

Tradehold Limited reviewed results for the 12 months to 28 February 2011

("Tradehold" or "the company") (Registration number 1970/009054/06)

JSE share code: TDH ISIN: ZAE000026902

	Reviewed 12 months to 28/02/11	Audited 12 months to 28/02/10
Statement of comprehensive income		
(£'000)		
28/02/10		
Revenue	5 929	4 783
Trading profit	6 110	2 448
Exceptional items	(2 112)	1 393
Operating profit	3 998	3 841
Interest received	216	418
Interest paid	(2 281)	(2
262)		
Profit before taxation	1 933	1 997
Taxation	(15)	
(354)		
Profit for the year	1 948	2 351
Other comprehensive income		
Currency translation differences	(11)	
◆		
Total comprehensive income for the year	1 937	2 351
Profit/(loss) attributable to:		
Owners of the parent	1 220	2 371
Non-controlling interest	728	
(20)		
	1 948	2 351
Total comprehensive income/(loss) attributable to:		
Owners of the parent	1 209	2 371
Non-controlling interest	728	
(20)		
	1 937	2 351
Earnings/(loss) per share (pence): basic and diluted		
before exceptional items	9,6	2,8
basic	3,5	6,8
headline (loss)/earnings	(9,7)	3,8
Number of shares for calculation of earnings		
per share (◆000)	34 654	34
676		
Statement of financial position	Reviewed	Audited
(£'000)	28/02/11	
28/02/10		
Non-current assets	57 530	52 221
Property, plant and equipment	6 126	6 900
Investment properties	51 385	45 167
Financial assets	19	154
Current assets	20 874	20 652
Financial assets	9 762	7 679
Trade and other receivables	2 054	2 026
Non-current assets held for sale	◆	
332		
Inventories	29	26
Cash and cash equivalents	9 029	10 589
Total assets	78 404	72 873
Equity	31 349	29 436
Ordinary shareholders◆ equity	30 304	29
095		

Non-controlling interest	1 045	341
Non-current liabilities	7 855	26 545
Preference share capital	12	12
Long-term borrowings	7 843	26 533
Current liabilities	39 200	16 892
Short-term borrowings	33 707	14 678
Other current liabilities	5 493	2 214
Total equity and liabilities	78 404	72 873

	Reviewed 12 months to 28/02/11	Audited 12 months to
Statement of cash flows (£000) 28/02/10		
Cash flows from operating activities (745)	(1 582)	
Cash flows from investing activities 861)	(293)	(4
Acquisition of investment properties 459)	(82)	(4
Acquisition of property, plant and equipment (430)	(57)	
Proceeds on disposal of investment properties 453	◆	
Proceeds on disposal of property, plant and equipment ◆	6	
Other investment activities (425)	(160)	
Net cash flow 606)	(1 875)	(5
Cash flows from financing activities (53)	315	
Proceeds from borrowings	3 467	7 664
Repayment of borrowings 717)	(3 128)	(7
Transactions with non-controlling shareholders ◆	(24)	
Net decrease in cash and cash equivalents 659)	(1 560)	(5
Cash and cash equivalents at beginning of the year	10 589	16 248
Cash and cash equivalents at end of the year	9 029	10 589

	Reviewed 12 months to 28/02/11	Audited 12 months to
Statement of changes in equity (£000) 28/02/10		
Balance at beginning of the year	29 436	27 111
Transactions with non-controlling shareholders ◆	(24)	
Purchase of treasury shares (26)	◆	
Total comprehensive income for the year	1 937	2 351
Balance at end of the year	31 349	29 436

	Reviewed 12 months to 28/02/11	Audited 12 months to
Supplementary information (£000) 28/02/10		
1. Depreciation for the year	403	234

2.	Capital expenditure for the year	139	5 527
3.	Calculation of headline earnings		
	Net profit	1 220	2 371
	Surplus on revaluation of investment properties	(5 804)	(1
046)			
	Profit on sale and scrapping of property, plant and equipment and investment properties	(6)	
(21)			
	Impairment of property, plant and equipment	428	
❖			
	Taxation	❖	
❖			
	Non-controlling interest	806	
❖			
		(3 356)	1 304
		Reviewed	Audited
		28/02/11	
(£❖000)			
28/02/10			
4.	Number of shares in issue (net of treasury shares) (❖000)	34 654	34
654			
5.	Net asset value per share (pence)	87,4	84,0
6.	Financial assets		
	Listed investments at fair value	7 832	5 867
	Unlisted investments at fair value	1 812	1 812
	Loans	137	154
		9 781	7 833
7.	Contingent liabilities	5 428	7 722
Segmental analysis		Trading	Total
(£❖000)	Revenue	profit/(loss)	
assets			
Twelve months to			
28 February 2011 (reviewed)			
Property - retail	2 361	9 316	38 634
- commercial	268	(972)	7 283
- offices	542	(397)	5 545
- leisure	2 708	(31)	7 376
- other	50	3	1 831
Treasury	❖	(1 809)	17
735			
	5 929	6 110	78 404
Twelve months to			
28 February 2010 (audited)			
Property - retail	2 162	4 285	30 462
- commercial	303	(525)	8 094
- offices	437	(271)	6 146
- leisure	1 881	402	7 973
- other	❖	(287)	1
685			
Treasury	❖	(1 156)	18
513			
	4 783	2 448	72 873

Tradehold Limited is an investment holding company listed on the Main Board of the JSE. It has no operating assets in South Africa. Its business consists of an indirect holding of 15,9% in the UK-based Instore and an 85%

interest in the property-owning Moorgarth group of companies, which is also based in the United Kingdom. Moorgarth manages a £56,8 million portfolio of retail, commercial and industrial buildings while Instore's principal activity is variety retailing.

Even though the UK property market is still in a slow recovery phase following the very serious decline since the start of the recession, Tradehold recorded a bottom-line profit of £1,9 million (2010: £2,4 million). Moorgarth produced robust profits given a net £5,4 million uplift in the value of its properties. The sale of a large property portfolio, unrelated to and prior to the establishment of Moorgarth, resulted in write-offs of £4,5 million during the year.

Business environment

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

Moorgarth

In the property sector, demand for space remained weak and business confidence low, albeit slightly higher than in the last few years. A shortage of funding continued in all business sectors making cash a vital ingredient of any business. The UK property market became more polarised. While prime properties in Central London experienced a resurgence in demand and value, the opposite applied to properties not considered prime. The value of the latter remained low and vulnerable during the reporting period.

Little quality stock came on to the market and the ones that did, tended to be snapped up by cash-rich institutions. Finding properties in the middle market offering real value remained a challenge.

During the review period, Moorgarth's property portfolio nevertheless remained quite resilient to the recessionary conditions. Management continued to focus on maximising the value of the group's existing properties. The success achieved by this approach is reflected in a revaluation surplus of £5,4 million at the end of the reporting period.

This

brought the overall value of the portfolio to £56,8 million (2010: £51,5 million). The size of the Group's portfolio remained unchanged at 22 properties. Management worked hard to restrict tenant losses and vacant space remained within manageable parameters, enabling the group to achieve an after-tax profit of £4,8 million (2010: £0,8 million).

Comments on the results

The trading profit includes the net surplus of £5,4 million (2010: £1,0 million) on the revaluation of properties.

Exceptional items

Exceptional items are made up as follows:

(£ million)	2011	
2010		
Fair value adjustment: UBS AG investment	2,0	1,5
Fair value adjustment: Instore investment	◆	
0,4		
Legal and professional expenditure*	(1,6)	
(0,5)		

Provision for lease repair liabilities*	(2,9)	
◆ Recovery of lease guarantee payments	0,6	-
Impairment of loans	(0,2)	
◆ Total	(2,1)	1,4

*Both these amounts relate to write-offs during the year resulting from the sale of a large property portfolio prior to the establishment of Moorgarth. The lease repair liability was previously reported as a contingent liability.

Dividend

To preserve the maximum available cash in the business and in the light of the uncertainties that characterise present market conditions, the board does not recommend paying a dividend to shareholders.

Outlook

The R650 (£59m) million raised during the recent successful rights issue, which occurred after year-end, will enable Tradehold to take advantage of the anticipated growing number of opportunities to expand its property portfolio with larger quality acquisitions that, up to now, has been outside its financial reach.

Accounting policy

The results for the 12 months to 28 February 2011 are prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards, including IAS 34: Interim Financial Reporting, and in accordance with the requirements of the Companies Act No.61 of 1973 and the Listings Requirements of the JSE Limited. The accounting policies are consistent with those applied in the annual financial statements for the year ended 28 February 2010, except for IFRS 3: Business combinations (Revised 2008) and IAS 27: Consolidated and Separate Financial Statements (Revised 2008).

Tradehold's auditors, PricewaterhouseCoopers Inc., reviewed the results and their unqualified report is available at Tradehold's registered office.

Reporting currency

As the operations of Tradehold's subsidiaries are conducted in pound sterling and because of the distortion caused by the fluctuating value of the rand, the company is reporting its results in the former currency.

CH Wiese C Moore
Chairman Director

Luxembourg
16 May 2011