

Tradehold Limited

("Tradehold" or "the company") (Registration number 1970/009054/06) JSE share code: TDH ISIN: ZAE000152658

Unaudited interim results for the 6 months ended 31 August 2011

Tradehold is an investment holding company with interests mainly in the Moorgarth group of property companies in which it holds the controlling interest, and in the UK retailing group Instore Limited, in which it has a 15,9% share-holding. Moorgarth owns and manages a portfolio of commercial properties throughout the UK.

Business review

The commercial property sector in the UK continues to reflect the turmoil that has characterised the country's economy since 2008. The property market showed positive signs of recovery at the end of 2010 and the beginning of 2011. However, in recent months the all-pervading sense of uncertainty in the economy saw the tentative recovery falter. Occupier demand especially in the area of retail space declined and rental income came under increasing pressure as the amount of vacant space grew across the spectrum. Capital growth in the commercial property sector slowed to just 0,3% in the third quarter.

Moorgarth

The stuttering British economy severely depressed business confidence and thereby also the demand for office and retail space while investment in new developments dwindled. Under these conditions management during the period under review focused primarily on marketing and managing the group's portfolio of 23 buildings as effectively as possible to minimise the amount of vacant space. Rental income increased well above budget and the group ended the period under review with a net profit of £0,4 million due to an increase of £0,6 million in the valuation of the portfolio to £71,2 million.

Moorgarth continues to search for new investment opportunities that offer value enhancement potential over a relatively short period. In June the group acquired a retail park at a cost of £12 million in Perth in Scotland and several other potential acquisitions are being pursued. During the review period Moorgarth repaid £12,9 million in bank loans with further repayments planned for the remainder of the year. Bank funding will again be considered at an opportune time.

Moorgarth does not expect the environment in which the group operates to change materially in the second half of the year and will thus continue its present strategies in managing the portfolio. Opportunities for further acquisitions might arise as clearing banks start offering repossessed portfolios in the market. As in the past, each potential opportunity will be evaluated against management's acquisition criteria.

Comments on the results

Included in the trading profit are:

- An unrealised currency loss of £0,9 million on a Swiss Franc denominated loan, and
- Valuation gains on Moorgarth investment properties of £0,6 million.

Exceptional items

Exceptional items are made up as follows:

| | Unaudited 6 months | Unaudited 6 months | Audited 12 months |
|--|-----------------------|-----------------------|----------------------|
|--|-----------------------|-----------------------|----------------------|

| (£ million) | to 31/08/11 | to 31/08/10 | to 28/02/11 |
|--------------------------------------|-------------|-------------|-------------|
| Fair value adjustment: | | | |
| UBS AG investment | (2,1) | 1,2 | 2,0 |
| Lease repair liabilities | - | - | (2,9) |
| Legal and professional expenditure | (0,4) | (0,3) | (1,6) |
| Recovery of lease guarantee payments | - | - | 0,6 |
| Impairment of loans | - | - | (0,2) |
| Total | (2,5) | 0,9 | (2,1) |

During the reporting period the company successfully completed a rights issue in South Africa of 103 833 866 new shares at R6,26 per share raising R650 million. This bolstered the group balance sheet by £59 million during the period.

Dividend

In order to preserve cash and given the uncertainties in the market the board does not recommend paying a dividend to shareholders.

Outlook

With the property market in the sway of political developments in Europe it would be imprudent to venture any predictions as to where it will be moving in the second half of the year. Management policies will therefore continue to be mainly defensive with the accent on maximising the existing portfolio's income potential.

Accounting policy

The interim report has 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 not been audited nor have they been reviewed by the Group's auditors, PricewaterhouseCoopers Inc.

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
Malta
16 November 2011

Sponsor: One Capital

Statement of comprehensive income

| | Unaudited 6 months to 31/08/11 | Unaudited 6 months to 31/08/10 | Audited 12 months to 28/02/11 |
|---|--------------------------------------|--------------------------------------|-------------------------------------|
| (£'000) | | | |
| Revenue | 3 116 | 3 111 | 5 929 |
| Trading profit | 281 | 653 | 6 110 |
| Exceptional items | (2 589) | 936 | (2 112) |
| Operating (loss)/profit | (2 308) | 1 589 | 3 998 |
| Interest received | 120 | 58 | 216 |
| Interest paid | (1 099) | (1 124) | (2 281) |
| (Loss)/profit before taxation | (3 287) | 523 | 1 933 |
| Taxation | 34 | 1 | (15) |
| (Loss)/profit for the period | (3 321) | 522 | 1 948 |
| Other comprehensive income | | | |
| Currency translation differences | - | - | (11) |
| Total comprehensive (loss)/income for the period | (3 321) | 522 | 1 937 |
| (Loss)/profit attributable to: | | | |
| Owners of the parent | (3 392) | 560 | 1 220 |
| Non-controlling interest | 71 | (38) | 728 |
| | (3 321) | 522 | 1 948 |
| Total comprehensive (loss)/income attributable to: | | | |
| Owners of the parent | (3 392) | 560 | 1 209 |
| Non-controlling interest | 71 | (38) | 728 |
| | (3 321) | 522 | 1 937 |
| (Loss)/earnings per share (pence): basic and diluted | | | |
| before exceptional items | (0,8) | (1,1) | 9,6 |
| basic (loss)/earnings | (3,4) | 1,6 | 3,5 |
| headline (loss)/earnings | (4,0) | 1,6 | (9,7) |
| Number of shares for calculation of earnings per share (£'000) | 99 550 | 34 654 | 34 654 |

Statement of financial position

| | Unaudited 31/08/11 | Unaudited 31/08/10 | Audited 28/02/11 |
|----------------------------------|-----------------------|-----------------------|---------------------|
| (£'000) | | | |
| Non-current assets | 71 844 | 52 063 | 57 530 |
| Investment properties | 65 800 | 45 167 | 51 385 |
| Property, plant and equipment | 6 029 | 6 720 | 6 126 |
| Financial assets | 15 | 176 | 19 |
| Current assets | 49 698 | 22 099 | 20 874 |
| Financial assets | 7 484 | 8 923 | 9 762 |
| Trade and other receivables | 1 932 | 1 765 | 2 054 |
| Non-current assets held for sale | - | 332 | - |
| Inventories | 35 | 28 | 29 |
| Cash and cash equivalents | 40 247 | 11 051 | 9 029 |
| Total assets | 121 542 | 74 162 | 78 404 |
| Equity | 86 884 | 29 958 | 31 349 |
| Ordinary shareholders' equity | 85 768 | 29 655 | 30 304 |
| Non-controlling interest | 1 116 | 303 | 1 045 |
| Non-current liabilities | 12 | 28 445 | 7 855 |
| Preference share capital | 12 | 12 | 12 |
| Long-term borrowings | - | 28 433 | 7 843 |
| Current liabilities | 34 646 | 15 759 | 39 200 |
| Short-term borrowings | 28 659 | 13 420 | 33 707 |
| Other current liabilities | 5 987 | 2 339 | 5 493 |
| Total equity and liabilities | 121 542 | 74 162 | 78 404 |

Statement of changes in equity

| | Unaudited 6 months to 31/08/11 | Unaudited 6 months to 31/08/10 | Audited 12 months to 28/02/11 |
|--|--------------------------------------|--------------------------------------|-------------------------------------|
| (£'000) | | | |
| Balance at beginning of the period | 31 349 | 29 436 | 29 436 |
| Proceeds from rights issue | 58 856 | - | - |
| Transactions with non-controlling shareholders | - | - | (24) |
| Total comprehensive (loss)/income for the period | (3 321) | 522 | 1 937 |
| Balance at end of the period | 86 884 | 29 958 | 31 349 |

Statement of cash flows

| | Unaudited 6 months to 31/08/11 | Unaudited 6 months to 31/08/10 | Audited 12 months to 28/02/11 |
|---|--------------------------------------|--------------------------------------|-------------------------------------|
| (£'000) | | | |
| Cash flows from operating activities | (865) | (158) | (1 582) |
| Cash flows from investing activities | (13 882) | (22) | (293) |
| Acquisition of investment properties | (15 072) | - | (82) |
| Acquisition of property, plant and equipment | (113) | - | (57) |
| Proceeds on disposal of investment properties | 1 300 | - | - |
| Proceeds on disposal of property, plant and equipment | - | - | 6 |
| Other investment activities | 3 | (22) | (160) |
| Net cash flow | (14 747) | (180) | (1 875) |
| Cash flows from financing activities | 45 965 | 642 | 315 |
| Proceeds from rights issue | 58 856 | - | - |
| Proceeds from borrowings | - | 3 279 | 3 467 |
| Repayment of borrowings | (12 891) | (2 637) | (3 128) |
| Transactions with non-controlling shareholders | - | - | (24) |
| Net increase/(decrease) in cash and cash equivalents | 31 218 | 462 | (1 560) |
| Cash and cash equivalents at beginning of the period | 9 029 | 10 589 | 10 589 |
| Cash and cash equivalents at end of the period | 40 247 | 11 051 | 9 029 |

Supplementary information

| | Unaudited 6 months to 31/08/11 | Unaudited 6 months to 31/08/10 | Audited 12 months to 28/02/11 |
|---|--------------------------------------|--------------------------------------|-------------------------------------|
| (£'000) | | | |
| 1. Depreciation for the period | 210 | 180 | 403 |
| 2. Capital expenditure for the period | 5 185 | - | 139 |
| 3. Calculation of headline earnings | | | |
| Net (loss)/profit | (3 392) | 560 | 1 220 |
| Surplus on revaluation of investment properties | (642) | - | (5 804) |
| Profit on disposal of investment properties | - | - | (6) |
| Impairment of property, plant and equipment | - | - | 428 |
| Taxation | - | - | - |
| Non-controlling interest | 96 | - | 806 |

| | | | |
|--|-----------------------|-----------------------|---------------------|
| | (3 938) | 560 | (3 356) |
| | Unaudited 31/08/11 | Unaudited 31/08/10 | Audited 28/02/11 |
| 4. Number of shares in issue (net of treasury shares) (£'000) | 138 488 | 34 654 | 34 654 |
| 5. Net asset value per share (pence) | 61,9 | 85,6 | 87,4 |
| 6. Financial assets | | | |
| Listed investments at fair value | 5 672 | 7 111 | 7 832 |
| Unlisted investments at fair value | 1 812 | 1 812 | 1 812 |
| Loans | 133 | 176 | 137 |
| | 7 617 | 9 099 | 9 781 |
| 7. Contingent liabilities | 5 349 | 7 942 | 5 428 |

Segmental analysis

| | | | |
|--|---------|--------------------------|-----------------|
| (£'000) | Revenue | Trading profit/(loss) | Total assets |
| Six months to 31 August 2011 (unaudited) | | | |
| Property | | | |
| retail | 1 325 | 1 893 | 56 167 |
| commercial | 171 | (38) | 7 133 |
| offices | 283 | 191 | 5 178 |
| leisure | 1 337 | 99 | 7 112 |
| other | - | (133) | 154 |
| Treasury | - | (1 731) | 45 798 |
| | 3 116 | 281 | 121 542 |

Six months to 31 August 2010 (unaudited)

| | | | |
|------------|-------|-------|--------|
| Property | | | |
| retail | 1 216 | 898 | 29 956 |
| commercial | 129 | (63) | 8 168 |
| offices | 305 | 253 | 6 135 |
| leisure | 1 461 | 322 | 7 851 |
| other | - | (133) | 1 674 |
| Treasury | - | (624) | 20 378 |
| | 3 111 | 653 | 74 162 |

Twelve months to 28 February 2011 (audited)

| | | | |
|------------|-------|---------|--------|
| 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 |