

TRADEHOLD DELIVERS SOLID RESULTS IN TOUGH MARKET

The investment holding company Tradehold has produced solid results in the year to February 2013, to move strongly into the black after suffering a loss in the previous year. Although listed on the main board of the JSE, its assets are all overseas, which is why the company reports its results in pounds sterling.

At year-end its main investments were an 85% share of the property-holding Moorgarth group, an indirect 71% holding in the short-term lending business Reward, and an indirect 15,9% share in the variety retail group Instore. It sold its Instore holding for £3,6m shortly before announcing its annual results.

Tradehold reported a net profit for the year of £6,5m in an economy hovering on the edge of a third dip into recession. It increased revenue by 34,6% to £10,1m on which it produced a trading profit of £3,6m (2012: £1,2m). Exceptional items, mainly the upward adjustment in the fair value of certain shares, contributed £2,8m to net profit.

For the first time in several years, the company has declared a dividend, 5c a share for the year, payable to shareholders on 24 June.

Moorgarth, which represents Tradehold's biggest investment, owns a £52m unencumbered portfolio of properties mainly in Central and Northern England. The company reported an operating profit of £2,4m. However, in line with the general tendency in the UK property market, the fair value of the portfolio was reduced by £2,8m, resulting in a loss for the year.

In its second full year of operation, the two operating units of Reward Investments whose short-term, asset-backed lending operations are funded via a £12m loan from Tradehold, produced an operating profit of £2m on revenue of £3m. No bad debt was incurred and the two businesses are gearing themselves for continued growth in the new financial year.

Tradehold chairman Christo Wiese said he expected Tradehold's investments to continue performing well despite present market conditions. "Moorgarth has switched its focus to the acquisition of regionally dominant shopping centres and has acquired its first such centre near Glasgow which is generating a net initial yield of 13%.

"Reward is flourishing in the present market in which businesses have an ongoing battle to obtain funding from the mainstream banks, with the result that alternative funding sources are thriving. However, I do not believe Reward's success is determined by the present market

sentiment but that it will continue to flourish, and then perhaps even more so, when the British economy starts growing again,” Wiese said.

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