

UNAUDITED INTERIM RESULTS for the 6 month period ended 30 June 2011

GROUP FINANCIAL HIGHLIGHTS:

HEADLINE EARNINGS: +22.7%

	Unaudited 6 months 30 Jun 2011 R'000	Unaudited 6 months 30 Jun 2010 R'000	Audited 12 months 31 Dec 2010 R'000
STATEMENT OF COMPREHENSIVE INCOME			
Turnover	127,361	128,494	269,040
Gross profit	100,208	98,489	199,397
Other operating income	5,271	5,694	14,075
Administrative and operating expenses	(97,886)	(97,184)	(197,184)
Profit from operating activities	7,593	6,739	16,288
(Loss)/profit from investment activities	-	(10,015)	(6,595)
Operating profit/(loss)	7,593	(3,276)	9,693
Net finance income	1,239	236	601
Profit/(loss) before tax	8,832	(3,040)	10,280
Tax expense	(3,514)	(1,680)	(5,673)
Profit/(loss) after tax	5,318	(4,720)	4,607
Share in after tax profit/(loss) of associate	321	-	(14)
Profit/(loss) for the year from continuing operations	5,639	(4,720)	4,593
Loss for the period/year from discontinued operations	-	-	(2,296)
Profit for the period/year	5,639	(4,720)	2,311
Minority interest	(978)	3,521	1,638
Profit/(loss) attributable to ord.shareholders ("basic earnings")	4,661	(1,199)	3,949
Reconciliation between basic earnings and recurring headline earnings:			
Profit on disposal of property, plant and equipment	(56)	(60)	(220)
Profit on disposal of investments	-	-	(627)
Loss for the year from discontinued operations (Plaasvars)	123	-	2,296
Fair value adjustments to insurance assets ("ART")	(113)	(129)	(786)
Fair value adjustments to investments held for sale	-	-	(57)
Fair value adjustments to investment property	-	4,998	4,147
Amortisation of goodwill and intangible assets (IFRS for SME's)	938	916	1,883
Equity accounted losses of associates	-	-	10
Recurring headline earnings (R'000)	5,554	4,526	10,595
Weighted number of ordinary shares issued ('000)	2,535	2,535	2,535
Basic earnings per share (cents)	184	(47)	156
Recurring headline earnings per share (cents)	219	179	418

	Unaudited 30 Jun 2011 R'000	Unaudited 30 Jun 2010 R'000	Audited 31 Dec 2010 R'000
STATEMENT OF FINANCIAL POSITION			
ASSETS			
Non - current assets	117,941	125,911	71,262
Property, plant and equipment	23,176	24,844	25,967
Investment properties	16,837	75,393	16,837
Investments in associates	51,628	1,640	1,628
Other financial assets	7,324	1,635	5,649
Intangible assets	12,233	13,735	13,135
Deferred income tax assets	1,547	2,695	1,925
Trade and other receivables	5,196	5,969	6,121
Current assets	87,436	85,146	132,905
Current income tax assets	1,653	2,579	1,507
Other financial assets	2,500	-	1,036
Inventories	4,688	4,380	5,749
Trade and other receivables	62,661	64,376	102,183
Cash and cash equivalents	15,934	13,811	22,430
TOTAL ASSETS	205,377	211,057	204,167
EQUITY AND LIABILITIES			
Capital and reserves	129,275	120,588	129,087
Ordinary shareholders' interest	90,510	80,407	90,326
Share capital	17,578	17,578	17,578
Dividend Reserve	-	24	2,535
Non-distributable reserve	2,711	324	2,759
Retained earnings	70,221	62,481	67,454
Minority interest in equity	38,765	40,181	38,761
Non - current liabilities	9,510	19,708	12,572
Deferred income tax liabilities	2,271	2,450	2,419
Borrowings	7,239	17,258	10,089
Trade and other payables	-	-	64
Current liabilities	66,592	70,761	62,508
Trade and other payables	37,555	44,018	47,357
Borrowings	25,205	23,105	14,401
Current income tax liabilities	3,832	3,638	750
TOTAL EQUITY AND LIABILITIES	205,377	211,057	204,167
Net asset value per share (rand)	35.70	31.72	35.63
Tangible net asset value per share (rand)	30.88	26.30	30.45
Total number of shares issued ('000)	2,535	2,535	2,535

	Unaudited 6 months 30 Jun 2011 R'000	Unaudited 6 months 30 Jun 2010 R'000	Audited 12 months 31 Dec 2010 R'000
CONSOLIDATED CASH FLOW STATEMENT			
Cash generated by operating activities	(11,311)	(29,222)	3,834
Cash utilised in investing activities	(3,139)	969	(7,754)
Cash utilised in financing activities	(5,405)	950	(1,528)
Net increase/(decrease) in cash and cash equivalents	(19,855)	(27,304)	(5,449)
Cash and cash equivalents at beginning of period/year	20,663	26,115	26,112
Cash and cash equivalents at end of period/year	808	(1,189)	20,663

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 2009	17,578	381	2,282	65,318	85,559
Dividends declared/proposed	-	-	253	(2,535)	(2,282)
Profit/(loss) for the year	-	-	-	3,949	3,949
Adjustments and revaluations	-	2,378	-	722	3,100
Balance on 31 December 2010	17,578	2,759	2,535	67,454	90,326
Dividends declared/proposed	-	-	(2,535)	(1,851)	(4,386)
Profit/(loss) for the period	-	-	-	4,661	4,661
Adjustments and revaluations	-	(48)	-	(43)	(91)
Balance on 30 June 2011	17,578	2,711	-	70,221	90,510

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 remained fairly unchanged compared to the prior period. The significant increase in turnover from continuing operations was offset by the loss of turnover derived from discontinued and sold operations. The recurring headline earnings of R5.6 million is 22.7% higher than the 2010 period. Basic earnings and recurring headline earnings are reconciled at the bottom of the statement of comprehensive income.

Fresh Produce Market Agents:

The contribution to profit before tax was 28.5% higher than the 2010 period despite the value of produce sold only increasing by 1.4% to R465.5 million (2010: R459 million). The improved profitability can be attributed to a marginally improved commission %, an overall reduction in product losses and a general reduction in both head office and operating costs. Sales remained strong in the 3rd quarter of 2011.

Livestock Agents:

The livestock agents' business exceeded both budget and the prior period with the consolidated profit before tax being 60.3% higher than 2010. Livestock sold on behalf of producers increased by 23.5% to R1.12 billion (2011: R0.91 billion). The 124.5% increase in game auction sales was the main driving force with game now comprising 10.65% (2010: 5.85%) of total sales. Sales remained strong in the 3rd quarter of 2011 for both Livestock and game.

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

Plaasvars incurred a loss before tax of R744,156 of which R123,250 relates to the discontinued operations that were finalised beginning 2011. The business is now cash positive and improved profitability is expected in the second half of the year. Subtropical International performed above budget and the prior period with a profit before tax of R678,008. Increased production capacity, improved margins and strong relationships with producers augurs well for the future. Burpak performed below budget and the prior year as sales were lower than expected as a result of a significantly lower yielding avocado harvest. Burpak incurred a loss before tax of R718,565 for the period. The future of Burpak is continually being evaluated and opportunities investigated. The final capital reduction and liquidation of Burpak Dagama Avocado Oils will be completed in 2011. Zedpro incurred a loss before tax of R393,321 for the period. Measures to reduce costs have been implemented and the business's future viability as a going concern will be evaluated in the second half of the year.

Agricultural equipment:

Earlyworks made a profit before tax of R188,854 and will continue to increase its rental asset base.

Property Investments:

Yabeng incurred a consolidated loss before tax of R511,336 as a result of costs incurred directly related to the Aveo Risk Services transaction. These costs are of a non recurring nature.

Insurance:

Nature's results were equity accounted as a 35% associate of Subtropical from 1 March. Nature made a consolidated profit before tax of R1,273,451 for the 4 month period. Nature's insurance business made a loss of R17,804 and the property portfolio a profit of R1,291,255 for the period. The gross earned insurance premium for the period amounted to R56.9 million. Various business opportunities are being investigated by management that will increase premiums beyond the critical mass needed and opportunities to add value to the property portfolio are also 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 third quarter of 2011. Management remains committed to make further investments and improve results during the second half of the year. Unless unforeseen circumstances arise, the profitability of the group is expected to improve during the second half of the year.

DIVIDEND

A dividend of 100 cents per share (2009: 90 cents) was paid on Thursday, 30 June 2011 to shareholders recorded in the share register at close of business on Friday, 17 June 2011.

For and on behalf of the directors at Pretoria on 26 September 2011:

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