSE

Interest expense comprises interest payable on borrowings.

### 1.18 SEGMENT REPORTING

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

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

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2006, and have not yet been applied in preparing these financial statements:

- IFRS 7 *Financial Instruments: Disclosures and the Amendment to IAS 1, Presentation of Financial Statements*: Capital Disclosures require extensive disclosures about the significance of financial instruments for an entity's financial position and performance, and qualitative and quantitative disclosures on the nature and extent of risks. IFRS 7 and amended IAS 1, which become mandatory for the group's 2007 financial statements, will require extensive additional disclosures with respect to the group's financial instruments and capital.
- IFRIC 10 *Interim Financial Reporting and Impairment* prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill, an investment in an equity instrument classified as available-for-sale or a financial asset (which IAS 39 would usually require to be measured at fair value) measured at cost in terms of IAS 39. IFRIC 10 will become mandatory for the group's 2007 financial statements, and will apply to goodwill, investments in equity instruments classified as available-for-sale, and financial assets measured at cost (as described previously) prospectively from the date that the group first applied the measurement criteria of IAS 36 and IAS 39 respectively (i.e. 1 January 2004). The adoption of IFRIC 10 will not affect the reported results of the group.



## Notes to the financial statements

### 2

#### INVESTMENT IN ASSOCIATE

|   | GROUP             |                      | COMPANY          |                  |                 |
|---|-------------------|----------------------|------------------|------------------|-----------------|
|   | 2006<br>R'000     | 2005<br>R'000        | 2006<br>R'000    | 2005<br>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 (2005: 72 964 978)   |                   |                      |                  |                  |                 |
| MARKET VALUE: R2 225 431 829 (2005: R1 532 264 538)   |                   |                      |                  |                  |                 |
| ATTRIBUTABLE RESERVES AND PROFIT NET OF DIVIDENDS RECEIVED  | <b>1 009 246</b>  | 846 041              | –                | –                |                 |
|   | <b>1 085 943</b>  | 922 738              | <b>76 697</b>    | 76 697           |                 |
| LISTED 6% CONVERTIBLE DEBENTURES AT FAIR VALUE  | <b>387 208</b>    | 271 869              | <b>387 208</b>   | 271 869          |                 |
| NUMBER OF DEBENTURES: 13 730 780 (2005: 13 730 780)   |                   |                      |                  |                  |                 |
| On 25 May 2007 each debenture will automatically convert into one share, resulting in the interest in the share capital of Tencor increasing from 46,06% to 46,35%. |                   |                      |                  |                  |                 |
| SHARE OF PROFIT OF DISCONTINUED OPERATIONS OF TRENCOR   | <b>1 391</b>      | 2 491                |                  |                  |                 |
| SUMMARY FINANCIAL INFORMATION OF TRENCOR – 100%   |                   |                      |                  |                  |                 |
|   | ASSETS<br>R'000   | LIABILITIES<br>R'000 | EQUITY<br>R'000  | REVENUE<br>R'000 | PROFIT<br>R'000 |
| 2006  | <b>11 588 649</b> | <b>8 152 113</b>     | <b>3 436 536</b> | <b>2 245 970</b> | <b>319 365</b>  |
| 2005  | 9 382 565         | 6 581 371            | 2 801 194        | 2 099 522        | 423 562         |

### 3

#### INTEREST IN SUBSIDIARIES

|                              | GROUP         |               | COMPANY        |               |
|------------------------------|---------------|---------------|----------------|---------------|
|                              | 2006<br>R'000 | 2005<br>R'000 | 2006<br>R'000  | 2005<br>R'000 |
| UNLISTED SHARES HELD AT COST | –             | –             | <b>2 233</b>   | 2 233         |
| AMOUNTS DUE TO SUBSIDIARIES  | –             | –             | <b>(4 556)</b> | (4 579)       |
|                              | –             | –             | <b>(2 323)</b> | (2 346)       |

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

### 4

#### 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.

### 5

#### TRADE AND OTHER RECEIVABLES

|                |            |     |            |     |
|----------------|------------|-----|------------|-----|
| ACCRUED INCOME | <b>639</b> | 613 | <b>631</b> | 613 |
|----------------|------------|-----|------------|-----|

## Notes to the financial statements

### 6

#### CAPITAL AND SHARE PREMIUM

|   | GROUP         |               | COMPANY       |               |
|---|---------------|---------------|---------------|---------------|
|   | 2006<br>R'000 | 2005<br>R'000 | 2006<br>R'000 | 2005<br>R'000 |
| SHARE CAPITAL                                       |               |               |               |               |
| AUTHORISED  |               |               |               |               |
| ORDINARY SHARES OF 0,5 CENT EACH                    |               |               |               |               |
| 390 000 000 (2005: 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 (2005: 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 (2005: 296 634 742)     |               |               |               |               |
|   | <b>1 483</b>  | 1 483         | <b>1 483</b>  | 1 483         |
| 'N' ORDINARY SHARES 601 226 334 (2005: 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        |

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

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

Subsequent to the year-end, on 19 February 2007, resolutions were approved giving effect to a share capital restructuring in the company. Details of the restructuring are given in the directors' report.

### 7

#### RESERVES

|   |                  |           |                |         |
|---|------------------|-----------|----------------|---------|
| NON-DISTRIBUTABLE   |                  |           |                |         |
| RESERVES OF ASSOCIATE ATTRIBUTABLE TO THE GROUP   | <b>107 024</b>   | 56 241    | –              | –       |
| REVENUE PROFITS OF THE SUBSIDIARY COMPANY 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>262 258</b>   | 146 919   | <b>262 258</b> | 146 919 |
| POST ACQUISITION NON-DISTRIBUTABLE RESERVE OF SUBSIDIARY  | <b>80</b>        | 80        | –              | –       |
|   | <b>369 482</b>   | 203 360   | <b>262 378</b> | 147 039 |
| DISTRIBUTABLE   |                  |           |                |         |
| RETAINED INCOME   |                  |           |                |         |
| COMPANY AND SUBSIDIARIES  | <b>16 381</b>    | 14 393    | <b>13 312</b>  | 12 331  |
| ASSOCIATE   | <b>902 222</b>   | 789 800   | –              | –       |
| TOTAL RESERVES  | <b>1 288 085</b> | 1 007 553 | <b>275 690</b> | 159 370 |
| DIVIDENDS   |                  |           |                |         |
| DIVIDENDS DECLARED AND PAID DURING THE YEAR ARE AS FOLLOWS:   |                  |           |                |         |
| FINAL DIVIDEND IN RESPECT OF FINANCIAL YEAR 2005  |                  |           |                |         |
| – 2,3 CENTS PER SHARE (2005: 0,9 CENTS)   | <b>20 651</b>    | 8 081     | <b>20 651</b>  | 8 081   |
| INTERIM DIVIDEND IN RESPECT OF FINANCIAL YEAR 2006  |                  |           |                |         |
| – 1,55 CENTS PER SHARE (2005: 0,75 CENTS)   | <b>13 917</b>    | 6 734     | <b>13 917</b>  | 6 734   |
|   | <b>34 568</b>    | 14 815    | <b>34 568</b>  | 14 815  |

A final dividend of 3,0 cents per share in respect of financial year 2006 (2005: 2,3 cents) was declared by the board on 22 February 2007. 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 financial statements

### 8

#### CONVERTIBLE DEBENTURES

|   | GROUP          |               | COMPANY        |               |
|---|----------------|---------------|----------------|---------------|
|   | 2006<br>R'000  | 2005<br>R'000 | 2006<br>R'000  | 2005<br>R'000 |
| 56 726 200 UNSECURED AUTOMATICALLY CONVERTIBLE<br>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 three 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.

In view of the fact that the total dividends declared in respect of the year ended 31 December 2006 exceed the specified level, each debenture will be converted into three ordinary shares effective 25 May 2007.

### 9

#### DEFERRED TAX

| DEFERRED TAX LIABILITY               |              |         |   |   |
|--------------------------------------|--------------|---------|---|---|
| BALANCE AT THE BEGINNING OF THE YEAR | <b>3 407</b> | 5 551   | - | - |
| TAX RATE CHANGE                      | -            | (62)    | - | - |
| ADJUSTMENT IN RESPECT OF PRIOR YEAR  | <b>(123)</b> | -       | - | - |
| CURRENT – TEMPORARY DIFFERENCES      | <b>(385)</b> | (2 082) | - | - |
| BALANCE AT THE END OF THE YEAR       | <b>2 899</b> | 3 407   | - | - |
| COMPRISING:                          |              |         |   |   |
| PARTICIPATION IN EXPORT PARTNERSHIPS | <b>2 899</b> | 3 407   | - | - |
|                                      | <b>2 899</b> | 3 407   | - | - |

Deferred tax is provided at the current SA Normal tax rate, currently 29%.

The company has an unutilised STC credit of R16 851 805 (2005: R14 417 773) 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.

### 10

#### TRADE AND OTHER PAYABLES

|  |              |       |              |       |
|--|--------------|-------|--------------|-------|
| TRADE PAYABLES                             | <b>1 278</b> | 1 217 | <b>1 278</b> | 1 217 |
| ACCRUED EXPENSES                           | <b>176</b>   | 432   | <b>126</b>   | 105   |
| UNCLAIMED DEBENTURE INTEREST AND DIVIDENDS | <b>422</b>   | 329   | <b>422</b>   | 329   |
|  | <b>1 876</b> | 1 978 | <b>1 826</b> | 1 651 |

### 11

#### REVENUE

|   |              |       |               |        |
|---|--------------|-------|---------------|--------|
| DIVIDENDS RECEIVED FROM ASSOCIATE                 | -            | -     | <b>36 482</b> | 16 052 |
| INTEREST RECEIVED                                 | <b>8 231</b> | 8 013 | <b>8 080</b>  | 7 907  |
| INVESTMENT IN CONVERTIBLE DEBENTURES OF ASSOCIATE | <b>7 497</b> | 7 497 | <b>7 497</b>  | 7 497  |
| BANK  | <b>583</b>   | 516   | <b>583</b>    | 404    |
| OTHER   | <b>151</b>   | -     | -             | 6      |
|   | <b>8 231</b> | 8 013 | <b>44 562</b> | 23 959 |

## Notes to the financial statements

### 12

#### PROFIT BEFORE TAX

|   | GROUP         |               | COMPANY       |               |
|---|---------------|---------------|---------------|---------------|
|   | 2006<br>R'000 | 2005<br>R'000 | 2006<br>R'000 | 2005<br>R'000 |
| PROFIT BEFORE TAX HAS BEEN ARRIVED AT AFTER TAKING<br>INTO ACCOUNT: |               |               |               |               |
| AUDITOR'S REMUNERATION  | <b>185</b>    | 152           | <b>127</b>    | 97            |
| AUDIT FEE – CURRENT YEAR  | <b>177</b>    | 157           | <b>127</b>    | 97            |
| AUDIT FEE – PRIOR YEAR  | <b>8</b>      | (5)           | –             | –             |
| INTEREST EXPENSE  | <b>7 772</b>  | 7 658         | <b>7 933</b>  | 7 888         |
| DEBENTURE INTEREST  | <b>7 658</b>  | 7 658         | <b>7 658</b>  | 7 658         |
| SUBSIDIARIES  | –             | –             | <b>275</b>    | 230           |
| OTHER   | <b>114</b>    | –             | –             | –             |

### 13

#### INCOME TAX (CREDIT)/EXPENSE

|  |              |         |   |   |
|--|--------------|---------|---|---|
| SOUTH AFRICAN NORMAL                                 | <b>25</b>    | 2 406   | – | – |
| CURRENT  | <b>570</b>   | 2 164   | – | – |
| ADJUSTMENT IN RESPECT OF PRIOR YEAR                  | <b>(545)</b> | –       | – | – |
| ADJUSTMENT IN RESPECT OF PRIOR YEAR CAPITAL GAIN TAX | –            | 242     | – | – |
| SOUTH AFRICAN DEFERRED                               | <b>(508)</b> | (2 124) | – | – |
| CREDIT FOR THE YEAR                                  | <b>(385)</b> | (2 082) | – | – |
| CHANGE IN TAX RATE                                   | –            | (42)    | – | – |
| ADJUSTMENT IN RESPECT OF PRIOR YEAR                  | <b>(123)</b> | –       | – | – |
|  | <b>(483)</b> | 282     | – | – |

#### THE EFFECTIVE TAX RATE IS RECONCILED AS FOLLOWS:

|  | %             | %      | %             | %      |
|--|---------------|--------|---------------|--------|
| STATUTORY TAX RATE   | <b>29,0</b>   | 29,0   | <b>29,0</b>   | 29,0   |
| CURRENT YEAR LOSSES FOR WHICH NO DEFERRED TAX ASSET WAS RECOGNISED | <b>0,1</b>    | 0,1    | <b>0,3</b>    | 0,3    |
| NON-TAXABLE INCOME   | <b>(13,2)</b> | (7,6)  | <b>(29,3)</b> | (29,3) |
| DILUTION OF INVESTMENT IN ASSOCIATE                                | <b>1,3</b>    | (0,2)  | –             | –      |
| PRIOR YEAR ADJUSTMENT  | <b>(0,3)</b>  | –      | –             | –      |
| PRIOR YEAR ADJUSTMENT CAPITAL GAIN TAX                             | –             | 0,1    | –             | –      |
| PROFIT OF ASSOCIATE  | <b>(17,1)</b> | (21,3) | –             | –      |
| EFFECTIVE TAX RATE   | <b>(0,2)</b>  | 0,1    | –             | –      |



## Notes to the financial statements

# 14

### EARNINGS AND HEADLINE EARNINGS PER SHARE

|   | GROUP            |               | COMPANY       |               |
|---|------------------|---------------|---------------|---------------|
|   | 2006<br>R'000    | 2005<br>R'000 | 2006<br>R'000 | 2005<br>R'000 |
| <b>BASIC EARNINGS PER SHARE</b>   |                  |               |               |               |
| PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY           | <b>252 767</b>   | 272 793       | -             | -             |
| WEIGHTED AVERAGE NUMBER OF SHARES IN ISSUE ('000)                           | <b>897 861</b>   | 897 861       | -             | -             |
| EARNINGS PER SHARE (CENTS)  | <b>28,2</b>      | 30,4          | -             | -             |
| <b>DILUTED EARNINGS PER SHARE</b>   |                  |               |               |               |
| PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY           | <b>252 767</b>   | 272 793       | -             | -             |
| AFTER TAX EFFECT OF INTEREST NOT PAYABLE ON DEBENTURES TO BE CONVERTED      | <b>5 437</b>     | 5 437         | -             | -             |
| PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (DILUTED) | <b>258 204</b>   | 278 230       | -             | -             |
| 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>24,2</b>      | 26,0          | -             | -             |
| <b>HEADLINE EARNINGS PER SHARE</b>  |                  |               |               |               |
| <b>UNDILUTED</b>  |                  |               |               |               |
| PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY           | <b>252 767</b>   | 272 793       | -             | -             |
| LOSS / (PROFIT) ON DILUTION OF INTEREST IN ASSOCIATE                        | <b>11 550</b>    | (1 836)       | -             | -             |
| ATTRIBUTABLE SHARE OF HEADLINE EARNINGS ADJUSTMENTS OF ASSOCIATE            | <b>20 995</b>    | (13 004)      | -             | -             |
| HEADLINE EARNINGS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY             | <b>285 312</b>   | 257 953       | -             | -             |
| WEIGHTED AVERAGE NUMBER OF SHARES IN ISSUE ('000)                           | <b>897 861</b>   | 897 861       | -             | -             |
| HEADLINE EARNINGS PER SHARE (CENTS)   | <b>31,8</b>      | 28,7          | -             | -             |
| <b>DILUTED</b>  |                  |               |               |               |
| UNDILUTED HEADLINE EARNINGS   | <b>285 312</b>   | 257 953       | -             | -             |
| AFTER TAX EFFECT OF INTEREST NOT PAYABLE ON DEBENTURES TO BE CONVERTED      | <b>5 437</b>     | 5 437         | -             | -             |
| DILUTED HEADLINE EARNINGS ATTRIBUTABLE TO SHAREHOLDERS                      | <b>290 749</b>   | 263 390       | -             | -             |
| 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>27,2</b>      | 24,7          | -             | -             |

## Notes to the financial statements

### 15

#### NOTES TO THE CASH FLOW STATEMENTS

|   | GROUP            |               | COMPANY          |               |
|---|------------------|---------------|------------------|---------------|
|   | 2006<br>R'000    | 2005<br>R'000 | 2006<br>R'000    | 2005<br>R'000 |
| 15.1 RECONCILIATION OF PROFIT BEFORE TAX TO CASH GENERATED FROM/(UTILISED BY) OPERATIONS: |                  |               |                  |               |
| PROFIT BEFORE TAX   | <b>252 284</b>   | 273 075       | <b>150 888</b>   | 87 816        |
| ATTRIBUTABLE PROFIT OF ASSOCIATE  | <b>(148 904)</b> | (199 358)     | -                | -             |
| ADJUSTED FOR:   |                  |               |                  |               |
| INTEREST PAID   | <b>7 772</b>     | 7 658         | <b>7 933</b>     | 7 888         |
| INVESTMENT INCOME   | <b>(8 231)</b>   | (8 013)       | <b>(44 562)</b>  | (23 959)      |
| FAIR VALUE ADJUSTMENT ON CONVERTIBLE DEBENTURES   | <b>(115 339)</b> | (72 773)      | <b>(115 339)</b> | (72 773)      |
| LOSS/(PROFIT) ON DILUTION OF INTEREST IN ASSOCIATE  | <b>11 550</b>    | (1 836)       | -                | -             |
| OPERATING (LOSS)/PROFIT BEFORE WORKING CAPITAL CHANGES                                    | <b>(868)</b>     | (1 247)       | <b>(1 080)</b>   | (1 028)       |
| WORKING CAPITAL CHANGES   | <b>7 425</b>     | (6 743)       | <b>7 687</b>     | (6 713)       |
| INCREASE IN TRADE AND OTHER RECEIVABLES   | <b>(26)</b>      | (459)         | <b>(18)</b>      | (459)         |
| DECREASE/(INCREASE) IN AMOUNT DUE FROM SUBSIDIARY OF ASSOCIATE                            | <b>7 553</b>     | (7 341)       | <b>7 553</b>     | (7 341)       |
| INCREASE IN AMOUNT DUE TO SUBSIDIARY  | -                | -             | <b>(23)</b>      | -             |
| (DECREASE)/INCREASE IN TRADE AND OTHER PAYABLES   | <b>(102)</b>     | 1 057         | <b>175</b>       | 1 087         |
| RECEIPT FROM EXPORT PARTNERSHIPS  | <b>1 280</b>     | 1 352         | -                | -             |
| CASH GENERATED FROM/(UTILISED BY) OPERATIONS  | <b>7 837</b>     | (6 638)       | <b>6 607</b>     | (7 741)       |
| 15.2 TAX PAID   |                  |               |                  |               |
| AMOUNTS UNPAID AT THE BEGINNING OF THE YEAR   | <b>649</b>       | 1 508         | -                | -             |
| CHARGE PER INCOME STATEMENT   | <b>25</b>        | 2 406         | -                | -             |
| AMOUNTS UNPAID AT THE END OF THE YEAR   | <b>(405)</b>     | (649)         | -                | -             |
|   | <b>269</b>       | 3 265         | -                | -             |



## Notes to the financial statements

### 16

#### 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 |
|                                      | 2006           |                | 2005       |                | 2006           |                | 2005       |                |
|                                      | R'000          | R'000          | R'000      | R'000          | R'000          | R'000          | R'000      | R'000          |
| CONVERTIBLE DEBENTURES               | <b>357 375</b> | <b>127 634</b> | 283 631    | 127 634        | <b>357 375</b> | <b>127 634</b> | 283 631    | 127 634        |
| PARTICIPATION IN EXPORT PARTNERSHIPS | <b>2 753</b>   | <b>2 899</b>   | 3 996      | 4 179          | -              | -              | -          | -              |

### 17

#### RELATED PARTY TRANSACTIONS

##### 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 associate (refer note 11).

Interest paid to subsidiaries (refer note 12).

##### 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 the associate (refer note 4).

## 18

## EXPLANATION OF CHANGE TO COMPARATIVES

## GROUP

IFRS adjustments were identified in the preparation of the 2006 results of Textainer, a Trenchor subsidiary, which were not identified in 2005. These relate to the accounting for certain expense provisions and a stock option plan.

|   | IFRS ADJUSTMENTS           |   |                       |
|---|----------------------------|---|-----------------------|
|   | AS PREVIOUSLY STATED R'000 | SHARE OF ADJUSTMENTS IN ASSOCIATE R'000 | RESTATED AMOUNT R'000 |
| <b>BALANCE SHEET</b>  |                            |   |                       |
| RESTATEMENT AT 1 JANUARY 2005                                     |                            |   |                       |
| INVESTMENT IN ASSOCIATE   | 696 285                    | (4 522)                                 | 691 763               |
| EQUITY  |                            |   |                       |
| RETAINED INCOME   | 625 346                    | (4 522)                                 | 620 824               |
| RESTATEMENT AT 31 DECEMBER 2005                                   |                            |   |                       |
| INVESTMENT IN ASSOCIATE   | 932 746                    | (10 008)                                | 922 738               |
| EQUITY  |                            |   |                       |
| RETAINED INCOME   | 813 710                    | (9 517)                                 | 804 193               |
| NON-DISTRIBUTABLE RESERVE   | 56 932                     | (491)                                   | 56 441                |
| <b>INCOME STATEMENT</b>   |                            |   |                       |
| REVENUE   |                            |   |                       |
| ADMINISTRATION EXPENSES   | (1 247)                    | -                                       | (1 247)               |
| FAIR VALUE ADJUSTMENT ON INVESTMENT IN CONVERTIBLE DEBENTURES     | 72 773                     | -                                       | 72 773                |
| OPERATING PROFIT BEFORE INTEREST                                  | 79 539                     | -                                       | 79 539                |
| INTEREST EXPENSE  | (7 658)                    | -                                       | (7 658)               |
| SHARE OF PROFIT OF ASSOCIATE                                      | 204 353                    | (4 995)                                 | 199 358               |
| PROFIT ON DILUTION OF INTEREST IN ASSOCIATE                       | 1 769                      | 67                                      | 1 836                 |
| PROFIT BEFORE TAX   | 278 003                    | (4 928)                                 | 273 075               |
| INCOME TAX EXPENSE  | (282)                      | -                                       | (282)                 |
| PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY | 277 721                    | (4 928)                                 | 272 793               |
| EARNINGS PER SHARE (CENTS)  |                            |   |                       |
| BASIC   | 30,9                       | (0,5)                                   | 30,4                  |
| DILUTED   | 26,5                       | (0,5)                                   | 26,0                  |

## 19

## POSSIBLE TERMINATION OF CONTRACTS AND GOING CONCERN CONSIDERATIONS IN TRENCHOR

Contractual disputes between certain TrenStar Inc subsidiaries (subsidiaries of Trenchor) and their UK brewer customers have made the underlying contracts uneconomic. On 19 March 2007, one of these customers gave notice of termination of contract. Until a decision has been made with respect to terminating the remaining contracts, no provision for any additional liability that may result has been made in the financial statements of Trenchor or the company.

It should be appreciated that these conditions result in the existence of a material uncertainty which may cast significant doubt on the ability of these subsidiaries, and possibly TrenStar Inc, to continue as going concerns and that they will be able to settle their liabilities in the normal course of business.

For further information, refer to note 40 to the financial statements of Trenchor.

## Corporate information

### 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 100 950 (WITHIN RSA)  
OR +27 11 370 5000 (OUTSIDE RSA)

### AUDITORS

KPMG INC  
MSC HOUSE  
1 MEDITERRANEAN STREET  
FORESHORE CAPE TOWN 8001  
PO BOX 4609 CAPE TOWN 8000

### ATTORNEYS

EDWARD NATHAN SONNENBERGS

### 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: ZAE000091435  
(ZAE00004602 UNTIL 9 MARCH 2007)  
'N' ORDINARY SHARES: MBN ISIN: ZAE000012274  
(DELISTED 12 MARCH 2007)  
6% CONVERTIBLE DEBENTURES: MOBD  
ISIN: ZAE000004610

## Analysis of share and debenture holders at 31 December 2006

|  | 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  | 2                 | 0,1          | 97 428 018         | 32,8         | 10                  | 0,4          | 160 078 258        | 26,6         | 2                         | 0,1          | 90 549               | 0,2          |
| BANKS AND INSURANCE COMPANIES                              | 52                | 2,4          | 32 899 871         | 11,1         | 56                  | 2,5          | 117 086 877        | 19,5         | 49                        | 3,1          | 16 842 180           | 29,7         |
| INDIVIDUALS  | 1 660             | 77,2         | 12 390 505         | 4,2          | 1 705               | 75,3         | 20 269 152         | 3,4          | 1 200                     | 76,6         | 4 063 514            | 7,2          |
| INVESTMENT COMPANIES                                       | 15                | 0,7          | 33 082 657         | 11,1         | 13                  | 0,6          | 24 335 400         | 4,0          | 6                         | 0,4          | 2 839 735            | 5,0          |
| MUTUAL FUNDS   | 48                | 2,2          | 58 043 828         | 19,6         | 92                  | 4,1          | 186 343 298        | 31,0         | 36                        | 2,3          | 16 086 783           | 28,3         |
| NOMINEE COMPANIES OR TRUSTS                                | 204               | 9,5          | 29 298 218         | 9,9          | 213                 | 9,4          | 42 437 135         | 7,1          | 179                       | 11,4         | 7 216 466            | 12,7         |
| OTHER CORPORATE BODIES                                     | 131               | 6,1          | 16 066 816         | 5,4          | 115                 | 5,1          | 10 314 296         | 1,7          | 75                        | 4,8          | 5 423 886            | 9,6          |
| RETIREMENT FUNDS   | 38                | 1,8          | 17 424 829         | 5,9          | 60                  | 2,6          | 40 361 918         | 6,7          | 20                        | 1,3          | 4 163 087            | 7,3          |
| <b>TOTAL</b>   | <b>2 150</b>      | <b>100,0</b> | <b>296 634 742</b> | <b>100,0</b> | <b>2 264</b>        | <b>100,0</b> | <b>601 226 334</b> | <b>100,0</b> | <b>1 567</b>              | <b>100,0</b> | <b>56 726 200</b>    | <b>100,0</b> |
| <b>SHAREHOLDER SPREAD</b>                                  |                   |              |                    |              |                     |              |                    |              |                           |              |                      |              |
| PUBLIC SHAREHOLDERS  | 2 144             | 99,8         | 84 553 309         | 28,5         | 2 251               | 99,8         | 195 467 873        | 32,5         | 1 564                     | 99,8         | 40 450 079           | 71,3         |
| NON-PUBLIC SHAREHOLDERS                                    | 6                 | 0,2          | 212 081 433        | 71,5         | 5                   | 0,2          | 405 758 461        | 67,5         | 3                         | 0,2          | 16 276 121           | 28,7         |
| DIRECTORS AND ASSOCIATES                                   | 3                 | 0,1          | 97 533 265         | 32,9         | 2                   | 0,1          | 160 089 197        | 26,6         | 2                         | 0,1          | 90 549               | 0,2          |
| PERSONS INTERESTED, DIRECTLY OR INDIRECTLY, IN 10% OR MORE | 3                 | 0,1          | 114 548 168        | 38,6         | 3                   | 0,1          | 245 669 264        | 40,9         | 1                         | 0,1          | 16 185 572           | 28,5         |
| <b>TOTAL</b>   | <b>2 150</b>      | <b>100,0</b> | <b>296 634 742</b> | <b>100,0</b> | <b>2 256</b>        | <b>100,0</b> | <b>601 226 334</b> | <b>100,0</b> | <b>1 567</b>              | <b>100,0</b> | <b>56 726 200</b>    | <b>100,0</b> |

## Major share and debenture holders at 31 December 2006

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 2006 were as follows:

|                      | ORDINARY DIRECT % | 'N' ORDINARY DIRECT % | 6% CONVERTIBLE DEBENTURES DIRECT % |
|----------------------|-------------------|-----------------------|------------------------------------|
| JOWELL FAMILY        | 32,8              | 26,6                  |                                    |
| OLD MUTUAL GROUP     | 10,2              | 21,4                  | 30,4                               |
| INVESTMENT SOLUTIONS |                   |                       | 5,9                                |
| CORONATION GROUP     | 15,3              |                       |                                    |
| PRUDENTIAL M&G FUNDS |                   |                       | 5,7                                |
| DL BARNES            | 7,9               |                       | 6,3                                |
| NEDCOR GROUP         | 5,1               | 5,4                   | 5,7                                |
|                      | <b>71,3</b>       | <b>53,4</b>           | <b>54,0</b>                        |

## Directorate: Brief résumés

### NON-EXECUTIVE

#### CECIL JOWELL (71)

B Com LLB (UCT) is chairman. The younger son of Trenchor's founder, Joe Jowell, 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 (73)

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 (79)

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 (49)

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 and now serves as the Chief Executive Officer of the Stonehage Group's operations in South Africa. He is a director of various listed and unlisted companies in a non-executive capacity and serves as a trustee of various trusts.

AGES AT 31 DECEMBER 2006

# Diary

23 MAY 2007: ANNUAL GENERAL MEETING  
31 DECEMBER: FINANCIAL YEAR-END

#### ANNOUNCEMENTS

AUGUST: INTERIM REPORT  
FEBRUARY/MARCH: REVIEWED ANNUAL RESULTS  
MARCH/APRIL: ANNUAL FINANCIAL STATEMENTS

#### DIVIDENDS

APRIL AND OCTOBER: DIVIDEND PAID

#### 6% CONVERTIBLE DEBENTURES

25 MAY 2007: CONVERSION OF EACH DEBENTURE INTO THREE ORDINARY SHARES

## Notice to shareholders

Notice is hereby given that the thirty-seventh 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, 23 May 2007 at 15:15 (or as soon as the annual general meeting of Trenchor Limited convened to be held on Wednesday, 23 May 2007 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 2006.
2. To consider, and if deemed fit, to re-elect, on an individual basis, Messrs C Jowell and N I Jowell 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 97 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 shares 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 shares 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 shares constituting, on a cumulative basis, 3% of the number of shares 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 shares thereafter;
  - 3.4 acquisitions by the company and its subsidiaries of shares 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 shares are acquired by the company or its subsidiaries in terms of this general authority, the maximum price at which such shares may be acquired may not be greater than 10% above the weighted average of the market price at which such shares are traded on the JSE, as determined over the five business days immediately preceding the date of the acquisition of such shares 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 shares 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 shares 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 shares 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 shares 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 shares, the maximum number of shares 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 shares, 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 for ordinary business purposes of the company or any acquiring

## Notice to shareholders

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 shares 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 96 respectively;
- the major shareholders of the company on page 96;
- 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 96.

There have been 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 have or have had, a material effect on the financial position of the group between 29 March 2006 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 shareholder shall have one vote for every 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 Securities 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 30 MARCH 2007





# Form of proxy

(INCORPORATED IN THE REPUBLIC OF SOUTH AFRICA)  
(REGISTRATION NUMBER 1968/014997/06)  
('THE COMPANY')  
SHARE CODE: MOB ISIN: ZAE000091435

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, 23 May 2007 at 15:15 (or as soon as the annual general meeting of Tencor Limited convened to be held on Wednesday, 23 May 2007 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 ( )

HOME ( )

BEING A MEMBER(S) OF THE COMPANY, HOLDING

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 (see note 2). Unless otherwise instructed my/our proxy can vote as he/she deems fit.

- Approval of the adoption of annual financial statements.
- Re-election of directors:
 

|            |
|------------|
| C JOWELL   |
| N I JOWELL |
- 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.

|  | FOR | AGAINST | ABSTAIN |
|--|-----|---------|---------|
|  |     |         |         |
|  |     |         |         |
|  |     |         |         |

SIGNED AT ON THIS DAY OF 2007

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 initialised 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, 22 May 2007).
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 initialised 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).



