

UNAUDITED INTERIM RESULTS for the 6 MONTHS ending 30 June 2016

GROUP FINANCIAL HIGHLIGHTS:
HEADLINE EARNINGS PER SHARE: +36.7%
DELTA MARKET AGENTS ACQUISITION (100% - 1 MARCH 2016)
NET ASSET VALUE PER SHARE: R90.09
DIVIDEND PAID: R2.90 PER SHARE (+16%)

	Unaudited 6 months 30 Jun 2016 R'000	Unaudited 6 months 30 Jun 2015 R'000	Audited 12 months 31 Dec 2015 R'000
STATEMENT OF COMPREHENSIVE INCOME			
Turnover	598 275	207 231	736 373
Gross profit	271 567	185 479	462 532
Other operating income	3 466	27 148	27 144
Administrative and operating expenses	(246 751)	(171 088)	(443 122)
Profit from operating activities	28 282	16 539	46 554
Profit from investment activities	-	-	1 551
Operating profit	28 282	16 539	48 105
Net finance income/(expense)	(673)	3 500	4 393
Profit before tax	27 609	20 039	52 498
Tax expense	(9 456)	(5 924)	(15 263)
Profit after tax	18 153	14 115	37 235
Share in after tax profit of associates	5 194	3 887	13 688
Profit for the year from continuing operations	23 347	18 002	50 923
Loss for the year from discontinued operations	-	(25)	(2 357)
Profit for the year	23 347	17 977	48 566
Minority interest	(2 224)	(3 272)	(8 047)
Profit attributable to ord.shareholders ("basic earnings")	21 123	14 705	40 519
Reconciliation between basic earnings and recurring headline earnings:			
Profit on disposal of property, plant and equipment	(462)	(194)	(806)
Profit on disposal of other financial assets	-	-	(165)
Loss for the year from discontinued operations	-	210	1 478
Fair value adjustments to insurance assets	(42)	-	(153)
Fair value adjustments to other financial assets	-	-	2
Fair value adjustments to investment properties	-	-	(943)
Amortisation of goodwill and intangible assets (IFRS for SME's)	1 400	1 220	2 488
Impairment losses	-	-	(36)
Recurring headline earnings	22 018	15 941	42 383
Weighted number of ordinary shares issued ('000)	2 465	2 440	2 442
Basic earnings per share (cents)	857	603	1 659
Recurring headline earnings per share (cents)	893	653	1 735

	Unaudited 30 Jun 2016 R'000	Unaudited 30 Jun 2015 R'000	Audited 31 Dec 2015 R'000
STATEMENT OF FINANCIAL POSITION			
ASSETS			
Non - current assets	277 014	177 626	265 896
Property, plant and equipment	96 197	33 283	95 936
Investment properties	36 798	27 292	36 798
Investments in associates	87 604	79 571	82 584
Investments in joint ventures	213	19 321	213
Other financial assets	23 196	14 118	21 387
Intangible assets	25 529	3 959	20 175
Deferred income tax assets	7 362	82	8 692
Trade and other receivables	115	-	111
Current assets	277 254	201 509	186 461
Current income tax assets	2 468	1 840	1 191
Other financial assets	1 958	2 494	1 858
Biological assets	364	-	364
Inventories	11 053	4 613	10 919
Trade and other receivables	237 376	117 463	140 965
Cash and cash equivalents	24 035	75 099	31 164
TOTAL ASSETS	554 268	379 135	452 357
EQUITY AND LIABILITIES			
Capital and reserves	250 737	199 398	239 598
<i>Ordinary shareholders' interest</i>	222 047	175 379	207 913
Share capital	16 973	15 321	16 973
Dividend Reserve	205	284	7 148
Non-distributable reserve	3 571	2 257	3 619
Retained earnings	201 298	157 517	180 173
<i>Minority interest in equity</i>	28 690	24 019	31 685
Non - current liabilities	40 710	12 785	39 294
Deferred income tax liabilities	2 786	3 166	3 011
Borrowings	37 924	9 619	36 283
Current liabilities	262 821	166 953	173 465
Trade and other payables	171 468	144 170	120 061
Borrowings	88 878	21 830	51 787
Current income tax liabilities	2 475	953	1 617
TOTAL EQUITY AND LIABILITIES	554 268	379 135	452 357
Net asset value per share (rand)	90.09	71.87	85.21
Tangible net asset value per share (rand)	79.73	66.09	76.94
Total number of shares issued ('000)	2 465	2 440	2 440

	Unaudited 6 months 30 Jun 2016 R'000	Unaudited 6 months 30 Jun 2015 R'000	Audited 12 months 31 Dec 2015 R'000
CONSOLIDATED CASH FLOW STATEMENT			
Cash generated by operating activities	(29 234)	52 191	24 798
Cash utilised in investing activities	(16 627)	(13 779)	(88 595)
Cash generated by/(utilised in) financing activities	(8 426)	(1 463)	41 294
Net increase/(decrease) in cash and cash equivalents	(54 287)	36 949	(22 503)
Cash and cash equivalents at beginning of year	(4 124)	18 379	18 379
Cash and cash equivalents at end of year	(58 410)	55 328	(4 124)

The fluctuating nature of Vleissentraal's debtors between calendar months and/or any acquisition made during the year can impact severely on the cash generated by operations. It is therefore difficult to make any meaningful comparison and caution should therefore be taken when evaluating cash movements.



	Share capital	Non-distrib. reserves	Dividend reserve	Retained Earnings	Total
	R'000	R'000	R'000	R'000	R'000
Balance on 31 December 2015	16 973	3 619	7 148	180 173	207 913
Dividends declared/proposed	-	-	(6 943)	-	(6 943)
Profit for the year	-	-	-	21 123	21 123
Shares issued, adjustments and revaluations	-	(48)	-	2	(46)
Balance on 30 June 2016	16 973	3 571	205	201 298	222 047

COMMENTS:
ACCOUNTING POLICY
 The consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities ("IFRS for SMEs") and in the manner required by the Companies Act of South Africa. Due to the unaudited nature of the results, shareholders are advised to exercise caution when dealing in shares.

OPERATING RESULTS
 Turnover increased by 188.7% compared to the prior period mainly as a result of R348 million of Farmwise turnover being included for the first time and the organic growth experienced by the Fresh Produce Market Agents. The recurring headline earnings of R22.0 million is 38.1% higher than the previous period (2015: R15.9 million). The recurring headline earnings per share increased by 36.7% to 893 cents (2015: 653 cents).
 Recurring Headline Earnings by source:

	% Increase/ (decrease)	2016 6 months R'000	Contribution	2015 6 months R'000	Contribution
Head office	39.2%	-4 966	-	-3 568	-
Fresh Produce Market Agents	110.8%	12 389	45.9%	5 876	30.1%
Livestock Agents	-32.6%	6 125	22.7%	9 090	46.6%
Value add	38.2%	8 297	30.7%	6 004	30.8%
Financial & Insurance Services	-111.9%	174	0.7%	-1 461	-7.5%
Total	38.1%	22 019	100.00%	15 941	100.00%

Fresh Produce Market Agents:
 The contribution to recurring headline earnings was 110.8% higher than in the prior period. The value of produce sold for the period increased by 42.9% to R1.32 billion (2015: R926.9 million). Vegetables experienced a very strong price market during the period due to lower volumes as a result of the nationwide drought. The acquisition of Delta Market Agents (100%) on 1 March 2016 has also contributed positively to results. The value of produce sold resulted in a market share of 16.6% (2015: 15%) of the national produce markets that we are represented on. The profit before tax margin has jumped to 1.27% (2015: 0.8%) for the period as a result of the economies of scale achieved.

Livestock Agents:
 The livestock agents' business experienced a difficult period with the contribution to recurring headline earnings being 32.6% lower. Livestock and game sold on behalf of producers decreased by 3% to R1.97 billion (2015: R2.03 billion). Game sales comprised 19.61% (2015: 30.24%) of total sales. Weaner calf p/kg has remained strong during the period at R19.92 p/kg (2015: R19.40 p/kg). Prices are expected to increase further as a direct result of the drought and weak supply. Vleissentraal's expansions into Frankfort and Kimberley had a positive effect on earnings.

Value-add (Processing & Packaging, Wholesale and Retail):
 The Subtropico International Group's contribution to recurring headline earnings was 50.1% higher than in the prior period. Teething problems at the Vloosdrif and Klappmuts primary production projects are hampering profitability and can only be resolved with economies of scale. The Greendrop Hydroponics joint venture is already showing positive results at an early, experimental phase.

Burpak's contribution to recurring headline earnings is in line with the prior period as a result of a higher yielding avocado harvest of lower than export quality. New management and various initiatives to improve our relationship with producers and increase the volumes packed have been implemented. KLK Landbou Limited contributed a 25.1% (2015: 23.7%) equity accounted profit estimated at +/-R5 million (2015: R5.3 million) to recurring headline earnings for the period.

Farmwise has returned to profitability, after a process of restructuring and strategic alignment, following 2 years of pre-acquisition losses and has contributed R3.0 million to recurring headline earnings for the period (2015: R0.2 million). The process of streamlining the business, improving margins and unlocking value and synergies within the Subtropico structure is ongoing.

Insurance services:
 Natsure accounted for a recurring headline profit of R0.1 million (2015: R1.5 million loss). Its gross written premium base is now fast approaching the level required for the company to become profitable. Opportunities to grow Nature's premium and commission base, and to add to or realise value from the property portfolio are also continually being evaluated.

PROSPECTS
 The weak supply of fresh produce and a strong price market are expected to continue for the remainder of the year as an end to the drought is not yet in sight. Livestock prices remained strong during the period as the drought is impacting on supply. Game prices have weakened during the period, as previously reported, with the supply of exotic game exceeding demand and new competition entering this market segment. Management remains committed to improving results by organic growth and acquisition during 2016. Unless unforeseen circumstances arise, the profitability of the group is expected to improve during 2016.

DIVIDEND
 A dividend of 290 cents per share (2015: 250 cents) was paid on Friday, 29 April 2016 to shareholders recorded in the securities register at close of business on Friday, 22 April 2016. Withholding tax of 15% was deducted and paid over to SARS, resulting in a net dividend of 246.5 cents per share, unless exemption had successfully been applied for.

For and on behalf of the directors at Pretoria on 12 September 2016

B P Botha
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