THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 8 of this Circular have, where appropriate, been used on this cover page.

Action required by HomeChoice Shareholders:

1 If you have disposed of all your HomeChoice Holdings Shares then this Circular, together with the attached form of proxy, should be handed to the purchaser of such HomeChoice Holdings Shares.

2 HomeChoice Shareholders are referred to page 3 of this Circular, which sets out the detailed action required of them in respect of the proposed Scheme set out in this Circular.

3 If you are in any doubt as to the action you should take, please consult your professional advisor immediately.

HOMECHOICE HOLDINGS LIMITED	HOMECHOICE SOUTH AFRICA P.L.C.	HOMECHOICE INTERNATIONAL P.L.C.
(Incorporated in the Republic of South Africa) (Registration number 1991/005430/06) ("**Company**" or "**HomeChoice Holdings**")	(Incorporated in the Republic of Malta) (Registration number C67092) ("**HIL SA**")	(Incorporated in the Republic of Malta) (Registration number C66099) ("**HIL**")

COMBINED CIRCULAR TO HOMECHOICE SHAREHOLDERS

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relating, among other things, to:

- a Scheme of Arrangement in terms of section 114 of the Companies Act proposed by the HomeChoice Holdings Board between HomeChoice Holdings and all the holders of HomeChoice Holdings Shares pursuant to which, if implemented, HIL SA shall acquire all of the Scheme Shares from the Scheme Participants, and each Scheme Participant shall receive the Scheme Consideration in the ratio of 1 (one) HIL Share for every 1 (one) HomeChoice Share held by such Scheme Participant;
- arrangements in respect of the participants in the HomeChoice Share Option Scheme and the HomeChoice 2008 Scheme; and
- the Comparable Offer to be made by HIL to all the Option Participants;

and incorporating:

- historic financial information in respect of HomeChoice Holdings, HIL SA and HIL and *pro forma* financial information in respect of HIL;
- a report prepared by the Independent Expert in terms of section 114(3) of the Companies Act and the Takeover Regulations;
- a notice convening a HomeChoice Shareholders' Scheme Meeting *(orange)*;
- a form of proxy in respect of the HomeChoice Shareholders' Scheme Meeting *(green)*;
- a form of surrender *(pink)*;
- notification under section 164 of the Companies Act; and
- extracts of sections 115 and 164 of the Companies Act;

and accompanied by:

- a Prospectus, in terms of the Companies Act and Companies Regulations, in respect of HIL as it will be constituted after implementation of the Scheme.

South African Legal Adviser	Independent Reporting Accountants and Auditors	Independent Expert
DLA CLIFFE DEKKER HOFMEYR	pwc	RSM Audit · Tax · Advisory

Date of issue: *27 October 2014*

This Circular is only available in English. Copies of this Circular may be obtained from the registered offices of HomeChoice Holdings, being 78 Main Road, Wynberg, Cape Town, 7800 from 27 October 2014 up to and including 24 November 2014.

CORPORATE INFORMATION AND ADVISERS: HOMECHOICE HOLDINGS

Company secretary and registered office
Homechoice Holdings Limited
(Registration number 1991/005430/06)
78 Main Road
Wynberg
Cape Town
7800
South Africa
Private Bag x150, Claremont, 7735, South Africa

Independent expert
RSM Betty & Dickson
(Practice number 958069)
15 Greenwich Grove
Station Road
Rondebosch
Cape Town
7700
South Africa
PO Box 578, Rondebosch, 7701, South Africa

South African Legal Adviser
Cliffe Dekker Hofmeyr Inc.
(Registration number 2008/018923/21)
11 Buitengracht Street
Cape Town, 8001
PO Box 695, Cape Town, 8000, South Africa

Independent Reporting Accountants and Auditors
PricewaterhouseCoopers Inc.
(Registration number 1998/012055/21)
No. 1 Waterhouse Place
Century City
Cape Town
7441
South Africa
PO Box 2799, Cape Town, 8000, South Africa

Date and place of incorporation of HomeChoice Holdings
26 September 1991 – South Africa

CORPORATE INFORMATION AND ADVISERS: HIL

Company Secretary and Registered Office
George Said
93 Mill Street
Qormi
QRM 3102
Malta

Transfer Secretaries
Computershare Investor Services (Proprietary) Limited
(Registration number 2004/003647/07)
Ground Floor
70 Marshall Street
Johannesburg, 2001
South Africa
PO Box 61051, Marshalltown, 2107, South Africa

South African Legal Adviser
Cliffe Dekker Hofmeyr Inc.
(Registration number 2008/018923/21)
11 Buitengracht Street
Cape Town, 8001
South Africa
PO Box 695, Cape Town, 8000, South Africa

Independent Reporting Accountants and Auditors
PricewaterhouseCoopers Inc.
(Registration number 1998/012055/21)
No. 1 Waterhouse Place
Century City
Cape Town, 7441
South Africa
PO Box 2799, Cape Town, 8000, South Africa

Date and place of incorporation of HIL
22 July 2014 – Republic of Malta

CORPORATE INFORMATION AND ADVISERS: HIL SA

Company Secretary and Registered Office
George Said
93 Mill Street
Qormi
QRM 3102
Malta

Independent Reporting Accountants and Auditors
PricewaterhouseCoopers Inc.
(Registration number 1998/012055/21)
No. 1 Waterhouse Place
Century City
Cape Town, 7441
South Africa
PO Box 2799, Cape Town, 8000, South Africa

South African Legal Advisor
Cliffe Dekker Hofmeyr Inc.
(Registration number 2008/018923/21)
11 Buitengracht Street
Cape Town, 8001
PO Box 695, Cape Town, 8000, South Africa

Date and place of incorporation of HIL SA
14 October 2014 – Republic of Malta

ACTION REQUIRED BY SCHEME PARTICIPANTS

The definitions and interpretations commencing on page 8 of this Circular shall apply *mutatis mutandis* to this statement regarding the action required by Scheme Participants.

Please take careful note of the following provisions regarding the actions required by Scheme Participants. If you are in any doubt as to the action you should take, please consult your professional adviser immediately.

1. VOTING, ATTENDANCE AND REPRESENTATION AT THE SCHEME MEETING

Scheme Participants may attend, speak and vote at the Scheme Meeting in person. Scheme Participants who do not wish to or are unable to attend the Scheme Meeting and wish to be represented thereat must complete and return the attached form of proxy *(green)* in accordance with the instructions therein and return it to HomeChoice Holdings' registered office, 78 Main Road, Wynberg, 7800 or Private Bag X150, Claremont, 7735, to be received by no later than 09:00 on Thursday, 20 November 2014. The form of proxy may also be handed to the Chairman of the Scheme Meeting or adjourned Scheme Meeting no later than ten minutes before the Scheme Meeting is due to commence or recommence.

2. SURRENDER OF DOCUMENTS OF TITLE

Scheme Participants are required to surrender their Documents of Title in respect of all their Scheme Shares in order to claim the Scheme Consideration payable to them. A Scheme Participant who wishes to expedite receipt of the Scheme Consideration and surrender his Documents of Title in anticipation of the Implementation Date and the Scheme becoming operative should complete the attached form of surrender *(pink)* and return it, together with the relevant Documents of Title relating to all his Scheme Shares to HomeChoice Holdings' registered office, 78 Main Road, Wynberg, 7800 or Private Bag X150, Claremont, 7735. The attention of Scheme Participants is drawn to the fact that, if they surrender their Documents of Title in advance, they will not be in a position to deal in their Scheme Shares between the Date of Surrender and the Implementation Date.

Documents of Title surrendered by Scheme Participants prior to the Scheme Consideration Record Date, in anticipation of the Scheme becoming operative, will be held in trust by HomeChoice Holdings, at the risk of the Scheme Participant, pending the Scheme becoming operative. In the event of the Scheme not becoming operative for any reason whatsoever, HomeChoice Holdings will, by not later than 5 business days after the date upon which it becomes known that the Scheme will not become operative, return the Documents of Title to the Scheme Participants concerned, by registered post at the risk of Scheme Participants, to the address recorded in the register of shareholders of HomeChoice Holdings.

Scheme Participants are advised that the Documents of Title required to be surrendered in order to claim the Scheme Consideration include each Scheme Participant's relevant "Know your customer" Documents (KYC Documents). The KYC Documents required in respect of each Scheme Participant is set out in paragraph 3.8 of this Circular. In addition, should you be a HomeChoice Holdings Shareholder referred to in paragraphs 3.7.4.1 or 3.7.4.2 on page 15 of this Circular, the attached form of surrender *(pink)* must be accompanied by a letter or printout from the cited Broker or CSDP confirming the CSDP or Broker account details as contained in Part C of the form of surrender *(pink)*. Should you fail to provide such confirmation you will receive a statement of holdings, whereafter you will have to approach the Broker or CSDP, as the case may be, to dematerialise the Consideration Shares upon presentation of the statement of holdings. Kindly note that the dematerialisation process can take up to 7 (seven) business days and then only can the Consideration Shares be traded on the JSE.

3. SCHEME CONSIDERATION

To facilitate an orderly process and ease of administration, the board has resolved that the register shall be closed from close of business on the Scheme Consideration Record Date to close of business on the Implementation Date of the Scheme. Accordingly, in order to participate in the Scheme and receive the Scheme Consideration, a Scheme Participant must be registered as a HomeChoice Holdings shareholder by close of business on the Scheme Consideration Record Date. Scheme Participants who are not resident in or who have registered addresses outside South Africa must satisfy themselves as to the full observance of the laws of any applicable territory concerning the receipt of the Scheme Consideration, including obtaining any requisite governmental or other consents; observing any other requisite formalities; and paying any issue, transfer or other taxes due in such territory. Shareholders who are in any doubt as to their position should consult their professional advisers.

Documents of Title held by Scheme Participants in respect of their HomeChoice Holdings Shares will cease to be of any value, and shall not be good for delivery, from the Implementation Date, other than for surrender in terms of the Scheme and/or the Appraisal Rights.

4. TAXATION

Shareholders are advised to consult their professional advisers about their personal tax positions regarding the receipt of the Scheme Consideration.

5. DISSENTING SHAREHOLDERS' APPRAISAL RIGHTS

At any time before the Special Resolution approving the Scheme in terms of section 115 of the Companies Act is voted on at the Scheme Meeting, a Scheme Participant may give the Company written notice objecting to the Special Resolution.

Within 10 business days after the Company has adopted the Special Resolution approving the Scheme, the Company must send a notice that the Special Resolution has been adopted to each Scheme Participant who gave the Company written notice of objection and has neither withdrawn that notice nor voted in favour of the Special Resolution.

A Scheme Participant who has given the Company written notice objecting to the Special Resolution, who was present at the Scheme Meeting and voted against the Special Resolution and has complied with all of the procedural requirements set out in section 164 of the Companies Act may, if the Special Resolution has been adopted, then demand in writing within:

- 20 business days after receipt of the notice referred to above; or
- if the Scheme Participant does not receive the notice referred to above from the Company, within 20 business days after learning that the Special Resolution has been adopted,

that the Company pays the Scheme Participant the fair value (in terms of and subject to the requirements set out in section 164 of the Companies Act) for all the HomeChoice Holdings Shares held by that Scheme Participant. A more detailed explanation of the dissenting shareholders' appraisal rights is contained in paragraph 3.3 of the Circular.

6. LISTING OF THE CONSIDERATION SHARES AND RESOLUTIVE CONDITION

The issue of the Consideration Shares to Scheme Participants who are residents of the Common Monetary Area requires Exchange Control Approval. The South African Reserve Bank (SARB) has provided an "in principle" Exchange Control Approval for the issue of the Consideration Shares to residents of the Common Monetary Area, provided, *inter alia*, that the Consideration Shares are inward listed on the Main Board of the JSE. For this reason Scheme Participants are advised that the Consideration Shares issued to residents of the Common Monetary Area will not be tradable between the Implementation Date and Listing Date.

The Scheme is subject to the Resolutive Condition that, if the Listing has not occurred within 30 (thirty) days after the Implementation Date (or such later date or dates as may be agreed to between HIL and HomeChoice Holdings and approved by SARB), the Scheme will cease to be of any further force or effect; Scheme Participants' Consideration Shares will be automatically reacquired by HIL; and HIL will retransfer the Scheme Shares to Scheme Participants.

7. LISTING OF THE CONSIDERATION SHARES

Subject to the Scheme becoming operative, the Consideration Shares will be listed on the Main Board of the JSE by way of an inward listing.

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IMPORTANT DATES AND TIMES IN RELATION TO THE SCHEME

The definitions and interpretations commencing on page 8 of this Circular shall apply *mutatis mutandis* to the dates and times set out hereunder.

	2014
Circular posted to HomeChoice Shareholders (recorded in the register on 20 October 2014) and notice convening the Scheme Meeting	27 October
Last day to trade in HomeChoice Holdings Shares in order to be recorded in the register on the voting record date	17 November
Voting record date to vote at the Scheme Meeting being 17:00 on	17 November
Last day for receipt of proxies for the HomeChoice Shareholders' Scheme Meeting by 09:00 (see note 3 below)	20 November
Register order with Registrar on	20 November
Last date and time for HomeChoice Shareholders to give notice to HomeChoice Holdings objecting to the Special Resolution approving the Scheme by 09:00 on	24 November
HomeChoice Shareholders' Scheme Meeting to be held at 78 Main Road, Wynberg, Cape Town, 7800 on	24 November
Results of Scheme Meeting published in the press on	25 November
If the Scheme is approved by HomeChoice Holdings Shareholders at the Scheme Meeting and no HomeChoice Holdings Shareholder voted against the Special Resolution	
Receive compliance certificate from Takeover Regulation Panel	26 November
Last day to trade in HomeChoice Holdings Shares in order to participate in the Scheme	26 November
Scheme Consideration Record Date, being the date on which HomeChoice Shareholders recorded in the Register will receive the Scheme Consideration by close of business on	26 November
Expected Implementation Date of the Scheme on	27 November
Scheme Consideration settled in accordance with paragraph 3.7.5 (if Documents of Title are received at or prior to 12:00 on the Scheme Consideration Record Date) on	4 December
Expected date of inward listing of the HIL Shares on the JSE	4 December
If the Scheme is approved by HomeChoice Holdings Shareholders at the Scheme Meeting, but one or more HomeChoice Holdings Shareholder voted against the Special Resolution	
Last date on which HomeChoice Holdings Shareholders who voted against the Scheme can require HomeChoice Holdings to seek approval in terms of section 115(3)(a) of the Companies Act	1 December
Last date on which HomeChoice Holdings Shareholders can apply to the Court in terms of section 115(3)(b) of the Companies Act	8 December
Last date for HomeChoice Holdings to notify HomeChoice Shareholders who objected to the Scheme Resolution, of the approval of the Scheme Resolution	8 December
If no HomeChoice Holdings Shareholders exercise their rights in terms of section 115 of the Companies Act:	
Receive compliance certificate from Takeover Regulation Panel	9 December
Last day to trade in HomeChoice Holdings Shares in order to participate in the Scheme	11 December
Scheme Consideration Record Date, being the date on which HomeChoice Shareholders recorded in the Register will receive the Scheme Consideration by close of business on	11 December
Expected Implementation Date of the Scheme on	12 December
Scheme Consideration settled in accordance with paragraph 3.7.5 (if Documents of Title are received at or prior to 12:00 on the Scheme Consideration Record Date) on or about	17 December
Expected date of inward listing of the HIL Shares on the JSE	17 December

Notes

1. All dates and times are subject to change and/or may be subject to certain regulatory approvals including but not limited to that of the Takeover Regulation Panel, being granted. Any change will be published in the press.
2. HomeChoice Holdings Shareholders are referred to paragraph 3.3 (which contains a summary of the Dissenting Shareholders' Appraisal Rights) regarding rights accorded to HomeChoice Shareholders, the exercise of which may affect the Finalisation Date and/or the Implementation Date.
3. If a form of proxy is not received by the time and date shown above or not less than 48 hours before recommencement of any adjourned or postponed meeting (excluding Saturdays, Sundays and official public holidays in South Africa), it may be handed to the Chairman of the Scheme Meeting not later than ten minutes before the Scheme Meeting is due to commence or recommence.
4. HomeChoice Holdings Shareholders who voted against the Scheme and wish to exercise their rights in terms of section 115(3) of the Companies Act, to require the approval of a Court for the Scheme, should refer to **Appendix A** to the notice of Scheme Meeting for a copy of section 115 of the Companies Act. Should HomeChoice Holdings Shareholders exercise their rights in terms of section 115(3) of the Companies Act, the dates and times set out above will not be relevant. HomeChoice Holdings Shareholders will be notified separately of the applicable dates and times under this process.
5. If the Scheme Meeting is adjourned or postponed the above dates and times will change, but the applicable form of proxy submitted for the relevant Scheme Meeting will remain valid in respect of any postponement prior to convening, adjournment or postponement of that Scheme Meeting.
6. All times given in this Circular are local times in South Africa.

HOMECHOICE HOLDINGS LIMITED	HOMECHOICE SOUTH AFRICA P.L.C.	HOMECHOICE INTERNATIONAL P.L.C.
(Incorporated in the Republic of South Africa) (Registration number 1991/005430/06) (“**Company**” or “**HomeChoice Holdings**”)	(Incorporated in the Republic of Malta) (Registration number C67092) (“**HIL SA**”)	(Incorporated in the Republic of Malta) (Registration number C66099) (“**HIL**”)

DEFINITIONS AND INTERPRETATIONS

In this Circular, unless the context indicates a contrary intention, an expression which denotes any gender includes the other genders, a natural person includes a juristic person and *vice versa*, the singular includes the plural and *vice versa,* and the following expressions bear the meanings assigned to them below and cognate expressions bear cognate meanings:

“Act” or the “Companies Act”	the Companies Act, 2008 (Act 71 of 2008), as amended and, where appropriate in the context, includes a reference to the Regulations promulgated in terms of such Act;
“Appraisal Rights”	the rights afforded to Shareholders in terms of section 164 of the Companies Act, more details of which are set out in paragraph 3.3 of the Circular;
“Board”	the board of directors of HomeChoice Holdings;
“business day”	any day other than a Saturday, Sunday or official public holiday in South Africa;
“the/this Circular”	all the documents contained in this bound document, including the notice of Scheme Meeting, the form of proxy and the form of surrender;
“Common Monetary Area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“Comparable Offer”	the comparable offer made to the Option Participants in respect of their Options as required in terms of Regulation 87 of the Takeover Regulations, details of which are set out in paragraph 7 of this Circular;
“Conditions Precedent”	the conditions precedent to which the Scheme is subject, as set out in paragraph 3.10 on page 18 of the Circular;
“Consideration Shares”	the Scheme Consideration issued pursuant to the Scheme consisting of 1 (one) HIL Share for every 1 (one) HomeChoice Holdings Share held by the Scheme Participants;
“Court”	a court of competent jurisdiction in South Africa;
“CSDP”	Central Securities Depository Participant operating in terms of the Financial Markets Act;
“Dematerialised”	certificated HIL Shares which have been replaced by electronic records of ownership under Strate and recorded in the sub-register of HIL Shareholders maintained by a CSDP or broker;
“Dissenting Shareholder”	Shareholders who validly exercise their Appraisal Rights by objecting to the Special Resolution and demanding, in terms of section 164(5) to 164(8) of the Companies Act, that HomeChoice Holdings pay them the fair value of all of their HomeChoice Holdings Shares;
“Documents of Title”	HomeChoice Holdings Share certificates and/or certified transfer deeds and/or balance receipts or any other Documents of Title in respect of HomeChoice Holdings Shares acceptable to HomeChoice Holdings, together with each Scheme Participant’s relevant KYC Documents;
“Exchange Control Approval”	in relation to a transaction, the approval of an authorised dealer or the Financial Surveillance Department of SARB, as the case may be;
“Exchange Control Regulations”	the Exchange Control Regulations, 1961, as amended, made in terms of section 9 of the Currency and Exchanges Act, 1933 (Act 9 of 1933), as amended;
“Finalisation Date”	the date on which the Company announces in the press that all the Conditions Precedent have been fulfilled or waived, as the case may be, which finalisation date is expected to be 27 November 2014;
“Financial Markets Act”	the South African Financial Markets Act, 2012 (Act 19 of 2012);
“FinChoice”	FinChoice (Proprietary) Limited, a private company incorporated in South Africa under registration number 1993/005310/07 and a wholly-owned subsidiary of HomeChoice Holdings;

"GFM"	GFM Limited, a private limited company incorporated in the Republic of Malta under company number C53257;
"Group"	HomeChoice Holdings and its subsidiaries from time to time;
"HIL"	HomeChoice International P.L.C., registration number C66099, a public liability company duly incorporated in the Republic of Malta and the majority shareholder in HIL SA as at the Last Practicable Date;
"HIL SA"	HomeChoice South Africa P.L.C., registration number C67092, a public liability company duly incorporated in the Republic of Malta and a subsidiary of HIL as at the Last Practicable Date;
"HIL SA Share"	an ordinary share in the share capital of HIL SA;
"HIL Share"	an ordinary share in the share capital of HIL having a par value of R0.01 (one cent) each;
"HomeChoice"	HomeChoice (Proprietary) Limited, a private company incorporated in South Africa, under registration number 1985/002759/07 and a wholly-owned subsidiary of HomeChoice Holdings;
"HomeChoice Holdings" or "the Company"	HomeChoice Holdings Limited, registration number 1991/005430/06, a public unlisted company initially incorporated in South Africa as a private company and converting to a public company on or about 15 August 1996;
"HomeChoice Share Option Scheme"	the HomeChoice Holdings Limited 2010 Employee Share Option Scheme;
"HomeChoice 2008 Scheme"	the HomeChoice Holdings Limited 2008 Employee Share Incentive Scheme;
"HomeChoice Shareholders" or "Shareholders"	the holders of HomeChoice Holdings Shares recorded as such in the Register;
"HomeChoice Holdings Scheme Meeting" or "Scheme Meeting"	the general meeting of Scheme Participants convened in terms of the Companies Act, to be held at 09:00 on 24 November 2014 at 78 Main Road, Wynberg, Cape Town, 7800 (or any postponement or adjournment thereof), at which meeting Scheme Participants will consider and vote on the Scheme;
"HomeChoice Holdings Shares"	ordinary shares having no par value in the share capital of HomeChoice Holdings;
"HomeChoice Trust"	the trustees for the time being of the HomeChoice Share Trust, Master's reference number IT4876/96;
"IFRS"	International Financial Reporting Standards;
"Implementation Date"	the date on which the Scheme becomes operative and is to be implemented, which is expected to be 27 November 2014;
"Independent Board"	John Bester, Amanda Chorn and Pierre Joubert (comprising board members who are deemed to be impartial and have no conflict of interest in relation to the Scheme, and accordingly are "independent" as defined under Regulation 81 of the Companies Act read with Regulation 108(8) of the Companies Regulations);
"Independent Expert"	RSM Betty & Dickson, the details of which are contained in the front inside cover of this Circular;
"the JSE"	JSE Limited (Registration number 2005/022939/06), a public company incorporated in accordance with the laws of South Africa and licensed as an exchange under the Financial Markets Act;
"KYC Documents"	means the "know your customer" documents that Scheme Participants are required to surrender to the Company as part of their Documents of Title in order to claim the Scheme Consideration, as set out in paragraph 3.8 of this Circular;
"Last Practicable Date"	30 September 2014, being the Last Practicable Date prior to the finalisation of this Circular;
"Listing"	the proposed inward listing of the entire issued ordinary share capital of HIL Shares in issue on the Main Board of the JSE, which inward listing is expected to occur with the commencement of trade on 4 December 2014;
"Listing Date"	the date on which the Listing occurs;
"Options"	the options awarded to Option Participants in terms of the HomeChoice Share Option Scheme;
"Option Participants"	those employees who are participants of the HomeChoice Share Option Scheme as at the Last Practicable Date;

"Prospectus"	the prospectus in terms of the Companies Act and Companies Regulations, in respect of HIL as it will be constituted after implementation of the Scheme, dated 27 October 2014, together with the annexures attached thereto, accompanying this Circular;
"R" or "Rand"	South African Rand;
"Register"	HomeChoice Holdings' share register, including all sub-registers;
"Resolutive Condition"	the resolutive condition to which the Scheme is subject, as set out in paragraph 3.11 commencing on page 18 of the Circular;
"SARB"	the South African Reserve Bank;
"Scheme" or "Proposed Scheme"	the scheme of arrangement in terms of section 114 of the Companies Act proposed by the Company between the Company and Scheme Participants in terms of which HIL SA will, if the Scheme becomes operative, acquire all Scheme Shares and Scheme Participants will receive the Scheme Consideration, subject to any modification or amendment made thereto to which HomeChoice Holdings and HIL agree in writing with the approval of the Panel;
"Scheme Consideration"	the consideration payable to each Scheme Participant in terms of the Scheme, comprising 1 HIL Share for every 1 HomeChoice Holdings Share held on the Scheme Consideration Record Date and which Scheme Consideration has been confirmed as being fair and reasonable by the Independent Expert;
"Scheme Consideration Last Day to Trade"	the relevant last day to trade in order to receive the Scheme Consideration as stipulated in the "Important Dates and Times in relation to the Scheme" section commencing on page 6 of this Circular;
"Scheme Consideration Record Date"	the relevant date stipulated in the "Important Dates and Times in relation to the Scheme" section commencing on page 6 of this Circular on which persons must be recorded in the Register as HomeChoice Shareholders to receive the Scheme Consideration;
"Scheme Participants"	all HomeChoice Shareholders who are recorded in the Register as such on the Voting Record Date and entitled to vote at the Scheme Meeting;
"Scheme Shares"	all of the HomeChoice Holdings Shares held by Scheme Participants;
"South Africa"	the Republic of South Africa;
"Special Resolution"	the Special Resolution to be proposed at the Scheme Meeting for approval of the Scheme, the full terms of which resolution are set out in Special Resolution Number 1 in the notice of Scheme Meeting attached to and forming part of this Circular;
"Stockdale"	Stockdale Investment Holdings Limited (registration number 1648103), a private company duly incorporated in the British Virgin Islands and the holder of all but 1 (one) of the HIL Shares as at the Last Practicable Date;
"Strate"	Strate Limited (Registration number 1998/022242/06), a limited liability public company duly incorporated in South Africa, which is a registered central securities depository and which is responsible for the electronic settlement system used by the JSE;
"Takeover Regulations"	the Takeover Regulations issued in terms of section 120 of the Companies Act, as amended;
"Takeover Regulation Panel" or "the Panel"	the Takeover Regulation Panel established in terms of section 196 of the Companies Act;
"Transfer Secretaries"	Computershare Investor Services (Proprietary) Limited incorporated in South Africa under registration number 2004/003647/07;
"Tax"	all income tax, capital gains tax, secondary tax on companies (or any similar tax replacing or substituting it), dividends tax, stamp duty, securities transfer tax, uncertificated securities tax, levies, assessments, imposts, deductions, charges and withholdings whatsoever in terms of any tax legislation, and includes all penalties and interest payable as a consequence of any failure or delay in paying any taxes;
"Voting Record Date"	the date on and the time at which a HomeChoice Holdings Shareholder must be recorded in the Register in order to vote at the Scheme Meeting, which date is expected to be on 17 November 2014; and
"Voting Last Day to Trade"	the last day to trade in HomeChoice Holdings Shares to be able to vote at the Scheme Meeting, which date is expected to be on 17 November 2014.

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CIRCULAR TO HOMECHOICE SHAREHOLDERS

1. INTRODUCTION

1.1 The Board proposes a scheme of arrangement between HomeChoice Holdings and Scheme Participants in terms of which, if the Scheme becomes operative, HIL SA, a subsidiary of HIL, will purchase all the HomeChoice Holdings Shares held by the Scheme Participants in terms of section 114 of the Companies Act for a Scheme Consideration of one HIL Share for every one HomeChoice Holdings Share held. Full details of the implementation of the Scheme are set out in paragraph 3.1.4 below.

1.2 Implementation of the Scheme is subject to certain Conditions Precedent (set out in paragraph 3.10 below) including, *inter alia*, approval of the Scheme by Scheme Participants in terms of section 115 of the Act. The Scheme is further subject to the Resolutive Condition that the JSE Listing occurs within 30 (thirty) days after the Implementation Date or such later date or dates as may be agreed to between HIL and HomeChoice Holdings and approved by SARB.

1.3 A Scheme Participant will receive the Scheme Consideration against surrender of their Documents of Title.

1.4 The procedures for the Scheme, the Conditions Precedent applicable to the Scheme, the Resolutive Condition applicable to the Scheme, the effects of the Scheme, the Exchange Control Regulations which apply to Scheme Participants, Scheme Participants’ Appraisal Rights, as well as the opinions, recommendations and undertakings given in relation to the Scheme are set out in paragraphs 3 and 11 below. In addition, this Circular is accompanied by the Prospectus which sets out the information required in terms of the Companies Act and the Companies Regulations in respect of HIL and the HIL Shares as constituted after the implementation of the Scheme.

1.5 HIL has also made a Comparable Offer, as required by Regulation 87 of the Takeover Regulations, to all the Option Holders, in terms whereof, if the Scheme becomes operative, the Option Participants will be given an equivalent number of options to acquire shares in HIL, at the same strike price and otherwise on substantially the same terms and conditions on which they hold the Options. Upon implementation of the Scheme the HomeChoice Share Option Scheme will be cancelled.

1.6 For a full understanding of the detailed legal terms and conditions of the Scheme the Comparable Offer, this Circular and the Prospectus should be read in their entirety.

2. REASONS FOR THE SCHEME

2.1 Expansion into the rest of Africa presents a major strategic growth opportunity for HomeChoice Holdings in the medium to long term.

2.2 The Group currently operates in the neighbouring African countries of Botswana, Lesotho, Namibia and Swaziland, and sales from these countries collectively accounted for 9.5% of total retail sales in the 2013 financial year.

2.3 The Board believes that the potential for maintaining the Group’s growth and profitability lies outside of South Africa and wishes to optimise the Group’s global footprint. The Board recognises that a key driver of growth is the holding company’s global investment structure. In this respect the Board believes that, after appropriate due diligence, the current Group structure should be optimised to facilitate expansion outside of South Africa. The Board is of the view that creating an international holding company domiciled in Malta, a European Union member country, will enable faster and more efficient allocation of capital to accelerate growth in Africa.

2.4 As the sole asset of the newly created HIL, save for a nominal amount of working capital, will be its shareholding in HIL SA, and the sole asset of HIL SA will be its shareholding in HomeChoice Holdings Limited, 1 (one) HIL Share will equal 1 (one) HomeChoice Holdings Limited Share. This will allow the current shareholding of HomeChoice Holdings to be maintained and enable all Shareholders to participate in the potential benefits of expansion into Africa.

2.5 HomeChoice Holdings has previously stated its plans to list the Company in the medium term and management has been evaluating market conditions to determine an appropriate time to list.

2.6 The Listing is aimed at creating a market for Shareholders, management and employees by making their shares more tradable, as well as enabling the Company to attract, retain and incentivise skilled and scarce talent. The Listing will also provide access to an alternative source of funding to the internal and external sources of funding which are currently being utilised by the Company.

2.7 HIL is in the process of applying for the inward listing of the HIL Shares on the Main Board of the JSE.

3. THE SCHEME

3.1 Mechanics of the Scheme

3.1.1 The Scheme is being proposed by the Board between the Company and Scheme Participants in terms of section 114 of the Companies Act pursuant to which, if the Scheme becomes operative, HIL SA will acquire from Scheme Participants all the Scheme Shares in terms of section 114 of the Companies Act for the Scheme Consideration of one HIL Share for every one HomeChoice Holdings Share held on the Scheme Consideration Record Date.

3.1.2 The percentage shareholding in HIL after the Scheme will be identical to the shareholdings in HomeChoice Holdings before the Scheme. The Company believes that the Scheme Consideration reflects fair and reasonable value for the HomeChoice Holdings Shares and will be attractive to Scheme Participants. In this regard Scheme Participants are referred to paragraph 11 of this Circular and the letter of the Independent Expert attached to this Circular as Annexure 1.

3.1.3 Subject to the Scheme becoming operative, Scheme Participants shall be deemed with effect from the Implementation Date to have:

3.1.3.1 disposed of their Scheme Shares to HIL SA, which will be deemed to have acquired ownership of the Scheme Shares on the Implementation Date, in exchange for the Scheme Consideration payable for those shares, which Scheme Consideration is to be settled in terms of paragraph 3.7 below;

3.1.3.2 authorised HomeChoice Holdings on its behalf to transfer the Scheme Shares into the name of HIL SA,

and all risks and benefits in the Scheme Shares will be deemed to have passed from Scheme Participants to HIL SA with effect from the Implementation Date.

3.1.4 The Scheme will be implemented in accordance with the following indivisible steps on the Implementation Date:

3.1.4.1 HIL SA will acquire the Scheme Shares from the Scheme Participants in exchange for one HIL SA Share for every one Scheme Share held by a Scheme Participant.

3.1.4.2 Immediately after the issue of the HIL SA Shares in terms of paragraph 3.1.4.1, HIL will acquire all the HIL SA Shares issued to the Scheme Participants in exchange for the Scheme Consideration of one HIL Share for every one HIL SA Share held by a Scheme Participant.

3.1.4.3 Immediately after the issue of the Consideration Shares to the Scheme Participants, the HIL Shares issued to Stockdale and Gregoire Lartigue on incorporation of HIL will be repurchased by HIL at a nominal value.

3.1.4.4 After the implementation of the above steps each Scheme Participant will hold the same number and percentage of HIL Shares as the number and percentage of HomeChoice Holdings Shares held as at the Scheme Consideration Record Date.

3.1.5 Subject to the Scheme becoming operative Scheme Participants shall, against the surrender by Scheme Participants of their Documents of Title in respect of their Scheme Shares, receive the Scheme Consideration in accordance with the provisions of paragraph 3.7. HIL will administer and procure the transfer of the Scheme Consideration to the Scheme Participants through the Transfer Secretaries.

3.1.6 The rights of the Scheme Participants to receive the Scheme Consideration in respect of the Scheme Shares held by them will be rights enforceable by Scheme Participants against HIL SA and HIL only.

3.1.7 No Scheme Shares will be transferred to any person other than HIL SA. The Scheme Participants are referred to paragraph 3.7, which sets out in detail the manner in which the Scheme Consideration will be settled.

3.1.8 With effect from the Implementation Date, each and every director of HomeChoice Holdings, or any other person nominated by HomeChoice Holdings will irrevocably be deemed to be the attorney and agent *in rem suam* of all Scheme Participants to implement the transfer of the Scheme Shares in terms of paragraph 3.1.2 and to sign any instrument of transfer in respect thereof or any other documents and to do any other acts required or desirable to implement the Scheme.

3.2 **Statutory requirements of the Scheme**

The Scheme is being proposed by the Company between the Company and the Scheme Participants in terms of section 114 of the Companies Act pursuant to which HIL SA will purchase all Scheme Shares in terms of section 114 of the Companies Act for the Scheme Consideration.

3.2.1 In terms of section 115 of the Companies Act a scheme of arrangement between a company and its members may only be implemented if:

3.2.1.1 the scheme is approved in terms of section 115 of the Companies Act by a Special Resolution (requiring a 75% majority of Scheme Participants present and entitled to exercise voting rights voting in favour of the resolution) adopted by persons entitled to exercise voting rights on such matter (being those HomeChoice Shareholders registered as such on the Voting Record Date) at the Scheme Meeting and at which meeting sufficient persons are present to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised on that matter; and

3.2.1.2 the Panel has issued a compliance certificate in respect of the scheme in terms of section 115(1)(b) of the Companies Act.

3.2.2 Despite the Special Resolution having been adopted approving the Scheme, the Company may not proceed to implement the scheme without the approval of the Court if:

3.2.2.1 the Special Resolution was opposed by at least 15% of the voting rights that were exercised on that resolution, and within 5 business days after the vote, any person who voted against the Special Resolution requires the Company to seek Court approval; or

3.2.2.2 the Court, on application within 10 business days after the vote by any person who voted against the Special Resolution, grants that person leave to apply to a court for a review of the Scheme.

3.2.3 If the Special Resolution requires approval by a Court as contemplated in terms of paragraph 3.2.2.1 above, the Company must either:

3.2.3.1 within 10 business days after the vote apply to the Court for approval and bear the costs of that application; or

3.2.3.2 treat the Special Resolution as a nullity.

3.2.4 On application contemplated in 3.2.2.2, the Court may grant leave to that person to apply to Court for a review of the Scheme only if satisfied that the applicant:

3.2.4.1 is acting in good faith;

3.2.4.2 appears prepared and able to sustain the proceedings; and

3.2.4.3 has alleged facts which, if proved, would support an order in terms of paragraph 3.2.5 below.

3.2.5 On reviewing the Special Resolution that is the subject of an application contemplated in paragraph 3.2.3.1, or after granting leave as contemplated in paragraph 3.2.4, the Court may set aside the Special Resolution only if:

3.2.5.1 the resolution is manifestly unfair to the company's shareholders; or

3.2.5.2 the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Companies Act, the memorandum of incorporation of the Company or other significant and material procedural irregularity.

3.2.6 A copy of section 115 of the Companies Act is attached as **Appendix A** to the notice of Scheme Meeting forming part of this Circular.

3.2.7 It should be noted that the Scheme is subject to the fulfilment (or waiver, if appropriate) of the Conditions Precedent as set out in paragraph 3.10 as well as the Resolutive Condition set out in paragraph 3.11.

3.3 **Dissenting Shareholders' Appraisal Rights**

3.3.1 Section 164 of the Companies Act provides that:

3.3.1.1 at any time before the Special Resolution is to be voted on a Shareholder may give the Company a written notice objecting to the Special Resolution;

3.3.1.2 within 10 business days after the Company has adopted the Special Resolution, the Company must send a notice that the Special Resolution has been adopted to each Shareholder who gave the Company a written notice of objection and has neither withdrawn that notice nor voted in favour of the Special Resolution;

3.3.1.3 a Shareholder may demand in writing within 20 business days after receipt of the notice referred to in paragraph 3.3.1.2 that the Company pays the Shareholder the fair value for all the HomeChoice Holdings Shares of the Company held by that person if:

3.3.1.3.1 the Shareholder sent the Company a notice of objection;

3.3.1.3.2 the Company has adopted the Special Resolution; and

3.3.1.3.3 the Shareholder voted against the Special Resolution and has complied with all of the procedural requirements of section 164 of the Companies Act;

3.3.1.4 the demand sent by the Shareholder to the Company as provided in paragraph 3.3.1.3 above must set out:

3.3.1.4.1 the Shareholder's name and address;

3.3.1.4.2 the number of HomeChoice Holdings Shares in respect of which the Shareholder seeks payment; and

3.3.1.4.3 a demand for payment of the fair value of those HomeChoice Holdings Shares. The fair value of the HomeChoice Holdings Shares is determined as at the date on which, and the time immediately before, the Company adopted the Special Resolution that gave rise to the Shareholder's rights under this section.

3.3.2 Any Shareholder that is in doubt as to what action to take must consult their legal or professional adviser in this regard. A copy of section 164 of the Companies Act is attached as **Appendix B** to the notice of Scheme Meeting forming part of this Circular.

3.3.3 Before exercising their rights under section 164 of the Companies Act Shareholders should have regard to the following factors relating to the Scheme:

3.3.3.1 the report of the Independent Expert set out in Annexure 1 to this Circular concludes that the terms of the Scheme, including the Scheme Consideration, are fair and reasonable to HomeChoice Shareholders; and

3.3.3.2 the Court is empowered to grant a costs order in favour of, or against, a Dissenting Shareholder, as may be applicable.

3.3.4 In the event that any of the circumstances contemplated in section 164(9) of the Companies Act occur, then a Dissenting Shareholder shall:

3.3.4.1 if such event takes place on or before the Scheme Consideration Record Date in respect of the Scheme, be deemed to be a Shareholder and be subject to the provisions of the Scheme; and

3.3.4.2 if such event takes place after the Scheme Consideration Record Date in respect of the Scheme, be deemed to have been a Shareholder as at the Implementation Date, provided that settlement of the Scheme Consideration and transfer of that Dissenting Shareholder's HomeChoice Holdings Shares to HIL SA shall take place on the later of: (i) the Implementation Date; (ii) the date which is five business days after that Dissenting Shareholder so withdrew its demand or allowed the Company's offer to lapse, as the case may be; and (iii) the date which is five business days after that Dissenting Shareholder surrendered its Documents of Title and completed a form of surrender *(pink)* accepting the offer by HIL SA.

3.4 **Notice of Scheme Meeting and Form of Proxy**

3.4.1 The notice convening the HomeChoice Shareholders' Scheme Meeting *(orange)* is annexed to this Circular.

3.4.2 The form of proxy *(green)* for use by certificated Scheme Participants recorded in the Register on the Voting Record Date who are unable to attend the Scheme Meeting and wish to be represented thereat is annexed to this Circular. The instructions for the completion and lodging of the form of proxy *(green)* are recorded on such form.

3.4.3 Details of the action required by Scheme Participants recorded in the register on the voting record date are set out on page 3 of this Circular.

3.5 **The Scheme Meeting**

3.5.1 Approval of the Scheme will be put to a vote at the Scheme Meeting to be held at 09:00 on Monday, 24 November 2014 at 78 Main Road, Wynberg, Cape Town, 7800.

3.5.2 Each Scheme Participant recorded in the register on the Voting Record Date can attend, speak and vote at the Scheme Meeting in person or give a proxy to someone else (including the chairman of the Scheme Meeting) to represent him/her at the Scheme Meeting.

3.5.3 The form of proxy must be received by HomeChoice Holdings at HomeChoice Holdings' registered office, 78 Main Road, Wynberg, 7800 or Private Bag X150, Claremont, 7735, by not later than 09:00 on Thursday, 20 November 2014 in respect of the HomeChoice Shareholders' Scheme Meeting on Monday, 24 November 2014. The relevant form of proxy may also be handed to the chairman at the Scheme Meeting not later than ten minutes before that Scheme Meeting is due to commence or recommence, as the case may be.

3.5.4 If you are a HomeChoice Holdings Shareholder recorded in the register on the Voting Record Date who wishes to address the Scheme Meeting, then you will be given the opportunity to do so.

3.6 **Scheme Consideration**

3.6.1 Subject to the provisions of paragraph 3.10 below the Scheme Consideration payable by HIL in terms of the Scheme is one HIL Share for every one HomeChoice Holdings Share held by a Scheme Participant on the Scheme Consideration Record Date.

3.6.2 The Scheme Consideration payable by HIL for the HomeChoice Holdings Shares will comprise HIL Shares. The aggregate number of HIL Shares required to discharge the Scheme Consideration is 103 869 438. HIL has at the Last Practicable Date and will at the Implementation Date and Listing Date have sufficient authorised HIL Shares to discharge the full Scheme Consideration.

3.6.3 Scheme Participants are referred to paragraph 3.12 below regarding the treatment of the Scheme Consideration in terms of the Exchange Control Regulations.

3.7 **Settlement of the Scheme Consideration**

3.7.1 In the event that the Scheme becomes operative and is implemented Shareholders will, subject to the Exchange Control Regulations, be entitled to receive the Scheme Consideration in respect of their Scheme Shares on the Listing Date. The Scheme Consideration shall be fully paid up and HomeChoice Holdings will administer and procure the transfer of the Scheme Consideration to the Scheme Participants concerned in accordance with this paragraph 3.7.

3.7.2 Scheme Participants shall only be entitled to receive the Scheme Consideration in respect of their Scheme Shares once they have surrendered their Documents of Title in respect thereof.

3.7.3 Scheme Participants should note that the Scheme Consideration comprises HIL Shares which will, upon listing thereof, trade on the JSE. The HIL Shares will trade on the JSE in electronic format through the Strate system. Scheme Participants who wish to receive Dematerialised HIL Shares should provide HomeChoice Holdings with details of their CSDP or broker account in the appropriate box in Part C of the form of surrender and transfer simultaneously with the surrender of their Documents of Title in respect thereof. In addition, the form of surrender must be accompanied by a letter or printout from the cited Broker or CSDP confirming the CSDP or Broker account details as contained in Part C of the form of surrender. Should you fail to provide such confirmation you will receive a statement of holdings, whereafter you will have to approach the Broker or CSDP, as the case may be, to dematerialise the Consideration Shares upon presentation of the statement of holdings. Kindly note that the dematerialisation process can take up to 7 (seven) business days.

3.7.4 In order to comply with recent legislative changes the Consideration Shares may only be issued in Dematerialised form. In this regard, should the Scheme become operative:

3.7.4.1 HomeChoice Holdings Shareholders who wish to receive the Scheme Consideration in Dematerialised form and who already have an account with a Broker or CSDP, will have their accounts at their Brokers or CSDPs credited with the Scheme Consideration;

3.7.4.2 HomeChoice Holdings Shareholders who wish to receive the Scheme Consideration in Dematerialised form, but who do not have an account with a Broker or CSDP, will be issued with statements of allocation and will be required to appoint a Broker or CSDP so that Dematerialised Consideration Shares can be made available to them following implementation of the Scheme;

3.7.4.3 HomeChoice Holdings Shareholders who do not wish to hold their Consideration Shares in Dematerialised form and prefer to hold their Consideration Shares in certificated form, will be afforded the option to "withdraw" their Dematerialised Consideration Shares and replace these with a physical Document of Title (please see paragraph 3.7.7 below).

3.7.5 If the Scheme becomes operative and you have surrendered your Documents of Title to the Transfer Secretaries at Ground Floor, 70 Marshall Street, Johannesburg, 2001 *on or before 12:00 on the Scheme Consideration Record Date*, then:

3.7.5.1 should you be a HomeChoice Holdings Shareholder referred to in paragraph 3.7.4.1 above, your accounts at your Broker or CSDP will be credited with the Scheme Consideration on the Listing Date; or

3.7.5.2 should you be a HomeChoice Holdings Shareholder referred to in paragraph 3.7.4.2 above, your statement of allocation in respect of the Scheme Consideration will be posted to you, at your risk, within five business days of the Listing Date; or

3.7.5.3 should you be a HomeChoice Holdings Shareholder referred to in paragraph 3.7.4.3 above, the share certificates in respect of your Consideration Shares will be posted to you, at your risk, within five business days of the Listing Date.

3.7.6 If the Scheme becomes operative and you surrender your Documents of Title to the Transfer Secretaries at Ground Floor, 70 Marshall Street, Johannesburg, 2001 *after 12:00 on the Scheme Consideration Record Date*, then:

3.7.6.1 should you be a HomeChoice Holdings Shareholder referred to in paragraph 3.7.4.1 above, your accounts at your Broker or CSDP will be credited with the Scheme Consideration within five business days of receipt of your Documents of Title and completed form of surrender and transfer; or

3.7.6.2 should you be a HomeChoice Holdings Shareholder referred to in paragraph 3.7.4.2 above, your statement of allocation in respect of the Scheme Consideration will be posted to you, at your risk, within five business days of receipt of your Documents of Title and completed form of surrender and transfer; or

3.7.6.3 should you be a HomeChoice Holdings Shareholder referred to in paragraph 3.7.4.3 above, the share certificates in respect of your Consideration Shares will be posted to you, at your risk, within five business days of receipt of your Documents of Title and completed form of surrender and transfer,

provided that should you:

3.7.6.4 be a Dissenting Shareholder who subsequently becomes a Scheme Participant pursuant to paragraph 3.3 of this Circular, you will still need to surrender your Documents of Title, together with a completed form of surrender, transfer and acceptance *(pink)*, to the Transfer Secretaries at Ground Floor, 70 Marshall Street, Johannesburg, 2001 and:

3.7.6.4.1 your Broker or CSDP account will only be credited with your Consideration Shares; or

3.7.6.4.2 your statement of allocation in respect of your Consideration Shares will only be posted to you, at your risk; or

3.7.6.4.3 the share certificates in respect of your Consideration Shares will only be posted to you, at your risk,

(as the case may be) on the date set out in paragraph 3.3.4 of this Circular.

3.7.7 In the case of the HomeChoice Holdings Shareholders who wish to "withdraw" their DematerialisedConsideration Shares as provided for above and whose registered addresses in the Register are outside of the Common Monetary Area, or where the relevant HomeChoice Holdings Share certificates are restrictively endorsed in terms of the Exchange Control Regulations, the following will apply:

3.7.7.1 for non-residents who are emigrants, the replacement Documents of Title will be sent to the HomeChoice Holdings Shareholders' authorised dealers in foreign exchange in South Africa controlling their blocked assets; and

3.7.7.2 for all other non-residents, the replacement Documents of Title will be restrictively endorsed "non-resident" in terms of the Exchange Control Regulations.

3.7.8 **Scheme Participants are advised that the Scheme Consideration will only be tradable on the JSE in dematerialised format. Scheme Participants whose Scheme Consideration is issued in certificated format and posted to them will accordingly have to dematerialise their Scheme**

Consideration in order to trade it on the JSE. Scheme Participants are further advised that should you be a HomeChoice Holdings Shareholder referred to in paragraphs 3.7.4.1 or 3.7.4.2 above, the attached form of surrender *(pink)* must be accompanied by a letter or printout from the cited Broker or CSDP confirming the CSDP or Broker account details as contained in Part C of the form of surrender *(pink)*. Should you fail to provide such confirmation you will receive a statement of holdings, whereafter you will have to approach the Broker or CSDP, as the case may be, to dematerialise the Consideration Shares upon presentation of the statement of holdings. Kindly note that the dematerialisation process can take up to 7 (seven) business days and then only can the Consideration Shares be traded on the JSE.

3.7.9 To facilitate an orderly process and ease of administration the Board has resolved that the Register shall be closed from close of business on the Scheme Consideration Record Date to close of business on the Implementation Date of the Scheme. Accordingly, in order to participate in the Scheme and receive the Scheme Consideration, a Scheme Participant must be registered as a HomeChoice Holdings Shareholder by close of business on the Scheme Consideration Record Date and will not be able to trade their HomeChoice Holdings Shares from the Scheme Consideration Record Date.

3.7.10 Scheme Participants are further advised that the Consideration Shares issued to residents of the Common Monetary Area will not be tradable between the Implementation Date and Listing Date.

3.7.11 Documents of Title surrendered by Scheme Participants prior to the Implementation Date will be held in trust by HomeChoice Holdings, at the risk of the Scheme Participants concerned, pending the Scheme becoming operative. In the event of the Scheme not being implemented for any reason whatsoever, HomeChoice Holdings will, by not later than 5 business days after the date upon which it becomes known that the offer will not be implemented, return the Documents of Title to the Scheme Participants concerned by registered post, at the risk of such Scheme Participants, to the address recorded in the Register.

3.7.12 No receipt will be issued for Documents of Title surrendered, unless specifically requested.

3.7.13 If the Documents of Title relating to the Scheme Shares held by a Scheme Participant have been lost or destroyed, the Scheme Participant should nevertheless return a duly completed surrender form, together with an indemnity on terms satisfactory to HomeChoice Holdings. HomeChoice Holdings may, in its sole discretion, dispense with the surrender of such Documents of Title upon production of satisfactory evidence that the Documents of Title have been lost or destroyed and upon provision of an indemnity on terms acceptable to it.

3.7.14 Where, on or subsequent to the Implementation Date, a person who was not a registered holder of Scheme Shares on the Scheme Consideration Record Date, tenders to HomeChoice Holdings Documents of Title together with a duly stamped form of transfer purporting to have been executed on or before the Scheme Consideration Record Date by or on behalf of the then registered holder of such HomeChoice Holdings Shares, and provided that the Scheme Consideration shall not already have been credited or posted to the registered holder, then such transfer shall be accepted by HomeChoice Holdings as if it were a valid transfer to such person of the shares concerned. The Scheme Consideration will be credited or posted to such person in accordance with the provisions of this paragraph 3.7 within 5 business days of such tender, subject to proof satisfactory to HomeChoice Holdings as to the payment of any duty or tax payable, and provided that HomeChoice Holdings is, if so required by it, given an indemnity on terms acceptable to it in respect of such consideration.

3.7.15 If the Scheme Consideration is not credited or posted to Scheme Participants entitled thereto because the relevant Documents of Title have not been surrendered or if the Scheme Consideration is returned undelivered to HomeChoice Holdings, the Scheme Consideration will be held in trust by HomeChoice Holdings until claimed for a maximum period of three years, after which period the Scheme Consideration shall be monetised and the net proceeds made over to the Guardians Fund of the High Court. For the avoidance of doubt, no interest will accrue on any such funds held by HomeChoice Holdings.

3.7.16 Settlement of the Scheme Consideration will be implemented in full in accordance with its terms without regard to any lien, right of set-off, counterclaim or other analogous right to which HIL may otherwise be, or claim to be, entitled against any Shareholders.

3.8 "Know your customer" or "KYC" Requirements

Scheme Participants are advised that, in compliance with Maltese law, Scheme Participants are required to surrender the following "Know your customer" or "KYC" documentation, as part of their Documents of Title, in order to claim the Scheme Consideration payable to them:

3.8.1 In respect of a Scheme Participant who is a corporate or juristic person (other than a trust) not incorporated, established or registered in the Republic of Malta, who holds 5% or more of the issued HomeChoice Holdings Shares: (i) a certified copy of an original certificate of incorporation (or equivalent) as issued by the Companies and Intellectual Property Commission (in the case of a South African entity) or its equivalent in another jurisdiction; and (ii) a certified copy an official reference from a South African bank.

3.8.2 In respect of a Scheme Participant who is a corporate or juristic person (other than a trust) not incorporated, established or registered in the Republic of Malta and holding less than 5% of the issued HomeChoice Holdings Shares: a certified copy of an original certificate of incorporation (or equivalent) as issued by the Companies and Intellectual Property Commission (in the case of a South African entity) or its equivalent in another jurisdiction.

3.8.3 In respect of a Scheme Participant who is an individual or natural person: a certified copy of the identity document/passport of such individual.

3.8.4 In respect of a Scheme Participant who is a trust: (i) a certified copy of the original letters of authority issued by the Master of the High Court (in the case of a South African trust) or its equivalent in another jurisdiction; and (ii) a certified copy of the identity document/passport of each of the trustees.

3.9 **Scheme Participants are advised that HIL is not entitled to issue the Consideration Shares to Scheme Participants without having received proof of the requisite KYC Documents.**

3.10 **Conditions Precedent**

3.10.1 The implementation of the Scheme and the Comparable Offer is subject to the fulfilment or waiver (where applicable) of the following Conditions Precedent on or before 15 December 2014:

3.10.1.1 the Scheme is approved by a Special Resolution adopted by the requisite number of persons in terms of section 115(2)(a) of the Companies Act;

3.10.1.2 the JSE has provided HIL with unconditional approval for the Listing;

3.10.1.3 all regulatory approvals and consents necessary in respect of the Scheme being obtained, including but not limited to approvals and consents from the Takeover Regulation Panel (including without limitation, the issue of a compliance certificate by the Takeover Regulation Panel in respect of the scheme in terms of section 119(4) of the Companies Act) and the Exchange Control Approval;

3.10.1.4 no person who voted against the Special Resolution referred to in paragraph 3.10.1.1:

3.10.1.4.1 requires the Company to seek Court approval in terms of section 115(3)(a) of the Companies Act within 5 business days after the vote; and/or

3.10.1.4.2 no leave is granted by the Court, on an application within 10 business days after the vote, to any person in terms of section 115(3)(b) of the Companies Act to any such person;

3.10.1.5 in relation to any objections to the Scheme by Shareholders:

3.10.1.5.1 if Shareholders give notice objecting to the Scheme, as contemplated in section 164(3) of the Companies Act, and vote against the Special Resolution, Shareholders holding no more than 10% of all Shares eligible to be voted on the Special Resolution give such notice and vote against the Special Resolution; or

3.10.1.5.2 if Shareholders holding 10% or more of all Shares eligible to vote on the Special Resolution give notice objecting to the Scheme, as contemplated in section 164(3) of the Companies Act, and vote against the Special Resolution, the relevant Shareholders do not exercise their appraisal rights afforded to them in terms of section 164 of the Companies Act, by giving valid demands in terms of sections 164(5) to 164(8) of the Companies Act within 30 (thirty) Business Days following the adoption of the Special Resolution, in respect of more than 10% of the Shares eligible to be voted on the Special Resolution.

3.10.2 The Conditions Precedent in paragraphs 3.10.1.1 to 3.10.1.3 are regulatory in nature and are not capable of being waived.

3.10.3 The Condition Precedent in paragraph 3.10.1.4 may be waived by the Company on condition that the Court approves the Special Resolution in terms of section 115(3) of the Companies Act.

3.10.4 The Condition Precedent in paragraph 3.10.1.5 may be waived by the Company in its sole discretion.

3.11 **Resolutive Condition**

3.11.1 The issue of the Consideration Shares to Scheme Participants who are residents of the Common Monetary Area requires Exchange Control Approval. SARB has provided an "in principle" Exchange Control Approval for the issue of the Consideration Shares to residents of the Common Monetary Area, provided, *inter alia*, that the Consideration Shares are inward listed on the Main Board of the JSE.

3.11.2 The Scheme is subject to the Resolutive Condition that, if the Listing has not occurred within 30 (thirty) days after the Implementation Date (or such later date or dates as may be agreed to between HIL and HomeChoice Holdings and approved by SARB), the Scheme will cease to be of any further force or effect and Scheme Participants will be placed as near as may be possible to the positions which they were in prior to the implementation of the Scheme, as follows:

3.11.2.1 Scheme Participants' Consideration Shares will be automatically reacquired by HIL at no consideration; and

3.11.2.2 HIL will retransfer the Scheme Shares to Scheme Participants.

3.11.3 If the Resolutive Condition is fulfilled (and the Listing Date has accordingly not occurred within 30 (thirty) days after the Implementation Date or such later date or dates as may be agreed to between HIL and HomeChoice Holdings and approved by SARB), HomeChoice Holdings will post new share certificates reflecting the same number of HomeChoice Holdings Shares as reflected in Scheme Participants' original Documents of Title, by registered post at the risk of Scheme Participants, to the address recorded in the register of shareholders of HomeChoice Holdings. The new share certificates will be posted to those Scheme Participants who have surrendered their Documents of Title prior to the date on which the Resolutive Condition has been fulfilled, within 5 (five) business days after the Resolutive Condition has been fulfilled, and to those Scheme Participants who have not surrendered their Documents of Title prior to the date of fulfilment of the Resolutive Condition, within 5 (five) business days after surrender of their original Documents of Title.

3.11.4 The South African tax consequences of the Resolutive Condition ought to be the following for Scheme Participants who are tax residents in South Africa: depending on whether a Scheme Participant holds the Scheme Shares as a long-term investment or speculatively, the Scheme Participant will be subject to capital gains tax or income tax on the profit realised. In principle, the Scheme Participants should account for tax once the Conditions Precedent have been fulfilled, despite the Resolutive Condition. However, if the Resolutive Condition is fulfilled, and the prior position of the Scheme Participants is restored, practically the net tax effect should be nil. Accordingly, the Scheme Participants will practically only be obliged to account for tax if the Resolutive Condition is not fulfilled (that is, if the Listing Date has occurred within 30 (thirty) days after the Implementation Date). In that case, put simply, tax will be determined with reference to the difference between the Scheme Consideration received by a Scheme Participant and the consideration paid by the Scheme Participant to acquire the Scheme Shares initially.

3.12 **Exchange Control Regulations**

3.12.1 Scheme Participants who are not registered in or who have a registered address outside South Africa must satisfy themselves to the full observance of the laws of the relevant jurisdiction concerning the receipt of the Scheme Consideration, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any transfer or other taxes due in such territory. If in doubt, Scheme Participants should consult their professional advisers without delay.

3.12.2 The issue of the Scheme Consideration to Scheme Participants who are residents of the Common Monetary Area requires Exchange Control Approval. In principle, Exchange Control Approval for the issue of the Consideration Shares to residents of the Common Monetary Area has been obtained, subject to the Consideration Shares being listed on the JSE.

3.12.3 ***Residents of the Common Monetary Area***

In the case of Scheme Participants whose registered addresses in the register are within the Common Monetary Area and whose Documents of Title are not restrictively endorsed in terms of the Exchange Control Regulations, the Scheme Consideration will be posted to such Scheme Participants, in accordance with paragraph 3.7.

3.12.4 ***Emigrants from the Common Monetary Area***

In the case of Scheme Participants who are emigrants from the Common Monetary Area and whose HomeChoice Holdings Shares form part of their blocked assets, the Scheme Consideration will, in the case of Scheme Participants whose Documents of Title are restrictively endorsed in terms of the Exchange Control Regulations, be forwarded to the authorised dealer in foreign exchange in South Africa controlling such Scheme Participants, blocked assets in terms of the Exchange Control Regulations. The attached form of surrender *(pink)* makes provision for details of the authorised dealer concerned to be given.

3.12.5 ***All other non-residents of the Common Monetary Area***

The Scheme Consideration accruing to non-resident Shareholders whose registered addresses are outside the Common Monetary Area and who are not emigrants from the Common Monetary Area will, in the case of Scheme Participants whose Documents of Title have been restrictively endorsed in terms of the Exchange Control Regulations, be posted to their registered address, unless written instructions to the contrary are received and an address provided. The attached form of surrender and transfer *(pink)* makes provision for a substitute address or bank details.

3.12.6 **Information not provided**

If the information regarding authorised dealers is not given or the instructions are not given as required in terms of paragraphs 3.12.4 and 3.12.5, the Scheme Consideration will be held in trust by HomeChoice Holdings for the Shareholders concerned, pending receipt of the necessary information or instructions for a maximum period of three years, after which period such Scheme Consideration shall be monetised and the net proceeds made over to the Guardians Fund of the High Court. For the avoidance of doubt no interest will accrue on any such funds held by HomeChoice Holdings.

3.13 **Inward listings by foreign entities on South African exchanges**

3.13.1 **Introduction**

3.13.1.1 Any entity wishing to list inward listed instruments on the JSE requires prior Exchange Control Approval. In principle, Exchange Control approval has been obtained in respect of the HIL Shares.

3.13.1.2 "Inward listed shares" include ordinary shares listed on the JSE. The HIL Shares in issue will be listed on the JSE. Accordingly, the HIL Shares will be "inward listed shares".

3.13.1.3 South African institutional investors may invest in approved inward listed instruments based on foreign reference assets or issued by foreign entities listed on the JSE, using the permissible foreign portfolio investment allowances.

3.13.1.4 Institutional investors are allowed to invest in inward listed shares without affecting their permissible foreign portfolio investment allowance.

3.13.1.5 South African corporates, trusts, partnerships and private individuals may invest in approved inward listed instruments without restriction.

3.13.1.6 Authorised dealers may invest in approved inward listed instruments subject to the macro-prudential limit as defined in section B.2(B)(iv) of the rulings issued by the Financial Surveillance Department of SARB under the Exchange Control Regulations. Authorised dealers are allowed to invest in inward listed shares without affecting their macro-prudential limit.

3.13.2 **Special dispensation to local brokers to facilitate the trading of inward listed shares**

3.13.2.1 Local brokers are allowed to purchase inward listed shares offshore and to transfer such shares to the South African section of the register, as a book-building exercise and to enhance liquidity on the JSE.

3.13.2.2 This dispensation is confined to inward listed shares and brokers may warehouse such shares for a maximum period of 30 days only.

3.14 **General**

3.14.1 The Company may:

3.14.1.1 before or at the Scheme Meeting, agree to any amendment, variation or modification of the Scheme; or

3.14.1.2 after the Scheme Meeting, agree to any amendment, variation or modification which the court may deem fit to approve or impose,

provided that no amendment, variation or modification made after the Scheme Meeting may have the effect of diminishing the rights which will accrue to a Scheme Participant in terms of the scheme.

3.14.2 A certificate signed by two directors of each of HomeChoice Holdings, HIL SA and HIL stating that all Conditions Precedent have been fulfilled and/or waived and that the Scheme is capable of implementation shall be binding on HomeChoice Holdings, HIL SA, HIL and the HomeChoice Shareholders.

3.14.3 Upon the Scheme being implemented the existing Documents of Title relating to the Scheme Shares held by the Scheme Participants will cease to be of any value, other than for the purposes of surrender in terms of the Scheme and/or the Appraisal Rights, and no certificates or deeds or documents will be issued by HomeChoice Holdings in place thereof.

3.14.4 HomeChoice Holdings will be entitled, and will have the authority on behalf of itself and each HomeChoice Holdings Shareholder, to authorise any person nominated by HomeChoice Holdings to sign all documents required to carry the Scheme into effect, including but not limited to all transfer forms, forms of proxy, changes in address and cessions of rights to dividends, distributions and other entitlements to HomeChoice Holdings.

3.14.5 All times and dates referred to herein are subject to change. Any such change shall be published in the press.

3.15 **Tax implications for HomeChoice Shareholders**

3.15.1 The tax implications of the scheme on Scheme Participants will depend on the individual circumstances of each Scheme Participant.

3.15.2 Scheme Participants are advised to obtain independent tax advice in relation to the implications of the Scheme Consideration received pursuant to the Scheme.

3.15.3 Scheme Participants tax resident in South Africa should note that, depending on whether a Scheme Participant holds the Scheme Shares as a long-term investment or speculatively, the Scheme Participant will be subject to capital gains tax or income tax on the profit realised. Put simply, tax will be determined with reference to the difference between the Scheme Consideration received by a Scheme Participant and the consideration paid by the Scheme Participant to acquire the Scheme Shares initially. As noted in paragraph 3.11.4 above, practically, Scheme Participants tax resident in South Africa will be subject to capital gains tax or income tax if the Resolutive Condition is not fulfilled and the Listing proceeds within 30 (thirty) days after the Implementation Date or such later date or dates as may be agreed to between HIL and HomeChoice Holdings and approved by SARB.

3.15.4 Scheme Participants, who are resident outside South Africa will only be subject to tax in South Africa where the shares are held as part of a business conducted by the shareholder through a permanent establishment in South Africa.

3.15.5 Scheme Participants will pay the securities transfer tax on those transfers of Scheme Shares in respect of which securities transfer tax is payable.

3.16 **Applicable laws**

The Scheme and the Comparable Offer shall be governed by the laws of South Africa only. Each HomeChoice Holdings Shareholder shall be deemed to have irrevocably submitted to the non-exclusive jurisdiction of the courts of South Africa in relation to all matters arising out of or in connection with the Scheme.

4. FINANCIAL INFORMATION

4.1 **Annual financial statements**

4.1.1 The consolidated annual financial statements of HomeChoice Holdings and its subsidiaries in respect of the last three financial years, being the financial years ended 31 December 2011, 31 December 2012 and 31 December 2013 are annexed to this Circular as Annexure 2. The Reporting Accountants' report on the consolidated annual financial statements is annexed to this Circular as Annexure 3.

4.1.2 The reviewed interim financial information of HomeChoice Holdings and its subsidiaries in respect of the six months ended 30 June 2014 are annexed to this Circular as Annexure 4. The Reporting Accountants' report on the condensed interim financial information is annexed to this Circular as Annexure 5.

4.1.3 HIL was only incorporated on 22 July 2014, has not yet completed its first financial year and has no trading history. Historical financial information in respect of the last three financial periods of HIL are accordingly not available, but the financial statements of HIL in respect of the period between incorporation and 30 September 2014 are annexed to this Circular as Annexure 6. The Reporting Accountants' report on the financial statements is annexed to this Circular as Annexure 7.

4.1.4 HIL SA is a recently formed company (14 October 2014) which has not traded, has no assets (save for nominal share capital), liabilities or operating history. Historical financial information in respect of HIL SA as at the Last Practicable Date is accordingly not available.

4.2 ***Pro forma* financial information**

4.2.1 The unaudited consolidated *pro forma* income statement and statement of financial position of HIL and its subsidiary HIL SA as at 31 December 2013 and the *pro forma* earnings and assets per HIL Share as at 31 December 2013, assuming that the Scheme was implemented on such date, and the explanatory notes thereto are set out in Annexure 8 to this Circular and should be read in conjunction with the Independent Reporting Accountants' report thereon contained in Annexure 9. These financial effects are the responsibility of the directors of HIL and they have been prepared for illustrative purposes only in order to provide information about the financial position of HIL and its subsidiary, HIL SA, assuming that the Scheme had been implemented on 31 December 2013.

4.2.2 As the Scheme entails the acquisition of the HomeChoice Holdings Shares from the Scheme Participants, the implementation of the Scheme will have no financial effects on HomeChoice Holdings. No *pro forma* financial effects of the Scheme on HomeChoice Holdings have accordingly been included in this Circular.

5. SHARE CAPITAL

5.1 HomeChoice Holdings

The authorised and issued capital of HomeChoice Holdings and the share premium, at the Last Practicable Date, is set out below:

	R'000
Authorised and issued share capital	
Authorised share capital	
200 000 000 ordinary shares of no par value	–
Issued share capital	
103 869 438 ordinary shares of no par value	30 980
Share premium	nil
Total	30 980

5.2 HIL

The authorised and issued capital of HIL and the share premium, at the Last Practicable Date, is set out below:

	R'000
Authorised and issued share capital	
Authorised share capital	
200 000 000 ordinary shares with a par value of R0.01	2 000
Issued share capital	
72 900 000 ordinary shares with a par value of R0.01[1]	182
Share premium	nil
Total	182

Note:

[1] 25% paid up.

6. INTERESTS

6.1 HomeChoice Holdings' interests in HIL SA and HIL

HomeChoice Holdings does not hold direct and indirect interests in the share capital of HIL SA or HIL.

6.2 HomeChoice Holdings Directors' interests in HomeChoice Holdings

6.2.1 Non-executive Directors

The table below reflects the direct and indirect interests of the non-executive Directors of HomeChoice Holdings in the share capital of HomeChoice Holdings as at the Last Practicable Date.

Non-executive Director	Total direct interest as at Last Practicable Date[1]	Total indirect interest as at Last Practicable Date[2, 3]	Total percentage beneficial interest as at Last Practicable Date (%)
John Bester	–	250 000	0.24
Amanda Chorn	–	50 000	0.05
Pierre Joubert	–	–	–
Willem Jungschläger	250 000	–	0.24
Total	250 000	300 000	0.53

Notes:

[1] Willem Jungschläger has a direct beneficial interest in 250 000 HomeChoice Holdings Shares, which are held by a nominee company.

[2] John Bester has an indirect beneficial interest in 250 000 HomeChoice Holdings Shares, which are held by a trust.

[3] Amanda Chorn has an indirect beneficial interest in 50 000 HomeChoice Holdings Shares, which are held by a trust.

6.2.2 **Executive Directors**

The table below reflects the direct and indirect interests of the executive Directors of HomeChoice Holdings in the share capital of HomeChoice Holdings, as at the Last Practicable Date.

Executive Director	Direct beneficial interest as at Last Practicable Date	Indirect beneficial interest as at Last Practicable Date	Total percentage beneficial interest as at Last Practicable Date (%)
Rick Garratt[1]	–	–	0.00
Shirley Maltz[1, 2]	51 044	_	0.05
Annalize Kirsten[3]	1 200 000	–	1.16
Total	1 251 044	–	1.20

Notes:

[1] Rick Garratt and Shirley Maltz each have an indirect non-beneficial interest in 83 449 531 HomeChoice Holdings Shares, which are held by GFM Limited, a private limited company incorporated in the Republic of Malta. Rick Garratt and Shirley Maltz have indirect beneficial interests in GFM.

[2] Shirley Maltz has a direct beneficial interest in 51 044 HomeChoice Holdings Shares, which are held in her own name.

[3] Annalize Kirsten has a direct beneficial interest in 1 200 000 HomeChoice Holdings Shares, which are held by a nominee company.

6.3 **HomeChoice Holdings Directors' interests in HIL SA and HIL**

None of the non-executive or executive directors of HomeChoice Holdings hold direct or indirect interests in the share capital of HIL SA or HIL.

6.4 **HIL SA's and HIL's interests in HomeChoice Holdings**

HIL SA or HIL does not hold direct and indirect interests in the share capital of HomeChoice Holdings.

6.5 **HIL SA and HIL Directors' interests in HIL SA**

Save for Gregoire Lartigue who holds 1 (one) HIL Share, none of the non-executive or executive directors of HIL SA and HIL hold direct or indirect interests in the share capital of HIL SA .

6.6 **HIL SA and HIL Directors' interests in HIL**

6.6.1 **Non-executive Directors**

None of the non-executive directors of HIL SA and HIL hold direct or indirect interests in the share capital of HIL.

6.6.2 **Executive Directors**

The table below reflects the direct and indirect interests of the executive Directors of HIL SA and HIL in the share capital of HIL as at the Last Practicable Date. Upon implementation of the Scheme, however, the 1 (one) HIL Share held by Gregoire Lartigue will be repurchased by HIL at the subscription price paid for such HIL Share at incorporation.

Executive Director	Total direct interest as at Last Practicable Date	Total indirect interest as at Last Practicable Date	Total percentage beneficial interest as at Last Practicable Date (%)
Gregoire Lartigue	1	–	0.00000014
Total	1	–	0.00000014

6.7 **HIL SA and HIL Directors' interests in HomeChoice Holdings**

None of the non-executive or executive directors of HomeChoice Holdings hold direct or indirect interests in the share capital of HIL SA or HIL.

Save for Gregoire Lartigue who holds 1 (one) HIL Share, none of the non-executive or executive directors of HIL SA or HIL hold direct or indirect interests in the share capital of HomeChoice Holdings.

6.8 **Directors Dealings**

There have been no dealings in HomeChoice Holdings Shares by HomeChoice Holdings' directors during the six-month period ending on the Last Practicable Date. However, GFM (in which Rick Garratt and Shirley Maltz hold indirect beneficial interests) concluded a term sheet during October 2014 with African Development Partners II L.P. for the sale of approximately 10 000 000 Consideration Shares to a wholly-owned subsidiary of African Development Partners II L.P. As at the Last Practicable Date no binding agreement has, however, been concluded in respect of this sale. Subject to the parties concluding binding agreements for the sale and such agreements becoming unconditional the sale is expected to be implemented after the Implementation Date but before the Listing Date at a purchase price of R29.40 per Scheme Consideration Share.

6.9 **Directors' service contracts and terms of office**

The total remuneration and benefits paid and payable to HomeChoice Holdings' executive directors and non-executive directors for the year ended 31 December 2013 is set out below:

		Short-term benefits				Post-retirement benefits	Long-term benefits			
	Months paid R'000	Director's fees R'000	Salary R'000	Other benefits R'000	Performance bonus* R'000	Provident fund contributions R'000	Interest benefit on financial assistance R'000	Total remuneration R'000	Value of equity-settled share options granted** R'000	Financial assistance granted pursuant to share scheme R'000
2013										
Executive directors										
Richard Garratt	12	–	3 583	1 749	1 000	–	–	6 332	–	–
Shirley Maltz	12	–	2 304	–	1 729	277	–	4 310	144	–
Annalize Kirsten	12	–	1 645	–	1 347	197	138	3 327	29	1 642
		–	7 532	1 749	4 076	474	138	13 969	173	1 642
Non-executive directors										
John Bester	12	287	–	–	–	–	–	287	–	–
Pierre Joubert***	12	–	–	–	–	–	–	–	–	–
Willem Jungschläger	12	519	–	–	–	–	52	571	–	746
Amanda Chorn	12	227	–	–	–	–	–	227	–	–
		1 033	–	–	–	–	52	1 085	–	746
Total remuneration		1 033	7 532	1 749	4 076	474	190	15 054	173	2 388

* The performance bonus paid in March is based on the prior year's results

** The value of equity-settled share options granted is the annual expense determined in accordance with *IFRS 2, Share-based Payment* and is presented for information purposes only as it is not regarded as constituting remuneration, given that the value was neither received nor accrued to the directors during the year. Gains made on the exercise of such share options are disclosed in the year when vesting occurs and have been exercised.

*** Pierre Joubert waived his fees as a director in respect of the periods under review.

As at the Last Practicable Date there were no service agreements in place between the Directors and any of the Group companies.

7. COMPARABLE OFFER

7.1 The HomeChoice Share Option Scheme is an option scheme in terms of which eligible employees are offered options to acquire HomeChoice Holdings Shares from the HomeChoice Trust.

7.2 To facilitate the Scheme and ensure that Option Participants are placed in the same economic position before and after the Scheme, HIL has made the Comparable Offer to the Option Participants as required by Regulation 87 of the Takeover Regulations.

7.3 In terms of the Comparable Offer, subject to the fulfilment of the Conditions Precedent, the Option Participants are offered an equivalent number of options to acquire shares in HIL, at the same strike price and otherwise on substantially the same terms and conditions on which they hold the Options.

7.4. The replacement options in HIL offered in terms of the Comparable Offer will be governed by a new HIL share option scheme which has been adopted by HIL. The terms of this share option scheme shall resemble that of the HomeChoice Share Option Scheme in all material respects. The new HIL share option scheme is also open for inspection in terms of paragraph 13.8 of this Circular.

8. HOMECHOICE 2008 SCHEME

8.1 The HomeChoice 2008 Scheme is a share purchase scheme in terms of which eligible and selected senior employees were advanced loans by the HomeChoice Trust to acquire HomeChoice Holdings Shares at the market value prevaling at the time.

8.2 As at the Last Practicable Date the HomeChoice 2008 Scheme has been terminated. Before the HomeChoice 2008 Scheme was terminated the outstanding payment obligations of the remaining participants of the HomeChoice 2008 Scheme, being the total amount of R3 878 045, were replaced with loan agreements ("**New Loan Agrements**") between such participants and the participants' employer within the Group, being either HomeChoice or FinChoice, at equivalent amounts and terms of repayment. In terms of the said loan agreements the HomeChoice Holdings Shares pledged and held as security for repayment of the loans under the HomeChoice 2008 Scheme will, upon implementation of the Scheme, be replaced with a pledge of the HIL Shares issued to these participants in consideration for their pledged Scheme Shares.

9. OTHER ARRANGEMENTS

No arrangements, agreements or understandings which have any connection with or dependence on the Scheme exist between HomeChoice Holdings, HIL SA, HIL, the HomeChoice Shareholders or any person acting in concert with it, or any director of HomeChoice Holdings, HIL SA, HIL or any person who was a director of HomeChoice Holdings within the period commencing 12 months prior to the date on which the details of the Scheme was published in the press, or any person who is or was a HomeChoice Holdings Shareholder within the above-mentioned period.

10. AGREEMENTS IN RELATION TO THE SCHEME

10.1 No agreement exists between the Company and any HomeChoice Shareholders which could be considered material to a decision regarding the Scheme to be taken by HomeChoice Shareholders.

10.2 As at the Last Practicable Date no other agreements have been entered into between the Company and any of the directors of HomeChoice Holdings or HomeChoice Shareholders in relation to the Scheme.

11. OPINIONS AND RECOMMENDATIONS

11.1 The Independent Board has appointed the Independent Expert (which meets the requirements set out in section 114(2) of the Act) to advise it on the proposed Scheme and to compile a report in terms of section 114 of the Act and the Takeover Regulations to the Independent Board concerning the Scheme.

11.2 The Independent Expert has advised the Independent Board that it has considered the terms and conditions of the Scheme and is of the opinion that these terms and conditions are fair and reasonable to HomeChoice Shareholders. The text of the letter from the Independent Expert is included in Annexure 1 to this Circular and the letter has not been withdrawn prior to the publication of this Circular.

11.3 The Independent Board, after due consideration of the report of the Independent Expert, has determined that it will place reliance on the valuation performed by the Independent Expert for the purposes of reaching its own opinion regarding the Scheme and the Scheme Consideration as contemplated in Regulation 110(3)(b) of the Companies Act. The Independent Board has formed a view of the range of the fair value of the HomeChoice Holdings Shares, which accords with the valuation range contained in the Independent Expert's report, in considering its opinion and recommendation.

11.4 The Independent Board having considered, *inter alia*, the independent advice of the Independent Expert and the terms and conditions of the Scheme, is of the opinion that these terms and conditions are fair and reasonable to HomeChoice Shareholders.

11.5 The Independent Expert has advised the Independent Board that it is of the view that the Comparable Offer constitutes a "comparable offer" to the Scheme Consideration in terms of Regulation 87 of the Takeover Regulations.

11.6 The directors intend exercising the voting rights of the HomeChoice Holdings Shares held or controlled by them in favour of the Special Resolution set out in the notice of Scheme Meeting.

11.7 The Circular is the joint responsibility of the Independent Board of HomeChoice Holdings and of HIL SA, as is required under Regulation 106(3)(a) of the Companies Act.

12. RESPONSIBILITY STATEMENT

The Independent Board, HIL SA and HIL accept full responsibility for the information contained in this Circular; certify that to the best of their knowledge and belief the information contained in this Circular is true; and that neither the Circular nor the report from the Independent Expert included as Annexure 1 omits anything likely to affect the importance of such information.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the registered office of HomeChoice Holdings, from Monday, 27 October 2014 up to and including Monday, 24 November 2014:

13.1 the audited financial statements of HomeChoice Holdings for the years ended 31 December 2011, 31 December 2012 and 31 December 2013;

13.2 the memorandum of incorporation of each of HomeChoice Holdings and its subsidiaries;

13.3 a signed copy of this Circular;

13.4 a signed copy of the Prospectus;

13.5 Comparable Offer letter to all the Option Participants;

13.6 the independent opinion letter from the Independent Expert;

13.7 Reporting Accountants' reports on the *pro forma* financial information of HomeChoice Holdings and HIL;

13.8 TRP letter of approval of the Circular; and

13.9 the HIL Trust deed and HIL share option scheme.

For and on behalf of HomeChoice Holdings

Who is duly authorised hereto in terms of a resolution passed by the board of directors of HomeChoice Holdings

Richard Garratt
Executive Director
HomeChoice Holdings
Cape Town
21 October 2014

For and on behalf of HIL

Who is duly authorised hereto in terms of a power of attorney signed by the board of directors of HIL

Richard Garratt
Executive Director of HomeChoice Holdings
Cape Town
21 October 2014

For and on behalf of HIL SA

Who is duly authorised hereto in terms of a power of attorney signed by the board of directors of HIL SA

Richard Garratt
Executive Director of HomeChoice Holdings
Cape Town
21 October 2014

OPINION FROM INDEPENDENT EXPERT

RSM Betty & Dickson (Cape Town)
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INDEPENDENT EXPERT'S REPORT REQUIRED IN TERMS OF THE APPLICABLE PROVISIONS OF SECTION 114 OF THE COMPANIES ACT NO. 71 OF 2008 (COMPANIES ACT)

20 October 2014

The Directors
HomeChoice Holdings Limited
78 Main Road
Wynberg
Cape Town
7800

Dear Sirs

Independent expert's report in terms of Section 114 of the Companies Act in respect of the proposed Scheme whereby HomeChoice South Africa PLC (Incorporated in the Republic of Malta) ("HIL SA") will acquire all the issues ordinary shares of HomeChoice Holdings Limited (Incorporated in the Republic of South Africa) ("HomeChoice Holdings") from all HomeChoice Holdings shareholders.

Introduction

Terms used in this report bear the meaning as defined in the Circular to HomeChoice shareholders dated on or about 20 October 2014.

As set out in the Circular to be issued to HomeChoice Holdings shareholders on or about 20 October 2014, the Board proposes a Scheme between HomeChoice Holdings and Scheme Participants being all HomeChoice Holdings shareholders who are recorded in the Register as such on the Voting Record Date and entitled to vote at the Scheme Meeting, in terms of which if the Scheme becomes operative, HIL SA, a wholly owned subsidiary of HomeChoice International PLC (Incorporated in the Republic of

Malta) ("HIL"), will purchase all the HomeChoice Holdings issued ordinary shares held by the Scheme Participants in terms of section 114 of the Companies Act.

As at the date of the Circular, the stated capital of HomeChoice Holdings comprises:

- 200 000 000 authorised ordinary shares of no par value and
- 103 869 438 issued ordinary shares of no par value

In terms of the offer per clause 3.1.4 and 7 of the Circular;

- HIL SA will acquire the Scheme Shares from the Scheme Participants in exchange for one HIL SA Share for every one Scheme Share held by a Scheme Participant
- Immediately after the issue of the HIL SA Shares, HIL will acquire all the HIL SA Shares issued to the Scheme Participants in exchange for the Scheme Consideration of one HIL Share for every one HIL SA Share held by a Scheme Participant;
- Immediately after the issue of the Consideration Shares to the Scheme Participants, the HIL Shares issued to Stockdale and Gregoire Lartigue on incorporation of HIL will be repurchased by HIL at a nominal value
- The percentage shareholding in HIL after the scheme will be identical to the shareholdings in HomeChoice Holdings before the scheme
- HIL has also made a Comparable Offer, as required by Regulation 87 of the Takeover Regulations, to all the Option Holders, in terms whereof, if the Scheme becomes operative, the Option Participants will be given an equivalent number of options to acquire shares in HIL, at the same strike price and otherwise on substantially the same terms and conditions on which they hold the Options. Upon implementation of the Scheme, the HomeChoice Share Option Scheme will be cancelled
- A Scheme Participant will receive the Scheme Consideration against surrender of their Documents of Title.

Full details of the proposed Scheme are contained in the Circular to be dated on or about 20 October 2014, which will include a copy of this letter.

Copies of section 115 and 164 of the Act are set out in Appendix A and B of the Circular.

The material interests of the directors of HomeChoice Holdings are set out in paragraph 6 of the Circular. The effects of the proposed Scheme detailed above, will also apply to the directors of HomeChoice Holdings.

Scope

The offer is classified as an affected transaction in terms of the Companies Act. In terms of the Companies Act and Section 90 and 110 of the Regulations to the Companies Act the HomeChoice Holdings Board is required to obtain a fair and reasonable opinion on the offer from an Independent Expert and include this opinion in the Circular to HomeChoice Holdings shareholders and option holders.

An Independent Expert's opinion is required to be obtained in terms of Section 114 of the Regulations of the Companies Act. Section 114 (2) provides that the Company must retain an Independent Expert who meets the requirements of the section to compile a report to the Independent Board concerning the proposed Scheme.

RSM Betty & Dickson (Cape Town) has been appointed by the Independent Board as the Independent Expert to advise on whether the terms and conditions of the offer are fair and reasonable to the shareholders and option holders of HomeChoice Holdings.

The purpose of our engagement was to perform the role of an Independent Expert as envisaged by the applicable provisions of section 114 of the Companies Act in relation to the proposed Scheme. Our work entailed expressing an opinion on the fairness, reasonableness, or otherwise of the proposed Scheme.

Responsibility

Compliance with the Companies Act is the responsibility of the HomeChoice Holdings Board. Our responsibility is to report to the directors, shareholders and option holders of HomeChoice Holdings on the terms and conditions including the fairness and reasonableness of the proposed Scheme in compliance with the relevant provisions of the Companies Act.

Definition of Fair and Reasonable

Market value is defined as the estimated amount for which an asset should exchange on the date if valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeable, prudently and without compulsion.

A transaction would generally be considered fair from the prospective of a seller if the consideration payable by the purchaser of the seller is equal to, or greater than the market value of the assets being sold.

The assessment of fairness is primarily based on quantitative considerations. The proposed Scheme may be considered fair if the value attributable to the Company and its shareholders post the proposed Scheme exceeds or is equal to the attributable value prior to the proposed Scheme.

The assessment of reasonableness is generally based on qualitative considerations surrounding the proposed Scheme. Even though the consideration may differ from the market value of the assets being acquired, a transaction may still be fair and reasonable after considering other significant qualitative factors.

We have applied the aforementioned principles in preparing our opinion. This fair and reasonableness opinion does not purport to cater for an individual shareholder's position but rather the general body of shareholders subject to the proposed Scheme. A shareholder's decision regarding fair and reasonableness of the terms of the proposed

Scheme may be influenced by their particular circumstances (for example taxation and the original price paid for the shares).

Reason for the proposed Scheme

1.1 Expansion into the rest of Africa and other emerging markets, such as South America presents a major strategic growth opportunity for HomeChoice Holdings in the medium to long-term

1.2 The Group currently operates in the neighbouring African countries of Botswana, Lesotho, Namibia and Swaziland and sales from these countries collectively accounted for 9.5% of total retail sales in the 2013 financial year

1.3 The Board believes that the potential for maintaining the Group's growth and profitability lies outside of South Africa and wishes to optimise the Group's global footprint. The Board recognises that a key driver of growth is the holding company's global investment structure. In this respect, the board believes that, after appropriate due diligence, the current Group structure should be optimised to facilitate expansion outside of South Africa. The Board is of the view that creating an international holding company domiciled in Malta, an European Union member country free of exchange control restrictionswill enable faster and more efficient allocation of capital to accelerate growth in Africa

1.4 As the sole asset of the newly-created HIL, save for a nominal amount of working capital, will be its shareholding in HIL SA, and the sole asset of HIL SA will be its shareholding in HomeChoice Holdings, 1 (one) HIL SA share will equal 1 (one) HomeChoice Holdings share. This will allow the current shareholding of HomeChoice Holdings to be maintained and enable all shareholders to participate in the potential benefits of expansion into Africa

1.5 HomeChoice Holdings has stated its plans to list the Company in the medium-term and management has been evaluating market conditions to determine an appropriate time to list

1.6 The Listing is aimed at creating a market for shareholders, management and employees by making their shares more tradeable, as well as enabling the Company to attract, retain and incentivise skilled and scarce talent. The Listing will also provide access to an alternative source of funding to the internal and external sources of funding which are currently being utilised by the Company

1.7 HIL is in the process of applying for the inward listing of the HIL shares on the Main Board of the JSE

Sources of Information

In the course of our analysis, we relied upon financial and other information, including prospective financial information obtained from HomeChoice Holdings, together with industry-related and other information in the public domain. Our findings are dependent on such information being complete and accurate in all material respects.

The principal sources of information used in performing our scope of work include:

- This Circular
- Audited annual financial statements for the five financial years ended 31 December 2013
- Management accounts from 1 January up to 30 June 2014
- Unaudited historical financial information of HIL from date of incorporation
- Unaudited reviewed pro forma financial information of HIL
- Share register summaries for Home Choice Holdings, HIL SA and HIL
- Signed preliminary term sheet (PTS) for the offer to purchase shares in HIL after the implementation of the Scheme, but before listing
- Discussions with management of HomeChoice Holdings

Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of our findings, whether in writing or obtained through discussions with management of HomeChoice Holdings.

Our procedures and enquires did not constitute an audit in terms of the International Standards on Auditing. Accordingly, we cannot express an opinion on the financial data or other information used in arriving at our opinion.

Procedures performed

Our procedures including considering the relevant information included on the terms and conditions of the offer, as described in the circular to the HomeChoice Holdings shareholders and option holders.

In arriving at our opinion we have undertaken the following procedures in evaluating the fairness and reasonableness of the shares scheme:

- Reviewed the terms and conditions of the Scheme
- We held discussions with HomeChoice Holdings management on information and assumptions pertaining to HomeChoice Holdings that were made available by management
- We reviewed HomeChoice Holdings financial results covering five years up to the date of valuation
- We considered the prevailing economic and market conditions in the industries in which HomeChoice Holdings operate as appropriate
- Evaluated the relative risks associated with HomeChoice Holdings and the industry in which they operate
- Reviewed the unaudited historical financial information of HIL
- Where relevant, representations made by management and/or directors were collaborated to source documents or independent analytical

procedures were performed by us, to examine and understand the industry in which HomeChoice Holdings operates, and to analyse external factors that could influence the business of HomeChoice Holdings

- Reviewed the terms and conditions of the PTS for the offer to purchase shares in HIL after the implementation of the Scheme.
- Reviewed the offer price for HIL shares, based on the PTS
- Considered other relevant facts and information relevant to concluding this opinion

Valuation

The scheme consideration for the proposed Scheme is one HIL share for every one HomeChoice Holdings share held as well as the equivalent number of options to option holders in HIL. HIL SA and HIL have no other assets and liabilities except for, a nominal amount of working capital and the current shareholders in both HIL SA and HIL will be removed and replaced on the conclusion of the proposed Scheme. The fair value of HomeChoice Holdings is considered to be the same as HIL after conclusion of this transaction.

Although quantifying a fair value for this transaction is not considered necessary, the Scheme Participants will receive the equivalent number of shares in HIL as they had previously owned in HomeChoice Holdings with no loss in the value per share, we have nevertheless performed a valuation of the company, as required by the Companies Act.

For the purpose of our valuation we used the market approach as a valuation technique to determine the fair value of HomeChoice Holdings shares and of HIL shares after implementation of the Scheme. This approach relies on the principle of "willing buyer, willing seller" and that the value is determined on an arm's-length transaction basis.

This approach has been assessed as being the most appropriate valuation technique as a preliminary term sheet has been concluded with an independent third party for the purchase of approximately 10 million HIL shares after implementation of the Scheme, but before their listing on the JSE, and is thus considered to be an arm's length transaction.

Based on this offer we believe the fair value of the shares to be between R29.00 and R30.00 per share, with the most likely value of R29.40 per share.

The valuation above is provided solely in respect of the opinion and should not be used for any other purposes.

Opinion

RSM Betty & Dickson (Cape Town) has considered the terms and conditions of the proposed Scheme, based upon and subject to the conditions set out herein and is of the opinion that the terms and conditions of the proposed Scheme, based on quantitative considerations are fair to the HomeChoice Holdings shareholders and option holders.

Based on qualitative factors, we are of the opinion that the terms and conditions of the proposed Scheme are reasonable from the perspective of the HomeChoice Holdings shareholders and option holders.

Our opinion is based on the current economic, market, regulatory and other conditions and the information made available to us by HomeChoice Holdings management up to 20 October 2014. We have furthermore assumed that all conditions precedent, including any material regulatory and other approvals and consents required in connection with the proposed Scheme have been fulfilled or obtained.

Accordingly, subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

We also draw your attention to Sections 115 and 164 (Appendix A and B of the Circular) which should be carefully considered by all relevant parties.

Limiting conditions

This opinion is provided to the Board in connection with and for the purpose of the proposed Scheme for the sole purpose of assisting the Board in forming and expressing an opinion for the benefit of the HomeChoice Holdings shareholders and option holders. This opinion is prepared solely for the Board and therefore should not be regarded as suitable for use by any other party or give rise to third party rights.

We have relied upon the accuracy of the information used by us in deriving our findings albeit that, where applicable, we have corroborated the reasonableness of such information through, amongst other things, historic precedent or our own knowledge and understanding. While our work has involved an analysis of the annual financial statements and other information provided to us, our engagement does not constitute, nor does it include, an audit conducted in accordance with International Standards on Auditing. Accordingly, we assume no responsibility and make no representations with respect to the accuracy of any information provided to us in respect of HomeChoice Holdings.

The above findings are based on the information available to us, the financial, regulatory and other conditions and circumstances existing and disclosed to us as at the date hereof. We have assumed that the conditions precedent in the transaction agreements, including any material regulatory and other approvals, will be properly fulfilled / obtained. Subsequent developments may affect our findings, however we are under no obligation to update, revise or affirm as such.

Independence

We have been retained by the Board to report to the Board and HomeChoice Holdings shareholders in connection with the proposed Scheme and we will receive a fixed fee for the services provided in connection herewith, which fee is payable upon delivery of this report. We confirm that, other that the aforementioned, we have no interest, direct or indirect, beneficial or non-beneficial, in HomeChoice Holdings or in the success of failure of the Scheme which forms the subject matter hereof.

We confirm that our professional fees of approximately R50 000 are not contingent upon the success of the Scheme. We also confirm that we have the necessary qualifications and competence to provide the fair and reasonable opinion on the Scheme.

Consent

We hereby consent to this letter and the references thereto being made public HomeChoice Holdings shareholders in the form and context in which they are to be published in this circular to HomeChoice Holdings Shareholders on or about 20 October 2014.

We confirm that we have given and have not withdrawn our consent prior to the issue of this circular to HomeChoice Holdings shareholders and option holders.

Sincerely,

RSM Betty & Dickson (CT)

RSM Betty & Dickson (Cape Town)
Chartered Accountants (SA)

Per M G Q De Faria CA(SA)
Partner

Cape Town

CONSOLIDATED HISTORICAL FINANCIAL INFORMATION IN RESPECT OF HOMECHOICE HOLDINGS AND ITS SUBSIDIARIES FOR THE YEARS ENDED 31 DECEMBER 2011, 2012 AND 2013

INTRODUCTION

The historical financial information of HomeChoice Holdings Limited and its subsidiaries set out below has been extracted from the audited annual financial statements of HomeChoice Holdings Limited and its subsidiaries for the years ended 31 December 2013, 2012 and 2011. The annual financial statements were audited by PricewaterhouseCoopers Inc. and reported on without qualification.

This historical financial information was prepared by the finance department of HomeChoice Holdings Limited and its subsidiaries, acting under the supervision of Annalize Kirsten CA(SA), the chief financial officer of HomeChoice Holdings Limited.

The historical financial information of HomeChoice Holdings Limited and its subsidiaries is the responsibility of the Directors of HomeChoice Holdings Limited.

The historical financial information of HomeChoice Holdings Limited and its subsidiaries for the years ended 31 December 2013, 2012 and 2011 were authorised for issue on 24 October 2014 by the board of Directors.

COMMENTARY

Detailed commentary on the historical financial information of HomeChoice Holdings Limited and its subsidiaries is provided in the selected consolidated financial information of the Group included in the Circular.

HISTORICAL FINANCIAL INFORMATION

The 2012 and 2011 historical financial information were adjusted for the purpose of improved disclosure. Refer to note 34 in the "Consolidated Historical Financial Information" for further details. It should be noted that these adjustments had no impact on the previously reported net profits.

In addition, no material change in the nature of the business of the Company and its subsidiaries occurred, and no material fact or circumstance has occurred between the end of the latest financial year of the Company and the date of this Circular, in so far as not already dealt with in historical financial information outlined in this Annexure 2.

These historical financial statements were audited by PricewaterhouseCoopers Inc.

CONSOLIDATED HISTORICAL GROUP STATEMENT OF FINANCIAL POSITION
at 31 December

	Notes	2013 R'000	2012 R'000	2011 R'000
ASSETS				
Non-current assets				
Property, plant and equipment	4	292 785	165 438	136 961
Intangible assets	5	61 237	40 678	20 913
Loans to employees	6	6 362	9 580	11 664
Investment in associates	7	6 536	3 951	1 677
Deferred taxation	8	18 133	13 206	12 878
		385 053	232 853	184 093
Current assets				
Inventories	9	144 964	110 241	92 149
Taxation receivable		77	11	1 175
Trade and other receivables	10	1 169 921	1 020 777	749 713
Trade receivables – Retail		686 375	583 528	442 277
Loans receivable – Financial Services		462 080	411 646	296 580
Other receivables		21 466	25 603	10 856
Cash and cash equivalents	11	67 981	10 192	46 069
		1 382 943	1 141 221	889 106
Total assets		1 767 996	1 374 074	1 073 199
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Stated and share capital	12	30 980	30 980	1 039
Share premium	12	–	–	29 941
Treasury shares	13	(13 733)	(11 331)	(9 732)
Other reserves	15	1 902	1 084	545
Retained earnings		1 266 575	1 049 589	815 542
Total equity		1 285 724	1 070 322	837 335
Non-current liabilities				
Interest-bearing liabilities	16	188 208	90 977	74 895
Deferred taxation	8	68 015	60 097	45 159
Other payables	17	3 510	3 480	3 450
		259 733	154 554	123 504
Current liabilities				
Interest-bearing liabilities	16	21 148	9 178	7 433
Taxation payable		8 953	5 850	2 409
Trade and other payables	18	134 552	112 718	85 454
Provisions	19	9 000	18 934	17 064
Bank overdraft	11	48 886	2 518	–
		222 539	149 198	112 360
Total liabilities		482 272	303 752	235 864
Total equity and liabilities		1 767 996	1 374 074	1 073 199

CONSOLIDATED HISTORICAL GROUP STATEMENT OF COMPREHENSIVE INCOME
for the years ended 31 December

	Notes	2013 R'000	2012 R'000	2011 R'000
Revenue		1 661 952	1 434 359	1 121 060
Retail sales		929 730	841 480	670 466
Finance charges and initiation fees earned		619 848	498 121	390 102
Finance charges earned		452 912	363 474	278 454
Initiation fees earned		166 936	134 647	111 648
Fees from ancillary services		112 374	94 758	60 098
Dividends received		–	–	394
Cost of retail sales		(472 771)	(411 403)	(312 548)
Retail gross profit margin (%)		49.1	51.1	53.4
Debtor costs	22	(316 463)	(227 769)	(148 087)
Other trading expenses	22	(434 739)	(398 120)	(322 957)
Other net gains and losses	20	(2 319)	759	2 028
Other income	21	2 661	5 036	2 095
Operating profit		438 321	402 862	341 591
Interest received		2 070	2 624	2 975
Interest paid	23	(7 554)	(6 236)	(6 156)
Share of loss of associates		(1 818)	(2 097)	(366)
Profit before taxation		431 019	397 153	338 044
Taxation	24	(121 696)	(112 656)	(98 048)
Profit and total comprehensive income for the year		309 323	284 497	239 996
Earnings per share (cents)				
Basic		306.9	282.1	237.4
Diluted		305.6	280.1	237.4

The retail gross profit margin percentage has been calculated as retail sales less cost of retail sales, divided by retail sales.

CONSOLIDATED HISTORICAL GROUP STATEMENT OF CHANGES IN EQUITY

for the years ended 31 December

	Stated and share capital R'000	Share premium R'000	Treasury shares R'000	Other reserves R'000	Retained earnings R'000	Equity attribu-table to owners of the parent R'000
Balance at 1 January 2011	1 039	97 456	(8 938)	4 113	575 546	669 216
Changes in equity						
Profit and total comprehensive income for the year	–	–	–	(3 818)	239 996	236 178
Purchases of treasury shares by share trust	–	–	(2 635)	–	–	(2 635)
Reduction in share premium	–	(67 515)	1 841	–	–	(65 674)
Share option scheme	–	–	–	250	–	250
Total changes	–	(67 515)	(794)	(3 568)	239 996	168 119
Balance at 1 January 2012	1 039	29 941	(9 732)	545	815 542	837 335
Changes in equity						
Conversion to no par value shares	29 941	(29 941)	–	–	–	–
Profit and total comprehensive income for the year	–	–	–	–	284 497	284 497
Purchases of treasury shares by share trust	–	–	(1 599)	–	–	(1 599)
Dividends paid	–	–	–	–	(50 450)	(50 450)
Share option scheme	–	–	–	539	–	539
Total changes	29 941	(29 941)	(1 599)	539	234 047	232 987
Balance at 1 January 2013	30 980	–	(11 331)	1 084	1 049 589	1 070 322
Changes in equity						
Profit and total comprehensive income for the year	–	–	–	–	309 323	309 323
Purchases of treasury shares by share trust	–	–	(2 536)	–	–	(2 536)
Sale of treasury shares by share trust	–	–	134	–	2 396	2 530
Dividends paid	–	–	–	–	(94 733)	(94 733)
Share option scheme	–	–	–	818	–	818
Total changes	–	–	(2 402)	818	216 986	215 402
Balance at 31 December 2013	30 980	–	(13 733)	1 902	1 266 575	1 285 724

CONSOLIDATED HISTORICAL GROUP STATEMENT OF CASH FLOWS

for the years ended 31 December

	Notes	2013 R'000	2012 R'000	2011 R'000
Cash flows from operating activities				
Operating cash flows before working capital changes	26	451 910	413 710	346 761
Movements in working capital	26	(173 900)	(259 992)	(203 253)
Cash generated from operations	26	278 010	153 718	143 508
Interest received		2 078	2 624	2 975
Interest paid		(5 883)	(6 236)	(6 156)
Dividends received		–	–	394
Taxation paid	27	(115 668)	(93 441)	(91 647)
Net cash inflow from operating activities		158 537	56 665	49 074
Cash flows from investing activities				
Purchase of property, plant and equipment	4	(134 700)	(35 464)	(24 403)
Proceeds on disposal of property, plant and equipment		9	–	300
Purchase of intangible assets	5	(26 883)	(24 612)	(16 466)
Proceeds from sale of available-for-sale financial assets		–	–	39 811
Loans repaid by employees	6	4 115	3 609	3 712
Investment in associates	7	(4 403)	(4 371)	(1 383)
Net cash (outflow)/inflow from investing activities		(161 862)	(60 838)	1 571
Cash flows from financing activities				
Purchase of treasury shares		(707)	(1 599)	(2 635)
Proceeds from sale of treasury shares		2 530	–	–
Proceeds from interest-bearing liabilities		229 950	31 585	74 685
Repayments of interest-bearing liabilities		(120 357)	(13 758)	(49 976)
Reduction in share premium		–	–	(65 674)
Finance-raising costs paid		(1 937)	–	–
Dividends paid		(94 733)	(50 450)	–
Net cash inflow/(outflow) from financing activities		14 746	(34 222)	(43 600)
Net increase/(decrease) in cash and cash equivalents and bank overdrafts		11 421	(38 395)	7 045
Cash, cash equivalents and bank overdrafts at the beginning of the year		7 674	46 069	39 024
Cash, cash equivalents and bank overdrafts at the end of the year	11	19 095	7 674	46 069

CONSOLIDATED HISTORICAL GROUP SEGMENTAL ANALYSIS

for the years ended 31 December

	Retail			Financial Services		
	2013 R'000	2012 R'000	2011 R'000	2013 R'000	2012 R'000	2011 R'000
Segmental revenue	1 344 840	1 178 017	939 002	315 923	255 153	181 503
Retail sales	929 730	841 480	670 466	–	–	–
Finance charges and initiation fees earned	361 808	291 221	235 572	258 040	206 900	154 530
Fees from ancillary services	53 302	45 316	32 964	57 883	48 253	26 972
Dividends received	–	–	–	–	–	–
Intersegment revenue	–	–	–	–	–	–
Revenue from external customers	1 344 840	1 178 017	939 002	315 923	255 153	181 503
Segmental results*	277 885	262 960	229 888	116 368	99 436	69 033
Segmental assets**	1 038 561	782 937	597 814	502 783	444 326	340 697
Segmental liabilities**	305 290	188 172	133 876	12 127	16 896	26 785
Group loans receivable/(payable)	104 071	42 212	133 177	(249 633)	(270 335)	(228 484)
Segmental equity	837 342	636 977	597 115	241 023	157 095	85 428
Operating cash flows before working capital changes	290 596	272 960	238 502	145 788	130 766	94 104
Movements in working capital	(129 877)	(143 211)	(117 955)	(47 441)	(117 125)	(86 423)
Cash generated/(utilised) by operations	160 719	129 749	120 547	98 347	13 641	7 681
Gross profit margin (%)	49.1	51.1	53.4			
Segmental results margin (%)	20.7	22.3	24.5	36.8	39.0	38.0
Capital expenditure						
Property, plant and equipment	55 286	4 759	5 268	610	620	719
Intangible assets	26 649	24 587	16 424	234	25	42
Items included in segmental results:						
Interest received – Other and Financial Services	–	–	–	159	120	173
Interest paid – Other and Financial Services	–	–	–	(28 993)	(30 149)	(23 995)
Marketing costs	125 754	111 613	93 587	13 054	8 176	4 870
Staff costs	141 211	141 371	113 925	30 781	22 972	16 911
Depreciation and amortisation	11 992	9 739	8 774	490	896	1 341
Other costs	104 733	95 889	86 839	22 495	15 892	12 380
Other trading expenses	383 690	358 612	303 125	66 820	47 936	35 502
Debtor costs	212 002	149 997	94 936	104 461	77 772	53 151
Total trading expenses (refer to note 23)	595 692	508 609	398 061	171 281	125 708	88 653

* Refer to note 1.28 for further details on the measurement basis of segmental results.

** Excluding group loans, including loans to share trust.

	2013 R'000	2012 R'000	2011 R'000
Reconciliation of segmental results			
Segmental results, as reported above	437 216	403 288	343 149
Interest received	1 626	2 197	1 417
Interest paid	(6 005)	(6 235)	(6 156)
Share of loss of associates	(1 818)	(2 097)	(366)
Profit before taxation	431 019	397 153	338 044

Property			Other			Eliminations			Total		
2013 R'000	2012 R'000	2011 R'000	2013 R'000	2012 R'000	2011 R'000	2013 R'000	2012 R'000	2011 R'000	2013 R'000	2012 R'000	2011 R'000
18 689	18 462	17 435	2 905	153 266	8 746	–	–	–	1 682 357	1 604 898	1 146 686
–	–	–	–	–	–	–	–	–	929 730	841 480	670 466
–	–	–	–	–	–	–	–	–	619 848	498 121	390 102
18 689	18 462	17 435	–	–	284	–	–	–	129 874	112 031	77 655
–	–	–	2 905	153 266	8 462	–	–	–	2 905	153 266	8 462
(17 500)	(17 273)	(17 273)	(2 905)	(153 266)	(8 353)	–	–	–	(20 405)	(170 539)	(25 626)
1 189	1 189	162	–	–	393	–	–	–	1 661 952	1 434 359	1 121 060
16 492	15 782	15 107	34 156	176 768	38 214	(7 685)	(151 658)	(9 093)	437 216	403 288	343 149
228 649	154 257	124 856	6 470	9 772	27 946	(8 467)	(17 218)	(18 114)	1 767 996	1 374 074	1 073 199
62 360	98 597	77 281	110 962	17 305	16 036	(8 467)	(17 218)	(18 114)	482 272	303 752	235 864
(135 992)	(34 165)	(33 681)	281 554	262 288	128 988	–	–	–	–	–	–
30 297	21 495	13 894	177 062	254 755	140 898	–	–	–	1 285 724	1 070 322	837 335
17 681	16 774	16 253	241	(6 790)	32	(2 396)	–	(2 130)	451 910	413 710	346 761
3 105	(97)	59	313	441	114	–	–	952	(173 900)	(259 992)	(203 253)
20 786	16 677	16 312	554	(6 349)	146	(2 396)	–	(1 178)	278 010	153 718	143 508
									49.1	51.1	53.4
88.2	85.5	86.6	1 175.8	115.1	436.9	–	–	–	26.3	28.1	29.9
78 804	30 085	18 416	–	–	–	–	–	–	134 700	35 464	24 403
–	–	–	–	–	–	–	–	–	26 883	24 612	16 466
–	–	–	29 274	30 455	25 380	(28 989)	(30 149)	(23 995)	444	426	1 558
–	–	–	(1 545)	–	–	28 989	30 149	23 955	(1 549)	–	–
–	–	–	–	–	–	–	–	–	138 808	119 789	98 457
–	–	–	1 858	147	(940)	–	–	–	173 850	164 490	129 896
1 189	1 165	1 145	–	–	–	–	–	–	13 671	11 800	11 260
1 030	1 537	1 227	(2 348)	5 996	171	(17 500)	(17 273)	(17 273)	108 410	102 041	83 344
2 219	2 702	2 372	(490)	6 143	(769)	(17 500)	(17 273)	(17 273)	434 739	398 120	322 957
–	–	–	–	–	–	–	–	–	316 463	227 769	148 087
2 219	2 702	2 372	(490)	6 143	(769)	(17 500)	(17 273)	(17 273)	751 202	625 889	471 044

1. ACCOUNTING POLICIES

1.1 Presentation of annual financial statements

The significant accounting policies applied in the preparation of the consolidated historical financial statements are set out below. These policies comply with International Financial Reporting Standards (IFRS), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the requirements of the Companies Act.

1.2 Basis of consolidation

The consolidated historical financial statements include those of the company and its subsidiaries, including any special purpose entities such as the employee share trust.

1.3 Basis of preparation

These historical financial statements have been prepared on the historical cost basis except for available-for-sale investments, which are measured at fair value. The consolidated historical financial statements are expressed in South African Rand (ZAR or R). The principal accounting policies applied in the preparation of these historical financial statements are set out below and are consistent with those adopted in the prior year, except for new and amended standards and interpretations, as set out in note 2. The application of these new and amended standards and interpretations had no impact on the comparative results.

1.4 Investment in subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal. All intergroup transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised in equity, separately from the group's interest in subsidiaries. Losses of subsidiaries attributable to non-controlling interest holders are allocated to the non-controlling interest even if this results in a debit balance being recognised. Transactions where ownership changes but control is retained are regarded as equity transactions and are recognised directly in the statement of changes in equity. Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit and loss as part of the gain or loss on disposal of the controlling interest. Adjustments are made, when necessary, to the annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

1.5 Investment in associate

An associate is an entity over which the group has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. Refer to note 1.8 for the impairment of non-financial assets, including goodwill. The group's share of its associates' post-acquisition profits or losses is recognised in profit and loss, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. When the group reduces its level of significant influence or loses significant influence, the group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

Accounting policies of associates have been changed, where necessary, to ensure consistency with the policies adopted by the group.

1.6 Property, plant and equipment

Property, plant and equipment are initially recognised at cost, being the cash price equivalent at the recognition date. The cost of an asset comprises any costs incurred in bringing the asset to the location and condition necessary for it to operate as intended by management. Property, plant and equipment are subsequently stated at cost, less accumulated depreciation and accumulated impairment in value. Freehold land is stated at cost less any accumulated impairment in value and is not depreciated. 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.

All other repairs and maintenance expenditures are charged to profit and loss during the financial period in which they are incurred. Depreciation commences when the assets are available for their intended use.

Property, plant and equipment are depreciated on a straight-line basis over the expected useful lives of the various classes of assets, after taking into account residual values. Useful lives of property, plant and equipment, the depreciation method, depreciation rates and residual values are reviewed on an annual basis. The annual rates applied for depreciation are as follows:

Buildings*	10,0%
Furniture and fittings	4,0% – 33,3%
Office equipment	7,7% – 33,3%
Computer equipment	11,1% – 50,0%
Motor vehicles	14,3% – 25,0%
Plant and machinery	14,3% – 33,3%

* The main building component is not depreciated as its residual value exceeds cost.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit and loss in the year the asset is derecognised. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

1.7 Intangible assets

Intangible assets are initially recognised at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. If assessed as having a finite useful life it is amortised over its useful economic life using a straight-line basis and tested for impairment if there is an indication that it may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss. Intangible assets include licences and computer software (including development costs). All of the group's intangible assets are assessed as having finite useful lives. The annual amortisation rates applied are as follows:

Licences	10,0% – 33,3%
Computer software	14,3% – 33,3%

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use.
- Management intends to complete the software product and use it.

- There is an ability to use the software product.
- It can be demonstrated how the software product will generate probable future economic benefits.
- Adequate technical, financial and other resources to complete the development and to use the software product are available.
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit and loss when the asset is derecognised.

1.8 **Impairment of non-financial assets**

At each reporting date the group assesses whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the group makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount, with the impairment loss being recognised in profit and loss. An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in profit and loss.

1.9 **Inventory**

Inventory is valued at the lower of cost, determined on the first-in-first-out basis, and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and cost necessary to make the sale.

1.10 **Leases**

Leases are classified as operating leases where substantially all the risks and rewards associated with ownership of the asset are not transferred from the lessor to the lessee. Operating lease payments are recognised as an expense in profit and loss on a straight-line basis over the lease term. The resulting difference arising between the straight-line basis and contractual cash flows is recognised as an operating lease obligation or asset. Contingent rental income and expenses are recognised when accrued or incurred. Where the group leases assets and substantially assumes all the risks and rewards of ownership, the lease is classified as a finance lease. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

1.11 **Financial instruments**

Financial instruments recognised on the statement of financial position include trade and other receivables, cash and cash equivalents, trade and other payables, and interest-bearing borrowings. Financial instruments are initially measured at fair value, including transaction costs, when the group becomes a party to the contractual arrangements. However, transaction costs in respect of financial assets classified as fair value through profit and loss are expensed.

A financial asset is derecognised when the contractual rights to receive cash flows from the asset have been transferred or have expired or when substantially all the risks and rewards of ownership have passed. A financial liability is derecognised when the relevant obligation has either been discharged or cancelled or has expired. Financial assets and liabilities are off-set and the net amount reported in the statement of financial position when there is a current legally enforceable right to set off recognised amounts and there is an intention to realise the assets and settle the liabilities on a net basis. Subsequent to initial recognition these instruments are measured as set out below. The amount of any impairment, recoveries and the movement in the allowance is recognised as debtor costs in profit and loss.

Trade and other receivables

Trade and other receivables are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment.

Cash and cash equivalents

Cash and cash equivalents, consisting of cash on hand, cash in banks, short-term deposits and bank overdrafts, are subsequently measured at amortised cost.

1.12 **Financial guarantee contracts**

Financial guarantee contracts are recognised as financial liabilities at the date the guarantee is issued at fair value less cumulative amortisation. The fair value of the guarantee is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligation.

1.13 **Derivative financial instruments**

The group uses derivative financial instruments such as forward currency contracts to economically hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. Derivatives are categorised as held for trading at fair value through profit and loss, unless they are designated as hedges.

1.14 **Trade and other payables**

Liabilities for trade and other payables are classified as financial liabilities and are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit and loss when liabilities are derecognised, as well as through the amortisation process.

1.15 **Interest-bearing 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 income statement 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 drawdown 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 prepayment for liquidity services and amortised over the period of the facility to which it relates.

1.16 **Loans to employees**

Loans to employees are classified as loans and receivables. Loans with maturity repayment terms are measured at amortised cost using the effective interest rate method less any allowance for impairment.

1.17 **Impairment of financial assets**

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 a provision for impairment of receivables is established and impairment losses 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. A default or delinquency in payment is regarded as objective evidence that a receivable might be impaired.

For trade and loans receivable 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 consolidated income statement.

Trade and loans receivable are written off and, if previously impaired, the doubtful debt allowance utilised when there is no realistic prospect of future recovery and all collateral (where applicable) has been realised or transferred to the group. 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, the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

1.18 **Stated capital and equity**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Stated capital

Stated capital represents ordinary shares issued, being classified as equity. During the 2012 financial year the ordinary shares were converted to no par value shares, resulting in the existing share capital and premium being transferred to stated capital. If the group reacquires its own equity instruments, the consideration paid, including any directly attributable incremental costs, are deducted from equity until the shares are cancelled or reissued. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the group's own equity instruments. Consideration paid or received shall be recognised directly in equity.

Share premium

Share premium represents the excess consideration received by the company over the par value of ordinary shares issued and was classified as equity. Incremental costs directly attributable to the issue of new shares or options were shown in equity as a deduction from share premium, net of any taxation effect.

Treasury shares

Shares in the company held by a share trust are classified as treasury shares. Treasury shares are treated as a deduction from equity and the cost price of these shares is deducted in arriving at group equity. No gain or loss is recognised in profit and loss on the purchase, sale, issue or cancellation of the group's own equity instruments. The sales consideration from any subsequent resale of the shares, net of directly attributable transaction costs, are credited to retained earnings.

1.19 **Dividend distribution**

Dividend distributions to the company's shareholders are recognised as a liability in the group's financial statements in the period in which dividends are approved by the company's shareholders.

1.20 **Share-based payments**

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

- including any market performance conditions (for example, an entity's share price);
- 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 share 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 share options that are expected to vest, based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit and loss, with a corresponding adjustment to equity. When the share options are exercised, the company issues new shares or settles through releasing existing treasury shares. If issuing new shares, the proceeds received net of any directly attributable transaction costs are credited to stated capital when the options are exercised. If settling through the release of existing treasury shares, the proceeds received net of any directly attributable transaction costs are credited to retained earnings, with the resulting decrease in treasury shares being debited to same. The grant by the company of share 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 in the parent standalone accounts.

1.21 **Provisions and contingencies**

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used the increase in the provision due to the passage of time is recognised as a borrowing cost. For further details on the nature of provisions raised within the group refer to note 19. Contingent liabilities arise when an obligation has resulted, but is either not probable or not able to be reliably estimated. Contingent liabilities are not recognised.

1.22 Revenue recognition

Revenue is recognised at the fair value of the consideration received, net of discounts and related taxes, and consists primarily of the retail sales, finance charges earned, fees from ancillary services and dividends received. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be measured reliably. The following specific criteria must also be met before revenue is recognised:

Retail sales

Retail sales comprises revenue from the sale of goods and income earned from the delivery of such goods and is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. It is the group's policy to sell its products to the retail customer with a right to return within 14 days. The group records a provision for estimated returns based on our sales returns policy and historical rates. The group does not operate any loyalty programmes.

Finance charges earned and initiation fees earned

Finance charges earned includes finance charges and delinquent interest earned on trade and other receivable balances. Finance charges and delinquent interest are recognised on the time-proportionate basis using the effective interest rate implicit in the instrument. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate the group estimates cash flows and includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Initiation fees are charged upfront and are capitalised on initiation of a loan or credit sale. In accordance with *IAS 39, Financial Instruments: Recognition and Measurement* these initiation fees are considered an integral part of the effective interest rate and are accounted for over the shorter of the original contractual term and the actual term of the loan or credit sale, using the effective interest rate. Trade receivables are reduced by the deferred portion of these fees. The group does not defer any related operating costs, as these are all internal costs which are not directly attributable to individual transactions and as such are primarily absorbed infrastructure costs.

Fees from ancillary services

Fees from ancillary services include revenue earned for administration of transactions with customers, as well as insurance distributions received on our credit life products and group schemes. Monthly administration fees are recognised in profit and loss as they are charged to the customer. Insurance distributions are recognised as income when the right to receive payment is established.

Dividends received

Dividends received on equity instruments are recognised when the right to receive payment is established.

1.23 Cost of retail sales

When inventories are sold the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. Cost of sales includes costs of purchase and subsequent distribution. Costs of purchase include the purchase price, import duties, non-recoverable taxes and transport costs. 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, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs. Costs directly related to the provision of services recognised as revenue in the current period are included in cost of sales.

1.24 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.25 **Employee benefits**

Retirement obligations

The group operates a defined contribution retirement provident fund scheme which is funded through payments to insurance companies, determined by periodic actuarial calculations. A defined contribution plan is a retirement plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Bonus scheme

The group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the group'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.

1.26 **Taxation**

The income tax expense is determined based on taxable income for the year and includes deferred tax, secondary tax on companies (STC) (which has been replaced effective 1 April 2012 by withholding tax on dividends) and capital gains tax. Tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In such case the tax is also recognised in other comprehensive income or directly in equity respectively.

Current taxation

Management periodically evaluates positions taken in tax returns with respect to situations in which tax regulation is subject to interpretation. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred taxation

Deferred taxation is recognised using the liability method on temporary differences at the reporting date between the carrying amounts for financial reporting purposes and the tax bases of assets and liabilities. However, the deferred income taxation 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 taxation assets are recognised to the extent that it is probable that the related taxation benefit will be realised in the foreseeable future against future taxable profit. Deferred taxation is calculated using the taxation rates that have been enacted at the reporting date that are expected to apply when the asset is realised or the liability settled. The carrying amount of a deferred tax asset is reviewed at each reporting date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all to be utilised, the carrying value of the deferred tax asset is reduced. 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 tax assets and liabilities are off-set when there is a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

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.

1.27 **Foreign currency transactions**

Items included in the annual financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated annual financial statements are presented in South African Rand, which is the company's functional and the group's presentation currency. 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 remeasured. 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 profit and loss, except when deferred in other comprehensive income as qualifying cash flow hedges.

1.28 **Segmental 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, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of HomeChoice Holdings Limited. The group is primarily a retailer of household goods and provider of loans and other financial services. The group's reportable segments have been identified as follows:

- Retail: The retail segment reflects the results of HomeChoice and FoneChoice. HomeChoice is a multi-channel home shopping retailer providing an exclusive range of household products whilst FoneChoice retails technology-related products to HomeChoice customers.
- Financial Services: The financial services segment reflects the results of FinChoice. FinChoice provides personal loans with terms ranging between one and 36 months.
- Property: This segment holds land and buildings which are primarily used by HomeChoice, FoneChoice and FinChoice.
- Other: Aggregated under other is the holding company's results and the results of the group's associates.

Eliminations include all intergroup transactions, balances, income and expenses, as eliminated on consolidation.

The group has a large, widespread customer base and no individual customer contributes a significant portion of revenue. Sales outside of South Africa are less than 10% of total sales.

The chief operating decision-maker monitors the results of the business segments separately for the purposes of making decisions about resources to be allocated and of assessing performance. They assess the performance of the retail and property segments based upon a measure of operating profit and financial services and other segments based on a measure of operating profit after interest received and interest paid. Intersegment pricing is determined on an arm's length basis in a manner similar to transactions with third parties, with the exception of certain intergroup loans.

1.29 **Significant accounting judgements, estimates and assumptions**

The preparation of the group's historical financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying value of the asset or liability affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Trade and loan receivables

A provision for impairment of trade and loan receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. The estimated future cash flow is based on prior debtors' book yields and average instalment terms. The prior year debtors' book yields have been adjusted to take into account the current economic conditions. As these conditions are uncertain, management has been cautious in assessing the ability of customers to make their required payments.

2. STANDARDS AND INTERPRETATIONS

2.1 New and amended standards and interpretations adopted by the group

In the 2013 financial year the group adopted the following standards and interpretations that are relevant to its operations:

IFRS 10, Consolidated Financial Statements

The new standard establishes control as the only basis for consolidation of all entities, regardless of the nature of the investee. It amends the definition of control to include three elements, namely power over an investee, exposure or rights to variable returns of the investee and the ability to use power over the investee to affect the investor's returns. The new standard replaces *IAS 27, Consolidated and Separate Financial Statements* and *SIC 12, Consolidation: Special Purpose Entities.*

IFRS 12, Disclosure of Interests in Other Entities

The objective of the new standard is to increase transparency in financial reporting where the reporting entity has an interest in subsidiaries, joint arrangements, associates or unconsolidated structured entities. The standard requires disclosure of information to enable users of financial statements to evaluate the nature, risks and financial effects associated with its interests in other entities.

IFRS 13, Fair Value Measurement

The objective of the new standard is to reduce the complexity and improve the consistency of fair value measurements and is part of the IASB's IFRS and US GAAP convergence project. The standard consolidates and clarifies the requirements for measuring fair value and includes disclosure enhancements to assist users of financial statements to better assess the valuation techniques and inputs used to measure fair value.

Amendments to IFRS 7, Financial Instruments: Disclosures – Financial Assets and Liability Offsetting

The amended disclosures will require more extensive disclosures than are currently required under IFRS and US GAAP. The disclosures focus on quantitative information about recognised financial instruments that are off-set in the statement of financial position, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are off-set.

The following new standards, amendments or interpretations to existing standards became effective during the year, but are not relevant to the group's operations:

- *Amendments to IFRS 1, First-time Adoption of International Financial Reporting Standards*
- *Amendments to IAS 1, Presentation of Financial Statements*
- *Amendments to IAS 27, Separate Financial Statements*
- *Amendments to IFRS 11, Joint Arrangements*
- *IAS 19, Employee Benefits (revised)*
- *IAS 28, Investments in Associates and Joint Ventures (revised)*
- *Annual improvements to IFRS*
- *IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine*

2.2 New and amended standards and interpretations not yet effective

The company chose not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 1 January 2014 or later periods:

IFRS 9, Financial Instruments: Classification and Measurement

The new standard covers the classification criteria used and fair value measurement options available for financial assets as well as the accounting and presentation of financial liabilities. It uses a single approach to determine whether a financial asset is measured at amortised cost or at fair value. The standard also requires a single impairment method to be used. The amendment also relaxes the requirements for hedge effectiveness when applying hedge accounting. The amendment to financial liabilities accounting and disclosure introduces new requirements for an entity choosing to measure its own debt at fair value to present fair value changes due to the entity's own credit risk in other comprehensive income rather than in profit and loss. The group will assess the impact of the changes proposed, which could be significant.

IFRS 15, Revenue from Contracts with Customers

The new standard contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognised. The underlying principle is that an entity will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The impact of this new standard is not expected to have a material impact for the group.

IAS 32, Off-setting Financial Assets and Liabilities

The new standard addresses inconsistencies in applying offsetting criteria for financial assets and financial liabilities and clarifies that the right of offset should not be contingent on a future event. The impact of this amendment is not expected to have a material impact for the group.

Annual Improvements

A number of minor amendments have been issued during the year. Below are the amendments which are mandatory and relevant to the group's operations:

IFRS 2, Share-based Payments

The amendment provides further clarity to the definition of a "vesting condition" and now separately defines "performance condition" and "service condition". The group will assess the impact of the amendment, which will be applicable for share-based payments granted on or after 1 July 2014.

IFRS 8, Operating Segments

The amendment requires additional disclosure with respect to the judgements used by management in aggregating segments. The group will also be required to provide a reconciliation of segment assets to entity assets.

IFRS 13, Fair Value Measurements

An amendment has been made to clarify entities are able to measure short-term receivables and payables at invoice amounts where discounting such invoices would be immaterial. This is consistent with the group's current basis of fair value measurement.

IAS 40, Investments Property

The amendment provides further guidance to assist preparers in distinguishing between investment and owner-managed property and to consider whether the acquisition of an investment property is a business combination.

2.3 New and amended standards and interpretations not currently relevant to the group's operations

The group has not applied the following new and amended standards and interpretations that have been issued but are not yet effective, nor relevant to the group's operations:

- *Amendments to IFRS 10, IFRS 12 and IAS 27, Investment Entities (effective 1 January 2014)*
- *IFRS 14, Regulatory Deferral Accounts (effective 1 January 2016)*
- *Amendments to IAS 19, Employee Benefits (effective 1 July 2014)*
- *Amendments to IAS 36, Recoverable Amount Disclosures for Non-financial Assets (effective 1 January 2014)*
- *Amendments to IAS 39, Novation of Derivatives and Continuation of Hedge Accounting (effective 1 January 2014)*
- *IFRIC 21, Levies (effective 1 January 2014)*
- *Amendments to IFRS 11, Acquisition of Interest in Joint Operations (effective 1 January 2016)*
- *Amendment to IAS 16 and IAS 38, Clarification of Acceptable Methods of Depreciation and Amortisation (effective 1 January 2016)*
- *Amendment to IAS 16 and IAS 41, Agriculture: Bearer Plants (effective 1 January 2016)*
- *Amendments to IAS 27, Separate Financial Statements – Equity Method in Separate Financial Statements (effective 1 January 2016)*
- *Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective 1 January 2016)*

3. RISK MANAGEMENT AND FINANCIAL INSTRUMENT DISCLOSURE

The board is accountable for the process of risk management, establishing appropriate risk and control policies and communicating these throughout the group. The group's risk management policies are designed to identify risks faced by the group and establish appropriate controls and limits to mitigate the risk to acceptable levels. The audit and risk committee oversees how management monitors compliance with these risk and control policies.

The group's risk management process is more fully described in the governance section of its 2013 integrated annual report. This note discloses information about the group's capital risk management and exposure to risks from its use of financial instruments.

3.1 Capital risk management

The group's objectives in managing capital are to sustain the group's ability to continue as a going concern while enhancing returns to shareholders. The group primarily makes use of equity for capital management purposes. Equity consists of ordinary share capital and reserves as disclosed in the statement of changes in equity. The capital structure of the group also consists of debt, which includes the borrowings disclosed in note 16, and cash and cash equivalents disclosed in note 11.

The directors meet regularly to review the capital structure. As part of this review the directors consider the availability of funding within the group to fund the group's capital requirements. The directors also consider the cost of capital and the risks associated with each class of capital. The board monitors the return on equity and seeks to maintain a balance between the higher returns that may be possible with higher levels of borrowings and the security and other benefits afforded by a sound capital position. The directors have determined a medium-term target of 27% to 32%. The group's return on equity was 26,3% (2012: 29,8% and 2011: 31.9%).

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 increase or reduce debt. From time to time the group repurchases its own shares or reduces share premium. The timing of these repurchases or share premium reductions depend on the availability of shares to be repurchased and available funding. The decision to repurchase shares or reduce share premium is made on a specific transaction basis. The group does not have a defined share buy-back plan.

There were no changes in the group's approach to capital maintenance during 2013, 2012 or 2011. Neither the company nor its subsidiaries are subject to externally imposed capital requirements.

3.2 **Financial risk management**

The group's activities expose it to a variety of financial risks arising from the use of financial instruments, including credit risk, liquidity risk and market risk.

The group's financial assets and liabilities, as well as non-financial assets and liabilities, can be summarised as follows:

	Notes	Loans and receivables R'000	Non-financial assets R'000	Total R'000
ASSETS				
2013				
Non-current assets				
Loans to employees	6	6 362	–	6 362
Current assets				
Trade receivables – Retail	10	686 375	–	686 375
Loans receivable – Financial Services	10	462 080	–	462 080
Other receivables	10	7 672	13 794	21 466
Cash at bank	11	67 981	–	67 981
Total		1 230 470	13 794	1 244 264
Guarantees		15 000		
Maximum exposure to credit risk		1 245 470		
2012				
Non-current assets				
Loans to employees	6	9 580	–	9 580
Current assets				
Trade receivables – Retail	10	583 528	–	583 528
Loans receivable – Financial Services	10	411 646	–	411 646
Other receivables	10	13 105	12 498	25 603
Cash at bank	11	10 192	–	10 192
Total		1 028 051	12 498	1 040 549
Guarantees		15 000		
Maximum exposure to credit risk		1 043 051		
2011				
Non-current assets				
Loans to employees	6	11 664	–	11 664
Current assets				
Trade receivables – Retail	10	442 277	–	442 277
Loans receivable – Financial Services	10	296 580	–	296 580
Other receivables	10	2 040	8 816	10 856
Cash at bank	11	31 811	–	31 811
Money market investments	11	14 258	–	14 258
Total		798 630	8 816	807 446
Guarantees		15 000		
Maximum exposure to credit risk		813 630		

	Notes	At amortised cost R'000	Non-financial liabilities R'000	Total R'000
LIABILITIES				
2013				
Non-current liabilities				
Listed bonds	16	98 063	–	98 063
Borrowings from bank	16	49 382	–	49 382
Suspensive sale agreements	16	40 764	–	40 764
Non-current other payables	17	3 510	–	3 510
Current liabilities				
Trade payables	18	99 897	–	99 897
Other payables	18	31 445	3 210	34 655
Listed bonds	16	1 545	–	1 545
Borrowings from bank	16	5 252	–	5 252
Suspensive sale agreements	16	14 351	–	14 351
Total		344 209	3 210	347 419
2012				
Non-current liabilities				
Borrowings from bank	16	84 026	–	84 026
Suspensive sale agreements	16	6 951	–	6 951
Non-current other payables	17	3 480	–	3 480
Current liabilities				
Trade payables	18	87 337	–	87 337
Other payables	18	18 502	6 879	25 381
Borrowings from bank	16	7 248	–	7 248
Suspensive sale agreements	16	1 930	–	1 930
Total		209 474	6 879	216 353
2011				
Non-current liabilities				
Borrowings from bank	16	66 572	–	66 572
Suspensive sale agreements	16	8 323	–	8 323
Non-current other payables	17	3 450	–	3 450
Current liabilities				
Trade payables	18	71 287	–	71 287
Other payables	18	9 969	4 198	14 167
Borrowings from bank	16	5 102	–	5 102
Suspensive sale agreements	16	2 331	–	2 331
Total		167 034	4 198	171 232

3.3 Credit risk management

The group uses credit to facilitate merchandise sales which enables customers in the mass middle-income market to purchase higher-value products on instalment credit. Credit is offered for HomeChoice purchases in South Africa, Botswana, Namibia, Lesotho and Swaziland, while FinChoice loans are currently only available to customers in South Africa.

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the group. The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The average group customer is female and falls within LSM groups four to eight. There is no further concentration of credit risk as the group has a large, widespread customer base. Credit risk consists principally of trade and loan receivables and short-term cash deposits. The group's maximum exposure to credit risk at year-end in respect of financial assets is shown in note 3.2.

Credit risk is managed through a process of continued multiple-level risk filtering. New customers are acquired through HomeChoice and the group customer base has a strong female bias. Females, particularly those buying homeware products, have proven better credit risk than their male counterparts.

In assessing applications for credit, strict affordability criteria are applied together with in-house developed scorecards based on credit bureau data. Industry-wide fraud databases are used to identify potentially fraudulent applications. Customer acquisition takes into account the risk level, repurchase propensity and profitability of new customers. New customers are granted a low credit exposure relative to their affordability. This allows the group to monitor payment behaviour with low exposure risk. As a customer demonstrates good payment performance and the behaviour scorecards identify her as a better risk, the purchase limit is raised closer to the maximum affordability level.

Behaviour scorecards are used to determine credit extension to good-paying customers, to drive repurchase rates and repeat loans, and reduce average bad debt. These scorecards are regularly reviewed and upgraded to ensure the group's credit policy remains in line with an acceptable level of risk for repeat business. As a direct marketer the group has the ability to manage credit risk by restricting potential customers to receive marketing offers.

FinChoice initial loans are only granted to HomeChoice customers who have demonstrated good payment behaviour. This ensures that FinChoice offers are marketed to relatively low-risk prospects. The selection criteria have enabled the business to select a profitable group of loan customers, with a stable and acceptable risk of bad debt.

All group data is taken into account when a customer is considered for credit extension. In this way a customer in arrears with any group product will not be granted further credit for HomeChoice or FinChoice. The quality of the customer base is closely monitored and early default models are maintained to detect any signs of early customer default.

The group operates dedicated collections call centres with predictive dialling technology to optimise customer contact. Customers with overdue accounts are contacted and "promise to pay" arrangements agreed and diarised for follow-up. External collections agents are used to supplement collections activities to recover outstanding balances. The group does not hold any collateral against receivable balances.

A provision for impairment is raised when there is objective evidence that the business will not be able to collect all amounts due according to the original terms of the receivable. A default or delinquency in payment is regarded as objective evidence that a receivable might be impaired. Accordingly, a percentage of all trade and loans receivable past due is provided for. The group establishes an allowance for impairment that represents its estimate of incurred losses using delinquency roll rate models.

No security is obtained for trade and loans receivables, and accordingly the entire balance as per the statement of financial position is exposed to credit risk.

Trade receivables

Trade receivables have repayment terms of six to 36 months and attract interest based on rates determined by the National Credit Act. Methods used to grant credit to customers comply with the requirements of the Act.

The group manages the ageing of trade receivables on a contractual basis and regards the ageing of balances as an important indicator of the quality of the book. Trade receivables classified as "satisfactory paid" includes current receivables and amounts past due less than 30 days. Past experience has shown that a significant portion of amounts past due less than 30 days carry credit risk similar to that of current receivables and accordingly these balances are reviewed together. The ageing of customers, as presented on page 56, are expressed as a percentage of the value of outstanding balances, based on both the gross trade receivables book before provisions and the net trade receivables book after provisions.

	% of gross trade receivables			% of net trade receivables		
	2013	2012*	2011*	2013	2012	2011
Contractual						
Retail						
Satisfactory paid	70,9	71,9	72,0	77,4	77,9	78,2
Current	49,6	48,1	45,5	55,5	53,3	50,7
Past due less than 30 days	21,3	23,8	26,5	21,9	24,6	27,5
Past due 31 – 60 days	9,3	9,8	10,7	8,5	9,1	10,0
Past due 61 – 90 days	5,5	5,5	5,5	4,2	4,3	4,2
Past due more than 91 days	14,3	12,8	11,8	9,9	8,7	7,6
	100,0	100,0	100,0	100,0	100,0	100,0

* The 2012 and 2011 percentages include the combined ageing information for Trade Receivables – HomeChoice and Trade Receivables – Other Retail, which were previously separately disclosed.

Loans receivable

The loans receivable book is derived from HomeChoice customers who have demonstrated good payment behaviour. Loans receivable have repayment terms of between one and 36 months. The group manages the ageing of loans receivable on a recency basis and regards the recent payment behaviour of customers as an important indicator of the quality of the book. Recency refers to the number of payment cycles that have elapsed since the last qualifying payment was received.

The ageing of customers, as presented below, are expressed as a percentage of the value of outstanding balances, based on both the gross loans receivable book before provisions and the net loans receivable book after provisions.

	% of gross loans receivable			% of net loans receivable		
	2013	2012	2011	2013	2012	2011
Recency						
Financial Services						
Current	88,3	88,9	90,9	93,9	93,4	95,4
Not paid 1 – 30 days	6,2	6,1	4,8	4,6	4,8	3,1
Not paid 31 – 60 days	2,5	2,2	2,0	1,1	1,1	1,0
Not paid more than 61 days	3,0	2,8	2,3	0,4	0,7	0,5
	100,0	100,0	100,0	100,0	100,0	100,0

	2013 %	2012* %	2011* %
Loan product weighting			
Financial Services			
1-month loan*	1,9	1,1	–
6-month loan	18,4	21,1	22,5
12-month loan	20,0	21,4	24,8
24-month loan	51,4	51,6	50,3
36-month loan	5,0	4,1	–
Other	3,3	0,7	2,4
	100,0	100,0	100,0

* The 2012 and 2011 product weightings now include a separate weighting for the one-month loan product, which had previously been disclosed as part of Other.

Non-performing trade and loan receivables, being accounts 120 days or more in arrears, as a percentage of the trade and loan receivable books were as follows at the reporting dates:

	2013	2012	2011
Retail	10,6	8,8	8,0
Financial Services	4,0	3,3	3,1

The group did not consider there to be any significant credit risk exposure which has not been adequately provided for.

Cash and cash equivalents

The group invests surplus cash only with F1+ and approved F1 national short-term rated financial institutions.

Loans to employees

In terms of the group's employee share incentive scheme loans have been provided to certain directors and managers of the group to enable them to acquire shares in HomeChoice Holdings Limited at market value. These shares are pledged to and held by the trustees of the HomeChoice Share Trust.

Financial guarantees

Credit risk arises in relation to financial guarantees given to certain parties. A subsidiary of the group has provided security on behalf of the group's associate, as discussed in note 7.

3.4 **Liquidity risk management**

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the group's reputation. The risk is managed through optimisation of daily cash management and regular reviews of cash flow projections to ensure that appropriate borrowing facilities are in place.

The following table details the group's undiscounted contractual maturities for its financial liabilities.

	Weighted average interest rate %	On demand R'000	Less than 1 month R'000	1 to 3 months R'000	3 months to 1 year R'000	1 to 2 years R'000	Over 2 years R'000	Total R'000	Carrying value R'000
2013									
Non-interest-bearing liabilities									
Non-current other payables	–	–	–	–	–	770	2 740	3 510	3 510
Trade and other payables	–	81 464	48 551	860	870	–	–	131 745	131 342
Financial guarantees	–	15 000	–	–	–	–	–	15 000	–
Interest-bearing liabilities									
Listed bonds	8,29	–	2 264	–	6 420	8 751	106 725	124 160	99 608
Borrowings from the bank	9,70	–	764	1 528	6 877	9 169	54 252	72 590	54 634
Suspensive sale agreements	8,50	–	1 113	6 025	12 946	13 106	28 628	61 818	55 115
		96 464	52 692	8 413	27 113	31 796	192 345	408 823	344 209
2012									
Non-interest-bearing liabilities									
Non-current other payables	–	–	–	–	–	770	2 710	3 480	3 480
Trade and other payables	–	49 204	49 161	6 611	953	–	–	105 929	105 839
Financial guarantees	–	15 000	–	–	–	–	–	15 000	–
Interest-bearing liabilities									
Borrowings from the bank	7,94	–	764	1 528	9 236	15 269	97 987	124 784	91 274
Suspensive sale agreements	8,77	–	218	436	1 963	2 617	5 189	10 423	8 881
		64 204	50 143	8 575	12 152	18 656	105 886	259 616	209 474
2011									
Non-interest-bearing liabilities									
Non-current other payables	–	–	–	–	–	770	2 680	3 450	3 450
Trade and other payables	–	34 033	44 962	1 763	870	–	–	81 628	81 256
Financial guarantees	–	15 000	–	–	–	–	–	15 000	–
Interest-bearing liabilities									
Borrowings from the bank	8,93	–	1 670	1 772	7 975	10 634	81 638	103 689	71 674
Suspensive sale agreements	9,00	–	323	703	2 011	2 489	7 318	12 844	10 654
		49 033	46 955	4 238	10 856	13 893	91 636	216 611	167 034

The group has the following undrawn borrowing facilities available:

	2013 R'000	2012 R'000	2011 R'000
General banking facilities available	165 000	125 000	105 000
Guarantees	9 300	9 300	6 700
Suspensive sale agreements facility available	139 155	25 000	15 000
	313 455	159 300	126 700
Amounts drawn against these facilities	(177 473)	(96 539)	(73 480)
Unutilised borrowing facilities at 31 December	135 982	62 761	53 220

3.5 **Market risk management**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of market prices. Market prices comprise three types of risk: equity price risk, foreign currency risk and interest rate risk. Financial instruments affected by market risk include trade and other receivables, interest-bearing liabilities and cash and cash equivalents.

Equity price risk management

The group is not exposed to equity price risk.

Foreign currency risk management

The group undertakes transactions in foreign currencies, hence exposure to exchange rate fluctuations arise. The majority of these transactions are purchases of inventory from Asia and are denominated in US Dollar. When deemed appropriate by the directors the group enters into forward exchange contracts to assist in managing its foreign currency exposure and economically hedge the exchange risk.

The group had uncovered foreign liabilities (including foreign bank overdrafts) at 31 December 2013 amounting to R66,5 million (2012: R23,1 million and 2011: R16,5 million). There were no outstanding forward exchange contracts at the reporting dates.

The group measures sensitivity to foreign exchange rates as the effect of a change in the US Dollar exchange rate on profit after taxation based on the group's exposure at 31 December. The group regards a 15% change in exchange rates as being reasonably possible at the reporting dates.

The sensitivity of the group's profit after taxation due to a reasonably possible change in exchange rates, with all other variables held constant, through the impact on uncovered foreign liabilities at year-end is as follows:

	Effect on profit after taxation		
	2013 R'000	2012 R'000	2011 R'000
15% appreciation in ZAR/USD exchange rates	7 184	2 493	1 787
15% depreciation in ZAR/USD exchange rates	(7 184)	(2 493)	(1 787)

The following line items on the group's statement of financial position includes balances denominated in US Dollar:

	2013	2012	2011
Trade and other payables	17 632	20 567	16 542
Bank overdraft	48 886	2 518	–
	66 518	23 085	16 542

Interest rate risk management

At year-end the group's interest-bearing assets and liabilities comprised trade and loan receivables, cash and cash equivalents, money market investments, listed bonds, borrowings from the bank and suspensive sale agreements. All interest-bearing assets and liabilities are sensitive to fluctuations in interest rates, except for trade and loan receivables, where the interest rate is fixed at the time of entering into an agreement with the customer.

The group measures sensitivity to interest rates as the effect of a change in the Reserve Bank repo rate on the profit after taxation based on the group's exposure at 31 December. The group regards a 100 basis point (2012: 100 basis point and 2011: 100 basis point) change in the Reserve Bank repo rate as being reasonably possible at the reporting dates.

		Effect on profit after taxation		
	Movement in basis points	2013 R'000	2012 R'000	2011 R'000
Cash and cash equivalents	+100	489	73	229
	-100	(489)	(73)	(229)
Money market investments	+100	–	–	103
	-100	–	–	(103)
Listed bonds	+100	(717)	–	–
	-100	717	–	–
Borrowings from the bank	+100	(393)	(657)	(516)
	-100	393	657	516
Suspensive sale agreement	+100	(397)	(64)	(77)
	-100	397	64	77

3.6 **Fair value of financial instruments**

The fair values of financial instruments are measured in accordance to the following fair value measurement hierarchy:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability.
- Level 3: Inputs for the asset or liability that are not based on observable market data.

The fair value of financial assets and liabilities are determined as follows:

- Cash and cash equivalents and trade and other payables: The carrying amounts reported in the statement of financial position approximate fair values because of the short-term maturities of these assets and liabilities.
- Borrowings: The carrying amounts reported in the statement of financial position approximate fair values. Fair values of debt instruments issued by the group and other borrowings are estimated using discounted cash flow models based on the group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt instruments being valued.
- Trade and loan receivables: The carrying amounts reported in the statement of financial position approximate fair values. Discounted cash flow models are used from trade and loan receivables. The discount yields in these models use calculated rates that reflect the return a market participant would expect to receive on instruments with similar remaining maturities, cash flow patterns, credit risk, collateral and interest rates.

4. PROPERTY, PLANT AND EQUIPMENT

	2013 Cost R'000	2013 Accumulated depreciation R'000	2013 Carrying value R'000	2012 Cost R'000	2012 Accumulated depreciation R'000	2012 Carrying value R'000	2011 Cost R'000	2011 Accumulated depreciation R'000	2011 Carrying value R'000
Land and buildings	233 970	(5 781)	228 189	155 166	(4 592)	150 574	125 081	(3 427)	121 654
Motor vehicles	1 834	(1 148)	686	1 831	(989)	842	1 918	(1 126)	792
Computer equipment	38 553	(15 604)	22 949	18 581	(12 285)	6 296	15 847	(9 371)	6 476
Equipment, furniture, fittings and plant	55 287	(14 326)	40 961	19 375	(11 649)	7 726	17 344	(9 305)	8 039
Total	329 644	(36 859)	292 785	194 953	(29 515)	165 438	160 190	(23 229)	136 961

Analysis of movements	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Closing balance R'000
2013					
Land and buildings	150 574	78 804	–	(1 189)	228 189
Motor vehicles	842	3	–	(159)	686
Computer equipment	6 296	19 972	–	(3 319)	22 949
Equipment, furniture, fittings and plant	7 726	35 921	(6)	(2 680)	40 961
Total	165 438	134 700	(6)	(7 347)	292 785
2012					
Land and buildings	121 654	30 085	–	(1 165)	150 574
Motor vehicles	792	156	–	(106)	842
Computer equipment	6 476	2 868	(34)	(3 014)	6 296
Equipment, furniture, fittings and plant	8 039	2 355	–	(2 668)	7 726
Total	136 961	35 464	(34)	(6 953)	165 438
2011					
Land and buildings	104 384	18 416	–	(1 146)	121 654
Motor vehicles	788	487	(399)	(84)	792
Computer equipment	6 086	3 245	(10)	(2 845)	6 476
Equipment, furniture, fittings and plant	8 607	2 255	–	(2 823)	8 039
Total	119 865	24 403	(409)	(6 898)	136 961

Land and buildings comprise:

- Land and buildings, being Remainder Erf 66592, Cape Town at Wynberg, situated in the City of Cape Town, in extent of 2 858 square metres (acquired in 2007).
- Land and buildings, being Remainder Erf 91380, Cape Town at Wynberg, situated in the City of Cape Town, in extent of 4 936 square metres (acquired in 2011).
- Industrial-site land and building, being Remainder of Portion 240 of the farm Wimbledon No. 454, situated in the City of Cape Town and measuring 3 314 hectares (acquired in 2005).

The carrying value of property, plant and equipment subject to suspensive sale agreements (refer to note 16) as at 31 December 2013 was R49,1 million (2012: R3,7 million and 2011: R4,2 million).

Included in property, plant and equipment are assets with a cost of R15,1 million (2012: R12,4 million and 2011: R7,8 million) that are in use but fully depreciated. Land and buildings include a carrying value of R209,1 million (2012: R132,3 million and 2011: R103,4 million) currently encumbered as shown in note 16. Included in additions are borrowing costs of R4,6 million which have been capitalised to the cost of a warehouse development during the 2013 year (2012: R0,8 million and 2011: Rnil). Included in disposals are equipment, furniture and fittings and plant with a cost of Rnil (2012: R0,3 million and 2011: R0,1 million) and accumulated depreciation of Rnil (2012: R0,3 million and 2011: R0,1 million), and computer equipment with a cost of Rnil (2012: R0,1 million and 2011: R0,2 million) and accumulated depreciation of Rnil (2012: R0,1 million and 2011: R0,2 million), which had no further economic value and have been removed from the register.

5. INTANGIBLE ASSETS

	2013			2012			2011		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Licences	27 620	(11 320)	16 300	24 357	(8 263)	16 094	19 623	(7 559)	12 064
Computer software	54 276	(9 339)	44 937	30 656	(6 072)	24 584	10 778	(1 929)	8 849
Total	81 896	(20 659)	61 237	55 013	(14 335)	40 678	30 401	(9 488)	20 913

Analysis of movements	Opening balance R'000	Additions R'000	Disposals R'000	Amortisation R'000	Closing balance R'000
2013					
Licences	16 094	3 263	–	(3 057)	16 300
Computer software	24 584	23 620	–	(3 267)	44 937
Total	40 678	26 883	–	(6 324)	61 237
2012					
Licences	13 529	4 734	–	(2 169)	16 094
Computer software	7 384	19 878	–	(2 678)	24 584
Total	20 913	24 612	–	(4 847)	40 678
2011					
Licences	3 510	12 000	–	(1 981)	13 529
Computer software	5 391	4 466	(92)	(2 381)	7 384
Total	8 901	16 466	(92)	(4 362)	20 913

The net carrying value of intangible assets subject to suspensive sale agreements (refer to note 16) at 31 December 2013 was R8,9 million (2012: R9,2 million and 2011: R8,9 million). Included in computer software are internally generated intangible assets with a carrying value of R42,1 million (2012: R15,1 million and 2011: R7,2 million). Included in intangible assets are assets with a cost of R4,6 million (2012: R4,4 million and 2011: R0,6 million) that are in use but fully amortised, and development costs of R31,3 million (2012: R30,0 million and 2011: R11,1 million) incurred on assets which have not yet been brought into use by the group and have not been amortised.

6. LOANS TO EMPLOYEES

	2013 R'000	2012 R'000	2011 R'000
Opening balance	9 580	11 664	13 177
Loans repaid	(4 115)	(3 609)	(3 712)
Amortised cost adjustment	260	538	1 046
Notional interest recognised	637	987	1 153
Loans to employees	6 362	9 580	11 664

In terms of the group's employee share incentive scheme, loans have been provided to certain directors and employees of the group to enable them to acquire shares in HomeChoice Holdings Limited at market value.

These full recourse loans are interest free for the first five years after acquisition date, after which the loans are repayable on demand and bears interest charged at the prime interest rate. The shares are pledged to and held by the trustees of the HomeChoice Share Trust.

The employees are unconditionally bound to repay the loans. The group has no obligation to purchase the shares when an employee resigns or retires. The amortised cost adjustment is based on an effective interest rate of prime less 2% at date of issue.

Refer to note 29 for details of loans provided to directors and key management personnel.

	Date advanced	2013 R'000	2012 R'000	2011 R'000
John Bester	19 April 2010	–	–	1 058
Willem Jungschläger	19 April 2010	746	933	1 058
Annalize Kirsten	24 June 2008/14 April 2009/19 April 2010	1 642	2 652	3 217
Directors of HomeChoice Holdings Limited		2 388	3 585	5 333
Directors and former directors of subsidiaries	24 June 2008/14 April 2009/19 April 2010	3 283	5 312	6 177
Employees	24 June 2008/14 April 2009/19 April 2010	1 327	2 048	2 856
Unearned notional interest		(636)	(1 365)	(2 702)
Total		6 362	9 580	11 664

7. INVESTMENT IN ASSOCIATES

	2013 R'000	2012 R'000	2011 R'000
Carrying amount of investments	6 536	3 951	1 677

En-commandite partnership (founded in 2011)

During 2011 the group entered into a new en-commandite partnership formed for the transportation of passengers by air for fare. The group holds a 25% interest in the partnership and accounts for this minority interest as an associate. The principal place of business for the associate is Cape Town.

	2013 R'000	2012 R'000	2011 R'000
Movements in the carrying value of the associate were as follows:			
Opening balance	3 951	1 677	–
Contributions made	4 403	4 371	2 239
Share of loss of associate	(1 818)	(2 097)	(562)
Closing balance	6 536	3 951	1 677
The summarised financial information of the associate is presented below:			
Summarised statement of comprehensive income			
Revenue	2 390	2 197	1 508
Other income	–	–	4 020
Depreciation	(1 346)	(1 400)	(1 108)
Other operating expenses	(4 894)	(4 933)	(4 605)
Net interest paid	(847)	(1 057)	(620)
Loss for the year	(4 697)	(5 193)	(805)
Summarised statement of financial position			
Current			
Trade and receivables	1 207	455	990
Cash and cash equivalents	377	19	324
Total current assets	1 584	474	1 314
Trade and other payables	(1 036)	(373)	(935)
Interest-bearing liabilities	(2 980)	(2 765)	(2 244)
Total current liabilities	(4 016)	(3 138)	(3 179)
Non-current			
Property, plant and equipment	63 533	64 865	66 066
Total non-current assets	63 533	64 865	66 066
Interest-bearing liabilities	(7 034)	(10 032)	(12 814)
Total non-current liabilities	(7 034)	(10 032)	(12 814)
Net asset value of associate	54 067	52 169	51 387
Reconciliation of summarised financial information:			
Opening net assets, as at 1 January	52 169	51 149	11 865
Additional owner contributions	6 595	6 213	54 657
Liquidation of assets on sale of investment	–	–	(14 330)
Loss for the year	(4 697)	(5 193)	(805)
Closing net assets, as at 31 December	54 067	52 169	51 387
Share of assets	16 279	16 335	16 763
Share of liabilities	(10 272)	(12 890)	(15 269)
Other contributions	529	506	–
	6 536	3 951	1 494

A subsidiary of the group has provided surety limited to R15,0 million to The Standard Bank of South Africa Limited in connection with the group's share of the associate's liability to the bank. The liability is payable over five years in monthly instalments of R0,3 million (2012: R0,3 million and 2011: R0,3 million) including interest and capital. The fair value of this financial guarantee has been determined to be immaterial as the bank has a mortgage over the associate's assets and the likelihood of the surety being called is negligible.

8. DEFERRED TAXATION

	2013 R'000	2012 R'000	2011 R'000
The analysis of deferred tax assets and liabilities is as follows:			
Deferred tax assets	18 133	13 206	12 878
Deferred tax liabilities	(68 015)	(60 097)	(45 159)
Net deferred tax liabilities	(49 882)	(46 891)	(32 281)
The gross movements on the deferred income tax account are as follows:			
At 1 January	(46 891)	(32 281)	(26 253)
Charged to profit and loss	(2 991)	(14 610)	(6 028)
At 31 December	(49 882)	(46 891)	(32 281)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Assessed loss R'000	STC credits R'000	Provisions R'000	Total R'000
Deferred tax assets				
At 1 January 2011	907	548	7 539	8 994
Charged to profit and loss	(907)	(548)	8	(1 447)
At 1 January 2012	–	–	7 547	7 547
Charged to profit and loss	–	–	930	930
At 31 December 2012	–	–	8 477	8 477
Charged to profit and loss	–	–	(2 453)	(2 453)
At 31 December 2013	–	–	6 024	6 024

	Accelerated tax wear and tear allowances R'000	Debtors' provisions and allowances R'000	Other allowances R'000	Total R'000
Deferred tax liabilities				
At 1 January 2011	(7 142)	(27 403)	(702)	(35 247)
Charged to profit and loss	(533)	(4 056)	8	(4 581)
At 1 January 2012	(7 675)	(31 459)	(694)	(39 828)
Charged to profit and loss	(1 729)	(14 052)	241	(15 540)
At 31 December 2012	(9 404)	(45 511)	(453)	(55 368)
Charged to profit and loss	(1 081)	93	450	(538)
At 31 December 2013	(10 485)	(45 418)	(3)	(55 906)

Deferred tax liabilities include amounts of R10,5 million (2012: R9,4 million and 2011: R4,0 million) that are non-current.

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefits through future taxable profits are probable. Deferred tax assets include no amounts that are non-current.

9. INVENTORIES

	2013 R'000	2012 R'000	2011 R'000
Merchandise for resale	118 492	75 670	74 247
Provision for inventory obsolescence	(10 484)	(9 942)	(12 708)
Goods in transit	36 956	44 513	30 610
	144 964	110 241	92 149

Inventory sold at less than cost during the current year amounted to R12,4 million (2012: R8,4 million and 2011: R3,6 million).

10. TRADE AND OTHER RECEIVABLES

	2013 R'000	2012 R'000	2011 R'000
Trade receivables – Retail*	845 730	716 006	534 763
Provision for impairment	(159 355)	(132 478)	(92 486)
	686 375	583 528	442 277
Loans receivable – Financial Services	525 116	464 438	331 914
Provision for impairment	(63 036)	(52 792)	(35 334)
	462 080	411 646	296 580
Other receivables	21 466	25 603	10 856
Total trade and other receivables	1 169 921	1 020 777	749 713
Total trade and loan receivables	1 370 846	1 180 444	866 677
Provision for impairment	(222 391)	(185 270)	(127 820)
Other receivables	21 466	25 603	10 856

* The 2012 and 2011 balances include the combined information for Trade receivables – HomeChoice and Trade receivables – Other retail, which were previously separately disclosed at values of R526,1 million and R57,1 million respectively (2011: R420,9 million and R21,3 million respectively).

A percentage of all trade and loan receivable balances past due has been provided for. Refer to significant accounting judgements, estimates and assumptions for further details regarding the calculation of impairment of debtors and note 3.3 for further details of credit risk management.

Movements in the provision for impairment of trade receivables – Retail were as follows:

	2013 R'000	2012 R'000	2011 R'000
Opening balance	(132 478)	(92 486)	(73 273)
Movement in provision	(26 877)	(39 992)	(19 213)
Debtor costs charged to profit and loss	(212 002)	(149 997)	(94 936)
Debts written off during the year, net of recoveries	185 125	110 005	75 723
Closing balance	(159 355)	(132 478)	(92 486)

Movements in the provision for impairment of loans receivable – FinChoice were as follows:

	2013 R'000	2012 R'000	2011 R'000
Opening balance	(52 792)	(35 334)	(25 181)
Movement in provision	(10 244)	(17 458)	(10 153)
Debtor costs charged to profit and loss	(104 461)	(77 772)	(53 151)
Debts written off during the year, net of recoveries	94 217	60 314	42 998
Closing balance	(63 036)	(52 792)	(35 334)

Trade and loan receivables have repayment terms of between one and 36 months and attract interest based on rates as determined by the National Credit Act.

Included in trade and loan receivables are amounts approximating R186,0 million (2012: R115,2 million and 2011: R79,0 million) that contractually fall due in excess of one year. These amounts are reflected as current as they form part of the normal operating cycle.

11. CASH AND CASH EQUIVALENTS

	2013 R'000	2012 R'000	2011 R'000
Cash at bank	67 981	10 192	31 811
Money market investments	–	–	14 258
	67 981	10 192	46 069
Bank overdraft	48 886	2 518	–

Cash at bank earns interest based on daily bank deposit rates. Money market investments are made depending on cash requirements and earn interest at the respective prevailing investment rates.

The bank overdraft facility is secured by bank balances held with the lending bank. The group is not entitled to set off the bank overdraft with cash and cash equivalents.

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	2013 R'000	2012 R'000	2011 R'000
Cash and cash equivalents	67 981	10 192	46 069
Bank overdraft	(48 886)	(2 518)	–
	19 095	7 674	46 069

12. STATED CAPITAL, SHARE CAPITAL AND SHARE PREMIUM

12.1 Stated and share capital

	2013	2012	2011
Authorised			
200 000 000 (2012: 200 000 000 and 2011: 200 000 000) ordinary shares with no par value	2 000	2 000	2 000
Issued			
103 869 438 (2012: 103 869 438 and 2011: 103 869 438) ordinary shares with no par value	30 980	1 039	1 039
Share premium transferred upon conversion of shares to no par value shares (refer to note 12.2)	–	29 941	–
Stated capital	30 980	30 980	1 039

	'000	'000	'000
Reconciliation of movement in issued shares			
Number of issued shares at the beginning and end of the year	103 869	103 869	103 869
Treasury shares held by share trust	(3 090)	(3 090)	(2 970)
Number of issued shares, net of treasury shares	100 779	100 779	100 899
Treasury shares as a % of issued shares	3,0	3,0	2,9

The unissued shares are under the control of the directors until the next annual general meeting.

12.2 Share premium

	R'000	R'000	R'000
Balance at the beginning of the year	–	29 941	97 456
Reduction in share premium	–	–	(67 515)
Transferred to stated capital upon conversion of shares to no par value shares (refer to note 12.1)	–	(29 941)	–
Balance at the end of the year	–	–	29 941

13. TREASURY SHARES

	2013 R'000	2012 R'000	2011 R'000
Balance at the beginning of the year	(11 331)	(9 732)	(8 938)
Shares sold during the year	134	–	1 841
Shares purchased during the year	(2 536)	(1 599)	(2 635)
Balance at the end of the year	(13 733)	(11 331)	(9 732)
	'000	'000	'000
Balance at the beginning of the year	3 090	2 970	2 670
Shares purchased during the year	230	120	300
Shares sold during the year	(230)	–	–
Balance at the end of the year	3 090	3 090	2 970

14. SHARE-BASED PAYMENT

The group has established a share option incentive scheme in which options to acquire shares in HomeChoice Holdings Limited have been granted to employees of subsidiaries of HomeChoice Holdings Limited. All options have been granted with an exercise price equal to the market price of the shares on the date of the grant and are conditional on the participant remaining in service with the group. The group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related average exercise prices are as follows:

	2013		2012		2011	
	Average exercise price per share (cents)	Number of options	Average exercise price per share (cents)	Number of options	Average exercise price per share (cents)	Number of options
At 1 January	938	3 173 400	748	1 385 250	584	250 000
Options granted during the year	1 116	669 500	1 066	2 175 750	782	1 229 100
Options forfeited during the year	1 007	(247 500)	981	(387 600)	747	(93 850)
At 31 December	966	3 595 400	938	3 173 400	748	1 385 250

No options were exercisable at the reporting dates. Share options outstanding at the end of the year have the following vesting dates and exercise prices:

	2013		2012		2011	
	Average exercise price per share (cents)	Number of options	Average exercise price per share (cents)	Number of options	Average exercise price per share (cents)	Number of options
2012	–	–	–	–	747	251 950
2013	–	–	747	201 550	–	–
2014	652	430 250	584	250 000	584	250 000
2015	800	771 600	798	830 100	795	883 300
2016	1 064	1 746 050	1 066	1 891 750	–	–
2017	1 108	647 500	–	–	–	–
Total	966	3 595 400	938	3 173 400	748	1 385 250

14. SHARE-BASED PAYMENT (continued)

Analysis of options outstanding

Grant date	29 Nov 2010	20 May 2011	20 May 2011	1 Oct 2011	31 Mar 2012	Subtotal
Number of share options outstanding	250 000	180 250	456 600	315 000	557 000	1 758 850
Grant price (cents)	584	747	747	876	1 064	
Fair value of option (cents)	118	80	94	101	82	

Grant date	Subtotal	15 Apr 2012	29 Jun 2012	1 Oct 2012	20 Mar 2013	Subtotal
Number of share options outstanding	1 758 850	100 000	1 019 050	70 000	400 000	3 347 900
Grant price (cents)		876	1 064	1 329	1 000	
Fair value of option (cents)		94	76	188	160	

Grant date	Subtotal		20 Mar 2013	1 Aug 2013	27 Aug 2013	Total
Number of share options outstanding	3 347 900		147 500	10 000	90 000	3 595 400
Grant price (cents)			1 388	1 388	1 100	
Fair value of option (cents)			121	134	165	

The fair values of options granted during 2013, 2012 and 2011 were determined using a binomal option pricing model. The assumptions used in determining the fair values were as follows:

Grant date	29 Nov 2010	20 May 2011	20 May 2011	1 Oct 2011	31 Mar 2012	15 Apr 2012
Grant price (cents)	584	747	747	876	1 064	876
Expected option life (years)	4	1	4	4	4	4
Expected volatility (%)	35,00	35,00	35,00	35,00	27,13	27,13
Expected dividend yield (%)	6,80	8,43	8,43	8,56	9,59	9,59
Expected employee attrition (%)	–	10,00	10,00	10,00	10,00	10,00
Risk-free interest rate (%)	6,40	6,10	7,87	6,80	6,89	6,89

Grant date	29 Jun 2012	1 Oct 2012	20 Mar 2013	20 Mar 2013	1 Aug 2013	27 Aug 2013
Grant price (cents)	1 064	1 329	1 000	1 388	1 388	1 100
Expected option life (years)	4	4	4	4	4	4
Expected volatility (%)	26,63	26,37	25,55	25,55	25,09	25,09
Expected dividend yield (%)	9,59	3,35	10,40	7,49	7,49	9,45
Expected employee attrition (%)	10,00	10,00	10,00	10,00	10,00	10,00
Risk-free interest rate (%)	6,18	5,66	6,02	6,02	7,55	7,55

The volatility, measured at the standard deviation of continuously compounded share returns, was based on statistical analysis of monthly share prices of listed peers over the last three years.

Total expenses of R0,8 million (2012: R0,5 million and 2011: R0,3 million) relating to equity-settled share-based payments were recognised during the year. Refer to note 15 for disclosure of the share-based payment reserve.

15. OTHER RESERVES

	Available-for-sale investments R'000	Share-based payment reserve R'000	Total R'000
Balance at 1 January 2011	3 818	295	4 113
Realised gain on available-for-sale investments disposed during the year	(2 184)	–	(2 184)
Unrealised loss on available-for-sale investments	(1 634)	–	(1 634)
Share-based payment	–	250	250
Total changes	(3 818)	250	(3 568)
Balance at 1 January 2012	–	545	545
Share-based payment	–	539	539
Total changes	–	539	539
Balance at 1 January 2013	–	1 084	1 084
Share-based payment	–	818	818
Total changes	–	818	818
Balance at 31 December 2013	–	1 902	1 902

16. INTEREST-BEARING LIABILITIES

	2013 R'000	2012 R'000	2011 R'000
Long-term portion			
Listed bonds	98 063	–	–
Mortgage bonds	49 382	54 645	66 572
Building loan	–	29 381	–
Suspensive sale agreements	40 764	6 951	8 323
Total non-current interest-bearing liabilities	188 208	90 977	74 895
Short-term portion payable within one year			
Listed bonds	1 545	–	–
Mortgage bonds	5 252	4 874	5 102
Building loan	–	2 374	–
Suspensive sale agreements	14 351	1 930	2 331
Total current interest-bearing liabilities	21 148	9 178	7 433
Total interest-bearing liabilities	209 356	100 155	82 328

Listed bonds

Listed bonds consist of Domestic Medium-term Notes. The group issued R100,0 million floating rate notes under a R500,0 million Domestic Term Note Programme approved by the JSE on 16 October 2013. The bonds carry interest at the three-month Jibar rate plus 3,15% and have a term of three years with quarterly interest payments.

Movements in listed bonds were as follows:

	2013	2012	2011
Opening balance	–	–	–
Borrowings raised	100 000	–	–
Bond-raising costs incurred	(1 937)	–	–
Interest and administration fees	1 545	–	–
Closing balance	99 608	–	–

	2013 R'000	2012 R'000	2011 R'000
Mortgage bonds			
Mortgage bonds include a Standard Bank of South Africa Limited facility, secured by a general covering bond over the remaining extent of Erf 91380 Cape Town and a FirstRand Bank Limited facility, secured by a general covering bond over Portion 240 of farm Wimbledon No. 454 during 2012.			
The FirstRand Bank Limited facility carried interest at prime and was settled in full during the 2012 financial year.			
The Standard Bank of South Africa Limited bond carries interest at prime less 1% and has a remaining repayment term of eight years (2012: nine years and 2011: ten years).			
Movements in mortgage bonds were as follows:			
Opening balance	59 519	71 674	55 076
Borrowings raised	–	–	64 721
Interest and administration fees	4 284	5 253	4 897
Payments made	(9 169)	(17 408)	(53 020)
Closing balance	54 634	59 519	71 674
Building loan			
The building loan includes a Rand Merchant Bank building loan and VAT facility, secured by a general covering bond over Portion 240 of farm Wimbledon No. 454. The loan carried interest at prime less 0,25% and was settled in full during the 2013 financial year. A term loan of R105,5 million replacing the building loan will be drawn on during 2014.			
Movements in the building loan were as follows:			
Opening balance	31 755	–	–
Borrowings raised	81 509	30 964	–
Interest and administration fees	4 637	791	–
Payments made	(117 901)	–	–
Closing balance	–	31 755	–
Suspensive sale agreements			
Suspensive sale agreements are instalment sale agreements which the group has entered into in respect of certain property, plant and equipment where the assets purchased are encumbered as security for the outstanding liability until such time that the liability is discharged. The suspensive sale agreements are repayable in monthly instalments of R1,1 million (2012: R0,2 million and 2011: R0,3 million) including interest and capital.			
Interest rates are linked to the prime overdraft rate and varied between 7,25% and 8,5% (2012: 7,5% and 8,5% and 2011: 8,0% and 9,0%) during the year. There were no breaches in payments during the current or prior years. The suspensive sale agreements are secured over various items of property, plant and equipment as indicated in note 4, and intangible assets as indicated in note 5.			
Movements in suspensive sale agreements were as follows:			
Opening balance	8 881	10 654	2 543
Borrowings raised	48 440	621	9 964
Interest and administration fees	1 434	934	292
Payments made	(3 640)	(3 328)	(2 145)
Closing balance	55 115	8 881	10 654

	2013 R'000	2012 R'000	2011 R'000
17. OTHER PAYABLES			
Non-current other payables			
Amounts owed to prize winners payable in excess of 12 months	3 510	3 480	3 450

18. TRADE AND OTHER PAYABLES

	2013 R'000	2012 R'000	2011 R'000
Trade payables	99 897	87 337	71 287
Annual leave pay accrual	5 151	3 900	3 140
Value-added taxation	2 632	6 164	3 651
Other payables	26 872	15 317	7 376
	134 552	112 718	85 454

Refer to note 25 for disclosure on commitments regarding lease liabilities.

19. PROVISIONS

	Opening balance R'000	Utilised during the year R'000	Raised R'000	Closing balance R'000
Analysis of movements				
2013				
Bonus	18 934	(18 934)	–	–
Ex-gratia payments	–	–	9 000	9 000
	18 934	(18 934)	9 000	9 000
2012				
Bonus	17 064	(17 367)	19 237	18 934
	17 064	(17 367)	19 237	18 934
2011				
Bonus	17 400	(16 630)	16 294	17 064
	17 400	(16 630)	16 294	17 064

Provisions relate to amounts payable to employees in accordance with the group's annual incentive scheme. Annual incentives are discretionary and are payable in March. The bonus and ex-gratia payment provisions are based on a financial model that takes into account whether the company achieved its financial targets, individual staff performance during the year and the remuneration committee's final discretion.

20. OTHER NET GAINS AND LOSSES

	2013 R'000	2012 R'000	2011 R'000
Foreign exchange gains/(losses)	(2 321)	793	(615)
(Gains)/losses on disposal of property, plant and equipment and intangible assets	2	(34)	(201)
Realised gain on available-for-sale investments	–	–	2 184
Net gain on disposal of associate	–	–	660
	(2 319)	759	2 028

21. OTHER INCOME

	2013 R'000	2012 R'000	2011 R'000
Interest on loans to employees	637	879	1 180
Prescription of amounts owing	1 072	3 266	866
Other	952	891	49
	2 661	5 036	2 095

22. TOTAL TRADING EXPENSES

Expenses by nature

Debtor costs			
Trade receivables – HomeChoice	212 002	149 997	94 936
Loans receivable – FinChoice	104 461	77 772	53 151
Total debtor costs	316 463	227 769	148 087
Auditor's remuneration	1 817	2 027	1 428
Consultation fees	3 790	3 029	1 607
Amortisation of intangible assets	6 324	4 847	4 362
Depreciation of property, plant and equipment	7 347	6 953	6 898
Operating lease charges for immovable property	27	–	143
Total operating lease charges	12 415	11 616	7 799
Less: Disclosed under cost of retail sales	(12 388)	(11 616)	(7 656)
Marketing costs	138 809	119 789	98 457
Staff costs	173 850	164 490	129 896
Total staff costs	192 435	180 003	142 213
Less: Disclosed under cost of retail sales	(18 585)	(15 513)	(12 317)
Other costs	102 775	96 985	80 166
Total other trading expenses	434 739	398 120	322 957
	751 202	625 889	471 044

23. INTEREST PAID

Bank borrowings	291	49	967
Listed bonds	1 545	–	–
Mortgage bonds	4 284	5 253	4 897
Building loan	4 637	791	–
Suspensive sale agreements	1 434	934	292
Total interest paid	12 191	7 027	6 156
Less: Amounts capitalised on qualifying assets	(4 637)	(791)	–
	7 554	6 236	6 156

24. TAXATION

	2013 R'000	2012 R'000	2011 R'000
South African normal income taxation			
Current year	(117 625)	(100 230)	(88 661)
Prior year over/(under)provision	(1 080)	2 184	(3 359)
Deferred taxation			
Current year	(4 049)	(12 426)	(6 028)
Prior year underprovision	1 058	(2 184)	–
	(121 696)	(112 656)	(98 048)

	%	%	%
Reconciliation of effective taxation rate:			
Standard taxation rate	28,0	28,0	28,0
Non-deductible expenditure	0,4	0,6	–
Exempt income	(0,3)	(0,2)	(0,2)
Dividends withholdings tax	0,1	–	–
Secondary tax on companies	–	–	0,2
Prior year adjustment	–	–	1,0
Effective taxation rate	28,2	28,4	29,0

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.

The prior year adjustment to taxation in 2011 relates to the taxation of proceeds from the sale in 2007 of a portion of the legal book of a subsidiary of the group as a fully taxable recoupment. These proceeds were previously assessed and taxed by the South African Revenue Service as a capital gain.

25. COMMITMENTS

Leases are contracted for periods not exceeding five years and contain escalation clauses of between 8% and 9% and renewal options. The lease expenditure charged to profit and loss during the year is disclosed in note 22.

At 31 December the future minimum operating lease commitments amounted to the following:

	2013 R'000	2012 R'000	2011 R'000
Properties			
Payable within one year	1 960	9 499	9 328
Payable between two and five years	2 116	2 136	11 635
	4 076	11 635	20 963
Suspensive sale agreements			
Payable within one year	20 083	2 617	3 182
Payable between two and five years	41 734	7 806	9 808
	61 817	10 423	12 990
Future finance charges on suspensive sale agreements	(6 702)	(1 542)	(2 336)
	55 115	8 881	10 654
The present value of suspensive sale agreement payments is as follows:			
Payable within one year	16 494	1 957	2 331
Payable between two and five years	38 622	6 924	8 323
	55 116	8 881	10 654
Capital commitments for property, plant and equipment:			
Approved by the directors	68 457	8 554	836
Approved by the directors and contracted for	–	60 863	–
	68 457	69 417	836

26. RECONCILIATION OF CASH GENERATED FROM OPERATIONS

	2013 R'000	2012 R'000	2011 R'000
Profit before taxation	431 019	397 153	338 044
Share of loss of associates	1 818	2 097	366
(Gains)/losses on disposal of property, plant and equipment and intangible assets	(3)	34	201
Profit on sale of available-for-sale investments	–	–	(2 184)
Loans to employees – amortised cost adjustment	(260)	(538)	(1 046)
Notional interest on loans to employees	(637)	(987)	(1 153)
Depreciation and amortisation	13 671	11 800	11 260
Gain on disposal of associate	–	–	(660)
Share-based employee service expense	818	539	250
Foreign exchange contracts	–	–	(1 104)
Dividends received	–	–	(394)
Interest paid	7 554	6 236	6 156
Interest received	(2 070)	(2 624)	(2 975)
Operating cash flows before working capital changes	451 910	413 710	346 761
Movements in working capital	(173 900)	(259 992)	(203 253)
Increase in inventories	(34 723)	(18 092)	(22 302)
Increase in trade receivables – Retail	(102 847)	(141 251)	(110 527)
Increase in loans receivable – Financial Services	(50 434)	(115 066)	(89 707)
Increase in other receivables	4 129	(14 747)	(5 741)
Increase in trade and other payables	19 909	27 294	25 360
Increase/(decrease) in provisions	(9 934)	1 870	(336)
	278 010	153 718	143 508

27. TAXATION PAID

	2013 R'000	2012 R'000	2011 R'000
Amounts owing at the beginning of the year	(5 839)	(1 234)	(861)
Amounts charged to profit and loss	(121 696)	(112 656)	(98 048)
South African normal taxation	(118 705)	(98 046)	(92 020)
Deferred taxation	(2 991)	(14 610)	(6 028)
Deferred taxation movement	2 991	14 610	6 028
Amounts owing at the end of the year	8 876	5 839	1 234
	(115 668)	(93 441)	(91 647)

28. EVENTS AFTER THE REPORTING DATE

No event material to the understanding of these financial statements has occurred between the end of the financial year and the date of approval.

29. RELATED PARTY TRANSACTIONS

Holding company

At the reporting date the ultimate controlling party of the group was Stockdale Investment Holdings Limited, a company incorporated in British Virgin Islands. Further details regarding significant shareholders are set out in the shareholder analysis in note 30.

Subsidiaries, associates and related trusts

In the ordinary course of business certain companies within the group entered into certain intragroup transactions which have been eliminated on consolidation.

Other related parties

The HomeChoice Provident Fund

The group provides retirement benefits for its permanent employees through the HomeChoice Provident Fund ("the provident fund"), a defined contribution plan. The fund is registered under and governed by the Pension Funds Act, 1956, as amended. The latest valuation received from the fund administrators confirmed that the provident fund was in a sound financial position.

Associates

Details regarding the group's associates are set out in note 7. Transactions with the associates are entered into at the prevailing partnership rates.

	2013 R'000	2012 R'000	2011 R'000
Contributions to the provident fund	15 889	13 330	10 872
Fees paid to associates for transportation services	4 403	2 558	1 154

Remuneration

Details regarding executive and non-executive directors' remuneration are disclosed in note 35.

Interest of directors in contracts

As disclosed in note 7, the group holds a 25% interest in an en-commandite partnership formed for the transportation of passengers by air for fare. Mr Garratt, a director, has a controlling interest in another entity with significant influence in the partnership.

Mr Jungschläger, a director of the company, has a controlling interest in an entity which provided consultation services to the group during the year in the amount of R126 084 (2012: R63 000 and 2011: R256 000).

Other than the transactions noted above, none of the directors have indicated that they have a material interest in contracts of any significance with the company or any of its subsidiaries.

Loans to directors

Loans have been provided to directors and key management personnel as part of the Employee Share Incentive Scheme as disclosed in note 6.

	2013 R'000	2012 R'000	2011 R'000
Loans to employees as reported in the annual financial statements	6 362	9 580	11 664
Unearned notional interest	468	1 365	2 702
Total loans receivable	6 830	10 945	14 366
Made up as follows:			
Non-executive directors of HomeChoice Holdings Limited	746	933	2 116
Operational directors of the group	4 776	7 199	9 394
Other employees	1 308	2 813	2 856
	6 830	10 945	14 366

Share options

Share options have been granted to certain executive directors of HomeChoice Holdings Limited and employees of its subsidiaries (refer to note 35).

29. RELATED PARTY TRANSACTIONS (continued)

Key management personnel

Key management personnel are those persons having authority for planning, directing and controlling activities directly or indirectly, including any director of the holding company or subsidiary. Directors of the company's main subsidiaries, HomeChoice (Proprietary) Limited and FinChoice (Proprietary) Limited, have been classified as key management personnel. Emoluments paid are summarised below:

	2013 R'000	2012 R'000	2011 R'000
Remuneration	27 079	26 049	22 852
Bonuses	4 773	5 048	4 070
Share-based payment cost	424	228	57
Retirement and medical aid	1 503	1 204	1 142
	33 779	32 529	28 121

30. SHAREHOLDER ANALYSIS

	Shareholders		Shares held	
	Number	%	Number	%
Range of shareholding				
1 – 500	2	3,2	39	–
501 – 5 000	26	41,3	52 396	0,1
5 001 – 50 000	14	22,2	286 119	0,3
50 001 – 500 000	17	27,0	3 581 433	3,6
Over 500 000	4	6,3	96 859 364	96,0
	63	100,0	100 779 351	100,0
Share trust	1		3 090 087	
	64		103 869 438	
Public and non-public shareholding				
Non-public				
Directors	5	7,9	85 200 575	84,5
Directors of subsidiaries	5	7,9	1 650 000	1,6
Public	53	84,2	13 928 776	13,9
	63	100,0	100 779 351	100,0
Individual shareholders holding 5% or more of the shares in issue (net of treasury shares)				
2013				
GFM			83 449 531	82,8
RMB Securities (a division of FirstRand Bank Limited)			9 487 033	9,4
			92 936 564	92,2
2012				
GFM			83 649 531	83,0
RMB Securities (a division of FirstRand Bank Limited)			9 487 033	9,4
			93 136 564	92,4
2011				
GFM			78 516 331	77,6
RMB Securities (a division of FirstRand Bank Limited)			9 487 033	9,4
			88 003 364	87,0

31. EARNINGS PER SHARE

31.1 Basic and headline earnings per share

The calculation of basic and headline earnings per share is based upon profit for the year attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue as follows:

	2013		2012		2011	
	Gross R'000	Net R'000	Gross R'000	Net R'000	Gross R'000	Net R'000
Profit for the year		309 323		284 497		239 996
Adjusted for the after-tax effect of:						
(Gains)/losses on disposal of property, plant and equipment and intangible assets	(2)	(2)	34	24	201	145
Gain on disposal of associate	–	–	–	–	(660)	(660)
Gain on disposal of available-for-sale financial assets	–	–	–	–	(2 184)	(2 184)
Headline earnings		309 321		284 521		237 297
Weighted average number of ordinary shares in issue ('000)		100 779		100 860		101 083
Earnings per share (cents)						
Basic		306,9		282,1		237,4
Headline		306,9		282,1		234,8

31.2 Diluted and diluted headline earnings per share

The calculation of diluted and diluted headline earnings per share is based upon profit for the year attributable to owners of the parent divided by the fully diluted weighted average number of ordinary shares in issue as follows:

	2013 '000	2012 '000	2011 '000
Weighted average number of ordinary shares in issue	100 779	100 860	101 083
Number of shares issuable under the share option scheme for no consideration	448	696	–
Diluted weighted average number of ordinary shares in issue	101 227	101 556	101 083
Earnings per share (cents)			
Diluted	305,6	280,1	237,4
Diluted headline	305,6	280,2	234,8

32. DISTRIBUTIONS PER SHARE

The company has made cash distributions to shareholders comprising dividends and reductions in share premium.

	2013	2012	2011
Distributions paid (cents)	110,0	50,0	85,0
Interim	44,0	–	35,0
Final	66,0	50,0	50,0
Nature of distributions (cents)	110,0	50,0	85,0
Dividend paid	110,0	50,0	50,0
Reduction in share premium	–	–	35,0

33. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based upon net assets divided by the total number of shares in issue, net of treasury shares (refer to note 13).

Net asset value per share (cents)	1 275,8	1 062,0	829,9
Net tangible asset value per share (cents)	1 215,0	1 021,7	809,1

34. RECLASSIFICATIONS AND RESTATEMENTS

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

34.1 Disclosure of revenue

The group has effected amendments to its revenue disclosures. These amendments are considered to enhance the transparency of information provided to the user and to better reflect the nature of the group's retail operations, being that of a direct marketing retailer.

At 30 June 2013 the revenue recognition accounting policy was reviewed and amended as follows:

- Initiation fee income has been reclassified from "Fees from ancillary services" and has now been disclosed as part of "Finance charges and initiation fees earned".

The impact of the disclosure changes on the results reported as at 31 December is as follows:

	Now disclosed R'000	Previously disclosed R'000	Difference R'000
2012			
Finance charges and initiation fees earned	498 121	363 474	134 647
Finance charges earned	363 474	363 474	–
Initiation fees earned	134 647	–	134 647
Fees from ancillary services	94 758	229 405	(134 647)
	592 879	592 879	–
2011			
Finance charges and initiation fees earned	390 102	278 454	111 648
Finance charges earned	278 454	278 454	–
Initiation fees earned	111 648	–	111 648
Fees from ancillary services	60 098	171 746	(111 648)
	450 200	450 200	–

34.2 Segmental results

The group has effected amendments to the disclosure of divisional results in the segmental report and now reports "Segmental results" for each division rather than "Segmental operating profit". The amendments have been made to improve the comparability of the group's Financial Services operations with that of other credit providers.

The impact of the disclosure changes on the results reported as at 31 December is as follows:

	Retail R'000	Financial Services R'000	Property R'000	Other R'000	Elimin-ations R'000	Total R'000
2012						
Previously disclosed						
Segmental operating profit	262 960	129 465	15 782	146 313	(151 658)	402 862
Adjusted for:						
Interest received	–	120	–	30 455	(30 149)	426
Interest paid	–	(30 149)	–	–	30 149	–
Now disclosed						
Segmental results	262 960	99 436	15 782	176 768	(151 658)	403 288
2011						
Previously disclosed						
Segmental operating profit	229 888	92 855	15 107	12 834	(9 093)	341 591
Adjusted for:						
Interest received	–	173	–	25 380	(23 995)	1 558
Interest paid	–	(23 995)	–	–	23 995	–
Now disclosed						
Segmental results	229 888	69 033	15 107	38 214	(9 093)	343 149

34.3 Statement of cash flows

The group has amended the disclosure of dividends paid in the group statement of cash flows. Dividends paid are now disclosed as a cash flow from financing activities rather than from operating activities.

35. REMUNERATION

R'000	Months paid	Short-term benefits Director's fees	Salary	Other benefits	Performance bonus*
2013					
Executive directors					
Richard Garratt	12	–	3 583	1 749	1 000
Shirley Maltz	12	–	2 304	–	1 729
Annalize Kirsten	12	–	1 645	–	1 347
		–	7 532	1 749	4 076
Non-executive directors					
John Bester	12	287	–	–	–
Pierre Joubert***	12	–	–	–	–
Willem Jungschläger	12	519	–	–	–
Amanda Chorn	12	227	–	–	–
		1 033	–	–	–
Total remuneration		1 033	7 532	1 749	4 076
2012					
Executive directors					
Richard Garratt	12	–	3 357	2 568	2 000
Shirley Maltz	12	–	1 753	5	1 985
Annalize Kirsten	12	–	1 551	3	1 594
		–	6 661	2 576	5 579
Non-executive directors					
John Bester	12	250	–	–	–
Pierre Joubert***	12	–	–	–	–
Willem Jungschläger	12	500	–	–	–
Amanda Chorn	12	173	–	–	–
		923	–	–	–
Total remuneration		923	6 661	2 576	5 579
2011					
Executive directors					
Richard Garratt	12	–	3 028	900	2 000
Shirley Maltz	12	–	1 647	30	1 991
Annalize Kirsten	12	–	1 413	17	1 717
		–	6 088	947	5 708
Non-executive directors					
John Bester	12	250	–	–	–
Pierre Joubert***	12	–	–	–	–
Willem Jungschläger	12	500	–	–	–
Amanda Chorn	12	141	–	–	–
		891	–	–	–
Total remuneration		891	6 088	947	5 708

* The performance bonus paid in March is based on the prior year's results.

** The value of equity-settled share options granted is the annual expense determined in accordance with *IFRS 2, Share-based Payments*, and is presented for information purposes only as it is not regarded as constituting remuneration, given that the value was neither received nor accrued to the directors during the year. Gains made on the exercise of such share options are disclosed in the year when vesting occurs.

*** Pierre Joubert waived his fees as a director in respect of the periods under review.

**** These figures also form part of note 35 (Remuneration) below.

	Post-retirement benefits	Long-term benefits			
	Provident fund contributions	Interest benefit on financial assistance	Total remuneration	Value of equity-settled share options granted**	Financial assistance granted pursuant to share scheme
	–	–	6 332	–	–
	277	–	4 310	144	–
	197	138	3 327	29	1 642
	474	138	13 969	173	1 642
	–	–	287	–	–
	–	–	–	–	–
	–	52	571	–	746
	–	–	227	–	–
	–	52	1 085	–	746
	474	190	15 054	173	2 388
	31	–	7 956	–	–
	211	–	3 954	53	–
	186	182	3 516	15	2 652
	428	182	15 426	68	2 652
	–	34	284	–	–
	–	–	–	–	–
	–	62	562	–	933
	–	–	173	–	–
	–	96	1 019	–	933
	428	278	16 445	68	3 585
	185	–	6 113	–	–
	201	–	3 869	4	–
	228	246	3 621	4	3 217
	614	246	13 603	8	3 217
	–	77	327	–	1 058
	–	–	–	–	–
	–	77	577	–	1 058
	–	–	141	–	–
	–	154	1 045	–	2 116
	614	400	14 648	8	5 333

Share options outstanding held by directors at the end of the 2013 financial year have the following vesting date and exercise price:

Director	Vesting date	Number of share options '000	Exercise price per share R
Shirley Maltz	20 May 2015	25	7,47
	31 March 2016	25	10,64
	29 June 2016	450	10,64
	27 Aug 2017	50	11,00
		550	
Annalize Kirsten	20 May 2015	25	7,47
	31 March 2016	25	10,64
	29 June 2016	50	10,64
	20 March 2017	10	13,88
		110	
		660	

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

The Directors
HomeChoice International P.L.C. ("HIL")
93 Mill Street
Qormi
QRM 3102
Malta

INTRODUCTION

HomeChoice Holdings Limited, HomeChoice International P.L.C. ("the Company") and HomeChoice South Africa P.L.C. are issuing a combined circular to HomeChoice Holdings Limited's shareholders ("the Circular") regarding the proposed scheme of arrangement of the Company ("Proposed transaction").

At your request and for the purpose of the Circular to be dated on or about 27 October 2014, we have audited the consolidated historical financial information of HomeChoice Holdings Limited, which comprises the consolidated statements of financial position as at 31 December 2013, 31 December 2012 and 31 December 2011, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information ("the Consolidated Historical Financial Information"), as presented in Annexure 2 to the Circular, in compliance with the Companies Act requirements.

RESPONSIBILITY

Directors' responsibility

The directors of the Company are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that the Company complies with the Companies Act requirements. The directors of HomeChoice Holdings Limited are responsible for the preparation and fair presentation of the Consolidated Historical Financial Information in accordance with International Financial Reporting Standards, and for such internal controls as the directors of the HomeChoice Holdings Limited determine is necessary to enable the preparation of Consolidated Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Consolidated Historical Financial Information based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance whether the Consolidated Historical Financial Information of HomeChoice Holdings Limited is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Historical Financial Information of HomeChoice Holdings Limited. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Historical Financial Information, 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 Consolidated Historical Financial Information 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 of HomeChoice Holdings Limited, as well as evaluating the overall presentation of the Consolidated Historical Financial Information.

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

OPINION

In our opinion, the Consolidated Historical Financial Information of HomeChoice Holdings Limited as set out in Annexure 2 to the Circular, presents fairly, in all material respects, the consolidated financial position of HomeChoice Holdings Limited as at 31 December 2013, 31 December 2012 and 31 December 2011, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

INTENDED USERS

The Consolidated Historical Financial Information is prepared for the board of directors of the Company to assist them in presenting the financial position and results of HomeChoice Holdings Limited in the Circular, in connection with the Proposed transaction. As a result, the Consolidated Historical Financial Information may not be suitable for another purpose.

PricewaterhouseCoopers Inc.
Director: MC Hamman
Registered Auditor
Cape Town
24 October 2014

CONDENSED INTERIM FINANCIAL INFORMATION OF HOMECHOICE HOLDINGS AND ITS SUBSIDIARIES IN RESPECT OF THE REVIEWED SIX MONTHS ENDED 30 JUNE 2014

INTRODUCTION

The interim financial information of HomeChoice Holdings has been extracted and compiled from the reviewed interim results of HomeChoice Holdings for the six months ended 30 June 2014.

The preparation of the interim financial information as disclosed in this Annexure 4 is the responsibility of the Directors of HomeChoice Holdings.

This interim financial information was prepared by the finance department of HomeChoice Holdings Limited and its subsidiaries, acting under the supervision of Annalize Kirsten CA(SA), the chief financial officer of HomeChoice Holdings Limited.

The interim financial information of HomeChoice Holdings was reviewed by the Independent Reporting Accountants and Auditors and was reported on without qualification. The Independent Reporting Accountants and Auditors report on the interim financial information is included in Annexure 5 to this Circular.

GROUP STATEMENT OF FINANCIAL POSITION

	Reviewed six months ended 30 Jun 2014 R'000	Reviewed six months ended 30 Jun 2013 R'000	Audited year ended 31 Dec 2013 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	**288 303**	219 075	292 785
Intangible assets	**72 553**	53 005	61 237
Loans to employees	**3 658**	8 313	6 362
Investment in associates	**7 870**	5 056	6 536
Deferred taxation	**21 771**	17 856	18 133
	394 155	303 305	385 053
Current assets			
Inventories	**202 941**	164 400	144 964
Taxation receivable	**4 169**	3 506	77
Trade and other receivables	**1 261 864**	1 068 970	1 169 921
Trade receivables – Retail	**705 916**	629 555	686 375
Loans receivable – Financial Services	**537 633**	424 463	462 080
Other receivables	**18 315**	14 952	21 466
Cash and cash equivalents	**50 945**	29 897	67 981
	1 519 919	1 266 773	1 382 943
Total assets	**1 914 074**	1 570 078	1 767 996
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Stated capital	**30 980**	30 980	30 980
Treasury shares	**(13 733)**	(11 331)	(13 733)
Other reserves	**2 403**	1 473	1 902
Retained earnings	**1 358 230**	1 141 069	1 266 575
	1 377 880	1 162 191	1 285 724
Non-current liabilities			
Interest-bearing liabilities	**225 175**	129 771	188 208
Deferred taxation	**72 545**	71 265	68 015
Other payables	**3 975**	3 095	3 510
	301 695	204 131	259 733
Current liabilities			
Interest-bearing liabilities	**26 345**	10 640	21 148
Taxation payable	**3 484**	2 104	8 953
Trade and other payables	**148 037**	125 834	134 552
Provisions	**–**	9 850	9 000
Bank overdraft	**56 633**	55 328	48 886
	234 499	203 756	222 539
Total liabilities	**536 194**	407 887	482 272
Total equity and liabilities	**1 914 074**	1 570 078	1 767 996

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Reviewed six months ended 30 Jun 2014 R'000	Change %	Reviewed six months ended 30 Jun 2013 R'000	Audited year ended 31 Dec 2013 R'000
Revenue	**860 632**	12,9	762 179	1 661 952
Retail sales	**451 021**	10,2	409 227	929 730
Finance charges and initiation fees earned	**342 666**	15,1	297 657	619 848
Finance charges earned	**246 023**	12,1	219 387	452 912
Initiation fees earned	**96 643**	23,5	78 270	166 936
Fees from ancillary services	**66 945**	21,1	55 295	112 374
Cost of retail sales	**(225 279)**	9,1	(206 505)	(472 771)
Retail gross profit margin (%)	***50,1***		*49,5*	*49,1*
Debtor costs	**(154 356)**	6,3	(145 246)	(316 463)
Other trading expenses	**(250 329)**	20,6	(207 489)	(434 739)
Other net gains and losses	**(1 909)**		(3 080)	(2 319)
Other income	**891**		1 644	2 661
Operating profit	**229 650**	14,0	201 503	438 321
Interest received	**613**		230	2 070
Interest paid	**(8 875)**		(2 682)	(7 554)
Share of loss of associates	**(1 178)**		(953)	(1 818)
Profit before taxation	**220 210**	11,2	198 098	431 019
Taxation	**(62 041)**		(56 227)	(121 696)
Profit and total comprehensive income for the period	**158 169**	11,5	141 871	309 323
Number of shares ('000)				
– In issue	**103 869**		103 869	103 869
– Weighted shares in issue, net of treasury shares	**100 779**		100 779	100 779
Earnings per share (cents)				
– attributable	**156,9**	11,4	140,8	306,9
– diluted attributable	**156,3**	11,9	139,7	305,6
– headline (HEPS)	**157,1**	11,6	140,8	306,9
– diluted HEPS	**156,4**	12,0	139,7	305,6

The retail gross profit margin percentage has been calculated as retail sales less cost of retail sales, divided by retail sales.

GROUP STATEMENT OF CHANGES IN EQUITY

	Reviewed six months ended 30 Jun 2014 R'000	Reviewed six months ended 30 Jun 2013 R'000	Audited year ended 31 Dec 2013 R'000
Equity at the beginning of the period	**1 285 724**	1 070 322	1 070 322
Profit and total comprehensive income for the period	**158 169**	141 871	309 323
Purchase of treasury shares by share trust	**–**	–	(2 536)
Dividends paid	**(66 514)**	(50 391)	(94 733)
Sale of treasury shares by share trust	**–**	–	2 530
Share option scheme	**501**	389	818
Equity at the end of the period	**1 377 880**	1 162 191	1 285 724

GROUP STATEMENT OF CASH FLOWS

	Reviewed six months ended 30 Jun 2014 R'000	Change %	Reviewed six months ended 30 Jun 2013 R'000	Audited year ended 31 Dec 2013 R'000
Cash flows from operating activities				
Operating cash flows before working capital changes	**241 854**	16,1	208 382	451 910
Movement in working capital	**(145 007)**		(98 703)	(173 900)
Cash generated from operations	**96 847**	(11,7)	109 679	278 010
Interest received	**613**		230	2 078
Interest paid	**(8 854)**		(2 682)	(5 883)
Taxation paid	**(70 710)**		(56 954)	(115 668)
Net cash (outflow)/inflow from operating activities	**17 896**	(64,4)	50 273	158 537
Cash flows from investing activities				
Purchase of property, plant and equipment	**(2 829)**		(56 788)	(134 700)
Proceeds from disposal of property, plant and equipment	**487**		–	9
Purchase of intangible assets	**(15 937)**		(16 091)	(26 883)
Loans repaid by employees	**2 952**		1 694	4 115
Investment in associates	**(2 512)**		(2 058)	(4 403)
Net cash outflow from investing activities	**(17 839)**	75,6	(73 243)	(161 862)
Cash flows from financing activities				
Purchase of treasury shares	**–**		–	(707)
Proceeds from sale of treasury shares	**–**		–	2 530
Proceeds from interest-bearing liabilities	**55 119**		50 511	229 950
Repayments of interest-bearing liabilities	**(13 445)**		(10 255)	(120 357)
Financing costs paid	**–**		–	(1 937)
Dividends paid	**(66 514)**		(50 391)	(94 733)
Net cash inflow from financing activities	**(24 840)**	145,1	(10 135)	14 746
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	**(24 783)**		(33 105)	11 421
Cash, cash equivalents and bank overdrafts at the beginning of the period	**19 095**		7 674	7 674
Cash, cash equivalents and bank overdrafts at the end of the period	**(5 688)**	77,6	(25 431)	19 095

GROUP SEGMENTAL ANALYSIS

	Retail R'000	Financial Services R'000	Property R'000	Other R'000	Elimin-ations R'000	Total R'000
2014 – Reviewed						
Segment revenue	**677 709**	**182 329**	**13 721**	**2 039**	**–**	**875 798**
Retail sales	**451 021**	**–**	**–**	**–**	**–**	**451 021**
Finance charges and initiation fees earned	**196 553**	**146 113**	**–**	**–**	**–**	**342 666**
Fees from ancillary services	**30 135**	**36 216**	**13 721**	**–**	**–**	**80 072**
Dividends revenue	**–**	**–**	**–**	**2 039**	**–**	**2 039**
Less: intersegment revenue	**–**	**–**	**(13 127)**	**(2 039)**	**–**	**(15 166)**
Revenue from external customers	**677 709**	**182 329**	**594**	**–**	**–**	**860 632**
Growth in revenue from external customers (%)	**12,3**	**15,1**	**(0,2)**	**–**	**–**	**12,9**
Segment results*	**131 371**	**73 032**	**12 657**	**15 442**	**(2 039)**	**230 463**
Segment results margin (%)	**19,4**	**40,1**	**92,2**	**–**	**–**	**26,3**
Growth in segment results (%)	**12,4**	**16,0**	**54,0**	**–**	**–**	**12,6**
Segment assets**	**1 079 106**	**605 542**	**228 530**	**3 309**	**(2 413)**	**1 914 074**
Segment liabilities**	**308 847**	**15 640**	**110 094**	**107 010**	**(5 397)**	**536 194**
Operating cash flows before working capital changes	**142 355**	**86 427**	**13 290**	**(211)**	**(7)**	**241 854**
Movement in working capital	**(64 919)**	**(77 411)**	**(352)**	**(2 325)**	**–**	**(145 007)**
Cash generated/(utilised) from operations	**77 436**	**9 016**	**12 938**	**(2 536)**	**(7)**	**96 847**
2013 – Reviewed						
Segment revenue	603 227	158 357	9 303	1 545	–	772 432
Retail sales	409 227	–	–	–	–	409 227
Finance charges and initiation fees earned	168 348	129 309	–	–	–	297 657
Fees from ancillary services	25 652	29 048	9 303	–	–	64 003
Dividends revenue	–	–	–	1 545	–	1 545
Less: intersegment revenue	–	–	(8 708)	(1 545)	–	(10 253)
Revenue from external customers	603 227	158 357	595	–	–	762 179
Growth in revenue from external customers (%)	18,1	37,8	0,2	–	–	21,7
Segment results*	116 901	62 981	8 218	18 097	(1 543)	204 654
Segment results margin (%)	19,4	39,8	88,3	–	–	26,5
Growth in segment results (%)	3,9	37,0	–	–	–	13,0
Segment assets**	890 159	464 390	208 204	9 593	(2 268)	1 570 078
Segment liabilities**	239 496	14 032	152 139	11 417	(9 197)	407 887
Operating cash flows before working capital changes	123 361	76 934	8 799	(712)	–	208 382
Movement in working capital	(105 286)	(7 156)	13 129	609	–	(98 703)
Cash generated/(utilised) from operations	18 076	69 778	21 928	(103)	–	109 679

* The chief operating decision-maker monitors the results of the business segments separately for the purposes of making decisions about resources to be allocated and of assessing performance. They assess the performance of Retail and Property segments based upon a measure of operating profit, and Financial Services and Other segments based on a measure of operating profit after interest received and interest paid.

** Excluding group loans.

	Reviewed 30 Jun 2014 R'000	Reviewed 30 Jun 2013 R'000
Reconciliation of segment results		
Segment results as reported above	**230 463**	204 654
Interest received	**481**	133
Interest paid	**(9 555)**	(5 736)
Share of loss of associates	**(1 178)**	(953)
Profit before tax	**220 210**	198 098

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The condensed interim group financial statements have been prepared in accordance with *IAS 34, Interim Financial Reporting* and should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as well as the SAICA Financial Reporting Guides and the requirements of the South African Companies Act of 2008. The accounting policies applied in the preparation of these condensed interim group financial statements are consistent with those used in the previous financial year, unless otherwise indicated. No new standards, interpretations or amendments, which are relevant to the group's operations, became effective during the period.

2. TRADE AND OTHER RECEIVABLES

	Reviewed six months ended 30 Jun 2014 R'000	Reviewed six months ended 30 Jun 2013 R'000	Audited year ended 31 Dec 2013 R'000
Trade and other receivables can be summarised as follows:			
Trade receivables – Retail	**863 183**	771 936	845 730
Provision for impairment	**(157 267)**	(142 381)	(159 355)
	705 916	629 555	686 375
Loans receivable – Financial Services	**608 174**	485 100	525 116
Provision for impairment	**(70 541)**	(60 637)	(63 036)
	537 633	424 463	462 080
Other receivables	**18 315**	14 952	21 466
Trade and other receivables	**1 261 864**	1 068 970	1 169 921

Loan disbursements to customers increased by 20,1% to R444 million (2013: R370 million), with 74% made to existing loan customers of good credit standing. Within the context of moderated revenue growth the active customer base increased by 5,7% to 71 448 and the gross loan book by 15,8% to R608,2 million from December 2013.

Trade receivables – Retail				
Debtor costs		**91 994**	93 077	212 002
Debtor costs as a % of revenue	(%)	**13,6**	15,4	15,8
Debtor costs as a % of gross receivables (annualised)	(%)	**21,3**	24,1	25,1
Non-performing receivables as a % of gross receivables*	(%)	**8,8**	10,5	10,6
Provision for impairment as a % of gross receivables	(%)	**18,2**	18,4	18,8
Loans receivable – Financial Services				
Debtor costs		**62 362**	52 169	104 461
Debtor costs as % of revenue	(%)	**34,2**	32,9	33,1
Debtor costs as a % of gross receivables (annualised)	(%)	**20,5**	21,5	19,9
Non-performing receivables as a % of gross receivables*	(%)	**3,7**	5,1	4,0
Provision for impairment as a % of gross receivables	(%)	**11,6**	12,5	12,0
Group				
Debtor costs		**154 356**	145 246	316 463
Debtor costs as % of revenue	(%)	**17,9**	19,1	19,0
Debtor costs as a % of gross receivables (annualised)	(%)	**21,0**	23,1	23,1
Provision for impairment as a % of gross receivables	(%)	**15,5**	16,2	16,2

* Defined as accounts 120 days or more in arrears, as a percentage of the trade and loan receivable books.

3. RECONCILIATION OF CASH FLOWS GENERATED BY OPERATIONS

	Reviewed six months ended 30 Jun 2014 R'000	Change %	Reviewed six months ended 30 Jun 2013 R'000	Audited year ended 31 Dec 2013 R'000
Profit before taxation	**220 210**		198 098	431 019
Share of loss of associates	**1 178**		953	1 818
Losses/(gains) on disposal of property, plant and equipment and intangibles	**263**		–	(3)
Loans to employees – amortised cost adjustment	**(57)**		(75)	(260)
Notional interest on loans to employees	**(191)**		(351)	(637)
Depreciation and amortisation	**11 183**		6 916	13 671
Share-based employee service expense	**538**		389	818
Capitalised bond costs – amortised cost adjustment	**468**		–	–
Interest paid	**8 875**		2 682	7 554
Interest received	**(613)**		(230)	(2 070)
Operating cash flows before working capital changes	**241 854**		208 382	451 910
Movements in working capital	**(145 007)**		(98 703)	(173 900)
Increase in inventories	**(57 977)**		(54 159)	(34 723)
Increase in trade receivables – Retail	**(19 541)**		(46 027)	(102 847)
Increase in loans receivable – Financial Services	**(75 553)**		(12 817)	(50 434)
Increase in other receivables	**3 114**		10 653	4 129
Increase in trade and other payables	**13 950**		12 731	19 909
Decrease in provisions	**(9 000)**		(9 084)	(9 934)
Cash generated from operations	**96 847**		109 680	278 010

4. TOTAL TRADING EXPENSES

Expenses by nature

Debtor costs

Trade receivables – HomeChoice	**91 994**		93 077	212 002
Loans receivable – FinChoice	**62 362**		52 169	104 461
Total debtor costs	**154 356**		145 246	316 463
Auditor's remuneration	**824**		833	1 817
Consultation fees	**3 187**		3 006	3 790
Amortisation of intangible assets	**4 621**		3 764	6 324
Depreciation of property, plant and equipment	**6 562**		3 152	7 347
Operating lease charges for immovable property	**2**		–	27
Total operating lease charges	**1 059**		5 958	12 415
Less: disclosed under cost of retail sales	**(1 057)**		(5 958)	(12 388)
Marketing costs	**84 687**		62 857	138 809
Staff costs	**95 465**		88 635	173 850
Total staff costs	**104 850**		97 213	192 435
Less: disclosed under cost of retail sales	**(9 385)**		(8 578)	(18 585)
Other costs	**54 981**		45 242	102 775
Total other trading expenses	**250 329**		207 489	434 739

5. HEADLINE EARNINGS

	Reviewed six months ended 30 Jun 2014 R'000	Change %	Reviewed six months ended 30 Jun 2013 R'000	Audited year ended 31 Dec 2013 R'000
Profit for the period	**158 169**		141 871	309 323
Non-headline items, gross of tax effect				
Loss on disposal of property, plant and equipment and intangible assets	**263**		–	–
Tax effect	**(74)**		–	–
Headline earnings for the period	**158 358**	11,6	141 871	309 323

6. PURCHASE OF INTANGIBLE ASSETS

Included in the reporting period's purchase of intangible assets is the capitalisation of R9,8 million of costs relating to the ERP system implementation.

7. CONTINGENT LIABILITIES

The group had no contingent liabilities at the reporting date.

8. RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions similar to those disclosed in the group's annual financial statements for the year ended 31 December 2013 took place during the period and related party balances are existing at the reporting date. Related party transactions include key management personnel compensation, loans to directors and intragroup transactions which have been eliminated on consolidation.

9. EVENTS AFTER THE REPORTING DATE

No event, material to the understanding of this interim report, has occurred between the end of the interim period and the date of approval of these interim results.

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments approximate their carrying value.

11. SEASONALITY

Due to its seasonal nature the retail business has a history of generating higher revenues during the second half of the year. In the financial year ended 31 December 2013, 44% of retail sales accumulated in the first half of the year, with 56% accumulating in the second half.

12. ESTIMATES

In preparing these condensed interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2013.

13. GROUP SEGMENTAL ANALYSIS

HomeChoice Holdings' operating segments are identified as being Retail, Financial Services, Property and Other. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, being HomeChoice Holdings' board of directors. The group's reportable segments are unchanged from the previous reporting date.

Retail consists mainly of the group's HomeChoice and FoneChoice operations, whereas Financial Services represents the group's FinChoice operations. The group's property companies, which own commercial properties utilised mainly within the group, are included in the Property segment. The Other segment relates mainly to the holding company's standalone results, as well as those of its associates.

14. COMPARATIVES

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

Segment results

The group has effected amendments to the disclosure of divisional results in the group segment analysis and now reports “Segment results” for each division rather than “Segment operating profit”. Segment results for the Financial Services and Other segments are after interest received and interest paid. The amendments have been made to improve the comparability of the group’s Financial Services operations with that of other credit providers. The impact of the disclosure changes on the results reported as at 30 June 2013 is to change the Financial Services’ segmental operating profit of R76,7 million to segment results of R63,0 million, and the other segmental operating profit of R1,3 million to segment results of R18,1 million.

Group statement of cash flows

The group has amended the disclosure of dividends paid in the group statement of cash flows. Dividends paid are now disclosed as a cash flow from financing activities rather than from operating activities.

REVIEW REPORT OF THE INDEPENDENT REPORTING ACCOUNTANTS ON THE INTERIM FINANCIAL INFORMATION

The Directors
HomeChoice International P.L.C. (“HIL”)
93 Mill Street
Qormi
QRM 3102
Malta

INTRODUCTION

HomeChoice Holdings Limited, HomeChoice International P.L.C. (“the Company”) and HomeChoice South Africa P.L.C. are issuing a combined circular to HomeChoice Holdings Limited’s shareholders (“the Circular”) regarding the proposed scheme of arrangement of the Company (“Proposed transaction”).

At your request and for the purpose of the Circular to be dated on or about 27 October 2014, we have reviewed the accompanying condensed consolidated statement of financial position of HomeChoice Holdings Limited as at 30 June 2014 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-months period then ended (“the Condensed Consolidated Interim Financial Information”), as presented in Annexure 4 to the Circular, in compliance with the Companies Act requirements.

DIRECTORS’ RESPONSIBILITY

The directors of the Company are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that the Company complies with the Companies Act requirements. The directors of HomeChoice Holdings Limited are responsible for the preparation and presentation of the Condensed Consolidated Interim Financial Information in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

REPORTING ACCOUNTANTS’ RESPONSIBILITY

Our responsibility is to express a conclusion on the Condensed Consolidated Interim Financial Information based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, which applies to a review of historical information. A review of financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the Condensed Consolidated Interim Financial Information of HomeChoice Holdings Limited as set out in Annexure 4 to the Circular, is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

INTENDED USERS

The Condensed Consolidated Interim Financial Information is prepared for the board of directors of the Company to assist them in presenting the financial position and results of HomeChoice Holdings Limited in the Circular, in connection with the Proposed transaction. As a result, the Condensed Consolidated Interim Financial Information may not be suitable for another purpose.

PricewaterhouseCoopers Inc.
Director: MC Hamman
Registered Auditor
Cape Town
24 October 2014

HISTORICAL FINANCIAL INFORMATION OF HIL FROM DATE OF INCORPORATION UNTIL 30 SEPTEMBER 2014

INTRODUCTION

HomeChoice International P.L.C. ("HIL") was incorporated as a public company under the laws of Malta on 22 July 2014 specifically for purposes of holding all the HomeChoice Holdings Shares, through its wholly-owned subsidiary, namely HIL SA. HIL holds 100% (one hundred per cent) of the shares in the issued share capital of HIL SA, who in turn will, if the Scheme is implemented, hold 100% (one hundred per cent) of the HomeChoice Holdings Shares. As at the Last Practicable Date, the only asset of HIL, save for nominal working capital, is its 100% (one hundred per cent) shareholding of HIL SA. It does not have any operating history or any other subsidiaries.

The historical financial information of HomeChoice International P.L.C. set out below has been extracted from the audited financial statements of HomeChoice International P.L.C. for the period ended 30 September 2014. The financial statements were audited by PricewaterhouseCoopers Inc. and reported on without qualification.

The historical financial information of HomeChoice International P.L.C. is the responsibility of the Directors of HomeChoice International P.L.C.

The historical financial information of HomeChoice International P.L.C. for the period ended 30 September 2014 were authorised for issue on 24 October 2014 by the Board of Directors.

STATEMENT OF FINANCIAL POSITION

at 30 September 2014

	Notes	2014 R'000
ASSETS		
Current assets		
Cash and cash equivalents	4	178
Total assets		178
EQUITY AND LIABILITIES		
Share capital	5	182
Accumulated loss		(776)
Total equity		(594)
Current liabilities		
Payables	6	772
Total liabilities		772
Total equity and liabilities		178

STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 September 2014

	Notes	Period from 22 Jul 2014 to 30 Sep 2014 R'000
Operating expenses	7	776
Loss before taxation		(776)
Taxation	8	0
Total comprehensive loss for the period		(776)
Earnings per share (cents)		
Basic		(1.06)
Diluted		(1.06)
Number of shares in issue		72 900 000
Weighted average number of shares in issue		14 180 548

STATEMENT OF CHANGES IN EQUITY
for the period ended 30 September 2014

	Share capital R'000	Accumulated losses R'000	Total equity R'000
Incorporation 22 July 2014	0	0	0
Issue of shares	182	0	182
Loss for the period	0	(776)	(776)
Balance at 30 September 2014	182	(776)	(594)

STATEMENT OF CASH FLOWS
for the period ended 30 September 2014

	Note	Period from 22 Jul 2014 to 30 Sep 2014 R'000
Cash flows from operating activities		
Cash utilised by operations		(4)
Loss before taxation		(776)
Increase in payables		772
Net cash outflow from operating activities		(4)
Cash flows from financing activities		
Proceeds from the issuance of shares		182
Net cash generated from financing activities		182
Net increase in cash and cash equivalents		178
Cash and cash equivalents at the beginning of the year		0
Cash and cash equivalents at the end of the year	4	178

1. ACCOUNTING POLICIES

1.1 Presentation of annual financial statements

The significant accounting policies applied in the preparation of the financial statements are set out below. These policies comply with International Financial Reporting Standards (IFRS), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the requirements of the Companies Act.

1.2 Basis of preparation

These financial statements have been prepared on the historical cost basis and are expressed in South African Rand (R).

As at 30 September 2014, the Company's liabilities exceeded its assets by R594 000. The intermediate parent company, Stockdale Investment Holdings Limited, has indicated that it will continue to provide support to the Company in order to enable the Company to settle its obligations as and when they fall due and shall not request any repayment of the amounts due to them. Accordingly the Directors consider it appropriate to prepare the financial statements on a going concern basis.

1.3 Financial instruments

Financial instruments recognised on the statement of financial position include cash and cash equivalents and payables. Financial instruments are initially measured at fair value, including transaction costs, when the company becomes a party to the contractual arrangements. However, transaction costs in respect of financial assets classified as fair value through profit and loss are expensed.

A financial asset is derecognised when the contractual rights to receive cash flows from the asset have been transferred or have expired or when substantially all the risks and rewards of ownership have passed. A financial liability is derecognised when the relevant obligation has either been discharged or cancelled or has expired. Financial assets and liabilities are off-set and the net amount reported in the statement of financial position when there is a current legally enforceable right to set off recognised amounts and there is an intention to realise the assets and settle the liabilities on a net basis. Subsequent to initial recognition, these instruments are measured as set out below.

Cash and cash equivalents

Cash and cash equivalents, consisting of cash on call, are subsequently measured at amortised cost.

Payables

Liabilities for trade and other payables are classified as financial liabilities and are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit and loss when liabilities are derecognised, as well as through the amortisation process.

1.4 Impairment of financial assets

The Company 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 a provision for impairment of receivables is established and impairment losses 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.

1.5 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Share capital represents ordinary shares issued, being classified as equity.

1.6 Taxation

The income tax expense is determined based on taxable income for the year. Tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In such case the tax is also recognised in other comprehensive income or directly in equity respectively. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

1.7 **Foreign currency transactions**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (functional currency). The financial statements are presented in South African Rand, which is the Company's functional presentation currency. 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 remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss, except when deferred in other comprehensive income as qualifying cash flow hedges.

1.8 **Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the Directors the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

2. STANDARDS AND INTERPRETATIONS

Standards, interpretations and amendments to published standards effective in 2014

In 2014 the Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Company's accounting period beginning on 22 July 2014. The adoption of these revisions to the requirements of IFRS did not result in substantial changes to the Company's accounting policies.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the Company's accounting periods beginning after 1 January 2014. The Company has not early adopted these revisions to the requirements of IFRS and the Company's Directors are of the opinion that, with the exception of *IFRS 9, Financial instruments*, there are no requirements that will have a possible significant impact on the Company's financial statements in the period of initial application.

3. RISK MANAGEMENT AND FINANCIAL INSTRUMENT DISCLOSURE

The Board is accountable for the process of risk management, establishing appropriate risk and control policies and communicating these throughout the group. This note discloses information about the group's capital risk management and exposure to risks from its use of financial instruments.

3.1 **Capital risk management**

Capital is managed by reference to the level of equity and borrowings or debt as disclosed in the financial statements. The Company's objectives when managing capital is to safeguard the Company'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 Company may issue new shares or adjust the amount of dividends paid to shareholders.

The Company's equity, as disclosed in the statement of financial position, constitutes its capital. The Company maintains the level of capital by reference to its financial obligations and commitments arising from operational requirements. In view of the nature of the Company's activities and the extent of borrowings or debt, the capital level as at the end of the reporting period is deemed adequate by the Directors.

3.2 **Financial risk management**

The group's activities expose it to a variety of financial risks arising from the use of financial instruments, including credit risk, liquidity risk and market risk.

The group's financial assets and liabilities can be summarised as follows:

	Notes	Current assets R'000
ASSETS		
Current assets		
Cash at bank	4	178
Total		178

	Notes	At amortised cost R'000
LIABILITIES		
Current liabilities		
Payables	6	772
Total		772

3.3 **Credit risk management**

The group did not consider there to be any significant credit risk exposure which has not been adequately provided for.

3.4 **Liquidity risk management**

	Interest rate %	On demand R'000
Payables	–	772
		772

3.5 **Market risk management**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of market prices. Market prices comprise three types of risk: equity price risk, foreign currency risk and interest rate risk. Financial instruments affected by market risk include trade and other receivables, interest-bearing liabilities and cash and cash equivalents.

Equity price risk management

TheCompany is not exposed to equity price risk.

Foreign currency risk management

The Company undertakes transactions in foreign currencies, hence exposure to exchange rate fluctuations arise.

Interest rate risk management

The Company does not have any interest-bearing liabilities.

3.6 **Fair value of financial instruments**

The fair values of financial instruments are measured in accordance to the following fair value measurement hierarchy:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability.
- Level 3: Inputs for the asset or liability that are not based on observable market data.

The fair value of financial assets and liabilities are determined as follows:

- Cash and cash equivalents and payables: The carrying amounts reported in the statement of financial position approximate fair values because of the short-term maturities of these assets and liabilities.

		2014 R'000
4.	**CASH AND CASH EQUIVALENTS**	
	Cash held by service provider	178
		178

5.	**SHARE CAPITAL**	
	Authorised	
	200 000 000 ordinary shares with a par value of 1 cent each	
	Issued	
	72 900 000 ordinary shares with a par value of 1 cent each, 25% paid up	182

6.	**PAYABLES**	
	Stockdale Investment Holdings Limited	142
	Other payables	630
		772

The amounts owed to the intermediate parent company, Stockdale Investment Holdings Limited, is unsecured, interest free and repayable on demand. The intermediate parent company has indicated that it will continue to provide support to the Company in order to enable the Company to settle its obligations as and when they fall due and shall not request any repayment of the amounts due to them.

7.	**OPERATING EXPENSES**	
	Audit fee	70
	Directors' emoluments	300
	Legal fees	360
	Other fees	46
		776

8.	**TAXATION**	
	Malta normal taxation – current year	0

Expenditure incurred to date is not in the production of income and is non-deductible.

9. RELATED PARTIES

Stockdale Investment Holdings Limited is the controlling shareholder. Transactions with this company would typically include loan funding, interest and management charges.

Except for transactions disclosed or referred to previously, the following significant operating transactions have a material effect on the operating results and financial position of the Company:

Directors' emoluments	
Executive director's fees	
Greg Lartigue	100
Non-executive director's fees	
Stanley Portelli	100
Charles Rapa	100

Balances with the controlling shareholder, arising from the transactions referred to previously, are disclosed in note 6 to these financial statements.

These amounts are unsecured, interest free and have no fixed date of repayment.

10. COMPARATIVES

No comparatives have been presented as the Company was incorporated during the current period. This Company was incorporated in Malta on 22 July 2014.

11. EVENTS AFTER THE REPORTING PERIOD

The Company acquired a controlling interest in HomeChoice South Africa P.L.C on 14 October 2014.

The subsidiary company was incorporated in Malta on 14 October 2014.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION

The Directors
HomeChoice International P.L.C. ("HIL")
93 Mill Street
Qormi
QRM 3102
Malta

INTRODUCTION

HomeChoice Holdings Limited, HomeChoice International P.L.C. ("the Company") and HomeChoice South Africa P.L.C. are issuing a combined circular to HomeChoice Holdings Limited's shareholders ("the Circular") regarding the proposed scheme of arrangement of the Company ("Proposed transaction").

At your request and for the purpose of the Circular to be dated on or about 27 October 2014, we have audited the historical financial information of the Company, which comprises the statement of financial position as at 30 September 2014 and the statement of comprehensive income, changes in equity and cash flows for the period then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information ("the Historical Financial Information"), as presented in Annexure 6 to the Circular, in compliance with the Companies Act requirements.

RESPONSIBILITY

Directors' responsibility

The directors of the Company are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that the Company complies with the Companies Act requirements. The directors of the Company are responsible for the preparation and fair presentation of the Historical Financial Information in accordance with International Financial Reporting Standards, and for such internal controls as the directors of the Company determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Historical Financial Information of the Company. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Historical Financial Information, 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 Historical Financial Information 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 of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

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

OPINION

In our opinion, the Historical Financial Information of the Company as set out in Annexure 6 to the Circular, presents fairly, in all material respects, the financial position of the Company as at 30 September 2014, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

INTENDED USERS

The Historical Financial Information is prepared for the board of directors of the Company to assist them in presenting the financial position and results of the Company in the Circular, in connection with the Proposed transaction. As a result, the Historical Financial Information may not be suitable for another purpose.

PricewaterhouseCoopers Inc.
Director: MC Hamman
Registered Auditor
Cape Town
24 October 2014

UNAUDITED *PRO FORMA* FINANCIAL INFORMATION OF HIL

INTRODUCTION

The unaudited *pro forma* statement of financial position at 31 December 2013 and statement of comprehensive income of HomeChoice International P.L.C. for the period then ended set out below have been prepared to show the impact of the proposed transaction.

The unaudited *pro forma* statement of financial position and statement of comprehensive income have been prepared for illustrative purposes only and because of their nature may not fairly present HomeChoice International P.L.C.'s financial position, changes in equity, results of operations or cash flows, nor the effect and impact of the Offer going forward.

The directors of the Company are responsible for the compilation, contents and preparation of financial information giving effect to the Proposed transaction based on audited financial information. Their responsibility includes determining that the unaudited *pro forma* financial information has been properly compiled on the basis stated, the basis is consistent with the accounting policies of the Company and the *pro forma* adjustments are appropriate for the purposes of the unaudited *pro forma* financial information disclosed pursuant to the Companies Act requirements.

The unaudited *pro forma* consolidated statement of financial position and the unaudited *pro forma* consolidated statement of comprehensive income are presented in a manner consistent in all respects with IFRS and with the basis on which the historical financial information has been prepared in terms of accounting policies of HomeChoice International P.L.C.

The unaudited *pro forma* statement of financial position and statement of comprehensive income as set out below should be read in conjunction with the Independent Reporting Accountant's report set out in Annexure 9 to the Circular.

The unaudited *pro forma* statement of financial position set out below presents the effects of the Proposed transaction on the consolidated financial position of HomeChoice International P.L.C. as at 31 December 2013 as if the Proposed transaction had taken place at 31 December 2013 and for the period then ended. All adjustments are considered not to have a continuing effect.

A new entity, HIL, is placed on top of an existing group, HomeChoice Holdings, by issuing shares to the existing shareholders. This transaction would not be a business combination and would be accounted for as a reorganisation of an existing group that has not changed the substance of the reporting entity. No capital will be raised. The existing shareholders of HomeChoice Holdings will be the new shareholders in HIL. The consolidated financial statements of the new entity, HIL, will be presented using the values from the consolidated financial statements of the previous group holding company. The equity structure – that is, the issued share capital and treasury shares – would reflect that of the new company, with other amounts in equity (such as retained earnings and cumulative translation reserves) being those from the consolidated financial statements of the previous group holding company. The resulting difference that will arise would be recognised as a component of equity, called reorganisation reserve.

The *pro forma* financial information is therefore presented as if HIL had been the parent company of the Group throughout the periods presented.

UNAUDITED *PRO FORMA* CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2013

	Notes	Reviewed Before R'000	Adjustments R'000	After R'000
ASSETS				
Non-current assets				
Property, plant and equipment		292 785	–	292 785
Intangible assets		61 237	–	61 237
Loans to employees		6 362	–	6 362
Investment in associates		6 536	–	6 536
Deferred taxation		18 133	–	18 133
		385 053	–	385 053
Current assets				
Inventories		144 964	–	144 964
Taxation receivable		77	–	77
Trade and other receivables		1 169 921	–	1 169 921
Trade receivables – Retail		686 375	–	686 375
Loans receivable – Financial Services		462 080	–	462 080
Other receivables		21 466	–	21 466
Cash and cash equivalents	1	67 981	(7 000)	60 981
		1 382 943	(7 000)	1 375 943
Total assets		1 767 996	(7 000)	1 760 996
EQUITY AND LIABILITIES				
Equity attributable to equity holders of parent				
Ordinary share and stated capital	2	30 980	(29 941)	1 039
Share premium	2	–	3 115 044	3 115 044
Treasury shares	2	(13 733)	(78 970)	(92 703)
Reorganisation reserve	2	–	(3 006 134)	(3 006 134)
Other reserves		1 902	–	1 902
Retained earnings	2	1 266 575	(7 000)	1 259 575
Total equity		1 285 724	(7 000)	1 278 724
Non-current liabilities				
Interest-bearing liabilities		188 208	–	188 208
Deferred taxation		68 015	–	68 015
Other payables		3 510	–	3 510
		259 733	–	259 733
Current liabilities				
Interest-bearing liabilities		21 148	–	21 148
Taxation payable		8 953	–	8 953
Trade and other payables		134 552	–	134 552
Provisions		9 000	–	9 000
Bank overdraft		48 886	–	48 886
		222 539	–	222 539
Total liabilities		482 272	–	482 272
Total equity and liabilities		1 767 996	(7 000)	1 760 996
Net asset value per share:				
Net asset value per share including intangibles (cents)		1 275.8	–	1 268.8
Net asset value per share excluding intangibles (cents)		1 215.0	–	1 208.1
Total shares in issue ('000)		103 869	–	103 869
Total shares in issue, net of treasury shares ('000)		100 779	–	100 779

UNAUDITED *PRO FORMA* CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Notes and assumptions

		Cash and cash equivalents R'000
Note 1	**Cash utilised**	
	Transaction costs payable by the Company	7 000
		7 000

		Share capital R'000	Share premium R'000	Treasury shares R'000	Reorganisation reserve R'000	Other reserves R'000	Retained earnings R'000	Total equity R'000
Note 2	**Increase in share capital**							
	Opening balance	30 980	0	(13 733)	0	1 902	1 266 575	1 285 724
	Shares issued in exchange for shareholding in HomeChoice Holdings Limited	1 039	3 115 044	(92 703)	0	0	0	3 023 381
	Net assets acquired	(30 980)	0	13 733	(3 006 134)	0	0	(3 023 381)
	Less: transaction costs		0				(7 000)	(7 000)
	Total	1 039	3 115 044	(92 703)	(3 006 134)	1 902	1 259 575	1 278 724

Note 3 There are no other events after the reporting period that need to be taken into account in the above *pro formas*.

UNAUDITED *PRO FORMA* CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2013

	Notes	Reviewed Before R'000	Adjustments R'000	After R'000
Revenue		1 661 952	–	1 661 952
Retail sales		929 730	–	929 730
Finance charges and initiation fees earned		619 848	–	619 848
Finance charges earned		452 912	–	452 912
Initiation fees earned		166 936	–	166 936
Fees from ancillary services		112 374	–	112 374
Cost of retail sales		(472 771)	–	(472 771)
Debtor costs		(316 463)	–	(316 463)
Other trading expenses		(434 739)	–	(434 739)
Other net gains and losses	1	(2 319)	(7 000)	(9 319)
Other income		2 661		2 661
Operating profit		438 321	(7 000)	431 321
Interest received		2 070	–	2 070
Interest paid		(7 554)	–	(7 554)
Share of loss of associates		(1 818)	–	(1 818)
Profit before taxation		431 019	(7 000)	424 019
Taxation	2	(121 696)	–	(121 696)
Profit and total comprehensive income for the year		309 323	(7 000)	302 323
Headline earnings:				
Profit for the period		309 323	(7 000)	302 323
Non-headline items, gross of tax effect				
Gain on disposal of property, plant and equipment and intangible assets		(2)	–	(2)
Headline earnings for the period		309 321	(7 000)	302 321
Basic earnings per share (cents)		306.9		300.0
Headline earnings per share (cents)		306.9		300.0
Fully diluted basic earnings per share (cents)		305.6		298.7
Fully diluted headline earnings per share (cents)		305.6		298.7
Weighted average number of shares in issue, net of treasury shares ('000)		100 779	–	100 779
Shares deemed to be issued for no consideration		448	–	448
Diluted weighted average number of shares in issue ('000)		101 227	–	101 227

UNAUDITED *PRO FORMA* CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Notes and assumptions

		R'000
Note 1	**Other net gains and losses**	
	Transaction costs payable by Company	7 000
	Less: costs allocated to equity	0
	Total	7 000

Note 2 Tax at 28% on the profit before tax movement, excluding expenses of a capital nature.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION OF HOMECHOICE INTERNATIONAL P.L.C. ("THE COMPANY")

The Directors
HomeChoice International P.L.C. ("HIL")
93 Mill Street
Qormi
QRM 3102
Malta

INTRODUCTION

HomeChoice Holdings Limited, HomeChoice International P.L.C. ("the Company") and HomeChoice South Africa P.L.C. are issuing a combined circular to HomeChoice Holdings Limited's shareholders ("the Circular") regarding the proposed scheme of arrangement of the Company ("Proposed transaction").

At your request and for the purposes of the Circular to be dated on or about 27 October 2014, we present our assurance report on the compilation of the *pro forma* financial information of HIL by the directors. The *pro forma* financial information, presented in Annexure 8 to the Circular, consists of the *pro forma* statement of financial position as at 31 December 2013, the *pro forma* statement of comprehensive income for the year ended 31 December 2013 and the *pro forma* financial effects ("the *Pro Forma* Financial Information"). The *Pro Forma* Financial Information has been compiled in terms of Regulation 106 of the Companies Act 71 of 2008 ("the Companies Act").

The *Pro Forma* Financial Information has been compiled by the directors to illustrate the impact of the Proposed transaction on the Company's reported financial position as at 31 December 2013, and the Company's financial performance for the period then ended, as if the Proposed transaction had taken place at 31 December 2013 and for the period then ended, respectively. As part of this process, information about the Company's financial position and financial performance has been extracted by the directors from HomeChoice Holdings Limited's financial statements for the period ended 31 December 2013, on which an auditor's report was issued on 13 March 2014, on which an audit report has been published.

DIRECTORS' RESPONSIBILITY

The directors of the Company are responsible for the compilation, contents and presentation of the *Pro Forma* Financial Information in terms of Regulation 106 of the Companies Act and on the basis described in Annexure 8. The directors of the Company are also responsible for the financial information from which it has been prepared.

REPORTING ACCOUNTANT'S RESPONSIBILITY

Our responsibility is to express an opinion about whether the *Pro Forma* Financial Information has been compiled, in all material respects, by the directors on the basis specified in the Companies Act based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Circular*. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis specified in the Companies Act.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *Pro Forma* Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *Pro Forma* Financial Information.

As the purpose of *Pro Forma* Financial Information included in a Circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *Pro Forma* Financial Information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *Pro Forma* Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the corporate action or event in respect of which the *Pro Forma* Financial Information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *Pro Forma* Financial Information.

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

OPINION

In our opinion, the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria specified by the Companies Act requirements and described in Annexure 8 of the Circular.

PricewaterhouseCoopers Inc.
Director: MC Hamman
Registered Auditor
Cape Town
24 October 2014

HOMECHOICE HOLDINGS LIMITED	HOMECHOICE SOUTH AFRICA P.L.C.	HOMECHOICE INTERNATIONAL P.L.C.
(Incorporated in the Republic of South Africa)	(Incorporated in the Republic of Malta)	(Incorporated in the Republic of Malta)
(Registration number 1991/005430/06)	(Registration number C67092)	(Registration number C66099)
(“**Company**” or “**HomeChoice Holdings**”)	(“**HIL SA**”)	(“**HIL**”)

NOTICE OF SCHEME MEETING

THE ATTENTION OF SHAREHOLDERS IS DRAWN TO APPENDICES A AND B OF THIS NOTICE OF SCHEME MEETING WHICH IN ACCORDANCE WITH SECTION 122(3)(b)(ii) OF THE COMPANIES ACT, NO. 71 OF 2008 (“COMPANIES ACT”) SET OUT THE PROVISIONS OF SECTIONS 115 AND 164 OF THE COMPANIES ACT.

Notice is hereby given that a meeting of Shareholders of the Company will be held at 09:00 at 78 Main Road, Wynberg, Cape Town, 7800 on Monday, 24 November 2014 (the “**Scheme Meeting**”), for the purpose of considering and, if deemed fit, passing with or without modification, the resolutions set out below.

Important dates to note	**2014**
Record date in order to receive the Circular	Monday, 20 October
Last day to trade in order to be eligible to vote at the Scheme Meeting	Monday, 17 November
Voting Record Date to be able to vote at the Scheme Meeting	Monday, 17 November
Forms of proxy to be received by no later than 09:00 on	Thursday, 20 November
Scheme meeting to be held at 09:00 on	Thursday, 24 November
Scheme Consideration Record Date being the date on which HomeChoice Shareholders recorded in the register will receive the Scheme Consideration, by close of trading on	Wednesday, 26 November

Where appropriate and applicable the terms defined in the Circular to which this notice of Scheme Meeting is attached and forms part of, bear the same meanings in this notice of Scheme Meeting and in particular in the resolutions set out below.

In terms of section 62(3)(e) of the Companies Act, 71 of 2008 (“**the Companies Act**” or “**the Act**”):

- a Shareholder who is entitled to attend and vote at the Scheme Meeting is entitled to appoint a proxy or two or more proxies to attend and participate in and vote at the Scheme Meeting in the place of the Shareholder, by completing the proxy in accordance with the instructions set out therein;
- a proxy need not be a Shareholder of the Company; and
- HomeChoice Holdings Shareholders recorded in the register of the Company on the Voting Record Date (including Shareholders and their proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in the Scheme Meeting: in this regard, all HomeChoice Holdings Shareholders recorded in the register of the Company on the Voting Record Date will be required to provide identification satisfactory to the chairman of the Scheme Meeting. Forms of identification include valid identity documents, driver’s licences and passports.

SPECIAL RESOLUTION NUMBER 1

The Board has resolved to propose to its Shareholders a scheme of arrangement between the Company and the Scheme Participants in terms of which HIL SA will acquire all of their Scheme Shares (the “**Scheme**”), which Scheme is subject to the fulfilment and/or waiver (where applicable) of the Conditions Precedent to the Scheme which are set out in the Circular to Shareholders to which this notice of Scheme Meeting is attached (“**Circular**”).

Accordingly, Shareholders of the Company registered as such on the Voting Record Date are asked to consider and, if deemed fit, to pass, with or without modification, Special Resolution Number 1 referred to herein, which special resolution is required under sections 114 and 115 of the Companies Act.

“**RESOLVED THAT**, subject to the fulfilment (and/or waiver) of the Conditions Precedent to the Scheme, which conditions are set out in the Circular, the Company be and is hereby authorised to implement a scheme of arrangement in terms of section 114 of the Companies Act between the Company and the Scheme Participants pursuant to which HIL SA will, subject to the Scheme becoming unconditional and thus capable of implementation, acquire all of the Scheme Shares for a Scheme Consideration of one HIL Share for every one Scheme Share held, provided that if the Resolutive Condition as set out in the Circular is fulfilled, the Scheme shall be of no further force or effect and Scheme Participants will be placed as near as may be possible to the positions which they were in prior to the implementation of the Scheme."

Voting requirement

Special Resolution Number 1 will, in terms of the Companies Act, require support of at least 75% of the voting rights exercised thereon at the Scheme Meeting by the Shareholders present in person or represented by proxy, to be approved.

ORDINARY RESOLUTION NUMBER 1

"**RESOLVED THAT** any of the Directors of the Company be and are hereby authorised to do all things and sign all documents required to give effect to and implement Special Resolution Number 1 set out above."

Voting requirement

Ordinary Resolution Number 1 will, in terms of the Companies Act, require the support of at least 50% of the voting rights exercised thereon at the Scheme Meeting by the Shareholders present in person or represented by proxy, to be approved.

QUORUM

A quorum for the purposes of considering the ordinary and special resolutions shall comprise 25% of all the voting rights that are entitled to be exercised by Shareholders in respect of each matter to be decided at the Scheme Meeting by the Shareholders. In addition, a quorum shall consist of three shareholders of the Company personally present or represented by proxy (and if the Shareholder is a body corporate, it must be represented) and entitled to vote at the Scheme Meeting on matters to be decided by Shareholders.

FORM OF PROXY

A form of proxy is attached for the convenience of any Shareholder who cannot attend the Scheme Meeting or who wishes to be represented thereat. Forms of proxy may also be obtained on request from the company's registered office. The completed forms of proxy must be deposited at or posted to HomeChoice Holdings' registered office, 78 Main Road, Wynberg, 7800 or Private Bag X150, Claremont, 7735, marked for the attention of the Company Secretary, to be received by not later than 09:00 on 20 November 2014. Any Shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the Scheme Meeting should the Shareholder subsequently decide to do so.

Attached to the proxy form is an extract of section 58 of the Companies Act, to which Shareholders are referred.

APPRAISAL RIGHTS FOR DISSENTING SHAREHOLDERS

In terms of section 164 of the Companies Act, at any time before the Special Resolution as set out in this notice of Scheme Meeting is voted on, a Shareholder may give the Company a written notice objecting to the Special Resolution.

Within 10 business days after the Company has adopted the Special Resolution, the Company must send a notice that the Special Resolution has been adopted to each Shareholder who:

- gave the Company a written notice of objection as contemplated above; and
- has neither withdrawn that notice nor voted in support of the Special Resolution.

A Shareholder may demand that the Company pay the Shareholder the fair value for all of the HomeChoice Holdings Shares held by that person if:

- the Shareholder has sent the Company a notice of objection;
- the Company has adopted the Special Resolution; and
- the Shareholder voted against the Special Resolution and has complied with all of the procedural requirements of section 164 of the Companies Act.

A copy of section 164 of the Companies Act is set out in Appendix B to this notice.

By order of the board

HomeChoice Holdings
Registered office
78 Main Road
Wynberg
Cape Town
7800

SECTION 115 – REQUIRED APPROVAL FOR TRANSACTIONS CONTEMPLATED IN PART IN CHAPTER 5 OF THE COMPANIES ACT

1. Despite section 65, and any provision of a company's Memorandum of Incorporation, or any resolution adopted by its board or holders of its securities, to the contrary, a company may not dispose of, or give effect to an agreement or series of agreements to dispose of, all or the greater part of its assets or undertaking, implement an amalgamation or a merger, or implement a scheme of arrangement, unless:
   - (a) the disposal, amalgamation or merger, or scheme of arrangement –
     - (i) has been approved in terms of this section; or
     - (ii) is pursuant to or contemplated in an approved business rescue plan for that company, in terms of Chapter 6; and
   - (b) to the extent that Parts B and C of this Chapter and the Takeover Regulations apply to a company that proposes to-
     - (i) dispose of all or the greater part of the assets or undertaking;
     - (ii) amalgamate or merge with another company; or
     - (iii) implement a scheme of arrangement, the Panel has issued a compliance notice in respect of the transaction in terms of section 119(4)(b), or exempted the transaction in terms of section 119(6).
2. A proposed transaction contemplated in subsection (1) must be approved –
   - (a) by a special resolution adopted by persons entitled to exercise voting rights on such a matter, at a meeting called for that purpose and at which sufficient persons are present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter; and
   - (b) by a special resolution, also adopted in the manner required by paragraph (a), by the shareholders of the company's holding company if any, if –
     - (i) the holding company is a company or an external company;
     - (ii) the proposed transaction concerns a disposal of all or the greater part of the assets or undertaking of the subsidiary; and
     - (iii) having regard to the consolidated financial statements of the holding company, the disposal by the subsidiary substantially constitutes a disposal of all or the greater part of the assets or undertaking of the holding company; and
   - (c) by the court, to the extent required in the circumstances and manner contemplated in subsections (3) to (6).
3. Despite a resolution having been adopted as contemplated in subsections (2)(a) and (b), a company may not proceed to implement that resolution without the approval of a court if –
   - (a) the resolution was opposed by at least 15% of the voting rights that were exercised on that resolution, and any person who voted against the resolution requires the company to seek court approval; or
   - (b) the court, on an application by any person who voted against the resolution, grants that person leave, in terms of subsection (6), to apply to a court for a review of the transaction in accordance with subsection (7).
4. For the purposes of subsections (2) and (3), any voting rights controlled by an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them, must not be included in calculating the percentage of voting rights –
   - (a) present in satisfaction of the quorum requirement; or
   - (b) voted in support of a resolution.
5. If a resolution requires approval by a court as contemplated in terms of subsection (3)(a), the company must either –
   - (a) apply to the court for approval, and bear the costs of that application; or
   - (b) treat the resolution as a nullity.
6. On an application contemplated in subsection (3)(b), the court may grant leave only if it is satisfied that the applicant –
   - (a) is acting in good faith;
   - (b) appears prepared and able to sustain the proceedings; and
   - (c) has alleged facts which, if proved, would support an order in terms of subsection (7).

7. On reviewing a resolution that is the subject of an application in terms of subsection (5)(a), or after granting leave in terms of subsection (6), the court may set aside the resolution only if –

   (a) the resolution is manifestly unfair to any class of holders of the company's securities; or

   (b) the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Act, the Memorandum of Incorporation or any applicable rules of the company, or other significant and material procedural irregularity.

8. The holder of any voting rights in a company is entitled to seek relief in terms of section 164 if that person –

   (a) notified the company in advance of the intention to oppose a special resolution contemplated in this section; and

   (b) was present at the meeting and voted against that special resolution.

9. If a transaction contemplated in this Part has been approved, any person to whom assets are, or an undertaking is, to be transferred, may apply to a court for an order to effect –

   (a) the transfer of the whole or any part of the undertaking, assets and liabilities of a company contemplated in that transaction;

   (b) the allotment and appropriation of any shares or similar interests to be allotted or appropriated as a consequence of the transaction;

   (c) the transfer of shares from one person to another;

   (d) the dissolution, without winding-up, of a company, as contemplated in the transaction;

   (e) incidental, consequential and supplemental matters that are necessary for the effectiveness and completion of the transaction; or

   (f) any other relief that may be necessary or appropriate to give effect to, and properly implement, the amalgamation or merger."

SECTION 164 – DISSENTING SHAREHOLDERS APPRAISAL' RIGHTS

"1. This section does not apply in any circumstances relating to a transaction, agreement or offer pursuant to a business rescue plan that was approved by shareholders of a company, in terms of section 152.

2. If a company has given notice to shareholders of a meeting to consider adopting a resolution to –

    (a) amend its Memorandum of Incorporation by altering the preferences, rights, limitations or other terms of any class of its shares in any manner materially adverse to the rights or interests of holders of that class of shares, as contemplated in section 37(8); or

    (b) enter into a transaction contemplated in section 112, 113 or 114,

    that notice must include a statement informing shareholders of their rights under this section.

3. At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting shareholder may give the company a written notice objecting to the resolution.

4. Within 10 business days after a company has adopted a resolution contemplated in this section, the company must send a notice that the resolution has been adopted to each shareholder who –

    (a) gave the company a written notice of objection in terms of subsection (3); and

    (b) has neither –

        (i) withdrawn that notice; or

        (ii) voted in support of the resolution.

5. A shareholder may demand that the company pay the shareholder the fair value for all of the shares of the company held by that person if –

    (a) the shareholder –

        (i) sent the company a notice of objection, subject to subsection (6); and (ii) in the case of an amendment to the company's Memorandum of Incorporation, holds shares of a class that is materially and adversely affected by the amendment;

        (ii) the company has adopted the resolution contemplated in subsection (2); and

    (b) the shareholder –

        (i) voted against that resolution; and

        (ii) has complied with all of the procedural requirements of this section.

6. The requirement of subsection (5)(a)(i) does not apply if the company failed to give notice of the meeting, or failed to include in that notice a statement of the shareholder's rights under this section.

7. A shareholder who satisfies the requirements of subsection (5) may make a demand contemplated in that subsection by delivering a written notice to the company within –

    (a) 20 business days after receiving a notice under subsection (4); or

    (b) if the shareholder does not receive a notice under subsection (4), within 20 business days after learning that the resolution has been adopted.

8. A demand delivered in terms of subsections (5) to (7) must state –

    (a) the shareholder's name and address;

    (b) the number and class of shares in respect of which the shareholder seeks payment; and

    (c) a demand for payment of the fair value of those shares.

9. A shareholder who has sent a demand in terms of subsections (5) to (8) has no further rights in respect of those shares, other than to be paid their fair value, unless –

    (a) the shareholder withdraws that demand before the company makes an offer under subsection (11), or allows an offer made by the company to lapse, as contemplated in subsection (12)(b);

(b) the company fails to make an offer in accordance with subsection (11) and the shareholder withdraws the demand; or

(c) the company revokes the adopted resolution that gave rise to the shareholder's rights under this section.

10. If any of the events contemplated in subsection (9) occur, all of the shareholder's rights in respect of the shares are reinstated without interruption.

11. Within five business days after the later of –

(a) the day on which the action approved by the resolution is effective;

(b) the last day for the receipt of demands in terms of subsection (7)(a); or

(c) the day the company received a demand as contemplated in subsection (7)(b), if applicable, the company must send to each shareholder who has sent such a demand a written offer to pay an amount considered by the company's directors to be the fair value of the relevant shares, subject to subsection (16), accompanied by a statement showing how that value was determined.

12. Every offer made under subsection (11) –

(a) in respect of shares of the same class or series must be on the same terms; and

(b) lapses if it has not been accepted within 30 business days after it was made.

13. If a shareholder accepts an offer made under subsection (12) –

(a) the shareholder must either in the case of –

(i) shares evidenced by certificates, tender the relevant share certificates to the company or the company's transfer agent; or

(ii) uncertificated shares, take the steps required in terms of section 53 to direct the transfer of those shares to the company or the company's transfer agent; and

(b) the company must pay that shareholder the agreed amount within 10 business days after the shareholder accepted the offer and –

(i) tendered the share certificates; or

(ii) directed the transfer to the company of uncertificated shares.

14. A shareholder who has made a demand in terms of subsections (5) to (8) may apply to a court to determine a fair value in respect of the shares that were the subject of that demand, and an order requiring the company to pay the shareholder the fair value so determined, if the company has –

(a) failed to make an offer under subsection (11); or

(b) made an offer that the shareholder considers to be inadequate, and that offer has not lapsed.

15. On an application to the court under subsection (14) –

(a) all dissenting shareholders who have not accepted an offer from the company as at the date of the application must be joined as parties and are bound by the decision of the court;

(b) the company must notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to participate in the court proceedings; and

(c) the court –

(i) may determine whether any other person is a dissenting shareholder who should be joined as a party;

(ii) must determine a fair value in respect of the shares of all dissenting shareholders, subject to subsection (16);

(iii) in its discretion may –

(aa) appoint one or more appraisers to assist it in determining the fair value in respect of the shares; or

(bb) allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective, until the date of payment;

(iv) may make an appropriate order of costs, having regard to any offer made by the company, and the final determination of the fair value by the court; and

(v) must make an order requiring –

(aa) the dissenting shareholders to either withdraw their respective demands, in which case the shareholder is reinstated to their full rights as a shareholder, or to comply with subsection (13)(a); and (bb) the company to pay the fair value in respect of their shares to each dissenting shareholder who complies with subsection (13)(a), subject to any conditions the court considers necessary to ensure that the company fulfils its obligations under this section.

16. The fair value in respect of any shares must be determined as at the date on which, and time immediately before, the company adopted the resolution that gave rise to a shareholder's rights under this section.

17. If there are reasonable grounds to believe that compliance by a company with subsection (13)(b), or with a court order in terms of subsection (15)(c)(v)(bb), would result in the company being unable to pays its debts as they fall due and payable for the ensuing 12 months –

(a) the company may apply to a court for an order varying the company's obligations in terms of the relevant subsection; and

(b) the court may make an order that –

(i) is just and equitable, having regard to the financial circumstances of the company; and

(ii) ensures that the person to whom the company owes money in terms of this section is paid at the earliest possible date compatible with the company satisfying its other financial obligations as they fall due and payable.

18. If the resolution that gave rise to a shareholder's rights under this section authorised the company to amalgamate or merge with one or more other companies, such that the company whose shares are the subject of a demand in terms of this section has ceased to exist, the obligations of that company under this section are obligations of the successor to that company resulting from the amalgamation or merger.

19. For greater certainty, the making of a demand, tendering of shares and payment by a company to a shareholder in terms of this section do not constitute a distribution by the company, or an acquisition of its shares by the company within the meaning of section 48, and therefore are not subject to –

(a) the provisions of that section; or

(b) the application by the company of the solvency and liquidity test set out in section 4.

20. Except to the extent –

(a) expressly provided in this section; or

(b) that the Panel rules otherwise in a particular case,

a payment by a company to a shareholder in terms of this section does not obligate any person to make a comparable offer under section 125 to any other person."

HOMECHOICE HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1991/005430/06)
("**Company**" or "**HomeChoice Holdings**")

HOMECHOICE SOUTH AFRICA P.L.C.
(Incorporated in the Republic of Malta)
(Registration number C67092)
("**HIL SA**")

HOMECHOICE INTERNATIONAL P.L.C.
(Incorporated in the Republic of Malta)
(Registration number C66099)
("**HIL**")

FORM OF PROXY – SCHEME MEETING

Where appropriate and applicable the terms defined in the Circular, to which this form of proxy is attached and forms part of shall bear the same meaning in this form of proxy.

For use by Scheme Participants registered as such at the close of business on the Voting Record Date, at a meeting of Shareholders to be held at 09:00 at 78 Main Road, Wynberg, Cape Town, 7800 on Monday, 24 November 2014 ("**Scheme Meeting**") or any postponement or adjournment thereof.

I/We (names in full) ____ (block letters please)

of (address) ____

____

being holders of ____________________ shares in HomeChoice Holdings, hereby appoint (see note 1)

1. ____ or failing him/her

2. ____ or failing him/her

3. the Chairman of the Scheme Meeting,

as my/our proxy to act for me/us on my/our behalf at the Scheme Meeting in accordance with the following instructions (see note 2):

	Number of votes		
	For*	Against*	Abstain*
Special resolution – Implementation of the Scheme			
Ordinary resolution 1 – Authorisation of directors			

* One vote per share held by HomeChoice Shareholders recorded in the register on the Voting Record Date.

Signed at ____________________________ on ____________________ 2014.

Signature ____

Assisted by me (where applicable) ____

Please read the notes on the reverse side hereof.

NOTES:

1. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space(s) provided. The person whose name appears first on this form of proxy and who is present at the Scheme Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A proxy appointed by a Shareholder in terms hereof may not delegate his authority to act on behalf of the Shareholder to any other person.
3. A Shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the Shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the Scheme Meeting as he deems fit in respect of all the Shareholder's votes exercisable thereat.
4. Forms of proxy must be lodged at or posted to HomeChoice Holdings' registered office, 78 Main Road, Wynberg, 7800 or Private Bag X150, to be received by not later than 09:00 on Thursday, 20 November 2014 or not less than 24 hours before the recommencement of any adjourned or postponed meeting (excluding Saturdays, Sundays and official public holidays in South Africa), or handed to the chairperson by not later than 10 minutes before the Scheme Meeting is due to commence or recommence.
5. The completion and lodging of this form of proxy will not preclude the relevant Shareholder from attending the Scheme Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to do so. In addition to the aforegoing, a Shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy, and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the Shareholder as at the later of the date stated in the revocation instrument, if any; or the date on which the revocation instrument was delivered in the required manner.
6. The Chairman of the Scheme Meeting may reject or accept any form of proxy which is completed and/or received otherwise than in accordance with these notes, provided that, in respect of acceptances, he is satisfied as to the manner in which the Shareholder(s) concerned wish(es) to vote.
7. Each Scheme Participant is entitled to appoint one or more proxies (none of whom need be a member of HomeChoice Holdings) to attend, speak and vote in place of that Shareholder at the Scheme Meeting.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by HomeChoice Holdings or waived by the Chairman of the Scheme Meeting.
9. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
10. Where there are joint holders of HomeChoice Holdings Shares:

    10.1 any one holder may sign the form of proxy; and

    10.2 the vote of the senior (for that purpose seniority will be determined by the order in which the names of Shareholders appear in the register of members) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint holder(s) of HomeChoice Holdings Shares.
11. This form of proxy may be used at any adjournment or postponement of the Scheme Meeting, including any postponement due to a lack of quorum, unless withdrawn by the Shareholder.
12. The aforegoing notes contain a summary of the relevant provisions of section 58 of the Companies Act, as required in terms of that section. In addition, an extract from the Companies Act reflecting the provisions of section 58 of the Companies Act is attached as Annexure A to this form of proxy.

EXTRACT FROM THE COMPANIES ACT

"58. Shareholder right to be represented by proxy

1. At any time, a shareholder of a company may appoint any individual, including an individual who is not a shareholder of that company, as a proxy to –
   (a) participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder; or
   (b) give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.
2. A proxy appointment –
   (a) must be in writing, dated and signed by the shareholder; and
   (b) remains valid for –
      (i) one year after the date on which it was signed; or
      (ii) any longer or shorter period expressly set out in the appointment,

   unless it is revoked in a manner contemplated in subsection (4)(c), or expires earlier as contemplated in subsection (8)(d).
3. Except to the extent that the Memorandum of Incorporation of a company provides otherwise –
   (a) a shareholder of that company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder;
   (b) a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
   (c) a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders' meeting.
4. Irrespective of the form of instrument used to appoint a proxy –
   (a) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
   (b) the appointment is revocable unless the proxy appointment expressly states otherwise; and
   (c) if the appointment is revocable, a shareholder may revoke the proxy appointment by –
      (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and
      (ii) delivering a copy of the revocation instrument to the proxy, and to the company.
5. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of –
   (a) the date stated in the revocation instrument, if any; or
   (b) the date on which the revocation instrument was delivered as required in subsection (4)(c)(ii).
6. If the instrument appointing a proxy or proxies has been delivered to a company, as long as that appointment remains in effect, any notice that is required by this Act or the company's Memorandum of Incorporation to be delivered by the company to the shareholder must be delivered by the company to –
   (a) the shareholder; or
   (b) the proxy or proxies, if the shareholder has –
      (i) directed the company to do so, in writing; and
      (ii) paid any reasonable fee charged by the company for doing so.
7. A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy, provides otherwise.
8. If a company issues an invitation to shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of instrument for appointing a proxy –

(a) the invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;

(b) the invitation, or form of instrument supplied by the company for the purpose of appointing a proxy, must –

  (i) bear a reasonably prominent summary of the rights established by this section;

  (ii) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by the shareholder; and

  (iii) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution or resolutions to be put at the meeting, or is to abstain from voting;

(c) the company must not require that the proxy appointment be made irrevocable; and

(d) the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to subsection (5).

9. Subsections (8)(b) and (d) do not apply if the company merely supplies a generally available standard form of proxy appointment on request by a shareholder."

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(Registration number 1991/005430/06)	(Registration number C67092)	(Registration number C66099)
(“**Company**” or “**HomeChoice Holdings**”)	(“**HIL SA**”)	(“**HIL**”)

FORM OF SURRENDER

INSTRUCTIONS:

Where appropriate and applicable the terms defined in the Circular to which this form of proxy is attached and forms part of shall bear the same meaning in this form of surrender.

1. The form of surrender of Documents of Title is for use only by Scheme Participants recorded in the register on the Scheme Consideration Record Date (as defined in the Circular to which this form of acceptance and surrender is attached and forms part of).
2. A separate form of surrender is required for each Scheme Participant.
3. Part A and Part C must be completed by all Scheme Participants (as defined in the Circular to which this form of surrender is attached to and forms part of) who return this form.
4. Part B must be completed by all HomeChoice Shareholders who are emigrants from the Republic of South Africa (“**South Africa**”), the Republic of Namibia and the Kingdoms of Lesotho and Swaziland (“**the Common Monetary Area**”).
5. Should a Scheme Participant elect option 1 or 2 in Part C in respect of the settlement of the Scheme Consideration, this form must be accompanied by a letter or printout from the cited Broker or CSDP confirming the CSDP or Broker account details as contained in Part C.
6. If this form of surrender is returned with the relevant document(s) of title to HomeChoice Holdings Shares, it will be treated as a conditional surrender which is made subject to the Scheme becoming operative. In the event of the Scheme not becoming operative for any reason whatsoever, HomeChoice Holdings will, by not later than five business days after the date upon which it becomes known that the Scheme will not be operative, return the Documents of Title to the Scheme Participants concerned, by registered mail, at the risk of such HomeChoice Shareholders.
7. Persons who have acquired shares in HomeChoice Holdings after the date of the issue of the Circular to which this form of surrender is attached can obtain copies of the form of surrender and the Circular from HomeChoice Holdings, 78 Main Road, Wynberg, Cape Town, 7800.
8. The Scheme Consideration (as defined in the Circular to which this form of surrender is attached to and forms part of) will not be credited or posted to Scheme Participants recorded in the register on the Scheme Consideration record date unless and until Documents of Title in respect of the relevant Scheme Shares have been surrendered to HomeChoice Holdings.
9. “Know your customer” or “KYC” Requirements

   9.1 Scheme Participants are advised that, in compliance with Maltese law, Scheme Participants are required to surrender the following “Know your customer” or “KYC” documentation, as part of their Documents of Title, in order to claim the Scheme Consideration payable to them:

   9.1.1 In respect of a Scheme Participant who is a corporate or juristic person (other than a trust) not incorporated, established or registered in the Republic of Malta who holds 5% or more of the issued HomeChoice Holdings Shares: (i) a certified copy of an original certificate of incorporation (or equivalent) as issued by the Companies and Intellectual Property Commission (in the case of a South African entity) or its equivalent in another jurisdiction and (ii) a certified copy of an official reference from a South African bank.

   9.1.2 In respect of a Scheme Participant who is a corporate or juristic person (other than a trust) not incorporated, established or registered in the Republic of Malta and holding less than 5% of the issued HomeChoice Holdings Shares: a certified copy of an original certificate of incorporation (or equivalent) as issued by the Companies and Intellectual Property Commission (in the case of a South African entity) or its equivalent in another jurisdiction.

9.1.3 In respect of a Scheme Participant who is an individual or natural person: a certified copy of the identity document/passport of such individual.

9.1.4 In respect of a Scheme Participant who is a trust: (i) a certified copy of the original letters of authority issued by the Master of the High Court (in the case of a South African trust) or its equivalent in another jurisdiction and (ii) a certified copy of the identity document/passport of each of the trustees.

9.2 Scheme Participants are advised that HIL is not entitled to issue the Consideration Shares to Scheme Participants without having received proof of the requisite KYC Documents.

Emigrants from the Common Monetary Area must complete Part B.

To: **HomeChoice Holdings**
(Registration number 1991/005430/06)
78 Main Road
Wynberg
Cape Town
7800
(Private Bag X150, Claremont, 7735)

Dear Sirs

Part A and Part C: To be completed by ALL Scheme Participants recorded in the register on the Scheme Consideration record date and who return this form.

All HomeChoice Holdings Shareholders who wish to anticipate the Scheme becoming operative and expedite settlement of the Scheme Consideration should complete Part A and Part C and return this form to the Transfer Secretaries together with their Document(s) of Title by no later than 12:00 on the Scheme Consideration Record Date.

Should the Scheme not become operative, any Documents of Title surrendered and held by the Transfer Secretaries will be returned to the appropriate HomeChoice Holdings Shareholder by the Transfer Secretaries, at such shareholders' own risk, by registered post within five business days from the date of receipt of the Documents of Title or the date on which it becomes known that the Scheme will not become operative, whichever is the later.

I/We hereby surrender the HomeChoice Holdings share certificate(s) and/or other Documents of Title attached hereto, representing HomeChoice Holdings Shares of no par value, registered in the name of the person mentioned below and authorise HomeChoice Holdings, conditional upon the Scheme becoming operative, to register the transfer of these HomeChoice Holdings Shares into HIL SA's name:

Certificate number(s)	Number of HomeChoice Holdings Shares covered by each certificate(s) enclosed
Total	

Surname or name of corporate body ______________________________

First names (in full) ______________________________

Title (Mr, Mrs, Miss, Ms, etc) ______________________________

Address (see **Part C** below) ______________________________

____

______________________________ Postal code ______________

Country ______________________________

Signature of HomeChoice Holdings Shareholder	Stamp and address of agent lodging this form (if any)
Assisted by me (if applicable)	
(State full name and capacity)	
Date	
Telephone number (Home)	
Telephone number (Work)	
Cell phone number	
Email address	

PART B: To be completed by emigrants from the Common Monetary Area.

Nominated authorised dealer in the case of a Scheme Participant who is an emigrant from the Common Monetary Area (see note 2 below)

Name of dealer ______________________________

Account number ______________________________

Address ______________________________

____

Instructions:

1. No receipts will be issued for documents lodged unless specifically requested. Signatories may be called upon for evidence of their authority or capacity to sign this form.
2. Persons who are emigrants from the Common Monetary Area (comprising the Republics of South Africa and Namibia and the Kingdoms of Lesotho and Swaziland) should nominate the authorised dealer in foreign exchange in the Republic of South Africa which has control of their blocked assets in Part B of this form. Failing such nomination, the Scheme Consideration due to such Scheme Participant in accordance with the provisions of the Scheme will be held by HomeChoice Holdings, pending instructions from the Scheme Participant concerned.
3. Any alteration to this form of surrender must be signed in full and not initialled.
4. If this form of surrender is signed under a power of attorney, then such power of attorney or a notarially certified copy thereof must be sent with this form for noting.
5. Where the Scheme Participant is a company or a close corporation, a certified copy of the directors' or members' resolution authorising the signing of this form of acceptance and surrender must be submitted.
6. If this form of surrender is not signed by the Scheme Participant, the Scheme Participant will be deemed to have irrevocably appointed HomeChoice Holdings to implement the HomeChoice Holdings Shareholder's obligations under the Scheme on his/her behalf.
7. Where there are any joint holders of any Scheme Shares, only that holder whose name appears first in the register in respect of such HomeChoice Holdings Shares need sign this form of acceptance and surrender.
8. A minor must be assisted by his/her parent or guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered with HomeChoice Holdings.
9. Scheme Participants who provide HomeChoice Holdings with details of their CSDP or broker in the appropriate box in Part C of this form of surrender will receive their Scheme Consideration in dematerialised form. Scheme Participants who do not provide HomeChoice Holdings with details of their CSDP or broker in the appropriate box in Part C of this form of surrender will have their Scheme Consideration rematerialised and certificates in respect of their Scheme Consideration will be posted to them at the address indicated in Part A of this form of surrender, or if no address has been provided, to the address registered in HomeChoice Holdings Share Register.

PART C: Settlement of Scheme Consideration

In order to comply with recent legislative changes, the Consideration Shares may only be issued in Dematerialised form.

All HomeChoice Holdings Shareholders[1] should kindly complete the section below, dealing with the settlement of the Consideration Shares, in the event that the HomeChoice Holdings Shareholder becomes entitled to the Consideration Shares.

1. ☐ Please tick this box if you have an account with a Broker or CSDP and wish such account to be credited with the Consideration Shares, and insert the details of such Broker or CSDP account below:

   CSDP or Broker Account details

   Name of CSDP/Broker ______________________________

   CSDP or Broker SCA No. ______________________________

   Account Holder Name at CSDP/Broker ______________________________

   Scrip Account Number of Scheme Participant at CSDP/Broker ______________________________

   Details of the CSDP or Broker account above must be accompanied by a letter or printout from the relevant Broker or CSDP confirming such account details to ensure that the Consideration Shares are credited accordingly. Should you fail to provide such confirmation you will receive a statement of holdings, whereafter you will have to approach the Broker or CSDP, as the case may be, to dematerialise the Consideration Shares upon presentation of the statement of holdings. Kindly note that the dematerialisation process can take up to 7 (seven) business days and then only can the Consideration Shares be traded on the JSE.

2. ☐ Please tick this box if you do not have an account with a Broker or CSDP, but wish to receive the Consideration Shares in Dematerialised form and not in certificated form. It will be necessary for you to appoint a Broker or CSDP before the Consideration Shares can be credited to your Broker or CSDP account. In the meantime, you will be issued with a statement of holdings, confirming the number of Consideration Shares due to you. The statement of holdings will be sent to you, at your risk, at the address provided by you in Part A above.
3. ☐ Please tick this box if you do NOT wish to receive the Consideration Shares in Dematerialised form and instead wish to "withdraw" the Dematerialised Consideration Shares due to you and replace these with a physical Document of Title (share certificate). The Document of Title (share certificate) for the Consideration Shares will be sent to you, at your risk, at the address provided by you in Part A above.

[1] Save for Dissenting Shareholders who have given notice in terms of section 164(5) to 164(8) of the Companies Act and who do not withdraw their respective demands or allow any offers to them in terms of section 164(11) of the Companies Act to lapse.