

**UNAUDITED INTERIM RESULTS for the 6 MONTHS ended 30 June 2012**
**GROUP FINANCIAL HIGHLIGHTS:**
**HEADLINE EARNINGS (NON-INSURANCE): +26.4%**
**ACQUISITION OF GW POOLE (100%)**

	Unaudited 6 months 30 Jun 2012 R'000	Unaudited 6 months 30 Jun 2011 R'000	Audited 12 months 31 Dec 2011 R'000
<b>STATEMENT OF COMPREHENSIVE INCOME</b>			
Turnover	137 663	127 361	279 569
Gross profit	109 246	100 208	213 888
Other operating income	(107)	5 271	13 083
Administrative and operating expenses	(99 710)	(97 886)	(210 627)
<b>Profit from operating activities</b>	<b>9 429</b>	<b>7 593</b>	<b>16 344</b>
Profit from investment activities	-	-	4 884
<b>Operating profit</b>	<b>9 429</b>	<b>7 593</b>	<b>21 228</b>
Net finance income	1 243	1 239	2 137
<b>Profit before tax</b>	<b>10 672</b>	<b>8 832</b>	<b>23 365</b>
Tax expense	(3 498)	(3 514)	(7 631)
<b>Profit after tax</b>	<b>7 174</b>	<b>5 318</b>	<b>15 734</b>
Share in after tax profit/(loss) of associate	(1 168)	321	5 548
<b>Profit from continuing operations</b>	<b>6 006</b>	<b>5 639</b>	<b>21 282</b>
Loss from discontinued operations	(299)	-	(227)
<b>Profit</b>	<b>5 707</b>	<b>5 639</b>	<b>21 055</b>
Minority interest	(1 308)	(978)	(3 171)
<b>Profit attributable to ord.shareholders ("basic earnings")</b>	<b>4 399</b>	<b>4 661</b>	<b>17 884</b>
<b>Reconciliation between basic earnings and recurring headline earnings:</b>			
Profit on disposal of property, plant and equipment	(124)	(56)	(490)
Profit on disposal of investments	-	-	(305)
Loss for the year from discontinued operations (Plaasvars)	299	123	304
Fair value adjustments to insurance assets	(195)	(113)	(1 632)
Fair value adjustments to investments held for sale	-	-	(469)
Fair value adjustments to investment property	-	-	(2 405)
Amortisation of goodwill and intangible assets (IFRS for SME's)	1 067	938	1 909
Negative goodwill recognised (Natsure)	-	-	(2 731)
Impairment losses	-	-	1
<b>Recurring headline earnings (R'000)</b>	<b>5 446</b>	<b>5 554</b>	<b>12 066</b>
Weighted number of ordinary shares issued ('000)	2 535	2 535	2 535
<b>Basic earnings per share (cents)</b>	<b>174</b>	<b>184</b>	<b>705</b>
<b>Recurring headline earnings per share (cents)</b>	<b>215</b>	<b>219</b>	<b>476</b>

	Unaudited 30 Jun 2012 R'000	Unaudited 30 Jun 2011 R'000	Audited 31 Dec 2011 R'000
<b>STATEMENT OF FINANCIAL POSITION</b>			
<b>ASSETS</b>			
<b>Non - current assets</b>	<b>102 179</b>	<b>117 941</b>	<b>101 259</b>
Property, plant and equipment	22 863	23 176	25 664
Investment properties	17 936	16 837	17 936
Investments in associates	27 960	51 628	26 956
Other financial assets	18 000	7 324	17 407
Intangible assets	12 168	12 233	11 318
Deferred income tax assets	987	1 547	1 023
Trade and other receivables	2 265	5 196	955
<b>Current assets</b>	<b>120 429</b>	<b>87 436</b>	<b>89 792</b>
Current income tax assets	3 365	1 653	1 266
Other financial assets	-	2 500	350
Inventories	4 066	4 688	4 409
Trade and other receivables	88 208	62 661	48 243
Cash and cash equivalents	24 790	15 934	35 524
<b>TOTAL ASSETS</b>	<b>222 608</b>	<b>205 377</b>	<b>191 051</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>	<b>115 631</b>	<b>129 275</b>	<b>118 143</b>
Ordinary shareholders' interest	104 059	90 510	105 428
Share capital	17 578	17 578	17 578
Dividend Reserve	-	-	2 789
Non-distributable reserve	2 711	2 711	2 759
Retained earnings	83 770	70 221	82 302
Minority interest in equity	11 572	38 765	12 715
<b>Non - current liabilities</b>	<b>8 161</b>	<b>9 510</b>	<b>9 857</b>
Deferred income tax liabilities	481	2 271	447
Borrowings	6 325	7 239	9 353
Trade and other payables	1 355	-	57
<b>Current liabilities</b>	<b>98 816</b>	<b>66 592</b>	<b>63 051</b>
Trade and other payables	72 379	37 555	42 161
Borrowings	22 553	25 205	19 959
Current income tax liabilities	3 884	3 832	931
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>222 608</b>	<b>205 377</b>	<b>191 051</b>
Net asset value per share (rand)	41.05	35.70	41.59
Tangible net asset value per share (rand)	36.25	30.88	37.12
Total number of shares issued ('000)	2 535	2 535	2 535

	Unaudited 6 months 30 Jun 2012 R'000	Unaudited 6 months 30 Jun 2011 R'000	Audited 12 months 31 Dec 2011 R'000
<b>CONSOLIDATED CASH FLOW STATEMENT</b>			
Cash generated by operating activities	(7 238)	(11 311)	68 097
Cash utilised in investing activities	(3 060)	(3 139)	(59 826)
Cash utilised in financing activities	(5 438)	(5 405)	(10 960)
Net increase/(decrease) in cash and cash equivalents	(15 736)	(19 855)	(2 689)
Cash and cash equivalents at beginning of year	17 974	20 663	20 663
Cash and cash equivalents at end of year	2 238	808	17 974

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 2010	17 578	2 759	2 535	67 454	90 326
Dividends declared/proposed	-	-	254	(2 789)	(2 535)
Profit/(loss) for the year	-	-	-	17 884	17 884
Adjustments and revaluations	-	-	-	(247)	(247)
Balance on 31 December 2011	17 578	2 759	2 789	82 302	105 428
Dividends declared/proposed	-	-	(2 789)	(3 001)	(5 790)
Profit/(loss) for the period	-	-	-	4 399	4 399
Adjustments and revaluations	-	(48)	-	70	22
Balance on 30 June 2012	17 578	2 711	-	83 770	104 059

**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 marginally compared to the prior period (+8%). The interim recurring headline earnings of R5.4 million is 1.9% lower than the previous period. The interim recurring headline earnings from agricultural (non-insurance services) was up 26.4%. 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 4.7% higher than prior period with the value of produce sold increasing by 15.45% to R537.4million (2011: R465.5 million). Improved profitability is expected for the second half of the year as certain once off head office costs, amongst others the costs of integrating GW Poole (Pty) Ltd, are not to be repeated.

**Livestock Agents:**

The livestock agents' business exceeded both budget and the prior year with the contribution to recurring headline earnings being 12.9% higher than the prior period. Livestock sold on behalf of producers increased by 20.3% to R1.35 billion (2011: R1.12 billion). The 136% increase in game auction sales was the main driving force with game now comprising 23.23% (2011: 10.65%) of total sales. Weaner calf price per kilogram has gone down 27.4% to R15.34 p/kg (Dec 2011: R21.13 p/kg) as a result of a sharp increase in supply.

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

Plaasvars incurred a loss before tax of R123,387 (2011: R744,156 loss). The business is now cash positive and improved profitability is expected during the second half of the year with new Boxer stores being supplied. The Subtropico International Group performed below budget and the prior period with a profit before tax of R96,894 (2011: R678,008). Margin pressure from retailers and producers and significant increases in distribution costs were the main reasons. Various initiatives are being put in place to reduce costs, increase margins, and improve productivity to ensure a more profitable second half. Burpak performed below budget but above the prior period as a result of a higher yielding avocado harvest. Burpak incurred a loss before tax of R615,109 (2011: R718,565 loss) for the period. The future of Burpak is continually being evaluated and various initiatives have been taken to return Burpak to profitability. Zedpro incurred a loss before tax of R101,432 (2011: R393,321 loss) for the period. The Potgietersrus packhouse has been closed which will result in a reduction in losses.

**Agricultural equipment:**

Earlyworks made a profit before tax of R338,064 (2011: R188,854) for the period and will continue to increase its rental asset base.

**Property Investments:**

The Yabeng Group made a profit before tax of R198,040 for the period (2011: R511,336 loss) mainly as a result of interest earned on a loan to Aveo Risk Services.

**Insurance:**

Natsure's results were equity accounted as a 35% associate of Subtropico from 1 March 2011. Natsure made a consolidated loss before tax of R3,390,723 for the 6 month period ending 31 March 2012. Significant aviation claims suffered during the period and beyond have resulted in Natsure being forced to re-evaluate its business model. Changes to the business model will be implemented from 1 September 2012 and should result in reduced volatility from 1 January 2013 onwards with Natsure as a small insurance company with a low volume niche insurance premium base not being so exposed to high valued claims. The change in business model will effectively result in Natsure becoming an underwriting management agent for Loyds of London thereby forfeiting its insurance licence. The property portfolio has remained profitable despite the Melk Street property being vacant from 1 January 2012. The new tenant at Melk Street is set to take occupation of the property on 1 September 2012. Opportunities to add value to the property portfolio are also continually being evaluated.

**PROSPECTS**

The global recession is expected to continue for the short to medium term. The demand for fresh produce and livestock has remained strong during the first half of 2012, despite some downward price pressure experienced as mentioned above. On 11 September 2012 Subtropico's interest in KLK Landbou Beperk increased to 18.42% which has resulted in KLK becoming an associate of Subtropico for the last 4 months of the year. More information about KLK can be seen on their website: <http://www.klk.co.za/>. Management remains committed to make further investments and improve results during 2012. Unless unforeseen circumstances arise, the profitability of the group is expected to improve during the second half of 2012.

**DIVIDEND**

A dividend of 110 cents per share (2010: 100 cents) was paid on Thursday, 26 April 2012 to shareholders recorded in the share register at close of business on Friday, 30 March 2012.

For and on behalf of the directors at Pretoria on 17 September 2012:

**A F OBERHOLZER**

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**A F Oberholzer (Chairman), Dr B P Botha (Executive Director),  
B P Botha (Chief Financial Officer), I N Coulthard, M A F Moja,  
J S Pieterse, C F P van Dyk, C J van Dyk, S Vil-Nkomo, A Vos**