



SABVEST LIMITED

("Sabvest" or "the group")

Registration number 1987/003753/06

UNAUDITED INTERIM RESULTS

for the six months ended

30 June 2011

and cash dividend declaration

Consolidated Condensed Statement of Financial Position

at 30 June 2011

	Unaudited 30 June 2011 R'000	Unaudited 30 June 2010 R'000	Audited 31 Dec 2010 R'000
Non-current assets	487 347	408 169	453 800
Property, plant and equipment	680	905	745
Deferred tax asset	–	740	555
Share trust receivables	3 946	4 040	3 761
Investment holdings	482 721	402 484	448 739
Associates	351 028	312 730	329 373
Long-term investments	131 693	89 754	119 366
Current assets	22 270	32 339	41 686
Finance advances and receivables	4 619	30 392	16 532
Other financial instruments	5 985	–	5 899
Short-term investments	9 081	1 850	16 021
Cash balances	2 585	97	3 234
Total assets	509 617	440 508	495 486
Ordinary shareholders' equity	440 695	389 599	427 098
Non-current liabilities	47 306	40 488	55 491
Interest-bearing debt	40 135	35 000	48 124
Deferred tax liability	7 171	5 488	7 367
Current liabilities	21 616	10 421	12 897
Interest-bearing debt	15 519	5 250	5 133
Accounts payable	6 097	5 171	7 764
Total equity and liabilities	509 617	440 508	495 486
Shareholders' equity with investments at intrinsic value (R'000)	591 941	515 222	569 679
Net asset value per share – cents	954	850	922
Net asset value per share with investments in associates at directors' valuation (intrinsic value) – cents	1 263	1 124	1 230
Number of shares in issue less held in share trust/treasury – 000's	46 176	45 820	46 320

Consolidated Condensed Statement of Comprehensive Income

for the six months ended 30 June 2011

	Unaudited 6 months ended 30 June 2011 R'000	Unaudited 6 months ended 30 June 2010 R'000	Audited 12 months ended 31 Dec 2010 R'000
Gross income from operations and investments	32 724	31 170	100 031
Dividends received	12 817	181	17 208
Interest received	616	1 339	2 884
Income on financial instruments and shares	2 926	93	(1 166)
Fees and sundry income	1 148	2 160	5 125
Fair value adjustment to investments	(3 975)	2 301	21 585
Equity accounted retained income of associates	19 192	25 096	54 395
Share of net income of associates <i>Less: Dividends received</i>	31 539 (12 347)	25 096 –	68 752 (14 357)
Impairments	(81)	(82)	(144)
Interest paid	2 357	1 514	3 892
Net income before expenses and exceptional items	30 448	29 738	96 283
<i>Less: Expenditure</i>	<i>11 285</i>	<i>9 230</i>	<i>23 103</i>
Operating costs	11 211	9 067	22 783
Depreciation	74	163	320
Exceptional gains	(280)	(76)	(325)
Net income before taxation	19 443	20 584	73 505
Taxation – deferred	359	786	2 849
Net income for the period attributable to equity shareholders	19 084	19 798	70 656
Translation of foreign subsidiary/associates	573	(385)	(1 515)
Total comprehensive income attributable to equity shareholders	19 657	19 413	69 141
Earnings per share – cents	41,3	43,2	154,0
Dividends per share (proposed after interim/year-end) – cents	4,0	4,0	17,0
Weighted average number of shares in issue – 000's	46 236	45 864	45 869
Headline earnings per share – cents [*]	40,7	42,7	153,0
Reconciliation of headline earnings			
Net income for the period	19 084	19 798	70 656
Exceptional gains – group	(280)	–	(236)
Losses/costs arising from former finance operations	–	(76)	(89)
Profit on sale of property, plant and equipment	–	(155)	(167)
Headline earnings for the period	18 804	19 567	70 164

* There are no diluting instruments.

Consolidated Condensed Statement of Cash Flows

for the six months ended 30 June 2011

	Unaudited 6 months ended 30 June 2011 R'000	Unaudited 6 months ended 30 June 2010 R'000	Audited 12 months ended 31 Dec 2010 R'000
Cash generated by/(utilised in) operating activities	644	(6 645)	552
Cash generated by/(utilised in) investing activities	3 650	7 764	(45 054)
Cash effects of financing activities	(9 309)	(365)	50 359
Cash utilised for the payment of dividends	(6 020)	(5 090)	(6 939)
Change in cash and cash equivalents	(11 035)	(4 336)	(1 082)
Cash balances, less interest-bearing debt, at beginning of period	(1 899)	(817)	(817)
Cash balances, less interest-bearing debt, at end of period	(12 934)	(5 153)	(1 899)

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2011

	Share capital R'000	Share premium R'000	Non-distributable reserves R'000	Distributable reserve R'000	Total R'000
Balance as at 1 January 2010	867	48 874	241 789	87 541	379 071
Total comprehensive income for the period	–	–	(1 515)	70 656	69 141
Loss in share trust – written back	–	–	808	–	808
Share-based payment charge – written back	–	–	(643)	–	(643)
Attributable income of associates	–	–	54 395	(54 395)	–
Movement in translation and other reserves of associates	–	–	(16 081)	–	(16 081)
Shares held in treasury	(3)	(362)	–	–	(365)
Shares held in share trust – written back	–	1 855	–	–	1 855
Shares held in share trust	–	(2 349)	–	–	(2 349)
Shares of "N" ordinary shares	–	2 600	–	–	2 600
Dividends paid	–	–	–	(6 939)	(6 939)
Balance as at 31 December 2010	864	50 618	278 753	96 863	427 098
Total comprehensive income for the period	–	–	573	19 084	19 657
Loss in share trust – written back	–	–	12	–	12
Attributable income of associates	–	–	19 472	(19 472)	–
Movement in translation and other reserves of associates	–	–	1 247	–	1 247
Shares held in treasury	(7)	(1 225)	–	–	(1 232)
Shares held in treasury – written back	3	362	–	–	365
Shares held in share trust	(3)	(2 778)	–	–	(2 781)
Shares held in share trust – written back	–	2 349	–	–	2 349
Dividends paid	–	–	–	(6 020)	(6 020)
Balance as at 30 June 2011	857	49 326	300 057	90 455	440 695

Contingent liabilities

- The group has rights and obligations in terms of shareholder or purchase and sale agreements relating to present or former investments.
- A group company has lease agreements for the premises that it occupies. The amount due is as follows:
Year 1: R1m

Investment Portfolio

at 30 June 2011

	Number of shares	Economic interest %	Carrying value R'000	Directors' value R'000
Investments in industrial associates				
Unlisted				
Flowmax Holdings Limited (BVI/UK)		40,0		
SA Bias Industries (Pty) Limited		57,3 *		
Set Point Group (Pty) Limited		49,8		
Sunspray Food Ingredients (Pty) Limited		47,1		
			351 028	556 000
Listed				
Brait SA	1 500 000			24 810
Datatec Limited	1 000 000			38 560
Metrofile Holdings Limited	20 400 000	5,0		41 820
Netl UEPS Technologies Inc	100 000			5 305
			110 495	110 495
Total long-term investments and associates			482 721	687 783
Short-term investments				
Listed				
Foreign				6 871
RSA				2 210
			9 081	9 081
Total investment holdings			491 802	696 874

* Voting interest 48,5%.

Long-term investments

Unlisted

Korbitec Holdings (Pty) Limited *		8,5		
Korbicom (Pty) Limited		17,0		
Transaction Capital (Pty) Limited	1 000 000	–		
			21 198	21 198

* A Naspers subsidiary.

Listed

Brait SA	1 500 000			24 810
Datatec Limited	1 000 000			38 560
Metrofile Holdings Limited	20 400 000	5,0		41 820
Netl UEPS Technologies Inc	100 000			5 305
			110 495	110 495

Total long-term investments and associates

Short-term investments

Listed

Foreign				6 871
RSA				2 210
			9 081	9 081

Total investment holdings

Note: The group has shares and JPIK loans in Primedia Holdings 1 Limited which are currently fully impaired.

COMMENTARY

PROFILE

Sabvest is an investment group which has been listed since 1988. Its ordinary and "N" ordinary shares are quoted in the Financials – Equity Investment Instruments sector of the JSE Limited.

Sabvest has significant or joint controlling interests in four unlisted industrial groups which are accounted for as associates, and a long-term portfolio of seven other investments which are accounted for on a fair value basis. Four of these are JSE-listed. In addition, Sabvest maintains finance advances and share and debt instrument portfolios and undertakes other fee and profit earnings activities.

FINANCIAL RESULTS

Sabvest recorded satisfactory results for the six-month period.

The group's four industrial associates performed in line with expectations. Sunspray Food Ingredients and Flowmax UK achieved good increases in profitability. SA Bias Industries and Set Point Group produced stable results in line with budgets.

Headline earnings per share decreased by 5% to 40,7 cents per share largely due to negative fair value adjustments arising from stock market prices and one off costs of R1m.

Shareholders' funds with investments at intrinsic value net of notional CGT increased to R583m and intrinsic value per share increased by 13% year-on-year to 1 263 cents. A three year bank loan of R40m has been raised to refinance existing non-bank loans and facilitate an increased investment in Brait. Gearing remains conservative.

The interim dividend has been maintained at 4 cents per share.

Performance of Industrial Associates

As reported previously, the unaudited combined revenues of Sabvest's four unlisted industrial associates for the twelve months ended 31 December 2010 were R1,3bn, EBITDA R222m and PBT R182m. Sabvest's share of their after-tax income increased by 28% to R69m.

For the six-month period, Sabvest's share of their after-tax income increased by 26% to R31,5m compared with the previous six-month period.

It should be noted that earnings from associates are seasonally greater in the second half of each financial year.

Changes in Investment Holdings

During the period Sabvest:

- Acquired an additional 0,9m shares in Brait SA, increasing its holding to 1,5m shares.
- Made changes to its foreign investment portfolio through the sale of its interests in Qualcomm and Check Point Software and an increase in its interest in Google.

With regard to the group's associates:

- Flowmax UK acquired DEA Engineering in the USA and is also in the process of concluding and integrating a material acquisition in the UK;
- Set Point Group continues to grow organically through various initiatives including the establishment of a new water laboratory which has received 16 quality accreditations, new operating units in the Wearcheck Oil Analysis Division in Southern Africa, Dubai and India and a material increase in the scope of the international activities of African Mineral Standards.

Dividend Policy

Dividends are determined relative to Sabvest's own expected recurring cash flows from investments and services, and relative to current and expected capital receipts that are not earmarked for new transactions.

It is the group's policy to consider dividends twice annually. The dividends for the interim period have been maintained at 4 cents per share.

Related Parties

Related party transactions exist between subsidiaries and the holding company, fellow subsidiaries and associated companies, and comprise fees, dividends and interest.

Transactions with directors relate to fees and monies lent to the group by individuals and companies controlled by the directors.

Accounting Policies

The unaudited condensed interim financial statements have been prepared in terms of International Financial Reporting Standards (IFRS) and comply with IAS 34 – Interim Financial Reporting, the JSE Limited Listings Requirements, the Companies Act of South Africa and have been supervised by the CFO, Mr R Pleaner. The accounting policies used are consistent with those applied to the audited financial statements for the year ended 31 December 2010, except for the Adoption of Annual Improvements to IFRSs.

Prospects

The group's four industrial associates have sound growth prospects and are well managed. The group is also comfortable with the prospects of its listed and unlisted investment portfolios. The timing of the recognition of earnings growth in the share prices of listed companies is obviously uncertain.

We anticipate a satisfactory year for the group.

For and on behalf of the Board

Haroon Habib Chairman
Christopher Seabrooke Chief Executive
Raymond Pleaner CFO

28 July 2011

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Cash dividend declaration

Notice is hereby given that an interim dividend of 4 cents (2010: 4 cents) per ordinary share and "N" ordinary share for the six months ended 30 June 2011 has been declared payable to shareholders in accordance with the undermentioned timetable:

Last date to trade "CUM" dividend	Friday, 12 August 2011
Trading "EX" dividend commences	Monday, 15 August 2011
Record date	Friday, 19 August 2011
Dividend payment date	Monday, 22 August 2011

No dematerialisation or rematerialisation of share certificates will be allowed during the period Monday, 15 August 2011 to Friday, 19 August 2011, both days inclusive.

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Transfer secretaries: Computershare Investor Services (Pty) Limited, 70 Marshall Street, Marshalltown 2001. • (PO Box 61051, Marshalltown 2107)

Directors: H Habib* (Chairman), P Couits-Trotter (Deputy Chairman), CS Seabrooke* (Chief Executive), CP Couits-Trotter*, NSH Hughes*, DNM Mokhobo*, GE Nel, R Pleaner*, BJT Shongwe* *Executive *Independent

Sponsor: Rand Merchant Bank (A division of FirstRand Bank Limited)

ISIN: ZAE000006417 – ordinary shares • ISIN: ZAE000012043 – "N" ordinary shares • Share code: SBV – ordinary shares • Share code: SVN – "N" ordinary shares

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