



# Sabvest Limited

Incorporated in the Republic of South Africa  
 Registration number 1987/003753/06  
 "Sabvest" or "the group" or "the company"  
 ISIN: ZAE000006417 – ordinary shares  
 ISIN: ZAE 000012043 – "N" ordinary shares  
 Share code: SBV – ordinary shares  
 Share code: SVN – "N" ordinary shares

## HIGHLIGHTS

Headline Earnings per share	Dividends per share	Intrinsic Net Asset Value per share
<b>300,9 cents</b>	<b>32 cents</b>	<b>1 855 cents</b>
<b>increased by 68,9%</b>	<b>increased by 33,3%</b>	<b>increased by 18,7%</b>

## AUDITED CONDENSED RESULTS for the year ended 31 December 2012 and cash dividend declaration

### Consolidated Condensed Statement of Financial Position

as at 31 December 2012

	31 Dec 2012 Audited R'000	31 Dec 2011 Audited R'000
<b>Non-current assets</b>	<b>671 873</b>	563 755
Property, plant and equipment	971	616
Share trust receivables	2 759	4 131
Investment holdings	668 143	559 008
Associates	437 693	403 072
Long-term investments	230 450	155 936
<b>Current assets</b>	<b>64 304</b>	18 385
Finance advances and receivables	22 061	5 943
Other financial instruments	–	7 727
Short-term investments	38 489	2 363
Cash balances	3 754	2 352
<b>Total assets</b>	<b>736 177</b>	582 140
<b>Ordinary shareholders' equity</b>	<b>665 027</b>	517 323
<b>Non-current liability</b>	<b>54 494</b>	49 417
Interest-bearing debt	40 000	40 000
Deferred tax liability	14 494	9 417
<b>Current liabilities</b>	<b>16 656</b>	15 400
Interest-bearing debt	8 697	7 915
Accounts payable	7 959	7 485
<b>Total equity and liabilities</b>	<b>736 177</b>	582 140
Shareholders' equity with investments in associates at intrinsic value	854 652	721 520
Net asset value per share – cents	1 444	1 120
Net asset value per share with investments in associates at directors' valuation (intrinsic value) – cents	1 855	1 563
Number of shares in issue less held in share trust/treasury – 000's	46 061	46 172

### Consolidated Condensed Statement of Cash Flows

for the year ended 31 December 2012

	31 Dec 2012 Audited R'000	31 Dec 2011 Audited R'000
Cash generated by operating activities excluding dividends paid	14 806	4 533
Cash generated by investing activities	1 900	9 111
Cash effects of financing activities	(1 323)	(9 441)
Cash utilised for the payment of dividends	(14 763)	(7 867)
<b>Change in cash and cash equivalents</b>	<b>620</b>	(3 664)
Current short-term interest-bearing debt, less cash balances, at beginning of year	(5 563)	(1 899)
<b>Current short-term interest-bearing debt, less cash balances, at end of year</b>	<b>(4 943)</b>	(5 563)

### Consolidated Condensed Statement of Comprehensive Income

for the year ended 31 December 2012

	2012 Audited R'000	2011 Audited R'000
<b>Gross income from operations and investments</b>	<b>172 845</b>	115 522
Dividends received	37 788	29 302
Interest received	739	881
Income on financial instruments and shares	22 422	6 223
Fees and sundry income	2 730	2 407
Fair value adjustments to investments	48 497	21 027
Equity accounted retained income of associates	60 669	55 682
Share of net income of associates	94 733	81 631
Less: Dividends received	(34 064)	(25 949)
Direct transactional costs	1 284	209
Impairments/(reversal)	(1 279)	1 013
Interest paid	5 275	4 741
<b>Net income before expenses and exceptional items</b>	<b>167 565</b>	109 559
Less: Expenditure	22 385	24 610
Operating costs	22 263	24 460
Depreciation	122	150
Exceptional items – losses	–	692
<b>Net income before taxation</b>	<b>145 180</b>	84 257
Taxation – deferred	6 257	2 606
<b>Net income for the year attributable to equity shareholders</b>	<b>138 923</b>	81 651
Translation of foreign subsidiary/associates	1 723	2 289
<b>Total comprehensive income for the year attributable to equity shareholders</b>	<b>140 646</b>	83 940
Earnings per share – cents	301,2	176,6
Dividends per share (proposed after interim/year-end) – cents	32,0	24,0
Weighted average number of shares in issue – 000's	46 126	46 236
Headline earnings per share – cents	300,9	178,1
<b>Reconciliation of headline earnings</b>		
Net income for the year	138 923	81 651
Exceptional losses – group	–	985
Exceptional losses – associates	–	(293)
Profit on sale of property, plant and equipment	(118)	–
<b>Headline earnings for the year</b>	<b>138 805</b>	82 343

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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 Coutts-Trotter (Deputy Chairman), CS Seabrooke\* (Chief Executive), CP Coutts-Trotter, NSH Hughes\*, DNM Mokhobo\*, GE Nel, R Pleaner\*, BJT Shongwe\*  
 \*Executive \*Independent

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

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## Consolidated Condensed Statement of Changes in Equity

as at 31 December 2012

	Share capital R'000	Share premium R'000	Non-distributable reserves R'000	Accumulated profit R'000	Total R'000
<b>Balance as at 1 January 2011</b>	864	50 618	278 753	96 863	427 098
Total comprehensive income for the year	–	–	2 289	81 651	83 940
Loss in share trust – written back	–	–	11	–	11
Attributable income of associates	–	–	55 975	(55 975)	–
Movement in translation and other reserves of associates	–	–	15 470	–	15 470
Shares held in treasury	(7)	(1 255)	–	–	(1 262)
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	–	–	–	(7 867)	(7 867)
<b>Balance as at 31 December 2011</b>	<b>857</b>	<b>49 296</b>	<b>352 498</b>	<b>114 672</b>	<b>517 323</b>
Total comprehensive income for the year	–	–	1 723	138 923	140 646
Loss in share trust	–	–	(2)	–	(2)
Attributable income of associates	–	–	60 669	(60 669)	–
Movement in translation and other reserves of associates	–	–	18 000	5 145	23 145
Disposal of associate	–	–	(46 036)	46 036	–
Shares held in treasury	(7)	(2 577)	–	–	(2 584)
Shares held in treasury – written back	7	1 255	–	–	1 262
Shares held in share trust	(3)	(2 778)	–	–	(2 781)
Shares held in share trust – written back	3	2 778	–	–	2 781
Dividends paid	–	–	–	(14 763)	(14 763)
<b>Balance as at 31 December 2012</b>	<b>857</b>	<b>47 974</b>	<b>386 852</b>	<b>229 344</b>	<b>665 027</b>

### Contingent liabilities

- The group has rights and obligations in terms of shareholder and purchase and sale agreements relating to its present and former investments.
- Commitments for the lease of premises are as follows:

Year 1	R860 000
Year 2	R937 000
Year 3 to 5	R2 614 000

## Investment Portfolio

as at 31 December 2012

	Economic interest %	Carrying value R'000	Intrinsic value R'000
<b>Unlisted Industrial Associates</b>			
SA Bias Industries (Pty) Limited*	57,3		
Set Point Group (Pty) Limited	49,9		
Sunspray Food Ingredients (Pty) Limited	46,1		
		437 693	741 600

\* Voting interest 48,5%

### Listed Long-term Investments

	Ordinary shares	
Brait S.E.	1 513 654	55 612
Datatec Limited	1 000 000	49 050
Metrofile Holdings Limited	27 571 496	107 529
Net1 UEPS Technologies Inc	211 884	8 899
Transaction Capital (Pty) Limited	1 200 000	9 360
	230 450	230 450
Long-term Investment Holdings	668 143	972 050
Short-term Investments – Foreign	38 489	38 489
<b>Total portfolio</b>	<b>706 632</b>	<b>1 010 539</b>

## Performance Indicators

	Cents	Growth 1 year (%)	Compound Growth 3 years (%)	Compound Growth 8 years (%)
Intrinsic net asset value per share	1 855	18,7	19,3	19,5
Dividends per share	32	33,3	31,7	34,4
Headline earnings per share	300,9	68,9	36,3	23,6

## 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 three unlisted industrial groups which are accounted for as associates, a long-term portfolio of five RSA listed investments and a short-term foreign bond and share portfolio, both accounted for on a fair value basis.

In addition, Sabvest maintains finance advances and debt instrument portfolios and undertakes other fee and profit earning activities.

### Changes in investment holdings during the period Sabvest:

- Increased its investment in Metrofile Holdings Limited by 7,1m shares to 27,5m shares, representing a 6,7% holding in the company, for an amount of R20,8m.
  - Increased its investment in Transaction Capital Limited by 0,2m shares to 1,2m shares for an amount of R1,6m.
  - Increased its investment in Net1 UEPS Technologies Inc by 111,884 shares to 211,884 shares for an amount of R9,2m.
  - Disposed of its short term portfolio in South Africa for R2,9m.
  - Disposed of its interests in Korbitec and Korbitcom for R21,4m.
  - Disposed of its remaining interests in the West Central Fund and Nimble Credit Opportunities Fund for R10,4m.
  - Disposed of its 40% interest in Flowmax Holdings Limited (BVI/UK) to SA Bias Industries (Pty) Limited for R56m (as approved by Sabvest shareholders in general meeting).
  - Reopened its foreign share and bond portfolio which had a carrying value of R38,5m at the year-end comprising shares in Apple, Astra Zeneca, Aviva, Comcast, Google, Microsoft, Vodafone and Yum.
  - Bought back 4,975 Sabvest ordinary shares and 106,116 Sabvest "N" ordinary shares for R1,3m through a subsidiary.
- With regard to the group's investee companies:
- Transaction Capital listed on the JSE in June 2012.
  - SA Bias Industries acquired a 60% interest in Flowmax Holdings Limited (BVI/UK) as a result of which Sabvest retains an indirect 34% interest in Flowmax.
  - Set Point Group established a new thermography and vibration unit as part of its analytics division.

### Financial results

Sabvest achieved record results for the year. PAT increased by 68% to R139m and HEPS by 69% to 301 cents per share.

The major contributor to the increase in the group's results was the material increase in the market values of the group's major listed investments – Brait, Datatec and Metrofile. In all three groups the increases were underpinned by strong operating performances.

The other major contributor was the gains on sales of unlisted investments.

The group's unlisted industrial associates performed in line with expectations with Sabvest's share of their net income increasing 16% to R94,7m.

SA Bias Industries produced satisfactory results assisted by the effect of a weaker Rand on offshore earnings.

The Set Point Group achieved a material increase in profitability for the year to 31 August 2012.

Flowmax produced softer results in a difficult trading climate in the UK.

Sunspray Food Ingredients produced stable results in line with budgets.

Shareholders' funds with investments at intrinsic value (net of notional CGT) increased by 19% to R855m. This increase was achieved notwithstanding that the provision for deferred tax was increased by R28,3m relating to the current and prior years due to the increase in the enacted CGT rate (which is effective in the next financial year). The full adjustment was taken in this period with no changes made to prior periods.

Accordingly, intrinsic value per share increased by 19% to 1 855 cents per share. The increase was also aided by the effects of the weaker Rand.

The group's debt levels remain conservative. New facilities have been raised offshore and will be utilised to gear the foreign investment portfolio in Sabvest's offshore subsidiary.

### Performance and valuation of industrial associates

On a look-through basis, the unaudited combined revenue of the four groups (including Flowmax for the full year) increased by 14% to R1,77 bn (2011: R1,55 bn). Sabvest's share of retained earnings increased by 16% to R94,7m.

Sabvest's associates are valued for intrinsic value purposes using the maintainable earnings (NOPAT) model, multiples of NOPAT between 7 and 7,5 and adjusting for net cash/investments and interest bearing debt.

### Shareholders' Funds at Intrinsic Value 2012

Intrinsic valuation of associates	741 600
Carrying value of associates	437 693
Accumulated revaluation	303 907
Provision for notional CGT *	114 282
	189 625
Shareholders' Funds on balance sheet	665 027
Shareholders' Funds at intrinsic value	854 652

\* Calculated relative to base cost

### Dividends

Dividends are determined relative to Sabvest's own 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 level of cash generation from the group's investee companies continues to increase. A final dividend of 20 cents has been declared, bringing the total for the year to 32 cents, an increase of 33% on the prior year.

As referred to in the dividend declaration, the group has used STC credits to an extent sufficient for no withholding tax on dividends to be deducted for any shareholders. After the use of these credits, the company still has credits equal to 301 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.

### Company secretary

Mr R Pleaner resigned as company secretary and Mrs P Atkins was appointed as company secretary, both on 12 December 2012.

### Basis of preparation

These condensed consolidated annual financial statements have been prepared in accordance with the framework concepts, the recognition and measurement criteria of International Financial Reporting Standards (IFRS) and comply with the disclosure requirements of International Accounting Standard 34: Interim Financial Reporting as issued by the International Accounting Standards Board (IASB), the SAICA Accounting Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act No. 71 of 2008, as amended.

They have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value or at amortised cost. The significant accounting policies and methods of computation are consistent in all material aspects to those applied in the previous financial year, except as disclosed below. The significant accounting policies are available for inspection at the group's registered office. There has been no material change in judgments or estimates of the amounts reported in prior reporting periods.

The group adopted the new revised or amended accounting pronouncements as issued by the IASB which were effective and applicable to the group from 1 January 2012. The application of these changes, however, had no impact on the group's financial results for the period.

The preparation of these condensed consolidated financial statements was supervised by the Chief Financial Officer, R Pleaner C.A. (S.A.).

### Audit opinion

These condensed group annual financial statements have been audited in compliance with any applicable requirements of the Companies Act of South Africa.

The auditors, Deloitte & Touche, have issued an unmodified audit opinion on the group's annual financial statements for the year ended 31 December 2012. Their audit was conducted in accordance with International Standards on Auditing. A copy of their audit report is available for inspection at the company's registered office. The condensed financial information presented has been derived from the audited annual financial statements for the year ended 31 December 2012. The auditor's report does not necessarily cover all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's work they should obtain a copy of that report together with the accompanying financial information from the registered office of the company.

### Prospects

The group's three industrial associates have sound growth prospects particularly those of the extensive international operations of SA Bias Industries. However, Set Point Group is experiencing difficult trading conditions arising primarily from the disruption in the mining sector and this will impact its results in the current year.

The group's listed investee companies are performing well. However, the required use of IFRS fair value accounting based solely on listed share prices at the reporting dates and the major run up in the share prices of the group's holdings in 2012 make it very unlikely that the same level of fair value adjustments will be achieved in 2013. As a result we expect a reduction in PAT and HEPS in 2013 compared to the record levels in 2012.

Nevertheless, we expect continued growing cash inflows and growth in intrinsic net asset value.

The above forecast information has not been reviewed and reported on by the group's external auditors.

For and on behalf of the Board

**Haronn Habib** Chairman  
**Christopher Seabrooke** CEO

**Raymond Pleaner** CFO

Sandton  
26 February 2013

### Cash Dividend Declaration

Notice is hereby given that a final gross dividend of 20 cents (2011: 20 cents) per ordinary share and "N" ordinary share, out of income reserves, for the twelve months ended 31 December 2012 has been declared making a total of 32 cents (2011: 24 cents) for the year.

The issued share capital of the company at the declaration date is 17 295 984 ordinary and 29 479 854 "N" ordinary shares (excluding treasury shares). The income tax number of the company is 9375/105/716.

The company has utilised STC credits amounting to 20 cents per share. As a result there will be no dividend withholding tax from the final dividend for any Sabvest shareholders including those who are not exempt by definition.

Last date to trade "CUM" dividend Thursday, 14 March 2013  
Trading "EX" dividend Friday, 15 March 2013 commences  
Record date Friday, 22 March 2013  
Dividend payment date Monday, 25 March 2013

No dematerialisation or rematerialisation of share certificates will be allowed during the period Friday, 15 March 2013 to Friday, 22 March 2013, both days inclusive.