Sabvest Limited

Annual Report

2009

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Corporate 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 a long-term portfolio of large minority or joint controlling interests in five groups in the industrial, services and financial sectors, which are accounted for as associates, and a portfolio of five other investments which are accounted for on a fair value basis.

In addition, Sabvest makes finance advances to investee or potential investee companies and undertakes other fee and profit earning activities.

Financial targets

Sabvest aims to:

- *increase headline earnings per share by 15% per annum.*
- *increase intrinsic value per share by 15% per annum.*
- *increase annual dividends to shareholders by 10% per annum, but subject to the prudent liquidity requirements of the group.*

Performance indicators

	Compound Growth 1 year (%)	Annualised Compound Growth 5 years (%)
Headline earnings per share	32,1	16,4
Dividends per share	0,0	69,0
Intrinsic net asset value per share	7,6	24,6

Group salient features

as at 31 December 2009

2009 US cents	2008 US cents		2009 RSA cents	2008 RSA cents
		RETURNS TO SHAREHOLDERS		
14,3	10,9	Headline earnings per share	**118,8**	89,9
16,7	2,1	Earnings per share	**139,1**	17,4
1,7	1,7	Dividend proposed *[1]	**14,0**	14,0
148	109	Net asset value per share with investments at directors' valuation (intrinsic value)	**1 094**	1 016

US$'000	US$'000		R'000	R'000
		STATEMENT OF COMPREHENSIVE INCOME		
6 587	5 044	Headline attributable income	**54 740**	41 570
7 711	978	Income attributable to equity shareholders	**64 084**	8 060
		STATEMENT OF FINANCIAL POSITION		
51 382	37 561	Ordinary shareholders' equity	**379 071**	350 636
53 764	41 111	Total assets	**396 647**	383 774
48 390	38 323	Investment holdings	**356 997**	357 749
111	2 511	Interest-bearing debt	**817**	24 004
68 139	50 249	Ordinary shareholders' equity with investments at directors' valuation (net of CGT provisions)	**502 696**	469 071

Rand/Dollar exchange rate

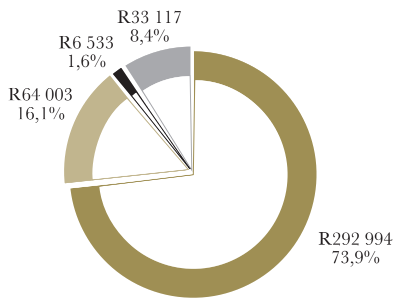
Statement of comprehensive income: US$1 = 8,3100 (2008: US$1 = 8,2414)

Statement of financial position: US$1 = 7,3775 (2008: US$1 = 9,3350)

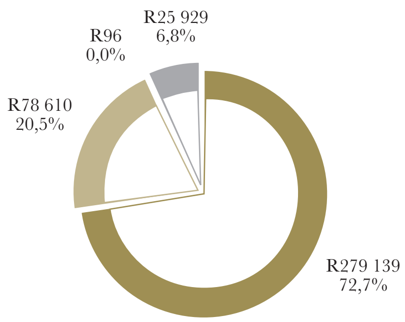
*[1] *11 cents after year-end (2008: 11 cents after year-end)*

Graphical presentation of assets

ASSETS PER CATEGORY EXPRESSED AS A PERCENTAGE OF TOTAL ASSETS AT 31 DECEMBER (R'000)



2009



2008

Associates | Long-term investments | Cash | Other assets

HUMAN RESOURCES

RSA executive directors	Overseas executive management	Staff	Sub-total	Non-executive directors	**2009**	Total 2008
3	1	6	10	6	**16**	16

Profile of investments

at 31 December 2009

Company	Listed/ Unlisted	Number of shares held	Voting interest	Economic interest	Nature of business
Associates					
Flowmax Holdings Limited (BVI/UK)	U		40,0%	40,0%	Distributors of fluid handling equipment and systems in the United Kingdom through its subsidiaries Alpeco, CTS, Action Sealtite, Hytek and IFC.
Ridge Empowerment Capital (Pty) Limited	U		45,0%	45,0%	A BEE investment holding company with interests in distressed debt assets.
SA Bias Industries (Pty) Limited	U		48,5%	57,3%	Global manufacturer of printed and woven labels, narrow fabric products and trimmings through International Trimmings and Labels, Narrowtex and Apparel Components with operating units in RSA, UK, Canada, Europe, China, Hong Kong, Turkey, Sri Lanka, India, Morocco, Mexico and Australia.
Sunspray Food Ingredients (Pty) Limited	U		47,1%	47,1%	Producers of spray-dried and blended powdered food and drink products.
Set Point Group Limited	L	108 441 609	31,6%	31,6%	An industrial products and services group which operates through three divisions – analytical, fluid handling and mining services.
Portfolio investments					
Datatec Limited	L	700 000			International Communications and Technology group focused on networking, information security and convergence technologies.
Korbitec Holdings (Pty) Limited	U		8,4%	8,4%	A developer and provider of specialist software for the legal and property related industries through GhostConvey, Windeed and Property24.
Korbicom (Pty) Limited	U		17,0%	17,0%	A developer and provider of software for the legal sector through Automated Civil Litigation in Canada and GhostPractice and GhostDraft in South Africa.
Metrofile Holdings Limited	L	20 000 000	5,0%	5,0%	Market leader in on-site and off-site document management and information storage.
Primedia Holdings 1 Limited	U				South African media group with activities in broadcasting, film distribution and theatres, outdoor, home entertainment and sport marketing,

Profile of investments

at 31 December 2009
continued

Carrying value including goodwill and after impairments 2009 R'000	Directors' valuation 2009 R'000	Dividends received 2009 R'000	Share of income of associates: Interest received 2009 R'000	Retained income 2009 R'000	Fair value adjustments 2009 R'000	Other income 2009 R'000	Total 2009 R'000	Period for purposes of equity accounting
292 994	**457 526**	**32 563**	**600**	**21 373**			**54 536**	
30 848								12 months to 31 December 2009
–								12 months to 31 December 2009
170 589								12 months to 31 December 2009
19 386								12 months to 31 December 2009
220 823	**367 519**	**27 695**	**600**	**15 060**			**43 355**	
72 171	**90 007**	**4 868**		**6 313**			**11 181**	12 months to 31 August 2009
64 003	**64 003**	**2 376**			**8 274**	**9 976**	**20 626**	
18 795	**18 795**							
13 406	**13 406**							
4 802	**4 802**							
27 000	**27 000**							
–	–							
356 997	**521 529**	**34 939**	**600**	**21 373**	**8 274**	**9 976**	**75 162**	
Total per balance sheet	Total per directors' valuation				Other income		**3 776**	
					Total per income statement		**78 938**	

Eight-year review

at 31 December 2009

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

2008 US$'000	**2009 US$'000**	
39 117	**49 534**	Non-current assets
148	**145**	Property, plant and equipment
203	**169**	Deferred tax asset
443	**830**	Share trust receivables
–	**–**	Medium-term receivables
38 323	**48 390**	Investment holdings
29 902	**39 715**	Associates
8 421	**8 675**	Long-term
1 994	**4 230**	Current assets
1 984	**3 344**	Finance advances and receivables
–	**–**	Short-term investments
10	**886**	Cash balances
41 111	**53 764**	Total assets
37 561	**51 382**	Ordinary shareholders' equity
373	**706**	Non-current liability
373	**706**	Deferred tax liability
3 177	**1 676**	Current liabilities
2 582	**996**	Interest-bearing debt
595	**680**	Accounts payable
41 111	**53 764**	Total equity and liabilities

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

7 185	**9 499**	Gross income from operations and investments
4 629	**4 204**	Dividends received
478	**189**	Interest received
–	**1 200**	Income on financial instruments and shares
337	**338**	Fees and sundry income
(2 055)	**996**	Fair value adjustment to investments
3 796	**2 572**	Equity accounted retained income of associates
8 136	**6 490**	Share of net income of associates
(4 340)	**(3 918)**	*Less:* Dividends received
–	**–**	Direct transactional costs
(5)	**(22)**	Impairments
283	**417**	Interest paid
6 907	**9 104**	Net income before expenses and exceptional items
1 926	**2 231**	*Less:* Expenditure
1 878	**2 191**	Operating costs
48	**40**	Depreciation
4 066	**(1 124)**	Exceptional items – (gains)/loss
915	**7 997**	Net income before taxation
(62)	**285**	Taxation
977	**7 712**	Net income attributable to equity shareholders
5 044	**6 587**	Headline attributable income

RETURNS TO SHAREHOLDERS

10,9	**14,3**	Headline earnings per share – cents
2,1	**16,7**	Earnings per share – cents
1,7	**1,7**	Dividends per share – paid or proposed – cents
81	**112**	Net asset value per share – cents
104	**148**	Net asset value per share at directors' valuation (intrinsic value) – cents
46 180	**45 968**	Number of shares in issue – 000's
46 260	**46 078**	Weighted number of shares in issue – 000's

Eight-year review

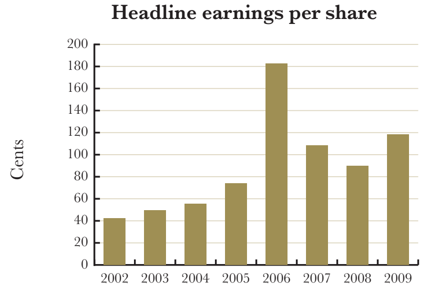
at 31 December 2009

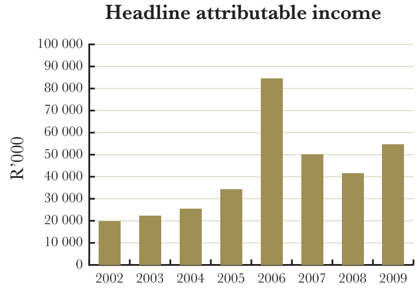
continued

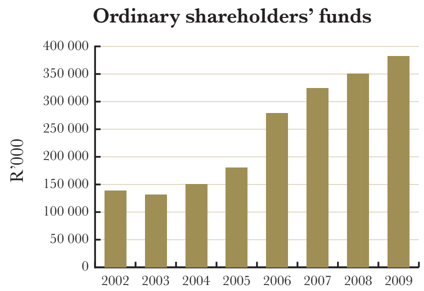
2002 R'000	2003 R'000	2004 R'000	2005 R'000	2006 R'000	2007 R'000	2008 R'000	**2009 R'000**
134 395	125 861	138 156	171 868	234 804	304 076	365 160	**365 442**
934	1 202	2 106	1 835	1 787	1 501	1 380	**1 070**
–	724	868	4 758	2 778	2 545	1 897	**1 249**
3 445	1 372	2 312	2 674	3 090	3 574	4 134	**6 126**
–	–	–	11 397	–	–	–	**–**
130 016	122 563	132 870	151 204	227 149	296 456	357 749	**356 997**
125 677	110 985	125 465	140 330	172 088	219 099	279 139	**292 994**
4 339	11 578	7 405	10 874	55 061	77 357	78 610	**64 003**
18 165	12 980	22 305	17 061	61 156	38 350	18 614	**31 205**
17 236	12 321	22 216	14 841	17 471	28 700	18 518	**24 672**
–	–	–	2 186	2 550	–	–	**–**
929	659	89	34	41 135	9 650	96	**6 533**
152 560	138 841	160 461	188 929	295 960	342 426	383 774	**396 647**
139 037	131 495	151 034	180 933	279 371	324 786	350 636	**379 071**
–	–	49	49	3 338	4 645	3 486	**5 212**
–	–	49	49	3 338	4 645	3 486	**5 212**
13 523	7 346	9 378	7 947	13 251	12 995	29 652	**12 364**
10 888	5 852	7 906	5 279	7 615	7 101	24 100	**7 350**
2 635	1 494	1 472	2 668	5 636	5 894	5 552	**5 014**
152 560	138 841	160 461	188 929	295 960	342 426	383 774	**396 647**
31 062	31 217	36 152	41 814	108 715	67 818	59 216	**78 938**
1 674	2 048	3 500	5 485	12 248	18 729	38 149	**34 939**
3 270	5 720	4 932	7 656	7 827	6 423	3 938	**1 567**
–	–	–	2 879	37 156	311	–	**9 976**
2 722	2 658	2 378	2 314	6 386	2 213	2 781	**2 809**
–	–	–	3 268	22 429	7 406	(16 939)	**8 274**
23 396	20 791	25 342	20 212	22 669	32 736	31 287	**21 373**
25 070	22 682	27 717	25 611	34 640	49 996	67 056	**53 936**
(1 674)	(1 891)	(2 375)	(5 399)	(11 971)	(17 260)	(35 769)	**(32 563)**
–	–	–	–	4 452	–	–	**–**
–	–	–	–	1 000	–	(45)	**(181)**
3 528	2 191	1 425	1 330	1 594	1 643	2 335	**3 467**
27 534	29 026	34 727	40 484	101 669	66 175	56 926	**75 652**
6 339	7 402	8 462	9 879	11 759	14 503	15 869	**18 538**
5 946	6 961	7 991	9 431	11 296	14 095	15 473	**18 208**
393	441	471	448	463	408	396	**330**
5 214	5 733	1 163	1 469	(1 256)	3 449	33 509	**(9 344)**
15 981	15 891	25 102	29 136	91 166	48 223	7 548	**66 458**
–	(724)	(145)	(3 890)	5 269	1 574	(512)	**2 374**
15 981	16 615	25 247	33 026	85 897	46 649	8 060	**64 084**
19 695	22 348	25 390	34 262	84 550	50 110	41 570	**54 740**
42,5	49,5	55,4	74,1	182,7	108,3	89,9	**118,8**
34,5	36,8	55,1	71,4	185,6	100,8	17,4	**139,1**
–	3,0	3,0	6,0	12,0	14,0	14,0	**14,0**
307	292	326	391	604	702	759	**825**
357	348	447	481	862	1 050	1 016	**1 094**
45 217	45 109	46 259	46 259	46 275	46 276	46 180	**45 968**
46 230	45 144	45 845	46 259	46 272	46 276	46 260	**46 078**

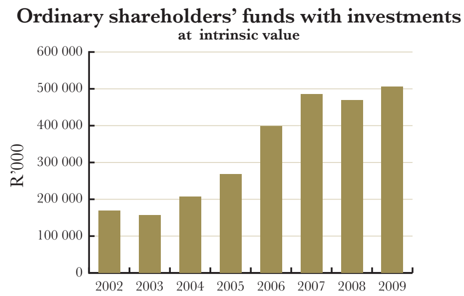
Eight-year graphical review

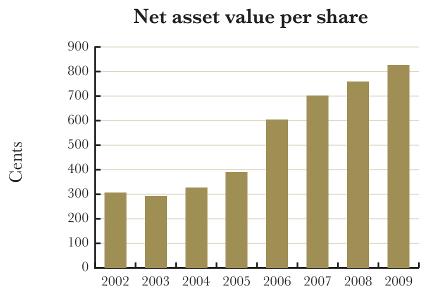
at 31 December 2009

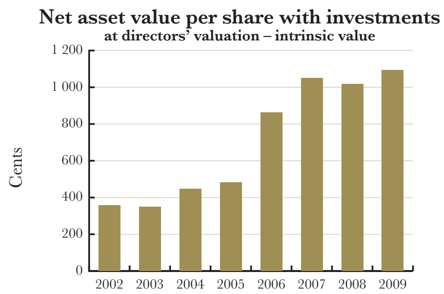


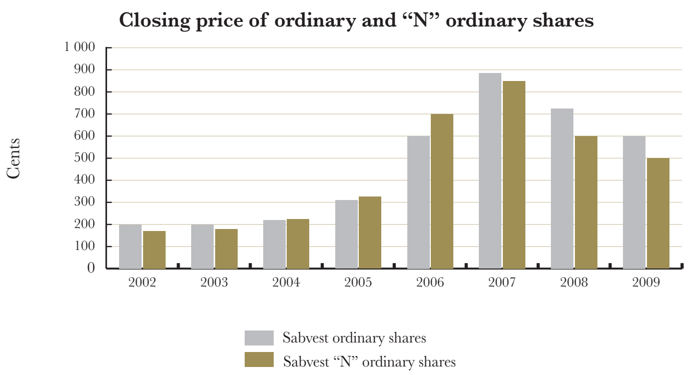












Directorate

EXECUTIVE DIRECTORS

Christopher Stefan Seabrooke (56)
BCom, BAcc, MBA, FCMA
Chief Executive

Joined the group in 1980

Appointed Chief Executive in 1987

Non-executive Chairman of Metrofile Holdings Limited and Set Point Group Limited, Deputy Chairman of Massmart Holdings Limited and a Non-executive director of Datatec Limited (AIM/JSE) and Net1 UEPS Technologies Inc (Nasdaq) and Brait S.A. (Luxembourg/JSE). Also a director of unlisted companies including Mineworkers Investment Company (Pty) Limited and Transaction Capital (Pty) Limited.

Raymond Pleaner (55)
BCompt(Hons), CA(SA)
Financial Director and Company Secretary

Joined the group in 1985, appointed company secretary in 1988 and appointed to the board in 1996.

Carl Philip Coutts-Trotter (34)
BBusSc (Actuarial Science), FASSA, FIA(UK)
Executive Director

Joined the group and appointed to the board in 2007. Previously Vice-President and Deputy Chief Actuary of Old Mutual (US Life). Non-executive Director, SA Bias Industries (Pty) Limited and Alternate Director, Set Point Group Limited.

NON-EXECUTIVE DIRECTORS

Haroon Habib (69)
Independent Non-executive Chairman

Appointed to the board in 1996 and Chairman in 2003

Chairman, Financial Markets & Investments (Pty) Limited

Nigel Stuart Hamilton Hughes (55)
BCom, CA(SA), FCMA
Independent Non-executive Director

Appointed to the board in 1987

Executive Chairman, Mertrade (Pty) Limited.

Philip Coutts-Trotter (63)
BCom, MBA
Non-executive Deputy Chairman

Appointed to the board in 1987

Executive Chairman, SA Bias Industries (Pty) Limited.

Dawn Nonceba Merle Mokhobo (60)
BA (Social Science)
Independent Non-executive Director

Appointed to the Board in 2005

Non-executive Director of Massmart Holdings Limited, Engen Limited. Deputy Executive Chairperson of Partnership Investments. Former winner South African Businesswoman of the Year Award.

Graham Ernest Nel (62)
Pr Eng, BSc Eng, MBL, MSAICE
Non-executive Director

Appointed to the board in 1987

Executive Chairman, Flowmax Holdings Limited and Non-executive Director, Set Point Group Limited.

Bheki James Themba Shongwe (54)
BA (Econ), MBA, ACIS, FCIBM
Independent Non-executive Director

Appointed to the board in 2005

Executive Chairman, Matsoma Global Investment Holdings Limited. Chairman, Company Management Consultants (Pty) Limited, Remchannel (Pty) Limited. Non-executive Director of Highveld Steel and Vanadium Corporation Limited, Air Transport and Navigation Services Limited, Matsamo Technologies (Pty) Limited.

Ages at 31 December 2009.

Business strategy

- Our aim is to maintain and grow a portfolio of equity interests in a spread of industrial, service and financial businesses with sound growth records or potential for growth, that will generate cash and earn above average returns on capital over a period.
- Our interest in associates will usually be large minority holdings with sizeable interests held by management with whom we interact as partners. Our associates will usually be unlisted companies.
- We may hold equity investments that are small in percentage terms, but where we are able to exert influence through board representation or shareholder agreements. Conversely we may hold majority or joint controlling interests but without direct management responsibility. Accordingly, we participate in good businesses with first-class management without being restricted by a required size of our percentage holdings.
- Our approach to our investments in associates is similar to that of a diversified holding company. However, each business in which we are invested is free standing in financial terms, ring-fenced as to risk and separately assessed.
- We wish to hold a meaningful level of investments in hard currency countries.
- We do not follow a trading approach to our holdings. We do not acquire or dispose of investments in accordance with a private equity philosophy, nor are we constrained by any required balance between listed and unlisted holdings. We hold our investments on a long-term basis subject only to continual review of the quality of the underlying businesses, and to any constraints or obligations in shareholder agreements.
- We will, when necessary, make changes to our holdings or within the businesses in which we are invested notwithstanding any short-term accounting consequences.
- We do not issue shares for acquisitions or for the purposes of raising funds unless the value received meaningfully exceeds the value given.
- In addition to our long-term portfolio of investments in associates, we also hold a portfolio of other investments in businesses in which we or any of our board directors have specific insights or experience, and hold cash or short-term investments pending the availability of new long-term investments.

Statement of corporate governance

STATEMENT OF CORPORATE GOVERNANCE

The company and its directors are fully committed to group corporate governance and to the principles of openness, integrity and accountability in dealing with shareholders and all other stakeholders.

All directors endorse the code of corporate practices and conduct recommended in the King II Report on Corporate Governance.

All the recommendations that apply to Sabvest as an investment company, have been implemented, or the reasons for electing non-compliance are stated in this report.

BOARD OF DIRECTORS

The board consists of nine directors, six of whom are non-executive and of whom four are independent.

The roles of the Chairman and Chief Executive are separate. The Chairman is an independent non-executive director. The directors consider the mix of technical, entrepreneurial, financial and business skills of the directors to be balanced, thus ensuring the effectiveness of the board.

The board retains full and effective control over the company and its subsidiaries and monitors the performance of and decisions of executive management. In addition, the company is represented on the boards of all of its associates.

All directors have access to management and the Company Secretary and to such information as is needed to carry out their duties and responsibilities. All directors are entitled to seek independent professional advice concerning the affairs of Sabvest at the company's expense.

Directors are subject to election by shareholders at the first opportunity following their appointment. Directors retire by rotation and stand for re-election by shareholders at least once every three years, in accordance with the company's Articles of Association.

The board usually meets three times a year. Additional meetings are held when non-scheduled matters arise. In addition, the company has an effective communication process to facilitate consultation with all directors on an ongoing basis.

The full responsibilities of the board are set out in a written charter adopted by the board.

Directors participate at meetings in person or by audio conference. During the year directors' attendance at the three board meetings held, was as follows:

	Attendance:
CP Coutts-Trotter	3/3
P Coutts-Trotter	3/3
H Habib	3/3
NSH Hughes	2/3
GE Nel	3/3
R Pleaner	3/3
DNM Mokhobo	1/3
CS Seabrooke	3/3
BJT Shongwe	3/3

The profiles of directors are set out on page 9, shareholdings on page 22, remuneration details on page 41 and share scheme allocations in notes 21 and 22 on pages 46 and 47.

Statement of corporate governance

continued

The board has the following committees to assist it with its duties:

- Audit, Governance and Risk Committee; and
- Remuneration and Nominations Committee.
- The board considers annually the performance of the Chairman, the CEO, the non-executive directors and each of the committees. The board also reviews annually the board and committee charters, code of ethics, risk register and management's framework of authorities.

AUDIT, GOVERNANCE AND RISK COMMITTEE

The Committee operates within defined terms of reference and authority granted to it by the board in terms of a written charter. It meets at least twice a year, and the external auditors and CFO are invited to attend. The Chief Executive may also attend by invitation from time to time. The external auditors have unrestricted access to the Committee.

The principle functions of the Committee are to review the interim and annual financial statements and accounting policies, monitor the effects of internal controls, assess the risks facing the business, assess the expertise and experience of the Financial Director, discuss the findings and recommendations of the auditors and review corporate governance procedures. The Audit Committee also has the responsibility for appointing the auditors and for ensuring that there is appropriate independence relating to non-audit services provided by the auditors. These non-audit services are presently taxation, corporate finance, technical accounting, risk and human resources.

The group Committee also undertakes the required Audit Committee functions of the group's South African subsidiaries.

The committee comprises the following members:

	Attendance:
NSH Hughes (Independent Non-executive Chairman)	2/2
BJT Shongwe (Independent Non-executive)	2/2

Ms DNM Mokhobo has been appointed to the committee subsequent to the year-end.

REMUNERATION AND NOMINATIONS COMMITTEE

The Remuneration and Nominations Committee operates within defined terms of reference granted to it by the board and meets annually.

The Committee determines executive remuneration and incentives, reviews staff costs and recommends non-executive directors' fees to shareholders. It conducts appropriate market reviews periodically relative to these assessments. It also considers the composition and performance of the board and its committees and makes recommendations on new appointments.
The Committee comprises the following members:

	Attendance:
DNM Mokhobo (Independent Non-executive Chairman)	1/1
NSH Hughes (Independent Non-executive)	0/1
P Coutts-Trotter (Non-executive)	1/1

REMUNERATION POLICY

The Remuneration and Nominations Committee ensures that the remuneration of executives and staff is competitive in the South African marketplace.

Sabvest's policy is to pay cost to company packages in the upper quartiles for comparable positions.

Short-term incentives may be earned between 50% and 65% of cost to company packages, with allowance for out performance on some of the financial criteria. The quantitative criteria are between 50% and 65% of the potential annual incentives and are calculated relative to PAT, dividends paid to shareholders and control of costs/capital ratios. Each executive has different qualitative criteria for the balance of the award. These include the development of the strategic plans of associates and new investments.

Statement of corporate governance

continued

In addition to PAT and the growth in cash dividends to shareholders the other material quantitative metric relevant to shareholders is the growth in intrinsic value per share. Sabvest has a long-term incentive plan (LTIP) for executives and staff. Participants receive a notional award of between 10% and 65% of their cost to company package annually which is "invested" in the group's intrinsic NAV. The growth in this notional investment is measured annually and may vest over three to five years. An award will expire and not vest if a hurdle rate of 10% per annum growth in intrinsic NAV is not achieved. Adjustments are made to account for the notional re-investment of dividends. The awards are cash settled and accounted for in the income statement annually. The potential awards are capped at 150% of the gain in notional investments.

The 2005 and 2006 LTIP's vested and were paid out in 2008 and 2009. The 2007–2009 LTIP's are currently under water and have no value as the hurdle rate of growth has not been achieved.

Accordingly, when the short-term incentive scheme and the LTIP are viewed together, 50% of the potential annual incentive to executives is based on growth in intrinsic value per share, 25% to 35% on the other quantitative metrics and 15% to 25% on qualitative metrics.

Management's interests are aligned with those of shareholders relative to share prices in two ways.

Two of the executive directors participate in the share trust incentive scheme by way of interest-free loans for shares purchased. No options have been issued or will be issued. New allocations are not made annually. They are considered periodically by the Remuneration Committee and may be made every four or five years to coincide with the midpoint of the period of the scheme.

The share appreciation rights scheme (SARS) allows for awards of notional investments in the company's "N" shares which may vest over three to five years and may be exercised up to year ten if the employee is still with the group. The awards may be settled in cash or shares at the company's election. A maximum of 1,5 million awards may be made with a limit of 1,0 million per executive. These awards are not made annually but may be made periodically at the discretion of the Remuneration Committee. 650 000 awards have been made to date in total.

The company or the trust has or will, when appropriate, acquire shares in the market so that neither the share scheme nor the SARS will be dilutive to shareholders.

Executive directors who take the responsibility of appointments to the boards of the group's associates receive directors' fees from some of those companies. In addition four of the group's five associates pay consulting fees directly to Sabvest. The fifth associate will commence paying fees to Sabvest in 2010.

Mr Seabrooke holds certain non-executive directorships independently and not as a representative of the group. However, these enhance the group's influence, improve the group's access to new investments and result in income to the group from time to time. Mr Seabrooke retains the fees from those appointments.

Non-executive directors receive fees for their roles as directors and as board committee members.

SHAREHOLDER COMMUNICATION

Sabvest reports formally to shareholders twice a year when its half year and full year results are announced on SENS, in the press and in printed form to shareholders and other parties.

Shareholders are invited to Sabvest's annual general meeting and encouraged to interact with management in that forum.

Sabvest's website www.sabvest.com provides up-to-date financial and business information about the group and includes electronic copies of all recent formal announcements, statements and financial results.

SHARE BUY-BACKS

The company has obtained clarity from the JSE that it may aggregate ordinary and "N" ordinary shares as equity instruments for the purpose of calculating the required spread of shareholders. The company is accordingly permitted to repurchase its shares. Purchases have been made by the share trust or a subsidiary of the company to mitigate dilution arising from share trust and SARS allocations.

Statement of corporate governance

continued

SHARE DEALINGS

A written code of share dealing has been approved by the board.

No director, executive or employee may deal directly or indirectly in Sabvest shares where that person may be aware of unpublished price sensitive information. In addition, there are closed periods where dealings are not permitted. These commence at the end of the interim and final reporting periods until the release of the group's results, or at any time when Sabvest has issued a cautionary announcement.

Sabvest's directors are similarly restricted relative to its listed associates. Sabvest and its CEO are restricted relative to other Sabvest investments where the CEO is a director in his personal capacity (ie not representing Sabvest).

Directors require prior approval from the Chairman or CEO in order to deal in Sabvest shares or those of listed associates.

BEE

Sabvest is committed to BEE principles and practices and encourages BEE practices in all of its associates.

FINANCIAL AND INTERNAL CONTROLS

The group's internal controls and accounting systems are designed to provide reasonable, but not absolute, assurances as to the integrity and reliability of the financial information and to safeguard, verify and maintain accountability of its revenue and assets.

The board has considered the group's major business risks and the control environment and a full risk review is conducted annually.

The directors are not aware of any material breakdowns in the systems of internal financial control during the year.

An internal audit function is not considered appropriate due to the nature and size of the group's business.

ENVIRONMENT

Sabvest encourages the businesses with which it is associated to operate in a manner that minimises negative effects to the environment and enhances their surroundings, wherever possible.

ETHICS

Sabvest has subscribed to a written code of ethics. It is committed to the highest standards of integrity and behaviour in dealing with all its stakeholders and those of its associates, and with society as a whole.

DISCLOSURE

The annual report deals adequately with disclosures pertaining to financial statements, auditor's responsibility, accounting records, internal control, risk management, accounting policies, adherence to accounting standards, going concern issues, codes of corporate governance and the JSE Listings Requirements.

Sabvest complies with Section 3.84 of the JSE Listings Requirements relating to corporate governance.

CORPORATE SOCIAL INVESTMENT

Sabvest encourages corporate social investment programmes in all of its associates.

In addition, Sabvest invests between 0,5% and 1,0% of its own after-tax profits before exceptional items in specific programmes. During 2009 the group funded eleven high school bursaries, mostly for pupils from historically disadvantaged families. The group also funded medical research and classrooms for rural schooling. Since the commencement of the CSI program in 2007, the group has funded forty school years in urban and rural areas for high school pupils.

Annual review

THE YEAR IN RETROSPECT

Sabvest's results for the year were better than expected due to fair value investment gains, gains on the sale of and variation of interests in investments and results from the group's industrial associates being in line with expectations although below the prior year.

During the year Sabvest made the following changes to its investment portfolio:

- Increased its investment in Set Point Group Limited to 108,4 million shares representing 31,6% of the equity in Set Point;
- Marginally reduced its interest in Metrofile Holdings Limited to 20 million shares, being just below 5% to comply with aspects of the King III report;
- Fully impaired its interests in Primedia Holdings 1 Limited which, while remaining an excellent group of media businesses, is in the process of a financial restructuring pursuant to an LBO in 2007;
- Disposed of its portfolio shareholding in Massmart Holdings Limited to fund the increase in its holding in Set Point Group Limited;
- Re-organised its interests in the Korbitec Group pursuant to the acquisition by Naspers of 51% of Korbitec Holdings. Sabvest now owns 8,4% of Korbitec Holdings, 17% of Korbicom and has received cash inflows arising from the re-organisation.

One of the group's associates, Ridge Empowerment Capital (Pty) Limited, acquired 16,3% of Nimble Group (Pty) Limited and 25% of Nimble Collection Services (Pty) Limited, and is committed to an investment in the Nimble Credit Opportunities Fund. In addition, Ridge disposed of its interest in West Central Capital (Pty) Limited to the Nimble Group.

Subsequent to the year-end, Sabvest has promoted a process which may lead to the delisting of Set Point Group Limited from the JSE. If successfully concluded, this will have the effect of increasing Sabvest's percentage holding in Set Point.

2009 FINANCIAL RESULTS

Headline earnings per share increased by 32% to 118 cents per share largely as a result of fair value investment gains and gains on the sales of investments.

The group's associates were affected by the weak economic conditions but achieved expectations in most cases.

Profit after taxation and exceptional items increased to R64 million due to improved headline earnings and exceptional gains of R14 million from a variation of interests in Korbitec.

Earnings per share increased materially to 139 cents per share. However, the prior year's earnings per share figure was impacted by a substantial one-off charge and is therefore not strictly comparable.

Intrinsic value per share increased by 8% to 1 094 cents per share. This increase was reduced by the effect of the strong Rand on the translation of the group's foreign holdings in Flowmax and in the international businesses of SA Bias Industries.

With regard to medium-term growth, shareholders' attention is drawn to the table of performance indicators. Over a five-year period and notwithstanding eighteen months of poor trading conditions during this time, headline earnings per share grew by 16,4% per annum, dividends per share by 69% per annum and intrinsic net asset value per share by 24,6% per annum – all in excess of the group's growth targets.

Annual review

continued

The group's balance sheet is strong with negligible net gearing at the reporting date. Shareholders' funds with investments at intrinsic value increased from R469 million to R502 million.

Dividends have been maintained at 14 cents per share notwithstanding the increase in headline earnings per share. In this regard shareholders' attention is drawn to the fact that R15 million of dividends received do not constitute recurring cash flow as they represent the balance of the special dividend declared by an associate for the 2008/2009 years.

ACCOUNTING MATTERS

The financial statements have been prepared in accordance with the group's accounting policies which are consistent with those of the previous financial statements and comply with International Financial Reporting Standards.

STRATEGIC OVERVIEW

The strategies that guide our approach to our business are set out in page 10 of this report.

We continue to focus on long-term holdings in growth investments irrespective of their size as a percentage holding and irrespective of whether they have to be equity accounted as associates or fair valued as investments.

Notwithstanding the unprecedented economic climate, only one of the group's investments required impairment and the others have either maintained or grown their values in the period under review.

In the coming year we hope to materially increase our investment in Set Point Group Limited and to make other new investments. The climate is right for adding to our portfolio at reasonable prices. To the extent necessary, we will raise medium-term loans for this purpose.

INVESTMENT REVIEW

Sabvest's holdings are set out on pages 4 and 5 and our graphical review on page 8 of this report.

Associates

- Flowmax Holdings Limited had a difficult year with a material drop in earnings in most of its United Kingdom-based business units. These were affected both by the economy and the effect of weak sterling exchange rates on its cost of goods. The group is well managed and remains soundly positioned to take advantage of any upturn in trading conditions.

- Ridge Empowerment Capital (Pty) Limited has investments in Nimble Group (Pty) Limited, Nimble Collections (Pty) Limited, the Nimble Credit Opportunities Fund and the West Central Partnership 1. We expect satisfactory returns from these investments in the period ahead.

- SA Bias Industries (Pty) Limited had a difficult year in South Africa but a satisfactory year in its international operations, particularly those in Hong Kong, China and Sri Lanka. Earnings were lower than in the previous year but were impacted by one-off closure costs in the UK and Morocco. We anticipate better earnings in 2010 from the South African operations.

Annual review

continued

- Set Point Group Limited had a reasonable year despite recording a drop in earnings. Business conditions deteriorated in the mining exploration and mining services sectors which are two of the group's core markets. We anticipate flat earnings in the coming year as well but the business units remain well positioned to take advantage of any upturn.

- Sunspray Food Ingredients (Pty) Limited had an excellent year with good improvements in cash flows and earnings. It has expanded its production capacity which remains fully utilised and anticipates further growth in the year ahead.

Other investments

- Datatec Limited has indicated in a trading statement that it anticipates a drop in earnings in the current financial year. However, the international ICT market is starting to recover and Datatec's growth potential remains sound.

- Korbitec was restructured during the year pursuant to the acquisition of 51% of Korbitec Holdings (Pty) Limited by Naspers. The business units not retained were transferred to Korbicom (Pty) Limited. Sabvest now holds 8,4% of Korbitec, 17% of Korbicom and has received cash flow as a result of the re-organisation.

- Metrofile Holdings Limited continues to record growth in normalised headline earnings. It is steadily de-gearing its leveraged balance sheet and adding to its storage capacity, range of services and geographic spread. Further satisfactory growth is expected.

- Primedia Holdings 1 Limited is the holding company of a group of first class media businesses. The group is in the process of a financial restructuring of the substantial debt arising from its LBO in 2007. Accordingly, for prudence, Sabvest has provided fully against the cost of this investment at the present time.

FINANCE ADVANCES AND RECEIVABLES

Most advances are related to past, current or prospective investees or comprise loans to entities acquiring distressed debt portfolios. Included in the receivables are dividends receivable from associates in an amount of R12 million payable after the year-end.

DIVIDEND POLICY

The group's policy is to pay an interim and a final dividend. The extent of the dividend will be influenced by operating cash flows and receipts from the non-core components of finance advances and investments that are not earmarked for new projects. It is one of the group's objectives to maintain or increase dividends annually, but subject to the prudent financial requirements of the group at the time.

SOCIAL INVESTMENT PROGRAMMES

Although Sabvest is an investment holding company, it funds its own social responsibility programme encompassing secondary education, medical care and research and support for children. Details of the past year's programme are set out on page 14 of the annual report.

Annual review

continued

PROSPECTS

The businesses operated by the group's associates and by the group's investee companies all continue to have sound medium-term growth prospects and are well managed. However, the current economic downturn may continue to affect the short-term profitability of some of the businesses.

APPRECIATION

We record our appreciation to our co-directors and the staff of Sabvest for our excellent working relationships and the support received in the past year. We also record our appreciation to our partners in our associated companies for the ongoing sound, stimulating and constructive relationships maintained. Our thanks go also to our bankers and advisors for their continued support.

Haroon Habib
Chairman

Christopher Seabrooke
Chief Executive

Sandton
2 March 2010

Directors' approval of the annual financial statements

To the members of Sabvest Limited

The directors of the company are responsible for the preparation and integrity of the annual financial statements and related financial information included in this report. The financial statements have been prepared in accordance with International Financial Reporting Standards. It is the responsibility of the independent auditors to report on the financial statements. Their report to the members of the company is set out on page 20 of the annual report. The financial statements incorporate full and responsible disclosure in line with the accounting philosophy of the group. There is no reason to believe that the business will not continue as a going concern for the foreseeable future. These financial statements have been approved by the board of directors and are signed on its behalf by:

CS Seabrooke
Chief Executive

R Pleaner
Chief Financial Officer

Sandton
2 March 2010

Declaration by company secretary

The secretary certifies that the company has lodged with the Registrar of Companies all such returns as are required of a public company, in terms of the Companies Act, No 61 of 1973, as amended, and that all such returns are true, correct and up to date.

R Pleaner
Secretary

Sandton
2 March 2010

Report of the independent auditors

To the members of Sabvest Limited

We have audited the annual financial statements and group annual financial statements of Sabvest Limited, which comprise the directors' report, the company statement of financial position and the consolidated statement of financial position as at 31 December 2009, the company statement of comprehensive income and the consolidated statement of comprehensive income, the company statement of changes in equity and the consolidated statement of changes in equity and the company statement of cash flows and the consolidated statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 4 and 5 and 21 to 51.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and of the group as at 31 December 2009, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

Deloitte & Touche

Registered Auditors

per **BL Escott**

Partner – Audit

2 March 2010

Buildings 1 and 2, Deloitte Place, The Woodlands, Woodlands Drive, Woodmead, Sandton

National Executive: GG Gelink (Chief Executive), AE Swiegers (Chief Operating Officer), GM Pinnock (Audit), DL Kennedy (Tax & Legal and Risk Advisory), L Geeringh (Consulting), L Bam (Corporate Finance), CR Beukman (Finance), TJ Brown (Clients and Markets), NT Mtoba (Chairman of the Board), CR Qually (Deputy Chairman of the Board)

A full list of partners and directors is available on request.

Directors' report

for the year ended 31 December 2009

NATURE OF BUSINESS

Sabvest Group's main activities are set out in the corporate profile on page 1.

RESULTS OF OPERATIONS

The results of operations for the year ended 31 December 2009 are reflected in the attached annual financial statements.

SUBSIDIARIES

Details of the company's interest in its consolidated subsidiaries appear in Annexure A1, which forms part of this report.

GOING CONCERN

The board has concluded that the business will be a going concern in the year ahead after considering all relevant variables within its knowledge.

SHARE CAPITAL AND SHARE PREMIUM

There were no changes to the share capital.

INVESTMENTS

Details of the group's investments are set out on pages 4 and 5 and in note 2 to the annual financial statements.

Directors' report

for the year ended 31 December 2009
continued

DIRECTORS' INTERESTS

The directors' beneficial and non-beneficial direct and indirect holdings in the ordinary shares and the "N" ordinary shares of the company at 31 December 2009 were as follows:

	2009			
	Ordinary shares 000's	**"N" ordinary shares 000's**	**Total 000's**	2008 Total 000's
Executive				
CS Seabrooke	**11 820**	**3 080**	**14 900**	14 061
CP Coutts-Trotter	–	–	–	–
R Pleaner	**21**	**1 073**	**1 094**	1 094
Non-executive				
P Coutts-Trotter	**5**	**4**	**9**	9
H Habib	–	–	–	–
NSH Hughes	–	–	–	–
DNM Mokhobo	–	–	–	–
GE Nel	–	–	–	–
BJT Shongwe	–	–	–	–
	11 846	**4 157**	**16 003**	15 164

Since the end of the financial year to the date of this report the interests of the directors remained unchanged.

DIVIDENDS

An interim dividend of 3 cents per share (2008: 3 cents) was declared during the year and a final dividend of 11 cents per share (2008: 11 cents) has been declared subsequent to the year-end.

CHANGES IN INVESTMENT HOLDINGS

During the year the group acquired 40 441 609 shares in Set Point Group Limited and 212 085 shares in Korbicom (Pty) Limited and disposed of 500 000 shares in Massmart Holdings Limited, 1 400 000 shares in Metrofile Holdings Limited and reduced its economic interest in Korbitec Holdings (Pty) Limited to 8,4%.

Directors' report

for the year ended 31 December 2009
continued

DIRECTORS AND SECRETARY

Details of the present board of directors and the secretary appear on page 9. Messrs CS Seabrooke, NSH Hughes and GE Nel retire at the forthcoming annual general meeting but, being eligible, offer themselves for re-election.

CONTROLLING ENTITY

The company has no holding company. A controlling interest in the company is held by The Seabrooke Family Trust. Details of shareholders are set out on page 51.

SUBSEQUENT EVENTS

The group has promoted a process which may lead to the delisting of Set Point Group Limited from the JSE. Sabvest has opened guarantees of R20 million to assist Set Point Group Limited in this transaction.

Consolidated statement of financial position

at 31 December 2009

	Notes	**2009 R'000**	2008 R'000
Non-current assets		**365 442**	365 160
Property, plant and equipment	1	**1 070**	1 380
Deferred tax asset	10.3	**1 249**	1 897
Share trust receivables	21	**6 126**	4 134
Investment holdings	2	**356 997**	357 749
Associates		**292 994**	279 139
Long-term		**64 003**	78 610
Current assets		**31 205**	18 614
Finance advances and receivables	3	**24 672**	18 518
Cash at bank		**6 533**	96
Total assets		**396 647**	383 774
Ordinary shareholders' equity		**379 071**	350 636
Share capital and premium	4	**49 741**	50 895
Non-distributable reserves	5	**241 789**	253 060
Accumulated profit	5	**87 541**	46 681
Non-current liability		**5 212**	3 486
Deferred tax liabilities	10.3	**5 212**	3 486
Current liabilities		**12 364**	29 652
Interest-bearing debt	6	**7 350**	24 100
Accounts payable and provisions	7	**5 014**	5 552
Total equity and liabilities		**396 647**	383 774

Consolidated statement of comprehensive income

for the year ended 31 December 2009

	Notes	**2009 R'000**	2008 R'000
Gross income from operations and investments		**78 938**	59 216
Dividends received		**34 939**	38 149
Interest received		**1 567**	3 938
Income on financial instruments and shares		**9 976**	–
Fees and sundry income		**2 809**	2 781
Fair value adjustments to investments		**8 274**	(16 939)
Equity accounted retained income of associates		**21 373**	31 287
Share of net income of associates		**53 936**	67 056
Less: Dividends received		**(32 563)**	(35 769)
Impairments		**(181)**	(45)
Interest paid		**3 467**	2 335
Net income before operating expenses and exceptional items		**75 652**	56 926
Less: Expenditure		**18 538**	15 869
Operating costs		**18 208**	15 473
Depreciation		**330**	396
Exceptional items – (profit)/loss	8	**(9 344)**	33 509
Net income before taxation	9	**66 458**	7 548
Taxation	10	**2 374**	(512)
Net income for the year attributable to equity shareholders		**64 084**	8 060
Translation of foreign subsidiary/associates		**(1 536)**	(15)
Total comprehensive income for the year attributable to equity shareholders		**62 548**	8 045
Earnings per share – cents	11	**139,1**	17,4
Dividends per share (final proposed after year-end) – cents		**14,0**	14,0
Weighted average number of shares in issue – 000's		**46 078**	46 260

Company statement of financial position

at 31 December 2009

	Notes	2009 R'000	2008 R'000
Non-current asset		**16**	922
Investment in subsidiaries	2	**16**	922
Current assets		**86 571**	56 556
Loans to subsidiaries (Annexure A1)		**86 533**	56 521
Cash at bank		**38**	35
Total assets		**86 587**	57 478
Ordinary share capital and premium	4	**51 596**	51 596
Non-distributable reserve	5	**643**	163
Accumulated profit	5	**34 167**	5 577
Ordinary shareholders' equity		**86 406**	57 336
Current liability		**181**	142
Accounts payable	7	**181**	142
Total equity and liability		**86 587**	57 478

Company statement of comprehensive income

for the year ended 31 December 2009

	Notes	2009 R'000	2008 R'000
Dividends received	14	**50 000**	24 000
Gross income		**50 000**	24 000
Impairment provision		**(13 518)**	(48 213)
Expenditure		**(1 413)**	(1 261)
Total comprehensive income/(loss) for the year attributable to equity shareholders	9	**35 069**	(25 474)

Statement of cash flows

for the year ended 31 December 2009

	GROUP		COMPANY	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
Cash flows from operating activities	**11 153**	14 888	**42 627**	16 551
Net income/(loss) for the year	**64 084**	8 060	**35 069**	(25 474)
Adjustments for:				
Depreciation	**330**	396	**–**	–
Fair value adjustments to investments	**(8 274)**	16 939	**–**	–
Equity accounted retained income of associates	**(21 373)**	(31 287)	**–**	–
Exceptional items	**4 858**	27 900	**–**	–
Share-based payments	**480**	163	**480**	163
Deferred taxation	**2 374**	(512)	**–**	–
Gain on sale of investments/associates	**(24 128)**	–	**–**	–
Impairment (recovery)/provision	**(181)**	(45)	**13 518**	48 213
Loss on sale of property, plant and equipment	**–**	1	**–**	–
(Decrease)/increase in accounts payable	**(538)**	(248)	**39**	128
Cash flows from operations	**17 632**	21 367	**49 106**	23 030
Dividends paid	**(6 479)**	(6 479)	**(6 479)**	(6 479)
Cash flows from investing activities	**11 333**	(40 740)	**(42 624)**	(16 552)
Purchase of property, plant and equipment	**(20)**	(276)	**–**	–
Purchase of investments and repayment of investment loans	**(20 299)**	(22 231)	**–**	–
Proceeds from sale of investments	**43 156**	–	**–**	–
Increase in loans to subsidiaries	**–**	–	**(42 624)**	(16 552)
Increase in share trust receivables	**(7 445)**	–	**–**	–
Increase in finance advances and receivables	**(4 059)**	(18 233)	**–**	–
Cash effects of financing activities	**701**	(701)	**–**	–
Sale/(purchase) of company shares held in treasury	**701**	(701)	**–**	–
Change in cash and cash equivalents	**23 187**	(26 553)	**3**	(1)
Cash and cash equivalents at beginning of year	**(24 004)**	2 549	**35**	36
Cash and cash equivalents at end of year	**(817)**	(24 004)	**38**	35

Consolidated statements of changes in equity

for the year ended 31 December 2009

GROUP	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 2008	867	50 729	196 897	76 293	324 786
Total comprehensive income for the year	–	–	(15)	8 060	8 045
Movement for share options	–	–	163	–	163
Attributable income of associates	–	–	31 287	(31 287)	–
Movement in translation and other reserves of associates	–	–	24 728	–	24 728
Shares held in share trust	(5)	(696)	–	–	(701)
Unclaimed dividends – written back	–	–	–	94	94
Dividends paid	–	–	–	(6 479)	(6 479)
Balance as at 31 December 2008	**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)**
Movement for share options	**–**	**–**	**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**

COMPANY	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 2008	867	50 729	–	37 436	89 032
Total comprehensive loss for the year	–	–	–	(25 474)	(25 474)
Movement for share options	–	–	163	–	163
Unclaimed dividends – written back	–	–	–	94	94
Dividend paid	–	–	–	(6 479)	(6 479)
Balance as at 31 December 2008	**867**	**50 729**	**163**	**5 577**	**57 336**
Total comprehensive income for the year	**–**	**–**	**–**	**35 069**	**35 069**
Movement for share options			**480**	**–**	**480**
Dividend paid	**–**	**–**	**–**	**(6 479)**	**(6 479)**
Balance as at 31 December 2009	**867**	**50 729**	**643**	**34 167**	**86 406**

Accounting policies

for the year ended 31 December 2009

Accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), consistent with the previous year, except for the adoption of IAS 1 and IFRS 8.

The financial statements have been prepared on the historic cost basis as modified by the revaluation of financial instruments.

The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and entities controlled by the company (its subsidiaries) at 31 December each year. Control occurs where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair value. Any excess of the cost at acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If the cost is less than the fair value of the identifiable net assets acquired (ie a discount on acquisition), this difference is credited to the income statement in the period of acquisition.

All inter-company transactions and balances are eliminated on consolidation.

Associate companies

Associate companies are those companies over which the group exercises significant influence and in which it holds long-term equity interests, but which are not subsidiaries. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

The results of the associate companies are incorporated in these financial statements using the equity method of accounting. The equity accounted income is transferred to a non-distributable reserve.

Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the group's share of the net assets of associates, less any impairments to the value of individual investments.

Any excess of the cost of acquisition over the group's share of the fair value of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill. If the cost is less than the fair value of the identifiable net assets of the associate at the date of acquisition, (ie a discount on acquisition), this difference is credited in the income statement in the period of acquisition.

In cases where the associate company is listed, the most recent published financial results and market values are used and where the associate company is unlisted, the latest consolidated management information is used.

Investments

Long-term investments are stated at fair value in the consolidated financial statements. Where investments are listed equities, fair value is calculated by market value. Should the disposal of any investment be restricted, then the market value is reduced by a risk premium to arrive at fair value. Gains and losses arising from changes in the fair value are included in the income statement for the period. On disposal of the investments the profit or loss is accounted for as the difference between the consideration received and the fair value of the investment at the disposal date and is included in exceptional items in the financial statements.

Accounting policies

for the year ended 31 December 2009
continued

Financial instruments

Financial assets and financial liabilities are recognised on the group's balance sheet when the group has become a party to the contractual provisions of the instrument.

Financial instruments recognised on the balance sheet include cash and cash equivalents, investments, finance advances and receivables, accounts payable and borrowings.

Equity instruments issued are recorded as the proceeds received net of direct issue costs.

Derivative financial instruments are initially recorded at cost and are remeasured to fair value at subsequent reporting dates.

Accounts payable are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Changes in the fair value of derivative financial instruments that are designated and effective as cash flow hedges are recognised directly in equity. Amounts deferred in equity are recognised in the statement of comprehensive income in the same period in which the hedged firm commitment or forecast transaction affects net profit or loss.

Interest-bearing loans and overdrafts are recorded in the amount of the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Originated loans and receivables are measured initially at cost. The loans and receivables are measured subsequently at amortised cost using the effective interest rate method. If the terms of a loan or receivable are not market-related, the payments are discounted at a market-related rate to determine the fair value at initial recognition.

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Long-term investments are measured at fair value. They are recognised as being held for trading purposes and gains or losses in fair value are included in the statement of comprehensive income for the period. Where investments are listed equities, then the fair value is calculated by market value.

On disposal of the investment the profit or loss is accounted for as the difference between the consideration received and the cost of the investment and is included in the statement of comprehensive income.

Property, plant and equipment

Property, plant and equipment is reflected at cost less accumulated depreciation and any recognised impairment loss on the following basis:

Office furniture, equipment, computers and leasehold improvements	10 – 33%
Motor vehicles	20%

Depreciation is charged so as to write-off the cost or valuation of assets to residual value over their estimated useful lives, using the straight-line basis.

The gain or loss arising on disposal of assets is determined as to the difference between the sale proceeds and the carrying amount of the assets and is recognised in profit or loss.

Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Rands, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

Accounting policies

for the year ended 31 December 2009
continued

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of each reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (including comparatives) are expressed in Rands using exchange rates prevailing at the end of each reporting date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill

Goodwill arising on consolidation represents the excess of the group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or associate at the date of acquisition.

Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the statement of comprehensive income and is not subsequently reversed.

On disposal of a subsidiary or associate the amount of goodwill is included in the determination of the gain or loss on disposal.

Goodwill arising on the acquisition before the date of transition to IFRS has been retained at the previous South African Statements of Generally Accepted Accounting Practice amounts subject to being tested for impairment at that date.

For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Impairment provisions

Associate companies and investments are considered annually for impairments in value. If, in the opinion of the directors there is an impairment, an impairment provision is deducted from the carrying value of the associate company or investment. Impairment provisions created or reversed during the year are written off/written back through the statement of comprehensive income. Where there is a reversal of an impairment loss the asset is increased to the estimated recoverable value which will not be greater than the carrying value had no impairment loss been recognised in the prior years.

Accounting policies

for the year ended 31 December 2009
continued

At the end of each reporting date, the group reviews the carrying amounts of its other tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is a best estimate of the consideration to settle the obligation at the balance sheet date taking into account the risks and uncertainties surrounding the obligation.

Specific impairment provisions or debt write-offs may be deducted from finance advances and receivables or investments where in the opinion of the directors, taking into account that as a result of one or more events that occurred after the initial recognition of the asset, the estimated future cash flows from the asset have been impacted, recoverability is doubtful or unlikely.

Revenue recognition

Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the group and the amount of revenue can be reliably estimated.

Dividends from investments are recognised when the right to receive payment is established.

Interest is recognised on a time proportion basis.

Capitalisation shares elected in lieu of a cash dividend are accounted for in investment income at the cash dividend equivalent.

Lease agreements

Rentals payable under lease agreement entered into for premises occupied by the group are expensed on a straight-line basis over the term of the relevant lease.

Retirement benefits

Payments to defined contribution retirement benefit plans are charged and expensed as they fall due.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Accounting policies

for the year ended 31 December 2009
continued

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates, long-term and short-term investments and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Critical judgements in applying entities' accounting policies and key sources of estimation uncertainty

In the process of applying the entities' accounting policies no critical judgements were made that would have a significant effect on the amounts recognised in the financial statements.

There were no key assumptions concerning the future, or any other key sources of estimation uncertainty at the balance sheet date, which have a significant risk of causing a material adjustment to the carrying amounts of assets or liabilities within the next year.

Standards and interpretations in issue not yet adopted

At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective:

IFRS 1	First-time Adoption of International Financial Reporting Standards (effective 1 July 2009);
IFRS 1	First-time Adoption of International Financial Reporting Standards (effective 1 January 2010);
IFRS 1	First-time Adoption of International Financial Reporting Standards (effective 1 July 2010);
IFRS 2	Share-based Payment (effective 1 July 2009);
IFRS 2	Share-based Payment (effective 1 January 2010);
IFRS 3	Business Combinations (effective 1 July 2009);
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations (effective 1 July 2009);
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations (effective 1 January 2010);
IFRS 8	Operating Segments (effective 1 January 2010);
IFRS 9	Financial Instruments (effective 1 January 2013);
IAS 31	Interest in Joint Ventures (effective 1 July 2009);
IAS 39	Financial Instruments: Recognition and Measurement (effective 1 July 2009);
IAS 39	Financial Instruments: Recognition and Measurement (effective 30 June 2009);
IAS 39	Financial Instruments: Recognition and Measurement (effective 1 January 2010);
IFRIC 11	IFRS 2: Group and Treasury Share Transactions (withdrawn as of 1 January 2010);
IFRIC 14	IAS 19: The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. November 2009 amendment with respect to voluntary prepaid contributions is effective for annual periods beginning on or after 1 January 2011;
IFRIC 17	Distributions of Non-cash Assets to Owners (effective 1 July 2009);
IFRIC 18	Transfers of Assets from Customers (effective 1 July 2009); and
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2010).

The directors do not believe that the abovementioned standards will have a material impact on the company's financial statements.

Notes to the annual financial statements

for the year ended 31 December 2009

	Motor vehicles R'000	Office furniture, equipment, computers and leasehold improvements R'000	Total R'000
1. PROPERTY, PLANT AND EQUIPMENT			
2009 GROUP			
Beginning of year			
Cost	**1 051**	**3 138**	**4 189**
Accumulated depreciation	**(768)**	**(2 041)**	**(2 809)**
Net book value	**283**	**1 097**	**1 380**
Current year movements			
Additions	**–**	**20**	**20**
Net disposals	**–**	**–**	**–**
Depreciation	**(133)**	**(197)**	**(330)**
Total movement	**(133)**	**(177)**	**(310)**
End of year:			
Cost	**1 051**	**3 158**	**4 209**
Accumulated depreciation	**(901)**	**(2 238)**	**(3 139)**
Net book value	**150**	**920**	**1 070**
2008 GROUP			
Beginning of year			
Cost	1 051	2 956	4 007
Accumulated depreciation	(615)	(1 891)	(2 506)
Net book value	436	1 065	1 501
Current year movements			
Additions	–	276	276
Net disposals	–	(1)	(1)
Depreciation	(153)	(243)	(396)
Total movement	(153)	32	(121)
End of year:			
Cost	1 051	3 138	4 189
Accumulated depreciation	(768)	(2 041)	(2 809)
Net book value	283	1 097	1 380

As required by IAS 16 – Property, Plant and Equipment, the group has reviewed the residual values and remaining useful lives used for the purposes of depreciation calculations in the light of the definition of residual value in the standard. The review did not highlight any requirement for an adjustment to the residual values or useful lives used in the current period. In line with the standard's requirements, these residual values and useful lives will be reviewed and updated annually in the future.

Notes to the annual financial statements

for the year ended 31 December 2009
continued

	GROUP		COMPANY	
	2009	2008	**2009**	2008
	R'000	R'000	**R'000**	R'000

2. INVESTMENT HOLDINGS

	GROUP 2009 R'000	GROUP 2008 R'000	COMPANY 2009 R'000	COMPANY 2008 R'000
2.1 Investment in subsidiaries				
Shares at cost less impairments (refer Annexure A1)	**–**	–	**16**	922
2.2 Investment holdings				
Associates				
At cost	**60 005**	31 234		
Share of post-acquisition reserves	**229 559**	244 475		
Movement on non-distributable reserves	**13 651**	35 449		
Variation of interest/translation of foreign associates	**(1 071)**	2 639		
Retained income	**216 979**	206 387		
Carrying value	**289 564**	275 709		
Goodwill	**3 430**	3 430		
Associates per balance sheet	**292 994**	279 139		
Directors' valuation	**457 526**	434 728		
Long-term				
At cost	**39 561**	62 774		
Fair value adjustments	**24 442**	15 836		
Long-term investments per balance sheet	**64 003**	78 610		
Directors' valuation	**64 003**	78 610		
Total investment holdings per balance sheet	**356 997**	357 749		
Directors' valuation – total	**521 529**	513 338		

Notes to the annual financial statements

for the year ended 31 December 2009

continued

	GROUP		COMPANY	
	2009	2008	**2009**	2008
	R'000	R'000	**R'000**	R'000

2. INVESTMENT HOLDINGS

(continued)

	GROUP 2009 R'000	GROUP 2008 R'000	COMPANY 2009 R'000	COMPANY 2008 R'000
2.3 Total share of post-acquisition reserves				
Share of post-acquisition reserves at beginning of year	**244 475**	188 460		
Movement on non-distributable reserves of associates for the year	**(21 798)**	25 228		
Translation of foreign associates	**(3 710)**	(500)		
Equity accounted retained income for the year	**21 373**	31 287		
Share of associates' exceptional losses	**(4 628)**	–		
Movement on reclassification of an associate to an investment	**(6 153)**	–		
Share of post-acquisition reserves at end of year	**229 559**	244 475		

2.4 Impairment of goodwill and investments

The group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. Determining whether goodwill was impaired requires an estimation of the value of the long-term investment to which goodwill has been allocated. The investment is valued by applying a relative price earnings valuation to its sustainable earnings and/or by net asset valuation methodology.

	GROUP 2009 R'000	GROUP 2008 R'000	COMPANY 2009 R'000	COMPANY 2008 R'000
Impairment provision at end of year	**–**	–		

2.5 Summarised financial information

Refer to Annexure B.

3. FINANCE ADVANCES AND RECEIVABLES

	GROUP 2009 R'000	GROUP 2008 R'000	COMPANY 2009 R'000	COMPANY 2008 R'000
Advances to associates and their related parties	**9 037**	7 152		
Debtors for dividend	**12 000**	9 001		
Advance to finance consumer book debts and sundry receivables	**3 635** *	2 365 *		
	24 672	18 518		

* *Net after impairment charge of R0,8 million (2008: R0,9 million).*

No finance advances and receivables are past due.

Notes to the annual financial statements

for the year ended 31 December 2009
continued

	GROUP		COMPANY	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
4. SHARE CAPITAL AND PREMIUM				
4.1 Share capital				
Authorised				
24 000 000 ordinary shares of 5 cents each	**1 200**	1 200	**1 200**	1 200
80 000 000 "N" ordinary shares of 0,01 cent each	**8**	8	**8**	8
Issued				
17 295 984 (2008: 17 295 984) ordinary shares of 5 cents each	**864**	864	**864**	864
28 979 854 (2008: 28 979 854) "N" ordinary shares of 0,01 cent each	**3**	3	**3**	3
	867	867	**867**	867
Issued, net of shares held in share trust 17 292 406 (2008: 17 199 984) ordinary shares 28 675 681 (2008: 28 979 829) "N" ordinary shares.				
The unissued "N" ordinary shares are under the control of the directors until the forthcoming annual general meeting.				
4.2 Share premium at beginning and end of year	**50 729**	50 729	**50 729**	50 729
Share capital and premium before shares held in share trust	**51 596**	51 596	**51 596**	51 596
Less: 3 578 ordinary shares (2008: 96 000) and 304 173 "N" ordinary shares (2008: 25)	**(1 855)**	(701)	**–**	–
Share capital and premium	**49 741**	50 895	**51 596**	51 596

Notes to the annual financial statements

for the year ended 31 December 2009
continued

	GROUP		COMPANY	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
5. RESERVES				
5.1 Non-distributable reserves				
On translation of foreign subsidiary/ associated companies				
– prior years	**7 044**	7 559	**–**	–
– current year	**(5 246)**	(515)	**–**	–
On movement on non-distributable reserves of associated companies				
– prior years	**35 450**	10 222	**–**	–
– current year	**(21 798)**	25 228	**–**	–
Accumulated loss in share trust				
– current year	**(1 452)**	–	**–**	–
Variation of interest in subsidiary/ associated companies				
– prior years	**3 454**	3 454	**–**	–
– current year	**–**	–	**–**	–
Movement on share options				
– prior years	**163**	–	**163**	–
– current year	**480**	163	**480**	163
Attributable income of associated companies				
– prior years	**206 387**	175 100	**–**	–
– current year	**16 745**	31 287	**–**	–
Capital redemption reserve fund	**562**	562	**–**	–
	241 789	253 060	**643**	163
5.2 Accumulated profit				
Accumulated profit at beginning of year	**46 681**	76 923	**5 577**	37 436
Accumulated profit/(loss) for the year	**40 860**	(30 242)	**28 590**	(31 859)
Accumulated profit at end of year	**87 541**	46 681	**34 167**	5 577
Total reserves	**329 330**	299 741	**34 810**	6 220
6. INTEREST-BEARING DEBT				
Short-term				
South African Rand borrowings				
Related parties (refer note 19)	**6 775**	5 998	**–**	–
Banks	**–**	16 711	**–**	–
	6 775	22 709	**–**	–
Foreign borrowings	**575**	1 391	**–**	–
	7 350	24 100	**–**	–

The interest-bearing debt has no fixed terms of repayment and is unsecured.

Interest on South African Rand borrowings is paid at variable rates between prime minus 2% and prime per annum.

Interest on foreign borrowings is paid at Citibank prime plus 2% per annum.

Notes to the annual financial statements

for the year ended 31 December 2009

continued

	GROUP		COMPANY	
	2009	2008	**2009**	2008
	R'000	R'000	**R'000**	R'000
7. ACCOUNTS PAYABLE AND PROVISIONS				
Provision for long-term incentive plan*	**1 079**	2 228	**–**	–
Other	**3 935**	3 324	**181**	142
	5 014	5 552	**181**	142
** Refer to remuneration policy on page 12.*				
8. EXCEPTIONAL ITEMS				
(Gain) on sale of associate	**(14 153)**	–	**–**	–
Costs/losses arising from the group's former finance operations	**181**	33 509	**–**	–
	(13 972)	33 509	**–**	–
Share of associate companies' exceptional losses	**4 628**	–	**–**	–
Net exceptional (gains)/losses	**(9 344)**	33 509	**–**	–
9. NET INCOME BEFORE TAXATION				
This is stated after taking into account:				
Income from subsidiaries – dividends	**–**	–	**50 000**	24 000
Loss on sale of property, plant and equipment	**–**	1	**–**	–
Auditors' remuneration	**520**	575	**–**	–
Fees – audit	**500**	537	**–**	–
Fees – other	**20**	38	**–**	–
Consulting fees	**58**	100	**–**	–
Depreciation (refer to note 1)	**330**	396	**–**	–
Rent – offices	**1 064**	890	**–**	–
Payroll costs	**10 437**	8 284	**–**	–
Provision for long-term incentive plan	**684**	233	**–**	–
Retirement benefits	**486**	441	**–**	–
10. TAXATION				
10.1 Charged for the year				
South African normal taxation – deferred taxation – current year	**2 374**	(512)	**–**	–
	2 374	(512)	**–**	–
10.2 Movement on deferred tax				
STC credits	**648**	648	**–**	–
Fair value adjustments to long-term investments	**1 726**	(1 160)	**–**	–
	2 374	(512)	**–**	–

Two of the group's subsidiaries have assessed losses for taxation purposes. The unutilised estimated losses of the subsidiaries amount to R165,4 million (2008: R155,5 million). No deferred tax asset has been raised on this amount.

Unutilised STC credits amount to R102 million (2008: R70 million).

Notes to the annual financial statements

for the year ended 31 December 2009
continued

	GROUP 2009 R'000	GROUP 2008 R'000	COMPANY 2009 R'000	COMPANY 2008 R'000
10. TAXATION (continued)				
10.3 Deferred tax asset (liabilities)				
STC credits*	**1 249**	1 897	**–**	–
Leases	**(49)**	(49)	**–**	–
Fair value adjustments to long-term investments	**(5 163)**	(3 437)	**–**	–
	(5 212)	(3 486)	**–**	–

* *Deferred tax has only been raised on the estimated portion to be utilised before the legislation in this regard is changed.*

10.4 Taxation rate reconciliation	**%**	%	**%**	%
Standard rate of taxation	**28**	28	**28**	28
Rate of taxation for the year affected by non-taxable income	**(24)**	(35)	**(28)**	(28)
Effective rate of taxation	**4**	(7)	**–**	–

10.5 Capital gains tax

In the event that the group's associates were sold at directors' valuation, the estimated capital gains tax liability would be R40 million (2008: R37 million). Cumulative deferred tax of R5,1 million (2008: R3,4 million) has been raised through the income statement for tax on other investments (that are accounted for on a fair value basis) if they were sold at market values.

	GROUP 2009 R'000	GROUP 2008 R'000
11. EARNINGS PER SHARE		
Earnings per share represents the profits in cents attributable to each share and comprises net income for the year attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year.		
Earnings per share	**139,1**	17,4
The weighted average number of shares used in the calculation for the current year is 46 078 197 (2008: 46 259 571). There are no potentially dilutive shares or options.		
12. HEADLINE EARNINGS PER SHARE		
Headline earnings per share comprise attributable income adjusted by certain exceptional losses attributable to ordinary shareholders divided by the weighted average number of shares in issue as follows:		
Net income for the year attributable to equity shareholders	**64 084**	8 060
Gain on sale of associate	**(14 153)**	–
Exceptional losses – associates	**4 628**	–
Losses/costs arising from former finance operations	**181**	33 509
Loss on sale of property, plant and equipment	**–**	1
Headline earnings for the year	**54 740**	41 570
Headline earnings per share (cents)	**118,8**	89,9

None of the above amounts have an effect on taxation.
The weighted average number of shares used in the calculation for the current year is 46 078 197 (2008: 46 259 571).

Notes to the annual financial statements

for the year ended 31 December 2009

continued

13. DIRECTORS' EMOLUMENTS

	CS Seabrooke 2009 R'000	2008 R'000	R Pleaner 2009 R'000	2008 R'000	CP Coutts-Trotter 2009 R'000	2008 R'000	Total 2009 R'000	2008 R'000
Executive directors								
Salaries	**1 544**	1 430	**1 110**	1 000	**1 350**	1 074	**4 004**	3 504
Retirement and medical	**208**	181	**199**	188	**152**	125	**559**	494
Other benefits	**506**	460	**212**	193	**119**	95	**837**	748
Basic remuneration	**2 258**	2 071	**1 521**	1 381	**1 621**	1 294	**5 400**	4 746
Incentive bonuses								
– Short-term	**1 497**	606	**736**	551	**813**	518	**3 046**	1 675
– Long-term*	**890**	–	**340**	400	**–**	–	**1 230**	400
Share trust loan benefits	**741**	534	**98**	117	**–**	–	**839**	651
Total remuneration	**5 386**	3 211	**2 695**	2 449	**2 434**	1 812	**10 515**	7 472
Non-executive directors								
Fees as directors							**1 008**	915
P Coutts-Trotter							**171**	155
H Habib							**154**	140
NSH Hughes							**215**	195
DNM Mokhobo							**176**	160
GE Nel							**132**	120
BJT Shongwe							**160**	145
							11 523	8 387

Some of the non-executive directors are executives of certain of the group's associated companies from which they receive remuneration, unlinked to services performed for Sabvest. Sabvest itself receives consulting fees directly from its associates for services provided to them by executive directors and staff of Sabvest.

* *The LTIP arises from the 2006 LTIP awards with investing values calculated at 31 December 2008, paid April 2009.*

	GROUP 2009 R'000	GROUP 2008 R'000	COMPANY 2009 R'000	COMPANY 2008 R'000
14. REVENUE				
Revenue, which is stated for statutory purposes, comprises dividends, interest, fees, sundry income and other income on financial services and shares	**49 291**	44 869	**50 000**	24 000

Notes to the annual financial statements

for the year ended 31 December 2009

continued

	GROUP	
	2009	2008
	R'000	R'000

15. NET ASSET VALUES PER SHARE

Net asset value per share – cents	**825**	759
Net asset value per share with investments in associates at directors' valuation (intrinsic value) – cents*	**1 094**	1 016
Number of shares in issue (less held in treasury) – 000's	**45 968**	46 180

* *Calculated after deducting CGT payable should investments be sold at directors' valuation.*

16. CONTINGENT LIABILITIES AND COMMITMENTS

16.1 The group has given put options of R1,2 million (2008: R5,2 million) to holders of SA Bias Industries (Pty) Limited junior loans which are due for payments in 2010. These reduced to nil in January 2009.

16.2 The group has rights and obligations in terms of shareholder or purchase and sale agreements relating to its present or former investments.

16.3 A group company has entered into lease agreements for the premises that it occupies. Amounts due are as follows:

	R'000
Year 1	1 052
Years 2 to 3	1 674

17. HYPOTHECATIONS

Facilities made available offshore to Sabvest Capital Holdings Limited (BVI) are not guaranteed by any of the South African companies but are secured by a pledge of shares and loan accounts in Flowmax Holdings Limited (BVI).

18. FINANCIAL INSTRUMENTS

18.1 Capital risk management

The group manages its capital to ensure that entities in the group would be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The group's overall strategy remains unchanged from 2008.

The capital structure of the group consists of cash and cash equivalents, equity attributable to ordinary shareholders comprising issued share capital, reserves and accumulated profit as disclosed in notes 4 and 5 and interest-bearing borrowings as disclosed in note 6. The group has no long-term borrowings and the undrawn short-term facilities available to the group is set out in note 18.6.

Notes to the annual financial statements

for the year ended 31 December 2009
continued

	GROUP	
	2009 **R'000**	2008 R'000
18. FINANCIAL INSTRUMENTS (continued)		
18.2 Categories of financial instruments		
Financial assets		
Fair value through profit or loss		
Held for trading – long-term investments	**64 003**	78 610
Finance advances and receivables	**24 672**	18 518
Share trust receivables	**6 126**	4 134
Cash at bank	**6 533**	96
Financial liabilities		
Interest-bearing debt	**7 350**	24 100
Accounts payable	**3 935**	3 324

18.3 Foreign currency risk

The group has short-term offshore financing available to it in RSA and should the group utilise these facilities, it will have an exposure to exchange rate fluctuations. It is the policy of the group to enter into forward exchange contracts to cover 100% of the foreign currency repayments. Forward exchange contracts are taken as and when it receives the foreign exchange. As at 31 December 2009 and 31 December 2008 the group's South African operations had no foreign exchange exposure.

18.4 Interest rate risk

The group has no long-term borrowings and its short-term interest-bearing borrowings are those from related parties (refer note 19) in the amount of R6,775 million (2008: R5,998 million) and from third parties in the amount of R0,575 million (2008: R18,102 million). The group is exposed to interest rate risk as it borrows funds at floating interest rates. The group manages the interest rate cost by monitoring cash flows on a daily basis and by borrowing on overnight call and term loans to match the cash flows. If interest rates during the year had been 1% higher or lower and other variables were held constant then the profit for the year would decrease/increase by R289 000 (2008: R162 000).

18.5 Credit risk management

Credit risk refers to risk that a counter-party would default on its contractual obligations resulting in financial loss to the group. The group has adopted a policy of only lending money to its associates or related parties of associates, the companies in which it holds long-term investments and for participating in the funding of the purchase of consumer book debt. Credit exposure is controlled by counter-party limits that are reviewed and approved by the board annually. With regard to the funding for consumer book debt, the group is at risk to a downturn in consumer spending in RSA as well as high interest rates. This could result in lower cash flows from the consumer book resulting in a longer period for the repayment of the loans or may lead to impairment of the loans.

Notes to the annual financial statements

for the year ended 31 December 2009
continued

	GROUP	
	2009 **R'000**	2008 R'000
18. FINANCIAL INSTRUMENTS (continued)		
18.5 Credit risk management (continued)		
Except as detailed in the following table, the carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the group's maximum exposure to credit risk.		
Guarantee provided by subsidiary to secure financing for an associated company	–	2 000

18.6 Liquidity risk management

The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities.

At 31 December 2009 the group had R50 million of undrawn facilities (2008: R28,3 million) and R6,5 million cash and cash equivalents (2008: R96 thousand) at its disposal to further reduce liquidity risk. It also has offshore facilities of US$4 million and GBP1,5 million, subject to availability.

Other than a deferred tax liability, all liabilities are payable within the next year.

18.7 Fair value investments

Of the group's long-term investments held for trading (per note 2.2), R45,795 million (2008: R72,806 million) are listed shares quoted on the JSE Limited and their value at the year-end is calculated at the market price. If these market prices were 10% higher/lower while all other variables were held constant, the carrying amount of the shares would decrease/increase by R4,5 million (2008: decrease/increase by R7,2 million).

The directors consider that the carrying amount of financial assets and financial liabilities recorded as amortised costs in the financial statements approximate their fair value.

Notes to the annual financial statements

for the year ended 31 December 2009

continued

19. RELATED PARTY TRANSACTIONS

Related party transactions can exist between subsidiaries and the holding company, fellow subsidiaries, associated companies and key management personnel. The subsidiaries of the group are identified in Annexure A1 and the associate companies on pages 4 and 5 and Annexure B.

Transactions between the holding company, its subsidiaries and fellow subsidiaries relate to fees, dividends and interest. The income and loans are regarded as intergroup transactions and are eliminated on consolidation.

Transactions between the holding company and its subsidiaries, and associated companies relate to fees, dividends and interest and these are reflected as income in the income statement. Approximately 90% of the group's income is generated from the group's associates.

Long-term loans to associates are included in investments in the balance sheet and short-term loans are included in finance advances and receivables.

Transactions with directors relate to fees as disclosed in note 13. Monies lent to the group by entities controlled by directors are included in interest-bearing liabilities in the balance sheet.

All the above transactions are concluded under terms and conditions that are no less favourable than those available from third parties.

Trading transactions

During the year group entities entered into the following transactions with related parties that are not members of the group:

2009	**Fees received R'000**	**Fees paid R'000**	**Dividends received R'000**	**Interest received R'000**	**Interest paid R'000**	**Amount owed by related parties 31 Dec 2009 R'000**	**Amount owed to related parties 31 Dec 2009 R'000**
H Habib and family trust	–	–	–	–	**168**	–	**2 523**
NSH Hughes and family							
Individual	–	–	–	–	**251**	–	**2 141**
Company	–	–	–	–	**84**	–	**336**
R Pleaner and family							
Individual	–	–	–	–	**25**	–	**221**
CS Seabrooke and family							
Individual					**1**	–	**6**
Company	**28**	**390**	–	–	**189**	–	**1 548**
Associates	**2 781**	–	**32 563**	**600**	–	**14 418**	–
2008							
NSH Hughes and family							
Individual	–	–	–	–	341	–	2 165
Company	–	–	–	–	86	–	758
R Pleaner and family							
Individual	–	–	–	–	35	–	204
CS Seabrooke and family							
Individual	–	–	–	–	137	–	944
Company	26	372	–	–	268	–	1 927
Associates	2 707	–	35 769	1 881	–	13 928	–

Notes to the annual financial statements

for the year ended 31 December 2009

continued

20. RETIREMENT BENEFIT INFORMATION

Eight employees are members of the group's retirement fund which operates on a defined contribution basis. Employee benefits are determined according to each member's equitable share of the total assets of the fund. Employees contribute 7,5% and the company contributes 9,5% of pensionable salary. The fund is reviewed on an annual basis and every three years a statutory valuation is performed and submitted to the Registrar of Pension Funds. The fund is governed by the Pension Fund Act of 1956. Retirement costs are expensed in the year in which they are incurred.

The group has no post-retirement medical aid commitments.

21. SABVEST LIMITED SHARE TRUST

Interest-free loans made by the share trust were as follows:

	2009 R'000	2008 R'000
The Seabrooke Family Trust	**8 657**	4 509
R Pleaner	**990**	990
	9 647	5 499
IAS 39 – Present value adjustment	**(3 521)**	(1 365)
	6 126	4 134

The loans are repayable in terms of the Share Trust Deed between 2010 and 2019.

Refer to note 13 for deemed benefits received by directors.

No share options have been granted.

Notes to the annual financial statements

for the year ended 31 December 2009

continued

22. SHARE-BASED PAYMENTS

Employee share option plan

The group has an ownership-based compensation scheme for executives and senior employees of the group. In accordance with the provisions of the plan, as approved by the shareholders at the previous annual general meeting, executives and senior employees may be granted share appreciation rights in the company's "N" shares. The share appreciation rights ("SARS") vest over three to five years and may be exercised up to year ten if the employee is still in the group. The awards may be settled in cash or shares at the company's election.

The following share appreciation rights scheme was in existence during the current year:

SARS series	Number	Grant date	Expiry date	Exercise price R	Fair value at grant date R
(1) Issued 12 June 2008	350 000	12 June 2008	12 June 2018	6,40	3,57
(1) Issued 3 March 2009	300 000	3 March 2009	3 March 2019	5,00	2,35

The options were valued using a binomial option pricing model. Expected volatility is based on the historical share price volatility over the past five years.

Inputs into the model	Series 1	Series 2
Grant date share price	R6,00	R5,00
Exercise price	R6,40	R5,00
Expected volatility	48,0%	49,0%
Option life	10 years	10 years
Dividend yield	3,0%	3,22%
Risk-free interest rate	10,4%	9,2%

Balance at end of the financial year

The share options outstanding at the end of the financial year were as follows:

1. 350 000 "N" ordinary share with an exercise price of R6,40 and a remaining contractual life of 8 years and 163 days.
2. 300 000 "N" ordinary shares with an exercise price of R5,00 and a remaining contractual life of 9 years and 61 days.

23. CAPITAL COMMITMENTS

Authorised investment commitment of R20 million (2008: nil).

24. BORROWING POWERS

The borrowing powers of the group are not limited.

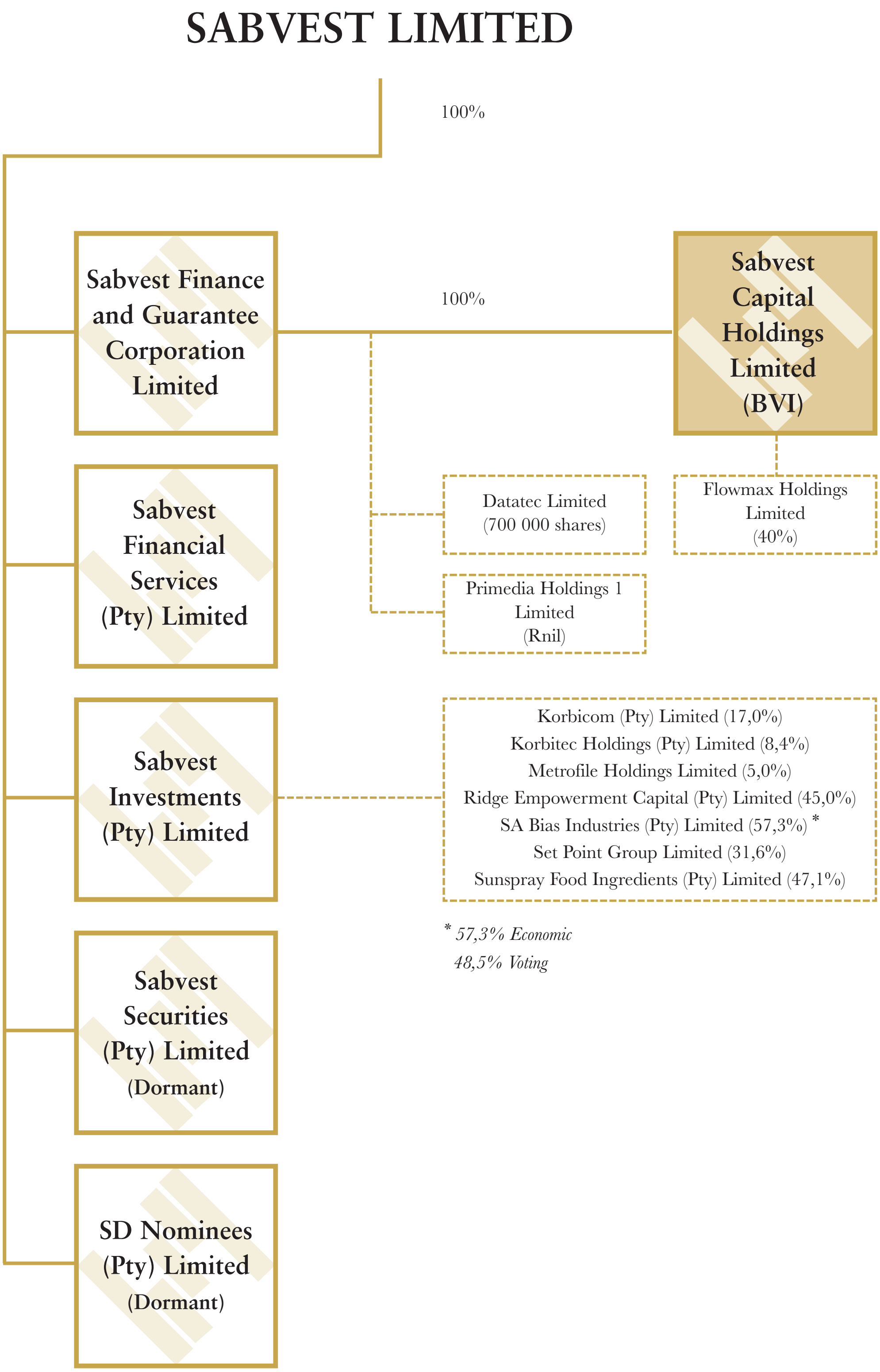
Schedule of consolidated subsidiaries

ANNEXURE A1

	Nature of business	Amount of issued capital R	Held directly or indirectly 2009 %	2008 %	Book value of interest Shares 2009 R'000	2008 R'000	Indebtedness 2009 R'000	2008 R'000
Sabvest Investments (Pty) Limited	Investment holding company	4 000	**100**	100	**4**	4	**–**	–
Sabvest Financial Services (Pty)	Corporate services	5 000	**100**	100	**1**	907	**1 005**	–
Limited	Gross						**1 469**	–
	Impairment						**(464)**	–
Sabvest Securities (Pty) Limited	Dormant	10 000	**100**	100	**10**	10	**–**	–
Sabvest Finance and Guarantee Corporation	Finance investments and guarantees	Ord 6 000	**100**	100	**1**	1	**85 528**	56 521
Limited	Gross						**204 036**	162 881
	Impairment						**(118 508)**	(106 360)
Sabvest Capital Holdings Limited (BVI)	Investment holding company and corporate financier	US$2	**100**	100			**–**	–
SD Nominees (Pty) Limited	Nominee company	1 000	**100**	100			**–**	–
Investment in subsidiaries					**16**	922		
Indebtedness included in the company's assets							**86 533**	56 521
Aggregate net income after taxation, exceptional items and amortisation of goodwill attributable to Sabvest Limited's interest in its subsidiaries							**63 961**	9 321

Company structure

ANNEXURE A2



Assets, liabilities & income of associates

ANNEXURE B

	2009 R'000	2008 R'000
1. LISTED		
Set Point Technology Holdings Limited		
Period: 12 months to 31 August 2009		
Non-current assets	**76 099**	83 808
Current assets	**159 494**	186 302
Cash	**43 357**	51 564
Other current assets	**116 117**	134 738
Total assets	**235 593**	270 110
Shareholders' equity	**156 614**	155 144
Minority interests	**–**	–
Total shareholders' funds	**156 614**	155 144
Interest-bearing debt	**16 220**	16 469
Non-interest-bearing debt	**62 759**	98 497
Total equity and liabilities	**235 593**	270 110
Revenue	**358 376**	382 547
EBIT	**48 939**	74 562
Headline earnings	**42 238**	50 483
Headline earnings per share – cents	**12,6**	14,7
Dividends proposed	**5,0**	5,0

2. UNLISTED

Aggregated comprising:

Flowmax Holdings Limited, Ridge Empowerment Capital (Pty) Limited, Sunspray Food Ingredients (Pty) Limited and SA Bias Industries Limited

Period: 12 months to 31 December 2009[*1]

	2009 R'000	2008 R'000
Non-current assets	**167 115**	191 133
Intangible assets	**44 062**	57 644
Current assets	**496 662**	538 548
Cash	**167 465**	148 752
Other current assets	**329 197**	389 796
Total assets	**707 839**	787 325
Shareholders' equity	**411 478**	420 560
Minorities	**12 088**	19 061
Shareholders' loans	**13 842**	40 274
Total shareholders' funds	**437 409**	479 895
Interest-bearing debt	**119 200**	117 176
Non-interest-bearing debt	**151 230**	190 254
Total equity and liabilities	**707 839**	787 325
Revenue	**878 209**	1 057 052
EBIT	**105 302**	154 029
Attributable income	**76 961**	98 667
Headline earnings	**76 961**	98 667

*[*1] Based on management accounts as subsequently adjusted by audited accounts.*

Shares and shareholders

SHAREHOLDER ANALYSIS AT 31 DECEMBER 2009*[1]

	Ordinary shares			"N" ordinary shares		
Category	Number of share-holders	% of total share-holders	Number of shares held	Number of share-holders	% of total share-holders	Number of shares held
Banks and nominee companies	4	4,4	6 002	9	3,1	4 781 591
Investment and trust companies	10	11,0	11 924 748	13	4,5	4 531 847
Other corporate bodies	13	14,3	5 092 536	21	7,2	16 832 797
Individuals	64	70,3	272 698	248	85,2	2 833 619
	91	100,0	17 295 984	291	100,0	28 979 854

PRINCIPAL SHAREHOLDERS*[1]

Shareholders whose holdings of ordinary and "N" ordinary shares in the company total more than 1 500 000 shares:

	Ordinary shares		"N" ordinary shares		Overall	
Name	Number of shares held	% of issued shares	Number of shares held	% of issued shares	% of total issued equity shares	% of voting rights
The Seabrooke Family Trust *	11 820 000	68,3	3 080 400	10,6	32,2	68,2
Clarendon Developments Limited	2 915 498	16,9	11 051 266	38,1	30,2	16,9
Credit Suisse Zürich	–	–	4 500 000	15,5	9,7	0,1
Ellerine Brothers (Pty) Limited	500 150	2,9	1 581 187	5,5	4,5	2,9
Gingko Investments (Pty) Limited	430 000	2,5	2 210 680	7,6	5,7	2,5
	15 665 648	90,6	22 423 533	77,3	82,3	90,6

** Including Comfin Capital (Pty) Limited and CS Seabrooke.*

SHAREHOLDER SPREAD*[1]

	Ordinary shares		"N" ordinary shares		Overall shares	
Category	Number ordinary shares in issue	% ordinary shares in issue	Number "N" ordinary shares in issue	% "N" ordinary shares in issue	Number overall shares in issue	% overall shares in issue
Non-public shareholders						
Directors	11 846 000	68,5	4 157 700	14,3	16 003 700	34,6
Other	2 915 498	16,9	11 051 266	38,1	13 966 764	30,2
Total non-public shareholders	14 761 498	85,4	15 208 966	52,4	29 970 464	64,8
Public shareholders	2 534 486	14,6	13 770 888	47,6	16 305 374	35,2
	17 295 984	100,0	28 979 854	100,0	46 275 838	100,0

Note: Directors' holdings are set out on page 22.

STOCK EXCHANGE PERFORMANCE

JSE Limited	Ordinary		"N" ordinary	
	2009	2008	**2009**	2008
Closing price (cents)	**600**	725	**500**	600
Highest price (cents)	**726**	900	**600**	800
Lowest price (cents)	**580**	590	**485**	550
Total number of shares traded ('000)	**894**	3 346	**1 399**	10 661
Total value of shares traded (R'000)	**5 405**	22 522	**8 325**	64 133
Total number of transactions recorded	**70**	24	**36**	14
Total volume of shares traded as a percentage of total issued shares (%)	**5,2**	19,5	**4,8**	36,8

**[1] Calculations are based upon actual number of shares in issue less shares held in treasury.*

Shareholders' diary

Announcement of 2009 results	March 2010
Publication of 2009 annual report	March 2010
Annual general meeting	22 April 2010
Financial year-end	31 December

Notice to shareholders

Sabvest Limited
("the company")
Registration number 1987/003753/06

Notice is hereby given that the annual general meeting of shareholders will be held in the boardroom at Ground Floor, Commerce Square, Building 4, 39 Rivonia Road, Sandhurst, Sandton on Thursday, 22 April 2010 at 10:00, for the purpose of considering and, if deemed fit, passing, with or without modification, the following resolutions and transacting the following business:

1. ORDINARY RESOLUTION NUMBER ONE

"RESOLVED that the audited annual financial statements of the company and its subsidiaries incorporating the auditors' and directors' reports for the financial year ended 31 December 2009 be and are hereby approved and confirmed."

2. ORDINARY RESOLUTION NUMBER TWO

"RESOLVED that the re-appointment of Mr CS Seabrooke in terms of article 13 of the Articles of Association of the company, as a director of the company for a further term of office be and it is hereby authorised and confirmed."

3. ORDINARY RESOLUTION NUMBER THREE

"RESOLVED that the re-appointment of Mr NSH Hughes in terms of article 13 of the Articles of Association of the company, as a director of the company for a further term of office be and it is hereby authorised and confirmed."

4. ORDINARY RESOLUTION NUMBER FOUR

"RESOLVED that the re-appointment of Mr GE Nel in terms of article 13 of the Articles of Association of the company, as a director of the company for a further term of office be and it is hereby authorised and confirmed."

5. ORDINARY RESOLUTION NUMBER FIVE

"RESOLVED that Messrs Deloitte & Touche be re-appointed as auditors of the company as confirmed and agreed by the Audit Committee, and Mr B Escott be approved as the registered auditor who will conduct the audit for the ensuing year."

6. ORDINARY RESOLUTION NUMBER SIX

"RESOLVED that the following independent non-executive directors be appointed members of the Audit Committee for the coming year:

NSH Hughes (Chairman)
BJT Shongwe
DNM Mokhobo"

The election of each director will be voted on individually.

7. ORDINARY RESOLUTION NUMBER SEVEN

"RESOLVED that, subject to not less than 75% (seventy-five per cent) of those shareholders of the company, present in person or by proxy and entitled to vote at the annual general meeting at which this ordinary resolution number six is to be considered, voting in favour thereof, the directors of the company be and they are hereby authorised by way of a general authority to issue all or any of the authorised but unissued "N" ordinary shares for cash as they in their discretion deem fit, subject to the following limitations:

Notice to shareholders

continued

- the authority shall be valid until the date of the next annual general meeting of the company, provided it shall not extend beyond 15 (fifteen) months from the date that this authority is given;
- a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published after any issue representing, on a cumulative basis within 1 (one) financial year, 5% (five per cent) or more of the aggregate in number of the "N" ordinary shares in issue as the case may be, prior to such issue;

In respect of securities which are the subject of the general issue of shares for cash:

- in the aggregate in any one financial year may not exceed 15% (fifteen percent) of the company's relevant number of equity securities in issue of that class (for purposes of determining the securities comprising the 15% number in any one year, account must be taken of the dilution effect, in the year of issue of options/convertible securities, by including the number of any equity securities which may be issued in future arising out of the issue of such options/ convertible securities);
- of a particular class, will be aggregated with any securities that are compulsorily convertible into securities of that class, and, in the case of the issue of compulsorily convertible securities, aggregated with the securities of that class into which they are compulsorily convertible;
- as regards the number of securities which may be issued (the 15% number), shall be based on the number of securities of that class in issue added to those that may be issued in future (arising from the conversion of options/convertible securities), at the date of such application:
  - less any securities of the class issued, or to be issued in future arising from options/ convertible securities issued, during the current financial year;
  - plus any securities of that class to be issued pursuant to:
    - a rights issue which has been announced, is irrevocable and is fully underwritten; or
    - acquisition (which has had final terms announced) may be included as though they were securities in issue at the date of application.
- in determining the price at which issue of "N" ordinary shares as the case may be, will be made in terms of this authority, the maximum discount permitted will be 10% (ten per cent) of the weighted average trade price of such "N" ordinary shares as the case may be, as determined over a 30 (thirty) day period prior to the date that the price of issue is determined between the issuer and the party subscribing for the securities. The JSE Limited ("JSE") should be consulted for a ruling if the applicant's securities have not traded in such 30-day business period;
- the equity securities which are the subject of the issue for cash will be of a class already in issue, or where this is not the case, will be limited to such securities or rights that are convertible into a class already in issue;
- any such issue will only be made to public shareholders as defined in paragraph 4.25 – 4.27 of the Listings Requirements of the JSE Limited ("JSE") and not to related parties; and
- subject to the Companies Act, 61 of 1973, as amended ("the Act"), the Articles of Association of the company and the JSE Listings Requirements, when applicable."

Notice to shareholders

continued

8. ORDINARY RESOLUTION NUMBER EIGHT

"RESOLVED that all of the "N" ordinary shares and 1 million of the ordinary shares in the authorised but unissued share capital of the company be and are hereby placed under the control of the directors of the company as a general authority in terms of section 221(2) of the Act, subject to the provisions of the Act, the Articles of Association of the company and the Listings Requirements of the JSE until the next annual general meeting of the company, for allotment issue, and disposal of such shares to such persons and on such conditions as the directors deem fit."

9. ORDINARY RESOLUTION NUMBER NINE

"RESOLVED that the remuneration payable to the non-executive directors of the company for the 2010 financial year be as follows:

Chairman	R160 000
Deputy Chairman	R150 000
Directors	R135 000
Chairman of Audit Committee	R55 000
Chairman of Remuneration Committee	R44 000
Committee members	R28 000"

10. SPECIAL RESOLUTION NUMBER ONE

"RESOLVED that the company and its subsidiaries be and are hereby authorised in terms of sections 85 to 89 of the Act, and the JSE Listings Requirements, from time to time to acquire the ordinary and/or 'N' ordinary shares in the issued share capital of the company from such shareholder/s, at such price and in such amounts, in such manner and subject to such terms and conditions as the directors may deem fit, but subject to the Articles of Association of the company, the Act and the JSE Listings Requirements, and provided that:

10.1 the authority hereby granted will be valid until the company's next annual general meeting, provided that it will not extend to beyond 15 (fifteen) months from the date of registration of this special resolution.

10.2 acquisitions may not be made at a price greater than 10% (ten percent) above the weighted average of the market value for the shares determined over the 5 (five) business days prior to the date that the price for the acquisition is effected.

10.3 acquisitions in the aggregate in any one financial year shall not exceed 15% (fifteen percent) of that class of the company's issued share capital.

10.4 the repurchase of securities will be effected through the order book operated by the JSE trading system and will be done without any prior understanding or arrangement between the company and the counterparty.

10.5 the company will only appoint one agent to effect the repurchases on the company's behalf.

10.6 neither the company nor its subsidiaries may repurchase securities during a prohibited period unless a repurchase programme is in place where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and where full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period.

Notice to shareholders

continued

10.7 an announcement complying with 11.27 of the JSE Listings Requirements will be published by the company when the company and/or its subsidiaries over any twelve month period have cumulatively repurchased 3% (three percent) of the company's issued ordinary and/or "N" ordinary share capital for each 3% (three percent) in aggregate thereafter.

10.8 the number of shares purchased and held by a subsidiary or subsidiaries of the company shall not exceed 10% (ten percent) of the aggregate of the number of shares in the company at the relevant times."

Statement by the Board of Directors

In accordance with the JSE Listings Requirements, the directors state that:

having considered the effect of the maximum number of ordinary and 'N' ordinary shares that may be acquired pursuant to the authority and the date upon which such repurchase will take place:

- the company and its subsidiaries will be able in the ordinary course of business to pay their debts for a period of twelve months after the date of such repurchase taking place.
- the assets of the company and its subsidiaries will be in excess of the liabilities of the company and its subsidiaries for a period of twelve months after the date of this notice of annual general meeting, such assets and liabilities being fairly valued in accordance with International Financial Reporting Standards and in accordance with the accounting policies used in the company and the group annual financial statements for the year ended 31 December 2009.
- the issued share capital and reserves of the company and its subsidiaries will be adequate for purposes of the business of the company and its subsidiaries for a period of twelve months after the date of such repurchase taking place.
- the available working capital of the company and its subsidiaries will be adequate for ordinary business for a period of twelve months after the date of such repurchase taking place.

The company will ensure that its sponsor provides the necessary sponsor letter on the adequacy of the working capital in terms of the JSE Listings Requirements, prior to the commencement of any purchase of the company shares on the open market.

Reason for and effect of the Special Resolution

The reason for and the effect of the special resolution are to grant to the directors of the company a general authority, up to and including the date of the next annual general meeting of the company or the expiration date of the period commencing on the date of passing of the special resolution and expiring on the date 15 (fifteen) months thereafter, to approve the company's purchase of shares in itself, or to permit a subsidiary of the company to purchase shares in the company.

11. ORDINARY RESOLUTION NUMBER ELEVEN

"RESOLVED that subject to the passing of ordinary resolutions one to eleven and special resolution number one, any director of the company shall be and is hereby authorised to sign all documents and perform all acts which may be required to give effect to such ordinary resolutions numbers one to ten and special resolution number one passed at the annual general meeting."

Notice to shareholders

continued

12. TO TRANSACT SUCH OTHER BUSINESS AS MAY BE TRANSACTED AT AN ANNUAL GENERAL MEETING.

The JSE Listings Requirements require the following disclosure, some of which are elsewhere in the annual report of which this notice forms part as set out below:

- Directors and management – page 9;
- Major shareholders of the company – page 51;
- Directors' interests in securities – page 22; and
- Share capital of the company – page 37.

Litigation statement

In terms of section 11.26 of the Listings Requirements of the JSE, the directors, whose names are given on page 9 of the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, other than that which has been disclosed in the annual financial statements, a material effect on the company and its subsidiaries' financial position.

Directors' responsibility statement

The directors, whose names are given on page 9 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this resolution and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this resolution contains all information required by law and the JSE Listings Requirements.

Material change 11.26 (b) (iii) or no material changes to report

Other than the facts and developments reported on in the annual report, there have been no material changes in the financial position of the company and its subsidiaries since the date of signature of the audit report and the date of this notice.

Voting and proxies

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration are entitled to attend and vote at the meeting and are entitled to appoint a proxy or proxies to attend, speak and vote in their stead. The person so appointed need not be a shareholder. Proxy forms must be forwarded to reach the registered office of the company/company's transfer secretaries, Computershare Investor Services (Pty) Limited, 70 Marshall Street, Marshalltown, Johannesburg 2001 or be posted to the transfer secretaries at PO Box 61051, Marshalltown 2107 to be received by them not later than 48 hours before the time appointed for the holding of the meeting (excluding Saturdays, Sundays and public holidays). Proxy forms must only be completed by shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration.

Notice to shareholders

continued

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own name" registration, should contact their CSDP or broker in the manner and time stipulated in their agreement:

- to furnish them with their voting instructions; and
- in the event that they wish to attend the annual general meeting, to obtain the necessary authority to do so.

Each shareholder who, being a natural person, is present in person, by proxy or agent, or being a company, is present by representative proxy or agent at the annual general meeting, is entitled to vote on a show of hand. On a poll, each shareholder entitled to vote, whether present in person or by proxy, or by representation, is entitled to vote for each ordinary and/or "N" ordinary share held.

Equity securities held by a share trust will not have their votes at general/annual general meetings taken into account for the purpose of resolutions passed in terms of the JSE Listings Requirements.

By order of the board

R Pleaner
Company Secretary

2 March 2010
Sandton

Sabvest Limited

Registration number: 1987/003753/06
ISIN number: ZAE000006417 – ordinary shares • Share code: SBV – ordinary shares
ISIN number: ZAE000012043 – "N" ordinary shares • Share code: SVN – "N" ordinary shares

Form of proxy

Only for use by members who have not dematerialised their shares or members who have dematerialised their shares with "own name" registration.
All other dematerialised shareholders must contact their CSDP or broker to make the relevant arrangements concerning voting and/or attendance at the meeting.

I/We ______________________________

of ______________________________

being a holder of [ ] ordinary shares and/or [ ]

"N" ordinary shares in Sabvest Limited, hereby appoint

______________________________ of ______________________________

or failing him, ______________________________ of ______________________________

or failing him, the chairman of the annual general meeting as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the company to be held at 10:00 on Thursday, 22 April 2010, and at every adjournment of that meeting.

Signed this ______________ day of ______________ 2010

Signature ______________________________

Please indicate with an "X" in the appropriate space below how you wish your votes to be cast. If you return this form duly signed, without any specific directions, the proxy shall be entitled to vote as he/she thinks fit.

	In favour of resolution	Against resolution	Abstain from voting
1. Ordinary resolution number one *Approval of annual financial statements*			
2. Ordinary resolution number two *Re-appointment of Mr CS Seabrooke*			
3. Ordinary resolution number three *Re-appointment of Mr NSH Hughes*			
4. Ordinary resolution number four *Re-appointment of Mr GE Nel*			
5. Ordinary resolution number five *Re-appointment of auditors*			
6. Ordinary resolution number six *Appointment of the Audit Committee*			
7. Ordinary resolution number seven *General authority to issue "N" ordinary shares for cash*			
8. Ordinary resolution number eight *Shares placed under control of directors*			
9. Ordinary resolution number nine *Remuneration of non-executive directors for 2010*			
10. Special resolution number one *Authority to acquire ordinary and "N" ordinary shares*			
11. Ordinary resolution number eleven *Authority to directors to give effect to resolutions passed*			

A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy, or proxies, to attend and speak and on a poll to vote thereat in his stead. A proxy need not also be a member of the company. All proxy forms must be lodged with the company's transfer secretaries not later than 48 hours before the time set for the commencement of the meeting or every adjournment thereof (excluding Saturdays, Sundays and public holidays).

Shareholders are advised to read the notes on the next page.

Notes to proxy form

NOTES

1. A form of proxy is only to be completed by those ordinary shareholders who are:
   - holding ordinary shares and "N" ordinary shares in certificated form; or
   - recorded on sub-register electronic form in "own name".
2. If you have already dematerialised your ordinary shares through a Central Securities Depository Participant ("CSDP") or broker and wish to attend the annual general meeting, you must request your CSDP or broker to provide you with a letter of representation or you must instruct your CSDP or broker to vote by proxy on your behalf in terms of the agreement entered into between yourself and the CSDP or broker.
3. A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. A proxy need not be a shareholder of the company.
4. Every person present and entitled to vote at the annual general meeting as a shareholder or as a proxy or as a representative of a body corporate shall, on a show of hands, have one vote only, irrespective of the number of ordinary shares such person holds or represents but, in the event of a poll, a shareholder shall be entitled to that proportion of the total votes in the company which the aggregate amount of the nominal value of the ordinary shares held by him/her bears to the aggregate of the nominal value of all the ordinary shares issued by the company.
5. Please insert the relevant number of ordinary and "N" ordinary shares and indicate with an X in the appropriate spaces on the face hereof, how you wish your votes to be cast. If you return this form duly signed without any specific directions, the proxy will vote or abstain from voting at his/her discretion.
6. A deletion of any printed details and the completion of any blank space/s need not be signed or initialled. Any alteration must be initialled.
7. The Chairman of the annual general meeting shall be entitled to decline to accept the authority of the signatory under a power of attorney, or on behalf of a company, unless the original power of attorney or authority or a notarially certified copy thereof is produced or has been registered.
8. The signatory may insert the name of any person/s whom the signatory wishes to appoint at his/her proxy, in the blank space/s provided for that purpose.
9. When there are joint holders of ordinary and "N" ordinary shares and if more than one such joint holder be present or represented, then the person whose name stands first in the register in respect of such ordinary and "N" ordinary shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof.
10. A minor should be assisted by his parent or legal guardian unless the relevant documents establishing his legal capacity are produced or have been registered.
11. The completion and lodging of this proxy form will not prejudice the signatory from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such signatory wish to do so.
12. If the shareholding is not indicated on the proxy form, the proxy will be deemed to be authorised to vote the total ordinary and "N" ordinary shareholding.
13. The Chairman of the annual general meeting may reject or accept any proxy form which is completed other than in accordance with these instructions, provided that he is satisfied as to the manner in which a shareholder wishes to vote.
14. Forms of proxy will not be accepted unless they have been returned by the shareholders concerned to the transfer secretaries at Computershare Investor Services (Pty) Limited, PO Box 61051, Marshalltown 2107 or fax no +27 11 370 5390, so as to be received by not later than 10:00 on Tuesday, 20 April 2010.

Administration

SABVEST LIMITED
Registration number: 1987/003753/06
ISIN number: ZAE000006417
– ordinary shares
Share code: SBV – ordinary shares
ISIN number: ZAE000012043
– "N" ordinary shares
Share code: SVN – "N" ordinary shares

DIRECTORATE
H Habib (Chairman)
P Coutts-Trotter (Deputy Chairman)
CS Seabrooke (Chief Executive)
CP Coutts-Trotter (Executive)
NSH Hughes
DNM Mokhobo
GE Nel
R Pleaner (Chief Financial Officer)
BJT Shongwe

SECRETARY
R Pleaner

COMMUNICATIONS
4 Commerce Square
39 Rivonia Road
Sandhurst
2196

PO Box 78677, Sandton 2146
Republic of South Africa

Telephone +27 11 268 2400
Telefax +27 11 268 2422
e-mail: ho@sabvest.com
Web site: www.sabvest.com

JSE SPONSOR
Rand Merchant Bank
(A division of FirstRand Bank Limited)

Telephone +27 11 282 8000
Telefax +27 11 282 8008

TRANSFER SECRETARIES
Computershare Investor Services (Pty) Limited

Telephone +27 11 370 5000
Telefax +27 11 370 5271

COMMERCIAL BANKERS
Standard Bank
FirstRand Bank
ABSA Bank

MERCHANT BANKERS
Rand Merchant Bank
Standard Bank

CORPORATE ADVISORS
Deloitte Corporate Finance

ATTORNEYS AND LEGAL ADVISORS
Edward Nathan Sonnenbergs Inc, Sandton
Knowles Husain Lindsay Inc, Sandton
Penningtons, London

AUDITORS
Deloitte & Touche, Johannesburg

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