



TRADEHOLD

Integrated Report 2013



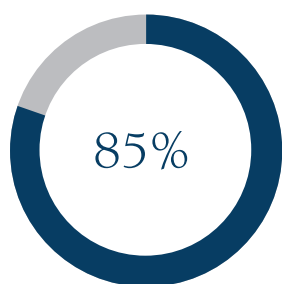
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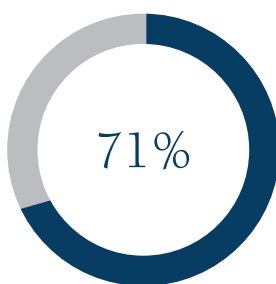
Positioning

Tradehold Limited is an investment holding company listed on the Main Board of the JSE. It has no operating assets in South Africa. At its financial year-end, its business consisted of an 85% interest in the property-owning Moorgarth group of companies; an indirect holding through Reward Investments Limited of 71% in the two operating Reward LLP's, an asset-backed, short-term lending business; and an indirect holding of 15.9% in the variety retail group Instore. All these businesses are UK-based. By far the largest investment is in Moorgarth which manages a £52,0 million portfolio of unencumbered retail, commercial and industrial buildings.

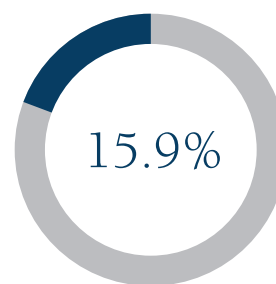
BUSINESS HOLDING



Moorgarth



Reward



Instore

Chairman's statement and review of operations

Tradehold Limited and its subsidiaries at 28 February

Stakeholder approach

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

Operating environment

During the review period the British economy remained in the doldrums, narrowly avoiding slipping into a triple-dip recession. In the first quarter of 2013 it grew by less than 0.5%. At the end of February, Moody's, one of the world's largest rating agencies, unsurprisingly downgraded Britain's credit rating, given its struggle to reduce the deficit. Wages growing at a slower rate than inflation eroded consumer spending which remained weak even when compared with previous recessions. On the more positive side, the Bank of England continued to keep interest rates at historically low levels to help drive business growth and borrowings. However, the banking sector remained highly risk-averse. This was despite strategies put in place by the government to encourage lending. In such an environment, trading conditions remained extremely demanding.

Financial results

Although trading conditions did not change materially in the year under review, Tradehold produced a substantially improved set of financial results. Revenue increased 34.6% to £10.1 million and the group achieved a trading profit of

£3.6 million (2012: £1.2 million). Exceptional items which relates mainly to the upward adjustments in the fair value of certain shares, contributed £2.8 million to a net profit for the year of £6.5 million (2012: a loss of £2.9 million).

Moorgarth reported an operating profit of £2.4 million (2012: £2.8 million) but nevertheless suffered a net loss of £2.6 million (2012: loss of £1.8 million) due to higher interest costs and downward adjustments in the fair value of its portfolio, reflecting the general tendency in the UK's property market. Reward, in its second full year of trading, posted a net profit of £0.9 million compared to £0.1 million in its first year.

After year-end Tradehold sold its remaining 15.9% interest in Instore for £3.6 million, payable in 18 monthly instalments. The lease repair liabilities residing with Tradehold and for which the company had created a provision of £2.9 million, were cancelled.

Moorgarth

Moorgarth continued to develop the potential of the existing buildings in its portfolio to attract financially robust tenants and meet the fast-changing needs of its retail clients. At the same time it substantially changed its acquisition criteria: where in the past it took an opportunistic approach in acquiring, in different sectors, commercial properties with refurbishment potential, its focus has shifted to larger shopping centre assets. This change in strategy has been

Moorgarth's decision to focus on regionally dominant shopping centres with tangible opportunities for enhancement, in our view offers a solid base for future growth.

CH Wiese, chairman





driven by the availability of high-yielding, well-located quality centres with established tenant bases. During May it acquired its first such shopping centre near Glasgow which is generating a net initial yield of 13%. As part of this shift in focus Moorgarth continues to clear the portfolio of smaller properties with no potential to further enhance value.

The company remains ungeared in terms of external funding. Its access to group funds has provided considerable flexibility in restructuring its portfolio.

While the property market in Central London has remained highly resilient to market changes with significant value increases, conditions elsewhere were just the opposite, with retail and office rentals falling further in most locations. As a result, the fair value of Moorgarth's property portfolio was reduced by £2.8 million, continuing a tendency also evident the previous year.

Reward

Market conditions continued to favour the two operating units of Reward Investments Limited – Reward Capital and Reward Commercial Finance. Tradehold, which funds their operations via a £11 million loan, indirectly holds 71% in the two businesses. They focus on short-term, asset-backed loans to small and medium-sized businesses and on invoice-discounting facilities to similar businesses respectively. Most of the income was generated by Reward Capital with demand for loans remaining strong throughout the year.

The two operating units achieved an operating profit of £2.0 million (2012: £0.3 million). No bad debt was incurred during the reporting period and the two businesses geared themselves for continued strong growth in the new financial year. They moved to larger premises, increased the staff complement and upgraded existing IT systems.

Prospects

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

It believes it can achieve these objectives through its investments in businesses such as Moorgarth and Reward. Moorgarth has a strong, experienced management team whose members have demonstrated their ability to survive and grow in the present tough economic environment. Moorgarth's decision to focus on regionally dominant

shopping centres with tangible opportunities for enhancement offers, in our view, a solid base for future growth.

In the same way we believe Reward has enormous potential in the present market. The media in the UK reports almost daily on the reluctance of the mainstream banks when it comes to lending and how alternative funding sources are flourishing as a result. At the same time we believe that its potential is not just determined by the present economic climate but that it will continue to flourish, and perhaps even more so, when the economy starts growing again.

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 economy and the property market have improved. Tradehold's management approach to its subsidiaries is to be actively involved in day-to-day operations and to maintain 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

It is in difficult times that the inherent qualities of people come most strongly to the fore. I'm enormously impressed with the way every member of staff has tackled the many problems encountered in the business environment this past year. That we could achieve the results detailed in this report is testimony to their dedication and sheer hard work.



CH Wiese
Chairman

28 May 2013

Corporate governance

Tradehold Limited and its subsidiaries at 28 February

Tradehold Limited is an investment holding company. It has no operating assets in South Africa and its principal business consists of a 85% interest in the property-owning Moorgarth group of companies; a 71% interest in asset-backed, short-term lender Reward; and an indirect interest of 15.9% in Instore Limited (“Instore”), all based in the United Kingdom. It conducts treasury activity through its wholly-owned finance company, Tradegro S.á r.l. The majority of transactions within the group relate to Moorgarth Group which acquires, lets and sells property assets. At year-end the Moorgarth Group owns and manages 21 commercial properties.

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 to be appropriate. Where principles are not applied an explanation for these are contained within the report. In compliance with the regulations of the JSE a complete list of the King III principles and the company’s compliance therewith appears on the company’s website – www.tradehold.co.za.

Board and board committees

The board takes overall responsibility for managing the group. It has established the following board committees: audit committee, remuneration committee; and social and ethics committee. The board comprises of seven directors, three of whom are independent non-executive, one non-executive and three executive. 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 composition of the board is reviewed on a regular and ongoing basis. Mr. Carel Stassen has been appointed as the lead independent non-executive director.

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 non-executive 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 on the following page.

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 it appropriate insight into and influence over significant business transactions within the group;
- The current compliance strategy followed is appropriate given the size and structure of the group and the board is not aware of any instances of non-compliance to applicable laws and regulations; and
- IT infrastructure and strategy is appropriate given the size and nature of the business.

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



Composition of the board and attendance of meetings:

| Board of directors | Qualification | Date of appointment | Age | Executive/ independent non-executive | Meetings attended (out of 3) | Other significant directorships |
|--------------------|---------------------|---------------------|-----|--------------------------------------|------------------------------|---|
| Dr C H Wiese | BA, LLB, D Com (HC) | 29 September 2000 | 71 | Executive | 2 | Chairman of Pepkor Holdings Limited, Shoprite Holdings Limited, Brait SE Limited and Invicta Holdings Limited and various other directorships. |
| Mr C Moore | B Com | 5 November 1991 | 63 | Executive | 3 | |
| Mr C Stassen | B Com | 15 November 2001* | 62 | Independent non-executive | 2 | |
| Mr HRW Troskie | B Juris, LLB, LLM | 27 April 2006 | 43 | Independent non-executive | 3 | Brait SE, Ardagh Group SA |
| Mr JD Wiese | BA, LLB, M Com | 10 November 2010 | 32 | Non-executive | 2 | Shoprite Holdings Limited, Digicore Holdings Limited, Primedia Holdings Limited, Pepkor Holdings Limited, Invicta Holdings Limited and Premier Group. |
| Mr TA Vaughan | BSc (Hons) MRICS | 10 November 2010 | 47 | Executive | 2 | Managing director of Moorgarth Group |
| Mr MJ Roberts | BA, SEDP | 28 February 2012 | 66 | Independent non-executive | 2 | |

* 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 the company secretary has the right qualifications, experience and is competent for this role. The board can also confirm the relationship between the company secretary and the board is at arms length.

Audit committee report

The audit committee has pleasure in submitting this report, as required by section 94 of the Companies Act, 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. 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 2013 and noted the appointment of Mr A Wentzel 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.

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 a year as per the audit committee charter, details of which are listed on the next page. All members act independently as described in section 94 of the Companies Act, Act 71 of 2008, as amended.

Corporate governance continued

Tradehold Limited and its subsidiaries at 28 February

Composition and attendance of the audit committee:

| Audit committee | Qualification | Date of appointment | Age | Executive/independent non-executive | Meetings attended (out of 2) |
|-----------------|-------------------|---------------------|-----|-------------------------------------|------------------------------|
| Mr C Stassen | B Com | 15 February 2008 | 62 | Independent non-executive | 2 |
| Mr HRW Troskie | B Juris, LLB, LLM | 15 February 2008 | 43 | Independent non-executive | 2 |
| Mr. MJ Roberts | BA, SEDP | 28 February 2012 | 66 | Independent non-Executive | 2 |

The external auditors, in their capacity as auditors to the group, attended and reported to all meetings of the audit committee. Members of the executive management also attended the audit committee meetings by invitation. 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 operated effectively for the financial year ended 28 February 2013.

Certain executive management members attended the meetings of the remuneration committee by invitation.

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.

Social and ethics committee

The social and ethics committee was formed on 28 May 2012 as a sub-committee of the board. The following independent non-executive directors were appointed to the committee on the same date:

- Mr HRW Troskie
- Mr C Stassen
- Mr MJ Roberts

The company has made application to the Companies Tribunal to be exempted from the requirement to have a social and ethics committee in terms of section 72(5) and (6) of the Companies Act, Act 71 of 2008, as amended. The basis of the application is the unique make-up of the company. It does not operate in or perform any form of business or hold any assets in South Africa other than the 100% of the issued shares in Tradegro Holdings Limited. The latter is a passive investment holding company also incorporated in South Africa.

Remuneration committee

The remuneration committee is a sub-committee of the board and consists of two members. Its main functions are to consider and approve the remuneration of executives whose earnings are above a certain level. It also makes recommendations to the board regarding the fees to be paid to non-executive directors.

Composition and attendance of the remuneration committee:

| Remuneration committee | Qualification | Date of appointment | Age | Executive/independent non-executive | Meetings attended (out of 2) |
|------------------------|-------------------|---------------------|-----|-------------------------------------|------------------------------|
| Mr C Stassen | B Com | 25 October 2012 | 62 | Independent non-executive | 2 |
| Mr HRW Troskie | B Juris, LLB, LLM | 25 October 2012 | 43 | Independent non-executive | 2 |



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 it with appropriate and relevant information on risk management activities performed, risks identified and action plans in place to mitigate material risks as well as internal control measures in place. Detailed reports on risks and controls are submitted to the audit committee, and key considerations are elevated to the board as and when appropriate.

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

- An annual budgeting system, integrating both financial and operational budgets together with identification of risks inherent in each operating area. These budgets are subject to board approval;
- Regular consideration by the board of actual results compared with budgets and forecasts together with the preparation of revised forecasts whenever deemed necessary;
- 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 continuing adverse economic climate in the UK as it pertains to the property market specifically poses the most significant risk to the group. Given the circumstances, its performance the past year has been satisfactory due to the

skill and care exercised by the executives charged with the oversight responsibility. The cash injection from the rights issue in 2011 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 in respect of vacant properties through a range of channels.

Reward makes loans to small businesses 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 its clients, staff, the authorities, shareholders, suppliers and the investor community and, in doing so, to ensure the largest measure of credibility, trust and stability. Structures and procedures are in place for the reporting of unethical behaviour. The chief executive of each group company is responsible for ethical behaviour within his organisation. The board is of the opinion that a high level of standards was being maintained by the group and it is not aware of any instances of unethical behaviour during the year ended 28 February 2013.

Notice to shareholders

Tradehold Limited and its subsidiaries at 28 February

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 5 August 2013.

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 the annual general meeting) as Friday, 24 May 2013; 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, 26 July 2013.

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 28 February 2013 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 Wentzel is the individual and designated auditor who will undertake the company's audit for the financial year ending 28 February 2014.

Ordinary resolution number 3

That Mr C Stassen 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 Stassen is 62 years of age and has the qualification B Com. He has many years' experience in the retail trade, both in South Africa and abroad, amongst others serving as managing director of Pepkor Limited and Instore Limited.

Ordinary resolution number 4

That Mr J D Wiese 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 Wiese is 32 years of age and has the qualification BA, LL B, M Com. Mr Wiese is a director and alternate director in various public and private companies including Shoprite Holdings Ltd and Digicor Holdings Limited.

Ordinary resolution number 5

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 6

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 7

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

Ordinary resolution number 8

That the following independent directors of the company be elected as members of the remuneration committee of the company until the conclusion of the next annual general meeting of the company:

- C Stassen
- H R W Troskie

Special resolution number 1

Resolved as a special resolution that the directors' remuneration to be paid by the company for services rendered during the reporting period be confirmed to be as follows:

- C H Wiese: €50 000
- C Stassen: £10 000
- H R W Troskie: €9 000
- M Roberts: €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 related or inter-related company 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 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.

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

Notice to shareholders continued

Tradehold Limited and its subsidiaries at 28 February

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 14;
Major shareholders of the company – refer page 60;
Directors' interests in the company's securities – refer page 60;
Share capital – refer page 40.

Litigation statement

Other than disclosed or accounted for in this annual report, the directors of the company, whose names are given on page 14 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 14 of this



annual report, collectively and individually, accept full responsibility for the accuracy of the information pertaining to the above special resolution and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the above special resolution contains all information required.

Material change

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

In compliance with section 62(3)(c) of the Act and/or the Listings Requirements it is confirmed that a voting majority of 50% is required for the approval of ordinary resolutions number 1 to 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.

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.

Electronic attendance

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

By order of the board



J F Pienaar
Secretary

28 May 2013
36 Stellenberg Road
Parow Industria
7493

Stock exchange transactions

Tradehold Limited and its subsidiaries at 28 February

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|-----------|---------|---------|---------|---------|
| Number of shares traded ('000) | 5 997 | 7 476 | 717 | 769 | 2 482 |
| Value of shares traded (R'000) | 45 243 | 43 307 | 6 387 | 4 627 | 36 542 |
| Volume of shares traded as % of total issued shares | 4.30 | 6.3* | 2.1 | 2.2 | 7.1 |
| Market capitalisation (R'000) | 1 233 246 | 881 286 | 240 700 | 329 964 | 156 299 |
| Share prices for the year (cents) | | | | | |
| Lowest | 600 | 450 | 692 | 250 | 410 |
| Average | 754 | 579 | 891 | 602 | 1 472 |
| Highest | 920 | 750 | 1 080 | 1 120 | 1 700 |
| Closing | 890 | 636 | 693 | 950 | 450 |

* Based on weighted average number of shares in issue

Note: The comparative figures for 2011, 2010 and 2009 were restated due to the consolidation of ordinary shares during 2011.

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 28 February 2013, 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 2013

Shareholders' information

Tradehold Limited and its subsidiaries at 28 February

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, PO 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 Mellon, 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 Depositary Shares (ADSs) and evidenced by American Depositary Receipts (ADRs). Each ADS represents thirty ordinary shares. The US sponsored depository bank for the company is The Bank of New York Mellon, 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 Depository 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.

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.

Directorate and administration

Tradehold Limited and its subsidiaries at 28 February

Directorate

C H Wiese (71)#

B A, LL B, D Com (HC)
Chairman

C Moore (63)#

B Com
Financial director

M J Roberts (66)*

B A

C Stassen (62)*+

B Com

H R W Troskie (43)*+

B Juris, LL B, LL M

T A Vaughan (47)#

B Sc Hons, MRICS

J D Wiese (32)†

B A, LL B, M Com

Executive

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

† *Non-executive*

+ *Non-executive and member of the remuneration committee*

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

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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 2013 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 2013

Directors' report

Tradehold Limited and its subsidiaries

Share capital

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 owns a portfolio of commercial properties situated in the United Kingdom.

Clumber Park Hotel LLP ("CPH")

Clumber Park Hotel operates a hotel and spa business.

Reward Investments Ltd

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

Tradegro S.à r.l.

Tradegro renders certain head office and treasury services in the group.

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

Property, plant and equipment

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

Investment properties

Changes in properties during the year and details of property valuations at 28 February 2013 are shown in note 2 to the annual financial statements.

Borrowings

Interest-bearing borrowings comprise bank borrowings only.

Group results

Earnings

After taking into account the interest of non-controlling shareholders, the group reports a basic earnings per share of 4.7 pence (2012: loss of 2.1 pence).

The annual financial statements on pages 18 to 60 set out fully the financial position, results of operations and cash flows of the group for the financial year ended 28 February 2013.

Dividends

No dividend was declared in respect of this financial year (2012: nil).

Events after the reporting period

Tradehold has sold its remaining 15.9% interest in Instore Limited after year-end. The selling price of £3.6m is payable in eighteen equal monthly instalments.

In 2011 a £2.9m provision for lease repair liabilities was created. After year-end Tradehold entered into a Deed of Release with the counter party resulting in the reversal of the provision at year-end.

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 integrated report.

In terms of the Memorandum of Incorporation of the company Messrs C Stassen and J D Wiese retire as directors of the company at the annual general meeting but, being eligible, offer themselves for re-election.

At 28 February 2013 the directors of Tradehold Limited held a direct interest of nil % (2012: nil %) and an indirect, non-beneficial interest of 84.7% (2012: 82.3%) 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 28 February 2013 the company had no holding company. An analysis of the main shareholders of the company appears on page 60 of this report.

Secretary

The name and address of the secretary appear on page 14 of this report.

Auditors

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

Auditor's report

To the shareholder of Tradehold Limited

We have audited the consolidated and separate financial statements of Tradehold Limited set out on pages 18 to 60, which comprise the statements of financial position as at 28 February 2013, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated and separate 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 consolidated and separate 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Tradehold Limited as at 28 February 2013, 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.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 28 February 2013, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.



PricewaterhouseCoopers Inc.

Director: A Wentzel

Registered Auditor

Cape Town

28 May 2013

Statement of financial position

Tradehold Limited and its subsidiaries at 28 February

| COMPANY | | Notes | GROUP | |
|---------------|---------------|--------------------------------------|---------------|---------------|
| 2012 R'000 | 2013 R'000 | | 2013 £'000 | 2012 £'000 |
| 1 031 814 | 1 048 162 | | | |
| | | ASSETS | | |
| | | Non-current assets | 51 900 | 47 247 |
| | | Property, plant and equipment | 1 | 5 524 |
| | | Investment properties | 2 | 46 341 |
| 1 031 814 | 1 048 162 | Interest in subsidiaries | 3 | |
| | | Financial assets | 4 | — |
| | | Deferred taxation | 11 | 35 |
| 16 506 | 1 696 | Current assets | 51 136 | 52 025 |
| | | Financial assets | 4 | 10 238 |
| 156 | — | Inventories | 5 | — |
| 16 348 | — | Trade and other receivables | 6 | 10 714 |
| 2 | 1 696 | Loans to subsidiaries | 3 | |
| | | Cash and cash equivalents | 7 | 30 184 |
| 1 048 320 | 1 049 858 | Total assets | 103 036 | 99 272 |
| | | EQUITY AND LIABILITIES | | |
| 1 031 474 | 1 023 871 | Ordinary shareholders' equity | 93 465 | 86 838 |
| 1 386 | 1 386 | Share capital | 8 | 122 |
| 1 668 459 | 1 668 459 | Share premium | | 143 556 |
| | | Treasury shares | 8 | — |
| (638 371) | (645 974) | Reserves | 9 | (50 213) |
| | | Non-controlling interest | 328 | 375 |
| 1 031 474 | 1 023 871 | Total equity | 93 793 | 87 213 |
| 574 | 574 | Non-current liabilities | 88 | 56 |
| 574 | 574 | Preference share capital | 10 | 51 |
| | | Deferred taxation | 11 | 37 |
| 16 272 | 25 413 | Current liabilities | 9 155 | 12 003 |
| 1 829 | 1 467 | Provisions | 12 | — |
| | | Trade and other payables | 13 | 2 318 |
| 14 443 | 23 946 | Taxation payable | | 131 |
| | | Loans from subsidiaries | 3.2 | |
| | | Short-term borrowings | 14 | 6 706 |
| 16 846 | 25 987 | Total liabilities | 9 243 | 12 059 |
| 1 048 320 | 1 049 858 | Total equity and liabilities | 103 036 | 99 272 |

The notes on pages 33 to 56 are an integral part of these consolidated annual financial statements

Statement of comprehensive income

Tradehold Limited and its subsidiaries for the year ended 28 February

| COMPANY | | Notes | GROUP | |
|---------------|---------------|-------|---------------|---------------|
| 2012 R'000 | 2013 R'000 | | 2013 £'000 | 2012 £'000 |
| 8 358 | — | 15 | 10 095 | 7 498 |
| | | | 61 | 142 |
| | | | 44 | 923 |
| | | | | |
| (716) | (855) | 2 | (2 800) | (630) |
| — | (25) | 16 | (2 178) | (1 581) |
| | | | (87) | (139) |
| | | 1 | (333) | (622) |
| | | 12.3 | 2 870 | — |
| (13 550) | (4 456) | | (4 111) | (4 384) |
| (5 908) | (5 336) | | 3 561 | 1 207 |
| | | | | |
| | | 4 | 2 823 | (2 241) |
| | | | — | (490) |
| | | | — | (30) |
| (5 908) | (5 336) | 16 | 6 384 | (1 554) |
| 875 | 3 | 17 | 257 | 390 |
| | | 17 | (63) | (1 558) |
| (5 033) | (5 333) | | 6 578 | (2 722) |
| | | 18 | 84 | 124 |
| (5 033) | (5 333) | | 6 494 | (2 846) |
| | | | | |
| (732) | (2 270) | | (47) | (14) |
| (5 765) | (7 603) | | 6 447 | (2 860) |
| | | | | |
| | | | 6 527 | (2 493) |
| | | | (33) | (353) |
| | | | 6 494 | (2 846) |
| | | | | |
| | | | 6 480 | (2 507) |
| | | | (33) | (353) |
| | | | 6 447 | (2 860) |
| | | | | |
| | | 19 | | |
| | | | 4,7 | (2,1) |

The notes on pages 33 to 56 are an integral part of these consolidated annual financial statements

Statement of changes in equity

Tradehold Limited and its subsidiaries for the year ended 28 February

| | Share capital and premium | Foreign currency translation reserve | Other non-dis- tributable reserves | Accu- mulated loss | Attributable to equity holders of the parent | Non- controlling interest | Total |
|---|---------------------------------|---|---|--------------------------|--|---------------------------------|-----------|
| Group (£'000) | | | | | | | |
| 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 |
| Proceeds from ordinary share issue | 133 | | | | 133 | | 133 |
| Profit for the year | | | | 6 527 | 6 527 | (33) | 6 494 |
| Reclassifications | | (2 629) | (823) | 3 466 | 14 | (14) | — |
| Currency translation differences | | (47) | | | (47) | | (47) |
| Balance at 28 February 2013 | 143 678 | 5 394 | 21 | (55 628) | 93 465 | 328 | 93 793 |
| Company (R'000) | | | | | | | |
| 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 |
| Loss for the year | | | | (5 333) | (5 333) | | (5 333) |
| Currency translation differences | | (2 270) | | | (2 270) | | (2 270) |
| Balance at 28 February 2013 | 1 669 845 | (2 145) | 236 | (644 065) | 1 023 871 | — | 1 023 871 |

The notes on pages 33 to 56 are an integral part of these consolidated annual financial statements

Accounting policies

Tradehold Limited and its subsidiaries for the year ended 28 February

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

1. Basis of preparation

Statement of compliance

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

Statement of comprehensive income and statement of cash flows

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

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

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

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

Preparation of the consolidated annual financial statements

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

The preparation of consolidated annual financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated annual financial statements are disclosed in accounting policies note 26.

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 2012:

- (a) Standards, amendments and interpretations effective in 2013 and relevant to the group's operations
 - Amendment to IFRS 7, Financial Instruments: Disclosures – Transfer of financial assets – effective 1 July 2011. The amendments are intended to address concerns raised during the financial crisis by the G20, among others, that financial statements did not allow users to understand the ongoing risks the entity faced due to derecognised receivables and other financial assets.
 - Amendment to IAS 12, 'Income taxes' on deferred tax – effective 1 January 2012. Currently IAS 12, 'Income taxes', requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 Investment Property. Hence this amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, 'Income taxes- recovery of revalued non-depreciable assets', would no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is accordingly withdrawn.

- (b) Standards, amendments and interpretations to existing standards effective in 2012 but not relevant to the group's operations
- Amendments to IFRS 1, 'First time adoption' on hyperinflation and fixed dates (effective date 1 July 2011)
- (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 2013 or later periods, but the group has not early adopted them:
- Amendment to IFRS 7, Financial Instruments: Disclosures – Asset and Liability offsetting (effective date 1 January 2013)
 - Amendment to IFRS 1, 'First time adoption' on government loans (effective date 1 January 2013)
 - 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)
 - Amendment to the transition requirements in IFRS 10, 'Consolidated financial statements', IFRS 11, 'Joint Arrangements', and IFRS 12,

- 'Disclosure of interests in other entities' (effective date 1 January 2013)
- Amendments to IFRS 1, 'First time adoption of IFRS' (effective date 1 January 2013)
 - Amendment to IAS 1, 'Presentation of financial statements' (effective date 1 January 2013)
 - Amendment to IAS 16, 'Property, plant and equipment' (effective date 1 January 2013)
 - Amendment to IAS 32, 'Financial instruments: Presentation' (effective date 1 January 2013)
 - Amendment to IAS 34, 'Interim financial reporting' (effective date 1 January 2013)
 - 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-

Accounting policies continued

Tradehold Limited and its subsidiaries for the year ended 28 February

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 the board of directors of the group.

5. Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated annual financial statements of each of the group's entities are measured using the currency of the primary economic environment in which each of the entities operate (the 'functional currency'). The consolidated annual financial statements are presented in Pound Sterling. The company's presentation and functional 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 related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amounts are recognised in other comprehensive income. 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, including branches (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

Accounting policies continued

Tradehold Limited and its subsidiaries for the year ended 28 February

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 accounting policy 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.

Accounting policies continued

Tradehold Limited and its subsidiaries for the year ended 28 February

(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. 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.

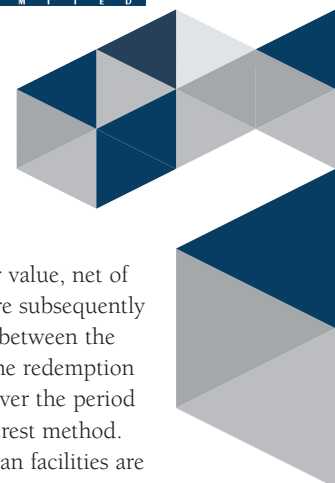
The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset 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

Accounting policies continued

Tradehold Limited and its subsidiaries for the year ended 28 February

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.

Secondary tax on companies

For all dividends declared prior to 1 April 2012, STC was recognised as part of the tax expense in the statement of comprehensive income when the related dividend was paid.

Withholding tax on dividends

STC was abolished with effect from 1 April 2012 and replaced by a dividends tax, which is not levied on the company but on the beneficial owner of the share and accordingly does not require recognition in profit or loss. Dividends tax withheld by the company on dividends paid to its shareholders (who do not qualify for an exemption from dividends tax) and payable at the reporting date to the South African Revenue Service (where applicable) is included in trade and other payables in the statement of financial position.

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 bene-

fit 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

During the year 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.

The above scheme was suspended as at 28 February 2013.

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, interest 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.

Accounting policies continued

Tradehold Limited and its subsidiaries for the year ended 28 February

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. Interest in subsidiaries

All interest free loans having no fixed repayment period which are provided to subsidiaries with intention to provide a long-term source of additional capital are measured at cost. The entity assesses at the end of each year if the investment is impaired. Any impairment charge is recognised in the statement of comprehensive income.

26. Critical accounting estimates, assumptions and judgements

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

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

The best evidence of fair value is current prices in an active market for similar leases and other contracts. In the absence of such information, the group determines the amount within a range of reasonable fair value estimates. In making its judgement the group considers information from a variety of sources including:

Current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

Recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

Discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing leases and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market

assessments of the uncertainty in the amount and timing of the cash flows.

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

The principal assumptions underlying management's estimation of fair value are those related to the receipt of contracted rentals, expected future market rentals, lease renewals, maintenance requirements and appropriate discount and capitalisation rates. These valuations are regularly compared to actual market yield data, actual transactions by the group and those reported by the market.

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

(b) Income taxes

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

(c) Other areas of significant judgement

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

- Impairment of property, plant and equipment (refer 1)
- Valuation of investment in Instore Ltd (refer 4.2.1)
- Provision for lease repair liabilities (refer 12)
- Impairment of loans receivable (refer 6)

Notes to the annual financial statements

Tradehold Limited and its subsidiaries for the year ended 28 February

The principal activities of the group, its structures and other administrative details have been detailed in the Directors' Report.

1. Property, plant and equipment

| 1.1 | £'000 | Owned land and buildings | Machinery, equipment and vehicles | Improvements to leasehold property | Total |
|-------|--------------------------------|--------------------------|-----------------------------------|------------------------------------|-------|
| 1.1.1 | Cost | | | | |
| | At 29 February 2012 | 5 360 | 1 428 | 17 | 6 805 |
| | Additions | — | 120 | — | 120 |
| | At 28 February 2013 | 5 360 | 1 548 | 17 | 6 925 |
| 1.1.2 | Accumulated depreciation | | | | |
| | At 29 February 2012 | 260 | 793 | 15 | 1 068 |
| | Charge for the year | 100 | 231 | 2 | 333 |
| | At 28 February 2013 | 360 | 1 024 | 17 | 1 401 |
| 1.1.3 | Book value at 28 February 2013 | 5 000 | 524 | — | 5 524 |
| 1.2 | £'000 | Owned land and buildings | Machinery, equipment and vehicles | Improvements to leasehold property | Total |
| 1.2.1 | Cost | | | | |
| | At 28 February 2011 | 5 590 | 1 220 | 17 | 6 827 |
| | Additions | — | 233 | — | 233 |
| | Impairment | (230) | — | — | (230) |
| | Disposals and scrapplings | — | (25) | — | (25) |
| | At 29 February 2012 | 5 360 | 1 428 | 17 | 6 805 |
| 1.2.2 | Accumulated depreciation | | | | |
| | At 28 February 2011 | 160 | 526 | 15 | 701 |
| | Charge for the year | 100 | 292 | — | 392 |
| | Disposals and scrapplings | — | (25) | — | (25) |
| | At 29 February 2012 | 260 | 793 | 15 | 1 068 |
| 1.2.3 | Book value at 29 February 2012 | 5 100 | 635 | 2 | 5 737 |

During the year to 28 February 2013 owned land and buildings were impaired by an amount of £nil (2012: £230 000). 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 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 9.6% (2012: 8.5%).

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

Notes to the annual financial statements continued

Tradehold Limited and its subsidiaries at 28 February

| COMPANY | | | GROUP | |
|---------------|---------------|--|---------------|---------------|
| 2012 R'000 | 2013 R'000 | | 2013 £'000 | 2012 £'000 |
| | | 2. Investment properties | | |
| | | 2.1 At beginning of year | 41 498 | 51 385 |
| | | Additions | 8 093 | 15 073 |
| | | Disposals and scrappings | (450) | (24 330) |
| | | Net loss from fair value adjustments on investment property | (2 800) | (630) |
| | | At end of the year | 46 341 | 41 498 |
| | | 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. 66% of the portfolio was also valued by an external expert during the last 5 years. The valuations were based upon yields of between 7.5% and 15% (2012: yields between 6% and 12%). | | |
| | | Investment properties with a carrying amount of were vacant at year-end. | 1 150 | 3 930 |
| | | 2.4 Income and expenditure relating to investment properties | | |
| | | Rental income | 4 257 | 3 609 |
| | | Direct operating expenditure | 1 024 | 201 |
| | | Direct operating expenses recognised in profit or loss include relating to investment property that was unlet. | 185 | 187 |
| | | 3. Interest in subsidiaries | | |
| | | 3.1 Consisting of – | | |
| 1 | 1 | Shares in Tradegro Holdings Ltd at cost | | |
| 1 658 463 | 1 658 463 | Amount owing by Tradegro Holdings Ltd | | |
| (610 302) | (610 302) | Accumulated impairment of loan to subsidiary | | |
| 1 048 162 | 1 048 162 | | | |
| 16 348 | — | Less – Current account transferred to current assets | | |
| 1 031 814 | 1 048 162 | | | |
| | | As part of a subordination agreement the company has deferred its right to claim payment of the amount owed to it until the fair value of the assets of Tradegro Holdings Limited exceeds its liabilities. The loan is interest free. | | |
| 14 443 | 22 218 | 3.2 Loan from subsidiary company – Tradegro S.à r.l. (refer 3.3) | | |
| — | 1 728 | Loan from subsidiary company – Tradehold Share Incentive Trust | | |
| 14 443 | 23 946 | | | |

| COMPANY | | GROUP | |
|---------------|--|---|---------------|
| 2012 R'000 | 2013 R'000 | 2013 £'000 | 2012 £'000 |
| | | | |
| | 3.3 | Loan from subsidiary company – Tradegro S.à r.l. This amount is repayable on demand and interest-free. | |
| | 4. | Financial assets | |
| | 4.1 | Consisting of – | |
| | | Financial assets at fair value through profit or loss | 10 238 7 403 |
| | | Loans and receivables at amortised cost | — 12 |
| | | | 10 238 7 415 |
| | 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 gain | 1 769 — |
| | | At end | 3 581 1 812 |
| | At 28 February 2013, the group held 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 at 28 February 2013 is £3,6 million (2012: £1,8 million). | | |
| | The directors have valued the shareholding based on the sale agreement concluded after the end of the reporting period (refer note 28), as this is considered to be the best external indicator of the fair value at year-end. | | |
| | As significant judgement was exercised by management in determining the fair value using inputs that are based on observable market data, the investment will be classified as a Level 3 financial asset (2012: Level 3) (refer 25.9). | | |

Notes to the annual financial statements continued

Tradehold Limited and its subsidiaries at 28 February

| COMPANY | | GROUP | |
|---------------|---------------|--|---------------|
| 2012 R'000 | 2013 R'000 | 2013 £'000 | 2012 £'000 |
| | 4.2.2 | 636 000 Shares in UBS AG designated at fair value through profit or loss | |
| | | At beginning | 5 591 |
| | | Foreign exchange gain | 12 |
| | | Fair value gain/(loss) | 1 054 |
| | | At end | 6 657 |
| | | At 28 February 2013, the group held a 0.02% shareholding in UBS AG, which is listed at the SIX Swiss Exchange and the New York Stock Exchange. | |
| | | A gain of £1,1 million resulted from the fair value adjustment of the investment in UBS AG to its fair value of SFr14,83, being a listed price, at the end of February 2013. | |
| | | 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. | |
| | | The above shares have been pledged as security for short-term borrowings (refer 14.2). | |
| | 4.2.3 | 2 000 000 Shares in Abbeycrest plc designated at fair value through profit or loss | |
| | | At beginning | — |
| | | Fair value movement | 70 |
| | | At end | (70) |
| | | In the prior year 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 2013, as the company is in liquidation. | |
| | 4.3 | Loans and receivables at amortised cost | |
| | 4.3.1 | Non-current assets | |
| | | Loans to directors (refer 4.4 & 4.5) | 12 |
| | 4.4 | Loans to directors: 28 February 2013 (£'000) | TA Vaughan |
| | | Balance at beginning of the year | 12 |
| | | Repayments | (12) |
| | | | — |
| | | | — |

| | | | | | |
|-----|--|------------|-----------|---------|-------|
| 4.5 | Loans to directors: 29 February 2012 (£'000) | TA 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

| COMPANY | | GROUP | |
|---------------|---------------|---|---------------|
| 2012 R'000 | 2013 R'000 | 2013 £'000 | 2012 £'000 |
| | | | |
| | 4.6 | Analysis of total financial assets: | |
| | | Non-current | 12 |
| | | Current | 7 403 |
| | | | 7 415 |
| | 5. | Inventories | |
| | | Consumables and hotel stocks | 24 |
| | 6. | Trade and other receivables | |
| | 6.1 | Consisting of - | |
| | | Trade receivables | 5 173 |
| | | Gross receivables | 5 353 |
| | | Outstanding rent | 603 |
| | | Loans receivable (refer 6.3) | 4 750 |
| | | Provision for impairment | (180) |
| | | Outstanding rent | — |
| | | Loans receivable (refer 6.5) | (180) |
| 156 | — | Other receivables | 255 |
| | | Interest receivable | 5 |
| | | Restricted cash (refer 6.2) | 168 |
| 156 | — | | 5 601 |
| | 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 28 February 2013 and 29 February 2012, all outstanding rent trade receivables were fully performing. Restricted cash related to money held in an escrow account by solicitors until the conclusion of outstanding legal matters. | |

Notes to the annual financial statements continued

Tradehold Limited and its subsidiaries at 28 February

| COMPANY | | GROUP | |
|---------------|---------------|--|------------------|
| 2012 R'000 | 2013 R'000 | 2013 £'000 | 2012 £'000 |
| | 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 £22,9 million (2012: £11,3 million). | |
| | 6.3.1 | The net exposure to risk and movement in the loan receivables balance is as follows – | |
| | | Loans at start of year | 4 750 1 100 |
| | | Gross outflows | 17 622 5 309 |
| | | Interest and other fees | 3 011 853 |
| | | Gross inflows | (15 632) (2 512) |
| | | Gross loan receivables at year end | 9 751 4 750 |
| | 6.3.2 | The loan loss rate is as follows – | |
| | | Loan receivable at year end | 9 751 4 750 |
| | | Provision for impairment of loan receivables | (345) (180) |
| | | Net balance | 9 406 4 570 |
| | | Impairment charge in profit and loss | 165 180 |
| | | Loan loss rate for the period | 1.69% 3.78% |
| | 6.4 | The ageing of trade receivables are as follows – | |
| | | Neither past due nor impaired | 7 154 4 694 |
| | | Past due but not impaired | |
| | | 30 days past due | 933 479 |
| | | 60 days past due | 1 970 — |
| | | 90 days past due | — — |
| | | More than 90 days past due | 103 — |
| | | Impaired | 159 — |
| | | Total Gross balance | 10 319 5 173 |
| | 6.5 | Movement in the provision for impairment of loan receivables were as follows – | |
| | | Balance at beginning of the year | 180 — |
| | | Additional provision charged during the year | 278 180 |
| | | Release during the year | (113) — |
| | | Balance at end of the year | 345 180 |



| COMPANY | | | GROUP | |
|---------------|---------------|---|---------------|---------------|
| 2012 R'000 | 2013 R'000 | | 2013 £'000 | 2012 £'000 |
| | | 6.6 Credit quality of trade receivables (net of provisions) | | |
| | | Trade receivables without external credit rating: | | |
| | | Group 1 | 4 665 | 4 570 |
| | | Group 2 | 5 142 | 124 |
| | | Group 3 | 167 | 479 |
| | | | 9 974 | 5 173 |
| | | 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 | | |
| | | 6.7 Except for other receivable balances amounting to ZAR156,000, all trade and other receivables are denominated in Pound Sterling. | | |
| | | 7. Cash and cash equivalents | | |
| | | 7.1 Consisting of – | | |
| 2 | 1 696 | Cash at bank and on hand | 4 392 | 3 189 |
| — | — | Short-term bank deposits | 25 792 | 35 808 |
| 2 | 1 696 | | 30 184 | 38 997 |
| | | Cash, cash equivalents and bank overdrafts include the following for the purposes of the statement of cash flows: | | |
| | | Cash and cash equivalents | 30 184 | 38 997 |
| | | Bank overdrafts | — | — |
| | | | 30 184 | 38 997 |
| | | 7.2 A cash deposit in the amount of | 3 500 | 2 500 |
| | | serve as security for short-term borrowings (refer 14.2). | | |
| | | Included in the total cash balance £30,051,061 (2012: £38,988,638) is denominated in Pound Sterling and the remainder is held in Euro and South African Rand. | | |

Notes to the annual financial statements continued

Tradehold Limited and its subsidiaries at 28 February

| COMPANY | | | GROUP | |
|---------------|---------------|---|---------------|---------------|
| 2012 R'000 | 2013 R'000 | | 2013 £'000 | 2012 £'000 |
| | | 8. Ordinary share capital | | |
| | | 8.1 Authorised: 210 000 000 (2012: 210 000 000) ordinary shares of 1 cent each | 191 | 191 |
| 2 100 | 2 100 | | | |
| | | 8.2 Issued: 138 566 911 (2012: 138 566 911) ordinary shares of 1 cent each | 122 | 122 |
| 1 386 | 1 386 | | | |
| | | 8.3 Treasury shares: 0 (2012: 270 631) ordinary shares of 1 cent each | — | (115) |
| | | 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 During the year all treasury shares held by the group were sold at the consideration of £133,000. | | |
| 361 | (1 909) | 9. Reserves | 5 415 | 8 914 |
| 125 | (2 145) | 9.1 Non-distributable reserves | 5 394 | 8 070 |
| 236 | 236 | Foreign currency translation reserve | — | 823 |
| | | Surplus on revaluation of land and buildings | 21 | 21 |
| | | Capital redemption reserve fund | | |
| | | The company has recognised a foreign currency translation reserve of ZAR2,144,926 (2012:ZAR125,629). This arose on the translation of the Pound Sterling denominated results and financial position of a branch of the company. | | |
| (638 732) | (644 065) | 9.2 Distributable reserve | (55 628) | (65 621) |
| (638 371) | (645 974) | Accumulated loss | (50 213) | (56 707) |
| | | | | |
| | | 10. Preference share capital | | |
| | | 10.1 Authorised: 89 250 000 (2012: 89 250 000) non-convertible, non-participating, non-transferable redeemable preference shares of 1 cent each | 82 | 82 |
| 893 | 893 | | | |
| | | 10.2 Issued: 57 391 218 (2012: 57 391 218) non-convertible, non-participating, non-transferable redeemable preference shares of 1 cent each | 51 | 51 |
| 574 | 574 | | | |



| COMPANY | | | GROUP | |
|---------------|---------------|--|---------------|---------------|
| 2012 R'000 | 2013 R'000 | | 2013 £'000 | 2012 £'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 | | |
| | | Deferred taxation assets (refer 11.1) | 35 | — |
| | | Deferred taxation liabilities (refer 11.2) | (37) | (5) |
| | | Net deferred taxation | (2) | (5) |
| | | 11.1 Deferred taxation assets | | |
| | | Taxable timing differences consisting of – Tax losses | 35 | — |
| | | 11.2 Deferred taxation liabilities | | |
| | | Taxable timing differences consisting of – Property, plant and equipment | (37) | (5) |

Notes to the annual financial statements continued

Tradehold Limited and its subsidiaries at 28 February

| COMPANY | | | GROUP | |
|---------------|---------------|---|---------------|---------------|
| 2012 R'000 | 2013 R'000 | | 2013 £'000 | 2012 £'000 |
| | | 12. Provisions | | |
| | | 12.1 Provision for lease repair liabilities | — | 2 870 |
| | | 12.2 In the prior year 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. Following the end of the reporting period, the group entered into a Deed of Release with the counter party resulting in the reversal of the provision at year-end (refer note 28). | | |
| | | 12.3 Reconciliation of carrying values | | |
| | | Balance at beginning of the year | 2 870 | 2 870 |
| | | Release during the year | (2 870) | — |
| | | Balance at end of the year | — | 2 870 |
| | | 13. Trade and other payables | | |
| 1 829 | 1 467 | Trade payables | 586 | 1 002 |
| | | Other payables and accrued expenses | 998 | 944 |
| | | Onerous lease liability | 500 | 285 |
| | | Deferred income | 1 | — |
| | | Social security and other taxes | 233 | 152 |
| 1 829 | 1 467 | | 2 318 | 2 383 |
| | | 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. | | |
| | | Except for other payables amounting to ZAR755,770 (2012: ZAR1,829,627), all trade and other payable balances are denominated in Pound Sterling. | | |

| COMPANY | | GROUP | |
|---------------|---|---------------|---------------|
| 2012 R'000 | 2013 R'000 | 2013 £'000 | 2012 £'000 |
| | | | |
| | 14. Short-term borrowings | | |
| | 14.1 Secured | | |
| | Repayable on 30 August 2013 and interest-bearing at 1.0% (2012: 0.9%) (refer 14.2) | 6 706 | 6 601 |
| | | 6 706 | 6 601 |
| | 14.2 The above loan is secured by – | | |
| | Listed share investment with a carrying amount of | 6 657 | 5 591 |
| | Cash deposit in the amount of | 3 500 | 2 500 |
| | | 10 157 | 8 091 |
| | 15. Revenue | | |
| | Interest received from clients | 2 015 | 335* |
| | Collect out fees | 37 | 77* |
| | Other fees | 959 | 441* |
| | Rental income | 4 257 | 3 609 |
| | Hotel revenue | 2 827 | 3 036 |
| | | 10 095 | 7 498 |
| | <i>*amounts have been restated as set out in note 30</i> | | |
| | 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 34 years. | | |
| | Future minimum lease payments receivable under non-cancellable operating leases are as follows: | | |
| | Not later than one year | 4 513 | 2 176 |
| | Later than 1 year not later than 5 years | 12 397 | 6 715 |
| | Later than 5 years | 17 193 | 9 753 |
| | | 34 103 | 18 644 |

| | Basic remuneration £'000 | Fees £'000 | Management company fees £'000 | 2013 Total £'000 | 2012 Total £'000 |
|----------------------------|-----------------------------|---------------|----------------------------------|------------------------|------------------------|
| 16.2.3 Executive directors | | | | | |
| C Moore | 185 | — | — | 185 | 260 |
| T A Vaughan | 236 | — | — | 236 | 220 |
| C H Wiese | — | 42 | 211 | 253 | 525 |
| | 421 | 42 | 211 | 674 | 1 005 |

16.2.4 Share options granted to directors
There are no outstanding share options at the end of the year (2012: 100,000).

16.2.5 Management company fees are paid to Chaircorp (Pty) Ltd in his capacity as employee.

| COMPANY | | | GROUP | |
|----------------|----------------|---|---------------|---------------|
| 2012 R'000 | 2013 R'000 | | 2013 £'000 | 2012 £'000 |
| | | 17. Finance income and cost | | |
| | | Finance cost on short-term borrowings | 63 | 64 |
| | | Finance cost on long-term borrowings | — | 1 494 |
| — | — | Total finance cost | 63 | 1 558 |
| (875) | (3) | Interest income on short-term bank deposits | (215) | (348) |
| | | Interest income on loans to staff and directors | — | (42) |
| | | Other finance income | (42) | — |
| (875) | (3) | Total finance income | (257) | (390) |
| (875) | (3) | Finance (income)/cost – net | (194) | 1 168 |
| | | 18. Taxation | | |
| | | 18.1 Classification – | | |
| | | South African normal taxation | — | — |
| | | Foreign taxation | 84 | 124 |
| | | | 84 | 124 |
| | | 18.2 Consisting of – | | |
| | | Current taxation | 189 | 119 |
| | | Prior year taxation | (102) | — |
| | | Deferred taxation | (3) | 5 |
| | | | 84 | 124 |
| | | 18.3 Reconciliation of tax rate – | | |
| | | South African normal tax rate | 28.0 | 28.0 |
| | | Net adjustment | (26.7) | (32.6) |
| 28.0 (28.0) | 28.0 (28.0) | Exempt income/non-deductible expenses | (25.1) | (32.6) |
| (28.0) | (28.0) | Prior year taxation | (1.6) | — |
| — | — | Effective tax rate | 1.3 | (4.6) |

Notes to the annual financial statements continued

Tradehold Limited and its subsidiaries at 28 February

| COMPANY | | | GROUP | |
|---------------|---------------|---|---------------|---------------|
| 2012 R'000 | 2013 R'000 | | 2013 £'000 | 2012 £'000 |
| | | 18.4 Exempt income and non-deductible expenses mainly relate to the fair value gains and losses on financial assets at fair value through profit and loss and the gains and losses from fair value adjustments on investment properties. | | |
| 18 025 | — | 18.5 Credits in respect of secondary tax on companies (STC) at year-end | — | 1 507 |
| 1 802 | — | The utilisation of the STC relief of | — | 151 |
| | | calculated at current rates is dependent on the future distribution of dividends in the companies concerned. | | |
| | | 18.6 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 £82 303 (2012: £39 000) in respect of losses amounting to £293 940 (2012: £138 000) that can be carried forward against future taxable income, as it is unlikely to be utilised in future. | | |
| | | 19. Earnings per share | | |
| | | Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the company and held as treasury shares. | | |
| | | 19.1 Profit/(loss) attributable to equity holders of the company | 6 527 | (2 493) |
| | | Weighted average number of ordinary shares in issue ('000) | 138 476 | 118 841 |
| | | The weighted average number of ordinary shares in issue has been adjusted to take into account the 101,789 and 168,844 treasury shares which were issued 12 June (weighted average effect 29 002) and 12 July 2012 (weighted average effect 61 987) respectively. | | |
| | | Basic and diluted earnings/(loss) per share (pence) | 4,7 | (2,1) |
| | | The group has no dilutive potential ordinary shares. | | |

| COMPANY | | GROUP | |
|---------------|---------------|---------------|---|
| 2012 R'000 | 2013 R'000 | 2013 £'000 | 2012 £'000 |
| | | | |
| | | 19.2 | Headline earnings/(loss): |
| | | | Headline earnings/(loss) per share (pence) |
| | | | 6,4 (2,1) |
| | | | Based on headline loss of |
| | | | 8 870 (2 547) |
| | | | Profit/(loss) attributable to equity holders of the company |
| | | | Net loss from fair value adjustment on investment property |
| | | | Profit on disposal of investment properties |
| | | | Impairment of property, plant and equipment |
| | | | Total non-controlling interest effects of adjustments |
| | | | and the weighted average number of ordinary shares |
| | | | in issue of ('000) |
| | | | 138 476 118 841 |
| | | 20. | Cash flow information |
| | | 20.1 | Non-cash items |
| | | | Depreciation |
| | | | Profit on disposal of investment properties |
| | | | Impairment of property, plant and equipment |
| | | | Net gain on fair value adjustment on investment properties |
| | | | Fair value (gain)/loss on financial assets at fair value |
| | | | through profit or loss |
| | | | Impairment of loans |
| | | | Release of provision for lease repair liabilities |
| | | | (2 440) 2 600 |
| | | 20.2 | Changes in working capital |
| — | 156 | | Trade and other receivables |
| — | — | | Inventories |
| 670 | (362) | | Trade and other payables |
| 670 | (206) | | (317) (131) |
| | | 20.3 | Taxation paid |
| — | — | | Taxation per profit or loss |
| — | — | | (Decrease)/increase in taxation payable |
| — | — | | Change in deferred taxation |
| — | — | | (105) 29 |
| | | 21. | Capital commitments |
| | | | The group had no capital commitments at |
| | | | 28 February 2013 (2012: nil). |

Notes to the annual financial statements continued

Tradehold Limited and its subsidiaries at 28 February

| COMPANY | | GROUP | |
|---------------|---|---------------|---------------|
| 2012 R'000 | 2013 R'000 | 2013 £'000 | 2012 £'000 |
| | <p>22. Operating lease commitments</p> <p>The group leases retail outlets and offices under non-cancellable operating lease agreements.</p> <p>The group also leases certain plant and machinery under cancellable operating lease agreements.</p> <p>The future aggregate minimum lease payments under non-cancellable operating leases are as follows:</p> <p>Expenditure to be incurred within 1 year</p> <p>To be incurred thereafter, but within 5 years</p> <p>To be incurred after 5 years</p> | | |
| | | 76 | 76 |
| | | 305 | 305 |
| | | 2 541 | 2 617 |
| | | 2 922 | 2 998 |

23. Contingent liabilities

There are no contingent liabilities at year-end.

24. Borrowing powers

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

25. Financial risk management

25.1 Financial risk factors

The risk management function within the group is carried out in respect of financial risks. Financial risks are risks arising from financial instruments to which the group is exposed during or at the end of the reporting period. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objective of the financial risk management function is to establish risk limits and then ensure that exposure to risks stay within these limits.

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

Risk management policies are approved by the boards of operating subsidiaries.

25.2 Market risk – Foreign currency exchange risk

The group operates internationally predominantly within the United Kingdom, whilst certain functions are carried out in Switzerland, Luxembourg, 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, but the group has a number of natural hedges for currency risk in place.

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.



25.2.1 Sensitivity analysis

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

If Pound Sterling would depreciate 5% against the Swiss Franc, net profit would be reduced by £0,4 million (2012: net loss would be increased by £0,3 million).

25.2.2 Exchange rates

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

| | 2013 Average rate | 2013 Closing rate | 2012 Average rate | 2012 Closing rate |
|-------------|-------------------------|-------------------------|-------------------------|-------------------------|
| SA Rand | R13,27 | R13,62 | R11,79 | R11,96 |
| Swiss Franc | SFr1,50 | SFr1,42 | SFr1,40 | SFr1,44 |
| Euro | €1,24 | €1,16 | €1,15 | €1,18 |

25.2.3 Uncovered foreign assets and liabilities

The group had the following uncovered foreign assets and liabilities:

| | 2013 Foreign currency | 2013 Pound equivalent | 2012 Foreign currency | 2012 Pound equivalent |
|-------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Swiss Franc liabilities | 9,5 million | 6,7 million | 9,5 million | 6,6 million |

25.3 Market risk – Interest rate risk

The group's income and operating cash flows are exposed to interest rate risk due to the extent of borrowings and market related interest rate arrangements.

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 increase in the net profit of the group of £0,3 million (2012: £0,3 million reduction in net loss), whilst a 100 basis point reduction in interest rates would have resulted in a reduction in the net profit of the group of £0,3 million (2012: £0,3 million increase in net loss).

25.4 Market risk – Price risk

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

A 5% increase in the value of investments would increase the group's net profit by £0,5 million (2012: £0,4 million reduction in net loss), whilst a 5% decrease in the value of investments would reduce the net profit by £0,5 million (2012: £0,4 million increase in net loss).

Notes to the annual financial statements continued

Tradehold Limited and its subsidiaries at 28 February

25.5 Credit risk

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

The group has no significant concentrations of credit risk.

Credit risk arises from cash and cash equivalents held at banks and trade receivables, including rental receivables from lessees.

25.5.1 Trade and other receivables

The group has policies in place to ensure that rental contracts are entered into only with lessees with an appropriate credit history.

Tenant rent payments are monitored regularly and appropriate action is taken to recover monies owed or, if necessary, to terminate the lease. Deposits refundable to tenants may be withheld by the group in part or in whole if receivables due from the tenant are not settled or in case of other breaches of contract. Short-term asset based funding provided to cash-strapped UK corporates are actively managed by the directors (refer note 6).

25.5.2 Cash and cash equivalents

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

Cash and cash equivalents, neither past due nor impaired

| COMPANY | | | GROUP | |
|---|-------------------|------------------------------------|-------------------|-------------------|
| 2012 R'million | 2013 R'million | Bank rating (as per Fitch Ratings) | 2013 £'million | 2012 £'million |
| | | F1 + | 18,0 | 16,7 |
| | | F2 | 12,1 | 12,0 |
| — | 1,7 | F3 | 0,1 | 10,3 |
| — | 1,7 | Total | 30,2 | 39,0 |
| The maximum amount of credit risk that the group is exposed to is £40,9 million (2012: £44,7 million) and has been calculated as follows: | | | | |
| — | — | Financial assets | — | 0,1 |
| — | — | Trade and other receivables | 10,7 | 5,6 |
| — | 1,7 | Cash and cash equivalents | 30,2 | 39,0 |

25.6 Liquidity risk

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

The table on the next page 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

| Less than 1 year R'million | Between 2 & 5 years R'million | At 28 February 2013 | Less than 1 year £'million | Between 2 & 5 years £'million |
|----------------------------------|-------------------------------------|------------------------------|----------------------------------|-------------------------------------|
| 1,5 | — | Trade and other payables | 2,4 | — |
| 23,9 | — | Interest-bearing liabilities | 6,7 | — |
| | | Loans from subsidiaries | | |
| Less than 1 year R'million | Between 2 & 5 years R'million | At 29 February 2012 | Less than 1 year £'million | Between 2 & 5 years £'million |
| 1,8 | — | Trade and other payables | 2,5 | — |
| 14,4 | — | Interest-bearing liabilities | 6,6 | — |
| | | Loans from subsidiaries | | |

25.7 Fair value of financial instruments

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

| 28 February 2013 Assets (£'million) | Carrying value | Net gains | Total interest income | Total interest expense | Impairment |
|--|-------------------|------------|--------------------------|---------------------------|------------|
| Financial asset at fair value through profit or loss | 10,2 | 2,8 | — | — | — |
| Trade and other receivables | 10,7 | — | 2,0 | — | (0,3) |
| Cash and cash equivalents | 30,2 | — | 0,3 | — | — |
| Liabilities (£'million) | | | | | |
| Short-term borrowings | 6,7 | — | — | (0,1) | — |
| Trade and other payables | 2,4 | — | — | — | — |
| 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 | 5,4 | — | — | — | — |

The fair value of all amounts equal their carrying amounts.

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

Notes to the annual financial statements continued

Tradehold Limited and its subsidiaries at 28 February

| COMPANY | | GROUP | |
|---------------|--|---------------|---------------|
| 2012 R'000 | 2013 R'000 | 2013 £'000 | 2012 £'000 |
| | 25.8 | | |
| | Capital risk management | | |
| | The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders; and to maintain an optimal capital structure to reduce the cost of capital. | | |
| | In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. | | |
| | The group monitors capital on the basis of the loan to value (LTV) ratio. A 65-75% loan to value ratio (LTV) is targeted, subject to the board's view of markets, the prospects of and risks within the portfolio and the recurring cash flows of the business. | | |
| | The policy complies with a loan covenant that limits the borrowings to not more than 70%-80% of the value of the underlying security. | | |
| | This ratio is calculated as net debt divided by carrying amount of investment properties and owner-occupied properties at year-end. Net debt is calculated by the group as total borrowings less short-term borrowings secured by cash deposits. During the prior year all external loans were repaid. | | |
| | The LTV ratios at 28 February 2013 and at 29 February 2012 were as follows: | | |
| | Total borrowings | 6 706 | 6 601 |
| | Less: Short-term borrowings secured by cash deposits | (6 706) | (6 601) |
| | Net debt | — | — |
| | Investment property and owner-occupied properties | 51 341 | 46 598 |
| | LTV ratio | — | — |



| COMPANY | | | GROUP | |
|---------------|---------------|---|---------------------------|---------------------------|
| 2012 R'000 | 2013 R'000 | | 2013 £'000 | 2012 £'000 |
| | | <p>25.9 Fair value estimation</p> <p>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:</p> <ul style="list-style-type: none"> – 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). <p>The following table presents the group's assets that are measured at fair value at 28 February 2013:</p> <p>Level 1</p> <p>Financial assets at fair value through profit or loss</p> <p>Level 3</p> <p>Financial assets at fair value through profit or loss</p> <p>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.</p> <p>In the prior year 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.</p> <p>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.</p> | <p>6 657</p> <p>3 581</p> | <p>5 591</p> <p>1 812</p> |

Notes to the annual financial statements continued

Tradehold Limited and its subsidiaries at 28 February

| COMPANY | | | GROUP | |
|---------------|---------------|---|---------------|---------------|
| 2012 R'000 | 2013 R'000 | | 2013 £'000 | 2012 £'000 |
| | | <p>26. Related parties</p> <p>Related party relationships exist between the company, its subsidiaries and the directors of the company. See page 60 for details of major shareholders and directors' interest.</p> <p>Non-executive director, CH Wiese, is a director and indirect beneficial shareholder of Titan Share Dealers (Pty) Ltd, Granadino Investments (Pty) Ltd and Titan Global Investments (Pty) Ltd. He is also an employee of Chaircorp (Pty) Ltd, a management company that renders advisory services to Tradehold Ltd in return for an annual fee. Details of the amount paid to Chaircorp (Pty) Ltd for advisory services to Tradehold Ltd, are disclosed in note 16.</p> <p>All intergroup transactions have been eliminated in the annual financial statements and there are no other material transactions with related parties, except as set out in note 3. Details of the remuneration of the directors and their shareholding are disclosed elsewhere in the annual financial statements. The executives of all operating companies is seen as key management personnel.</p> <p>The compensation of key management consist of:</p> <p>Salaries and short-term/termination benefits</p> <p>Key management compensation was paid to:</p> <p>Executive directors</p> | | |
| 8 358 | — | Administration fees received – Tradegro S.à r.l | | |
| | | | 674 | 1 005 |
| | | | 674 | 1 005 |
| | | | | |
| | | 27. Share incentive scheme | | |
| | | 27.1 In terms of the rules of the Tradehold Share Incentive Trust the trustees are empowered to acquire and allocate shares and to grant share options, which in total may not exceed 10% of the issued share capital of the company. | | |
| | | 27.2 At 28 February 2013 the trustees of the Tradehold Share Incentive Trust had 0 (2012: 370 631) shares and share options under their control. The options expired during the year. | | |
| | | 28. Events after the reporting period | | |
| | | 28.1 Sale of Instore Limited Following the end of the reporting period, the group sold its remaining 15.86% interest in Instore Ltd. The selling price of £3,6 million will be settled by a series of eighteen equal monthly payments, and the fair value of the investment was determined by discounting these payments at prevailing interest rates (refer 4.2.1). | | |
| | | 28.2 Release of provision for lease repair liabilities | | |
| | | In 2011 a £2,9 million provision for lease repair liability arose. Following the end of the reporting period, the group entered into a Deed of Release with the counter party resulting in the release of the provision at year-end (refer 12.1). | | |

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 board of directors of the group.

The operating segments have been determined based on the reports reviewed by the executive board of directors in making strategic decisions.

The executive board of directors monitors the business based on the following operating segments:

Property – retail
 Property – commercial
 Property – offices
 Property – leisure
 Property – other
 Short-term lending
 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 assesses the performance of the operating segments based on a measure of adjusted operating profit, i.e. trading profit. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses, lease repair liabilities and impairment of loans.

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

The segment information provided to the CODM for the reportable segments for the year ended 28 February 2013 is as follows:

| (£'000) | Property | | | | | Short-term | | Group |
|--|----------|------------|---------|---------|-------|------------|----------|---------|
| | Retail | Commercial | Offices | Leisure | Other | lending | Treasury | |
| Total segment revenue (external customers) | 3 288 | 522 | 441 | 2 833 | — | 3 011 | — | 10 095 |
| Trading profit/(loss) | 11 | (514) | (973) | 1 119 | (61) | 2 036 | 1 943 | 3 561 |
| Depreciation, impairment and amortisation | — | — | — | 317 | — | 16 | — | 333 |
| Income tax expense | (249) | (190) | — | (302) | 229 | 268 | 328 | 84 |
| Finance income | 2 | — | — | — | — | 3 | 252 | 257 |
| Finance cost | — | — | — | — | — | — | 63 | 63 |
| Write-back of provisions | — | — | — | — | — | — | 2 870 | 2 870 |
| Fair value adjustment to investment property | 1 753 | 430 | 617 | — | — | — | — | 2 800 |
| Total assets | 36 732 | 6 817 | 4 000 | 6 750 | 197 | 11 820 | 36 720 | 103 036 |
| Additions to investment properties | 8 093 | — | — | — | — | — | — | 8 093 |
| Disposal of investment properties | (450) | — | — | — | — | — | — | (450) |
| Total liabilities | 756 | 42 | 23 | 426 | 2 883 | 581 | 4 532 | 9 243 |

Notes to the annual financial statements continued

Tradehold Limited and its subsidiaries at 28 February

The segment information provided to the CODM for the reportable segments for the year ended 29 February 2012 is as follows:

| (£'000) | Property | | | | | Short-term | | Group |
|--|----------|------------|---------|---------|---------|------------|----------|----------|
| | Retail | Commercial | Offices | Leisure | Other | lending | Treasury | |
| Total segment revenue (external customers) | 2 879 | 358 | 722 | 2 686 | — | 853 | — | 7 498 |
| Trading profit/(loss) | 3 176 | 87 | 40 | (447) | 367 | 343 | (2 359) | 1 207 |
| Depreciation, impairment and amortisation | — | — | — | 622 | — | — | — | 622 |
| Income tax expense | 2 071 | 6 | — | 258 | (1 045) | 66 | (1 232) | 124 |
| Finance income | 4 | — | — | — | — | 1 | 385 | 390 |
| Finance cost | 986 | 298 | 107 | 103 | — | — | 64 | 1 558 |
| Total assets | 30 475 | 7 367 | 4 425 | 6 546 | 5 813 | 5 592 | 39 054 | 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 | 5 431 | 1 726 | 12 059 |

30. Reclassifications and restatements

To enhance disclosure, certain reclassifications and restatements have been made. These changes have no impact on overall equity, assets, liabilities or profitability.

30.1 Revenue and Other operating income

In the prior year, arrangement fees received were previously included under “Other operating income”. The revenue recognition accounting policy has been reviewed and amended to rather include arrangement fees received in “Revenue”. This is considered to reflect the nature of the group's operations more accurately, following the establishment of Reward Investments Ltd as a permanent part of the group's operations. These reclassifications had no impact on trading profit.

| | Now disclosed (£'000) | Previously disclosed (£'000) | Difference (£'000) |
|------------------------|-----------------------|------------------------------|--------------------|
| Revenue | 7 498 | 6 645 | 853 |
| Other operating income | 142 | 995 | (853) |

30.2 Group segmental analysis

Segmental assets, liabilities and profitability contributed by Reward Investments Ltd, were previously included as part of the Treasury segment, but have now been disclosed separately, following the establishment of Reward Investments Ltd as a permanent part of the group's operations. A Short term lending operating segment has been separately disclosed.

| | Now disclosed (£'000) | Previously disclosed (£'000) | Difference (£'000) |
|--|-----------------------|------------------------------|--------------------|
| Total segment revenue – Short term lending | 853 | — | 853 |
| Trading Profit/(loss) – Short term lending | 343 | — | 343 |
| Trading Profit/(loss) – Treasury | (2 359) | (2 016) | (343) |
| Total assets – Short term lending | 5 592 | — | 5 592 |
| Total assets – Treasury | 39 054 | 44 646 | (5 592) |
| Total liabilities – Short term lending | 5 431 | — | 5 431 |
| Total liabilities – Treasury | 1 726 | 7 157 | (5 431) |

Interest in subsidiaries

Tradehold Limited and its subsidiaries at 28 February

| | Issued share capital £ | 2013 % | Percentage shares held by group 2012 % |
|---|---------------------------------|-----------|--|
| 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 | 100 |
| 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 | 90 |

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 28 February 2013

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 | 3,81 | — | 30.3 | 14.6 |
| Ogden Road Industrial Estate, Doncaster | Industrial | 65 000 | 4,31 | | | |
| 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 | — | 1.0 | 1.9 |
| | Offices: total | 85 966 | 5,62 | 2.5 | 13.5 | 9.6 |
| Wilmington Grove, Leeds | Offices | 63 000 | 3,10 | | | |
| 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 | 352 619 | 12,93 | 3.5 | 55.2 | 73.9 |
| S Jennings, Middlesbrough | Retail | 66 200 | 8,57 | | | |
| Westbourne Centre, Barrhead | Retail | 30 800 | 8,50 | | | |
| Bitterne, Southampton | Retail | 16 828 | 12,09 | | | |
| Boundary Road, Prestwick | Retail | 18 000 | 8,06 | | | |
| High Street, Bromsgrove | Retail | 17 590 | 5,97 | | | |
| 119 – 125 Marygate, Berwick-Upon Tweed | Retail | 6 450 | 15,27 | | | |
| High Street, Johnstone | Retail | 6 734 | 8,91 | | | |
| Main Street, Baillieston | Retail | 7 900 | 6,84 | | | |
| High Street, Irvine | Retail | 6 467 | 6,19 | | | |
| Dalrympal Street, Girvan | Retail | 5 650 | 6,55 | | | |
| St Catherine's, Perth | Retail | 65 000 | 14,25 | | | |
| Rutherglen | Retail | 105 000 | 11,62 | | | |
| | | | | | 100.0 | 100.0 |

All the above properties are located in the United Kingdom. The average annualised rental yield amounts to 9.6%.

2. Tenant profile

| | |
|---|-----|
| A – Large nationals, large listeds, government and major franchisees | 58 |
| B – Nationals, listeds, franchisees, and medium to large professional firms | 23 |
| C – Other | 19 |
| | 100 |

There are 55 tenants in Category C.

3. Vacancy profile based on gross lettable area

| | |
|------------|------|
| Industrial | 5.4 |
| Leisure | — |
| Offices | 12.0 |
| Retail | 4.8 |
| | 22.2 |

4. Lease expiry profile based on revenue

| | Within 1 year (%) | Within 2 years (%) | Within 3 years (%) | Thereafter (%) |
|------------|-------------------|--------------------|--------------------|----------------|
| Industrial | 4.9 | 5.4 | — | 1.5 |
| Leisure | — | — | — | 4.0 |
| Offices | 8.9 | 0.8 | — | 0.3 |
| Retail | 10.2 | 4.1 | 7.2 | 52.7 |

5. Lease expiry profile based on gross lettable area

| | Within 1 year (%) | Within 2 years (%) | Within 3 years (%) | Thereafter (%) |
|------------|-------------------|--------------------|--------------------|----------------|
| Industrial | 7.8 | 17.1 | — | 7.1 |
| Leisure | — | — | — | 1.3 |
| Offices | 1.3 | 0.5 | — | 0.1 |
| Retail | 9.1 | 2.1 | 2.5 | 51.0 |

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 |
| Wilmington 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, Middlesbrough | 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 |

Shareholders' profile

| | Number of holders | Percentage of share-holders | Number of shares held | Percentage holding |
|-------------------------------------|-------------------|-----------------------------|-----------------------|--------------------|
| Distribution of shareholders | | | | |
| Non-public shareholders | | | | |
| Directors | 6 | 0.60 | 117 310 708 | 84.7 |
| Public shareholders | 996 | 99.40 | 21 256 203 | 15.3 |
| Total | 1 002 | 100.00 | 138 566 911 | 100.0 |

| | Number of shares held | Percentage holding |
|---|-----------------------|--------------------|
| Major shareholders holding 5% or more of issued shares | | |
| Granadino Investments (Pty) Ltd | 79 382 297 | 57.3 |
| Titan Global Investments (Pty) Ltd | 28 695 605 | 20.7 |
| Titan Share Dealers (Pty) Ltd | 9 039 544 | 6.5 |

Directors' interest

At 28 February 2013 the interest of the directors in the issued shares in the company were as follows:

| | Direct beneficial | Indirect non-beneficial | Total 2013 | Total 2012 |
|---------------|-------------------|-------------------------|-------------|-------------|
| C Moore | — | 12 000 | 12 000 | 12 000 |
| M J Roberts | — | — | — | — |
| C Stassen | — | 150 954 | 150 954 | 150 954 |
| H R W Troskie | — | — | — | — |
| T A Vaughan | — | — | — | — |
| C H Wiese | — | 117 117 446 | 117 117 446 | 113 880 178 |
| J D Wiese | — | 30 308 | 30 308 | 30 308 |
| | — | 117 310 708 | 117 310 708 | 114 073 440 |

The principle shareholder

CH Wiese holds a controlling interest in the group through his direct and indirect shareholding.



