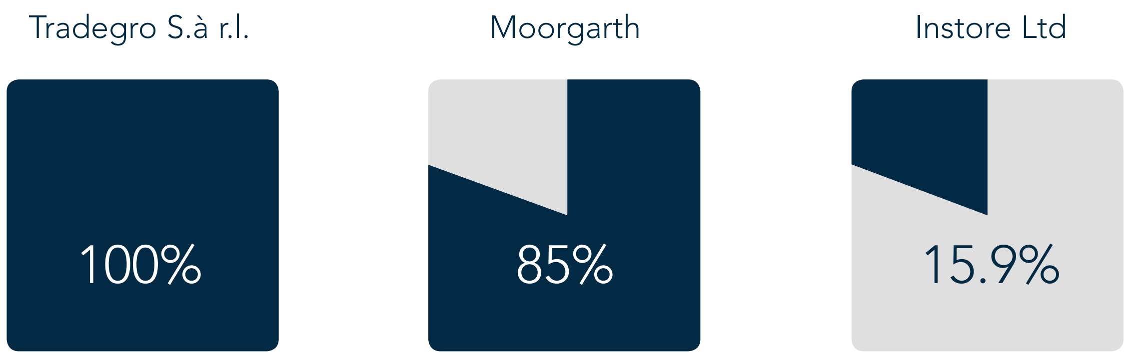
TRADEHOLD LIMITED

INTEGRATED ANNUAL REPORT 2012

Positioning

Tradehold Limited is an investment holding company listed on the Main Board of the JSE. It has no operating assets in South Africa. Its business consists of an indirect holding of 15,9% in the variety retail group Instore ("Instore"), an 85% interest in the property-owning Moorgarth group of companies ("Moorgarth") and 71% of Reward ("Reward"), an asset-backed, short-term lending business. All these businesses are UK-based. By far the largest investment is in Moorgarth which manages a £46,6 million portfolio of unencumbered retail, commercial and industrial buildings.



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Chairman's statement and review of operations

Having repaid all external debt in the course of the year, the group is now actively negotiating new real estate opportunities as well as realising the innate asset management potential of a number of its existing properties.

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 determined based on the needs of shareholders.

Operating environment

During the reporting period, the British economy continued on the edge of a double-dip recession, growing at well below 1 per cent during 2011. Consumer spending remained at a low ebb, stifled by Government's austerity measures aimed at reducing the national debt. Efforts to stimulate the economy, assisted by the Bank of England's "quantitative easing", did little to improve economic conditions. Interest remained at the lowest level in years while the growth in inflation outpaced that in average earnings. In the first months of 2012 the UK economy seemed to gain some traction but at the time of writing this report had slipped back into recession. Trading conditions remained extremely difficult throughout the period.

Financial results

In a year in which trading conditions remained extremely difficult, Tradehold recorded a trading profit of £1,2 million (2011: £6,1 million). However, after exceptional items and interest paid a loss of £2,8 million was incurred (2011: a profit of £2,0 million). Moorgarth suffered a net loss of £0,6 million before tax for the year against a profit of £4,8 million in 2011. This was primarily due to valuation write-downs of £0,9 million on the property portfolio (2011: valuation gains of £5,4 million). Reward, in its first full year of trading, reported an operating profit of £343 000.

Tradehold reported a contingent liability of £5,4m in the 2011 financial year. This related to an assessment raised by the South African Revenue Service (SARS) in respect of Capital Gains Tax (CGT) imposed pursuant to Tradehold ceasing to be a resident of South Africa for tax purposes in the 2003 tax year. Tradehold successfully appealed against this assessment to the Tax Court during 2010. SARS appealed to the Supreme Court of Appeal (SCA) and on 8 May 2012, the SCA handed down its judgement dismissing SARS' appeal.

Moorgarth

Despite the negative macro-economic climate, Moorgarth experienced the strongest increase in tenant interest in four years. In the light of this change in market sentiment, management made an all-out effort to reduce the amount of empty space in the 22 buildings in the portfolio. As a result a number of new lettings and lease restructurings were concluded. Implementing its philosophy of managing its portfolio dynamically, the retail park in Wisbech was sold for £25,3 million in a transaction that realised a capital gain of £10,3 million (recognised in prior years as a valuation adjustment).

Having repaid all external debt in the course of the year and realised significant capital profits during that time, the group is now actively negotiating on new real estate opportunities as well as realising the innate asset management potential of a number of its existing properties. In June 2011 it acquired the St Catherine's Retail Park in Perth, Scotland, for £12 million and negotiations are well underway for the refurbishment and extension of this site.

Management are in detailed discussions on a number of significant property investments as well as joint-venture arrangements that could transform the company's size and business profile. These investments are mainly in the retail, food store and office sectors across the UK.

Reward

Tradehold indirectly owns 71% in two partnerships, Reward Capital LLP, which makes short-term, asset-backed loans to small and medium sized enterprises and Reward Commercial Finance LLP, which provides invoice discounting facilities to similar businesses. During its first full year of operation the business recorded an operating profit of £343 000. In the final 2 months of trading there was a surge in investment activity as the new management team became fully operational. The outlook for this coming year is extremely exciting and significant growth in the portfolio size is expected.

Rights issue

The £59 million rights issue was successfully completed in May 2011. This enabled the group to repay all its property loans by February 2012. At year-end its only debt was a short-term loan of CHF9,5 million (£6,6 million) while it had cash resources of £39 million.

Prospects

Tradehold's long term strategy is to build a profitable property business in the United Kingdom and Europe and expand on its current property portfolio. This will provide shareholders with increased return on investment through share price appreciation and dividend payments.

With its access to considerable cash resources and no external debt, Moorgarth is well placed to benefit from opportunities that arise in a highly depressed real estate market, whether it is the acquisition of new properties with strong up-side potential or the upgrading of existing ones to attract high-level tenants. Indeed, the group is already in detailed discussions on a number of substantial real estate investments. Moorgarth has the financial capability to acquire assets at the bottom of the market and this should result in positive growth in future years.

Reward is a business with considerable potential but it is still at an early stage of development and it will be several years before it will make a meaningful contribution to group profits. However, it is offering a product that is currently in very high demand and consequently it remains in a position where it can be very selective on investments and tailor its pricing structure accordingly.

Sustainability context

Tradehold's sustainability focus centres around economic sustainability in adverse market conditions. The group has withstood the effects of the economic recession and announced a rights issue during April 2011 to strengthen its balance sheet and obtain working capital to enhance its positioning for future growth and secured long term sustainability.

In the short term, the directors will focus on measures needed to keep the group profitable until the property and economic markets have improved. Tradehold's management approach to its subsidiaries is to have active involvement in day to day operations and open and ongoing communication with subsidiaries' executive and management teams. This approach assists the executive charged with oversight responsibility to have insight and influence into all major decisions necessary for ongoing risk management and to ensure that we meet our short term objectives.

Acknowledgments

I want to express my thanks to and admiration for every member of staff for the ingenuity and perseverance with which they tackled the great obstacles presented by market conditions in the review period. To have made the progress they did in managing the group's assets and developing new business opportunities required exceptional commitment. I have great confidence that we shall continue on the present growth path in the new financial year.

CH Wiese
Chairman

Malta
28 May 2012

Corporate governance

Tradehold Limited is an investment holding company. It has no operating assets in South Africa and its principal business consists of; an indirect interest of 15,9% in Instore Limited ("Instore"); a 85% interest in the property-owning Moorgarth group of companies and a 71% interest in asset backed, short term lender Reward, all 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 owns and manages 22 commercial properties. The group has a lean structure and employs an equivalent of 10 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 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 and the social and ethics committee. The board comprises of seven directors, three 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.

The process for appointing new directors 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 memorandum of incorporation, 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 overleaf:

Composition and attendance of the board:

Board of directors	Qualification	Date of appointment	Age	Executive/ independent non-executive	Meetings attended (out of 4)	Other significant directorships
C H Wiese	BA, LLB, D Com (HC)	29 September 2000	70	Executive	2	Chairman of Pepkor Holdings (Pty) Limited, Shoprite Holdings Limited, Tulca (Pty) Limited (trading as Mango) and Invicta Holdings Limited and various other directorships.
C Moore	B Com	5 November 1991	62	Executive	3	
C Stassen	B Com	15 November 2001 #	61	Independent Non-executive	4	
H R W Troskie	B Juris, LLB, LLM	27 April 2006	42	Independent Non-executive	3	Brait SE
J A Gnodde	B Com	26 October 2004	47	Alternate	0 (a)	Executive Director of Brait Group.
J D Wiese	BA, LLB, M Com	10 November 2010	31	Non-executive	1	Shoprite Holdings Limited, Digicore Holdings Limited
T A Vaughan	BSc (Hons) MRICS	10 November 2010	46	Executive	4	Managing Director of Moorgarth Group
I A Crockford	BA, LL.D, FCCA, FIA, CPA	4 July 2011	45	Independent Non-Executive	1 (b)	
M J Roberts	BA, SEDP	28 February 2012	65	Independent Non-Executive	0	

(a) Alternate to the chairman – resigned on 14 May 2011.
(b) Resigned – 17 February 2012

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;
– 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 section 94 of the Companies Act 71 of 2008, as amended.

1. Functions of the audit committee

The audit committee has adopted a formal terms of reference, delegated to it by the board of directors. 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 2012 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 roles and responsibilities as required by the Companies Act and King III. The audit committee consists of three members.

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 94 of the Companies Act 71 of 2008, as amended.

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 29 February 2012.

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.

Composition and attendance of the audit committee:

Audit committee	Qualification	Date of appointment	Age	Executive/independent non-executive	Meetings attended (out of 2)
C Stassen	B Com	15 February 2008	61	Independent Non-executive	2
H R W Troskie	B Juris, LLB, LLM	15 February 2008	42	Independent Non-executive	2
I A Crockford	BA, LL.D, FCCA, FIA, CPA	4 July 2011	45	Independent Non-Executive	0 (a)
M J Roberts	BA, SEDP	28 February 2012	65	Independent Non-Executive	0

(a) Resigned 17 February 2012

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;
– 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 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 has ensured 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.

Reward makes loans to small business on a short term basis. The loans are secured by the assets of the borrower. Borrowers are typically businesses that do not qualify for the lending criteria of the banking sector especially given the current economic climate. The risk in this business is the failure of the borrower, but this is mitigated through taking security over the assets of the borrower.

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 our 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 29 February 2012.

Stock exchange transactions

	2012	2011	2010	2009	2008
Number of shares traded ('000)	7 476	717	769	2 482	1 031
Value of shares traded (R'000)	43 307	6 387	4 627	36 542	16 952
Volume of shares traded as % of total issued shares	6,3*	2,1	2,2	7,1	3,0
Market capitalisation (R'000)	881 286	240 700	329 964	156 299	590 462
Share prices for the year (cents)					
Lowest	450	692	250	410	1 120
Average	579	891	602	1 472	1 644
Highest	750	1 080	1 120	1 700	2 750
Closing	636	693	950	450	1 700

* Based on weighted average number of shares in issue

Note: The comparative figures were restated due to the consolidation of ordinary shares during 2011

Notice to shareholders

Tradehold Limited
("Tradehold" or "the company")
JSE code: TDH ISIN: ZAE000152658

Notice is hereby given that the annual general meeting of the shareholders of Tradehold Limited, will be held in the boardroom at the head office of Pepkor Limited, 36 Stellenberg Road, Parow Industria, at 09:30 on 6 August 2012.

The purpose of the annual general meeting is to pass the ordinary and special resolutions, with or without modification:

Attendance and voting

In terms of section 59(1)(a) and (b) of the Companies Act, 71 of 2008, as amended , the board of directors has set the record date for the purpose of determining which shareholders are entitled to:

- receive notice of the annual general meeting, i.e. the Notice Record Date (being the date on which a shareholder must be registered in the company's share register in order to receive notice of annual general meeting) as Friday, 25 May 2012; and
- participate in and vote at the annual general meeting, i.e. the Meeting Record Date (being the date on which a shareholder must be registered in the company's share register in order to participate in and vote at the annual general meeting) as Friday, 27 July 2012.

Please note that all participants at the annual general meeting will be required to provide reasonably satisfactory identification before being entitled to participate in or vote at the annual general meeting. Forms of identification that will be accepted include original and valid identity documents, driver's licences and passports.

Ordinary resolution number 1

That the annual financial statements for the year ended 29 February 2012 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 2013.

Ordinary resolution number 3

That Mr C Moore who retires as director in terms of the Memorandum of Incorporation ("MOI") of the company and, being eligible, offers himself for re-election to the board of directors of the company ("the Board"), be re-appointed. Mr Moore is 62 years of age and has a B Com degree. He has many years' experience in business in South Africa and abroad, amongst others serving as financial director of Pepkor Limited and non-executive director of Shoprite Holdings Ltd and Instore Ltd.

Ordinary resolution number 4

That Mr H R W Troskie who retires as a director in terms of the MOI and, being eligible, offers himself for re-election to the Board, be re-appointed. Mr Troskie is 42 years of age and has the qualification B Juris, LL B, LL M. He is a solicitor of the Supreme Court of England and Wales and a member of the Luxembourg Bar. He serves on the boards of a number of private and public companies, including Maitland International Holdings plc, Yeoman Capital SA and Brait SE.

Ordinary resolution number 5

That Mr M J Roberts who was appointed as director with effect 28 February 2012 and retires in terms of the MOI and, being eligible, offers himself for re-election to the Board, be re-appointed. Mr Roberts is 65 years of age and has, amongst other qualifications, a B A degree and a post graduate qualification in tax. Mr Roberts serves on the boards of a number of private and public companies.

Ordinary resolution number 6

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 Board is 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 7

That the following independent directors of the company be 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
M J Roberts

Ordinary resolution number 8

That the following independent directors of the company be elected as members of the social and ethics committee of the company until the conclusion of the next annual general meeting of the company:
C Stassen
H R W Troskie
M J Roberts

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
I A Crockford: € 5 000

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

Special resolution number 2

Resolved as a special resolution that, subject to compliance with the requirements of the company's MOI, the Act and the Listings Requirements, the Board may in terms of the provisions of section 45(3)(a)(ii) of the Act, authorise the provision by the company of direct or indirect financial assistance to a director or prescribed officer of the company or of a related or inter-related company, or to a related or inter-related company or corporation, or to a member of a related or inter-related corporation, or to a person related to any such company, corporation, director, prescribed officer or member in one or more of the following forms:

- Loan to,
- Guarantee of any obligation of,
- Indemnity undertakings in respect of obligations of and/or
- The securing of any debt or obligation of,

such a director or prescribed officer, or related or inter-related company or corporation, or member of a related or inter-related company or corporation, or person related to any such director, prescribed officer, related or inter-related company or corporation, or member of a related or inter-related company or corporation which the Board may deem fit on the terms and conditions and for amounts that the Board may determine.

The effect of the special resolution and the reason therefor is to grant the Board the general authority to provide direct or indirect financial assistance to a related or inter-related company.

Notice to shareholders of the company in terms of section 45(5) of the Act:

By the time that this notice of the AGM is delivered to shareholders, the Board would have adopted a written resolution ("the section 45 Board resolution") authorising the company to provide at any time during the period of two (2) years from the date that the above special resolution number 2 is adopted, any direct or indirect financial assistance as contemplated in section 45 of the Act to any one or more related or inter-related companies or corporations of the company.

Notice to shareholders continued

The section 45 Board resolution will only be subject to and effective to the extent that special resolution number 2 is adopted by shareholders and the provision of any such direct or indirect financial assistance by the company, pursuant to such resolution, will always be subject to the Board being satisfied that immediately after providing such financial assistance, the company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(ii) of the Act; and

The company hereby provides notice of the section 45 Board resolution to shareholders of the company.

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 MOI;
– 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 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 13;
Major shareholders of the company – refer page 54;
Directors' interests in the company's securities – refer page 54;
Share capital – refer page 38.

Litigation statement

Other than disclosed or accounted for in this annual report, the directors of the company, whose names are given on page 13 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 13 of this annual report, collectively and individually, accept full responsibility for the accuracy of the information pertaining to the above special resolutions 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 resolutions contain 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 5 as well as 7 and 8. For ordinary resolution number 6 and the special resolutions a 75% voting majority is required by law and the JSE Listings Requirements.

Electronic attendance

There will be no provision for electronic participation for attending and voting at the annual general meeting.

Proxies

All registered shareholders of the company will be entitled to attend and vote in person or by proxy at the annual 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 annual 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

28 May 2012
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, 17 – 19 York Place, Leeds, W Yorkshire LS1 2EX, telephone number: +44 870 850 8001.
Europe: Tradehold Ltd, Fourth Floor, Avantech Building, St Julian's Road, San Gwann SGN 2805, Malta telephone number: +356 214 463 77.

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 my capacity as company secretary, I hereby confirm, in terms of the Companies Act, 2008, ("the Act"), that for the year ended 29 February 2012, Tradehold Ltd has filed all the required returns and notices in terms of the Act, and all such returns and notices are to the best of my knowledge and belief true, correct and up to date.

J F Pienaar
Company secretary
28 May 2012

Directorate and administration

Directorate

C H Wiese (70)#
B A, LL B, D Com (HC)
Chairman

C Moore (62)#
B Com
Financial director

M J Roberts (65)*
B A, SEDP

C Stassen (61)*
B Com

H R W Troskie (42)*
B Juris, LL B, LL M

T A Vaughan (46)#
B Sc Hons, MRICS

J D Wiese (31)†
B A, LL B, M Com

Executive
* Non-executive and member of audit committee and social and ethics committee
† Non-executive

Administration

Company secretary
J F Pienaar
PO Box 6100
Parow East 7501

Sponsor
Deloitte & Touche 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 21 929 4785

Business address
Fourth Floor
Avantech Building
St Julian's Road
San Gwann SGN 2805
Malta
Telephone: +356 214 463 77

Auditors
PricewaterhouseCoopers Inc

Annual financial statements

The annual financial statements were audited by PricewaterhouseCoopers Inc in compliance with any applicable requirements of the Companies Act of South Africa. The preparation of the annual financial statements was supervised by the financial director, Mr Cornus Moore.

The annual financial statements were authorised on 28 May 2012 by the board of directors.

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
Chairman

C Moore
Director

28 May 2012

Auditor's report

Independent auditor's report to the shareholders of Tradehold Ltd

We have audited the consolidated annual financial statements and annual financial statements of Tradehold Ltd, which comprise the consolidated and separate statements of financial position as at 29 February 2012, 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 information, and the directors' report, as set out on pages 16 to 54.

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 the requirements of 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 about 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 29 February 2012, 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 the requirements of the Companies Act of South Africa.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc
Director: H D Nel
Registered Auditor

Cape Town
28 May 2012

Directors' report

Tradehold Limited and its subsidiaries

Share capital

During May 2011 the company made a rights issue to ordinary shareholders in the ratio of 299 new ordinary shares for every 100 ordinary shares held. The company issued 103 833 867 ordinary shares at a premium of 625 cents per share giving proceeds of R650 million (£58,9 million) and 43 005 592 preference shares at par giving proceeds of R0,4 million (£0,1 million).

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:

Subsidiaries:

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.

Reward Investments Ltd

Reward is an asset-backed, short-term lending business situated in the United Kingdom, started by the group itself.

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 29 February 2012 are shown in note 2 to the annual financial statements.

Borrowings

Interest-bearing borrowings comprise bank borrowings only. During the year all long-term borrowings have been repaid.

Group results

Earnings

After taking into account the interest of non-controlling shareholders, the group reports a basic loss per share of 2,1 pence (2011: earnings of 3,5 pence).

The annual financial statements on pages 16 to 54 set out fully and fairly present the financial position, results of operations and cash flows of the group for the financial year ended 29 February 2012.

The attributable interest of Tradehold Limited in the taxed profits and losses of its subsidiaries for the year ended 29 February 2012 was as follows:

	2012	2011
Total profits	£1,7 million	£6,0 million
Total losses	£3,8 million	£4,5 million

Dividends

No dividend was declared in respect of this financial year (2011: nil).

Events after the reporting period

No material events have occurred between the end of the financial year and the date of these results that would have a material effect on the annual financial statements.

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 annual 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 4 July 2011 Mr I A Crockford was appointed as a director while he resigned on 17 February

2012, whereas Mr M J Roberts was appointed as a director on 28 February 2012.

In terms of the Memorandum of Association of the company Messrs C Moore, M J Roberts and H R W Troskie retire as directors of the company at the annual general meeting but, being eligible, offer themselves for re-election.

At 29 February 2012 the directors of Tradehold Limited held a direct interest of nil % (2011: 0,3%) and an indirect, non-beneficial interest of 82,3% (2011: 62,1%) of the issued ordinary share capital of the company. Indirect holdings through listed companies have not been included. No material change in the shareholding of directors has occurred between the end of the financial period and the date of this report.

Holding company

At 29 February 2012 the company had no holding company. An analysis of the main shareholders of the company appears on page 54 of this report.

Secretary

The name and address of the secretary appear on page 13 of this report.

Auditors

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

Statement of financial position

Tradehold Limited and its subsidiaries at 29 February

COMPANY 2011 R'000	COMPANY 2012 R'000		Notes	GROUP 2012 £'000	GROUP 2011 £'000
		ASSETS			
384 815	1 031 814	**Non-current assets**		47 247	57 530
		Property, plant and equipment	1	5 737	6 126
		Investment properties	2	41 498	51 385
384 815	1 031 814	Interest in subsidiaries	3		
		Financial assets	4	12	19
13 504	16 506	**Current assets**		52 025	20 874
		Financial assets	4	7 403	9 762
		Inventories	5	24	29
156	156	Trade and other receivables	6	5 601	2 054
13 348	16 348	Loans to subsidiaries	3		
—	2	Cash and cash equivalents	7	38 997	9 029
398 319	1 048 320	**Total assets**		99 272	78 404
		EQUITY AND LIABILITIES			
387 239	1 031 474	**Ordinary shareholders' equity**		86 838	30 304
347	1 386	Share capital	8	122	28
1 019 498	1 668 459	Share premium		143 538	84 776
		Treasury shares		(115)	(26)
(632 606)	(638 371)	Reserves	9	(56 707)	(54 474)
		Non-controlling interest		375	1 045
387 239	1 031 474	**Total equity**		87 213	31 349
144	574	**Non-current liabilities**		56	7 855
144	574	Preference share capital	10	51	12
		Deferred taxation	11	5	—
		Long-term borrowings	12	—	7 843
10 936	16 272	**Current liabilities**		12 003	39 200
		Provisions	13	2 870	2 870
1 159	1 829	Trade and other payables	14	2 383	2 622
		Taxation payable		149	1
9 777	14 443	Loans from subsidiaries	3.3		
		Short-term borrowings	15	6 601	33 707
11 080	16 846	**Total liabilities**		12 059	47 055
398 319	1 048 320	**Total equity and liabilities**		99 272	78 404

Statement of comprehensive income

Tradehold Limited and its subsidiaries for the year ended 29 February

COMPANY 2011 R'000	COMPANY 2012 R'000		Notes	GROUP 2012 £'000	GROUP 2011 £'000
		Revenue	16	6 645	5 929
8 925	8 358	Other operating income		995	217
		Profit on disposal of investment properties		923	—
		Net (loss)/gain from fair value adjustment on investment property	2	(630)	5 804
(689)	(716)	Employee benefit expenses		(1 581)	(1 478)
		Lease expenses		(139)	(206)
		Depreciation, impairment and amortisation	1	(622)	(831)
(11 136)	(13 550)	Other operating costs		(4 384)	(3 325)
(2 900)	(5 908)	**Trading profit/(loss)**		1 207	6 110
		Fair value (loss)/gain on financial assets at fair value through profit or loss	4	(2 241)	1 965
		Legal and professional expenditure		(490)	(1 660)
		Impairment of loans		(30)	(166)
		Lease repair liabilities	13	—	(2 870)
		Recovery of lease guarantee payments		—	619
(2 900)	(5 908)	**Operating (loss)/profit**	17	(1 554)	3 998
—	875	Finance income	18	390	216
		Finance cost	18	(1 558)	(2 281)
(2 900)	(5 033)	**(Loss)/profit before taxation**		(2 722)	1 933
		Taxation	19	124	(15)
(2 900)	(5 033)	**(Loss)/profit for the year**		(2 846)	1 948
		Other comprehensive (loss)/income, net of tax			
383	(732)	Currency translation differences		(14)	(11)
(2 517)	(5 765)	**Total comprehensive (loss)/income for the year**		(2 860)	1 937
		(Loss)/profit attributable to:			
		Owners of the parent		(2 493)	1 220
		Non-controlling interest		(353)	728
				(2 846)	1 948
		Total comprehensive (loss)/income attributable to:			
		Owners of the parent		(2 507)	1 209
		Non-controlling interest		(353)	728
		Total comprehensive (loss)/income for the year		(2 860)	1 937
		(Loss)/earnings per share (pence)	20		
		– basic and diluted		(2,1)	3,5

The notes on pages 33 to 50 are an integral part of these consolidated annual financial statements

Statement of cash flows

Tradehold Limited and its subsidiaries for the year ended 29 February

COMPANY 2011 R'000	COMPANY 2012 R'000		Notes	GROUP 2012 £'000	GROUP 2011 £'000
		Cash flows from operating activities			
(2 900)	(5 908)	Operating (loss)/profit		(1 554)	3 998
383	(732)	Non-cash items	21.1	2 600	(3 908)
(204)	670	(Increase)/decrease in working capital	21.2	(3 781)	378
(2 721)	(5 970)	Cash (used in)/generated from operations		(2 735)	468
—	875	Interest received		390	216
		Interest paid		(1 558)	(2 281)
		Taxation refund	21.3	29	15
(2 721)	(5 095)	**Net cash used in operating activities**		(3 874)	(1 582)
		Cash flows from investing activities			
		Acquisition of property, plant and equipment		(233)	(57)
		Acquisition of investment properties		(15 073)	(82)
		Proceeds on disposal of property, plant and equipment		—	6
		Proceeds on disposal of investment properties		25 253	—
—	(649 999)	Loan advanced to subsidiary undertaking			
		Other investment activities		81	(160)
—	(649 999)	**Net cash from/(used in) investing activities**		10 028	(293)
		Cash flows from financing activities			
2 721	4 666	Proceeds from borrowings		317	3 467
—	650 000	Proceeds from ordinary share issue		58 856	—
—	430	Proceeds from preference share issue		39	—
		Repayment of borrowings		(35 266)	(3 128)
		Purchase of treasury shares		(89)	—
		Transactions with non-controlling shareholders		(43)	(24)
2 721	655 096	**Net cash from financing activities**		23 814	315
—	2	**Net increase/(decrease) in cash and cash equivalents**		29 968	(1 560)
—	—	Cash and cash equivalents at beginning of the year		9 029	10 589
—	2	**Cash and cash equivalents at end of the year**	7	38 997	9 029

The notes on pages 33 to 50 are an integral part of these consolidated annual financial statements

Statement of changes in equity

Tradehold Limited and its subsidiaries for the year ended 29 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 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
Transactions with non-controlling shareholders				274	274	(317)	(43)
Purchase of treasury shares	(89)				(89)		(89)
Proceeds from ordinary share issue	58 856				58 856		58 856
Loss for the year				(2 493)	(2 493)	(353)	(2 846)
Currency translation differences		(14)			(14)		(14)
Balance at 29 February 2012	143 545	8 070	844	(65 621)	86 838	375	87 213
Company (R'000)							
Balance at 28 February 2010	1 019 845	474	236	(630 799)	389 756	—	389 756
Loss for the year				(2 900)	(2 900)		(2 900)
Currency translation differences		383			383		383
Balance at 28 February 2011	1 019 845	857	236	(633 699)	387 239	—	387 239
Proceeds from ordinary share issue	650 000				650 000		650 000
Loss for the year				(5 033)	(5 033)		(5 033)
Currency translation differences		(732)			(732)		(732)
Balance at 29 February 2012	1 669 845	125	236	(638 732)	1 031 474	—	1 031 474

The notes on pages 33 to 50 are an integral part of these consolidated annual financial statements

Accounting policies

Tradehold Limited and its subsidiaries for the year ended 29 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 annual financial statements are disclosed in accounting policies note 25.

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 2011:

(a) Standards, amendments and interpretations effective in 2012 and relevant to the group's operations

- IAS 24: 'Related party disclosures' – effective 1 January 2011. This amendment provides partial relief from the requirement for government related entities to disclose details of all transactions with the government and other government-related entities. It also clarifies and simplifies the definition of a related party.
- Improvements to IFRS 7: 'Financial Instruments: Disclosures' - effective 1 January 2011. This improvement provides multiple clarifications related to the disclosure of financial instruments.
- Improvements to IAS 1: 'Presentation of Financial Statements' – effective 1 January 2011. This improvement provides clarification of statement of changes in equity.
- Improvements to IAS 34: 'Interim Financial Reporting' – effective 1 January 2011.

(b) Standards, amendments and interpretations to existing standards effective in 2012 but not relevant to the group's operations

- Improvements to IFRSs (Issued May 2010)
- Amendments to IFRIC 14: Prepayments of a Minimum Funding Requirement (Issued 1 January 2011)
- IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments (Issued 1 July 2010)

(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 2012 or later periods, but the group has not early adopted them:

- Amendments to IFRS 1, 'First time adoption' on hyperinflation and fixed dates (effective date 1 July 2011)
- Amendment to IFRS 7, Financial Instruments: Disclosures – Transfer of financial assets (effective date 1 July 2011)
- Amendment to IFRS 7, Financial Instruments: Disclosures (effective date 1 January 2013)
- Amendment to IAS 12,'Income taxes' on deferred tax (effective date 1 January 2012)
- Amendments to IAS 1, 'Presentation of Financial Statements', on presentation of items of OCI (effective date 1 July 2012)
- Amendments to IAS 19, 'Employee benefits' (effective date 1 January 2013)
- IFRS 9 – Financial Instruments (2009) (effective date 1 January 2013)
- IFRS 9 – Financial Instruments (2010) (effective date 1 January 2013)
- Amendments to IFRS 9: Financial Instruments (2011) (effective date 1 January 2015)
- IFRS 10 – Consolidated financial statements (effective date 1 January 2013)
- IFRS 11 – Joint arrangements (effective date 1 January 2013)
- IFRS 12 – Disclosures of interests in other entities (effective date 1 January 2013)
- IFRS 13 – Fair value measurement (effective date 1 January 2013)
- IAS 27 (revised 2011) – Separate financial statements (effective date 1 January 2013)
- IAS 28 (revised 2011) – Associates and joint ventures (effective date 1 January 2013)
- Amendments to IAS 32 – Financial Instruments: Presentation (effective date 1 January 2014)
- IFRIC 20 – Stripping costs in the production phase of a surface mine (effective date 1 January 2013)

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.

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.

c) Disposal of subsidiaries

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 made up of the executive directors.

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.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss

(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 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 23 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 and loans and receivables. 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.

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. Inventories

Inventories are measured at the lower of the weighted average cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories are assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

14. 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.

15. 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.

16. 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.

17. 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.

18. 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.

19. 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.

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.

20. 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. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan. 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.

21. 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.

22. 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.

23. 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 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.

24. 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.

25. 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 13)

Notes to the annual financial statements

Tradehold Limited and its subsidiaries for the year ended 29 February

1 Property, plant and equipment

		Owned land and buildings	Machinery, equipment and vehicles	Improvements to leasehold property	Total
1.1	£'000				
1.1.1	Cost				
	At 28 February 2011	5 590	1 220	17	6 827
	Additions	—	233	—	233
	Impairment	(230)	—	—	(230)
	Disposals and scrappings	—	(25)	—	(25)
	At 29 February 2012	5 360	1 428	17	6 805
1.1.2	Accumulated depreciation				
	At 28 February 2011	160	526	15	701
	Charge for the year	100	292	—	392
	Disposals and scrappings	—	(25)	—	(25)
	At 29 February 2012	260	793	15	1 068
1.1.3	Book value at 29 February 2012	5 100	635	2	5 737

		Owned land and buildings	Machinery, equipment and vehicles	Improvements to leasehold property	Total
1.2	£'000				
1.2.1	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
1.2.2	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
1.2.3	Book value at 28 February 2011	5 430	694	2	6 126

During the year to 29 February 2012 owned land and buildings were impaired by an amount of £230 000 (2011: £428 000). The recoverable amount of land and buildings is determined based on the higher of value-in-use and fair value less costs to sell. The assumptions used and estimates used by management in determining the recoverable amount is detailed below.

In determining the recoverable amount of the affected land and buildings for the current year, projected net market-related rentals were capitalised based on a yield of 8,5% (2011: 9,0%).

1.2.4 Owned land and buildings with a carrying amount of £ nil (2011: £5,4 million) serve as security for long-term borrowings (refer 12.2).

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

Notes continued

Tradehold Limited and its subsidiaries at 29 February

COMPANY 2011 R'000	COMPANY 2012 R'000		GROUP 2012 £'000	GROUP 2011 £'000
		2. Investment properties		
		2.1 At beginning of year	51 385	45 167
		Additions	15 073	82
		Disposals and scrappings	(24 330)	—
		Net (loss)/gain from fair value adjustments on investment property	(630)	5 804
		Transfer from disposal groups classified as held for sale	—	332
		At end of the year	41 498	51 385
		During the previous year, investment properties with a value of £0,3 million, relating to three apartments, were transferred back from the disposal group classified as held for sale, as the active marketing thereof has been discontinued.		
		2.2 A register containing details is available for inspection at the registered offices of Moorgarth Holdings Ltd.		
		2.3 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 6% and 12%.		
		Investment properties with a carrying amount of	3 930	4 780
		were vacant at year-end.		
		2.4 Investment properties with a carrying amount of	—	49 785
		serve as security for long-term borrowings (refer 12.2).		
		2.5 Income and expenditure relating to investment properties		
		Rental income	3 609	3 331
		Direct operating expenditure	201	238
		Direct operating expenses recognised in profit or loss include	187	233
		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	1 658 463	Amount owing by Tradegro Holdings Ltd		
(610 302)	(610 302)	Accumulated impairment of loan to subsidiary		
398 163	1 048 162			
13 348	16 348	Less – Current account transferred to current assets (refer 3.2)		
384 815	1 031 814			
		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.		
9 777	14 443	3.3 Loan from subsidiary company – Tradegro S.à r.l.		
		This amount is repayable on demand and interest-free.		

COMPANY 2011 R'000	COMPANY 2012 R'000		GROUP 2012 £'000	GROUP 2011 £'000
		4. Financial assets		
		4.1 Consisting of –		
		Financial assets at fair value through profit or loss	7 403	9 644
		Loans and receivables at amortised cost	12	137
			7 415	9 781
		4.2. Financial assets at fair value through profit or loss		
		4.2.1 1 811 Shares in Instore Ltd designated at fair value through profit or loss		
		At beginning	1 812	1 812
		Fair value movement	—	—
		At end	1 812	1 812

The group continues to hold a 15,86% shareholding in Instore Ltd, which delisted from the London Stock Exchange during the 2010 financial year. This investment is recorded at fair value with gains and losses being recognised through profit and loss. The directors' valuation of this investment is currently £1,8 million (2011: £1,8 million). The directors have applied a market approach valuation to determine fair value. Although there are some positive signs that the trading performance of Instore has improved over the last two years, the UK listed retail index was under pressure during the reporting period, resulting in no change to the fair value of the investment. As significant judgement was exercised by management in determining the fair value using inputs that are not based on observable market data, the investment will continue to be classified as a Level 3 financial asset (refer 26.9).

		4.2.2 636 000 Shares in UBS AG designated at fair value through profit or loss		
		At beginning	7 762	5 767
		Fair value movement	(2 171)	1 995
		At end	5 591	7 762

A loss of £2,2 million resulted from the fair value adjustment of the investment in UBS AG to its fair value of SFr12,65, being a listed price, at the end of February 2012.

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.

The above shares have been pledged as security for short-term borrowings (refer 15.2).

		4.2.3 2 000 000 Shares in Abbeycrest plc designated at fair value through profit or loss		
		At beginning	70	100
		Fair value movement	(70)	(30)
		At end	—	70

A loss of £70 000 resulted from the fair value adjustment of the investment in Abbeycrest plc, which is considered to have no value at the end of February 2012, as the company is in liquidation.

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.

Notes continued

Tradehold Limited and its subsidiaries at 29 February

COMPANY 2011 R'000	COMPANY 2012 R'000			GROUP 2012 £'000	GROUP 2011 £'000
		4.3	Loans and receivables at amortised cost		
		4.3.1	Non-current assets		
			Loans to directors (refer 4.4 & 4.5)	12	19
		4.3.2	Current assets		
			Loans to directors (refer 4.4 & 4.5)	—	111
			Staff and other loans	—	7
				—	118

4.4

Loans to directors: 29 February 2012 (£'000)	T A Vaughan	C H Wiese	C Moore	Total
Balance at beginning of the year	19	63	48	130
Interest capitalised	1	22	17	40
Repayments	(8)	(47)	(36)	(91)
Decrease at conversion	—	(22)	(17)	(39)
Impairment	—	(16)	(12)	(28)
	12	—	—	12
Currency of loan	GB Pound			
Interest rate	3,75%			
Repayment date	31/08/2013			

4.5

Loans to directors: 28 February 2011 (£'000)	T A 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	

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

COMPANY 2011 R'000	COMPANY 2012 R'000			GROUP 2012 £'000	GROUP 2011 £'000
		4.6	Analysis of total financial assets:		
			Non-current	12	19
			Current	7 403	9 762
				7 415	9 781
		5.	**Inventories**		
			Consumables and hotel stocks	24	29

COMPANY 2011 R'000	COMPANY 2012 R'000			GROUP 2012 £'000	GROUP 2011 £'000
		6.	**Trade and other receivables**		
		6.1	Consisting of –		
			Trade receivables	5 173	1 417
			Outstanding rent	603	317
			Reward (refer 6.3)	4 570	1 100
156	156		Other receivables	255	314
			Interest receivable	5	10
			Restricted cash	168	283
			Indirect tax receivables	—	30
156	156			5 601	2 054

6.2 There is no significant concentration of credit risk with respect to outstanding rent trade receivables, as the group has a large number of tenants. As of 29 February 2012 and 28 February 2011, all trade receivables were fully performing. Restricted cash related to money held in an escrow account by solicitors until the conclusion of outstanding legal matters.

6.3 The principal activity of Reward is to target the SME finance market and support SMEs in the UK with short-term asset based funding and debt factoring services. The business model is to provide short-term capital to cash-strapped companies. Reward's trade receivables are secured by a combination of properties, debtors, debentures and equity shares to the value of £11,3 million.

		2012 £'000	2011 £'000
6.4	The ageing of trade receivables are as follows –		
	Neither past due nor impaired	4 694	1 120
	Past due but not impaired	479	297
		5 173	1 417
6.5	Credit quality of trade receivables		
	Trade receivables without external credit rating:		
	Group 1	4 570	1 100
	Group 2	124	20
	Group 3	479	297
		5 173	1 417

Group 1 – new customers (less than 6 months)
Group 2 – existing customers (more than 6 months) with no defaults in the past
Group 3 – existing customers (more than 6 months) with some defaults in the past, which were fully recovered

7. Cash and cash equivalents

		2012 £'000	2011 £'000
7.1	Consisting of –		
	Cash at bank and on hand	3 189	852
	Short-term bank deposits	35 808	8 177
		38 997	9 029
	Cash, cash equivalents and bank overdrafts include the following for the purposes of the statement of cash flows:		
	Cash and cash equivalents	38 997	9 029
	Bank overdrafts	—	—
		38 997	9 029

Notes continued

Tradehold Limited and its subsidiaries at 29 February

COMPANY 2011 R'000	COMPANY 2012 R'000			GROUP 2012 £'000	GROUP 2011 £'000
		7.2	Cash deposits in the amount of	—	200
			serve as security for long-term borrowings to ensure continued compliance with certain loan facility financial covenants (refer 12.2).		
		7.3	A cash deposit in the amount of	2 500	2 500
			serve as security for short-term borrowings (refer 15.2).		
		8.	**Ordinary share capital**		
2 100	2 100	8.1	Authorised: 210 000 000 (2011: 210 000 000) ordinary shares of 1 cent each	191	191
347	1 386	8.2	Issued: 138 566 911 (2011: 34 733 044) ordinary shares of 1 cent each	122	28
		8.3	Treasury shares: 270 631 (2011: 78 832) ordinary shares of 1 cent each	(115)	(26)
		8.4	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.		
		8.5	See the directors' report for details of the rights issue.		
		9.	**Reserves**		
1 093	361	9.1	Non-distributable reserves	8 914	8 928
857	125		Foreign currency translation reserve	8 070	8 084
			Surplus on revaluation of land and buildings	823	823
236	236		Capital redemption reserve fund	21	21
		9.2	Distributable reserve		
(633 699)	(638 732)		Accumulated loss	(65 621)	(63 402)
(632 606)	(638 371)			(56 707)	(54 474)
		10.	**Preference share capital**		
893	893	10.1	Authorised: 89 250 000 (2011: 89 250 000) non-convertible, non-participating, non-transferable redeemable preference shares of 1 cent each	82	82
144	574	10.2	Issued: 57 391 218 (2011: 14 385 626) non-convertible, non-participating, non-transferable redeemable preference shares of 1 cent each	51	12

COMPANY 2011 R'000	COMPANY 2012 R'000		GROUP 2012 £'000	GROUP 2011 £'000
		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 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.		
		10.5 Other than the preference shares there are no unlisted securities in the issued share capital of the company.		
		11. Deferred taxation		
		Taxable timing differences consisting of –		
		Property, plant and equipment	5	—
		12. Long-term borrowings		
		12.1 Secured		
		Repayable quarterly in instalments of £19 987 until November 2012 and interest-bearing at 3 month LIBOR plus 3,0%	—	1 081
		Repayable quarterly in instalments of £11 152 until December 2011 and interest-bearing at 3 month LIBOR plus 2,5%	—	1 434
		Repayable quarterly in instalments of £17 126 until August 2011 and interest-bearing at 6,6%	—	2 420
		Repayable quarterly in instalments of £18 281 until August 2011 and interest-bearing at 5,9%	—	2 397
		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 until February 2012 and interest-bearing at 6,5%	—	2 880
		Repayable quarterly in instalments of £33 245 until October 2011 and interest-bearing at 6,5%	—	5 599
		Repayable quarterly in instalments of £24 271 until October 2011 and interest-bearing at 6,4%	—	4 028
		Repayable on disposal of property and interest-bearing at the bank base rate plus 2,5%	—	173
		Repayable quarterly in instalments of £19 844 until February 2012 and interest-bearing at 6,5%	—	3 933
		Repayable quarterly in instalments of £52 311 until July 2012 and interest-bearing at 6,7%	—	5 277
		Repayable monthly in instalments of £12 500 until August 2013 and interest-bearing at 3 month LIBOR plus 2,5%	—	2 925
			—	35 266
		Redemptions within 12 months transferred to short-term borrowings	—	(27 423)
			—	7 843

COMPANY				GROUP	
2011 R'000	2012 R'000			2012 £'000	2011 £'000
		12.2	The above loans are secured by –		
			A fixed charge over fixed property with a carrying amount of	—	55 215
			Pledge of cash deposits in the amount of	—	200
				—	55 415
		13.	**Provisions**		
		13.1	Provision for lease repair liabilities	2 870	2 870
		13.2	This 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.		
		13.3	Reconciliation of carrying values		
			Balance at beginning of the year	2 870	—
			Created during the year	—	2 870
			Balance at end of the year	2 870	2 870
		14.	**Trade and other payables**		
			Trade payables	1 002	802
1 159	1 829		Other payables and accrued expenses	944	1 057
			Onerous lease liability	285	285
			Deferred income	—	284
			Tenant deposits	—	186
			Social security and other taxes	152	8
1 159	1 829			2 383	2 622

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.

COMPANY 2011 R'000	COMPANY 2012 R'000			GROUP 2012 £'000	GROUP 2011 £'000
		15.	**Short-term borrowings**		
		15.1	Secured		
			Short-term portion of long-term borrowings (refer 12)	—	27 423
			Repayable on 28 August 2012 and interest-bearing at 0,9% (2011: 1,1%) (refer 15.2)	6 601	6 284
				6 601	33 707
		15.2	The above loan is secured by –		
			Listed share investment with a carrying amount of	5 591	7 762
			Cash deposit in the amount of	2 500	2 500
				8 091	10 262

COMPANY 2011 R'000	COMPANY 2012 R'000			GROUP 2012 £'000	GROUP 2011 £'000
		16.	**Revenue**		
			Rental income	3 609	3 331
			Hotel and sundry revenue	3 036	2 598
				6 645	5 929
			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	2 176	3 420
			Later than 1 year not later than 5 years	6 715	10 633
			Later than 5 years	9 753	20 651
				18 644	34 704
		17.	**Operating profit/(loss)**		
		17.1	Determined after taking into account the following:		
			Arrangement fees received	(853)	(50)
689	716		Staff costs	1 581	1 478
689	716		Salaries, wages and service benefits	1 549	1 458
			Retirement benefit contributions	32	20
			Foreign exchange losses	320	406
559	688		Auditors' remuneration	112	90
520	620		Audit fees – for this year	106	87
39	68		– underprovided in the previous year	6	3
7 498	11 544		Fees paid for outside services	385	241
7 404	8 211		Administrative	102	75
—	3 158		Technical	268	158
94	175		Secretarial	15	8
(8 925)	(8 358)		Administration fees received		
			Operating leases – buildings	78	86
			Operating leases – machinery	61	120
			Profit on sale and scrapping of property, plant and equipment	—	(6)
			Profit on disposal of investment properties	(923)	—
			Legal and professional expenditure (refer 17.1.1)	490	1 660
			Hotel operating costs	1 366	1 450
			Provision for lease repair liabilities (refer 13)	—	2 870
		17.1.1	Represent the cost of litigation and fees payable in respect of the restructuring of the business of Tradehold Ltd.		
		17.2	Directors' remuneration		
		17.2.1	Non-executive directors	22	18
			Executive directors	1 005	923
				1 027	941

Notes continued

Tradehold Limited and its subsidiaries at 29 February

		Basic remuneration £'000	Fees £'000	Management company fees £'000	2012 Total £'000	2011 Total £'000
17.2.2	Non-executive directors					
	I A Crockford	—	4	—	4	—
	M J Roberts	—	—	—	—	—
	C Stassen	—	10	—	10	10
	H R W Troskie	—	8	—	8	8
	J D Wiese	—	—	—	—	—
		—	22	—	22	18

		Basic remuneration £'000	Fees £'000	Management company fees £'000	2012 Total £'000	2011 Total £'000
17.2.3	Executive directors					
	C Moore	260	—	—	260	302
	T A Vaughan	220	—	—	220	116
	C H Wiese	—	42	483	525	505
		480	42	483	1 005	923

17.2.4	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 2011 R'000	COMPANY 2012 R'000			GROUP 2012 £'000	GROUP 2011 £'000
		18.	**Finance income and cost**		
			Finance cost on short-term borrowings	64	66
			Finance cost on long-term borrowings	1 494	2 215
—	—		Total finance cost	1 558	2 281
—	(875)		Interest income on short-term bank deposits	(348)	(136)
			Interest income on loans to staff and directors	(42)	(80)
—	(875)		Total finance income	(390)	(216)
—	(875)		Finance income/cost – net	1 168	2 065
		19.	**Taxation**		
		19.1	Classification –		
			South African normal taxation	—	—
			Foreign taxation	124	(15)
				124	(15)
		19.2	Consisting of –		
			Current taxation	119	1
			Prior year taxation	—	(16)
			Deferred taxation	5	—
				124	(15)

COMPANY 2011 R'000	COMPANY 2012 R'000			GROUP 2012 £'000	GROUP 2011 £'000
		19.3	Reconciliation of tax rate –		
28,0	28,0		South African normal tax rate	28,0	28,0
(28,0)	(28,0)		Net adjustment	(32,6)	(28,8)
(28,0)	(28,0)		Exempt income/non-deductible expenses	(32,6)	(28,0)
			Prior year taxation	—	(0,8)
—	—		Effective tax rate	(4,6)	(0,8)
		19.4	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	19.5	Credits in respect of secondary tax on companies (STC) at year-end	1 507	1 605
1 802	1 802		The utilisation of the STC relief of	151	160
			calculated at current rates is dependent on the future distribution of dividends in the companies concerned.		
		19.6	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 £39 000 (2011: £2,6 million) in respect of losses amounting to £138 000 (2011: £9,2 million) that can be carried forward against future taxable income, as it is unlikely to be utilised in future.		

20. 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.

		GROUP 2012 £'000	GROUP 2011 £'000
20.1	(Loss)/profit attributable to equity holders of the company	(2 493)	1 220
	Weighted average number of ordinary shares in issue (increase due to rights issue – see directors' report) ('000)	118 841	34 654
	Basic and diluted (loss)/earnings per share (pence)	(2,1)	3,5
	The group has no dilutive potential ordinary shares.		
20.2	Headline loss:		
	Headline loss per share (pence)	(2,1)	(9,7)
	Based on headline loss of	(2 547)	(3 356)
	(Loss)/profit attributable to equity holders of the company	(2 493)	1 220
	Net loss/(gain) from fair value adjustment on investment property	630	(5 804)
	Profit on disposal of investment properties	(923)	—
	Impairment of property, plant and equipment	230	428
	Profit on disposal of property, plant and equipment	—	(6)
	Total tax effects of adjustments	—	—
	Total non-controlling interest effects of adjustments	9	806
	and the weighted average number of ordinary shares in issue (increase due to rights issue – see directors' report) of ('000)	118 841	34 654

Notes continued

Tradehold Limited and its subsidiaries at 29 February

COMPANY 2011 R'000	COMPANY 2012 R'000			GROUP 2012 £'000	GROUP 2011 £'000
		21.	**Cash flow information**		
		21.1	Non-cash items		
			Depreciation	392	403
			Profit on disposal of investment properties	(923)	—
			Impairment of property, plant and equipment	230	428
			Profit on sale of property, plant and equipment	—	(6)
			Net loss/(gain) on fair value adjustment on investment properties	630	(5 804)
			Fair value loss/(gain) on financial assets at fair value through profit or loss	2 241	(1 965)
			Lease repair liabilities	—	2 870
			Impairment of loans	30	166
383	(732)		Foreign currency translation differences		
383	(732)			2 600	(3 908)
		21.2	Changes in working capital		
			Trade and other receivables	(3 547)	(28)
			Inventories	5	(3)
(204)	670		Trade and other payables	(239)	409
(204)	670			(3 781)	378
		21.3	Taxation paid		
—	—		Taxation per profit or loss	(124)	15
			Increase in taxation payable	148	—
			Change in deferred taxation	5	—
—	—			29	15

22. Capital commitments

The group had no capital commitments at 29 February 2012 (2011: nil).

23. 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.

	GROUP 2012 £'000	GROUP 2011 £'000
The future aggregate minimum lease payments under non-cancellable operating leases are as follows:		
Expenditure to be incurred within 1 year	76	117
To be incurred thereafter, but within 5 years	305	335
To be incurred after 5 years	2 617	2 693
	2 998	3 145

24. Contingent liabilities

COMPANY 2011 R'000	COMPANY 2012 R'000			GROUP 2012 £'000	GROUP 2011 £'000
60 979	—	24.1	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 24.2)	—	5 428

24.2 A contingent liability was previously disclosed for a potential liability arising from past group restructuring in 2003. Following the conclusion of certain legal proceedings, this potential liability has fallen away.

25. Borrowing powers

In terms of the memorandum of incorporation of the company, the borrowing powers of Tradehold Limited are unlimited.

26. Financial risk management

26.1 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.

26.2 Market risk – Foreign currency exchange risk

The group operates internationally predominantly within the United Kingdom, whilst certain functions are carried out in Switzerland, Luxembourg, Malta 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.

26.2.1 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 loss would be increased by £0,3 million (2011: net profit would be reduced by £0,3 million).

26.2.2 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:

	2012 Average rate	2012 Closing rate	2011 Average rate	2011 Closing rate
SA Rand	R11,79	R11,96	R11,17	R11,23
Swiss Franc	SFr1,40	SFr1,44	SFr1,57	SFr1,51
Euro	€1,15	€1,18	€1,17	€1,17

26.2.3 Uncovered foreign assets and liabilities

The group had the following uncovered foreign assets and liabilities:

	2012 Foreign currency	2012 Pound equivalent	2011 Foreign currency	2011 Pound equivalent
Swiss Franc liabilities	9,5 million	6,6 million	9,5 million	6,3 million

26.3 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 £ nil (2011: £32,8 million) bearing interest at fixed rates varying between 1,1% and 6,7% for 2011.

The group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the group calculates the impact on the statement of comprehensive income and loss of a defined interest rate shift.

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 a reduction in the net loss of the group of £0,3 million (2011: £0,1 million increase in net profit), whilst a 100 basis point reduction in interest rates would have resulted in an increase in the net loss of the group of £0,3 million (2011: £0,1 million reduction in net profit).

26.4 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 reduce the group's net loss by £0,4 million (2011: £0,5 million increase in net profit), whilst a 5% decrease in the value of investments would increase the net loss by £0,4 million (2011: £0,5 million reduction in net profit).

26.5 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.

26.5.1 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 asset based funding provided to cash-strapped UK corporates are actively managed by the directors (refer note 6).

26.5.2 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)	2012 £'million	2011 £'million
F1 +	16,7	3,5
F2	12,0	0,2
F3	10,3	5,3
Total	39,0	9,0

The maximum amount of credit risk that the group is exposed to is £44,7 million (2011: £11,2 million) and has been calculated as follows:

	2012 £'million	2011 £'million
Financial assets	0,1	0,1
Trade and other receivables	5,6	2,1
Cash and cash equivalents	39,0	9,0

26.6 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.

	COMPANY		GROUP	
At 29 February 2012	Less than 1 year R'million	Between 2 and 5 years R'million	Less than 1 year £'million	Between 2 and 5 years £'million
Trade and other payables	1,8	—	2,5	—
Interest-bearing liabilities			6,6	—
Loans from subsidiaries	14,4	—		

	COMPANY		GROUP	
At 28 February 2011	Less than 1 year R'million	Between 2 and 5 years R'million	Less than 1 year £'million	Between 2 and 5 years £'million
Trade and other payables	1,2	—	2,6	—
Interest-bearing liabilities			35,3	8,1
Loans from subsidiaries	9,8	—		

26.7 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:

29 February 2012 Assets (£'million)	Carrying value	Net losses	Total interest income	Total interest expense	Impairment
Financial asset at fair value through profit or loss	7,4	(2,2)	—	—	—
Loans					
Loans to directors	—	—	0,1	—	(0,1)
Other	0,1	—	—	—	—
Trade and other receivables	5,6	—	—	—	—
Cash and cash equivalents	39,0	—	0,3	—	—
Liabilities (£'million)					
Secured long-term borrowings	—	—	—	(1,5)	—
Short-term borrowings	6,6	—	—	(0,1)	—
Trade and other payables	2,5	—	—	—	—

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	—	—	—	—

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

COMPANY			GROUP	
2011 R'000	2012 R'000		2012 £'000	2011 £'000
		The carrying amounts and fair value of the non-current borrowings are as follows:		
		Carrying amount	—	7 843
		Fair value	—	7 827

The fair values were based on cash flows discounted using a rate based on the borrowing rate of 5,2%.

All financial instruments are classified as loans receivable/payable at amortised cost, except listed and unlisted investments, which are classified as financial assets at fair value through profit and loss.

26.8 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. During the current year all external loans were repaid.

The LTV ratios at 29 February 2012 and at 28 February 2011 were as follows:

	2012 £'000	2011 £'000
Total borrowings	6 601	41 550
Less: Short-term borrowings secured by cash deposits.	(6 601)	(6 284)
Net debt	—	35 266
Investment property and owner-occupied properties	46 598	56 815
LTV ratio	—	62%

26.9 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).

COMPANY 2011 R'000	COMPANY 2012 R'000		GROUP 2012 £'000	GROUP 2011 £'000
		The following table presents the group's assets that are measured at fair value at 29 February 2012:		
		Level 1		
		Financial assets at fair value through profit or loss	5 591	7 832
		Level 3		
		Financial assets at fair value through profit or loss	1 812	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.

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.

27. Related parties

Related party relationships exist between the company, its subsidiaries, its shareholders and the directors of the company. See page 54 for details of major shareholders and directors' interest. 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 and noted below. 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.

COMPANY 2011 R'000	COMPANY 2012 R'000		GROUP 2012 £'000	GROUP 2011 £'000
		The compensation of key management consist of:		
		Salaries and short-term/termination benefits	1 005	1 043
		Key management compensation was paid to:		
		Executive directors	1 005	923
		Other employees	—	120
			1 005	1 043
8 925	8 358	Administration fees received – Tradegro S.à r.l.		

28. Share incentive scheme

28.1 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.

28.2 At 29 February 2012 the trustees of the Tradehold Share Incentive Trust had 370 631 (2011: 370 631) shares and share options under their control. There were no movements during the accounting period.

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 made up of the executive directors.

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

The executive directors consider 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 executive directors assess 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 29 February 2012 is as follows:

	Property						
(£'000)	Retail	Commercial	Offices	Leisure	Other	Treasury	Group
Total segment revenue (external customers)	2 879	358	722	2 686	—	—	6 645
Trading profit/(loss)	3 176	87	40	(447)	367	(2 016)	1 207
Depreciation, impairment and amortisation	—	—	—	831	—	—	831
Total assets	30 475	7 367	4 425	6 546	5 813	44 646	99 272
Additions to investment properties	15 073	—	—	—	—	—	15 073
Disposal of investment properties	(24 330)	—	—	—	—	—	(24 330)
Total liabilities	671	111	89	587	3 444	7 157	12 059

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 (external customers)	2 361	268	542	2 708	50	—	5 929
Trading profit/(loss)	9 316	(972)	(397)	(31)	3	(1 809)	6 110
Depreciation, impairment and amortisation	—	—	—	622	—	—	622
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

Interest in subsidiaries

	Issued share capital £	Percentage shares held by group 2012 %	2011 %
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	100	90
Moorgarth Holdings (Luxembourg) S.à r.l. (Incorporated in Luxembourg)	12 500	85	85
Other			
Investments			
Tradegro S.à r.l. (Incorporated in Luxembourg)	94 927 327	100	100
Moorgarth Properties (Luxembourg) S.à r.l. (Incorporated in Luxembourg)	10 000	100	100
Instore Holdings Ltd (Incorporated in Gibraltar)	€ 12 500	100	100
Clumber Park Hotel LLP (Incorporated in England and Wales)	60 000	100	100
Reward Investments Ltd (Incorporated in England and Wales)	1	90	75

Note:
General information in respect of subsidiaries 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.

Property portfolio analysis

Tradehold Limited and its subsidiaries at 29 February 2012

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	3,65	—	36,3	18,4
Ogden Road Industrial Estate, Doncaster	Industrial	65 000	3,85			
J4 Technology Park, Skelmersdale	Industrial	43 000	4,88			
Constantine Street, Oldham	Industrial	44 265	3,00			
Bath Road, Felling	Industrial	40 862	2,74			
Cookridge Street, Leeds	Leisure	6 637	14,21	—	1,2	2,5
Offices: total		85 966	6,05	2,5	16,2	13,6
Wilmingtone Grove, Leeds	Offices	63 000	3,97			
Southfield, Harrogate	Offices	8 150	13,50			
Cookridge Street, Leeds	Offices	5 616	14,19			
Westbourne Centre, Barrhead	Offices	9 200	8,72			
Retail: total		246 576	10,16	3,5	46,3	65,5
S Jennings, Middlesborough	Retail	66 200	8,50			
Westbourne Centre, Barrhead	Retail	30 800	8,43			
Bitterne, Southampton	Retail	16 828	9,98			
Boundary Road, Prestwick	Retail	18 000	10,00			
High Street, Bromsgrove	Retail	17 590	5,97			
119 – 125 Marygate, Berwick-Upon Tweed	Retail	6 450	18,60			
High Street, Johnstone	Retail	6 734	9,65			
Main Street, Baillieston	Retail	7 900	7,09			
High Street, Irvine	Retail	6 467	6,19			
Dalrympal Street, Girvan	Retail	5 650	8,14			
St Catherine's, Perth	Retail	58 000	14,97			
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 7,8%.

2. Tenant profile

	%
A – Large nationals, large listeds, government and major franchisees	61
B – Nationals, listeds, franchisees, and medium to large professional firms	25
C – Other	14
	100

There are 10 tenants in Category C.

3. Vacancy profile based on gross lettable area

	%
Industrial	13,0
Leisure	—
Offices	13,7
Retail	2,0
	28,7

4. Lease expiry profile based on revenue

	Within 1 year (%)	Within 2 years (%)	Within 3 years (%)	Thereafter (%)
Industrial	4,0	4,0	—	4,8
Leisure	—	—	3,6	—
Offices	8,0	1,9	1,1	—
Retail	5,8	0,7	3,4	62,7

5. Lease expiry profile based on gross lettable area

	Within 1 year (%)	Within 2 years (%)	Within 3 years (%)	Thereafter (%)
Industrial	10,2	10,8	—	11,7
Leisure	—	—	1,7	—
Offices	2,1	0,9	0,4	—
Retail	7,9	0,3	1,4	52,6

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

Shareholders' profile

	Number of holders	Percentage of share-holders	Number of shares held	Percentage holding
Distribution of shareholders				
Non-public shareholders				
Directors	6		114 073 440	
Share incentive trust	1		270 631	
	7	0,8	114 344 071	82,5
Public shareholders	887	99,2	24 222 840	17,5
Total	894	100,0	138 566 911	100,0

	Number of shares held	Percentage holding
Major shareholders		
Granadino Investments (Pty) Ltd (refer note 1)	79 382 297	57,3
Titan Global Investments (Pty) Ltd (refer note 2)	28 695 605	20,7

Directors' interest

At 29 February 2012 the interest of directors in the issued shares in the company were as follows:

	Direct beneficial	Indirect non-beneficial	Total 2012	Total 2011
C Moore	—	12 000	12 000	90 513
M J Roberts	—	—	—	—
C Stassen (refer note 3)	—	150 954	150 954	37 838
H R W Troskie	—	—	—	—
T A Vaughan	—	—	—	—
C H Wiese (refer note 3)	—	113 880 178	113 880 178	21 534 467
J D Wiese (refer note 3)	—	30 308	30 308	7 597
	—	114 073 440	114 073 440	21 670 415

Notes:

1. The company entered into an underwriting agreement with Granadino Investments (Pty) Ltd to fully underwrite the rights issue as detailed in the directors' report. An underwriting fee of R100 000 was paid and the underwriter took up 22 572 583 shares at the issue price of R6,26 per share.
2. In terms of the rights offer subscribed for 43 million preference shares. See directors' report and note 10 for details.
3. These directors have followed their rights in terms of the rights issue by the company as detailed in the directors' report.

Form of proxy

Tradehold Limited
Registration number 1970/009054/06
Incorporated in the Republic of South Africa
JSE Code: TDH ISIN: ZAE000152658

To be completed by certificated shareholders and dematerialised shareholders with own name registration only.

For use at the annual general meeting of members to be held at 09:30 on Monday, 6 August 2012 in the boardroom at the head office of Pepkor Limited, 36 Stellenberg Road, Parow Industria 7493.
Shareholders who have dematerialised their shares with a CSDP or broker, other than with own name registration, must arrange with the CSDP or broker concerned to provide them with the necessary authorisation to attend the annual general meeting or the shareholders concerned must instruct them as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

I/We (full names and surname in block letters) . . . .

of (full address) . . . .

. . . .

as a member of Tradehold Limited, being the registered holder of . . . .

. . . . shares in the company, hereby appoint:

1. . . . . or

2. . . . . or

3. THE CHAIRMAN OF THE MEETING
as my/our proxy to attend, speak and vote on my/our behalf, as indicated below, at the annual general meeting of shareholders of Tradehold Ltd to be held at 09:30 on 6 August 2012 and at any adjournment thereof:

Indicate with an X in the appropriate block:

Ordinary resolutions		In favour of	Against	Abstain
Adoption of the annual financial statements	1.			
Re-appointment of PricewaterhouseCoopers Inc	2.			
Re-appointment of Mr C Moore to the board	3.			
Re-appointment of Mr H R W Troskie to the board	4.			
Re-appointment of Mr M J Roberts to the board	5.			
General authority to directors to issue shares for cash	6.			
Election of members of audit committee	7.			
Election of members of social and ethics committee	8.			

Special resolution		In favour of	Against	Abstain
Confirmation of the directors' remuneration	1.			
Financial assistance	2.			
General authority to directors to repurchase the company's shares	3.			

Signed at . . . . this . . . . day of 2012

. . . .
Signature
Capacity and authorisation (see note 3)

Please read the notes on the reverse side of this form of proxy.

TRADEHOLD LIMITED

NOTES:

1. A member entitled to attend and vote at the annual general meeting shall be entitled to appoint one or more persons, who need not be members of the company as his proxy to attend and speak, to vote or abstain, in his place at such general meeting.

2. If a proxy form, duly signed, is lodged without specific directions as to which way the proxy is to vote, the proxy will be deemed to have been authorised to vote as he thinks fit.

3. If the proxy is signed under power of attorney or on behalf of a company, such power or authority, unless previously registered with the company, must accompany it.

4. Shareholders who have dematerialised their shares with a CSDP or stockbroker, other than own name registration, must arrange with the CSDP or stockbroker concerned to provide them with the necessary authorisation to attend the annual general meeting or the shareholders concerned must instruct them as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or stockbroker concerned.

5. Any alteration to the form of proxy must be signed, not initialled.

6. Where there are joint holders of shares and if more than one of such joint holders is present or represented, then the person whose name appears first in the register in respect of such shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof.

7. The completion and lodging of this form of proxy will not preclude the signatory from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such signatory wish to do so.

8. Proxies must reach the company secretary at his office at 36 Stellenberg Road, Parow Industria 7493 (P O Box 6100, Parow East 7501) at least 48 hours before commencement of the meeting.

Summary of holders' rights in respect of proxy appointments as set out in sections 56 and 58 of the Act including instructions and notes to the proxy form

Shareholders' rights regarding proxies in terms of section 58 of the Companies Act, 2008 are as follows:

1. At any time, a shareholder of a Company may appoint any individual, including an individual who is not a shareholder of that Company, as a proxy to –

(a) participate in, and speak and vote at, a shareholders meeting on behalf of the shareholder; or

(b) give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.

2. A proxy appointment –

(a) must be in writing, dated and signed by the shareholder; and

(b) remains valid for –

 (i) one year after the date on which it was signed; or

 (ii) any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in section 58(4)(c), or expires earlier as contemplated in section 58(8)(d).

Project management: De Kock Communications
Design and layout: Fresh Identity
Printing: Hansa Print

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LIMITED