



# 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 CONSOLIDATED SUMMARISED RESULTS

for the year ended  
 31 December 2013

and cash dividend declaration

**Headline Earnings per share 607,9 cents** increased by 97% • **Dividends per share 40 cents** increased by 25%

**Net Asset Value per share 2 358 cents** increased by 27%

### Consolidated Summarised Statement of Financial Position

as at 31 December 2013

	31 Dec 2013 Audited R'000	31 Dec 2012 Restated R'000	31 Dec 2011 Restated R'000
<b>Non-current assets</b>	<b>1 289 083</b>	975 780	838 327
Property, plant and equipment	962	971	616
Share trust receivables	–	2 759	4 131
Investment holdings	<b>1 288 121</b>	972 050	833 580
Unlisted investments	<b>978 000</b>	741 600	677 644
Listed investments	<b>259 942</b>	230 450	155 936
Offshore bond portfolio	<b>50 179</b>	–	–
<b>Current assets</b>	<b>110 989</b>	64 304	18 385
Finance advances and receivables	<b>14 959</b>	22 061	5 943
Other financial instruments	–	–	7 727
Offshore share portfolio	<b>88 427</b>	38 489	2 363
Cash balances	<b>7 603</b>	3 754	2 352
<b>Total assets</b>	<b>1 400 072</b>	1 040 084	856 712
<b>Ordinary shareholders' equity</b>	<b>1 085 011</b>	854 652	721 520
<b>Non-current liabilities</b>	<b>175 699</b>	168 776	119 792
Interest-bearing debt	–	40 000	40 000
Deferred tax liability	<b>175 699</b>	128 776	79 792
<b>Current liabilities</b>	<b>139 362</b>	16 656	15 400
Interest-bearing debt	<b>127 555</b>	8 697	7 915
Offshore portfolio finance	<b>66 281</b>	–	–
Current portion of long-term liability	<b>40 000</b>	–	–
Other	<b>21 274</b>	8 697	7 915
Accounts payable	<b>11 807</b>	7 959	7 485
<b>Total equity and liabilities</b>	<b>1 400 072</b>	1 040 084	856 712
Net asset value per share – cents	<b>2 358</b>	1 855	1 563
Number of shares in issue less held in share trust/treasury – 000's	<b>46 015</b>	46 061	46 172

### Consolidated Summarised Statement of Cash Flows

for the year ended 31 December 2013

	31 Dec 2013 Audited R'000	31 Dec 2012 Audited R'000
Cash generated by operating activities	<b>21 040</b>	14 806
Cash (utilised in)/generated by investing activities	<b>(31 705)</b>	1 900
Cash effects of financing activities *	<b>65 445</b>	(1 323)
Cash utilised for the payment of dividends	<b>(63 508)</b>	(14 763)
<b>Change in cash and cash equivalents</b>	<b>(8 728)</b>	620
Cash balances, less interest-bearing debt excluding offshore portfolio finance, at beginning of year	<b>(44 943)</b>	(45 563)
<b>Cash balances, less interest-bearing debt, excluding offshore portfolio finance at end of year</b>	<b>(53 671)</b>	(44 943)

\* Financing activities comprise movement in portfolio finance.

### Consolidated Summarised Statement of Comprehensive Income

for the year ended 31 December 2013

	2013 Audited R'000	2012 Restated R'000
<b>Gross income from operations and investments</b>	<b>360 562</b>	220 180
Dividends received	<b>46 617</b>	37 788
Interest received	<b>3 473</b>	739
Income on financial instruments and shares	<b>9 518</b>	26 335
Fees and sundry income	<b>2 067</b>	2 730
Fair value adjustments to investments	<b>298 887</b>	152 588
Direct transactional costs	<b>1 939</b>	1 284
Impairment reversals	<b>(57)</b>	(1 279)
Interest paid	<b>5 101</b>	5 275
<b>Net income before expenses and exceptional items</b>	<b>353 579</b>	214 900
Less: Expenditure	<b>26 831</b>	22 385
Operating costs	<b>26 683</b>	22 263
Depreciation	<b>148</b>	122
<b>Net income before taxation</b>	<b>326 748</b>	192 515
Taxation – deferred	<b>46 922</b>	50 164
<b>Net income for the year attributable to equity shareholders</b>	<b>279 826</b>	142 351
Translation of foreign subsidiary *1	<b>14 833</b>	6 868
<b>Total comprehensive income attributable to equity shareholders</b>	<b>294 659</b>	149 219
Earnings per share – cents	<b>607,9</b>	308,6
Dividends per share (proposed after interim/year-end) – cents	<b>40,0</b>	32,0
Special dividends	<b>100,0</b>	–
Weighted average number of shares in issue – 000's	<b>46 031</b>	46 126
Headline earnings per share – cents *2	<b>607,9</b>	308,4
<b>Reconciliation of headline earnings</b>		
Net income for the year	<b>279 826</b>	142 351
Profit on sale of property, plant and equipment	<b>(1)</b>	(118)
<b>Headline earnings for the year</b>	<b>279 825</b>	142 233

\*1 This item may subsequently be classified to profit and loss.

\*2 There are no diluting instruments.

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

**Directors:** H Habil<sup>#</sup> (Chairman), P Coutts-Trotter (Deputy Chairman), CS Seabrooke\* (Chief Executive), CP Coutts-Trotter, NSH Hughes<sup>#</sup>, DNM Mokhobo<sup>#</sup>, R Pleaner\*, BJT Shongwe<sup>#</sup>

\*Executive #Independent

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

www.sabvest.com

## Consolidated Summarised Statement of Changes in Equity

for the year ended 31 December 2013

	Share capital R'000	Share premium R'000	Non-distributable reserves R'000	Accumulated profit R'000	Total R'000
<b>Restated balance as at 1 January 2012</b>	857	49 296	4 489	666 878	721 520
Restated total comprehensive income for the year	–	–	6 868	142 351	149 219
Loss in share trust	–	–	(2)	–	(2)
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>Restated balance as at 31 December 2012</b>	<b>857</b>	<b>47 974</b>	<b>11 355</b>	<b>794 466</b>	<b>854 652</b>
Total comprehensive income for the year	–	–	14 833	279 826	294 659
Loss in share trust	–	–	(1)	–	(1)
Shares held in treasury	(8)	(3 411)	–	–	(3 419)
Shares held in treasury – written back	7	2 577	–	–	2 584
Shares held in share trust	(3)	(2 778)	–	–	(2 781)
Shares held in share trust – written back	3	2 778	–	–	2 781
Unclaimed dividends – written back	–	–	–	44	44
Dividends paid	–	–	–	(63 508)	(63 508)
<b>Balance as at 31 December 2013</b>	<b>856</b>	<b>47 140</b>	<b>26 187</b>	<b>1 010 828</b>	<b>1 085 011</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	R937 000
Year 2	R1 021 000
Year 3 to 4	R1 593 000

## Investment holdings

as at 31 December 2013

	Economic interest %	Fair value R'000
<b>Unlisted investments</b>		
SA Bias Industries (Pty) Ltd*	57,3	
Set Point Group (Pty) Ltd	49,9	
Sunspray Food Ingredients (Pty) Ltd	46,1	
		978 000
<b>Listed investments</b>	Ordinary shares	
Brait S.E.	1 525 081	79 975
Corero Network Security Plc	4 000 000	12 501
Datatec Limited	700 000	36 253
Metrofile Holdings Limited	21 983 758	102 884
Net1 UEPS Technologies Inc	211 884	18 909
Transaction Capital Limited	1 200 000	9 420
		259 942
Offshore bond portfolio		50 179
Long-term investment holdings		1 288 121
Offshore share portfolio		88 427
<b>TOTAL HOLDINGS</b>		<b>1 376 548</b>

## Commentary

### Profile

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

Sabvest has significant interests in three unlisted industrial groups, long-term holdings in six listed investments and a foreign share and bond portfolio, all accounted for on a fair value basis. In addition, Sabvest makes finance advances, has debt instrument portfolios and undertakes other fee and profit earning activities.

### Changes in investment holdings

Sabvest:

- Acquired 4m shares in Corero Network Security Plc for R10,2m (GBP0,59m);
- Bought back 25 250 Sabvest ordinary shares and 20 890 Sabvest "N" ordinary shares for R0,85m through a subsidiary;
- Increased its foreign share and bond portfolios from R38,5m to R138,6m (\$13,2m);
- Sold 300 000 shares in Datatec Limited realising an amount of R16,9m; and
- Sold 5 587 738 shares in Metrofile Holdings Limited realising an amount of R26,4m.

The proceeds of the sales of Datatec and Metrofile shares were utilised to fund the special dividend of R46m paid by Sabvest in December.

Subsequent to the reporting date, Sabvest has opened guarantees of R50,6m for the purchase of 23m shares in Torre Industrial Holdings Limited at 220 cents per share in April 2014.

### Change in accounting policy

As advised to shareholders on SENS on 31 May 2013, with effect from 1 January 2013 Sabvest accounts for all its investments on a fair value basis, including unlisted associates which were previously equity accounted. The 2011, 2012 and 2013 figures are presented on this basis.

### Financial results

Sabvest produced record results in the 2013 financial year. HEPS increased by 97% to 607 cents per share. NAV per share increased by 27% to 2 358 cents per share. This increase would have been 32% if the special dividend had not reduced NAV by 100 cents per share.

## Commentary (continued)

Income before taxation increased by 69% to R327m and income after taxation by 96% to R280m.

The increase was a result of growth in the share prices of its listed holdings in South Africa, a strong performance by its offshore portfolio, good overall operating results from the unlisted portfolio aided by the weak rand and the consolidation of 60% of Flowmax Holdings for the first time in SA Bias Industries.

Gains on financial instruments and shares arose from realisations in the foreign and local listed portfolios.

Overheads increased materially due to provisions for incentive bonuses which were higher in the current period.

Shareholders' funds increased by 27% to R1 085m – exceeding R1bn for the first time.

The group's debt levels remain conservative. Internationally, borrowings amounted to R66,3m which are directly utilised to fund the foreign portfolio of bonds and shares. In South Africa, the group has net short-term debt of R21,3m. The medium-term loan of R40m which falls due in 2014 is reflected as a current debt. It is the intention to refinance the loan.

### Unlisted investments

On a look-through basis the unaudited combined revenue of the three unlisted groups for the twelve months was R1 876m and PAT for the twelve months was R228m. Sabvest's share of the PAT was R123m (2012: R95m), including income on investments.

With regard to our unlisted investments:

- The international operations of SA Bias Industries through its International Trimmings and Labels and Flowmax Group divisions performed satisfactory. The South African operations performed close to budget;
- Set Point Group experienced difficult trading conditions due to the disruptions and weaker levels of activity in the mining and related industries; and
- Sunspray Food Ingredients performed well with a satisfactory increase in profitability.

Unlisted investments are fair valued using the maintainable earnings (NOPAT) model, multiples of NOPAT between 7 and 7,5 and adjusting for net cash/investments and interest-bearing debt. The multiples utilised are the same as in the prior reporting period. Sabvest's attributable share of the valuation of the business operations was R821m and adding cash and investments and subtracting debt in the three groups was R978m. The effect of the fair value measurement for the year through profit and loss was R236,4m (2012: R109,1m) before providing for deferred CGT.

### Listed investments

The five JSE listed investments performed according to expectations with particularly strong operating performances from Brait, Metrofile and Transaction Capital. Datatec experienced weakness in some of its markets. Net1's results improved materially but uncertainties still exist relating to the SASSA tender.

Sabvest has made an initial purchase of 4m shares in Corero Network Security Plc which is listed on the AIM market of the LSE. This represents an interest of 4,7% in Corero.

The Chairman of and largest shareholder in Corero is well known to Sabvest. Sabvest has invested successfully in a number of companies with which he has been associated over the years.

Corero is a developer of network security solutions against distributed denial of service attacks and cyber threats at the point of connectivity to the internet for cloud data centres and virtual machine environments.

Subsequent to the reporting date Sabvest has committed to acquire 23m shares in Torre Industrial Holdings Limited. This will represent a 7% interest in Torre. Torre is a young, fast growing industrial group whose business units include SA French, Forktech, Tractor, Grader Supplies and Kanu Equipment. Torre is also currently in the process of acquiring a 100% of Control Instruments Group Limited.

Sabvest regards Torre as an exciting investment opportunity and looks forward to working with Torre's management and board.

The foreign portfolio is held through a ring-fenced entity capitalised to the extent of \$8m and geared only on the security of the underlying portfolio. Sabvest regards it as a managed fund and is itself the manager. At the reporting date it comprised a spread of 17 shares and 7 redeemable or callable reset bonds due 2016 to 2018. Full details of the portfolio are available on Sabvest's website. The returns for 2013 were 24,7% on average invested equity in US dollars.

### Dividends

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

Dividends are considered twice annually. The level of cash generation from the group's investee companies continues to increase. Accordingly the dividend for the year has been increased by 25% to 40 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 212 cents per share. The ability to use these credits expires on 31 March 2015.

The group advised shareholders in October 2013 that the board is considering ways to use some or all of these credits before they expire. To this end a special dividend of 100 cents per share was declared and paid in December 2013.

### 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

These audited summary consolidated annual financial statements have been prepared in accordance with the framework concepts, the recognition and measure 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 Financial Reporting Guides issued by the Accounting Practices Committee and Financial Pronouncements issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act of South Africa.

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 2013. The application of these changes, however, had no impact on the group's financial results for the year. The preparation of these summary consolidated financial statements was supervised by the Chief Financial Officer, R Pleaner C.A. (S.A.).

### Audit opinion

The auditors, Deloitte & Touche, have issued an unmodified audit opinion on the consolidated separate annual financial statements for the year ended 31 December 2013. Their audit was conducted in accordance with the International Standards of Auditing. The summary financial information presented has been derived from the audited annual financial statements for the year ended 31 December 2013. The auditors, Deloitte & Touche, have issued an unmodified opinion on the consolidated summarised financial information. The auditors' 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 auditors work they should obtain a copy of that report with the accompanying financial information from the registered office of the company. A copy of the audit report and report on this consolidated summarised financial information is available for inspection at the company's registered office.

### Board of Directors

Mr Graham Nel retired as a director at the end of the financial year after many years on the board. The board records its thanks to Graham for his services over the period and wishes him well in his future endeavours.

### Prospects

The group's unlisted investee companies are budgeting for improved profitability in 2014. The results may be negatively affected by any strengthening of the Rand and if the disruption and low level of activity in the mining and associated industries continues.

The group's listed investee companies are performing to expectations. However, the future movements in share prices are obviously uncertain.

Overall, we anticipate a satisfactory year for the group but with results at lower levels than in 2013.

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

For and on behalf of the Board

<b>Haron Habib</b> Chairman	<b>Christopher Seabrooke</b> CEO
<b>Raymond Pleaner</b> CFO	Sandton 28 February 2014

### Cash Dividend Declaration

Notice is hereby given that a final gross dividend of 22 cents (2012: 18 cents) per ordinary shares and "N" ordinary share, out of income reserves, for the twelve months ended 31 December 2013 has been declared.

The issued share capital 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 22 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, 20 March 2014
Trading "EX" dividend commences	Monday, 24 March 2014
Record date	Friday, 28 March 2014
Dividend payment date	Monday, 31 March 2014

No dematerialisation or rematerialisation of share certificates will be allowed during the period Monday, 24 March 2014 to Friday, 28 March 2014, both days inclusive.