



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

Audited Abridged results for the year ended 31 December 2011 and cash dividend declaration

Consolidated Condensed Statement of Financial Position

as at 31 December 2011

	31 Dec 2011 Audited R'000	31 Dec 2010 Audited R'000
Non-current assets	563 755	453 800
Property, plant and equipment	616	745
Deferred tax asset	–	555
Share trust receivables	4 131	3 761
Investment holdings	559 008	448 739
Associates	403 072	329 373
Long-term investments	155 936	119 366
Current assets	18 385	41 686
Finance advances and receivables	5 943	16 532
Other financial instruments	7 727	5 899
Short-term investments	2 363	16 021
Cash balances	2 352	3 234
Total assets	582 140	495 486
Ordinary shareholders' equity	517 323	427 098
Non-current liability	49 417	55 491
Interest-bearing debt	40 000	48 124
Deferred tax liability	9 417	7 367
Current liabilities	15 400	12 897
Interest-bearing debt	7 915	5 133
Accounts payable	7 485	7 764
Total equity and liabilities	582 140	495 486
Net asset value per share – cents	1 120	922
Net asset value per share with investments in associates valuation (intrinsic value) – cents	1 563	1 230
Number of shares in issue less held in share trust/treasury – 000's	46 172	46 320

Consolidated Condensed Statement of Cash Flows

for the year ended 31 December 2011

	31 Dec 2011 Audited R'000	31 Dec 2010 Audited R'000
Cash generated by operating activities	4 533	552
Cash generated by/(utilised in) investing activities	9 111	(45 054)
Cash effects of financing activities	(9 441)	50 359
Cash utilised for the payment of dividends	(7 867)	(6 939)
Change in cash and cash equivalents	(3 664)	(1 082)
Current interest-bearing debt, less cash balances, at beginning of year	(1 899)	(817)
Current interest-bearing debt, less cash balances, at end of year	(5 563)	(1 899)

Consolidated Condensed Statement of Comprehensive Income

for the year ended 31 December 2011

	2011 Audited R'000	2010 Audited R'000
Gross income from operations and investments	115 522	100 031
Dividends received	29 302	17 208
Interest received	881	2 884
Income on financial instruments and shares	6 223	(1 166)
Fees and sundry income	2 407	5 125
Fair value adjustments to investments	21 027	21 585
Equity accounted retained income of associates	55 682	54 395
Share of net income of associates	81 631	68 752
Less: Dividends received	(25 949)	(14 357)
Direct transactional costs	209	–
Impairments	1 013	(144)
Interest paid	4 741	3 892
Net income before expenses and exceptional items	109 559	96 283
Less: Expenditure	24 610	23 103
Operating costs	24 460	22 783
Depreciation	150	320
Exceptional items – losses/(gains)	692	(325)
Net income before taxation	84 257	73 505
Taxation – deferred	2 606	2 849
Net income for the year attributable to equity shareholders	81 651	70 656
Translation of foreign subsidiary/associates	2 289	(1 515)
Total comprehensive income for the year attributable to equity shareholders	83 940	69 141
Earnings per share – cents	176,6	154,0
Dividends per share 20 cents (2010: 13 cents) (proposed after year-end) – cents	24,0	17,0
Weighted average number of shares in issue – 000's	46 236	45 869
Headline earnings per share – cents	178,1	153,0
Reconciliation of headline earnings		
Net income for the year	81 651	70 656
Exceptional losses/(gains) – group	985	(236)
Exceptional gains – associates	(293)	–
(Gains)/losses arising from former finance operations	–	(89)
Profit on sale of property, plant and equipment	–	(167)
Headline earnings for the year	82 343	70 164

Registered address: 4 Commerce Square, 39 Rivonia Road, Sandhurst, Sandton 2196 • Communications: Postal address: PO Box 78677, Sandton 2146, Republic of South Africa

Telephone: (011) 268 2400 • Fax: (011) 268 2422 • e-mail: ho@sabvest.com

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 Condensed Statement of Changes in Equity

as at 31 December 2011

	Share capital R'000	Share premium R'000	Non-distributable reserves R'000	Accumulated profit 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 year	–	–	(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 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)
Balance as at 31 December 2011	857	49 296	352 498	114 672	517 323

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	R420 000
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Investment Profile

at 31 December 2011

	Economic interest %	Carrying value R'000	Intrinsic value R'000
Unlisted Industrial Associates			
Flowmax Holdings Limited (BVI/UK)	40,00		
SA Bias Industries (Pty) Limited*	57,30		
Set Point Group (Pty) Limited	49,80		
Sunspray Food Ingredients (Pty) Limited	47,10		
		403 072	677 644

* Voting interest 48,5%

Unlisted Investments

Korbitec Holdings (Pty) Limited	
Korbicom (Pty) Limited	
Primedia Holdings 1 Limited – JPIK Loans	
Transaction Capital (Pty) Limited	
	19 161
	19 161

Listed Investments

	Ordinary shares		
Brait SA	1 500 000		29 925
Datatec Limited	1 000 000		40 900
Metrofile Holdings Limited	20 500 000		59 450
Net1 UEPS Technologies Inc	100 000		6 500
Other			2 363
		139 138	139 138
Total portfolio		561 371	835 943

Performance Indicators

	Cents	Growth 1 year (%)	Compound Growth 3 years (%)	Compound Growth 8 years (%)
Intrinsic net asset value per share	1 563	27,07	15,44	20,66
Dividends per share	24	41,18	19,68	29,68
Headline earnings per share	176	16,41	25,59	17,36

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 eight 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 bond and debt instrument portfolios and undertakes other fee and profit earning activities.

Financial results

Sabvest achieved good results for the twelve months. Headline earnings per share increased by 16% to 177 cents per share and intrinsic value per share by 27% to 1 563 cents per share.

The growth in HEPS was achieved through higher attributable earnings of associates and the strong share price performance of the listed investments. Operating costs include once-off amounts totalling R3,5 million which will not recur in 2012.

The increase in intrinsic value was aided by exchange gains on the group's foreign operations and investments through SA Bias Industries and Flowmax due to the weakening of the Rand.

Shareholders' funds with investments at intrinsic value increased to R722m. Net gearing reduced to 6%.

Steadily increasing cash flows from the group's industrial associates have enabled Sabvest to declare an increase in dividends of 41% to 24 cents per share.

With regard to medium-term growth, Sabvest continues to exceed its performance targets. Intrinsic net asset value per share has increased at a compound rate of 21% over the past eight years, dividends per share at 29% and HEPS at 17%.

Performance and valuation of industrial associates

Sabvest's four unlisted industrial associates performed well with Sabvest's share of their after tax income increasing by 19% to R82m. Flowmax and Sunspray recorded particularly strong results during the period and satisfactory results were achieved by Set Point and SA Bias Industries. On a look-through basis the unaudited combined revenue of the four groups for the twelve months increased by 18,4% to R1,55 bn.

In determining intrinsic values, Sabvest's associates have been valued using the maintainable earnings multiple model with PE ratios in the 6,5 to 7,5 times range, adjusted for net cash or net debt in each.

The valuation of associates increased by 29,6% to R677,7m year on year.

Changes in investment holdings

During the period, Sabvest:

- Increased its holding in Brait SA to 1,5 million shares.
- Disposed of its listed foreign portfolio.
- Provided financial support to some of its unlisted investee companies for their growth programmes.

With regard to Sabvest's industrial associates:

- Flowmax acquired DEA Engineering in the USA and 60% of Mechtronic in the UK.
- Set Point Group opened a new water laboratory with 16 quality accreditations, new operating units in the WearCheck oil analysis division in Dubai and India and widened the scope of the international activities of African Mineral Standards.

Dividends

Dividends are determined relative to Sabvest's own expected recurring net cash flows from investments, realisations and services over a period that are not earmarked for new investments. Dividends are considered twice annually. Dividends for the year have been increased from 17 cents to 24 cents per share.

Over the past eight years dividends have been maintained or increased annually.

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.

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 AC 500 standards as issued by the Accounting Practices Board, 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 respects with 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 changes in judgments or estimates of 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 2011. 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 CA(SA).

Audit opinion

The group's annual financial statements have been audited by the independent auditors, Deloitte & Touche, whose unmodified audit report is available for inspection at the Group's registered office. The condensed financial information presented has been derived from the audited annual financial statements for the year ended 31 December 2011.

Prospects

All of the group's associates are projecting improved earnings in 2012. In addition, most of the companies in the group's investment portfolios are expected to record improved results although the extent to which these will affect listed share prices is obviously uncertain. The group's net operating cash flows are also expected to increase.

As a result we anticipate a satisfactory year ahead.

These projections have not been reviewed and reported on by the group's external auditors.

For and on behalf of the Board

Haroob Habib Chairman	Christopher Seabrooke CEO	Raymond Pleaner CFO
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Sandton
24 February 2012

Cash Dividend Declaration

Notice is hereby given that a final cash dividend of 20 cents (2010: 13 cents) per ordinary share and “N” ordinary share for the twelve months ended 31 December 2011 has been declared payable to shareholders in accordance with the undermentioned timetable:

Last date to trade “CUM” dividend	Thursday, 15 March 2012
Trading “EX” dividend commences	Friday, 16 March 2012
Record date	Friday, 23 March 2012
Dividend payment date	Monday, 26 March 2012

No dematerialisation or rematerialisation of share certificates will be allowed for the period from Friday, 16 March 2012 to Friday, 23 March 2012, both days inclusive.