

Tradehold Limited - Audited results for the 12 months to 29 February 2012

TRADEHOLD LIMITED

(Registration number: 1970/009054/06)

("Tradehold" or "the group")

Incorporated in the Republic of South Africa

JSE Share code: TDH ISIN: ZAE000152658

AUDITED RESULTS FOR THE 12 MONTHS TO 29 FEBRUARY 2012

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 85% interest in the property-owning Moorgarth group of companies, an indirect holding of 15,9% in the variety retail group Instore and 71% of Reward, an asset-backed, short-term lending business. All these businesses are UK-based. By far the largest investment is in Moorgarth which manages a £46,6 million portfolio of unencumbered retail, commercial and industrial buildings.

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

Tradehold's auditors, PricewaterhouseCoopers Inc, audited the summarised financial statements and their unqualified report is available for inspection at Tradehold's registered office.

BUSINESS ENVIRONMENT

The British economy continued on the edge of a double-dip recession, growing well below 1 per cent during 2011. Consumer spending remained at a low ebb, stifled by Government's austerity measures to reduce the national debt. Efforts to stimulate the economy, assisted by the Bank of England's "quantitative easing", did little to improve economic conditions. Interest remained at the lowest level in years while the growth in inflation outpaced that in average earnings. In the first months of 2012 the economy seemed to gain some momentum but trading conditions remained extremely difficult.

Moorgarth

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

Having repaid all external debt in the course of the year and realised significant capital profits during that time, the group is now actively

negotiating on new real estate opportunities as well as realising the innate asset management potential of a number of its existing properties. In June 2011 it acquired the St Catherine's Retail Park in Perth, Scotland, for £12 million and negotiations are well underway for the refurbishment and extension of this site.

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

Reward

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

COMMENTS ON THE RESULTS

Exceptional items

Exceptional items are made up as follows:

(£ million)	2012	
2011		
Fair value adjustment: UBS AG investment	(2,2)	2,0
Fair value adjustment: Abbeycrest plc shares	(0,1)	-
Legal costs	(0,5)	
(1,6)		
Provision for lease repair liabilities	-	
(2,9)		
Recovery of lease guarantee payments	-	0,6
Impairment of loans	-	
(0,2)		
Total	(2,8)	
(2,1)		

Contingent liabilities

Tradehold reported a contingent liability of £5.4m in the 2011 reporting period. This related to an assessment raised by the South African Revenue Service (SARS) in respect of Capital Gains Tax (CGT) imposed pursuant to Tradehold ceasing to be a resident of South Africa for tax purposes in the 2003 tax year. Tradehold successfully appealed against this assessment to the Tax Court during 2010. SARS appealed to the Supreme Court of Appeal (SCA) and on 8 May 2012, the SCA handed down its judgement dismissing SARS' appeal.

Rights issue

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

DIVIDEND

In the light of the group's results for the year the board does not recommend paying a dividend to shareholders.

OUTLOOK

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

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

This general forecast has not been reviewed nor reported on by Tradehold's auditors.

ACCOUNTING POLICY

The results for the 12 months to 29 February 2012 have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS) and the AC 500 Standards as issued by the Accounting Practices Board, including IAS 34: Interim Financial Reporting, and in accordance with the requirements of the South African Companies Act, Act 71 of 2008, as amended, 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 2011, except as set out below.

During the period Tradehold adopted the following revised accounting standards:

- ◆ IFRS 7: Financial Instruments ◆ Disclosures (amendments resulting from May 2010 Annual Improvements to IFRS);
- ◆ IAS 1: Presentation of Financial Statements (amendments resulting from May 2010 Annual Improvements to IFRS);
- ◆ IAS 24: Related Party Disclosures (revised definition of related parties);
- ◆ IAS 34: Interim Financial Reporting (amendments resulting from May 2010 Annual Improvements to IFRS).

The adoption of these standards has had no significant effect on these results.

These results have been prepared under the supervision of the financial director, Mr C Moore.

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
Chairman

C Moore
Director

Malta
28 May 2012

Sponsor: Deloitte & Touche Sponsor Services (Pty) Ltd

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(£'000)	12 months to 29/02/12	12 months to 28/02/11
Revenue	6 645	5 929
Trading profit	1 207	6 110
Exceptional items	(2 761)	(2 112)
Operating (loss)/profit	(1 554)	3 998
Interest received	390	216
Interest paid	(1 558)	(2 281)
(Loss)/profit before taxation	(2 722)	1 933
Taxation	124	(15)
(Loss)/profit for the year	(2 846)	1 948
Other comprehensive income		
Currency translation differences	(14)	(11)
Total comprehensive (loss)/income for the year	(2 860)	1 937
(Loss)/profit attributable to:		
Owners of the parent	(2 493)	1 220
Non-controlling interest	(353)	728
Total comprehensive (loss)/income attributable to:	(2 846)	1 948
Owners of the parent	(2 507)	1 209
Non-controlling interest	(353)	728
(Loss)/earnings per share (pence): basic and diluted		
- before exceptional items	0,2	9,6
- basic	(2,1)	3,5
- headline loss	(2,1)	(9,7)
Number of shares for calculation of earnings		
per share (£'000)	118 841	34 654

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(£'000)	29/02/12	28/02/11
Non-current assets	47 247	57 530
Property, plant and equipment	5 737	6 126
Investment properties	41 498	51 385
Financial assets	12	19
Current assets	52 025	20 874
Financial assets	7 403	9 762
Trade and other receivables	5 601	2 054
Inventories	24	29
Cash and cash equivalents	38 997	9 029
Total assets	99 272	78 404

Equity	87 213	31 349
Ordinary shareholders' equity	86 838	30 304
Non-controlling interest	375	1 045
Non-current liabilities	56	7 855
Preference share capital	51	12
Deferred taxation	5	-
Long-term borrowings	-	7 843
Current liabilities	12 003	39 200
Short-term borrowings	6 601	33 707
Other current liabilities	5 402	5 493
Total equity and liabilities	99 272	78 404

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

(£'000)	12 months to 29/02/12	12 months to 28/02/11
Cash flows from operating activities	(3 874)	(1 582)
Cash flows from investing activities	10 028	(293)
Acquisition of investment properties	(15 073)	(82)
Acquisition of property, plant and equipment	(233)	(57)
Proceeds on disposal of investment properties	25 253	-
Proceeds on disposal of property, plant and equipment	-	6
Other investment activities	81	(160)
Net cash flow	6 154	(1 875)
Cash flows from financing activities	23 814	315
Proceeds from borrowings	317	3 467
Proceeds from ordinary share issue	58 856	-
Proceeds from preference share issue	39	-
Repayment of borrowings	(35 266)	(3 128)
Purchase of treasury shares	(89)	-
Transactions with non-controlling shareholders	(43)	(24)
Net increase/(decrease) in cash and cash equivalents	29 968	(1 560)
Cash and cash equivalents at beginning of the year	9 029	10 589
Cash and cash equivalents at end of the year	38 997	9 029

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(£'000)	12 months to 29/02/12	12 months to 28/02/11
Balance at beginning of the year	31 349	29 436
Proceeds from ordinary share issue	58 856	-
Transactions with non-controlling shareholders	(43)	(24)
Purchase of treasury shares	(89)	-
Total comprehensive (loss)/income for the year	(2 860)	1 937
Balance at end of the year	87 213	31 349

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

	12 months to 29/02/12	12 months to 28/02/11
(£'000)		
28/02/11		
1. Depreciation for the year	392	403
2. Capital expenditure for the year	15 306	139
3. Calculation of headline loss		
Net (loss)/profit	(2 493)	1 220
Shortfall/(surplus) on revaluation of investment properties	630	(5
804)		
Profit on sale and scrapping of property, plant and equipment and investment properties	(923)	
(6)		
Impairment of property, plant and equipment	230	428
Taxation	-	-
Non-controlling interest	9	806
	(2 547)	(3
356)		

	Audited 29/02/12	Audited 28/02/11
(£'000)		
28/02/11		
4. Number of shares in issue (net of treasury shares) (£'000)	138 296	34
654		
5. Net asset value per share (pence)	62,8	87,4
6. Financial assets		
Listed investments at fair value	5 591	7 832
Unlisted investments at fair value	1 812	1 812
Loans	12	137
	7 415	9 781
7. Contingent liabilities	-	5 428

SEGMENTAL ANALYSIS

	Revenue	Trading profit/(loss)	Total
(£'000)			
assets			
Twelve months to 29 February 2012			
Property - retail	2 879	3 176	30 475
- commercial	358	87	7 367
- offices	722	40	4 425
- leisure	2 686	(447)	6 546
- other	-	367	5 813
Treasury	-	(2 016)	44 646
	6 645	1 207	99 272
Twelve months to 28 February 2011			
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

There was no intersegment revenue, resulting in all revenue being received

from external customers.

EVENTS AFTER THE REPORTING PERIOD

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

In compliance with Section 3.22 of the JSE Limited Listings Requirements shareholders are advised that the Integrated Annual Report was posted to shareholders today and contains no modification to these published annual financial results.

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the shareholders of Tradehold, will be held at the head office of Pepkor Limited, 36 Stellenberg Road, Parow Industria, 7493 on Monday, 6 August 2012 at 09:30, to transact the business as stated in the notice of Annual General Meeting forming part of the Integrated Annual Report.

WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Tradehold shareholders ("Shareholders") are referred to the cautionary announcement released on SENS on 2 February 2012 which was renewed on 15 March 2012 and 3 May 2012, respectively whereby they were advised that Tradehold was considering a transaction which, if successfully concluded, may have a material effect on the price of Tradehold's securities. Shareholders are advised that Tradehold is not proceeding with the transaction and therefore caution is no longer required to be exercised by Shareholders when dealing in Tradehold's securities.