



# 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: ZAE000012043 – “N” ordinary shares

Share code: SBV – ordinary shares

Share code: SVN – “N” ordinary shares

## AUDITED PRELIMINARY CONSOLIDATED SUMMARISED RESULTS

for the year ended 31 December 2015

and cash dividend declaration

### HIGHLIGHTS

**Headline earnings  
per share**

**1 004 cents**

↑ 125,7%

**Dividends  
per share**

**50 cents**

↑ 16,3%

**Net asset value  
per share**

**3 719 cents**

↑ 38,6%

## Consolidated Summarised Statement of Financial Position

as at 31 December 2015

	<b>31 Dec 2015 Audited R'000</b>	31 Dec 2014 Audited R'000
<b>Non-current assets</b>	<b>1 896 073</b>	1 380 032
Property, plant and equipment	1 369	1 529
Investment holdings	1 894 704	1 378 503
Unlisted investments	1 297 894	1 070 973
Listed investments	596 810	307 530
<b>Current assets</b>	<b>202 427</b>	175 714
Finance advances and receivables	7 319	11 545
Offshore investment holdings	140 077	164 018
Share portfolio	–	99 813
Equity investment	46 671	23 247
Bond portfolio	26 452	40 958
Offshore cash investment portfolio	66 954	–
Cash balances	55 031	151
Local	55 031	151
<b>Total assets</b>	<b>2 098 500</b>	1 555 746
<b>Ordinary shareholders' equity</b>	<b>1 701 382</b>	1 233 073
<b>Non-current liabilities</b>	<b>356 556</b>	237 859
Interest-bearing debt	100 000	60 000
Deferred tax liabilities	256 556	177 859
<b>Current liabilities</b>	<b>40 562</b>	84 814
Interest-bearing debt	9 240	69 040
Offshore portfolio finance	–	64 049
Local other interest-bearing debt	9 240	4 991
Accounts payable and provisions	31 322	15 774
<b>Total equity and liabilities</b>	<b>2 098 500</b>	1 555 746
Net asset value per share with investments at fair value – cents	3 719	2 683
Number of shares in issue less held in treasury – 000's	45 748	45 960

## Consolidated Summarised Statement of Cash Flows

for the year ended 31 December 2015

	<b>31 Dec 2015 Audited R'000</b>	31 Dec 2014 Audited R'000
Cash generated by operating activities	62 099	19 713
Cash generated by investing activities	39 267	37 102
Cash effects of financing activities *	(20 402)	16 378
Cash utilised for the payment of dividends	(21 093)	(64 362)
<b>Change in cash and cash equivalents</b>	<b>59 871</b>	8 831
Cash and cash equivalents at beginning of year	(4 840)	(13 671)
<b>Cash and cash equivalents at end of year</b>	<b>55 031</b>	(4 840)

\* Financing activities comprise movements in long-term debt and portfolio finance.

## Consolidated Summarised Statement of Comprehensive Income

for the year ended 31 December 2015

	<b>31 Dec 2015 Audited R'000</b>	31 Dec 2014 Audited R'000
<b>Gross income from operations and investments</b>	<b>590 256</b>	246 857
Dividends received	91 585	47 114
Interest received	5 062	5 425
Income on financial instruments and shares	57 312	17 972
Fees and sundry income	2 920	2 461
Fair value adjustments to investments	433 377	173 885
Direct transactional costs	(525)	(1 066)
Impairments	17	35
Interest paid	(7 445)	(7 328)
<b>Net income before expenses</b>	<b>582 303</b>	238 498
Less: Expenditure	(43 689)	(31 732)
Operating costs	(43 392)	(31 453)
Depreciation	(297)	(279)
<b>Net income before taxation</b>	<b>538 614</b>	206 766
Taxation – deferred	(78 697)	(2 160)
<b>Net income for the year attributable to equity shareholders</b>	<b>459 917</b>	204 606
Translation of foreign subsidiary *1	35 079	9 211
<b>Total comprehensive income attributable to equity shareholders</b>	<b>494 996</b>	213 817
Earnings per share – cents	1 003,9	445,0
Dividends per share (proposed after interim/year-end) – cents	50,0	43,0
Special dividends per share – cents	–	100,0
Weighted average number of shares in issue – 000's	45 815	45 975
Headline earnings per share – cents *2	1 003,9	444,7
<b>Reconciliation of headline earnings</b>		
Net income for the year	459 917	204 606
Profit on sale of property, plant and equipment	–	(170)
<b>Headline earnings for the year</b>	<b>459 917</b>	204 436

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

\*2 There are no diluting instruments.

# Consolidated Summarised Statement of Changes in Equity

for the year ended 31 December 2015

	Share capital R'000	Share premium R'000	Non-distributable reserves R'000	Distributable reserves R'000	Total R'000
<b>Balance as at 1 January 2014</b>	856	47 140	26 187	1 010 828	1 085 011
Total comprehensive income for the year	–	–	9 211	204 606	213 817
Loss in share trust	–	–	(1)	–	(1)
Shares held in treasury – written back	8	3 411	–	–	3 419
Shares held in treasury – cancelled	(8)	(4 771)	–	–	(4 779)
Shares held in share trust – written back	3	2 778	–	–	2 781
Shares held in share trust – cancelled	(3)	(2 810)	–	–	(2 813)
Dividends paid	–	–	–	(64 362)	(64 362)
<b>Balance as at 31 December 2014</b>	<b>856</b>	<b>45 748</b>	<b>35 397</b>	<b>1 151 072</b>	<b>1 233 073</b>
Total comprehensive income for the year	–	–	35 079	459 917	494 996
Loss in share trust	–	–	(1)	–	(1)
Shares held in treasury	–	(5 593)	–	–	(5 593)
Dividends paid	–	–	–	(21 093)	(21 093)
<b>Balance as at 31 December 2015</b>	<b>856</b>	<b>40 155</b>	<b>70 475</b>	<b>1 589 896</b>	<b>1 701 382</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	R1 113 000
Year 2	R480 000

## Investment holdings

as at 31 December 2015

	Economic interest %	Fair value R'000
<b>Unlisted investments</b>		
Masimong Chemicals (Pty) Ltd *1	–	
SA Bias Industries (Pty) Ltd *2	58,2	
Sunspray Food Ingredients (Pty) Ltd *3	22,0	
		1 297 894
*1 Participating preference shares linked to the performance of 15m shares in Rolfes Holdings Limited		
*2 Voting interest 49%		
*3 Held through Famdeem Investments (Pty) Ltd		
<b>Listed investments</b>		
	Ordinary shares	
Brait S.E.	758 477	126 620
Metrofile Holdings Limited	20 000 000	93 000
Rolfes Holdings Limited	3 000 000	9 210
Torre Industries Limited	61 019 995	244 080
Transaction Capital Limited	10 000 000	123 900
		596 810
Long-term investment holdings		1 894 704
Offshore investment holdings		140 077
Share portfolio		–
Bond portfolio		26 452
Cash portfolio		66 954
Corero Network Security Plc	13 120 000	46 671
<b>TOTAL HOLDINGS</b>		<b>2 034 781</b>

## Commentary

### Profile

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

Sabvest has significant interests in two unlisted industrial groups and one unlisted investment group, long-term holdings in six listed investments, and offshore share, bond and cash portfolios, all accounted for on a fair value basis. In addition, Sabvest makes finance advances, participates in debt instrument portfolios and undertakes other fee and profit earning activities from time to time.

### Changes in investment holdings

During the year Sabvest:

- sold 200 000 shares in Datatec Limited realising R13,3m;
- sold its 49,9% interest in Set Point Group (Pty) Ltd (“Set Point”) to Torre Industries Limited (“Torre”) in exchange for 37m Torre shares which had a fair value of R159m at the transaction date, and which resulted in a gain on the sale of R36,3m relative to the carrying value at 31 December 2014;
- purchased a further 1,027m Torre shares for R4,6m thereby increasing its holding to 61m shares which represents a 12% interest in Torre;
- reduced its holding in the business of Sunspray Food Ingredients (Pty) Ltd from 48% to 22% in a new structure in which Shalamuka Capital, RMB Corvest and management are co-invested with Sabvest and which reduction of interest resulted in a net amount of R48,5m being received by Sabvest;
- purchased a further 7m shares in Transaction Capital Limited for R70,0m, thereby increasing its holding to 10m shares;
- purchased 8 413 Sabvest ordinary shares and 202 897 Sabvest “N” ordinary shares for R5,6m and which are presently held as treasury shares in a subsidiary;
- purchased and sold 60 000 shares in Greenyard Foods NV for approximately \$1m (R16m);
- purchased an additional 4,8m shares in Corero Network Security Plc for £480 000 (R11,0m), thereby increasing its holding to 13,12m shares which represent a 7,8% interest in Corero;

- purchased participating preference shares of R45m in Masimong Chemicals (Pty) Ltd, the value of which is directly linked to the performance of 15m shares in Rolfes Holdings Limited in which Masimong Chemicals holds a 33% equity interest;
- purchased 3m shares in Rolfes Holdings Limited directly for R9,2m; and
- sold its entire offshore share portfolio, other than the investment in Corero, for R131m.

On 31 July 2015, the top-up and claw-back rights and obligation between Torre, Sabvest and other parties arising from the Set Point transaction were cancelled to facilitate the early integration of Set Point into Torre; and

On 31 December 2015 Sabvest’s largest investee company, SA Bias Industries (Pty) Limited, acquired 40% of Flowmax Holdings Limited, thereby increasing its interest to 100%, for a provisional amount of GBP9,8m (R222,6m) subject to profit performance and payment over three years.

Subsequent to the reporting date Sabvest:

- has purchased 500 000 shares in Datatec Limited for R21,7m;
- has contracted to purchase R22,5m additional participating preference shares in Masimong Chemicals (Pty) Ltd, the value of which is directly linked to the performance of 7,5m shares in Rolfes Holdings Limited; and
- has increased its offshore bond portfolio by \$6,6m (R105,6m) to \$8,3m (R132,8m).

### Financial results

Sabvest achieved record results for the year.

Headline earnings per share increased by 125,7% to 1 004 cents per share. The growth arose from the gain on the sale of Set Point, the strong share price increases of Brait, Transaction Capital and Corero Network Security, satisfactory returns on the offshore portfolios and a satisfactory performance by SA Bias Industries. The gains in Brait, Corero and SA Bias were enhanced by the weak rand against the US dollar.

NAV per share increased by 38,6% to 3 719 cents per share.

DPS for the year increased by 16,3% to 50 cents per share.

PAT increased by 125% to R460m.

Shareholders’ funds increased by 37,9% to R1,7bn.

## Listed investments

- Brait's share price increased materially pursuant to its realisation of its interest in Pepkor, new investments in Virgin Active and New Look and the sale of its consideration shares in Steinhoff.
- Metrofile produced its usual steady growth in earnings but its share price was weak in the period.
- Torre's share price strengthened during the year as it implemented its strategies for the growth of its industrial footprint in RSA and Africa. This was given impetus by its acquisitions of Elephant Lifting and Set Point Group and its raising of additional capital through placements with Safika and Mineworkers Investment Company.
- Transaction Capital continues to trade very satisfactorily since its reorganisation at the end of 2013. It produced good growth for the year with the share price strengthening in response.
- Rolfes Holdings Limited is a new addition to the portfolio directly and indirectly through Masimong Chemicals preference shares. The Rolfes share price has been steady since the date of purchase.
- The group's offshore share and bond portfolio performed satisfactorily in difficult market conditions with US dollar returns of 2,0% for the year excluding Corero and 6,70% for the year including Corero. The group disposed of its entire general equity portfolio before the year end. The bond portfolio is listed on Sabvest's website.

## Unlisted industrial investments

- SA Bias Industries' results for the year showed satisfactory growth, assisted by conversion to rands at the weaker exchange rates applicable during the year. At the year-end it concluded a transaction to increase its interest in the UK based Flowmax Group to 100%.
- Sunspray traded well with profitability ahead of budget.

Unlisted investments continue to be valued using the maintainable earnings model (NOPAT) adjusted for net cash/debt. The earnings multiples utilised were unchanged from prior periods.

## Deferred taxation

During the year, the level of unrealised fair value adjustments in certain of the group's subsidiaries exceeded the assessed losses in those subsidiaries for the first time. Deferred taxation on increases in unrealised gains in those subsidiaries is accordingly now being raised.

## Subsequent events

There were no subsequent events.

## Dividends

Dividends are determined relative to Sabvest's own cash flows from investments and services and capital receipts that are not earmarked for new transactions. Dividends are considered twice annually. The dividend for the year has been increased by 16,3% to 50 cents per share (2014: 43 cents per share).

Shareholders are referred to the final cash dividend declaration included in this report.

## Related parties

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

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

## Accounting policies

The audited consolidated summarised financial statements have been prepared in accordance with the framework concepts and the recognition and measurement criteria of International Financial Reporting Standards (IFRS) and comply with the minimum 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 financial instruments and investments which are measured at fair value. The significant accounting policies and methods of computation are consistent in all material aspects to those applied in the

previous financial year. 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 preparation of these summary consolidated financial statements was supervised by the Chief Financial Officer, R Pleaner CA(SA).

This announcement does not include the information required pursuant to paragraph 16A(j) of IAS 34. The full annual financial statements of the company, set out these disclosures and are available at the issuer's registered offices and upon request and will be available on the company's website in due course once the integrated annual report is finalised.

## Audit opinion

The auditors, Deloitte & Touche, have issued an unmodified audit opinion on the consolidated annual financial statements for the year ended 31 December 2015. Their audit was conducted in accordance with the International Standards of Auditing. The audited preliminary consolidated summarised results presented have been derived from the audited consolidated financial statements for the year ended 31 December 2015. The auditors, Deloitte & Touche, have issued an unmodified opinion on the preliminary 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 on the full consolidated financial statements and report on this preliminary consolidated summarised financial information are available for inspection at the company's registered office.

Any reference to future financial information included in the announcement has not been reviewed or reported on by the company's auditors.

## Directorate

There were no changes during the period.

## King III compliance

Sabvest's compliance report has been updated on the Sabvest website.

## Prospects

The group's unlisted industrial investees are budgeting for improved profitability in 2016 but this may be affected by any strengthening of the rand and weaker trading conditions.

The group's listed investee companies are performing to expectation in a difficult trading environment. Share prices have weakened in the first two months of the year and future movements in share prices are obviously uncertain.

It is not possible to comment on overall expected 2016 performance at this stage due to the likely effects on fair values of reduced listed share prices and of the strengthening rand on foreign currency earnings and valuations.

For and on behalf of the Board

**Philip Coutts-Trotter**  
*Chairman*

**Christopher Seabrooke**  
*CEO*

**Raymond Pleaner**  
*CFO*

Sandton  
26 February 2016

## Cash dividend declaration

Notice is hereby given that a final gross dividend of 29 cents (2014: 25 cents) per ordinary share and "N" ordinary share, out of income reserves, for the twelve months ended 31 December 2015 has been declared.

The issued share capital at the declaration date is 17 076 804 ordinary and 28 883 000 "N" ordinary shares. The income tax number of the company is 9375/105/716.

Withholding tax on dividends at a rate of 15% will be deducted for all shareholders who are not exempt in terms of the legislation. This will result in a final net cash dividend of 24,65 cents per ordinary and "N" ordinary share to non-exempt shareholders.

Last date to trade "CUM" dividend	Wednesday, 16 March 2016
Trading "EX" dividend commences	Thursday, 17 March 2016
Record date	Thursday, 24 March 2016
Dividend payment date	Tuesday, 29 March 2016

No dematerialisation or rematerialisation of share certificates will be allowed during the period Thursday, 17 March 2016 to Thursday, 24 March 2016, both days inclusive.

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

**Directors:** P Coutts-Trotter (*Chairman*), DNM Mokhobo\* (*Deputy Chairman*), CS Seabrooke\* (*Chief Executive*), CP Coutts-Trotter, NSH Hughes\* (*Lead Independent Director*), R Pleaner\*, BJT Shongwe\*  
\*Executive \*Independent

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