



# 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

## UNAUDITED INTERIM RESULTS for the six months ended 30 June 2015 and cash dividend declaration

### HIGHLIGHTS

**Headline earnings  
per share**

**327,5 cents**

**+309%**

**Interim  
dividend per share**

**21,0 cents**

**+17%**

**Net Asset Value  
per share**

**2 997 cents**

**+24%**

## Consolidated Summarised Statement of Financial Position

as at 30 June 2015

	Unaudited 30 June 2015 R'000	Unaudited 30 June 2014 R'000	Audited 31 Dec 2014 R'000
<b>Non-current assets</b>	<b>1 490 146</b>	1 220 312	1 380 032
Property, plant and equipment	1 516	1 636	1 529
Investment holdings	1 488 630	1 218 676	1 378 503
Unlisted investments	946 509	940 600	1 070 973
Listed investments	542 121	278 076	307 530
<b>Current assets</b>	<b>191 843</b>	148 581	175 714
Finance advances and receivables	10 316	12 716	11 545
Offshore investment holdings	140 476	113 283	164 018
Share portfolio	92 641	–	99 813
Bond portfolio	26 390	88 780	40 958
Equity investment	21 445	24 503	23 247
Cash balances	41 051	22 582	151
<b>Total assets</b>	<b>1 681 989</b>	1 368 893	1 555 746
<b>Ordinary shareholders' equity</b>	<b>1 371 543</b>	1 111 814	1 233 073
<b>Non-current liability</b>	<b>258 770</b>	209 636	237 859
Interest-bearing debt	60 000	40 000	60 000
Deferred tax liability	198 770	169 636	177 859
<b>Current liabilities</b>	<b>51 676</b>	47 443	84 814
Interest-bearing debt	36 279	38 120	69 040
Offshore portfolio finance	29 248	11 053	64 049
Offshore loans payable	–	7 322	–
Other interest-bearing debt	7 031	19 745	4 991
Accounts payable and provisions	15 397	9 323	15 774
<b>Total equity and liabilities</b>	<b>1 681 989</b>	1 368 893	1 555 746
Net asset value per share – cents	2 997	2 419	2 683
Number of shares in issue less held in share trust/ treasury – 000's	45 769	45 965	45 960

## Consolidated Summarised Statement of Cash Flows

for the six months ended 30 June 2015

	Unaudited 6 months ended 30 June 2015 R'000	Unaudited 6 months ended 30 June 2014 R'000	Audited 12 months ended 31 Dec 2014 R'000
Cash generated by operating activities	13 643	16 519	19 713
Cash generated by investing activities	76 438	59 176	37 102
Cash effects of financing activities*	(39 739)	(49 064)	16 378
Cash utilised for the payment of dividends	(11 482)	(10 123)	(64 362)
<b>Change in cash and cash equivalents</b>	<b>38 860</b>	16 508	8 831
Cash balances, less current interest-bearing debt, excluding portfolio finance, at beginning of period	(4 840)	(13 671)	(13 671)
<b>Cash balances, less RSA short-term interest-bearing debt at end of period</b>	<b>34 020</b>	2 837	(4 840)

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

## Consolidated Summarised Statement of Comprehensive Income

for the six months ended 30 June 2015

	Unaudited 6 months ended 30 June 2015 R'000	Unaudited 6 months ended 30 June 2014 R'000	Audited 12 months ended 31 Dec 2014 R'000
<b>Gross income from operations and investments</b>	<b>188 239</b>	48 039	246 857
Dividends received	26 311	31 634	47 114
Interest received	2 318	3 047	5 425
Income on financial instruments and shares	43 253	6 269	17 972
Fees and sundry income	2 566	2 053	2 461
Fair value adjustment to investments	113 791	5 036	173 885
Direct transactional costs	(405)	(610)	(1 066)
Impairments	12	25	35
Interest paid	(3 326)	(3 573)	(7 328)
<b>Net income before expenses and exceptional items</b>	<b>184 520</b>	43 881	238 498
Less: Expenditure	(13 570)	(12 990)	(31 732)
Operating costs	(13 433)	(12 875)	(31 453)
Depreciation	(137)	(115)	(279)
<b>Net income before taxation</b>	<b>170 950</b>	30 891	206 766
Taxation – deferred	(20 911)	6 063	(2 160)
<b>Net income for the period attributable to equity shareholders</b>	<b>150 039</b>	36 954	204 606
Translation of foreign subsidiary* <sup>1</sup>	4 850	1 131	9 211
<b>Total comprehensive income attributable to equity shareholders</b>	<b>154 889</b>	38 085	213 817
Earnings per share – cents	327,5	80,4	445,0
Interim dividend per share (proposed after reporting date) – cents	21,0	18,0	43,0
Special dividend per share (proposed after reporting date) – cents	–	100,0	100,0
Weighted average number of shares in issue – 000's	45 820	45 977	45 975
Headline earnings per share – cents	327,5	80,0	444,7
<b>Reconciliation of headline earnings</b>			
Net income for the period	150 039	36 954	204 606
(Profit)/loss on sale of property, plant and equipment	–	(170)	(170)
Headline earnings for the period	150 039	36 784	204 436

\*<sup>1</sup> This item may subsequently be classified to profit and loss.

# Consolidated Summarised Statement of Changes in Equity

for the six months ended 30 June 2015

	Share capital R'000	Share premium R'000	Non-distributable reserve R'000	Distributable reserve 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 period	–	–	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 period	–	–	4 850	150 039	154 889
Loss in share trust – written back	–	–	1	–	1
Loss in share trust	–	–	(1)	–	(1)
Shares held in treasury	–	(4 937)	–	–	(4 937)
Dividends paid	–	–	–	(11 482)	(11 482)
<b>Balance as at 30 June 2015</b>	<b>856</b>	<b>40 811</b>	<b>40 247</b>	<b>1 289 629</b>	<b>1 371 543</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 066 000
Year 2	R1 057 000

## Investment holdings

as at 30 June 2015

	Economic interest %	Fair value R'000
<b>Unlisted investments</b>		
SA Bias Industries (Pty) Ltd * <sup>1</sup>	58,2	
Sunspray Food Ingredients (Pty) Ltd * <sup>2</sup>	22,0	
		946 509
* <sup>1</sup> Voting interest 49%		
* <sup>2</sup> Held through Famdeen Investments (Pty) Ltd		
<b>Listed investments</b>		
	Ordinary shares	
Brait S.E.	1 000 000	123 300
Metrofile Holdings Limited	20 000 000	90 800
Torre Industries Limited	61 019 995	279 471
Transaction Capital Limited	5 000 000	48 550
		542 121
Long-term investment holdings		1 488 630
Offshore investment holdings		140 476
Share portfolio		92 641
Bond portfolio		26 390
Corero Network Security Plc	8 320 000	21 445
<b>TOTAL HOLDINGS</b>		<b>1 629 106</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, long-term holdings in five listed investments and an offshore share and bond portfolio, 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 interim reporting period 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;
- Purchased a further 2m shares in Transaction Capital Limited for R16,9m thereby increasing its holding to 5m shares;
- Reduced its holding in the business of Sunspray Food Ingredients (Pty) Limited 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 3 000 Sabvest ordinary shares and 187 664 Sabvest “N” ordinary shares for R4,9m and which are presently held as treasury shares in a subsidiary; and
- Reduced its offshore share and bond portfolio to R119m.

Subsequent to the reporting date Sabvest:

- Purchased an initial long-term holding of 60 000 shares in the listed Greenyard Foods NV Group for \$1m. Pursuant to its acquisition of the Univeg Group, Greenyard Foods is the largest distributor of fresh, frozen and canned fruit and vegetables in the European Union. It is controlled by the Deprez family in Belgium and three of its other large shareholders and directors are well known to Sabvest;
- Made a new investment commitment of R45m in RSA which is projected to become unconditional in Q-4 2015; and
- Has committed to acquire an additional 4,1m shares in Corero Network Security for GBP410k (R7,7m) thereby increasing its holding to 12,42m shares representing 7,3% of Corero.

### Financial results

Headline earnings per share increased by 309% to 327 cents per share relative to the prior interim reporting period. The growth arose from the gain on sale of Set Point, the strong share price increases of Brait, Torre and Transaction Capital, good returns in the offshore portfolios and a steady performance by SA Bias Industries. It should be seen in the context of the below budget performance in the 2014 interim reporting period and is therefore not an indicator of expected HEPS for the 2015 year as a whole.

NAV per share increased by 24% year-on-year to 2 997 cents relative to NAV at the 2014 interim reporting date, notwithstanding the payment of a special dividend of 100 cents per share in August 2014.

DPS for the interim period increased by 17% to 21 cents per share as explained more fully in the Dividend section below.

Shareholders' Funds increased to R1,37bn and net total interest-bearing debt remains at conservative levels of R26m in RSA and R29m offshore.

## 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 a strong price performance from its current holdings in Steinhoff.
- Metrofile produced its usual steady performance but its share price was weaker than expected in the period.
- Torre's share price continues to strengthen as it successfully implements its strategies for the development of a new industrial group in RSA and Africa. This was given additional impetus during the period 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 well since its reorganisation and payment of special dividends at the end of 2013. It produced good interim results with the share price strengthening in response.
- Corero Network Security has launched its new generation SmartWall product in its DDOS (distributed denial of service) focused cyber security segment. It is in proof of concept trials with numerous major vendors. Its share price has been weak during this period.
- The group's offshore share and bond portfolio performed satisfactorily with US dollar returns of 5,8% for the six months (11,6% annualised) notwithstanding lower levels of gearing. The holdings at the reporting date comprised 19 shares and 4 bonds as listed on Sabvest's website. The portfolio is overweight in IT and biotech.

## Unlisted investments

- SA Bias Industries results for the period were steady and up on the prior period. Its International Trimmings division concluded its acquisition of a 76% interest in Overheer Systems Inc, an RFID tech company (radio frequency identification technology) in Canada, and the establishment and growth of its new operating units in Vietnam, India and Bangladesh are proceeding to plan. It is also in discussions to increase its 60% interest in the UK based Flowmax Group. Its Narrowtex businesses traded satisfactorily but experienced subdued demand in export markets.
- Sunspray traded well with profitability ahead of budget.

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

## Deferred taxation

During the period, 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.

## Dividends

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

Dividends are considered twice annually. The interim dividend has been increased by 17% to 21 cents per share (2014: 18 cents per share).

STC credits were utilised for all previous normal and special dividends with the result that those were not subject to DWT. That dispensation expired at the end of March 2015 and all dividends since that date are subject to DWT unless the recipient is exempt.

## Related parties

Related party transactions exist between subsidiaries and the holding company, fellow subsidiaries and associated 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 unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with IAS 34, Interim Financial Reporting, the SAICA Financial Reporting Guides issued by the Accounting Practices Committee and Financial Pronouncements issued by the Financial Reporting Standards Council, the JSE Limited Listings Requirements as well as the requirements of 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 2014.

## Directorate

There have been no changes during the period.

## King III compliance

The Compliance Report on Sabvest's website has been updated pursuant to the release of the annual report for the 2014 financial year.

## Prospects

The group's unlisted investee companies are trading satisfactorily.

The group's listed investee companies are trading to expectations but the future movements in share prices are obviously uncertain.

Overall we anticipate a satisfactory year for the group.

Forecast information contained in this announcement has not been reviewed and reported on by the group's external auditors.

For and on behalf of the Board

**Philip Coutts-Trotter**  
*Chairman*

**Christopher Seabrooke**  
*CEO*

**Raymond Pleaner**  
*CFO*

Sandton  
29 July 2015

## Interim cash dividend declaration

Notice is hereby given that an interim gross cash dividend of 21 cents (2014: 18 cents) per ordinary and "N" ordinary share for the six months ended 30 June 2015 has been declared out of income reserves.

The issued share capital of the company 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 an interim net cash dividend of 17,85 cents per ordinary and "N" ordinary share to non-exempt shareholders.

Last date to trade "CUM" dividend Friday, 14 August 2015

Trading "EX" dividend commences Monday, 17 August 2015

Record date Friday, 21 August 2015

Dividend payment date Monday, 24 August 2015

No dematerialisation or rematerialisation of share certificates will be allowed during the period Monday, 17 August 2015 to Friday, 21 August 2015, both days inclusive.

**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) 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)