



SABVEST LIMITED

Registration number 1987/003753/06
("Sabvest" or "the group")

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

UNAUDITED INTERIM RESULTS for the six months ended 30 June 2012 and cash dividend declaration

Increase in intrinsic value per share 31% • Increase in HEPS 185% • Increase in dividend per share 200%

>> Consolidated Condensed Statement of Financial Position

at 30 June 2012

	Unaudited 30 June 2012 R'000	Unaudited 30 June 2011 R'000	Audited 31 Dec 2011 R'000
Non-current assets	629 231	487 347	563 755
Property, plant and equipment	1 005	680	616
Share trust receivables	4 445	3 946	4 131
Investment holdings	623 781	482 721	559 008
Associates	427 067	351 028	403 072
Long-term investments	196 714	131 693	155 936
Current assets	30 139	22 270	18 385
Finance advances and receivables	5 230	4 619	5 943
Other financial instruments	9 040	5 985	7 727
Short-term investments	12 600	9 081	2 363
Cash balances	3 269	2 585	2 352
Total assets	659 370	509 617	582 140
Ordinary shareholders' equity	568 174	440 695	517 323
Non-current liabilities	54 744	47 306	49 417
Interest-bearing debt	40 000	40 135	40 000
Deferred tax liability	14 744	7 171	9 417
Current liabilities	36 452	21 616	15 400
Interest-bearing debt	29 497	15 519	7 915
Accounts payable	6 955	6 097	7 485
Total equity and liabilities	659 370	509 617	582 140
Shareholders' equity with investments at intrinsic value (R'000)	767 386	583 041	721 520
Net asset value per share – cents	1 231	954	1 120
Net asset value per share with investments in associates at directors' valuation (intrinsic value) – cents	1 662	1 263	1 563
Number of shares in issue less held in share trust/ treasury – 000's	46 160	46 176	46 172

>> Consolidated Condensed Statement of Cash Flows

for the six months ended 30 June 2012

	Unaudited 6 months ended 30 June 2012 R'000	Unaudited 6 months ended 30 June 2011 R'000	Audited 12 months ended 31 Dec 2011 R'000
Cash generated by operating activities	6 040	644	4 533
Cash (utilised in)/generated by investing activities	(17 310)	3 650	9 111
Cash effects of financing activities	(161)	(9 309)	(9 441)
Cash utilised for the payment of dividends	(9 234)	(6 020)	(7 867)
Change in cash and cash equivalents	(20 665)	(11 035)	(3 664)
Cash and cash equivalents at beginning of period	(5 563)	(1 899)	(1 899)
Cash and cash equivalents at end of period	(26 228)	(12 934)	(5 563)

>> Consolidated Condensed Statement of Comprehensive Income

for the six months ended 30 June 2012

	Unaudited 6 months ended 30 June 2012 R'000	Unaudited 6 months ended 30 June 2011 R'000	Audited 12 months ended 31 Dec 2011 R'000
Gross income from operations and investments	72 360	32 724	115 522
Dividends received	18 185	12 817	29 302
Interest received	365	616	881
Income on financial instruments and shares	1 150	2 926	6 223
Fees and sundry income	1 356	1 148	2 407
Fair value adjustment to investments	33 771	(3 975)	21 027
Equity accounted retained income of associates	17 533	19 192	55 682
Share of net income of associates <i>Less: Dividends received</i>	35 101 (17 568)	31 539 (12 347)	81 631 (25 949)
Direct transactional costs	–	–	209
Impairments	(57)	(81)	1 013
Interest paid	2 606	2 357	4 741
Net income before expenses and exceptional items	69 811	30 448	109 559
<i>Less: Expenditure</i>	10 784	11 285	24 610
Operating costs	10 735	11 211	24 460
Depreciation	49	74	150
Exceptional items – (gains)/losses	–	(280)	692
Impairment of associate	(46)	–	–
Net income before taxation	58 981	19 443	84 257
Taxation – deferred	5 327	359	2 606
Net income for the period attributable to equity shareholders	53 654	19 084	81 651
Translation of foreign subsidiary/associates	418	573	2 289
Total comprehensive income attributable to equity shareholders	54 072	19 657	83 940
Earnings per share – cents	116,2	41,3	176,6
Dividends per share (proposed after interim/year-end) – cents	12,0	4,0	24,0
Weighted average number of shares in issue – 000's	46 165	46 236	46 236
Headline earnings per share – cents * ¹	116,3	40,7	178,1
Reconciliation of headline earnings			
Net income for the period	53 654	19 084	81 651
Exceptional (gains)/losses – group	–	(280)	985
Exceptional (gains) – associates	–	–	(293)
Investment impairment provisions	46	–	–
Loss on sale of property, plant and equipment	4	–	–
Headline earnings for the period	53 704	18 804	82 343

*¹ There are no diluting instruments.

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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)

www.sabvest.com

>> Consolidated Statement of Changes in Equity

for the six months ended 30 June 2012

	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 2011	864	50 618	278 753	96 863	427 098
Total comprehensive income for the period	–	–	2 289	81 651	83 940
Accumulated profit in share trust	–	–	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)
Balance as at 31 December 2011	857	49 296	352 498	114 672	517 323
Total comprehensive income for the period	–	–	418	53 654	54 072
Accumulated loss in share trust	–	–	(1)	–	(1)
Attributable income of associates	–	–	17 533	(17 533)	–
Movement in translation and other reserves of associates	–	–	6 175	–	6 175
Shares held in treasury	(7)	(1 416)	–	–	(1 423)
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	–	–	–	(9 234)	(9 234)
Balance as at 30 June 2012	857	49 135	376 623	141 559	568 174

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 is due as follows:
Year 1: R0,8m; Year 2: R0,9m; Years 3 to 5: R3,1m.

>> Investment Portfolio

at 30 June 2012

	Number of shares	Economic interest %	Carrying value R'000	Intrinsic value R'000
Unlisted investments in associates				
Flowmax Holdings Ltd (BVI/UK)		40,0		
SA Bias Industries (Pty) Ltd		57,3 *		
Set Point Group (Pty) Ltd		49,8		
Sunspray Food Ingredients (Pty) Ltd		46,0		
			427 067	729 500
Long-term listed investments				
Brait SA	1 500 000			38 970
Datatec Ltd	1 000 000			46 750
Metrofile Holdings Ltd	27 571 496			96 500
Net1 UEPS Technologies Inc	100 000			6 854
Transaction Capital (Pty) Ltd	1 000 000			7 640
			196 714	196 714
Total long-term investment holdings			623 781	926 214
Short-term investments			12 600	12 600
Total investment holdings			636 381	938 814

* Voting interest 48,5%.

>> 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, a long-term portfolio of five listed investments accounted for on a fair value basis and short-term investments accounted for on a fair value basis.

In addition, Sabvest maintains finance advances and share, bond 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 27,6m shares, representing a 6,7% holding in the company, for an amount of R20,8m.
- Agreed in principle to the disposal of its investments in Korbitec and Korbicom which have been transferred from its long-term portfolio to short-term investments.

With regard to the group's other investee companies:

- Transaction Capital listed on the JSE in June 2012.
- SA Bias Industries acquired a 20% interest in Flowmax Holdings Limited (BVI/UK).
- Set Point Group has established a new thermography and vibration unit as part of its Analytics Division.

FINANCIAL RESULTS

Sabvest achieved excellent results for the six-month period.

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 – Metrofile, Datatec and Brait. In all three groups the increases were underpinned by strong operating performances.

The group's four listed industrial associates performed in line with expectations with Sabvest's share of their net income increasing 11% to R35,1m.

- Set Point Group achieved a material increase in profitability mainly due to strong performances in its Analytics Division.
- SA Bias Industries produced sound results higher than the prior year figures.
- Flowmax UK achieved a solid increase in profitability for the period although trading conditions in the current economic climate in the UK are increasingly difficult.
- Sunspray Food Ingredients produced stable results in line with budgets.

Overall, headline earnings increased by 183% to 116 cents per share.

Shareholders' funds with investments at intrinsic value (net of notional CGT) increased by 31% to R767m notwithstanding the accounting adjustments required to increase the provisions for deferred CGT arising from the increase in the CGT rate recently announced. The full adjustment has been taken in this period and no changes made to prior periods.

Although short-term borrowings have increased, gearing remains conservative. The additional borrowings were utilised to take advantage of a rare opportunity to increase Sabvest's interest in Metrofile when a line of shares became available. The debt is expected to be repaid by year-end from the sale of short-term investments and retention of cash inflows.

Performance and Valuation of Industrial Associates

On a look-through basis, the unaudited combined revenue of the four groups for the six months increased by 12,8% to R0,73bn (2011 – 12 months: R1,55bn) and Sabvest's share of retained earnings increased by 11% to R35m.

In determining intrinsic values, Sabvest's associates have been valued using the maintainable earnings model with PE ratios in the 6,5 – 7,5 times range adjusted for net cash or net debt in each on the same basis as in the prior period.

The valuation of associates increased by 31% to R729,5m year-on-year.

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. Accordingly the dividend for the interim period has been increased by 200% to 12 cents per share.

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 321 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 2011, except for the Adoption of Annual Improvements to IFRSs.

Prospects

The group's four industrial associates have sound growth prospects although some of the markets in which they operate are increasingly under pressure. The group's listed investee companies are all performing well. However, the future movement in share prices is obviously uncertain and seems unlikely to repeat the growth in the first six months.

Overall we anticipate a satisfactory year for the group.

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

For and on behalf of the Board

Haron Habib
Chairman

Christopher Seabrooke
Chief Executive

Raymond Pleaner
CFO

23 July 2012
Sandton

Cash dividend declaration

Notice is hereby given that an interim gross cash dividend of 12 cents (2011: 4 cents) per ordinary and "N" ordinary share, out of income reserves, for the six months ended 30 June 2012 has been declared.

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

The company has utilised STC credits amounting to 12 cents per share. As a result there will be no dividend withholding tax from the interim dividend for any Sabvest shareholders including those who are not exempt by definition.

Last date to trade "CUM" dividend	Friday, 10 August 2012
Trading "EX" dividend commences	Monday, 13 August 2012
Record date	Friday, 17 August 2012
Dividend payment date	Monday, 20 August 2012

No dematerialisation or rematerialisation of share certificates will be allowed during the period Monday, 13 August 2012 to Friday, 17 August 2012, both days inclusive.