



# MOBILE

## MOBILE INDUSTRIES LIMITED ANNUAL REPORT 2000

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### DIRECTORS

C Jowell CHAIRMAN  
 H A Gorvy  
 N I Jowell  
 D M Nurek  
 G M C Ryan

### TEN YEAR REVIEW

	00 RM	99 RM	98 RM	97 RM	96 RM	95 RM	94 RM	93 RM	92 RM	91 RM
(LOSS)/INCOME AFTER TAXATION	(26,5)	32,9	168,9	113,9	130,4	45,1	18,2	120,6	63,8	51,2
HEADLINE EARNINGS OF ASSOCIATE COMPANY	145,6	9,3	125,0	76,9	94,5	64,5	47,8	57,2	48,0	39,5
INCOME ATTRIBUTABLE TO SHAREHOLDERS (HEADLINE)	147,1	32,0	160,3	112,2	128,9	89,7	66,8	75,4	62,7	51,3
NUMBER OF ISSUED SHARES (MILLION)	898	898	898	891	873	855	852	852	852	852
HEADLINE EARNINGS PER SHARE (CENTS) – UNDILUTED	13,5	3,6	17,9	12,6	14,9	10,5	7,8	8,8	7,4	6,0
DIVIDENDS PER SHARE (CENTS)	–	2,34	3,92	3,67	3,6	2,9	2,1	2,1	1,7	1,4
DIVIDEND COVER (TIMES)	–	1,5	4,6	3,4	4,1	3,7	3,8	4,5	4,5	4,5

#### COMPARATIVE FIGURES

The disclosure of income of associates has been changed to accord with South African Statements of Generally Accepted Accounting Practice. Comparative figures have been restated accordingly.

**NOTICE TO SHAREHOLDERS**

Notice is hereby given that the thirty-first annual general meeting of shareholders of Mobile Industries Limited will be held at 1313 Main Tower, Standard Bank Centre, Heerengracht, Cape Town on 22 January 2001 at 16h15 or as soon as the annual general meeting of Trencor Limited convened to be held at 16h00 has been concluded for the following purposes:

1. To receive and adopt the annual financial statements and group annual financial statements for the year ended 30 June 2000.
2. To elect directors in place of those retiring in accordance with the Articles of Association.
3. To renew the directors' general authority over the unissued shares of the company.
4. To confirm, in terms of the Articles of Association of the company, the directors' fees payable for the year ended 30 June 2000.
5. To transact such other business as may be transacted at an annual general meeting.

A member entitled to attend and vote at the meeting may appoint a proxy or proxies to attend, speak and on a poll to vote in his stead. A proxy need not be a member of the company.

Shareholders which are companies, close corporations or other bodies corporate may in terms of section 188 of the Companies Act, 1973 (as amended), authorise any person to act as its representative.

Proxy forms are bound in at the end of this document. In order to be effective the proxy form and the power of attorney or other authority, if any, under which it is signed, must be received by the transfer secretaries of the company not less than 24 hours before the time appointed for the holding of the meeting, or any adjournment thereof, as the case may be, at which the proxy proposes to vote.  
By order of the board



TRENCOR SERVICES (PTY) LTD  
SECRETARIES  
PER: G W NORVAL  
CAPE TOWN 20 NOVEMBER 2000

**COMPANIES ACT RETURNS**

It is hereby certified that for the year ended 30 June 2000, the company has lodged, with the Registrar of Companies, all returns required in terms of the Companies Act and that such returns are true, correct and up to date.



TRENCOR SERVICES (PTY) LTD  
SECRETARIES  
PER: G W NORVAL  
CAPE TOWN 20 NOVEMBER 2000

**MOBILE INDUSTRIES LIMITED AND SUBSIDIARY ANNUAL FINANCIAL STATEMENTS RESPONSIBILITY FOR ANNUAL FINANCIAL STATEMENTS**

The board of directors is responsible for the preparation of financial statements, on a consistent basis and supported by reasonable and prudent judgements and estimates, that fairly present the state of affairs of the company and of the group in accordance with South African Statements of Generally Accepted Accounting Practice.

The board is satisfied that adequate internal accounting controls and systems are maintained, aimed at providing reasonable assurance that assets are adequately safeguarded, based on established policies and procedures implemented by competent personnel who are required to maintain the highest ethical standards at all times. In the opinion of the directors, the company and the group will continue as a going concern for the foreseeable future.

The functions of the audit committee are conducted by the audit committee of Trencor Limited.

**BOARD APPROVAL**

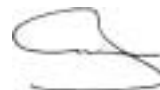
The annual financial statements and group annual financial statements for the year ended 30 June 2000, which have been approved by the board of directors, are attached:

- Page 48 Directors' report
- 50 Balance sheets
- 51 Income statements
- 52 Statements of changes in shareholders' equity
- 53 Cash flow statements
- 54 Notes to the financial statements

Signed on behalf of the board



C JOWELL CHAIRMAN



D M NUREK DIRECTOR  
CAPE TOWN 20 NOVEMBER 2000

**REPORT OF THE INDEPENDENT AUDITORS**

TO THE MEMBERS OF MOBILE INDUSTRIES LIMITED

We have audited the annual financial statements and group annual financial statements of Mobile Industries Limited, as set out on pages 48 to 60, for the year ended 30 June 2000. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

**SCOPE**

We conducted our audit in accordance with South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- \* examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- \* assessing the accounting principles used and significant estimates made by management; and
- \* evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

**AUDIT OPINION**

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company and the group at 30 June 2000 and the results of their operations and cash flows for the year then ended, in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act.

**EMPHASIS OF MATTER: INVESTMENT IN TRENCOR LIMITED**

Without qualifying our opinion above, we draw attention to the General Review note which appears in the Directors' Report on page 48 and to the Investment in Associate Company note 3 on page 55.



REGISTERED ACCOUNTANTS AND AUDITORS  
CHARTERED ACCOUNTANTS (SA)  
CAPE TOWN 20 NOVEMBER 2000

## DIRECTORS' REPORT

### NATURE OF BUSINESS

The company is an investment holding company listed in the Industrial Transportation sector of the JSE Securities Exchange South Africa. The company's interests comprise a holding of 47% in Trencor Ltd and 74% in Mobile Acceptances (Pty) Ltd.

#### TRENCOR

The company's main investment is a holding of 47,36% (1999: 47,36%) of the issued share capital and 47,96% (1999: 47,96%) of the 6% convertible debentures of Trencor Ltd, a holding company listed in the Industrial Transportation sector of the JSE Securities Exchange South Africa. Its core business is the owning, financing, leasing-out and managing of marine cargo containers worldwide, finance related activities and the provision of supply chain management services to enable the controlled movement of goods by providing and integrating the use of equipment, services, knowledge and information, mainly in the transportation industry. Other operations are

engaged in the manufacture and export of containers for international markets and trailer manufacturing.

In view of the fact that Mobile derives most of its income from its investment in Trencor, members are directed to the Chairman's Statement and results of Trencor which are fully reported on in the accompanying annual report.

#### MOBILE ACCEPTANCES

Your company's 74% subsidiary, Mobile Acceptances (Pty) Ltd, and its wholly-owned subsidiary Transport Acceptances (Pty) Ltd, provide instalment credit and leasing facilities to transport operators. The remaining 26% in Mobile Acceptances is held by Wesbank, a division of FirstRand Bank Ltd. This company's performance is closely allied to the turnover of Henred-Fruehauf Trailers (Pty) Ltd and the availability of competitive funding. It had a satisfactory result for the year.

### GENERAL REVIEW

The financial results are reflected in the financial statements on pages 50 to 60. Attention is drawn to the matters referred to in the General Review of the Trencor Directors' Report on page 14 of the accompanying Trencor annual financial statements and, in particular, that Trencor will not pay dividends until the advances under its banking facilities have been repaid, and that payment of interest on its 6% convertible debentures may be suspended in the event of a default under its banking facility, as reported in note 28 to the said annual financial statements.

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

	2000	1999
	%	%
ATTRIBUTABLE (LOSS)/EARNINGS OF ASSOCIATE COMPANY	(105,6)	92,5
FINANCE INCOME	5,6	7,5
	(100,0)	100,0

### DIRECTORS AND SECRETARY

The names of the directors appear on page 46 and that of the secretary on page 61.

In terms of the Articles of Association Messrs C Jowell and D M Nurek retire by rotation at the forthcoming annual general meeting but, being eligible, offer themselves for re-election.

### DIRECTORS' INTERESTS

The aggregate of the direct and indirect interests of the directors in the issued share capital of the company was as follows:

	ORDINARY		N' ORDINARY	
	30/06/00	30/06/99	30/06/00	30/06/99
BENEFICIAL %	0,3	6,5	0,3	6,5
NON-BENEFICIAL %	27,7	26,4	26,2	26,3
	28,0	32,9	26,5	32,8

The direct and indirect interests of each director who held in excess of 1% of the issued share capital was as follows:

	ORDINARY		N' ORDINARY	
	30/06/00	30/06/99	30/06/00	30/06/99
BENEFICIAL %				
G M C RYAN	-	1,3	-	1,3
NON-BENEFICIAL %				
C JOWELL	13,8	13,2	13,1	13,1
N I JOWELL	13,8	13,2	13,1	13,1

### DIVIDENDS AND DEBENTURE INTEREST

	PAYMENT NUMBER	REGISTRATION DATE	PAYMENT DATE	AMOUNT	TOTAL
				PER SHARE/DEBENTURE CENTS	R'000
<b>DIVIDENDS</b>					
1999 - INTERIM	61	05/03/99	16/04/99	1,17	10 505
- FINAL	62	17/09/99	15/10/99	1,17	10 505
<b>DEBENTURE INTEREST</b>					
6% CONVERTIBLE	14	04/12/98	31/12/98	6,75	3 829
	15	18/06/99	30/06/99	6,75	3 829
	16	03/12/99	28/12/99	6,75	3 829
	17	09/06/00	30/06/00	6,75	3 829
	18	08/12/00	31/12/00	6,75	3 829

Trencor will not declare dividends until the advances under its banking facilities have been repaid. This will impair your company's ability to pay dividends. In the event of a default by Trencor under the terms of its facilities, payment of interest on its convertible debentures may be suspended which, in turn, will affect your company's ability to pay interest on its convertible debentures. Refer to note 28 to the Trencor financial statements.

### CHANGE IN FINANCIAL YEAR END

Textainer Group Holdings Ltd, a 74% subsidiary of Trencor, is required to end its financial year at 31 December. In view of its increasing materiality in relation to Trencor, it has been decided that the year ends should be co-terminous.

Accordingly, the board resolved to change the financial year end of Mobile from 30 June to 31 December. The next financial period will be for the eighteen months from 1 July 2000 to 31 December 2001. Interim reports will be issued for the six months ending 31 December 2000 and for the twelve months to 30 June 2001.

**6% CONVERTIBLE DEBENTURES:  
ALTERATION OF CONVERSION DATE**

In terms of the trust deed governing the 6% convertible debentures dated 19 November 1991 (as amended on 9 February 1993 and 7 February 1997), each debenture is to be automatically and compulsorily converted into one ordinary share and two 'N' ordinary shares for each debenture converted.

Such conversion is to take place on the last Friday or, if that Friday is not a business day, the immediately preceding business day in November ("the conversion date") of the financial year following that in respect of which the total dividend declared is equal to or exceeds the annual interest in cents paid on each debenture.

In terms of the trust deed, the company is obliged to comply with the conditions contained in clause 20.10 thereof if, at any time prior to the conversion date, it changes the date upon which its financial year ends. In

compliance with the foregoing clause of the trust deed, notice is hereby given that:

\* the conversion date is hereby altered to be the last Friday (or, if that Friday is not a business day, the immediately preceding business day) 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 the annual interest in cents paid on each debenture; and

\* the rights of the debenture holders to interest on their debentures and dividends on the shares arising from conversion shall not be diminished or adversely affected by the altered conversion date.

Save that the conversion date shall be altered, the terms of the trust deed and of the debentures remain unaltered and of full force and effect.

**VOTING ARRANGEMENTS**

During the year, Coronation Holdings Ltd deemed its investment in Mobile no longer to be a core investment and its shareholders at 28 April 2000 received a distribution in specie from Coronation Holdings of its entire holdings in Mobile of 25% of the securities in issue, comprising 74 231 085 ordinary shares, 150 233 513 'N' ordinary shares and 14 181 558 convertible debentures.

Following this distribution, the agreement between Joseph Jowell's Holdings (Pty) Ltd and Coronation Holdings to pool their votes in respect of their shareholdings for a period of six years ending 7 November 2002, was replaced with a new agreement between Joseph Jowell's Holdings and Messrs D L Barnes and G M C Ryan, who have agreed to pool their votes in respect of their holdings on the same terms and conditions as provided for in the previous agreement.

**SUBSIDIARY**

The company holds 74% (1999: 74%) of the 700 000 (1999: 700 000) issued ordinary shares of Mobile Acceptances (Pty) Ltd. Details of this investment are as follows:

	2000	1999
	R'000	R'000
SHARES AT VALUATION	1 184	1 184
AMOUNT OWING	1 500	1 500
TOTAL INTEREST IN SUBSIDIARY	<u>2 684</u>	<u>2 684</u>
NET INCOME	1 596	2 712

MOBILE INDUSTRIES LIMITED AND SUBSIDIARY  
**BALANCE SHEETS AT 30 JUNE 2000**

	NOTES	GROUP		COMPANY	
		2000 R'000	1999 R'000	2000 R'000	1999 R'000
<b>ASSETS</b>					
NON-CURRENT ASSETS					
FIXED ASSETS	2	38	35	–	–
INVESTMENT IN ASSOCIATE COMPANY	3	760 728	798 816	195 109	205 243
DEFERRED TAXATION	4	807	815	–	–
INTEREST IN SUBSIDIARY		–	–	2 684	2 684
LONG-TERM RECEIVABLES	5	110 432	86 525	–	–
		872 005	886 191	197 793	207 927
CURRENT ASSETS					
ACCOUNTS RECEIVABLE	5	85 873	66 174	3 748	2 664
AMOUNT OWING BY ASSOCIATE COMPANY		12 948	11 546	2 537	331
TAXATION PREPAID		–	–	73	26
CASH AND CASH EQUIVALENTS		–	–	–	120
		98 821	77 720	6 358	3 141
<b>TOTAL ASSETS</b>		<b>970 826</b>	<b>963 911</b>	<b>204 151</b>	<b>211 068</b>
<b>EQUITY AND LIABILITIES</b>					
CAPITAL AND RESERVES					
SHARE CAPITAL AND PREMIUM	6	66 537	66 537	66 537	66 537
RESERVES	7	578 533	604 959	5 920	5 988
SHAREHOLDERS' EQUITY		645 070	671 496	72 457	72 525
INTEREST OF OUTSIDE SHAREHOLDER IN SUBSIDIARY		2 872	2 312	–	–
TOTAL SHAREHOLDERS' FUNDS		647 942	673 808	72 457	72 525
CONVERTIBLE DEBENTURES	8	127 634	127 634	127 634	127 634
OTHER NON-CURRENT LIABILITIES					
INTEREST-BEARING BORROWINGS	9	101 036	77 004	–	–
		876 612	878 446	200 091	200 159
CURRENT LIABILITIES					
ACCOUNTS PAYABLE		1 154	5 372	578	404
UNSECURED LOAN		45	57	–	–
TAXATION		2 700	1 088	–	–
BANK OVERDRAFTS	10	1 784	970	3 482	–
CURRENT PORTION OF INTEREST-BEARING BORROWINGS	9	88 531	67 473	–	–
SHAREHOLDERS FOR DIVIDENDS		–	10 505	–	10 505
		94 214	85 465	4 060	10 909
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>970 826</b>	<b>963 911</b>	<b>204 151</b>	<b>211 068</b>

MOBILE INDUSTRIES LIMITED AND SUBSIDIARY

**INCOME STATEMENTS FOR THE YEAR ENDED 30 JUNE 2000**

	NOTES	GROUP		COMPANY	
		2000 R'000	1999 R'000	2000 R'000	1999 R'000
TURNOVER	1	39 738	63 964	7 942	30 865
OPERATING INCOME		23 087	50 040	(352)	22 506
NET INTEREST EXPENSE	11	(20 090)	(24 124)	284	275
		2 997	25 916	(68)	22 781
ATTRIBUTABLE (LOSS)/INCOME OF ASSOCIATE COMPANY		(28 597)	9 261	-	-
FROM CONTINUING OPERATIONS		145 599	9 261	-	-
FROM DISCONTINUING OPERATIONS		(174 196)	-	-	-
(LOSS)/INCOME BEFORE TAXATION	11	(25 600)	35 177	(68)	22 781
TAXATION	12	909	2 187	-	53
(LOSS)/INCOME AFTER TAXATION		(26 509)	32 990	(68)	22 728
INCOME ATTRIBUTABLE TO OUTSIDE SHAREHOLDER IN SUBSIDIARY		560	953	-	-
NET (LOSS)/INCOME FOR THE YEAR		(27 069)	32 037	(68)	22 728
(LOSS)/EARNINGS PER SHARE (CENTS)	13				
UNDILUTED		(3,0)	3,6		
DILUTED		(3,0)	3,5		
HEADLINE EARNINGS PER SHARE (CENTS)	13				
UNDILUTED		13,5	3,6		
DILUTED		11,8	3,5		

MOBILE INDUSTRIES LIMITED AND SUBSIDIARY

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 30 JUNE 2000**

	SHARE CAPITAL	SHARE PREMIUM	NON- DISTRIBUTABLE RESERVE	RETAINED INCOME	TOTAL
	R'000	R'000	R'000	R'000	R'000
<b>GROUP</b>					
BALANCE AT 30 JUNE 1998	1 513	65 024	571 180	9 420	647 137
SHARE OF INCREASE IN NON-DISTRIBUTABLE RESERVE OF ASSOCIATE COMPANY			13 332		13 332
RESERVES OF ASSOCIATE COMPANY – CURRENT YEAR INCOME			9 261	(9 261)	–
NET INCOME FOR THE YEAR				32 037	32 037
DIVIDENDS				(21 010)	(21 010)
BALANCE AT 30 JUNE 1999	1 513	65 024	593 773	11 186	671 496
SHARE OF INCREASE IN NON-DISTRIBUTABLE RESERVE OF ASSOCIATE COMPANY			2 349		2 349
RESERVES OF ASSOCIATE COMPANY – CURRENT YEAR LOSS			(30 303)	30 303	–
ATTRIBUTABLE SHARE OF GOODWILL WRITTEN-OFF BY ASSOCIATE COMPANY				(1 706)	(1 706)
NET LOSS FOR THE YEAR				(27 069)	(27 069)
BALANCE AT 30 JUNE 2000	1 513	65 024	565 819	12 714	645 070
<b>COMPANY</b>					
BALANCE AT 30 JUNE 1998	1 513	65 024	120	4 150	70 807
NET INCOME FOR THE YEAR				22 728	22 728
DIVIDENDS				(21 010)	(21 010)
BALANCE AT 30 JUNE 1999	1 513	65 024	120	5 868	72 525
NET LOSS FOR THE YEAR				(68)	(68)
BALANCE AT 30 JUNE 2000	1 513	65 024	120	5 800	72 457

MOBILE INDUSTRIES LIMITED AND SUBSIDIARY

**CASH FLOW STATEMENTS FOR THE YEAR ENDED 30 JUNE 2000**

	NOTES	GROUP		COMPANY	
		2000 R'000	1999 R'000	2000 R'000	1999 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
CASH (UTILISED BY)/GENERATED FROM OPERATIONS	14.1	(24 316)	16 427	(2 384)	(3 203)
INTEREST RECEIVED		10 043	10 217	7 942	7 933
INTEREST PAID		(30 133)	(34 340)	(7 658)	(7 658)
DIVIDENDS RECEIVED	14.2	10 134	34 746	9 050	35 930
DIVIDENDS PAID	14.3	(10 505)	(35 196)	(10 505)	(35 196)
DIVIDENDS PAID TO OUTSIDE SHAREHOLDERS		–	(936)	–	–
TAXATION PAID	14.4	(1 090)	(245)	(47)	(45)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>(45 867)</b>	<b>(9 327)</b>	<b>(3 602)</b>	<b>(2 239)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
ADDITIONS TO FIXED ASSETS		(25)	(2)	–	–
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>(25)</b>	<b>(2)</b>	<b>–</b>	<b>–</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
INCREASE IN BORROWINGS		45 090	7 590	–	–
DECREASE IN UNSECURED LOAN		(12)	(747)	–	–
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>45 078</b>	<b>6 843</b>	<b>–</b>	<b>–</b>
DECREASE IN CASH AND CASH EQUIVALENTS		(814)	(2 486)	(3 602)	(2 239)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		(970)	1 516	120	2 359
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>14.5</b>	<b>(1 784)</b>	<b>(970)</b>	<b>(3 482)</b>	<b>120</b>

MOBILE INDUSTRIES LIMITED AND SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS****1. ACCOUNTING POLICIES****A. GENERAL**

The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice, on the historical cost basis except that the investment in the subsidiary company has been shown at valuation and certain assets and liabilities are carried at their fair values. The principal accounting policies of the group are consistent with those applied in the previous year, and are as follows:

**B. CONSOLIDATION**

The group annual financial statements deal with the company and its subsidiary and associate company. The group's share of the attributable non-distributable reserve of the associate company at the year end is reflected in the consolidated balance sheet.

**C. INVESTMENTS IN ASSOCIATE COMPANIES**

Companies, not being subsidiaries, but in which the group exercises significant influence, but not control, and holds a long-term equity interest are considered to be associate companies. The results of these companies are accounted for by means of the equity method. Investments are written down only when there is a permanent diminution in value.

**D. DEFERRED TAXATION**

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. Deferred tax liabilities are recognised for all taxable temporary differences.

**E. FIXED ASSETS**

Fixed assets are stated at cost or valuation less accumulated depreciation. Fixed assets are depreciated on the straight-line method, at rates calculated to amortise the assets over their estimated useful lives.

**F. FINANCE CHARGES EARNED**

These are calculated on the principal amount due on the date the agreements are entered into and are credited to income over the period of the agreements using the net present value method.

**G. ASSETS SUBJECT TO HIRE PURCHASE AND LEASE AGREEMENTS**

Accounts receivable include hire purchase and lease receivables inclusive of interest on overdue instalments and net of unearned finance charges.

**H. FINANCIAL INSTRUMENTS**

Financial instruments carried on the balance sheet include interest-bearing borrowings, long-term receivables, accounts receivable, bank balances and cash, unsecured loans, accounts payable and bank overdraft. These instruments are carried at their estimated fair values unless otherwise stated.

**I. TURNOVER**

Turnover comprises dividend and financing income.

**J. DIVIDENDS RECEIVABLE FROM ASSOCIATE COMPANY**

Dividends paid and declared by the associate company during the year are included in income.

**K. EARNINGS PER SHARE**

Earnings per share is based on earnings attributable to shareholders and is calculated on the weighted average number of shares in issue during the financial year. Headline earnings per share is based on earnings attributable to shareholders, adjusted for non-trading items and the tax effect thereon, and is calculated as above.

	GROUP		COMPANY	
	2000 R'000	1999 R'000	2000 R'000	1999 R'000
<b>2. FIXED ASSETS</b>				
OFFICE FURNITURE, FITTINGS AND EQUIPMENT				
COST				
Balance at the beginning of the year	128	130	-	-
Additions	25	3	-	-
Disposals	-	(5)	-	-
Balance at the end of the year	153	128	-	-
ACCUMULATED DEPRECIATION				
Balance at the beginning of the year	93	76	-	-
Depreciation	22	21	-	-
Disposals	-	(4)	-	-
Balance at the end of the year	115	93	-	-
Net book value	38	35	-	-

### 3. INVESTMENT IN ASSOCIATE COMPANY

TRENCOR LIMITED				
Listed shares at cost	70 159	70 159	70 159	70 159
Number of shares: 72 386 836 (1999: 72 386 836)				
Market value: R231 637 875 (1999: R615 288 106)				
Attributable reserves and income net of dividends	565 619	593 573	-	-
Dividends receivable	-	10 134	-	10 134
	635 778	673 866	70 159	80 293
Listed 6% convertible debentures at cost	124 950	124 950	124 950	124 950
Number of debentures: 13 730 780 (1999: 13 730 780)				
Market value: R52 863 503 (1999: R91 309 687)				
	760 728	798 816	195 109	205 243

The directors are currently of the opinion that the diminution in market value of this investment is not permanent and therefore no provision has been made against the carrying value.

Trencor will not declare dividends until the advances under its banking facilities have been repaid. If there is an event of default by Trencor under the terms of its banking facilities, it may suspend payment of interest on its convertible debentures until the advances under the facilities have been repaid (refer note 28 to the accompanying Trencor financial statements). Refer note 8.

### 4. DEFERRED TAXATION

ASSET				
Provision for doubtful debts	807	815	-	-
Reconciliation of opening and closing balances:				
Deferred tax asset at the beginning of the year	815	323	-	-
Reversing differences on provision for doubtful debts	(8)	530	-	-
Rate change	-	(38)	-	-
Deferred tax asset at the end of the year	807	815	-	-

### 5. LONG-TERM RECEIVABLES

Amounts due in respect of goods sold under instalment agreements and finance leases where substantially all risks and rewards of ownership are transferred to the lessee	214 922	188 590	-	-
Unearned finance charges	22 888	36 558	-	-
	192 034	152 032	-	-
Current portion included in accounts receivable	81 602	65 507	-	-
	110 432	86 525	-	-

The above receivables have been pledged as security for the subsidiary company's interest-bearing borrowings and bank overdraft. Refer notes 9 and 10.

	GROUP		COMPANY	
	2000 R'000	1999 R'000	2000 R'000	1999 R'000
<b>6. SHARE CAPITAL AND PREMIUM</b>				
<b>SHARE CAPITAL</b>				
<b>AUTHORISED</b>				
Ordinary shares of 0,5 cent each 390 000 000 (1999: 390 000 000)	1 950	1 950	1 950	1 950
'N' ordinary shares of 0,005 cent each 1 000 000 000 (1999: 1 000 000 000)	50	50	50	50
	<b>2 000</b>	<b>2 000</b>	<b>2 000</b>	<b>2 000</b>
<b>ISSUED</b>				
Ordinary shares 296 634 742 (1999: 296 634 742)	1 483	1 483	1 483	1 483
'N' ordinary shares 601 226 334 (1999: 601 226 334)	30	30	30	30
	<b>1 513</b>	<b>1 513</b>	<b>1 513</b>	<b>1 513</b>
<b>SHARE PREMIUM</b>	<b>65 024</b>	<b>65 024</b>	<b>65 024</b>	<b>65 024</b>
	<b>66 537</b>	<b>66 537</b>	<b>66 537</b>	<b>66 537</b>

- i) No shares (1999: no shares) were issued by the company during the year.
- ii) In terms of the Executive Share Purchase Scheme, 13 672 800 unissued shares were placed at the disposal of the directors. At 30 June 2000, 3 497 800 ordinary shares (1999: 3 497 800 ordinary shares) reserved for the Scheme remained unissued and available for sale by the trustees.
- iii) The remaining unissued shares are under the control of the directors until the forthcoming annual general meeting.

## 7. RESERVES

### A. NON-DISTRIBUTABLE

Reserves of associate company attributable to the group	565 619	593 573	–	–
Revenue profits of the subsidiary company attributable to the holding company, converted into capitalisation shares by the subsidiary company	120	120	120	120
Non-distributable reserve arising on acquisition of subsidiary company	80	80	–	–
	<b>565 819</b>	<b>593 773</b>	<b>120</b>	<b>120</b>
<b>B. DISTRIBUTABLE</b>				
Retained income	12 714	11 186	5 800	5 868
<b>Total reserves</b>	<b>578 533</b>	<b>604 959</b>	<b>5 920</b>	<b>5 988</b>

## 8. CONVERTIBLE DEBENTURES

56 726 200 unsecured automatically convertible subordinated debentures of R2,25 each	127 634	127 634	127 634	127 634
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- i) The debentures bear interest at 6% p.a. payable in arrears in December and June. The debentures will be automatically converted into shares on the basis of one ordinary share and two 'N' ordinary shares for each debenture converted on the last Friday of the fifth month of the financial year following the financial year in respect of which the total dividend declared is equal to or exceeds the annual interest in cents paid on each debenture. The directors are currently of the opinion that the debentures are unlikely to automatically convert in the foreseeable future.
- ii) The company's ability to pay interest on these debentures will be impaired in the event of any suspension of payment by Tencor of interest on its convertible debentures (refer to note 28 to the accompanying Tencor financial statements) and in which the company holds 47,9% of the convertible debentures. Refer note 3.

	GROUP		COMPANY	
	2000 R'000	1999 R'000	2000 R'000	1999 R'000
<b>9. INTEREST-BEARING BORROWINGS</b>				
SECURED LOAN				
FirstRand Bank Ltd.	189 567	144 477	-	-
No fixed date of repayment has been determined.				
However, should the company give notice of its intention to repay the loan, it is repayable in equal monthly instalments over a period equal to the average book life of instalment credit agreements and finance leases entered into with third parties.				
Average interest rate for the year: 13,5% (1999: 19%)				
Less short-term portion	88 531	67 473	-	-
	101 036	77 004	-	-

The loan is secured by a pledge of receivables. Refer note 5.

#### 10. BANK OVERDRAFTS

The bank overdrafts are unsecured, bear interest at market related rates and are repayable on demand.

#### 11. INCOME BEFORE TAXATION

Income before taxation is arrived at after taking into account:

INCOME				
Income from subsidiary	-	-	209	2 975
Dividends	-	-	-	2 664
Interest received	-	-	209	311
Dividends from associate company	-	20 268	-	20 268
Interest received	10 043	10 217	7 733	7 622
Associate company	7 727	7 577	7 727	7 577
Other	2 316	2 640	6	45
Lease rentals and finance charges	28 853	33 479	-	-
CHARGES				
Auditor's remuneration	164	178	18	17
Depreciation	22	21	-	-
Interest expense	30 133	34 340	7 658	7 658
Leasing charges	9	19	-	-
Directors' emoluments				
Fees as directors	1	1	1	1

12. TAXATION	GROUP		COMPANY	
	2000 R'000	1999 R'000	2000 R'000	1999 R'000
South African Normal	2 702	305	–	53
Current	2 710	178	–	53
Adjustment in respect of prior year	(8)	127	–	–
South African Deferred	8	(492)	–	–
Charge/(Credit) for the year	8	(263)	–	–
Adjustment in respect of prior year	–	(267)	–	–
Adjustment due to change in rate	–	38	–	–
Associated tax (credit)/charge	(1 801)	1 924	–	–
Secondary tax on companies	–	450	–	–
	909	2 187	–	53
The effective tax rate is reconciled as follows:				
	%	%	%	%
Statutory tax rate	(30,0)	30,0	30,0	30,0
Permanent differences	–	(16,9)	(30,0)	(29,8)
Adjustment in respect of prior year	0,1	(0,4)	–	–
Adjustment due to change in rate	–	0,1	–	–
Attributable loss/(income) of associate	33,5	(7,9)	–	–
	3,6	4,9	–	0,2
Secondary tax on companies	–	1,3	–	–
	3,6	6,2	–	0,2

The subsidiary company participates in export partnerships. As the subsidiary company is liable to the partnerships for the tax effect of its participation, the amount thereof is disclosed as the associated tax charge. In years subsequent to its participation, the partnerships become liable to the subsidiary company for the tax effect of their receipts and the amount thereof is disclosed as the associated tax credit.

### 13. (LOSS)/EARNINGS AND HEADLINE EARNINGS PER SHARE

#### (LOSS)/EARNINGS PER SHARE

##### UNDILUTED

(Loss)/Earnings attributable to shareholders	(27 069)	32 037
Weighted average number of shares in issue	897 861	897 861
(Loss)/Earnings per share (cents)	(3,0)	3,6

##### DILUTED

(Loss)/Earnings attributable to shareholders	(27 069)	37 397
Number of shares in issue during the year	897 861	1 068 040
(Loss)/Earnings per share (cents)	(3,0)	3,5
Dilution (cents per share)	–	0,1

#### HEADLINE EARNINGS PER SHARE

##### UNDILUTED

(Loss)/Earnings attributable to shareholders	(27 069)	32 037
Discontinuing operations	174 196	–
Losses incurred up to date of discontinuance	(26 016)	–

Headline earnings	121 111	32 037
Weighted average number of shares in issue	897 861	897 861
Headline earnings per share (cents)	13,5	3,6

##### DILUTED

(Loss)/Earnings attributable to shareholders	(21 708)	37 397
Discontinuing operations	174 196	–
Losses incurred up to date of discontinuance	(26 016)	–

Headline earnings	126 472	37 397
Number of shares in issue during the year	1 068 040	1 068 040
Headline earnings per share (cents)	11,8	3,5
Dilution (cents per share)	1,7	0,1

The dilution arises as a result of any future conversion of debentures referred to in note 8. The directors are currently of the opinion that the debentures will not be converted in the foreseeable future and therefore no dilution is anticipated for the foreseeable future. No dilutive effect has been presented in respect of the loss per share in the current year as the effect would be anti-dilutive.

	GROUP		COMPANY	
	2000 R'000	1999 R'000	2000 R'000	1999 R'000
<b>14. NOTES TO THE CASH FLOW STATEMENTS</b>				
<b>14.1 Reconciliation of (loss)/income before taxation to cash (utilised by)/generated from operations</b>				
(Loss)/Income before taxation	(25 600)	35 177	(68)	22 781
Adjusted for:				
Attributable loss/(income) of associate company	28 597	(9 261)	-	-
Interest paid	30 133	34 340	7 658	7 658
Depreciation	22	21	-	-
Interest received	(10 043)	(10 217)	(7 942)	(7 933)
Dividend income	-	(20 268)	-	(22 932)
Operating profit/(loss) before working capital changes	23 109	29 792	(352)	(426)
Working capital changes	(23 518)	(2 886)	(2 032)	(2 777)
Increase in accounts receivable	(19 699)	(1 956)	-	-
(Increase)/Decrease in amounts owed by associate company	(1 402)	3 791	(2 206)	(551)
(Decrease)/Increase in accounts payable	(2 417)	(4 721)	174	(2 226)
Increase in long-term receivables	(23 907)	(10 479)	-	-
Cash (utilised by)/generated from operations	(24 316)	16 427	(2 384)	(3 203)
<b>14.2 Dividends received</b>				
Amounts unpaid at the beginning of the year	10 134	24 612	12 798	25 796
Dividend income per income statement	-	20 268	-	22 932
Amounts unpaid at the end of the year	-	(10 134)	(3 748)	(12 798)
	10 134	34 746	9 050	35 930
<b>14.3 Dividends paid</b>				
Amounts unpaid at the beginning of the year	10 505	24 691	10 505	24 691
Charge per income statement	-	21 010	-	21 010
Amounts unpaid at the end of the year	-	(10 505)	-	(10 505)
	10 505	35 196	10 505	35 196
<b>14.4 Taxation paid</b>				
Amounts unpaid/(overpaid) at the beginning of the year	1 088	578	(26)	(34)
Charge per income statement	2 702	755	-	53
Amounts (unpaid)/overpaid at the end of the year	(2 700)	(1 088)	73	26
	1 090	245	47	45
<b>14.5. Cash and cash equivalents</b>				
Cash and cash equivalents consist of bank balances and cash on hand. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:				
Bank balances and cash	1 698	120	-	120
Bank overdrafts	(3 482)	(1 090)	(3 482)	-
Cash and cash equivalents	(1 784)	(970)	(3 482)	120

	GROUP	
	2000 R'000	1999 R'000
<b>15. FINANCIAL INSTRUMENTS</b>		
<b>CASH FLOW AND FUNDING RISK MANAGEMENT</b>		
The risk is managed through cash flow forecasts and ensuring that adequate borrowing facilities are maintained. In terms of the articles of association, the group's borrowing powers are unlimited.		
<b>Total borrowing facilities granted by financial institutions</b>	192 000	192 000
<b>Actual borrowings at year end</b>	191 351	145 447
<b>Unutilised borrowing facilities</b>	649	46 553

**INTEREST RATE RISK MANAGEMENT**

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.

**CREDIT RISK MANAGEMENT**

Financial assets which potentially subject the group to concentrations of credit risk consist principally of long-term receivables and accounts receivable. Credit risk with respect to long-term receivables and accounts receivable is concentrated in the road transport industry. The risk arising on long-term receivables and accounts receivable is managed through a group policy on the granting of credit limits and continual review and monitoring of these limits. Long-term receivables are presented net of a general doubtful debt provision.

**FAIR VALUES**

The fair values of accounts receivable, cash and cash equivalents, unsecured loans, accounts payable and bank overdraft approximated their carrying values due to the short-term maturities of these assets and liabilities. The fair values of long-term receivables and interest-bearing borrowings are their carrying values.

**16. RELATED PARTY TRANSACTIONS**

All directors of the company are directors of Tencor. Refer to note 24 to the financial statements on page 38 of the accompanying Tencor annual report for disclosure of relevant related party transactions.

**ADMINISTRATION**

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 ATTORNEYS SONNENBERG HOFFMANN & GALOMBIK INC

**DIARY**

	22 JANUARY 2001	ANNUAL GENERAL MEETING
	31 DECEMBER 2001	NEXT FINANCIAL PERIOD ENDS
<b>ANNOUNCEMENTS</b>	<b>FEBRUARY 2001</b>	<b>INTERIM REPORT</b> <b>6 MONTHS TO 31 DECEMBER 2000</b>
	<b>AUGUST 2001</b>	<b>INTERIM REPORT</b> <b>12 MONTHS TO 30 JUNE 2001</b>
	<b>FEBRUARY 2002</b>	<b>PROVISIONAL RESULTS</b> <b>18 MONTHS TO 31 DECEMBER 2001</b>
	<b>MARCH 2002</b>	<b>FINANCIAL STATEMENTS</b> <b>18 MONTHS TO 31 DECEMBER 2001</b>
<b>6% CONVERTIBLE DEBENTURES</b>	<b>JUNE AND DECEMBER</b>	<b>INTEREST PAYABLE</b>