

**UNAUDITED INTERIM RESULTS for the 6 MONTHS ending 30 June 2014**
**GROUP FINANCIAL HIGHLIGHTS:**
**HEADLINE EARNINGS PER SHARE: +97.8%**  
**NET ASSET VALUE PER SHARE: R59.22**

 Unaudited  
 6 months  
 30 Jun 2014  
 R'000

 Unaudited  
 6 months  
 30 Jun 2013  
 R'000

 Audited  
 12 months  
 31 Dec 2013  
 R'000

**STATEMENT OF COMPREHENSIVE INCOME**

	Unaudited 6 months 30 Jun 2014 R'000	Unaudited 6 months 30 Jun 2013 R'000	Audited 12 months 31 Dec 2013 R'000
Turnover	193 862	122 864	284 171
Gross profit	174 822	109 656	231 134
Other operating income	3 204	1 749	19 724
Administrative and operating expenses	(162 527)	(100 111)	(230 815)
Profit from operating activities	15 499	11 294	20 043
Profit from investment activities	7	-	2 022
Operating profit	15 506	11 294	22 065
Net finance income	2 230	1 016	3 620
Profit before tax	17 736	12 310	25 685
Tax expense	(5 992)	(3 594)	(6 489)
Profit after tax	11 744	8 716	19 196
Share in after tax profit/(loss)of associates	3 713	(95)	7 122
Profit for the period/year from continuing operations	15 457	8 621	26 318
Loss for the period/year from discontinued operations	-	(694)	(781)
Profit for the period/year	15 457	7 927	25 537
Minority interest	(2 073)	(1 860)	(3 979)
Profit attributable to ord.shareholders ("basic earnings")	13 384	6 067	21 558
<b>Reconciliation between basic earnings and recurring headline earnings:</b>			
Profit on disposal of property, plant and equipment	(33)	(53)	(149)
Loss for the year from discontinued operations	38	694	917
Fair value adjustments to insurance assets ("ART")	-	(20)	(830)
Fair value adjustments to other financial assets	(37)	-	(20)
Fair value adjustments to investment properties	227	-	(5 433)
Amortisation of goodwill and intangible assets (IFRS for SME's)	1 189	944	1 819
Impairment losses	-	-	257
Recurring headline earnings	14 766	7 632	18 119
Weighted number of ordinary shares issued ('000)	2 440	2 495	2 489
Basic earnings per share (cents)	549	243	866
Recurring headline earnings per share (cents)	605	306	728

**STATEMENT OF FINANCIAL POSITION**

	Unaudited 30 Jun 2014 R'000	Unaudited 30 Jun 2013 R'000	Audited 31 Dec 2013 R'000
<b>ASSETS</b>			
<b>Non - current assets</b>	151 430	127 453	147 913
Property, plant and equipment	30 971	28 693	26 463
Investment properties	20 182	19 202	19 269
Investments in associates	63 717	52 358	59 427
Other financial assets	18 857	16 862	30 503
Intangible assets	14 237	9 202	8 922
Deferred income tax assets	3 451	1 120	3 300
Trade and other receivables	15	16	29
<b>Current assets</b>	116 608	98 876	92 195
Current income tax assets	1 778	2 909	2 006
Other financial assets	3 061	1 168	1 707
Inventories	3 573	3 314	2 612
Trade and other receivables	64 867	69 657	64 546
Cash and cash equivalents	43 329	21 828	21 324
<b>TOTAL ASSETS</b>	268 038	226 329	240 108
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>	158 599	130 386	150 921
Ordinary shareholders' interest	144 500	118 162	136 945
Share capital	15 121	16 483	16 532
Dividend Reserve	29	118	4 392
Non-distributable reserve	2 986	3 214	3 034
Retained earnings	126 364	98 347	112 987
Minority interest in equity	14 099	12 224	13 976
<b>Non - current liabilities</b>	16 211	13 721	9 799
Deferred income tax liabilities	2 019	1 389	2 098
Borrowings	14 192	12 332	7 701
<b>Current liabilities</b>	93 228	82 222	79 388
Trade and other payables	67 661	53 787	49 880
Borrowings	23 993	24 705	29 460
Current income tax liabilities	1 574	3 730	48
<b>TOTAL EQUITY AND LIABILITIES</b>	268 038	226 329	240 108
Net asset value per share (rand)	59.22	47.48	56.12
Tangible net asset value per share (rand)	53.39	43.79	52.47
Total number of shares issued ('000)	2 440	2 488	2 440

**CONSOLIDATED CASH FLOW STATEMENT**

	Unaudited 6 months 30 Jun 2014 R'000	Unaudited 6 months 30 Jun 2013 R'000	Audited 12 months 31 Dec 2013 R'000
Cash generated by/(utilised in) operating activities	27 239	(11 208)	4 485
Cash utilised in investing activities	(4 847)	(3 316)	(19 688)
Cash generated by/(utilised in) financing activities	851	(220)	1 187
Net increase/(decrease) in cash and cash equivalents	23 243	(14 744)	(14 016)
Cash and cash equivalents at beginning of period/year	(1 935)	12 081	12 081
Cash and cash equivalents at end of period/year	21 308	(2 663)	(1 935)

The fluctuating nature of Vleissentraal's debtors between calendar months severely impacts on the cash generated by operations. It is therefore difficult to make any meaningful comparisons as debtor levels are subject to the relevant auctions held by Vleissentraal around month end.


**SUBTROPICO LIMITED**

(Registration number 1993/000220/06)

**STATEMENT OF CHANGES IN EQUITY**

	Share capital R'000	Non-distributable reserves R'000	Dividend reserve R'000	Retained Earnings R'000	Total R'000
Balance on 31 December 2013	16 532	3 034	4 392	112 987	136 945
Dividends declared/proposed	-	-	(4 363)	-	(4 363)
Shares repurchased	(1 411)	-	-	-	(1 411)
Profit/(loss) for the year	-	-	-	13 384	13 384
Adjustments and revaluations	-	(48)	-	(7)	(55)
Balance on 30 June 2014	15 121	2 986	29	126 364	144 500

**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 57.8% compared to the prior period mainly as a result of R47.2 million of Wenpro commission turnover being included and the Fresh Produce Market Agents and Livestock Agents increasing their commission turnover by R6.5 million and R16.3 million respectively. The recurring headline earnings of R14.8 million is 93.5% higher than the previous period (2013: R7.6 million). The recurring headline earnings per share increased by 97.8% to 605 cents (2013: 306 cents). Basic earnings and recurring headline earnings are reconciled at the bottom of the statement of comprehensive income.

**Fresh Produce Market Agents:**

The contribution to recurring headline earnings was 55% higher than the prior period with Wenpro being responsible for 80% of this increase. The value of produce sold increased by 54.8% to R971.8 million (2013: R629.4 million). The profit before tax margin (PBT as a % of the value of produce sold) has remained stable at 1.04% with a market share of 16.86% being achieved on the markets that we are represented on (2013: 12.24%). Fresh produce price growth, as a result of muted supply, has continued following the minimum wage corrections and other inflationary pressures experienced by producers.

**Livestock Agents:**

The livestock agents' business experienced a much improved first half after the difficult trading conditions of 2013 with the contribution to recurring headline earnings being 46.4% higher than the prior period. Livestock sold on behalf of producers increased by 35.3% to R1.58 billion (2013: R1.17 billion). The game sales now comprise 30.77% (2013: 20.42%) of total sales but the majority of game auctions only take place in second half of the year. Weaner calf price per kilogram has recovered and increased 13.45% to R17.38 p/kg period-on-period (Jun 2013: R15.32 p/kg). The increase in prices and units sold is the direct result of the widespread rains experienced and a sharp increase in demand.

**Value-add (Processing & Packaging, Wholesale and Retail):**

The Subtropical International Group's contribution to recurring headline earnings was below that of the prior period but would have been much improved if infrastructure and input expenses relating to the Vioolsdrif primary production project had not been expensed in the period. The benefits and income from this project will only come to fruition in the second half of the year. Margin pressure will reduce with more control being exerted over the fresh produce value chain. Burpak's performance has been in line with the prior period and currently operates at break-even after a slightly higher yielding avocado harvest. Various initiatives to improve our relationship with producers, reduce costs, increase productivity and significantly increase the volumes packed in line with capacity are still being evaluated. KLK Landbou Limited contributed a 22.9% (2013: 21.9%) equity accounted profit of R4.5 million (2013: R2.9 million) to recurring headline earnings for the period. The net profit for their 1<sup>st</sup> 4 months ending 30 June 2014 was 9.2% higher than the prior period with strong performances by their trading outlets, abattoirs, and fuel wholesale division. KLK traditionally experiences a stronger performance during the second half of the year.

**Insurance services:**

Nature accounted for a loss of R0.55 million (2013:R3.0 million loss) in recurring headline earnings for the period due to a significant improvement in results following the changes made to their business model. Opportunities to grow Nature's premium and commission base, and return to profitability are constantly being evaluated. Aveo's property portfolio has remained profitable and opportunities to add to or realise value from the property portfolio are also continually being evaluated.

**PROSPECTS**

The demand for fresh produce has remained strong for the first half of 2014. Commodity prices are expected to remain stable during the year ahead. Management remains committed to improve results by organic growth during the remainder of the year. Unless unforeseen circumstances arise, the profitability of the group is expected to improve.

**DIVIDEND**

A dividend of 180 cents per share (2013: 130 cents) was paid on Friday, 18 April 2014 to shareholders recorded in the share register at close of business on Friday, 11 April 2014. Withholding tax of 15% was deducted and paid over to SARS, resulting in a net dividend of 153 cents per share, unless exemption has successfully been applied for.

**COMPLETION OF WENPRO PURCHASE**

As shareholders were advised, Subtropical purchased 100% of Wenpro's fruit and vegetable business on the Johannesburg Fresh Produce Market with effect from 1 January 2014. The acquisition has contributed significantly to Subtropical's earnings during the period and has performed in line with expectations.

For and on behalf of the directors at Pretoria on 15 September 2014:

  
**A F OBERHOLZER**
  
**B P BOTHA - CEO**
**Registered office:**  
 No 5 Parkland  
 229 Bronkhorst street  
 New Muckleneuk  
 Pretoria, 0181

**Postal address:**  
 PO Box 1546  
 Brooklyn Square,0075  
**Telephone number:** (012) 460-9910  
**Fax number:** (012) 460-9911

**Group secretary:** M H Hodgson  
**Directors:** A F Oberholzer (Chairman), Dr B P Botha (Executive Director),  
 B P Botha (Chief Financial Officer), M A F Moja,  
 J S Pieterse, C F P van Dyk, C J van Dyk, S Vil-Nkomo, A Vos