

TRADEHOLD

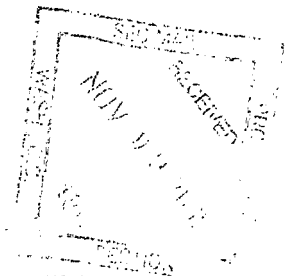
Group Interim Results

for the six months to 31 August 2005

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TRADEHOLD
LIMITED

(Registration number: 1970/009054/06)
JSE share code: TDH ISIN: ZAE000026902





"Tradehold is an investment holding company with interests centred mainly in the listed UK retailing group Instore plc (previously known as Brown & Jackson plc) in which it holds a controlling share of 53.6%, and in wholly-owned Tradegro (UK), which holds a portfolio of mainly retail buildings through Moorgarth Group Ltd. Tradehold's results are largely determined by the achievements of Instore plc."

OPERATING REVIEW

Instore plc

The review period was one of continuing development and transformation of the business. To reflect this transformation from the Poundstretcher brand to ...instore, the name of the company was changed at the end of July to Instore plc.

It operates two retail discount chains – the original Poundstretcher and the more modern, value-driven ...instore, developed since the appointment of the current management team in 2002. Poundstretcher stores are being systematically converted to the ...instore format while all new outlets trade under that name. During the review period 25 stores were converted while eight new outlets were opened. The total number of ...instore outlets has grown to 120. Results from converted stores continue to exceed expectations.

The company completed the move to its purpose-built head office and 35 000 m² distribution centre at Huddersfield. The new facility, replacing four outdated centres, has greatly increased handling capacity at peak times and enables staff to respond swiftly to store demands. Its capacity also allows for a major increase in the future number of stores.

However, the changeover to the new distribution centre unavoidably affected sales and profit performance in the first quarter while slowing the stock-build for the April/May trading period. The period's shortfall in profit was incurred in the first quarter. Once the distribution centre was fully operational, like-for-like sales started to improve as did profitability compared to the corresponding period.

During the review period gross margins grew 1.9%, and this positive trend continued in the first seven weeks of the second half of the year. Like-for-like sales during these seven weeks were broadly level against strong 2004 comparatives.

In addition to the £4.0 million operating loss – some of it a direct result of the adoption of International Financial Reporting Standards – Instore plc also suffered exceptional losses of £3.3 million. It ended the period with net cash of £1.6 million.

Tradegro (UK)

Although it operates as a standalone business, an important function of Tradehold's property division is to support its retail interests by sourcing and acquiring suitable sites for Instore plc.

When Your More Store (YMS) ceased trading in September 2004, the division was left with a number of vacant properties in a poor state of repair. Most of these have since been extensively refurbished and are being let to good-quality tenants, substantially improving the net asset value of the portfolio. Management is far advanced in negotiations with tenants for those properties still unlet. These are all expected to be let by the end of the financial year.

Taking into consideration the new acquisitions and a revaluation amounting to about £1.8 million in terms of International Financial Reporting Standards, the value of the property portfolio at the end of the review period was £22.7 million.

COMMENTS ON THE RESULTS

Basis of preparation

The group has adopted International Financial Reporting Standards (IFRS) for the year ending 28 February 2006. The interim results have been prepared and presented in accordance with IAS 34 – Interim Financial Reporting. Comparative figures have accordingly been restated, except as set out below.

The financial statements for the year ending 28 February 2006 will be the group's first consolidated IFRS-compliant financial statements and hence IAS 1 – First Time Adoption of International Financial Reporting, has been applied in preparing this interim report.

An explanation of how the transition to IFRS has affected the group's accounting policies is provided below.

Share-based payments (IFRS 2)

Under IFRS 2, the charge recognised in the income statement for share options, long-term incentive plans and other share-based payments will be based on the "fair value" of the awards, calculated using an option-pricing model. This contrasts with the group accounting policy for 2005, where the charge recognised was based on the "intrinsic value" of awards, being the difference between the market value of the shares at the date of the award and the option exercise price.

In accordance with the transitional provisions of IFRS 2, the group has applied the fair value model to all grants of equity instruments after 7 November 2002 that had not vested at 1 January 2005. For equity-settled share-based payments, the fair value determined at the date of grant is expensed through the income statement on a straight-line basis over the vesting period, based on the group's estimate of the number of shares that will eventually vest.

Deferred taxation (IFRS 12)

Immaterial differences between UK Generally Accepted Accounting Practice (UK GAAP) and SA Generally Accepted Accounting Practice (SA GAAP) were brought into account to bring the group's accounting treatment in line with IFRS.

Financial instruments (IFRS 39)

The group has previously applied AC 133 – Financial Instruments: Recognition and Measurement, under SA GAAP, but with effect from 1 March 2005 hedge accounting is applied. In accordance with IFRS 1 the group has elected

not to restate comparative information for this change, resulting in an adjustment to ordinary shareholders' equity on 1 March 2005 in respect of certain financial instruments.

Leases (AC 415)

Immaterial differences between UK GAAP and SA GAAP were brought into account to bring the group's accounting treatment in line with IFRS.

Cash and cash equivalents

Historically the figure shown for cash and cash equivalents was the total of bank statement balances together with any cash balances. Uncredited lodgements relating to cheques and credit card deposits were shown in accounts receivable and un-presented cheques were shown in creditors. The figures shown for cash and cash equivalents were restated such that uncredited lodgements and un-presented cheques are now included.

Exceptional items

Exceptional items consist of provisions by Instore plc of £2.9 million for store closure costs and £0.4 million for relocation costs less an £0.5 million receipt by Tradegro (UK) from the liquidator of The Famous Brunswick Warehouse, a retail discount chain previously owned by Tradehold.

OUTLOOK

The results achieved in the first six months largely reflect the highly cyclical nature of British retailing. As in the past, the outcome for the year will depend largely on Instore's November/December trading performance. However, the Board is confident that the substantial investment in improved distribution facilities will stand the Group in good stead in the run-up to the peak Christmas trading period.

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. Rand equivalents are provided to comply with regulatory requirements.

C Moore
Director

G Bernard
Director

Luxemburg
19 October 2005



GROUP INCOME STATEMENT

Unaudited				Unaudited		
12 months to 28/02/05 Restated £'000	6 months to 31/08/04 Restated £'000			6 months to 31/08/05 R'000	31/08/04 Restated R'000	12 months to 28/02/05 Restated R'000
276 094	126 894	120 333	Revenue	1 430 141	1 501 889	3 175 209
14 304	(2 028)	(2 323)	Operating loss	(27 470)	(23 183)	156 670
1 441	643	542	Net interest received	6 412	7 527	16 402
15 745	(1 385)	(1 781)	Loss before exceptional items	(21 058)	(15 656)	173 072
648	(304)	(2 842)	Exceptional items	(32 715)	(3 641)	6 876
16 393	(1 689)	(4 623)	Loss before taxation	(53 773)	(19 297)	179 948
3 562	(663)	(253)	Taxation	(3 319)	(7 854)	39 236
12 831	(1 026)	(4 370)	Loss after taxation	(50 454)	(11 443)	140 712
			Attributable to:			
3 950	(1 216)	(2 630)	Minority interest	(30 565)	(14 088)	42 410
4 141	(1 050)	(1 130)	Resulting from normal activities	(13 219)	(12 095)	44 920
(191)	(166)	(1 500)	Resulting from exceptional items	(17 346)	(1 933)	(2 510)
8 881	190	(1 740)	Ordinary shareholders	(19 889)	2 645	98 302
12 831	(1 026)	(4 370)		(50 454)	(11 443)	140 712
pence	pence	pence	Earnings per share	cents	cents	cents
2,3	0,1	(0,1)	– before exceptional items	(1,3)	1,2	25,6
2,6	0,1	(1,3)	– after exceptional items	(5,7)	0,8	28,3
1,2	(0,3)	(0,4)	– headline earnings	(4,8)	(3,5)	12,4
347 330	347 330	347 330	Number of shares for calculation of earnings per share ('000)	347 330	347 330	347 330
28/02/05 £'000	31/08/04 £'000		Reconciliation of previously reported results to restated figures	31/08/04 R'000	28/02/05 R'000	
9 200	289		Profit attributable to ordinary share- holders as previously reported under SA GAAP	3 838	101 946	
(110)	(9)		Restatements for IFRS			
(225)	(90)		Leases	(103)	(1 244)	
16	–		Share-based payments	(1 090)	(2 588)	
			Taxation	–	188	
8 881	190		Restated profit attributable to ordinary shareholders	2 645	98 302	



GROUP BALANCE SHEET

Unaudited			Unaudited	
28/02/05	31/08/05		31/08/05	28/02/05
Restated				Restated
£'000	£'000		R'000	R'000
69 480	64 621	Non-current assets	747 148	775 471
53 897	61 884	Property, plant and equipment	715 503	601 550
13 681	2 737	Investments	31 645	152 693
1 902	-	Deferred taxation	-	21 228
74 695	79 391	Current assets	917 918	833 667
39 734	37 505	Inventories	433 633	443 471
9 449	16 423	Accounts receivable	189 882	105 459
25 512	25 463	Cash and cash equivalents	294 403	284 737
144 175	144 012	Total assets	1 665 066	1 609 138
63 030	61 494	Ordinary shareholders' equity	710 984	703 471
12	12	Preference share capital	144	144
22 711	20 118	Minority interest	232 608	253 477
16 805	23 525	Non-current liabilities	271 996	187 561
4 300	9 650	Long-term loans	111 573	47 992
513	913	Deferred taxation	10 556	5 726
11 992	12 962	Provisions	149 867	133 843
41 617	38 863	Current liabilities	449 334	464 485
1 156	-	Short-term loans	-	12 906
40 461	38 863	Other current liabilities	449 334	451 579
144 175	144 012	Total equity and liabilities	1 665 066	1 609 138
28/02/05		Reconciliation of previously reported		28/02/05
£'000		results to restated figures		R'000
63 993		Ordinary shareholders' equity as previously reported under SA GAAP		714 215
		Restatements for IFRS		
(900)		Leases – opening retained income adjustment		(11 123)
(110)		Leases – income statement impact		(1 244)
-		Leases – exchange rate adjustments		1 093
150		Share-based payments – raising opening equity balance		1 848
(150)		Share-based payments – opening retained income adjustment		(1 848)
(225)		Share-based payments – income statement impact		(2 588)
225		Share-based payments – raising equity balance		2 588
31		Taxation – opening retained income adjustment		393
16		Taxation – income statement impact		188
-		Taxation – exchange rate adjustments		(51)
63 030				703 471

GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Unaudited: 6 months to			Unaudited: 6 months to	
31/08/04	31/08/05		31/08/05	31/08/04
Restated			Restated	
£'000	£'000		R'000	R'000
53 879	63 030	Balance at 1 March	703 471	665 562
-	64	Financial instrument adjustment on 1 March 2005 resulting from the application of hedge accounting	714	-
(16)	-	Exchange rate adjustments	25 027	(17 035)
169	140	Share-based payments	1 661	2 036
190	(1 740)	Attributable (loss)/profit for the period	(19 889)	2 645
54 222	61 494	Balance at 31 August	710 984	653 208

GROUP CASH FLOW STATEMENT

Unaudited: 6 months to			Unaudited: 6 months to	
31/08/04	31/08/05		31/08/05	31/08/04
Restated			Restated	
£'000	£'000		R'000	R'000
5 418	(5 711)	Cash flow from operations	(58 427)	56 876
(5 639)	1 468	Investment activities	17 418	(66 854)
(5 032)	(9 674)	Net acquisition of fixed assets	(114 790)	(59 616)
(607)	11 142	Other investment activities	132 208	(7 236)
(221)	(4 243)	Net cash flow	(41 009)	(9 978)
11 206	4 194	Financing activities	50 675	134 471
10 993	-	Proceeds from share issue of subsidiary	-	132 114
213	4 194	Net debt raised	50 675	2 357
10 985	(49)	Increase/(decrease) in cash and cash equivalents	9 666	124 493

ANALYSIS OF RESULTS

Unaudited: 6 months to			Unaudited: 6 months to	
31/08/04	31/08/05		31/08/05	31/08/04
Restated			Restated	
£'000	£'000		R'000	R'000
(1 210)	(1 613)	Attributable earnings of Instore plc	(18 918)	(13 933)
1 531	891	Earnings of Tradegro (UK) Ltd	10 572	18 142
7	324	Other Tradehold Ltd group companies	3 826	84
328	(398)	(Loss)/profit before exceptional items	(4 520)	4 293
(138)	(1 342)	Attributable exceptional items	(15 369)	(1 648)
190	(1 740)	Net (loss)/profit	(19 889)	2 645

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TRADEHOLD

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