Tradehold Limited - audited results for the 12 months to 28 February 2013

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 28 February 2013

Tradehold Limited is an investment holding company listed on the Main Board of the JSE. It has no operating assets in South Africa. At its financial year-end, its business consisted of an 85% interest in the property-owning Moorgarth group of companies; an indirect holding through Reward Investments Limited of 71% in the two operating Reward LLP's, an asset-backed, short term lending business; and an indirect holding of 15,9% in the variety retail group Instore. All these businesses are UK-based. By far the largest investment is in Moorgarth which manages a £52,0 million portfolio of unencumbered retail, commercial and industrial buildings.

Although trading conditions did not change materially in the year under review, Tradehold produced a substantially improved set of financial results. Revenue increased 34,6% to £10,1 million and the group achieved a trading profit of £3,6 million (2012: £1,2 million). Exceptional items contributed £2,8 million to a net profit for the year of £6,5 million (2012: a loss of £2,9 million). Moorgarth reported an operating profit of £2,4 million (2012: £2,8 million) but nevertheless suffered a net loss of £2,6 million (2012: loss of £1,8 million) due to a £2,8 million downward adjustments in the fair value of its portfolio, reflecting the general tendency in the UK's property market. Reward, in its second full year of trading, posted a net profit of £0,9 million compared to £0,1 million in its first year.

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

BUSINESS ENVIRONMENT
During the review period the British economy remained in the doldrums, narrowly avoiding slipping into a triple-dip recession. In the first quarter of 2013 it grew by less than 0,5%. At the end of February, Moody's, one of the world's largest rating agencies, unsurprisingly downgraded Britain's credit rating, given its struggle to reduce the deficit. Wages growing at a slower rate than inflation eroded consumer spending which remained weak even when compared with previous recessions. On the more positive side, the Bank of England continued to keep interest rates at historically low levels to help drive business growth and borrowings. However, the banking sector remained highly risk-averse. This was despite strategies put in place by the government to encourage lending. In such an environment, trading conditions remained extremely demanding.

Moorgarth
Moorgarth continued to develop the potential of the existing buildings in its portfolio to attract financially robust tenants and meet the fast changing needs of its retail clients. At the same time it substantially changed its acquisition criteria: where in the past it took an opportunistic

approach in acquiring, in different sectors, commercial properties with refurbishment potential, its focus has shifted to larger shopping centre assets. This change in strategy has been driven by the availability of high-yielding, well-located quality centres with established tenant bases. In May 2012 it acquired its first such shopping centre near Glasgow, which is generating a high initial yield. As part of this shift in focus Moorgarth will continue with its strategy to clear the portfolio of smaller properties with no future potential to enhance value.

The company remains ungeared in terms of external funding. Its access to group funds has provided considerable flexibility in restructuring its portfolio.

While the property market in Central London has remained highly resilient to market changes with significant value increases, conditions elsewhere were just the opposite, with retail and office rentals falling further in most locations. As a result, the fair value of Moorgarth's property portfolio was reduced by £2,8 million, continuing a tendency also evident the previous year.

Reward

Market conditions continued to favour the two operating units of Reward Investments Limited - Reward Capital and Reward Commercial Finance. Tradehold, which funds their operations via a £12 million loan, indirectly holds 71% in the two units. They focus on short-term, asset-backed loans to small and medium-sized businesses and on invoice-discounting facilities to similar businesses respectively. Most of the income was generated by Reward Capital with demand for loans remaining strong throughout the year.

The two operating units achieved an operating profit of £2,0 million (2012: £0,3 million). No bad debt was incurred during the reporting period and the two businesses geared themselves for continued strong growth in the new financial year. They moved to larger premises, increased the staff complement and upgraded existing IT systems.

COMMENTS ON THE RESULTS

The trading profit includes a reversal of a provision for lease repair liabilities of £2,9 million (see Developments after Year-end below).

Exceptional items

Exceptional items are made up as follows: (£million)	2013	2012
Fair value adjustment of UBS AG shares	1,0	(2,2)
Fair value adjustment of Instore Limited shares	1,8	-
Fair value adjustment Abbeycrest plc shares	-	(0,1)
Legal costs	-	(0,5)
Total	2,8	(2,8)

Reclassification of revenue

Following the establishment of Reward as a permanent part of the group's operations, it was determined that it would be more suitable to classify the income generated from this business as revenue, whereas this had previously been included within other income (included in trading profit). This reclassification resulted in an increase in revenue of £853 000 in the comparative for the 12 months ended 29 February 2012.

The effect on the 2012 accounts compared to the previous method is largely neutral; an increase in revenue is offset against a decrease in other income
in 2012 and operating profit has remained unchanged.

The segmental analysis includes this restatement and the short-term lending business is now disclosed as a separate segment.

DEVELOPMENTS AFTER YEAR-END
After year-end Tradehold sold its remaining 15,9% interest in Instore for £3,6 million, payable in 18 monthly instalments. Tradehold also concluded a Deed of Release; releasing it of a lease repair liability for which it had previously created a £2,9 million provision. As the negotiations for both these transactions had been substantially completed at year-end, this resulted in a fair value adjustment to the investment and a release of the provision.

DIVIDEND DISTRIBUTION
On 28 May 2013, the board approved and declared a final gross dividend of 5 cents per ordinary share. The payment will reduce the company's share premium. The dividend will be paid in cash.

The salient dates in respect of the dividend are as follows:

Declaration date	Tuesday, 28 May 2013
Last date to trade cum dividend	Thursday, 13 June 2013
Date trading commences ex dividend	Friday, 14 June 2013
Record date	Friday, 21 June 2013
Date of payment to shareholders	Monday, 24 June 2013

Share certificates may not be dematerialised or rematerialised between Friday, 14 June 2013 and Friday, 21 June 2013, both days inclusive.

Additional Information
Although the distribution reduces the share premium of the company, the distribution constitutes a foreign dividend as defined in section 1 of the Income Tax Act ("ITA") and is a dividend for purposes of Dividends Tax ("DT"), since the shares are listed on the JSE Limited. In determining the DT of 15% to be withheld in terms of the ITA for those shareholders who are not exempt from the DT, no Secondary Tax on Companies ("STC") credits have been utilised. Shareholders who are not exempt from the DT will therefore receive a dividend of 4.25 cents net of DT. The company has 138 566 911 ordinary shares in issue and its income tax reference number is 9725126719. Shareholders that may qualify for an exemption from the DT should declare their status to their regulated intermediary.

An exemption is provided for in the ITA in respect of foreign dividends received or accrued in respect of listed shares. We recommend that shareholders consult their own tax advisors on the tax consequences of the foreign dividend.

OUTLOOK
Moorgarth has a strong, experienced management team whose members have

demonstrated their ability to survive and grow in the present tough economic
environment. Moorgarth's decision to focus on regionally dominant shopping centres with tangible opportunities for enhancement offers, in our view, a solid base for future growth.

In the same way we believe Reward has enormous potential in the present market. The media in the UK reports almost daily on the reluctance of the mainstream banks when it comes to lending and how alternative funding sources are flourishing as a result. At the same time we believe that its potential is not just determined by the present economic climate but that that it will continue to flourish, and perhaps even more so, when the economy starts growing again.

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

ACCOUNTING POLICY

The summary consolidated financial statements for the 12 months to 28 February 2013, are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts, the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and must also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements for the year ended 28 February 2013, from which the summary consolidated financial statements for the 12 months to 28 February 2013 were derived, are in terms of IFRS and are
consistent with the accounting policies applied in the preparation of the previous consolidated annual financial statements.

PREPARATION OF FINANCIAL RESULTS

The preparation of the financial results was supervised by the group financial director, Cornus Moore, B Com.

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 reports its results in the former currency.

J D Wiese   C Moore
Director   Director

Malta
28 May 2013

GROUP RESULTS

STATEMENT OF COMPREHENSIVE INCOME

(£'000)	Audited 12 months to 28/02/13	Audited 12 months to 29/02/12*
Revenue	10 095	7 498
Trading profit	3 561	1 207

Exceptional items	2 823	(2 761)
Operating profit/(loss)	6 384	(1 554)
Finance income	257	390
Finance cost	(63)	(1 558)
Profit/(loss) before taxation	6 578	(2 722)
Taxation	84	124
Profit/(loss) for the year	6 494	(2 846)
Other comprehensive income		
Currency translation differences	(47)	(14)
Total comprehensive income/(loss) for the year	6 447	(2 860)
Profit/(loss) attributable to:		
Owners of the parent	6 527	(2 493)
Non-controlling interest	(33)	(353)
	6 494	(2 846)
Total comprehensive income/(loss) attributable to:		
Owners of the parent	6 480	(2 507)
Non-controlling interest	(33)	(353)
	6 447	(2 860)
Earnings/(loss) per share (pence): basic and diluted		
- before exceptional items	2,7	0,20
- basic	4,7	(2,1)
- headline earnings/(loss)	6,4	(2,1)
Number of shares for calculation of earnings per share ('000)	138 476	118 841

*Reclassified

STATEMENT OF FINANCIAL POSITION

	Audited	Audited
(£'000)	28/02/13	29/02/12
Non-current assets	51 900	47 247
Property, plant and equipment	5 524	5 737
Investment properties	46 341	41 498
Financial assets	-	12
Deferred taxation	35	-
Current assets	51 136	52 025
Financial assets	10 238	7 403
Trade and other receivables	10 714	5 601
Inventories	-	24
Cash and cash equivalents	30 184	38 997
Total assets	103 036	99 272
Equity	93 793	87 213
Ordinary shareholders' equity	93 465	86 838
Non-controlling interest	328	375
Non-current liabilities	88	56
Preference share capital	51	51
Deferred taxation	37	5

Current liabilities	9 155	12 003
Short-term borrowings	6 706	6 601
Other current liabilities	2 449	5 402
Total equity and liabilities	103 036	99 272

STATEMENT OF CASH FLOWS

(£'000)	Audited 12 months to 28/02/13	Audited 12 months to 29/02/12
Cash flows utilised by operating activities	3 716	(224)
Cash flows (utilised by)/from investing activities	(12 720)	6 378
Acquisition of investment properties	(8 093)	(15 073)
Acquisition of property, plant and equipment	(120)	(233)
Proceeds on disposal of investment properties	494	25 253
Reward loans issued	(20 633)	(6 162)
Reward loans repaid	15 632	2 512
Other investment activities	-	81
Net cash flow	(9 004)	6 154
Cash flows from financing activities	238	23 814
Proceeds from borrowings	105	317
Proceeds from ordinary share issue	133	58 856
Proceeds from preference share issue	-	39
Repayment of borrowings	-	(35 266)
Purchase of treasury shares	-	(89)
Transactions with non-controlling shareholders	-	(43)
Net (decrease)/increase in cash and cash equivalents	(8 766)	29 968
Effect of changes in exchange rate	(47)	-
Cash and cash equivalents at beginning of the year	38 997	9 029
Cash and cash equivalents at end of the year	30 184	38 997

STATEMENT OF CHANGES IN EQUITY

(£'000)	Audited 12 months to 28/02/13	Audited 12 months to 29/02/12
Balance at beginning of the year	87 213	31 349
Proceeds from ordinary share issue	133	58 856
Transactions with non-controlling shareholders	-	(43)
Purchase of treasury shares	-	(89)
Total comprehensive income/(loss) for the year	6 447	(2 860)
Balance at end of the year	93 793	87 213

SUPPLEMENTARY INFORMATION

(£'000)	Audited 12 months to 28/02/13	Audited 12 months to 29/02/12
1. Depreciation for the year	333	392
2. Capital expenditure for the year	8 213	15 306
3. Calculation of headline earnings/(loss)		
Net profit/(loss)	6 527	(2 493)
Shortfall on revaluation of investment properties	2 800	630

Profit on sale and scrapping of property, plant and equipment and investment properties	(44)	(923)
Impairment of property, plant and equipment	-	230
Non-controlling interest	(413)	9
	8 870	(2 547)

(£'000)	Audited 28/02/13	Audited 29/02/12
4. Number of shares in issue (net of treasury shares) ('000)	138 567	138 296
5. Net asset value per share (pence)	67,5	62,8
6. Financial assets		
Listed investments at fair value	6 657	5 591
Unlisted investments at fair value	3 581	1 812
Loans	-	12
	10 238	7 415
7. Contingent liabilities	-	-

SEGMENTAL ANALYSIS

(£'000)	Revenue	Trading profit/(loss)	Total assets
Twelve months to 28 February 2013 (audited)			
Property - retail	3 288	11	36 732
- commercial	522	(514)	6 817
- offices	441	(973)	4 000
- leisure	2 833	1 119	6 750
- other	-	(61)	197
Short-term lending	3 011	2 036	11 820
Treasury	-	1 943	36 720
	10 095	3 561	103 036
Twelve months to 29 February 2012 (audited)*			
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
Short-term lending	853	343	5 592
Treasury	-	(2 359)	39 054
	7 498	1 207	99 272

*Reclassified

There was no intersegment revenue, resulting in all revenue being received from external customers.