



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

Condensed Audited Results for the year ended 31 December 2010 and cash dividend declaration

Consolidated Condensed Statement of Financial Position

at 31 December 2010	31 Dec 2010 Audited R'000	31 Dec 2009 Audited R'000
Non-current assets	453 800	365 442
Property, plant and equipment	745	1 070
Deferred tax asset	555	1 249
Share trust receivables	3 761	6 126
Investment holdings	448 739	356 997
Associates	329 373	292 994
Long-term investments	119 366	64 003
Current assets	41 686	31 205
Finance advances and receivables	16 532	24 672
Other financial instruments	5 899	–
Short-term investments	16 021	–
Cash balances	3 234	6 533
Total assets	495 486	396 647
Ordinary shareholders' equity	427 098	379 071
Non-current liability	55 491	5 212
Interest-bearing debt	48 124	–
Deferred tax liability	7 367	5 212
Current liabilities	12 897	12 364
Interest-bearing debt	5 133	7 350
Accounts payable	7 764	5 014
Total equity and liabilities	495 486	396 647
Shareholders' equity with investments at intrinsic value – R'000	569 679	502 696
Net asset value per share – cents	922	825
Net asset value per share with investments at directors' valuation (intrinsic value) – cents +12%	1 230	1 094
Number of shares in issue less held in share trust/treasury – 000's	46 320	45 968

Consolidated Condensed Statement of Cash flows

for the year ended 31 December 2010	12 months 31 Dec 2010 Audited R'000	12 months 31 Dec 2009 Audited R'000
Cash generated by operating activities	552	17 632
Cash generated by investing activities	(45 054)	11 333
Cash effects of financing activities	50 359	701
Cash utilised for the payment of dividends	(6 939)	(6 479)
Change in cash and cash equivalents	(1 082)	23 187
Cash balances, less interest-bearing debt, at beginning of year	(817)	(24 004)
Interest-bearing debt, less cash balances, at end of year	(1 899)	(817)

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2010

	12 months 31 Dec 2010 Audited R'000	12 months 31 Dec 2009 Audited R'000
Gross income from operations and investments	100 031	78 938
Dividends received	17 208	34 939
Interest received	2 884	1 567
(Loss)/income on financial instruments and shares	(1 166)	9 976
Fees and sundry income	5 125	2 809
Fair value adjustments to investments	21 585	8 274
Equity accounted retained income of associates	54 395	21 373
Share of net income of associates	68 752	53 936
Less: Dividends received	(14 357)	(32 563)
Impairments	(144)	(181)
Interest paid	3 892	3 467
Net income before expenses and exceptional items	96 283	75 652
Less: Expenditure	23 103	18 538
Operating costs	22 783	18 208
Depreciation	320	330
Exceptional items – gains	325	9 344
Net income before taxation	73 505	66 458
Taxation – deferred	2 849	2 374
Net income for the year attributable to equity shareholders	70 656	64 084
Translation of foreign subsidiary/associates	(1 515)	(1 536)
Total comprehensive income for the year attributable to equity shareholders	69 141	62 548
Earnings per share – cents	154,0	139,1
Dividends per share (proposed after year-end) – cents	+21% 17,0	14,0
Weighted average number of shares in issue – 000's	45 869	46 078
Headline earnings per share – cents	+29% 153,0	118,8
Reconciliation of headline earnings		
Net income for the year	70 656	64 084
Exceptional gains – group	(236)	(14 153)
Exceptional losses – associates	–	4 628
(Gains)/losses arising from former finance operations	(89)	181
Profit on sale of property, plant and equipment	(167)	–
Headline earnings for the year	70 164	54 740

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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 year ended 31 December 2010

	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 2009	862	50 033	253 060	46 681	350 636
Total comprehensive income for the year	–	–	(1 536)	64 084	62 548
Accumulated loss in share trust	–	–	(1 452)	–	(1 452)
Share-based payment charge	–	–	480	–	480
Attributable income of associates	–	–	16 745	(16 745)	–
Movement in translation and other reserves of associates	–	–	(25 508)	–	(25 508)
Shares held in share trust – written back	5	696	–	–	701
Shares held in share trust	–	(1 855)	–	–	(1 855)
Dividends paid	–	–	–	(6 479)	(6 479)
Balance as at 31 December 2009	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

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	R1,167 million
Years 2	R0,507 million

Investment Profile

at 31 December 2010

	Number of shares	Economic interest %	Carrying value R'000	Directors' value R'000
Investments in associates				
Unlisted				
Flowmax Holdings Limited (BVI/UK)		40,0		
SA Bias Industries (Pty) Limited		57,3 *		
Set Point Group (Pty) Limited		49,8		
Sunspray Food Ingredients (Pty) Limited		47,1		
			329 373	522 945

* Voting interest 48,8%

Long-term investments

Unlisted

Korbitec Holdings (Pty) Limited		8,5		
Korbicom (Pty) Limited		17,0		
Primedia Holdings 1 Limited – JJPIK Loans		–		
Transaction Capital (Pty) Limited	1 000 000	–		
			20 048	20 048

Listed

Brait SA	600 000	–		14 520
Datatec Limited	1 000 000	–		33 300
Metrofile Holdings Limited	20 400 000	5,0		43 248
Net1 UEPS Technologies Inc	100 000	–		8 250
			99 318	99 318

Total long-term investments and associates

448 739 **642 311**

Short-term investments

Listed

Foreign				13 486
RSA				2 535
			16 021	16 021

Total investment holdings

464 760 **658 332**

Performance indicators

	Compound Growth 1 year (%)	Annualised Compound Growth 5 years (%)
Headline earnings per share	28,8	15,6
Dividends per share	21,4	23,2
Intrinsic net asset value per share	12,4	20,7

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

Financial results

Sabvest's results for the twelve months were very satisfactory with a good performance from its associated companies and higher than expected fair value adjustments to its investment portfolios.

Headline earnings per share increased by 29% to 153 cents per share and the dividends for the year have been increased by 21% to 17 cents per share.

Intrinsic value per share increased by 12% to 1 230 cents per share. The extent of the increase was affected by the strong Rand at the financial year-end due to the conversion at these rates of the overseas assets held by the group through SA Bias Industries and Flowmax UK.

Shareholders' funds with investments at intrinsic value (net of notional CGT) increased to R570m.

A four year loan of R35m has been raised to facilitate the group's South African investment programme. An offshore ring-fenced thirteen months notice facility of \$2m has been arranged to enable the group to re-open its overseas short-term portfolio which is currently focused on the IT sector.

It is Sabvest's intention to maintain a moderate level of gearing to enhance investment returns. At the reporting date net interest-bearing debt amounted to 9% of shareholders' equity at intrinsic value.

With regard to the lower dividends received for the year, certain dividends that were previously accounted for in the second half of each year and paid in the first half of the following financial year will now be declared and paid in the first half of the following financial year.

Operating costs for the year included R2,6m of one-off items arising from special incentives and the winding up of the group's share appreciation rights scheme as explained to shareholders in the circular dated 7 December 2010. All three executive directors are now direct shareholders in the company.

With regard to medium-term growth, over a five-year period, headline earnings per share grew by 15,6% p.a., dividends per share by 23,2% p.a. and intrinsic net asset value per share by 20,7% p.a. – all in excess of the group's growth targets.

Industrial associates

Sabvest's four unlisted industrial associates performed well with Sabvest's share of their after tax income increasing by 28% to R69m. On a look-through basis and notwithstanding the effects of the strong Rand, the unaudited combined revenue of the four groups for the twelve months was R1,3bn, EBITDA R222m and PBT R182m.

Changes in investment holdings

During the period, Sabvest:

- Promoted a process which has led to the delisting of Set Point Group Limited and which has resulted in Sabvest's holding in Set Point increasing from 31% to 49%. All of the guarantees and loan funding provided by Sabvest for this process have been released or refinanced without recourse to Sabvest.
- Acquired 1m shares in Transaction Capital (Pty) Limited – a specialised financial group.
- Increased its investment in Korbitec Holdings (Pty) Limited, a subsidiary of Naspers, to 8,5%.
- Acquired 0,6m shares in Brait SA, which is listed on the Luxembourg and JSE exchanges.
- Acquired 0,1m shares in Net1 UEPS Technologies Inc, which is listed on NASDAQ and the JSE.
- Reopened its offshore portfolio with investments on NASDAQ in Check Point Software Technologies, Google and Qualcomm.
- Disposed of its equity interests in Nimble Group through the sale of its investment in Ridge Empowerment Capital but retained the participations held by it in the Nimble and West Central debt funds.

With regard to the group's associates:

- Flowmax UK expanded the spread of its five industrial distribution businesses in the UK through the acquisitions of Anglo Nordic Burners Products Limited, Bell Flow Systems Limited and Fluidwell (UK) Limited.
- SA Bias Industries disposed of its Hanger Pro operating unit in RSA.

Dividend policy

The group's policy is to pay an interim and a final dividend. The extent of the dividends is determined relative to net operating cash flows and from receipts from finance advances and the realisation of investments that are not earmarked for new projects.

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 its directors.

Accounting policies

The condensed financial statements have been prepared in accordance with the group's accounting policies which are consistent with those of the previous year's financial statements and comply with IFRS and the AC 500 standards as issued by the Accounting Practices Board or its successor. This announcement contains the information required by IAS 34 – Interim Financial Reporting.

Audit opinion

Deloitte & Touche has issued an unmodified audit opinion. A copy of the audit report is available for inspection at the registered office of the company.

Prospects

All of the group's associates are projecting improved earnings in 2011. In addition, most of the companies in the group's investment portfolios are also expected to record improved results although the extent to which this will be reflected in share prices or valuations is obviously uncertain.

As a result we anticipate an improvement in Sabvest's results in the year ahead. This projection has not been reviewed or reported on by the group's auditors.

For and on behalf of the Board

Haroon Habib **Christopher Seabrooke** **Raymond Pleaner**
Chairman CEO CFO

Sandton
2 March 2011

Cash Dividend Declaration

Notice is hereby given that a final cash dividend of 13 cents (2009: 11 cents) per ordinary share and “N” ordinary share for the twelve months ended 31 December 2010 has been declared payable to shareholders in accordance with the undermentioned timetable:

Last date to trade “CUM” dividend	Thursday, 17 March 2011
Trading “EX” dividend commences	Friday, 18 March 2011
Record date	Friday, 25 March 2011
Dividend payment date	Monday, 28 March 2011

No dematerialisation or rematerialisation of share certificates will be allowed for the period from Friday, 18 March 2011 to Friday, 25 March 2011, both days inclusive.