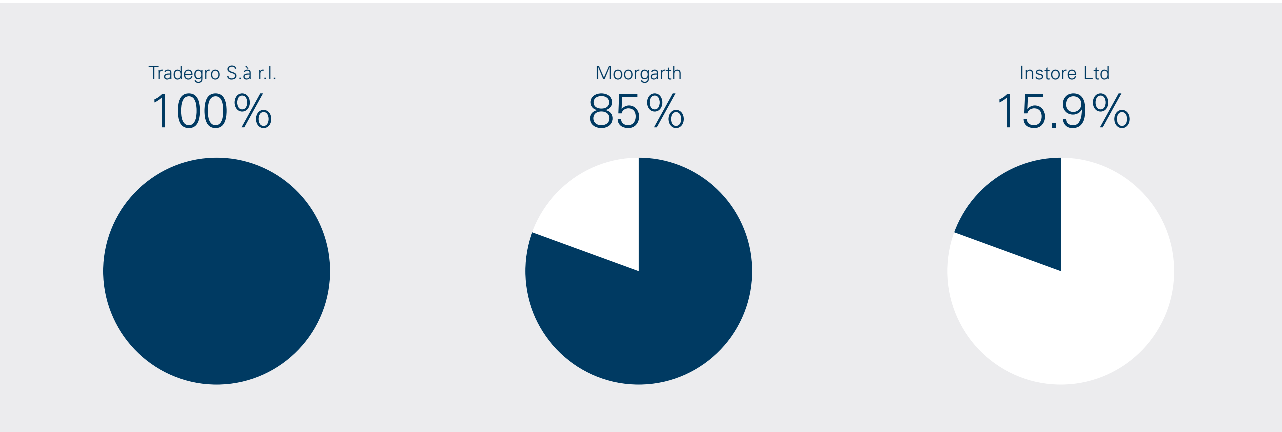
TRADEHOLD LIMITED

Integrated Annual Report 2011

Positioning

Tradehold Limited is an investment holding company listed on the Main Board of the JSE. It has no operating assets in South Africa and its business consists of an indirect interest of 15,9% in the UK-based Instore ("Instore") and an 85% interest in the property-owning Moorgarth group of companies which is also based in the United Kingdom. Moorgarth manages a £56,8 million portfolio of retail, commercial and industrial buildings while Instore's principal activity is variety retailing in the United Kingdom and Northern Ireland.



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Chairman's statement & review of operations

"The property portfolio remained quite resilient in the recessionary conditions that characterised the British economy during the review period. The R650 million raised during the recent successful rights issue will enable Tradehold to expand the portfolio with larger quality acquisitions that up to now have been outside its financial reach."

C H Wiese, chairman

Stakeholder approach

The main stakeholders of Tradehold Limited and users of the integrated report are its shareholders. The content of this report was based on the needs of shareholders.

Operating environment

The UK economy remained in a state of uncertainty as the coalition government's austerity measures, marked by tax rises, benefit cuts and public-sector pay freezes, started to take effect. The recovery remained fragile with the economy contracting 0,6% in the last quarter of 2010. Growth for the present year is projected at 1,7% while inflation has rushed ahead to reach 4,4% at the end of the reporting period.

Financial results

In the year to February 2011, Tradehold increased total revenue to £5,9 million compared to £4,8 million in 2010. Its trading profit grew to £6,1 million (2010: £2,4 million), mainly due to a net uplift of £5,4 million in the value of its UK property portfolio to £56,8 million. After interest paid but before minority interests the net profit came to £1,9 million.

The company's financial position remains strong. Total assets increased from £72,9 million in 2010 to £78,4 million, mainly due to the revaluation of the property portfolio at the end of the reporting period. Cash and cash equivalents were 15% lower at £9,0 million (2010: £10,6 million).

Moorgarth

In the property sector demand for space remained weak and business confidence low, albeit slightly higher than in the last few years. A shortage of funding continued in all business sectors making cash a vital ingredient of any business. The UK property market became more polarised. While prime properties in Central London experienced a resurgence in demand and value, the opposite applied to properties not considered prime. The value of the latter remained low and vulnerable during the reporting period. Little quality stock came on to the market and the ones that did, tended to be snapped up by cash-rich institutions. Finding properties in the middle market offering real value remained a challenge.

Moorgarth's property portfolio nevertheless remained quite resilient to the recessionary conditions. Management continued to focus on maximising the value of the group's existing properties. The success achieved by this approach is reflected in a revaluation surplus of £5,4 million at the end of the reporting period. This brought the overall value of the portfolio to £56,8 million (2010: £51,5 million). The size of the group's portfolio remained unchanged at 22 properties. Management worked hard to restrict tenant losses and vacant space remained within manageable parameters, enabling Moorgarth to achieve an after-tax profit of £4,8 million (2010: £0,8 million).

Prospects

Tradehold's long-term strategy is to build a profitable property business in the United Kingdom and Europe, and to expand its current property portfolio. This will provide shareholders with an increased return on investment through share price appreciation and dividend payments. The group's short- and medium-term strategy is to remain profitable. The R650 million raised during the recent successful rights issue will enable it to take advantage of the growing number of opportunities to expand its property portfolio with larger quality acquisitions that up to now have been outside its financial reach.

Sustainability context

Tradehold focuses on economic sustainability in the present adverse market conditions. The group has successfully withstood the effects of the economic recession. The income from the rights issue referred to earlier will strengthen Tradehold's balance sheet and provide working capital to enhance its positioning for future growth and ensure secured sustainability.

In the short term, the directors will continue to focus on measures needed to keep the group profitable until such time as the property and financial markets have stabilised. Tradehold's management approach to its subsidiaries is to be actively involved in their day-to-day operations and to maintain open, ongoing communication with the management teams of subsidiaries. This approach enables the executive charged with oversight responsibility to have insight in and influence on all major decisions necessary for ongoing risk management and to ensure short-term objectives are met.

Acknowledgments

Surviving the adversities of the present business environment was a team effort to which everyone, board members and staff, contributed unstintingly. I nevertheless believe the board owes the members of Moorgarth's management team a special word of thanks for the skilful manner in which they countered the effects of the recession and, in doing so, delivered a robust profit performance.

C H Wiese
Chairman

Luxembourg
23 May 2011

TRADEHOLD LIMITED

Corporate governance

Tradehold Limited is an investment holding company. It has no operating assets in South Africa and its business consists of an indirect interest of 15,9% in the UK-based Instore Ltd ("Instore") and an 85% interest in the property-owning Moorgarth group of companies also based in the United Kingdom. It conducts treasury activity through its wholly-owned finance company, Tradegro S.à r.l. The majority of transactions within the group relate to Moorgarth group who acquires, lets and sells property assets. At year-end the Moorgarth group owned and managed 22 commercial properties. The group has a lean structure and employs an equivalent of 4 full time employees.

Tradehold Limited is committed to upholding good ethical standards and the application of corporate governance principles relevant to the size of its business. During the current year, Tradehold reviewed the principles contained in the King Report on Governance for South Africa ("King III") and assessed their relevance and applicability to the group. Due to the size and nature of its operations, the board does not consider the application of all principles contained in King III appropriate. Where principles are not applied an explanation for these are contained within the report.

Board and board committees

The board takes overall responsibility for managing the group and there are no separate board committees other than the audit committee. The board comprises of six directors, two of whom are independent non-executives, one non-executive and three executives. Tradehold Limited has an executive chairman whom the board considered the best person for the position. The financial director is also the acting chief executive officer.

In November 2010, two new directors were appointed to enhance the balance of the board – one being executive and the other non-executive. The appointment process is performed by the board as a whole and new directors are obliged to retire and offer themselves for re-election at the first annual general meeting following their appointment.

All directors are subject to the retirement and re-election provisions of the articles of association, which require one-third of the directors to retire and, if they so wish, offer themselves for re-election at each annual general meeting. Due to the nature and size of the business, induction, as well as ongoing training and development programmes are not driven through formal processes.

The board meets at least twice per year and more often when required. For details on board meetings and attendance, refer to table below:

Composition and attendance of the board:

Board of directors	Qualification	Date of appointment	Age	Executive/ independent non-executive	Meetings attended (out of 2)	Other significant directorships
Dr C H Wiese	BA, LLB, D Com (HC)	29 September 2000	69	Executive	1	Chairman of Pepkor Holdings Limited, Shoprite Holdings Limited, Tulca (Pty) Limited (trading as Mango) and Invicta Holdings Limited and various other directorships.
Mr C Moore	B Com	5 November 1991	61	Executive	2	
Mr C Stassen	B Com	15 November 2001	60	Independent Non-executive	1	
Mr HRW Troskie	B Juris, LLB, LLM	27 April 2006	40	Independent Non-executive	2	Brait S.A.
Mr JD Wiese	BA, LLB, M Com	10 November 2010	30	Non-executive	*	Shoprite Holdings Limited, DigiCore Holdings Limited
Mr TA Vaughan	BSc (Hons) MRICS	10 November 2010	45	Executive	*	Managing director of Moorgarth group

* Appointed on 10 November 2010

The independence of directors is assessed on an annual basis and the board is confident that the independence of Mr Stassen has not been impaired by his length of service. The board is satisfied that it has effectively discharged its statutory duties and oversight role and wishes to report that:

- It has and maintains an approvals framework that allows the board appropriate insight and influence into significant business transactions within the group;
- The current compliance strategy followed is appropriate given the size and structure of the group and the board is not aware of any instances of non-compliance to applicable laws and regulations; and
- IT infrastructure and strategy is appropriate given the size and nature of the business.

It is the board's view that the performance of the board and its members is directly correlated to the success of the group. The performance evaluation of the board, audit committee and all directors are reflected upon during the annual review of the performance of the group.

Audit committee report

The audit committee has pleasure in submitting this report, as required by sections 269A and 270A of the Companies Act.

1. Functions of the audit committee

The audit committee has adopted a formal terms of reference, delegated to it by the board of directors. This charter is currently being reviewed to include all applicable and desirable requirements contained in King III. The audit committee wishes to report that it has:

1.1. Reviewed the interim and preliminary results and the year-end annual financial statements, as well as the content of the integrated report, culminating in a recommendation to the board to adopt it;

1.2. Reviewed the external audit reports on the annual financial statements;

1.3. Reviewed risk management and internal control reports of the group, and, where relevant, made recommendations to the board;

1.4. Verified the independence of the external auditors, nominated PricewaterhouseCoopers Inc as the auditors for 2011 and noted the appointment of Mr HD Nel as the designated auditor;

1.5. Approved the audit fees and engagement terms of the external auditors; and

1.6. Determined the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services by the external auditors.

Corporate governance continued

2. Members of the audit committee and attendance at meetings

   The audit committee aims to fulfil the role and responsibilities as required by the Companies Act and King III. The audit committee currently consists of two members, but in order to comply with the Companies Act and King III a third member is being considered.

   The audit committee meets at least twice per annum as per the audit committee charter, details of which are listed below. All members act independently as described in section 269A of the Companies Act. *(Refer to table below.)*

   The external auditors, in their capacity as auditors to the group, attended and reported to all meetings of the audit committee. During the year the audit committee met once with the external auditors without management being present.

3. Independence of external auditors

   The audit committee reviewed a representation by the external auditors and, after conducting its own review, confirmed the independence of the auditors.

4. Expertise and experience of financial resources

   The audit committee has satisfied itself that the financial director has appropriate expertise and experience. The audit committee has considered, and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function.

5. Statement on effectiveness of internal financial controls

   The audit committee reviewed the financial reports submitted for the group and through discussion with management and the external auditors herewith reports that internal financial controls were adequate and operating effectively for the financial year ended 28 February 2011.

Remuneration report

The remuneration policy is to compensate employees on a basis comparable with similar organisations, taking into consideration performance as an important factor in determining the remuneration of management and executive directors. Non-executive directors' fees are based on their relative contributions to the activities of the board.

Details of the remuneration and participation of directors in share incentive schemes appear elsewhere in this report. The group does not employ senior management outside of the directors, and the levels of remuneration of employees do not render the disclosure of the remuneration of the three most highly paid employees appropriate.

Risk management and internal control

The simple structure of the group, and the nature and limited number of transactions do not warrant the need for sophisticated internal control and risk management systems, the application of a combined assurance model or the establishment of an internal audit function. The board deems executive directors' intimate involvement in the operations of the company and its subsidiaries sufficient to provide the board with appropriate and relevant information on risk management activities performed, risks identified and action plans in place to mitigate material risks as well as internal control measures in place. Detailed reports on risks and controls are submitted to the audit committee, and key considerations are elevated to the board as and when appropriate.

In addition to the above, the board applies the following principle elements of internal control:

– An annual budgeting system, integrating both financial and operational budgets together with identification of risks inherent in each operating area. These budgets are subject to board approval;
– Regular consideration by the board of actual results compared with budgets and forecasts together with the preparation of revised forecasts whenever deemed necessary;

Audit committee	Qualification	Date of appointment	Age	Executive/independent non-executive	Meetings attended (out of 2)
Mr C Stassen	B Com	15 February 2008	60	Independent non-executive	2
Mr H R W Troskie	B Juris, LLB, LLM	15 February 2008	40	Independent non-executive	2

- Confirmation to the board of any changes in business, operational and financial risk in each area of the business;
- Clearly defined authorisation procedures for capital expenditure established by the board; and
- Authority levels designated to subsidiary board directors and senior management.

Key risks and mitigating strategies are detailed below:

The current economic climate in the UK as it pertains to the property market specifically poses the most significant risk to the group. The group's performance the past two years has been satisfactory given the circumstances, which can be attributed to the skill and care exercised by the executives charged with the oversight responsibility. The cash injection from the rights issue will ensure future stability and availability of funds to position the group to seize suitable growth opportunities.

Key risks facing Moorgarth group include inappropriate acquisitions and loss of income due to tenant failure or vacancies. These risks are mitigated through the performance of full legal and financial due diligences, formal review and approval by Tradehold Limited directors for all acquisitions, ongoing communication with tenants, and strong marketing initiatives of vacant properties through a range of channels.

Another key risk is attaining optimal investment income from cash reserves, while staying within the risk appetite of the group. The current strategy is to allocate cash investments where applicable across major banking institutions.

Integrity and ethics

Tradehold Limited at all times endeavours to maintain the highest standard of integrity in dealing with its clients, staff, the authorities, shareholders, suppliers and the investor community and, in doing so, to ensure the largest measure of credibility, trust and stability. Structures and procedures are in place for the reporting of unethical behaviour. The chief executive of each group company is responsible for ethical behaviour within his organisation. The board is of the opinion that a high level of standards was being maintained by the group and it is not aware of any instances of unethical behaviour during the year ended 28 February 2011.

Stock exchange transactions

	2011	2010	2009	2008	2007
Number of shares traded ('000)	717	769	2 482	1 031	1 781
Value of shares traded (R'000)	6 387	4 627	36 542	16 952	40 058
Volume of shares traded as % of total issued shares	2,1	2,2	7,1	3,0	5,1
Market capitalisation (R'000)	240 700	329 964	156 299	590 462	795 387
Share prices for the year (cents)					
Lowest	692	250	410	1 120	1 950
Average	891	602	1 472	1 644	2 249
Highest	1 080	1 120	1 700	2 750	2 590
Closing	693	950	450	1 700	2 290

Note: The comparative figures were restated due to the consolidation of ordinary shares during the year.

Notice to shareholders

Tradehold Limited
("Tradehold" or "the company")
JSE code: TDH ISIN: ZAE000026902

Notice is hereby given that the annual general meeting of the shareholders of Tradehold Limited, registered as such at 17:00 on 29 July 2011, will be held in the boardroom at the head office of Pepkor Limited, 36 Stellenberg Road, Parow Industria, at 09:30 on 4 August 2011 for the purpose of passing the following resolutions, with or without modification:

Ordinary resolution number 1

That the annual financial statements for the year ended 28 February 2011 including the auditor's report be adopted.

Ordinary resolution number 2

That PricewaterhouseCoopers Inc, as nominated by the company's audit committee, be re-appointed as independent auditors of the company to hold office until the conclusion of the next AGM of the company. It is to be noted that Mr Nel is the individual and designated auditor who will undertake the company's audit for the financial year ending 28 February 2012.

Ordinary resolution number 3

That Dr C H Wiese who retires as a director in terms of the articles of association of the company, but being eligible, offers himself for re-election, be re-appointed. Dr Wiese is 69 years of age and has the qualification B A, LL B, D Com (HC). Dr Wiese is the chairman of Tradehold Ltd, Pepkor Holdings Ltd and Shoprite Holdings Ltd.

Ordinary resolution number 4

That Mr C Stassen who retires as a director in terms of the articles of association of the company, but being eligible, offers himself for re-election, be re-appointed. Mr Stassen is 60 years of age and has the qualification B Com. Mr Stassen has many years of experience in the retail trade, both in South Africa as well as in the United Kingdom.

Ordinary resolution number 5

That Mr J D Wiese who was appointed as director with effect 10 November 2010 and retires in terms of the articles of association of the company, but being eligible, offers himself for re-election, be re-appointed. Mr Wiese is 30 years of age and has the qualification B A, LL B, M Com. Mr Wiese is a director and alternate director of various public and private companies including Shoprite Holdings Ltd and DigiCore Holdings Ltd.

Ordinary resolution number 6

That Mr T A Vaughan who was appointed as director with effect 10 November 2010 and retires in terms of the articles of association of the company, but being eligible, offers himself for re-election, be re-appointed. Mr Vaughan is 45 years of age and has the qualification BSc (Hons), MRICS. Mr Vaughan is the managing director of the Moorgarth group of companies and acted as head of regional real estate consulting with Ernst & Young prior to 2003.

Ordinary resolution number 7

That, subject to the provisions of the Companies Act, 71 of 2008 ("the Act") and in accordance with the JSE Limited Listings Requirements ("Listings Requirements"), the directors are hereby authorised to issue ordinary shares of 1 cent each for cash, as and when suitable situations arise, subject to the following conditions:

- That this authority is valid until the company's next annual general meeting, provided it shall not extend beyond 15 months from the date that this authority is given;
- That the equity securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- That a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within a financial year, 5% or more of the number of ordinary shares in issue prior to the issue in question;
- That issues in the aggregate in any one financial year may not exceed 15% of the company's issued share capital of a specific class of share already in issue;
- That in determining the price at which an issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price as determined over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors, and
- That any such issue will only be made to public shareholders as defined by the Listings Requirements and not to related parties.

Ordinary resolution number 8

That the following independent directors of the company be re-elected as members of the audit committee of the company until the conclusion of the next annual general meeting of the company: C Stassen, H R W Troskie.

Special resolution number 1

Resolved as a special resolution that the directors' remuneration to be paid by the company for services rendered during the reporting period be confirmed to be as follows:
C H Wiese: € 50 000
C Stassen: £ 10 000
H R W Troskie: € 9 000

The effect of the special resolution and the reason therefor is to approve the remuneration of the directors of the company for their services rendered during the reporting period.

Special resolution number 2

Resolved as a special resolution that the company may in terms of the provisions of section 45(3)(a)(ii) of the Act provide direct or indirect financial assistance to a director or prescribed officer of the company or to a related or inter-related company or members or persons related to such a company, prescribed officer, director or corporation.

The effect of the special resolution and the reason therefor is to grant the directors of the company the general authority to provide direct or indirect financial assistance to a director or prescribed officer of the company or to a related or inter-related company or members or persons related to such company, director, prescribed officer or corporation.

Special resolution number 3

Resolved, as a special resolution, that the mandate given to the company (or one of its wholly-owned subsidiaries) providing authorisation, by way of a general authority contemplated in sections 46 and 48 of the Act, read with sections 114 and 115, to acquire the company's own securities, upon such terms and conditions and in such amounts as the directors may from time to time decide, but subject to the provisions of the Act and the Listings Requirements of the JSE, be extended, subject to the following terms and conditions:

- Authorisation be given by the company's articles of association;
- Any repurchase of securities must 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 counter-party;
- This general authority will be valid until the company's next annual general meeting, provided that it shall not extend beyond fifteen months from date of passing of this special resolution;
- An announcement will be published as soon as the company has cumulatively repurchased 3% of the initial number (the number of that class of share in issue at the time that the general authority is granted) of the relevant class of securities and for each 3% in aggregate of the initial number of that class acquired thereafter, containing full details of such repurchases;
- Repurchases by the company in aggregate in any one financial year may not exceed 20% of the company's issued share capital as at the date of passing of this special resolution or 10% of the company's issued share capital in the case of an acquisition of shares in the company by a subsidiary of the company;
- Repurchases may not be made at a price greater than 10% above the weighted average of the market value of the securities for the five business days immediately preceding the date on which the transaction was agreed;
- Repurchases may not be undertaken by the company or one of its wholly-owned subsidiaries during a prohibited period (unless the company has a share repurchase programme in place) and may also not be undertaken if they will impact negatively on shareholder spread, as required by the JSE;
- At any point in time, the company may only appoint one agent to effect any repurchase;
- The company may not enter the market to proceed with the repurchase of its ordinary shares until the company's sponsor has confirmed the adequacy of the company's working capital for the purpose of undertaking a repurchase of shares in writing to the JSE.

The directors intend either to hold the shares purchased in terms of this authority as treasury shares or to cancel such shares whichever may be appropriate at the time of the repurchase of shares.

The directors are of the opinion that, after considering the effect of the maximum repurchase permitted and for a period of 12 months after the date of this notice of annual general meeting:

- The company and the group will be able, in the ordinary course of business, to pay its debts as they become due;
- The assets of the company and the group will be in excess of the liabilities of the company and the group, the assets and liabilities being recognised and measured in accordance with the accounting policies used

Notice to shareholders continued

in the latest audited annual financial statements;
- The working capital of the company and the group will be adequate for ordinary business purposes, and
- The share capital and reserves are adequate for the ordinary business purposes of the company and the group.

The effect of the special resolution and the reason therefor is to extend the general authority given to the directors in terms of the Act and the Listings Requirements for the acquisition by the company (or one of its wholly-owned subsidiaries) of its own securities, which authority shall be used at the directors' discretion during the course of the period so authorised.

In terms of the Listings Requirements, the following disclosures are required with reference to the general authority to repurchase the company's shares set out in the special resolution above, some of which are set out elsewhere in the annual report of which this notice forms part ("this annual report"):
Directors and management – refer page 12;
Major shareholders of the company – refer page 52;
Directors' interests in the company's securities – refer page 52;
Share capital – refer pages 35 and 36.

Litigation statement
Other than disclosed or accounted for in this annual report, the directors of the company, whose names are given on page 12 of this annual report, are not aware of any legal or arbitration proceedings, pending or threatened against the group, which may have or have had, in the 12 months preceding the date of this notice, a material effect on the group's financial position.

Directors' responsibility statement
The directors, whose names are given on page 12 of this annual report, collectively and individually, accept full responsibility for the accuracy of the information pertaining to the above special resolution 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 above special resolution contains all information required.

Material change
Other than the facts and developments reported on in this annual report, there have been no material changes in the affairs, financial or trading position of the group since the signature date of this annual report and the posting date hereof.

In compliance with Section 62(3)(c) of the Act and/or the Listings Requirements it is confirmed that a voting majority of 50% is required for the approval of ordinary resolutions number 1 to 6 as well as 8. For ordinary resolution number 7 and the special resolutions a 75% voting majority is required.

Proxies
All registered shareholders of the company will be entitled to attend and vote in person or by proxy at the general meeting. A form of proxy is attached for completion by certificated shareholders and dematerialised shareholders with own name registration who are unable to attend in person. Forms of proxy must be completed and received by the company secretary by not later than 48 hours before commencement of the meeting. Certificated shareholders and dematerialised shareholders with own name registration who complete and lodge forms of proxy, will nevertheless be entitled to attend and vote in person at the general meeting, should they subsequently decide to do so. Dematerialised shareholders, other than own name registration, must inform their CSDP or broker of their intention to attend the general meeting and obtain the necessary authorisation from the CSDP or broker to attend the general meeting, or provide their CSDP or broker with their voting instructions, should they not be able to attend the general meeting in person. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

By order of the board

J F Pienaar
Secretary

23 May 2011
36 Stellenberg Road, Parow Industria 7493

Shareholders' information

Enquiries

Enquiries relating to shareholdings in the company such as the loss of share certificates, dividend payments, or to notify change of address and/or bank account details, please write to the registrars: Computershare Investor Services (Pty) Ltd, P O Box 61051, Marshalltown, 2107. If you have received more than one copy of this annual report, there may be more than one account in your name on the company's register of members. If you would like to amalgamate your holdings, write to the registrars, detailing the accounts concerned and instructions on how they should be amalgamated.

Additional copies of annual financial statements

Additional copies of the report are obtainable from:

South Africa: The Company Secretary, Tradehold Ltd, 36 Stellenberg Road, Parow Industria, 7493, telephone number: +27 21 929 4800.

United States of America: The Bank of New York, 101 Barclay Street, 22nd Floor West, New York, NY 10286, telephone number: +1 212 815 2207.

United Kingdom: The Company Secretary, Moorgarth Holdings Ltd, 64 Wellington Street, Leeds, LS1 2EE, telephone number: +44 870 850 8001.

Europe: Tradehold Ltd, 58 Rue Charles Martel, L-2134, Luxembourg, telephone number: +352 268 644 04.

ADR programme for American investors

Ordinary shares in Tradehold Ltd are traded in the United States of America in the form of American Depository Shares (ADS's) and evidenced by American Depository Receipts (ADR's). Each ADS represents thirty ordinary shares. The US sponsored depository bank for the company is The Bank of New York, 101 Barclay Street, 22nd Floor West, New York, NY 10286.

Share transactions totally electronic ("STRATE")

In July 2001 the company has transferred its share capital to the electronic settlement and custody system, STRATE, designed to achieve contractual, rolling and irrevocable settlement. Shareholders who have not lodged their share certificates with a Central Securities Depositary Participant ("CSDP") or qualifying broker of their choice, are encouraged to do so. Currently all trade in the company's shares take place electronically, resulting in shareholders not being able to sell their Tradehold shares unless they exist in electronic form in the STRATE environment. Any questions with regard to the transfer to STRATE may be directed to the company secretary at telephone number +27 21 929 4800 or the registrars, Computershare, at telephone number +27 11 370 5000.

Dividends

No dividend was declared in respect of this reporting period.

Payment of dividend directly into shareholders' bank accounts

Shareholders who do not currently have their dividend paid directly into a bank account and who wish to do so should complete a mandate instruction obtainable from the company's registrars at the above address.

Secretarial certification

In accordance with section 268G(d) of the Companies Act of South Africa ("the Act"), it is hereby certified that the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Act and that such returns are true, correct and up to date.

J F Pienaar
Secretary

23 May 2011

Directorate and administration

Directorate

C H Wiese (69)#
B A, LL B, D Com (HC)
Chairman

C Moore (61)#
B Com
Financial director

C Stassen (60)*
B Com

H R W Troskie (40)*
B Juris, LL B, LL M

T A Vaughan (45)#
B Sc Hons, MRICS

J D Wiese (30)†
B A, LL B, M Com

 # Executive
** Non-executive and member of audit committee*
† Non-executive

Administration

Company secretary
J F Pienaar
PO Box 6100
Parow East 7501

Sponsor
One Capital Sponsor Services (Pty) Ltd

Registrars
Computershare Investor Services (Pty) Ltd
PO Box 61051
Marshalltown 2107
Telephone: +27 11 370 5000
Facsimile: +27 11 370 5487

Registered office/number
Tradehold Limited
Registration number 1970/009054/06
Incorporated in the Republic of South Africa
36 Stellenberg Road
Parow Industria 7493
PO Box 6100
Parow East 7501
Telephone: +27 21 929 4800
Facsimile: +27 21 933 5075

Business address
58 Rue Charles Martel, L-2134, Luxembourg
Telephone: +352 268 644 04
Facsimile: +352 268 644 05

Auditors
PricewaterhouseCoopers Inc

Annual financial statements

Approval of annual financial statements

The annual financial statements were approved by the board of directors and are signed on its behalf by:

C H Wiese	C Moore
Chairman	*Director*

23 May 2011

Auditor's report

Independent auditor's report to the members of Tradehold Ltd

We have audited the group annual financial statements and annual financial statements of Tradehold Ltd, which comprise the consolidated and separate statements of financial position as at 28 February 2011, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 15 to 52.

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Tradehold Ltd as at 28 February 2011, and its consolidated and separate financial performance and its 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.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc
Director: H D Nel
Registered Auditor
Cape Town
23 May 2011

Directors' report

Tradehold Limited and its subsidiaries

Share capital

In January 2011, the company's authorised and issued ordinary share capital and preference share capital were consolidated on a ten for one basis, into ordinary and preference shares of a par value of 1 cent each. At the same time, the company's authorised ordinary share capital was increased by R1 500 000 through the creation 150 000 000 ordinary shares of 1 cent each, whilst the authorised preference share capital was increased by R637 500 through the creation of 63 750 000 preference shares of 1 cent each.

Full details of the company's authorised and issued share capital are set out in the notes to the annual financial statements.

Business of the group

Tradehold Limited is an investment holding company with investments in subsidiaries, and at year-end the company held the following significant investments:

– Moorgarth Properties (Luxembourg) S.à r.l.
  Moorgarth Properties which owns a portfolio of properties situated in the United Kingdom.
– Clumber Park Hotel LLP (CPH)
  Clumber Park Hotel which operates a hotel and spa business.
– Tradegro S.à r.l.
  Tradegro renders certain head office and treasury services in the group.

Tradehold Limited's interest in its subsidiaries, as well as their individual activities, are set out in the annual financial statements.

Property, plant and equipment

The property from which CPH operates is classified as owner-occupied property.

Investment properties

Changes in properties during the year and details of property valuations at 28 February 2011 are shown in note 2 to the annual financial statements.

Borrowings

Interest-bearing borrowings comprise long-term borrowings and bank borrowings. During the year borrowings marginally increased to fund property additions.

Group results

Earnings

After taking into account the interest of non-controlling shareholders, the group reports a basic earnings per share of 3,5 pence (2010: 6,8 pence).

The annual financial statements on pages 15 to 52 set out fully the financial position, results of operations and cash flows of the group for the financial year ended 28 February 2011.

The attributable interest of Tradehold Limited in the taxed profits and losses of its subsidiaries for the year ended 28 February 2011 was as follows:

	2011	2010
Total profits	£6,0 million	£3,3 million
Total losses	£4,5 million	£0,6 million

Dividends

No dividend was declared in respect of this financial year (2010: nil).

Events after the reporting period

During May 2011 the company successfully held a rights issue, raising capital of approximately R650 million by issuing 103 833 866 new ordinary shares of 1 cent each. The capital will strengthen the company's balance sheet and provide working capital for future expansion.

Going concern

The directors consider that the group has adequate resources to continue operating for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the group financial statements. The directors have satisfied themselves that the group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

Directorate

The names of the directors are listed elsewhere in the annual report. On 10 November 2010 Messrs T A Vaughan and J D Wiese were appointed as directors, whereas Mr J A Gnodde resigned as alternate director on 14 May 2011.

In terms of the articles of association of the company Messrs C Stassen, T A Vaughan, C H Wiese and J D Wiese retire as directors of the company at the annual general meeting but, being eligible, offer themselves for re-election. At 28 February 2011 the directors of Tradehold Limited held a direct interest of 0,3% (2010: 0,4%) and an indirect, non-beneficial interest of 62,1% (2010: 61,7%) of the issued ordinary share capital of the company. Indirect holdings through listed companies have not been included. After completion of the rights issue in May 2011, the direct interest of directors reduced to 0,1%, whilst the indirect, non-beneficial interest of directors increased to 73,1%.

Holding company

At 28 February 2011 the company had no holding company. An analysis of the main shareholders of the company appears on page 52 of this report.

Secretary

The name and address of the secretary appear on page 12 of this report.

Auditors

PricewaterhouseCoopers Inc will continue in office in accordance with the Companies Act in South Africa.

TRADEHOLD LIMITED

Statement of financial position

Tradehold Limited and its subsidiaries at 28 February

COMPANY 2010 R'000	COMPANY 2011 R'000		Notes	GROUP 2011 £'000	GROUP 2010 £'000
		Assets			
384 815	384 815	Non-current assets		57 530	52 221
		Property, plant and equipment	1	6 126	6 900
		Investment properties	2	51 385	45 167
384 815	384 815	Interest in subsidiaries	3		
		Financial assets	4	19	154
13 504	13 504	Current assets		20 874	20 652
		Financial assets	4	9 762	7 679
		Inventories	5	29	26
156	156	Trade and other receivables	6	2 054	2 026
13 348	13 348	Loans to subsidiaries	3		
		Cash and cash equivalents	7	9 029	10 589
		Non-current assets classified as held for sale		—	332
398 319	398 319	Total assets		78 404	72 873
		Equity and liabilities			
389 756	387 239	Ordinary shareholders' equity		30 304	29 095
347	347	Share capital	8	28	28
1 019 498	1 019 498	Share premium		84 776	84 776
		Treasury shares		(26)	(26)
(630 089)	(632 606)	Reserves	9	(54 474)	(55 683)
		Non-controlling interest		1 045	341
389 756	387 239	Total equity		31 349	29 436
144	144	Non-current liabilities		7 855	26 545
144	144	Preference share capital	10	12	12
		Long-term borrowings	11	7 843	26 533
8 419	10 936	Current liabilities		39 200	16 892
		Provisions	12	2 870	—
1 363	1 159	Trade and other payables	13	2 622	2 213
		Taxation payable		1	1
7 056	9 777	Loans from subsidiaries	3.3		
		Short-term borrowings	14	33 707	14 678
8 563	11 080	Total liabilities		47 055	43 437
398 319	398 319	Total equity and liabilities		78 404	72 873

Statement of comprehensive income

Tradehold Limited and its subsidiaries for the year ended 28 February

COMPANY 2010 R'000	COMPANY 2011 R'000		Notes	GROUP 2011 £'000	GROUP 2010 £'000
		Revenue	15	5 929	4 783
5 175	8 925	Other operating income		217	359
		Net gain from fair value adjustment on investment property	2	5 804	1 046
(689)	(689)	Employee benefit expenses		(1 478)	(1 199)
		Lease expenses		(206)	(230)
		Depreciation, impairment and amortisation	1	(831)	(234)
(9 030)	(11 136)	Other operating costs		(3 325)	(2 077)
(4 544)	(2 900)	Trading profit/(loss)		6 110	2 448
		Fair value gains on financial assets at fair value through profit or loss	4	1 965	1 908
		Recovery of lease guarantee payments		619	—
		Legal and professional expenditure		(1 660)	(502)
		Lease repair liabilities		(2 870)	—
		Impairment of loans		(166)	(13)
(4 544)	(2 900)	Operating profit/(loss)	16	3 998	3 841
		Finance income	17	216	418
		Finance cost	17	(2 281)	(2 262)
(4 544)	(2 900)	Profit/(loss) before taxation		1 933	1 997
		Taxation	18	(15)	(354)
(4 544)	(2 900)	Profit/(loss) for the year		1 948	2 351
		Other comprehensive (loss)/income net of tax			
1 297	383	Currency translation differences		(11)	—
(3 247)	(2 517)	Total comprehensive income/(loss) for the year		1 937	2 351
		Profit/(loss) attributable to:			
		Owners of the parent		1 220	2 371
		Non-controlling interest		728	(20)
				1 948	2 351
		Total comprehensive income/(loss) attributable to:			
		Owners of the parent		1 209	2 371
		Non-controlling interest		728	(20)
		Total comprehensive income for the year		1 937	2 351
		Earnings per share (pence) – basic and diluted	19	3,5	6,8

The notes on pages 31 to 48 are an integral part of these consolidated annual financial statements

Statement of cash flows

Tradehold Limited and its subsidiaries for the year ended 28 February

COMPANY 2010 R'000	COMPANY 2011 R'000		Notes	GROUP 2011 £'000	GROUP 2010 £'000
		Cash flows from operating activities			
(4 544)	(2 900)	Operating profit/(loss)		3 998	3 841
1 297	383	Non-cash items	20.1	(3 908)	(2 741)
(726)	(204)	Decrease/(increase) in working capital	20.2	378	101
(3 973)	(2 721)	Cash generated from/(used in) operations		468	1 201
		Interest received		216	325
		Interest paid		(2 281)	(2 262)
		Taxation refund/(paid)	20.3	15	(9)
(3 973)	(2 721)	Net cash used in operating activities		(1 582)	(745)
		Cash flows from investing activities			
		Acquisition of property, plant and equipment		(57)	(430)
		Acquisition of investment properties		(82)	(4 459)
		Proceeds on disposal of property, plant and equipment		6	—
		Proceeds on disposal of investment properties		—	453
		Purchase of financial assets at fair value through profit or loss		—	(100)
2 568	—	Loan repayments received from subsidiary undertakings			
		Other investment activities		(160)	(325)
2 568	—	Net cash (used in)/from investing activities		(293)	(4 861)
		Cash flows from financing activities			
1 404	2 721	Proceeds from borrowings		3 467	7 664
		Repayment of borrowings		(3 128)	(7 717)
		Transactions with non-controlling shareholders		(24)	—
1 404	2 721	Net cash from/(used in) financing activities		315	(53)
(1)	—	Net decrease in cash and cash equivalents		(1 560)	(5 659)
1	—	Cash and cash equivalents at beginning of the year		10 589	16 248
—	—	Cash and cash equivalents at end of the year	7	9 029	10 589

The notes on pages 31 to 48 are an integral part of these consolidated annual financial statements

Statement of changes in equity

Tradehold Limited and its subsidiaries for the year ended 28 February

	Share capital and premium	Foreign currency translation reserve	Other non-dis-tributable reserves	Retained income	Attributable to equity holders of the parent	Non-controlling interest	Total
Group (£'000)							
Balance at 28 February 2009	84 804	8 095	844	(66 993)	26 750	361	27 111
Purchase of treasury shares	(26)				(26)		(26)
Total comprehensive income				2 371	2 371	(20)	2 351
Balance at 28 February 2010	84 778	8 095	844	(64 622)	29 095	341	29 436
Transactions with non-controlling shareholders					—	(24)	(24)
Profit for the year				1 220	1 220	728	1 948
Currency translation differences		(11)			(11)		(11)
Balance at 28 February 2011	84 778	8 084	844	(63 402)	30 304	1 045	31 349
Company (R'000)							
Balance at 28 February 2009	1 019 845	(823)	236	(626 255)	393 003	—	393 003
Total comprehensive loss		1 297		(4 544)	(3 247)		(3 247)
Balance at 28 February 2010	1 019 845	474	236	(630 799)	389 756	—	389 756
Total comprehensive loss		383		(2 900)	(2 517)		(2 517)
Balance at 28 February 2011	1 019 845	857	236	(633 699)	387 239	—	387 239

The notes on pages 31 to 48 are an integral part of these consolidated annual financial statements

Accounting policies

Tradehold Limited and its subsidiaries for the year ended 28 February

The principal accounting policies applied in the preparation of these consolidated annual financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

1. Basis of preparation

Statement of compliance

The consolidated annual financial statements of the Tradehold group have been prepared in accordance with International Financial Reporting Standards (IFRS), IFRIC Interpretations and in the manner required by the Companies Act of South Africa.

Statement of comprehensive income and statement of cash flows

The group presents its statement of comprehensive income by nature of expense.

The group reports cash flows from operating activities using the indirect method.

The acquisitions of investment properties are disclosed as cash flows from investing activities because this most appropriately reflects the group's business activities.

Cash flows from investing and financing activities are determined using the direct method.

Preparation of the consolidated annual financial statements

The consolidated annual financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties and financial instruments at fair value through profit and loss.

The preparation of consolidated annual financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in accounting policies note 24.

Use of adjusted measures

The measure listed below is presented as management believes it to be relevant to the understanding of the group's financial performance. This measure is used for internal performance analysis and provides additional useful information on underlying trends to equity holders. This measure is not a defined term under IFRS and may therefore not be comparable with similarly titled measures reported by other entities. It is not intended to be a substitute for, or superior to, measures as required by IFRS.

Trading profit on the face of the statement of comprehensive income, being the group's operating result excluding fair value gains or losses on financial assets at fair value through profit or loss, legal and professional expenditure, impairment of loans, loss or profits on disposal of investments and lease repair liabilities.

2. Changes in accounting policy and disclosures

The group has adopted the following new and amended IFRSs and interpretations as of 1 March 2010:

(a) Standards, amendments and interpretations effective in 2011 and relevant to the group's operations

IFRS 3: 'Business Combinations' (Revised) – effective 1 July 2009. The standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently re-measured at fair value through income. Goodwill and non-controlling (minority) interests may be calculated on a gross or net basis. All transaction costs will be expensed. As there were no business combinations during the current year, this standard has not had an effect on these financial statements.

IAS 27: 'Consolidated and Separate Financial Statements' (Revised) – effective 1 July 2009. IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss. This standard has modified the calculation of the income attributable to non-controlling interest and the accounting for transactions with non-controlling shareholders during the current year.

(b) Standards, amendments and interpretations to existing standards effective in 2011 but not relevant to the group's operations

– Improvements to IFRSs – 2009 and 2008
– Amendments to IAS 32 – Classification of rights issues
– Amendments to IAS 39 Financial Instruments: Recognition and Measurement Eligible Hedged Items
– Amendments to IFRS 2: Group cash-settled share-based payment transactions
– IFRIC 17: Distributions of Non-cash Assets to Owners
– IFRIC 18: Transfers of assets from customers
– IFRIC 19: Extinguishing financial liabilities with equity instruments
– AC 504: IAS 19 (AC116) – The limit on a defined benefit asset, minimum funding requirements and their interaction in the South African pension fund environment

(c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the group

The following standards and amendments to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 March 2011 or later periods, but the group has not early adopted them:

– Improvements to IFRSs – 2010 (effective from annual periods beginning on or after 1 January 2011)
– Amendment to IFRS 1 – Limited exemption from comparative IFRS 7 disclosures for first-time adopters (effective date 1 July 2010)
– Amendment to IAS 24 – Related party disclosures (effective date 1 January 2011)
– Amendments to IFRS 1, 'First time adoption' on hyper-inflation and fixed dates (effective date 1 July 2011)
– Amendment to IFRS 7 Disclosures – Transfer of financial assets (effective date 1 July 2011)
– Amendment to IAS 12,'Income taxes' on deferred tax (effective date 1 January 2012)
– IFRS 9 – Financial Instruments (effective date 1 January 2013)
– Amendments to IFRIC 14: Prepayments of a Minimum Funding Requirement (effective date 1 January 2011)

Management is assessing the impact of these standards, amendments and interpretations on the group's operations.

3. Consolidation

a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

Accounting policies continued

Tradehold Limited and its subsidiaries for the year ended 28 February

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

b) Transaction with non-controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

4. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The group has determined that its chief operating decision maker is the board of directors of the group.

5. Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated annual financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated annual financial statements are presented in Pound Sterling, which is the company's functional currency and the group's presentation currency. The company's presentation currency is South African Rand.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss for the year.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions);

(iii) all resulting exchange differences are recognised as a separate component of equity in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, such exchange differences are recognised in profit and loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

6. Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated group, is classified as investment property. As from 1 March 2009, investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the group uses alternative valuation methods, such as external valuers, or internal valuations based on rental income from current leases and assumptions about rental income from future leases in the light of current market conditions (recent prices on less active markets or discounted cash flow projections). Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the consolidated annual financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value. Fair value measurement on property under construction is only applied if the fair value is considered to be reliably measurable.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of leasehold land classified as investment property; others, including contingent rent payments, are not recognised in the consolidated annual financial statements.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

If a valuation obtained for a property held under a lease is net of all payments expected to be made, any related lease liability recognised separately in the statement of financial position is added back to arrive at the carrying value of the investment property for accounting purposes.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Changes in fair values are recognised in the profit or loss. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Where the group disposes of a property at fair value in an arm's length transaction, the carrying value

Accounting policies continued

Tradehold Limited and its subsidiaries for the year ended 28 February

immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the profit or loss within net gain from fair value adjustment on investment property.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under Property, plant and equipment. Any resulting increase in the carrying amount of the property is recognised in the profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increases directly to revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to profit or loss.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

7. Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Cost of an item of property, plant and equipment includes its purchase price and any direct attributable costs. Cost includes the cost of replacing part of an existing property, plant and equipment at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an item of property, plant and equipment.

Borrowing costs incurred for the purpose of acquiring, constructing or producing a qualifying property, plant and equipment are capitalised as part of its cost. A qualifying property, plant and equipment is an asset that necessarily takes a substantial period of time to get ready for its intended use. Borrowing costs are capitalised while acquisition, construction or production is actively underway and ceases once the asset is substantially complete or suspended if the development of the asset is suspended.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of those parts that are replaced is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation, based on a component approach, is calculated using the straight-line method to allocate the cost over the assets' estimated useful lives, as follows:

- Land: Nil
- Buildings: 50 years
- Machinery: 4 – 7 years
- Equipment: 7 – 10 years
- Vehicles: 4 – 5 years
- Improvements to leasehold property over the shorter of the useful life of the asset and the lease term

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at least at each financial year-end.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the profit or loss.

8. Leases

(a) A group company is the lessee

Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease. Properties leased out under operating leases are included in investment properties. See note 6 for the accounting policy relating to land held on an operating lease and used as investment property.

(b) A group company is the lessor in an operating lease

Properties leased out under operating leases are included in investment property in the statement of financial position (note 2). See note 22 for the recognition of rental income.

(c) A group company is the lessor – fees paid in connection with arranging leases and lease incentives

The group makes payments to agents for services in connection with negotiating lease contracts with the group's lessees. The letting fees are capitalised within the carrying amount of the related investment property and amortised over the lease term. Lease incentives are recognised as a reduction of rental income on a straight-line basis over the lease term.

9. Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

10. Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

11. Non-current assets (or disposal groups) held-for-sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

12. Financial assets

(a) Classification

The group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Accounting policies continued

Tradehold Limited and its subsidiaries for the year ended 28 February

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the statement of financial position.

(b) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit or loss as part of other income when the group's right to receive payments is established.

(c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(d) Impairment of financial assets

Assets carried at amortised cost

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

13. Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

14. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

15. Share capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

16. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

17. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the profit or loss as interest expense.

18. Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated annual financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Accounting policies continued

Tradehold Limited and its subsidiaries for the year ended 28 February

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

South African resident companies are subject to a dual corporate tax system, one part of the tax being levied on taxable income and the other, a secondary tax (called STC), on distributed income. A company incurs STC charges on the declaration or deemed declaration of dividends (as defined under tax law) to its shareholders. STC is not a withholding tax on shareholders, but a tax on companies. The STC tax consequence of dividends is recognised as a taxation charge in the income statement in the same period that the related dividend is accrued as a liability. The STC liability is reduced by dividends received during the dividend cycle. Where dividends declared exceed the dividends received during a cycle, STC is payable at the current STC rate on the net amount. Where dividends received exceed dividends declared within a cycle, there is no liability to pay STC. The potential tax benefit related to excess dividends received is carried forward to the next dividend cycle as an STC credit. Deferred tax assets are recognised on unutilised STC credits to the extent that it is probable that the group will declare future dividends to utilise such STC credits.

19. Employee benefits

(a) Pensions

The group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Short-term employee benefits and compensation absences

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health services and childcare services) are recognised as employee benefit expense and accrued when the associated services are rendered by the employees of the group.

(c) Profit-sharing and bonus payments

The group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

20. Share-based payments

The group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

The cash subscribed for the shares issued when the options are exercised is credited to share capital (nominal value) and share premium, net of any directly attributable transaction costs.

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

The fair value of employee share options granted on or after 7 November 2002 is calculated using the Black-Scholes or Monte Carlo models. The group elected not to apply IFRS 2 to share awards granted before 7 November 2002, such that no expense has been or is being recognised for them in the profit or loss. Consequently, on the vesting of these awards, the cost of the shares is recognised directly in retained earnings.

21. Provisions

Provisions for legal claims are recognised when: the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating leases.

Where the group, as lessee, is contractually required to restore a leased property to an agreed condition prior to release by a lessor, provision is made for such costs as they are identified.

A provision for onerous contracts is recognised when the expected benefits to be derived by the group from a contract is lower than the unavoidable costs of meeting its obligations under the contract (onerous contracts).

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost.

22. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the group.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below.

Revenue includes rental income, and service charges and revenue from hotel operations.

(a) Rental income

Rental income from operating leases is recognised on a straight-line basis over the lease term. When the group provides incentives to its tenants, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

Service and management charges are recognised in the accounting period in which the services are rendered. When the group is acting as an agent, the commission rather than gross income is recorded as revenue.

Surrender premiums are recognised as income in the period they become receivable from the tenant.

(b) Revenue from hotel operations

Revenue from hotel operations includes the rental of rooms and food and beverage sales. Revenue is recognised when rooms are occupied and food and beverages are sold.

(c) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow

Accounting policies continued

Tradehold Limited and its subsidiaries for the year ended 28 February

discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

23. Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the group's consolidated annual financial statements in the period in which the dividends are declared.

24. Critical accounting estimates, assumptions and judgements

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and management judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Principal assumptions underlying management's estimation of fair value of investment properties

- The best evidence of fair value is current prices in an active market for similar leases and other contracts. In the absence of such information, the group determines the amount within a range of reasonable fair value estimates. In making its judgement the group considers information from a variety of sources including:
- Current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- Recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- Discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing leases and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

If information on current or recent prices is not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. The group used assumptions that are mainly based on market conditions existing at each balance sheet date.

The principal assumptions underlying management's estimation of fair value are those related to:

The receipt of contracted rentals, expected future market rentals, lease renewals, maintenance requirements and appropriate discount and capitalisation rates. These valuations are regularly compared to actual market yield data, actual transactions by the group and those reported by the market.

The expected future market rentals are determined with reference to current market rentals for similar properties in the same location and condition.

(b) Income taxes

The group is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions.

(c) Other areas of significant judgement

The following other areas of significant judgement have been detailed in the notes to these annual financial statements

- Impairment of property, plant and equipment (refer 1)
- Valuation of investment in Instore Ltd (refer 4.2.1)
- Provision for lease repair liabilities (refer 12)

Notes to the annual financial statements

Tradehold Limited and its subsidiaries for the year ended 28 February

1 Property, plant and equipment

1.1	£'000	Owned land and buildings	Machinery, equipment and vehicles	Improvements to leasehold property	Total
1.1.1	Cost				
	At 28 February 2010	6 018	1 177	17	7 212
	Additions	—	57	—	57
	Impairment	(428)	—	—	(428)
	Disposals and scrappings	—	(14)	—	(14)
	At 28 February 2011	5 590	1 220	17	6 827
1.1.2	Accumulated depreciation				
	At 28 February 2010	60	242	10	312
	Charge for the year	100	298	5	403
	Disposals and scrappings	—	(14)	—	(14)
	At 28 February 2011	160	526	15	701
1.1.3	Book value at 28 February 2011	5 430	694	2	6 126

1.2	£'000	Owned land and buildings	Machinery, equipment and vehicles	Improvements to leasehold property	Total
1.2.1	Cost				
	At 28 February 2009	—	110	15	125
	Additions	—	430	2	432
	Transferred from investment properties (note 2)	6 018	—	—	6 018
	Acquisitions through business combinations	—	637	—	637
	At 28 February 2010	6 018	1 177	17	7 212
1.2.2	Accumulated depreciation				
	At 28 February 2009	—	73	5	78
	Charge for the year	60	169	5	234
	At 28 February 2010	60	242	10	312
1.2.3	Book value at 28 February 2010	5 958	935	7	6 900

During the year to 28 February 2011 owned land and buildings were impaired by an amount of £428 000. The recoverable amount has been determined based on the fair value less costs to sell of the property. The determination of the fair value by the directors was consistent with investment properties (refer 2.3).

1.2.4 Owned land and buildings with a carrying amount of £5,4 million (2010: £6,0 million) serve as security for long-term borrowings (refer 11.2).

1.2.5 A register containing details is available for inspection at the registered offices of Moorgarth Holdings Ltd.

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Notes continued

Tradehold Limited and its subsidiaries for the year ended 28 February

COMPANY				GROUP	
2010 R'000	2011 R'000			2011 £'000	2010 £'000
		2.	**Investment properties**		
		2.1	At beginning of year	45 167	46 445
			Additions	82	4 459
			Disposals and scrappings	—	(433)
			Net gain from fair value adjustments on investment property	5 804	1 046
			Transfer from/(to) disposal groups classified as held for sale	332	(332)
			Transfer to property, plant and equipment – at fair value	—	(6 018)
			At end of the year	51 385	45 167
			During the previous year, investment properties with a value of £0,3 million, relating to three apartments, were transferred to the disposal group classified as held for sale. As the active marketing thereof has been discontinued, these properties were transferred back to investment properties.		
		2.2	A register containing details is available for inspection at the registered offices of Moorgarth Holdings Ltd.		
		2.3	External valuers King Sturge, who hold recognised and relevant professional qualifications, valued property representing 37% of the portfolio. The remainder of the portfolio was valued by the directors of the various property companies following discussions with appropriately qualified employees of the group's bankers and information received from agents and auctioneers. The valuations were based upon yields of between 5% and 14%.		
			Investment properties with a carrying amount of	4 780	4 795
			were vacant at year-end.		
		2.4	Investment properties with a carrying amount of	49 785	43 902
			serve as security for long-term borrowings (refer 11.2).		
		2.5	Income and expenditure relating to investment properties		
			Rental income	3 331	3 229
			Direct operating expenditure	238	297
			Direct operating expenses recognised in profit or loss include	233	236
			relating to investment property that was unlet.		
		3.	**Interest in subsidiaries**		
		3.1	Consisting of -		
1	1		Shares in Tradegro Holdings Ltd at cost		
1 008 464	1 008 464		Amount owing by Tradegro Holdings Ltd		
(610 302)	(610 302)		Impairment of loan to subsidiary		
398 163	398 163				
13 348	13 348		Less – Current account transferred to current assets (refer 3.2)		
384 815	384 815				
		3.2	This loan is repayable on demand and interest-free. No repayment terms exist in respect of the remaining balance of the amount owing by Tradegro Holdings Ltd, which is also interest-free.		
7 056	9 777	3.3	Loans from subsidiary company – Tradegro S.à r.l.		
			These amounts are repayable on demand and interest-free.		

COMPANY 2010 R'000	COMPANY 2011 R'000			GROUP 2011 £'000	GROUP 2010 £'000
		4.	**Financial assets**		
		4.1	Consisting of -		
			Financial assets at fair value through profit or loss	9 644	7 679
			Loans and receivables at amortised cost	137	154
				9 781	7 833
		4.2.	Financial assets at fair value through profit or loss		
		4.2.1	1 811 (2010: 36 235 252) Shares in Instore Ltd designated at fair value through profit or loss		
			At beginning	1 812	1 449
			Fair value movement	—	363
			At end	1 812	1 812
			As the directors' valuation at the end of February 2011 is unchanged, this resulted in no fair value movement for the year then ended. This investment is categorised as a Level 3 financial asset (refer 25.9). A gain of £0,4 million resulted from fair value adjustment the investment in Instore Ltd to its fair value of 5 pence per share, being a directors' valuation, at the end of February 2010.		
		4.2.2	636 000 Shares in UBS AG designated at fair value through profit or loss		
			At beginning	5 767	4 222
			Fair value movement	1 995	1 545
			At end	7 762	5 767
			A gain of £2,0 million resulted from the fair value adjustment of the investment in UBS AG to its fair value of SFr18 45, being a listed price, at the end of February 2011. A gain of £1,5 million resulted from fair value adjustment the investment in UBS AG to its fair value of SFr14 81, being a listed price, at the end of February 2010. The above shares have been pledged as security for short-term borrowings (refer 14.2).		
		4.2.3	2 000 000 Shares in Abbeycrest plc designated at fair value through profit or loss		
			At beginning	100	—
			Fair value movement	(30)	—
			Acquisition	—	100
			At end	70	100
			A loss of £30 000 resulted from the fair value adjustment of the investment in Abbeycrest plc to its fair value of 3,5 pence per share, being a listed price, at the end of February 2011.		
		4.3	Loans and receivables at amortised cost		
		4.3.1	Non-current assets		
			Loans to directors (refer 4.4 & 4.5)	19	145
			Staff and other loans	—	9
				19	154
		4.3.2	Current assets		
			Loans to directors (refer 4.4)	111	—
			Staff and other loans	7	—
				118	—

Notes continued

Tradehold Limited and its subsidiaries for the year ended 28 February

4.4 Loans to directors: 28 February 2011 (£'000)	TA Vaughan	C H Wiese	C Moore	Total
Balance at beginning of the year	—	82	63	145
At date of appointment as director	21	—	—	21
Interest capitalised	1	42	33	76
Repayments	(3)	—	—	(3)
Increase at conversion	—	27	20	47
Impairment	—	(88)	(68)	(156)
19	63	48	130	
Currency of loan	GB Pound	SA Rand	SA Rand	
Interest rate	3,75%	6,5%	6,5%	
Repayment date	31/08/2013	15/10/2011	15/10/2011	

4.5 Loans to directors: 28 February 2010 (£'000)	C H Wiese	C Moore	Total
Balance at beginning of the year	32	25	57
Interest capitalised	44	34	78
Increase at conversion	13	10	23
Impairment	(7)	(6)	(13)
	82	63	145
Currency of loan	SA Rand	SA Rand	
Interest rate	9,0%	9,0%	
Repayment date	15/10/2011	15/10/2011	

Loans to directors have been impaired to reflect the fair value of the underlying assets.

COMPANY 2010 R'000	COMPANY 2011 R'000		GROUP 2011 £'000	GROUP 2010 £'000
		4.6 Analysis of total financial assets:		
		Non-current	19	154
		Current	9 762	7 679
			9 781	7 833
		5. Inventories		
		Consumables and hotel stocks	29	26
		6. Trade and other receivables		
		Trade receivables	317	187
		Short-term advances	1 100	—
156	156	Other receivables	314	421
		Interest receivable	10	6
		Restricted cash	283	930
		Indirect tax receivables	30	482
156	156		2 054	2 026

There is no significant concentration of credit risk with respect to trade receivables, as the group has a large number of tenants. As of 28 February 2011 and 28 February 2010, all trade receivables were fully performing. Short-term advances related to bridging finance made to a UK corporate. Restricted cash related to money held in an escrow account by solicitors until the conclusion of outstanding legal matters.

COMPANY 2010 R'000	COMPANY 2011 R'000			GROUP 2011 £'000	GROUP 2010 £'000
		7.	**Cash and cash equivalents**		
		7.1	Consisting of -		
			Cash at bank and on hand	852	983
			Short-term bank deposits	8 177	9 606
				9 029	10 589
			Cash, cash equivalents and bank overdrafts include the following for the purposes of the statement of cash flows:		
			Cash and cash equivalents	9 029	10 589
			Bank overdrafts	—	—
				9 029	10 589
		7.2	Cash deposits in the amount of	200	200
			serve as security for long-term borrowings to ensure continued compliance with certain loan facility financial covenants (refer 11.2).		
		7.3	A cash deposit in the amount of	2 500	2 500
			serve as security for short-term borrowings (refer 14.2).		
		8.	**Ordinary share capital**		
		8.1	Authorised:		
600	2 100		210 000 000 (2010: 600 000 000) ordinary shares of 1 cent (2010: 0,1 cent) each	191	48
		8.2	Issued:		
347	347		34 733 044 (2010: 347 330 441) ordinary shares of 1 cent (2010: 0,1 cent) each	28	28
		8.3	Treasury shares:		
			78 832 (2010: 788 321) ordinary shares of 1 cent (2010: 0,1 cent) each	(26)	(26)

8.4 A maximum number of 100 000 (2010: 1 000 000) shares in the authorised share capital of the company is reserved for issue to participants to the Tradehold Share Incentive Trust at an issue price of R27,00 (2010: R2,70) per share. These shares can be issued on demand.

8.5 The above number of shares take into consideration the share consolidation during the year ended 28 February 2011, on a 10 for 1 basis.

8.6 The unissued share capital is under the control of the directors who may issue it on such terms and conditions as they in their discretion deem fit. This authority will be tabled for extension at the forthcoming annual general meeting.

TRADEHOLD LIMITED

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Tradehold Limited and its subsidiaries for the year ended 28 February

COMPANY 2010 R'000	COMPANY 2011 R'000			GROUP 2011 £'000	GROUP 2010 £'000
		9.	**Reserves**		
710	1 093	9.1	Non-distributable reserves	8 928	8 939
474	857		Foreign currency translation reserve	8 084	8 095
			Surplus on revaluation of land and buildings	823	823
236	236		Capital redemption reserve fund	21	21
		9.2	Distributable reserve		
(630 799)	(633 699)		Accumulated loss	(63 402)	(64 622)
(630 089)	(632 606)			(54 474)	(55 683)
		10.	**Preference share capital**		
		10.1	Authorised:		
255	893		89 250 000 (2010: 255 000 000) non-convertible, non-participating non-transferable redeemable preference shares of 1 cent (2010: 0,1 cent) each	82	21
		10.2	Issued:		
144	144		14 385 626 (2010: 143 856 255) non-convertible, non-participating non-transferable redeemable preference shares of 1 cent (2010: 0,1 cent) each	12	12

10.3 The preference shares are not convertible into shares of any other class, are not entitled to participate in any profits of the company and no dividends may be declared or paid in respect of them. The holder of these shares is entitled to be present at any meeting of the company and is entitled on a poll to one vote in respect of every share held.

The preference shares are redeemable in relation to the extent which the shareholder disposes of his interest in ordinary shares in the company. All issued preference shares are fully redeemable should the shareholder's interest in ordinary shares become less than 10%. These shares are not listed on any stock exchange.

10.4 The above number of shares take into consideration the share consolidation during the year ended 28 February 2011, on a 10 for 1 basis.

10.5 Subject to certain limitations, the unissued share capital is under the control of the directors who may issue it on predetermined terms under certain circumstances. Full particulars are available for inspection at the registered office of the company.

COMPANY 2010 R'000	COMPANY 2011 R'000		GROUP 2011 £'000	GROUP 2010 £'000
		11. Long-term borrowings		
		11.1 Secured		
		Repayable quarterly in instalments of £19 987 (2010: £11 063) until November 2012 and interest-bearing at 3 month LIBOR plus 3,0% (2010: 6,1%)	1 081	1 130
		Repayable quarterly in instalments of £11 152 (2010: £9 441) until December 2011 and interest-bearing at 3 month LIBOR plus 2,5% (2010: 5,8%)	1 434	1 477
		Repayable quarterly in instalments of £17 126 (2010: £16 659) until August 2011 and interest-bearing at 6,6% (2010: 6,6%)	2 420	2 486
		Repayable quarterly in instalments of £18 281 (2010: £17 843) until August 2011 and interest-bearing at 5,9% (2010: 5,9%)	2 397	2 469
		Repayable quarterly in instalments of £31 031 until November 2012 and interest-bearing at 3 month LIBOR plus 3,0%	3 119	—
		Repayable quarterly in instalments of £16 569 (2010: £15 587) until February 2012 and interest-bearing at 6,5% (2010: 6,5%)	2 880	2 944
		Repayable quarterly in instalments of £33 245 (2010: £30 955) until October 2011 and interest-bearing at 6,5% (2010: 6,5%)	5 599	5 724
		Repayable quarterly in instalments of £24 271 (2010: £22 643) until October 2011 and interest-bearing at 6,4% (2010: 6,4%)	4 028	4 119
		Repayable on disposal of property and interest-bearing at the bank base rate plus 2,5% (2010: bank base rate plus 2,5%)	173	173
		Repayable quarterly in instalments of £19 844 (2010: £22 030) until February 2012 and interest-bearing at 6,5% (2010: 6,5%)	3 933	4 016
		Repayable quarterly in instalments of £52 311 (2010: £52 250) until July 2012 and interest-bearing at 6,7% (2010: 6,7%)	5 277	5 434
		Repayable monthly in instalments of £12 500 until August 2013 and interest-bearing at 3 month LIBOR plus 2,5%	2 925	—
		Other	—	5 422
			35 266	35 394
		Redemptions within 12 months transferred to short-term borrowings	(27 423)	(8 861)
			7 843	26 533
		11.2 The above loans are secured by -		
		A fixed charge over fixed property with a carrying amount of	55 215	49 860
		Pledge of cash deposits in the amount of	200	200
			55 415	50 060

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Tradehold Limited and its subsidiaries for the year ended 28 February

COMPANY 2010 R'000	COMPANY 2011 R'000			GROUP 2011 £'000	GROUP 2010 £'000
		12.	**Provisions**		
		12.1	Provision for lease repair liabilities	2 870	—
		12.2	The amount was previously disclosed as a contingent liability and was recognised during the current year following the conclusion of certain legal proceedings. The amount represents the directors' best estimate of the dilapidation claims that may arise following the sale of a large property portfolio prior to the establishment of Moorgarth.		
		12.3	Reconciliation of carrying values		
			Balance at beginning of the year	—	—
			Created during the year	2 870	—
			Balance at end of the year	2 870	—
		13.	**Trade and other payables**		
			Trade payables	802	513
1 363	1 159		Other payables and accrued expenses	1 057	1 040
			Onerous lease liability	285	285
			Deferred income	284	150
			Tenant deposits	186	217
			Social security and other taxes	8	8
1 363	1 159			2 622	2 213

The estimated fair values of the above financial liabilities are the discounted amounts of the estimated future cash flows expected to be received and approximate their carrying amounts.

The onerous lease liability established in prior years cover the loss anticipated in connection with the liabilities arising as a result of an indemnity given by the group to Instore Ltd as part of the purchase and sale agreement.

			GROUP 2011 £'000	GROUP 2010 £'000
14.	**Short-term borrowings**			
14.1	Secured			
	Short-term portion of long-term borrowings (refer 11)		27 423	8 861
	Repayable on 2 March 2011 and interest-bearing at 1,1% (2010: 1,1%) (refer 14.2)		6 284	5 817
			33 707	14 678
14.2	The above loan is secured by -			
	Listed share investment with a carrying amount of		7 762	5 767
	Cash deposit in the amount of		2 500	2 500
			10 262	8 267

COMPANY				GROUP	
2010 R'000	2011 R'000			2011 £'000	2010 £'000
		15.	**Revenue**		
			Rental income	3 331	3 229
			Hotel revenue	2 598	1 554
				5 929	4 783
			The group has entered into various operating lease agreements as the lessor of property. The period of leases whereby the group leases out its investment property under operating leases varies from 1 year to 35 years.		
			Future minimum lease payments receivable under non-cancellable operating leases are as follows:		
			Not later than one year	3 420	3 374
			Later than 1 year not later than 5 years	10 633	10 871
			Later than 5 years	20 651	22 155
				34 704	36 400
		16.	**Operating profit/(loss)**		
		16.1	Determined after taking into account the following:		
689	689		Staff costs	1 478	1 199
689	689		Salaries, wages and service benefits	1 458	1 199
			Retirement benefit contributions	20	—
			Foreign exchange losses	406	113
447	559		Auditors' remuneration	90	63
448	520		Audit fees – for this year	87	64
(1)	39		– under/(over)provided in the previous year	3	(1)
7 550	7 498		Fees paid for outside services	241	117
7 444	7 404		Administrative	75	109
			Technical	158	—
106	94		Secretarial	8	8
(5 175)	(8 925)		Administration fees received		
			Operating leases – buildings	86	145
			Operating leases – machinery	120	85
			Profit on sale and scrapping of property, plant and equipment	(6)	—
			Profit on disposal of investment properties	—	(21)
			Legal and professional expenditure (refer 16.1.1)	1 660	502
			Provision for lease repair liabilities (refer 12)	2 870	—
		16.1.1	Represent the cost of litigation and fees payable in respect of the restructuring of the business of Tradehold Ltd.		
		16.2	Directors' remuneration		
		16.2.1	Non-executive directors	18	10
			Executive directors	923	742
				941	752

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Tradehold Limited and its subsidiaries for the year ended 28 February

		Basic remuneration £'000	Fees £'000	Management company fees £'000	2011 Total £'000	2010 Total £'000
16.2.2	Non-executive directors					
	C Stassen	—	10	—	10	10
	H R W Troskie	—	8	—	8	—
	J D Wiese	—	—	—	—	—
		—	18	—	18	10

		Basic remuneration £'000	Fees £'000	Management company fees £'000	2011 Total £'000	2010 Total £'000
16.2.3	Executive directors					
	C Moore	302	—	—	302	336
	T A Vaughan	116	—	—	116	—
	C H Wiese	—	43	462	505	406
		418	43	462	923	742

16.2.4	Share options granted to directors	Number of options	Issue date	Issue price (R)	Expiry date	Total options outstanding
	C H Wiese	100 000	26/09/2002	27,00	26/09/2012	100,000

COMPANY 2010 R'000	COMPANY 2011 R'000			GROUP 2011 £'000	GROUP 2010 £'000
		17.	**Finance income and cost**		
			Finance cost on short-term borrowings	66	76
			Finance cost on long-term borrowings	2 215	2 186
			Total finance cost	2 281	2 262
			Interest income on short-term bank deposits	(136)	(140)
			Interest income on loans to staff and directors	(80)	(95)
			Other finance income	—	(183)
			Total finance income	(216)	(418)
			Finance income/cost – net	2 065	1 844
		18.	**Taxation**		
		18.1	Classification –		
			South African normal taxation	—	—
			Foreign taxation	(15)	(354)
				(15)	(354)
		18.2	Consisting of –		
			Current taxation	1	5
			Prior year taxation	(16)	(359)
				(15)	(354)

COMPANY 2010 R'000	COMPANY 2011 R'000			GROUP 2011 £'000	GROUP 2010 £'000
		18.3	Reconciliation of tax rate -		
28,0	28,0		South African normal tax rate	28,0	28,0
(28,0)	(28,0)		Net adjustment	(28,8)	(45,7)
(28,0)	(28,0)		Exempt income/non-deductible expenses	(28,0)	(29,3)
			Creation of tax losses	—	1,5
			Other adjustments	—	0,1
			Prior year taxation	(0,8)	(18,0)
—	—		Effective tax rate	(0,8)	(17,7)
		18.4	During the previous year, a provision for taxation amounting to £325 589 was reversed. The release was as a result of tax assessments issued by local tax authorities for a subsidiary registered in Switzerland.		
		18.5	Exempt income and non-deductible expenses mainly relate to the fair value gains and losses on financial assets at fair value though profit and loss and the gains and losses from fair value adjustments on investment properties.		
18 025	18 025	18.6	Credits in respect of secondary tax on companies (STC) at year-end	1 605	1 521
1 802	1 802		The utilisation of the STC relief of	160	152
			calculated at current rates is dependent on the future distribution of dividends in the companies concerned.		
		18.7	Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The group did not recognise deferred income tax assets of £2,6 million (2010: £1,8 million) in respect of losses amounting to £9,2 million (2010: £6,3 million) that can be carried forward against future taxable income, as it is unlikely to be utilised in future.		
		19.	**Earnings per share**		
			Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the company and held as treasury shares.		
		19.1	Profit attributable to equity holders of the company	1 220	2 371
			Weighted average number of ordinary shares in issue ('000)	34 654	34 676
			Basic and diluted earnings per share of (pence)	3,5	6,8
			The group has no dilutive potential ordinary shares.		
		19.2	Headline (loss)/earnings:		
			Headline (loss)/earnings per share of (pence)	(9,7)	3,8
			Based on headline (loss)/earnings of	(3 356)	1 304
			Profit attributable to equity holders of the company	1 220	2 371
			Net gain from fair value adjustment on investment property	(5 804)	(1 046)
			Profit on disposal of property, plant and equipment	(6)	—
			Impairment of property, plant and equipment	428	—
			Profit on disposal of investment properties	—	(21)
			Total tax effects of adjustments	—	—
			Total non-controlling interest effects of adjustments	806	—
			and the weighted average number of ordinary shares in issue of ('000)	34 654	34 676

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Tradehold Limited and its subsidiaries for the year ended 28 February

COMPANY				GROUP	
2010 R'000	2011 R'000			2011 £'000	2010 £'000
		20.	**Cash flow information**		
		20.1	Non-cash items		
			Depreciation	403	234
			Profit on sale of property, plant and equipment	(6)	—
			Impairment of property, plant and equipment	428	—
			Profit on disposal of investment properties	—	(21)
			Net gain on fair value adjustment on investment properties	(5 804)	(1 046)
			Fair value gain on financial assets at fair value through profit or loss	(1 965)	(1 908)
			Lease repair liabilities	2 870	—
			Impairment of loans	166	13
			Unrealised foreign exchange gains	—	(13)
1 297	383		Foreign currency translation differences		
1 297	383			(3 908)	(2 741)
		20.2	Changes in working capital (excluding the effects of business combinations)		
			Trade and other receivables	(28)	587
			Inventories	(3)	4
(726)	(204)		Trade and other payables	409	(490)
(726)	(204)			378	101
		20.3	Taxation paid		
—	—		Taxation per profit or loss	15	354
			Decrease in taxation payable	—	(363)
—	—			15	(9)
		21.	**Capital commitments**		
			The group had no capital commitments at 28 February 2011 (2010: nil).		
		22.	**Operating lease commitments**		
			The group leases retail outlets and offices under non-cancellable operating lease agreements. The group also leases certain plant and machinery under cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:		
			Expenditure to be incurred within 1 year	117	156
			To be incurred thereafter, but within 5 years	335	245
			To be incurred after 5 years	2 693	2 923
				3 145	3 324
		23.	**Contingent liabilities**		
57 701	60 979	23.1	Possible additional tax as a result of the group's international restructuring and the related cessation of a local permanent establishment of Tradehold Ltd in the 2003 financial year being queried by the South African Revenue Service (refer 23.2)	5 428	4 868
			Potential liability regarding past group restructuring (refer 23.3)	—	2 854
57 701	60 979			5 428	7 722

23.2 The group operates internationally and is therefore exposed to varying degrees of uncertainty relating to tax matters. It accounts for income tax based on advice from its external professional advisors. Based on this advice, the group accrues for either a liability or include the tax exposure as part of contingent liabilities.

23.3 A contingent liability was previously disclosed for a potential liability arising from past group restructuring in 2003. Following the conclusion of certain legal proceedings, the amount has now been recognised as a liability (refer 12).

24. Borrowing powers

In terms of the articles of association of the company, the borrowing powers of Tradehold Limited are unlimited.

25. Financial risk management

25.1 Financial risk factors

The risk management function within the group is carried out in respect of financial risks. Financial risks are risks arising from financial instruments to which the group is exposed during or at the end of the reporting period. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objective of the financial risk management function is to establish risk limits and then ensure that exposure to risks stay within these limits. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. Risk management policies are approved by the boards of operating subsidiaries.

25.2 Market risk – Foreign currency exchange risk

The group operates internationally predominantly within the United Kingdom, whilst certain functions are carried out in Switzerland, Luxembourg and South Africa. The group is therefore exposed to various forms of foreign exchange risk, primarily with respect to the Swiss Franc, South African Rand and the Euro.

Foreign exchange risk arises in respect of those recognised monetary financial assets and liabilities that are not in the functional currency of the respective group entity.

The exposure to foreign exchange is managed and monitored by group treasury. The group's policy is not to enter into any currency hedging transactions.

Sensitivities to market risks included below are based on a change in one factor while holding all other factors constant. In practice this is unlikely to occur, and changes in some of the factors may be correlated – for example, changes in interest rates and changes in foreign currency rates.

The functional currency of the company as well as its principal subsidiaries is Pound Sterling.

25.2.1 Sensitivity analysis

The sensitivity analysis below details the group's sensitivity to a change in exchange rate between Pound Sterling and the Swiss Franc. These percentages represent management's assessment of the possible changes in the foreign exchange rates at the respective year-ends. No other currency would have a meaningful effect.

If Pound Sterling would depreciate 5% against the Swiss Franc, net profit would be reduced by £0,3 million (2010: reduced by £0,3 million).

25.2.2 Exchange rates

The exchange rates used by the group to translate foreign entities' statement of comprehensive income and statement of financial position are as follows:

	2011 Average rate	2011 Closing rate	2010 Average rate	2010 Closing rate
SA Rand	R11,17	R11,23	R12,59	R11,85
Swiss Franc	SFr1,57	SFr1,51	SFr1,70	SFr1,63
Euro	€1,17	€1,17	€1,13	€1,12

25.2.3 Uncovered foreign assets and liabilities

The group had the following uncovered foreign assets and liabilities:

	2011 Foreign currency	2011 Pound equivalent	2010 Foreign currency	2010 Pound equivalent
Swiss Franc liabilities	9,5 million	6,3 million	9,5 million	5,8 million

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Tradehold Limited and its subsidiaries for the year ended 28 February

25.3 Market risk – Interest rate risk

The group's income and operating cash flows are exposed to interest rate risk due to the extent of borrowings and market related interest rate arrangements, with the exception of borrowings of £32,8 million (2010: £38,8 million) bearing interest at fixed rates varying between 1,1% and 6,7% (2010: between 1,1% and 6,7%).

The group continues to review its interest rate risk and the policies in place to manage the risk. No derivative instruments have been entered into to manage interest rates during the year.

Trade receivables and payables are interest-free and have settlement dates within one year.

For the current year a 100 basis point increase in interest rates across the year would have resulted in an increase in the net profit of the group of £0,1 million (2010: £0,1 million increase in net profit), whilst a 100 basis point reduction in interest rates would have resulted in a reduction in the net profit of the group of £0,1 million (2010: £0,1 million reduction in net profit).

25.4 Market risk – Price risk

The group is exposed to equity securities price risk because of investments held by the group and classified as at fair value through profit or loss. No financial instruments or derivatives have been employed to hedge this risk. The group is not exposed to commodity price risk.

A 5% increase in the value of investments would increase the group's net profit by £0,5 million (2010: £0,4 million increase in net profit), whilst a 5% decrease in the value of investments would reduce the net profit by £0,5 million (2010: £0,4 million reduction in net profit).

25.5 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The group has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents held at banks and trade receivables, including rental receivables from lessees.

25.5.1 Trade and other receivables

The group has policies in place to ensure that rental contracts are entered into only with lessees with an appropriate credit history. Tenant rent payments are monitored regularly and appropriate action is taken to recover monies owed or, if necessary, to terminate the lease. Deposits refundable to tenants may be withheld by the group in part or in whole if receivables due from the tenant are not settled or in case of other breaches of contract. Short-term advances to a UK corporate are actively managed by the directors.

25.5.2 Cash and cash equivalents

Cash balances are held with major banking groups with high credit ratings. The group's treasury policy is designed to limit exposure to any one institution. At year-end cash has been invested as follows:

Cash and cash equivalents, neither past due nor impaired

Bank rating (as per Fitch Ratings)	2011 £'million	2010 £'million
F1 +	3,5	6,4
F2	0,2	0,2
F3	5,3	4,0
Total	9,0	10,6

The maximum amount of credit risk that the group is exposed to is £11,2 million (2010: £12,8 million) and has been calculated as follows:

	2011 £'million	2010 £'million
Financial assets	0,1	0,2
Trade and other receivables	2,1	2,0
Cash and cash equivalents	9,0	10,6

25.6 Liquidity risk

Liquidity risk is defined as the risk that the group could not be able to settle or meet its obligations on time or at a reasonable price. Group treasury is responsible for liquidity, funding as well as settlement management. In addition, liquidity and funding risks, related processes and policies are overseen by management. Tradehold manages its liquidity risk on a consolidated basis based on business needs, tax, capital or regulatory considerations, if applicable, through numerous sources of finance in order to maintain flexibility. Management monitors the group's net liquidity position through rolling forecasts on the basis of expected cash flows. Such forecasting takes into consideration the group's debt financing plans and covenant compliance.

The table below analyses the company's and the group's financial liabilities into relevant maturity groupings based on the remaining period at year-end to the contracted maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows and include both interest and capital. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 28 February 2011	Company Less than 1 year R'million	Company Between 2 and 5 years R'million	Group Less than 1 year £'million	Group Between 2 and 5 years £'million
Trade and other payables	1,2	—	5,5	—
Interest-bearing liabilities			35,3	8,1
Loans from subsidiaries	9,8	—		

At 28 February 2010	Company Less than 1 year R'million	Company Between 2 and 5 years R'million	Group Less than 1 year £'million	Group Between 2 and 5 years £'million
Trade and other payables	1,4	—	2,2	—
Interest-bearing liabilities			16,8	28,1
Loans from subsidiaries	7,1	—		

25.7 Fair value of financial instruments

The carrying amounts, net gains and losses recognised through profit and loss, total interest income, total interest expense and impairment of each class of financial instrument are as follows:

28 February 2011 Assets (£'million)	Carrying value	Net gains	Total interest income	Total interest expense	Impairment
Financial asset at fair value through profit or loss	9,6	2,0	—	—	—
Loans					
Loans to directors	0,1	—	0,1	—	(0,2)
Other	0,1	—	—	—	—
Trade and other receivables	2,1	—	—	—	—
Cash and cash equivalents	9,0	—	0,1	—	—
Liabilities (£'million)					
Secured long-term borrowings	7,8	—	—	(2,2)	—
Short-term borrowings	33,7	—	—	(0,1)	—
Trade and other payables	5,5	—	—	—	—

28 February 2010 Assets (£'million)	Carrying value	Net gains	Total interest income	Total interest expense	Impairment
Financial asset at fair value through profit or loss	7,7	1,9	—	—	—
Loans					
Loans to directors	0,1	—	0,1	—	(0,1)
Other	0,1	—	—	—	—
Trade and other receivables	2,0	—	—	—	—
Cash and cash equivalents	10,6	—	0,3	—	—
Liabilities (£'million)					
Secured long-term borrowings	26,5	—	—	(2,2)	—
Short-term borrowings	14,7	—	—	(0,1)	—
Trade and other payables	2,2	—	—	—	—

The fair value of all amounts, except for long-term borrowings with fixed interest rates, equal their carrying amounts.

	2011 £'000	2010 £'000
The carrying amounts and fair value of the non-current borrowings are as follows:		
Carrying amount	7 843	26 533
Fair value	7 827	27 163

The fair values are based on cash flows discounted using a rate based on the borrowing rate of 5,2% (2010: 5,2%).
All financial instruments are classified as loans receivable/payable at amortised cost, except listed investments, which are classified as financial assets at fair value through profit and loss.

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Tradehold Limited and its subsidiaries for the year ended 28 February

COMPANY				GROUP	
2010 R'000	2011 R'000			2011 £'000	2010 £'000
		25.8	**Capital risk management**		

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders; and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The group monitors capital on the basis of the loan to value (LTV) ratio. A 65-75% loan to value ratio (LTV) is targeted, subject to the board's view of markets, the prospects of and risks within the portfolio and the recurring cash flows of the business. The policy complies with a loan covenant that limits the borrowings to not more than 70%-80% of the value of the underlying security. This ratio is calculated as net debt divided by carrying amount of investment properties and owner-occupied properties at year-end. Net debt is calculated by the group as total borrowings less short-term borrowings secured by cash deposits.

The LTV ratios at 28 February 2011 and at 28 February 2010 were as follows:

	Group 2011 £'000	Group 2010 £'000
Total borrowings	41 550	41 211
Less: Short-term borrowings secured by cash deposits	(6 284)	(5 817)
Net debt	35 266	35 394
Investment property and owner-occupied properties	56 815	51 125
LTV ratio	62%	69%

25.9 **Fair value estimation**

Effective 1 March 2009, the group adopted the amendment to IFRS 7 for financial instruments that are measured in the statement of financial position at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the group's assets that are measured at fair value at 28 February 2011.

	Group 2011 £'000	Group 2010 £'000
Level 1		
Financial assets at fair value through profit or loss	7 832	7 679
Level 3		
Financial assets at fair value through profit or loss	1 812	—

The fair value of financial instruments traded in active markets is based on quoted market prices at year-end. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price.

COMPANY			GROUP	
2010 R'000	2011 R'000		2011 £'000	2010 £'000

The fair value of the level 3 financial asset is not based on observable market data and the valuation was performed by the directors using the last offer price as well as current market conditions and financial performance by Instore.

The carrying value less impairment provision of trade receivables and payables are approximately their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

26. Related parties

Related party relationships exist between the company, its subsidiaries and the directors of the company. All intergroup transactions have been eliminated in the annual financial statements and there are no other material transactions with related parties, except as set out in note 3. Details of the remuneration of the directors and their shareholding are disclosed elsewhere in the annual financial statements. The executives of all operating companies is seen as key management personnel.

	2011 £'000	2010 £'000
The compensation of key management consist of:		
Salaries and short-term/termination benefits	1 043	940
Key management compensation was paid to:		
Executive directors	923	742
Other employees	120	198
	1 043	940

27. Share incentive scheme

27.1 In terms of the rules of the Tradehold Share Incentive Trust the trustees are empowered to acquire and allocate shares and to grant share options, which in total may not exceed 10% of the issued share capital of the company.

27.2 At 28 February 2011 the trustees of the Tradehold Share Incentive Trust had 370 631 (2010: 370 631) shares and share options under their control. There were no movements during the accounting period.

28. Business combinations

On 13 July 2009, the group obtained an additional 65% of the share capital of Clumber Park Hotel LLP ("CPH") for no consideration. At that date, the fair value of the net assets and liabilities in CPH equalled zero and consequently there is no goodwill on the additional 65% investment. The acquired business contributed revenues of £1 553 687 and net loss of £92 666 to the group for the period from July 2009 to 28 February 2010. If the acquisition had occurred on 1 March 2009, group revenue would have been increased by £1 075 750 and profit decreased with £ 52 500.

	2011 £'000	2010 £'000
Details of net assets acquired are as follows (£'000):		
Property, plant and equipment		637
Trade and other receivables		232
Inventories		30
Trade and other payables		(899)
Fair value of acquired interest in net assets of subsidiary		—

Notes continued

Tradehold Limited and its subsidiaries for the year ended 28 February

29. Segment information

Segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker ("CODM").

The CODM is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The group has determined that its CODM is the board of directors.

Management has determined the operating segments based on the reports reviewed by the board of directors in making strategic decisions.

The board of directors considers the business based on the following operating segments:
Property – retail
Property – commercial
Property – offices
Property – leisure
Property – other
Treasury

The operating segments derive their revenue primarily from rental income from lessees and revenue from hotel operations. All of the group's business activities and operating segments are reported within the above segments.

The board of directors assesses the performance of the operating segments based on a measure of adjusted operating profit, i.e. trading profit. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses, lease repair liabilities and impairment of loans.

The amounts provided to the board of directors in respect of total assets and total liabilities are measured in a manner consistent with that of the annual financial statements. These assets and liabilities are allocated based on the operations of the segment and the physical location of the asset. As all assets and liabilities have been allocated to the reportable segments, reconciliations of reportable segments' assets to total assets, and of reportable segments' liabilities to total liabilities, are not presented.

The segment information provided to the CODM for the reportable segments for the year ended 28 February 2011 is as follows:

	Property						
(£'000)	Retail	Commercial	Offices	Leisure	Other	Treasury	Group
Total segment revenue	2 361	268	542	2 708	50	—	5 929
Trading profit/(loss)	9 316	(972)	(397)	(31)	3	(1 809)	6 110
Total assets	38 634	7 283	5 545	7 376	1 831	17 735	78 404
Additions to investment properties	82	—	—	—	—	—	82
Total liabilities	18 301	10 649	3 580	4 338	3 470	6 717	47 055

The segment information provided to the CODM for the reportable segments for the year ended 28 February 2010 is as follows:

	Property						
(£'000)	Retail	Commercial	Offices	Leisure	Other	Treasury	Group
Total segment revenue	2 162	303	437	1 881	—	—	4 783
Trading profit/(loss)	4 285	(525)	(271)	402	(287)	(1 156)	2 448
Total assets	30 462	8 094	6 146	7 973	1 685	18 513	72 873
Additions to investment properties	4 459	—	—	—	—	—	4 459
Total liabilities	22 358	6 844	3 309	3 152	1 511	6 263	43 437

Interest in subsidiaries

	Issued share capital £	Percentage shares held by group 2011 %	2010 %
Subsidiaries			
Moorgarth Holdings Ltd			
Investments			
Moorgarth Holdings Ltd (Incorporated in England and Wales)	1	100	100
Moorgarth Group Ltd (Incorporated in England and Wales)	100	90	85
Moorgarth Holdings (Luxembourg) S.à r.l. (Incorporated in Luxembourg)	12 500	85	—
Other			
Investments			
Tradegro S.à r.l. (Incorporated in Luxembourg)	36 071 420	100	100
Moorgarth Properties (Luxembourg) S.à r.l. (Incorporated in Luxembourg)	10 000	100	85
Instore Holdings S.à r.l. (Incorporated in Luxembourg)	€ 12 500	100	100
Clumber Park Hotel LLP (Incorporated in England and Wales)	60 000	100	100
Reward Capital Ltd (Incorporated in England and Wales)	1	75	—

Note:
General information in respect of subsidiaries as required in terms of paragraphs 69 and 70 of the Fourth Schedule to the South African Companies Act is set out in respect of only those subsidiaries, the financial position or result of which are material for a proper appreciation of the affairs of the group. A full list of subsidiaries is available on request.

TRADEHOLD LIMITED

Property portfolio analysis

Tradehold Limited and its subsidiaries at 28 February 2011

1. Property schedule

Location	Sector	Gross lettable area (square feet)	Rental per square foot (£)	Average rental escalation (%)	Gross lettable area (%)	Revenue (%)
	Industrial: total	193 127	3,44	—	34,1	14,6
Ogden Road Industrial Estate, Doncaster	Industrial	65 000	3,08			
J4 Technology Park, Skelmersdale	Industrial	43 000	5,12			
Constantine Street, Oldham	Industrial	44 265	3,00			
Bath Road, Felling	Industrial	40 862	2,74			
Cookridge Street, Leeds	Leisure	6 637	16,57	—	1,2	2,4
	Offices: total	85 966	8,08	2,5	15,2	15,3
Wilmingtone Grove, Leeds	Offices	63 000	6,44			
Southfield, Harrogate	Offices	8 150	15,09			
Cookridge Street, Leeds	Offices	5 616	15,49			
Westbourne Centre, Barrhead	Offices	9 200	8,50			
	Retail: total	280 176	11,00	3,5	49,5	67,7
Peel Retail Park, Wisbech	Retail	91 600	15,93			
S Jennings, Middlesborough	Retail	66 200	8,50			
Westbourne Centre, Barrhead	Retail	30 800	8,50			
Bitterne, Southampton	Retail	16 828	12,24			
Boundary Road, Prestwick	Retail	18 000	7,47			
High Street, Bromsgrove	Retail	17 590	6,54			
119 – 125 Marygate, Berwick-Upon Tweed	Retail	6 450	15,89			
High Street, Johnstone	Retail	6 734	9,65			
Main Street, Baillieston	Retail	7 900	7,09			
High Street, Irvine	Retail	6 467	5,72			
Dalrympal Street, Girvan	Retail	5 650	8,50			
223 High Street, Perth	Retail	5 957	5,88			
					100,0	100,0

All the above properties are located in the United Kingdom. The average annualised rental yield amounts to 6,5%.

2. Tenant profile

	%
A – Large nationals, large listeds, government and major franchisees	40
B – Nationals, listeds, franchisees, and medium to large professional firms	37
C – Other	23
	100

There are 7 tenants in Category C.

3. Vacancy profile based on gross lettable area

	%
Industrial	11,5
Leisure	—
Offices	0,1
Retail	3,4
	15,0

4. Lease expiry profile based on revenue

	Within 1 year (%)	Within 2 years (%)	Within 3 years (%)	Thereafter (%)
Industrial	1,7	—	3,4	3,0
Leisure	—	—	3,3	—
Offices	13,7	—	1,6	1,0
Retail	7,6	0,1	0,6	64,0

5. Lease expiry profile based on gross lettable area

	Within 1 year (%)	Within 2 years (%)	Within 3 years (%)	Thereafter (%)
Industrial	1,0	—	9,3	10,1
Leisure	—	—	1,5	—
Offices	16,2	—	0,8	0,5
Retail	5,2	0,7	0,3	54,4

TRADEHOLD LIMITED

Property portfolio analysis

Tradehold Limited and its subsidiaries at 28 February 2010

1. Property schedule

Location	Sector	Gross lettable area (square feet)	Rental per square foot (£)	Average rental escalation (%)	Gross lettable area (%)	Revenue (%)
	Industrial: total	193 127	4,13	—	34,1	9,4
Ogden Road Industrial Estate, Doncaster	Industrial	65 000	4,31			
J4 Technology Park, Skelmersdale	Industrial	43 000	5,81			
Constantine Street, Oldham	Industrial	44 265	3,50			
Bath Road, Felling	Industrial	40 862	2,74			
Cookridge Street, Leeds	Leisure	6 637	16,57	—	1,2	10,2
	Offices: total	85 966	7,43	2,5	15,2	13,5
Wilmingtone Grove, Leeds	Offices	63 000	5,56			
Southfield, Harrogate	Offices	8 150	14,97			
Cookridge Street, Leeds	Offices	5 616	16,92			
Westbourne Centre, Barrhead	Offices	9 200	7,78			
	Retail: total	280 176	9,31	3,5	49,5	66,9
Peel Retail Park, Wisbech	Retail	91 600	10,86			
S Jennings, Middlesborough	Retail	66 200	8,50			
Westbourne Centre, Barrhead	Retail	30 800	7,78			
Bitterne, Southampton	Retail	16 828	12,69			
Boundary Road, Prestwick	Retail	18 000	7,47			
High Street, Bromsgrove	Retail	17 590	6,54			
119 – 125 Marygate, Berwick-Upon Tweed	Retail	6 450	15,89			
High Street, Johnstone	Retail	6 734	9,65			
Main Street, Baillieston	Retail	7 900	6,71			
High Street, Irvine	Retail	6 467	5,72			
Dalrympal Street, Girvan	Retail	5 650	8,50			
223 High Street, Perth	Retail	5 957	7,22			
					100,0	100,0

All the above properties are located in the United Kingdom. The average annualised rental yield amounts to 9,1%.

2. Tenant profile

	%
A – Large nationals, large listeds, government and major franchisees	40
B – Nationals, listeds, franchisees, and medium to large professional firms	37
C – Other	23
	100

There are 7 tenants in Category C.

3. Vacancy profile based on gross lettable area

	%
Industrial	11,5
Leisure	—
Offices	0,1
Retail	3,4
	15,0

4. Lease expiry profile based on revenue

	Within 1 year (%)	Within 2 years (%)	Within 3 years (%)	Thereafter (%)
Industrial	—	3,0	—	7,6
Leisure	—	—	2,9	15,1
Offices	—	—	0,9	12,3
Retail	1,8	1,3	2,8	52,3

5. Lease expiry profile based on gross lettable area

	Within 1 year (%)	Within 2 years (%)	Within 3 years (%)	Thereafter (%)
Industrial	—	7,5	—	16,1
Leisure	—	—	4,6	2,3
Offices	—	—	1,5	13,1
Retail	2,0	0,3	3,2	34,4

Shareholders' profile

	Number of holders	Percentage of share-holders	Number of shares held	Percentage holding
Distribution of shareholders				
Non-public shareholders				
Directors	7		21 670 415	
Participants to share incentive trusts (excluding directors)	1		11 498	
Share incentive trust	1		78 832	
	9	1,0	21 760 745	62,7
Public shareholders	899	99,0	12 972 300	37,3
Total	908	100,0	34 733 045	100,0

	Number of shares held	Percentage holding
Major shareholders		
Titan Nominees (Pty) Ltd	13 574 775	39,1
Titan Sharedealers (Pty) Ltd	6 559 881	18,9
South African Private Equity Trust III	4 976 969	14,3

Directors' interest

At 28 February 2011 the interest of directors in the issued shares in the company were as follows:

	Direct beneficial	Indirect non-beneficial	Total 2011	Total 2010
C Moore	—	90 513	90 513	90 513
C Stassen	—	37 838	37 838	37 838
H R W Troskie	—	—	—	—
T A Vaughan	—	—	—	—
C H Wiese	101 788	21 432 679	21 534 467	21 437 019
J D Wiese	—	7 597	7 597	—
	101 788	21 568 627	21 670 415	21 565 370

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