Sabvest Limited

Annual Report

2010

>> Contents

>> 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 significant or joint controlling interests in four unlisted industrial groups which are accounted for as associates, and a long-term portfolio of eight other investments which are accounted for on a fair value basis. Four of these are JSE listed.

In addition, Sabvest maintains finance advances and share and debt instrument portfolios and undertakes other fee and profit earnings 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	**28,8**	**15,6**
Dividends per share	**21,4**	**23,2**
Intrinsic net asset value per share	**12,4**	**20,7**

>> Group salient features

as at 31 December 2010

2010 US cents	2009 US cents		2010 RSA cents	2009 RSA cents
		RETURNS TO SHAREHOLDERS		
20,9	14,3	Headline earnings per share	**153**	118,8
21,1	16,7	Earnings per share	**154**	139,1
2,3	1,7	Dividend proposed *[1]	**17**	14,0
185	148	Net asset value per share with investments at directors' valuation (intrinsic value)	**1 230**	1 094
US$'000	US$'000		**R'000**	R'000
		STATEMENT OF COMPREHENSIVE INCOME		
9 602	6 587	Headline attributable income	**70 164**	54 740
9 669	7 711	Income attributable to equity shareholders	**70 656**	64 084
		STATEMENT OF FINANCIAL POSITION		
64 293	51 382	Ordinary shareholders' equity	**427 098**	379 071
74 588	53 764	Total assets	**495 486**	396 647
69 581	48 390	Investment holdings	**448 739**	356 997
8 017	111	Interest-bearing debt	**53 257**	817
85 756	68 139	Ordinary shareholders' equity with investments at directors' valuation (net of CGT provisions)	**569 679**	502 696

Rand/Dollar exchange rate

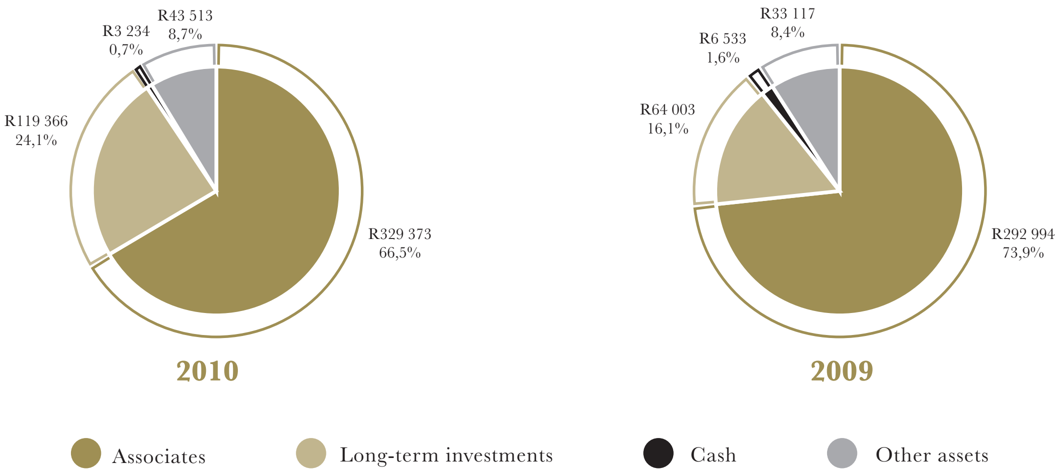
Statement of comprehensive income: US$1 = 7,3072 (2009: US$1 = 8,3100)

Statement of financial position: US$1 = 6,6430 (2009: US$1 = 7,3775)

*[1] *13 cents after year-end (2009: 11 cents after year-end)*

>> Graphical presentation of assets

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



HUMAN RESOURCES

RSA executive directors	Overseas executive management	Staff	Sub-total	Non-executive directors	**2010**	Total 2009
3	**1**	**6**	**10**	**6**	**16**	16

>> Profile of investments

at 31 December 2010

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.
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, Mexico and Australia.
Set Point Group (Pty) Limited	U	108 441 609	49,8%	49,8%	An industrial products and services group which operates through three divisions – analytics, fluid handling and mining services.
Sunspray Food Ingredients (Pty) Limited	U		47,1%	47,1%	Producers of spray-dried and blended powdered food and drink products.
Portfolio investments					
Brait SA	L	600 000			Financial services focused on private equity, specialised funds, corporate finance and strategic investments.
Datatec Limited	L	1 000 000			International Communications and Technology group focused on networking, information security and convergence technologies.
Korbitec Holdings (Pty) Limited	U		8,5%	8,5%	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	20 400 000	5,0%	5,0%	Market leader in on-site and off-site document management and information storage.
Net1 UEPS Technologies Inc	L	100 000			A leading provider of secure and affordable transaction channels between business and unbanked and under-banked individuals through the supply of chip card technologies and systems such as universal electronic payment systems.
Primedia Holdings 1 Limited	U	JJPIK loans			South African media group with activities in broadcasting, film distribution and theatres, outdoor, home entertainment and sport marketing.
Transaction Capital (Pty) Limited	U	1 000 000			Financial services company which provides credit, credit services, payment services and prepaid services to niche segments of the consumer markets, small micro and medium enterprises.

>> Profile of investments

at 31 December 2010

continued

Carrying value including goodwill and after impairments 2010 R'000	Directors' valuation 2010 R'000	Dividends received 2010 R'000	Share of income of associates: Interest received 2010 R'000	Retained income 2010 R'000	Fair value adjustments 2010 R'000	Total 2010 R'000	Period for purposes of equity accounting
329 373	**522 945**	**14 357**	**2 304**	**54 395**	**–**	**71 056**	
26 774							12 months to 31 December 2010
195 162							12 months to 31 December 2010
82 906							12 months to 31 December 2010
24 531							16 months to 31 December 2010
119 366	**119 366**	**2 656**			**21 971**	**24 627**	
14 520	**14 520**						
33 300	**33 300**						
13 588	**13 588**						
–	–						
43 248	**43 248**						
8 250	**8 250**						
–	–						
6 490	**6 490**						
448 739	**642 311**	**17 013**	**2 304**	**54 395**	**21 971**	**95 683**	
Total per statement of financial position	Total per directors' valuation				Other income	**4 348**	
					Total per statement of comprehensive income	**100 031**	

>> Assets, liabilities & income of associates

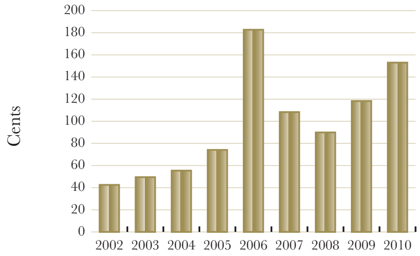
	2010 R'000	2009 R'000
UNLISTED		
Aggregated unaudited comprising:		
Flowmax Holdings Limited, SA Bias Industries (Pty) Limited, Set Point Group (Pty) Limited and Sunspray Food Ingredients (Pty) Limited		
*Period: 12 months to 31 December 2010*1*		
Non-current assets	**213 962**	215 451
Intangible assets	**76 504**	71 825
Current assets	**637 163**	856 136
Total assets	**927 629**	943 412
Shareholders' equity	**497 608**	568 092
Minorities	**14 879**	12 089
Shareholders' loans	**20 590**	13 842
Total shareholders' funds	**533 077**	594 023
Interest-bearing debt	**159 307**	135 420
Non-interest-bearing debt	**235 245**	213 969
Total equity and liabilities	**927 629**	943 412
Revenue	**1 308 723**	1 236 585
EBITDA	**222 040**	182 359
PBT	**181 926**	141 695
Attributable income	**132 854**	106 829
Headline earnings	**132 954**	119 119

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

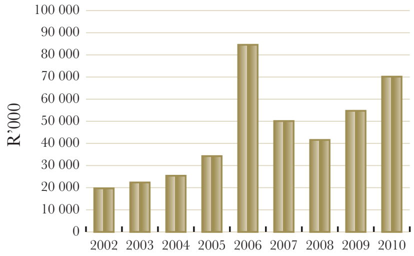
>> Nine-year graphical review

at 31 December 2010

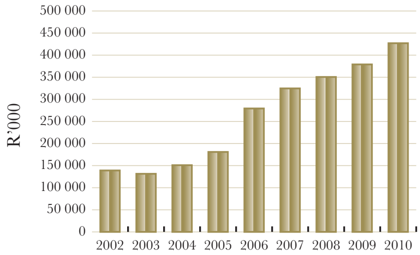
Headline earnings per share



Headline attributable income

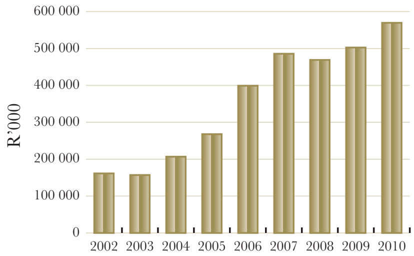


Ordinary shareholders' funds

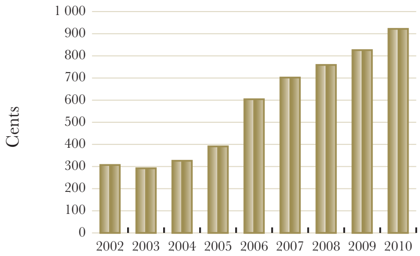


Ordinary shareholders' funds with investments

at intrinsic value

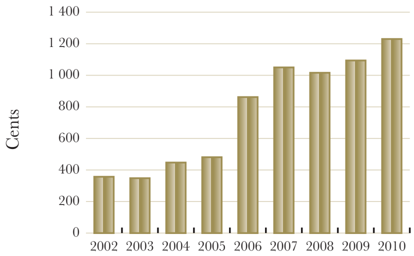


Net asset value per share

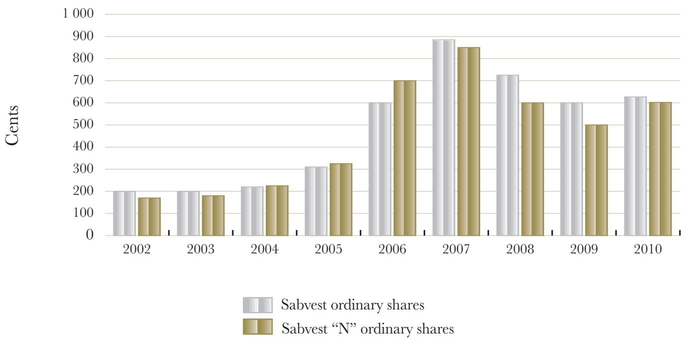


Net asset value per share with investments

at directors' valuation – intrinsic value



Closing price of ordinary and "N" ordinary shares



>> Nine-year review

at 31 December 2010

2009 US$'000	2010 US$'000	CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
49 534	**68 312**	Non-current assets
145	**112**	Property, plant and equipment
169	**84**	Deferred tax asset
830	**565**	Share trust receivables
–	**–**	Medium-term receivables
48 390	**67 551**	Investment holdings
39 715	**49 582**	Associates
8 675	**17 969**	Long-term
4 230	**6 276**	Current assets
3 344	**2 489**	Finance advances and receivables
–	**2 412**	Short-term investments
–	**888**	Other financial instruments
886	**487**	Cash balances
53 764	**74 588**	Total assets
51 382	**64 293**	Ordinary shareholders' equity
706	**8 353**	Non-current liability
–	**7 244**	Interest-bearing debt
706	**1 109**	Deferred tax liability
1 676	**1 942**	Current liabilities
996	**773**	Interest-bearing debt
680	**1 169**	Accounts payable
53 764	**74 588**	Total equity and liabilities

		CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
9 499	**13 689**	Gross income from operations and investments
4 204	**2 355**	Dividends received
189	**395**	Interest received
1 200	**(160)**	Income on financial instruments and shares
338	**701**	Fees and sundry income
996	**2 954**	Fair value adjustment to investments
2 572	**7 444**	Equity accounted retained income of associates
6 490	**9 409**	Share of net income of associates
(3 918)	**(1 965)**	*Less:* Dividends received
–	**–**	Direct transactional costs
(22)	**(20)**	Impairments
417	**533**	Interest paid
9 104	**13 176**	Net income before expenses and exceptional items
2 231	**3 162**	*Less:* Expenditure
2 191	**3 118**	Operating costs
40	**44**	Depreciation
(1 124)	**(45)**	Exceptional items – (gains)/loss
7 997	**10 059**	Net income before taxation
285	**390**	Taxation
7 712	**9 669**	Net income attributable to equity shareholders
6 587	**9 602**	Headline attributable income

		RETURNS TO SHAREHOLDERS
14,3	**20,9**	Headline earnings per share – cents
16,7	**21,1**	Earnings per share – cents
1,7	**2,3**	Dividends per share – paid or proposed – cents
112	**139**	Net asset value per share – cents
148	**185**	Net asset value per share at directors' valuation (intrinsic value) – cents
45 968	**46 320**	Number of shares in issue – 000's
46 078	**45 869**	Weighted number of shares in issue – 000's

>> Nine-year review

at 31 December 2010

continued

2002	2003	2004	2005	2006	2007	2008	2009	**2010**
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	**R'000**
134 395	125 861	138 156	171 868	234 804	304 076	365 160	365 442	**453 800**
934	1 202	2 106	1 835	1 787	1 501	1 380	1 070	**745**
–	724	868	4 758	2 778	2 545	1 897	1 249	**555**
3 445	1 372	2 312	2 674	3 090	3 574	4 134	6 126	**3 761**
–	–	–	11 397	–	–	–	–	**–**
130 016	122 563	132 870	151 204	227 149	296 456	357 749	356 997	**448 739**
125 677	110 985	125 465	140 330	172 088	219 099	279 139	292 994	**329 373**
4 339	11 578	7 405	10 874	55 061	77 357	78 610	64 003	**119 366**
18 165	12 980	22 305	17 061	61 156	38 350	18 614	31 205	**41 686**
17 236	12 321	22 216	14 841	17 471	28 700	18 518	24 672	**16 532**
–	–	–	2 186	2 550	–	–	–	**16 021**
–	–	–	–	–	–	–	–	**5 899**
929	659	89	34	41 135	9 650	96	6 533	**3 234**
152 560	138 841	160 461	188 929	295 960	342 426	383 774	396 647	**495 486**
139 037	131 495	151 034	180 933	279 371	324 786	350 636	379 071	**427 098**
–	–	49	49	3 338	4 645	3 486	5 212	**55 491**
–	–	–	–	–	–	–	–	**48 124**
–	–	49	49	3 338	4 645	3 486	5 212	**7 367**
13 523	7 346	9 378	7 947	13 251	12 995	29 652	12 364	**12 897**
10 888	5 852	7 906	5 279	7 615	7 101	24 100	7 350	**5 133**
2 635	1 494	1 472	2 668	5 636	5 894	5 552	5 014	**7 764**
152 560	138 841	160 461	188 929	295 960	342 426	383 774	396 647	**495 486**
31 062	31 217	36 152	41 814	108 715	67 818	59 216	78 938	**100 031**
1 674	2 048	3 500	5 485	12 248	18 729	38 149	34 939	**17 208**
3 270	5 720	4 932	7 656	7 827	6 423	3 938	1 567	**2 884**
–	–	–	2 879	37 156	311	–	9 976	**(1 166)**
2 722	2 658	2 378	2 314	6 386	2 213	2 781	2 809	**5 125**
–	–	–	3 268	22 429	7 406	(16 939)	8 274	**21 585**
23 396	20 791	25 342	20 212	22 669	32 736	31 287	21 373	**54 395**
25 070	22 682	27 717	25 611	34 640	49 996	67 056	53 936	**68 752**
(1 674)	(1 891)	(2 375)	(5 399)	(11 971)	(17 260)	(35 769)	(32 563)	**(14 357)**
–	–	–	–	4 452	–	–	–	**–**
–	–	–	–	1 000	–	(45)	(181)	**(144)**
3 528	2 191	1 425	1 330	1 594	1 643	2 335	3 467	**3 892**
27 534	29 026	34 727	40 484	101 669	66 175	56 926	75 652	**96 283**
6 339	7 402	8 462	9 879	11 759	14 503	15 869	18 538	**23 103**
5 946	6 961	7 991	9 431	11 296	14 095	15 473	18 208	**22 783**
393	441	471	448	463	408	396	330	**320**
5 214	5 733	1 163	1 469	(1 256)	3 449	33 509	(9 344)	**(325)**
15 981	15 891	25 102	29 136	91 166	48 223	7 548	66 458	**73 505**
–	(724)	(145)	(3 890)	5 269	1 574	(512)	2 374	**2 849**
15 981	16 615	25 247	33 026	85 897	46 649	8 060	64 084	**70 656**
19 695	22 348	25 390	34 262	84 550	50 110	41 570	54 740	**70 164**
42,5	49,5	55,4	74,1	182,7	108,3	89,9	118,8	**153,0**
34,5	36,8	55,1	71,4	185,6	100,8	17,4	139,1	**154,0**
–	3,0	3,0	6,0	12,0	14,0	14,0	14,0	**17,0**
307	292	326	391	604	702	759	825	**922**
357	348	447	481	862	1 050	1 016	1 094	**1 230**
45 217	45 109	46 259	46 259	46 275	46 276	46 180	45 968	**46 320**
46 230	45 144	45 845	46 259	46 272	46 276	46 260	46 078	**45 869**

>> Directorate

EXECUTIVE DIRECTORS

Christopher Stefan SEABROOKE (57)
BCom, BAcc, MBA, FCMA
Chief Executive

Joined the group in 1980

Appointed Chief Executive in 1987

Non-executive Chairman of Metrofile Holdings Limited, Deputy Chairman of Massmart Holdings Limited and a Non-executive director of Datatec Limited (AIM/JSE), Net1 UEPS Technologies Inc (NASDAQ/JSE) and Brait SA (Luxembourg/JSE). Also a director of numerous unlisted companies including Sabvest's associates, Mineworkers Investment Company (Pty) Limited and Transaction Capital (Pty) Limited.

Raymond PLEANER (56)
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 (35)
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), Executive Deputy Chairman, SA Bias Industries (Pty) Limited and Non-executive Director of Set Point Group (Pty) Limited and Sunspray Food Ingredients (Pty) Limited.

NON-EXECUTIVE DIRECTORS

Haroon HABIB (70)
Independent Non-executive Chairman

Appointed to the board in 1996 and Chairman in 2003

Chairman, Financial Markets & Investments (Pty) Limited

Nigel Stuart Hamilton HUGHES (56)
BCom, CA(SA), FCMA
Independent Non-executive Director

Appointed to the board in 1987

Executive Chairman, Mertrade (Pty) Limited.

Philip COUTTS-TROTTER (64)
BCom, MBA
Non-executive Deputy Chairman

Appointed to the board in 1987

Executive Chairman, SA Bias Industries (Pty) Limited.

Dawn Nonceba Merle MOKHOBO (62)
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 (63)
Pr Eng, BSc Eng, MBL, MSAICE
Non-executive Director

Appointed to the board in 1987

Non-executive Director, Set Point Group (Pty) Limited.

Bheki James Themba SHONGWE (55)
BA (Econ), MBA, ACIS, FCIBM
Independent Non-executive Director

Appointed to the board in 2005

Managing Director, Kaizer Chiefs (Pty) Limited,
Executive Chairman, Matsamo Global Investment Holdings Limited.
Chairman, Company Management Consultants (Pty) Limited.
Non-executive Chairman of Evraz Highveld Steel and Vanadium Limited,
Non-executive Director of Matsamo Technologies (Pty) Limited.

Ages at 31 December 2010.

>> Chairman's statement

INTRODUCTION

In prior years Sabvest's annual report contained an annual review by the Chairman and the CEO and separate statements of business strategy and corporate governance, incorporating the remuneration policy.

The King Code of Governance Principles for South Africa 2009 (King III) became effective for JSE-listed companies for financial years commencing after 1 April 2010. Notwithstanding that Sabvest is only obliged to apply the Code in the 2011 financial year, the board resolved to do so for the year ended 31 December 2010. I am pleased to advise that management has achieved this objective and the board has approved the process and outcomes.

Accordingly, the board is pleased to present Sabvest's first Integrated Report which combines the three separate reports of prior years and applies the principles and requirements of King III except where specifically stated to the contrary. The Integrated Report is presented on behalf of the board by the CEO.

2010 PERFORMANCE

Sabvest achieved sound results in the 2010 financial year with headline earnings per share increasing by 29%, dividends per share by 21% and intrinsic value per share by 12%.

The group's four industrial associates performed well and the fair value adjustments to its investment portfolio were higher than anticipated, partially due to the underlying performance of the investee companies and partially due to a recovery in world stock markets.

MEDIUM-TERM PERFORMANCE

The board encourages management to focus on implementing the group's strategy so as to achieve sustainable long-term investment returns. Over a five-year period the relevant compound growth rates have been 15,6% for headline earnings per share, 22,2% for dividends per share and 20,7% for intrinsic net value per share – all better than the group's target growth rates.

FUNCTIONS OF THE BOARD

I continue to guide the board in its primary functions of:

- The keepers of strategy;
- The monitors of risk;
- The custodians of management excellence; and
- The overseers of performance of the company.

Management continues to deliver above average performance which facilitates the outcomes required of the board.

SHAREHOLDERS

I am pleased to welcome all new shareholders who have invested in the group during the year. Although Sabvest has a small market capitalisation and accordingly a lower than normal number of shareholders, there are nevertheless 382 individual shareholders holding ordinary and "N" ordinary shares in the company and for whom management and the board work to achieve value.

>> Chairman's statement

continued

The group's share prices remain affected by the lack of liquidity in the shares and trade at material discounts to intrinsic value. For so long as these discounts pertain, it is unlikely that we will issue shares for any corporate transactions. It is also unlikely that the discounts will narrow unless any major blocks of shares are sold into the market and reasonable liquidity is thereafter achieved.

ETHICS AND SRI PROGRAMMES

The group maintains the highest ethical behaviour in accordance with its Code of Ethics and requires the same standards of the companies in which it invests.

I am particularly pleased with the tangible benefits from Sabvest's own corporate social responsibility initiatives. The ongoing bursary programmes which have produced so many successful school leavers and the provision of facilities to rural schools are particularly noteworthy.

GOVERNANCE AND DIRECTORATE

As explained in the Integrated Report, Sabvest continues to have sound governance and a competent, experienced and representative directorate notwithstanding the small size of the company.

The board currently comprises three executive directors and six non-executive directors of whom four are independent.

OUTLOOK

Management is again anticipating an improved performance in 2011 and the board will continue to support them in the implementation of the group's strategy.

IN MEMORIAM

It is with great regret that we record the unexpected passing away during the year of Steffan Coutts-Trotter. Steffan was a family member of the controlling consortium of the group's largest associate, SA Bias Industries. He was a bright charismatic young man and a founder and CEO of one of SA Bias' operating divisions. Our sincerest condolences go to his family, long time partner Louise, business colleagues and friends, all whom have been greatly affected and saddened by his passing.

We also regret to record the unexpected passing of Geoff Midlane subsequent to the year-end. Geoff was a senior executive of the Set Point Group. Our sincere condolences go to his wife Arlene, his children, family, friends and colleagues. He will be sorely missed.

APPRECIATION

I record my personal appreciation to our CEO and my colleagues on the board, to our partners and the boards of our associate companies and to our bankers and advisors for their support in the past year.

Haroon Habib
Chairman

Sandton
7 March 2011

>> Integrated report

Sabvest is pleased to present its Integrated Report to stakeholders.

The report has been prepared based on the discussion paper issued in January 2011 by the Integrated Reporting Committee.

The board of directors acknowledges its responsibility to ensure the integrity of the Integrated Report. In the opinion of the board the Integrated Report addresses all material issues of which it is aware and presents fairly the integrated performance of the organisation and its impact on stakeholders. The Report has been prepared in line with best practice pursuant to the recommendations of the King III code. The board has authorised the Integrated Report to be released as part of the 2010 annual report when it is dispatched to shareholders and posted on the company's website.

1. REPORT PROFILE

Sabvest's Integrated Report will be incorporated in the annual report for each calendar year ending on 31 December.

The Report will cover the activities of the group which is defined as the holding company, its three operational South African subsidiaries and one foreign subsidiary.

The board has concluded that the report should not cover the activities of its associate or investee companies except insofar as is relevant to an assessment of Sabvest's investment interest in those entities. However, the socio-economic, ethical and environmental policies and practices of associates and investees are considered when reviewing existing investments or making new investments. It is primarily through this process that the company's influence on these policies and practices is achieved in its associate companies.

The report complies with the requirements of IFRS to the extent references are made to audited figures and to the principles and requirements of King III, except where reasons have been recorded why King III has not been applied.

In addition to relying on representations and information provided by management, the board has drawn assurance from the external auditors, Messrs Deloitte & Touche, in the course of their annual audit of the group's financial statements and their unqualified audit report, and also from newly appointed KPMG Services (Pty) Limited who have provided assurance to the Audit Committee and the board on internal financial controls and information technology general controls, including disaster recovery and business continuity plans.

2. ORGANISATIONAL OVERVIEW, BUSINESS MODEL AND GOVERNANCE STRUCTURE

Profile and business model

Sabvest Limited is a South African company which has been listed since 1988 and whose ordinary and "N" ordinary shares are quoted in the Financials – Equity Instruments sector of the JSE Limited.

Sabvest has significant joint controlling interests in four unlisted industrial groups which are accounted for as associates, and a long-term portfolio of eight other investments which are accounted for on a fair value basis. Four of these are JSE listed.

>> Integrated report

continued

In addition, Sabvest maintains finance advances and share and debt instrument portfolios and undertakes other fee and profit earning activities.

The strategies underlying Sabvest's business model are set out in section 4 of this Report.

Structure

Sabvest operates in South Africa from its head office in Johannesburg and internationally through its office in Monaco which it shares with certain of its associates. The activities of the group are conducted through three wholly-owned subsidiaries in South Africa and one wholly-owned subsidiary registered in the British Virgin Islands and managed in Monaco.

Governance

The group employs ten people of whom three are executive directors of the holding company. It also has the benefit of the experience and advice of six non-executive directors of whom four are independent. The continued independence of directors is assessed annually, with particular attention to those who have served on the board for longer than nine years. The board is satisfied that the four directors regarded as independent continue to exert this status vigorously.

The roles of Chairman and CEO are separate. The Chairman is an independent non-executive director and does not chair the Remuneration Committee nor is he a member of the Audit Committee. The Chairman's non-executive role encompasses being the mentor and counsel to the CEO, the co-ordination of governance activities, the overseer of board and committee performance and the guide to the Board in its principal functions of the keepers of strategy, the monitors of risk, the custodians of management excellence and the overseers of company performance.

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 and decisions of executive management.

In addition, the company is represented on the boards of all of its associates and certain of the directors are directors of some of its investee companies. The board fully respects the fiduciary duties of these directors to the respective companies and is cognisant of stock exchange rules and insider trading policies for those companies that are listed.

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.

The CFO is also the Company Secretary. The group is not large enough to warrant the cost nor does the position require sufficient time to justify appointing a separate individual and the board does not favour outsourcing the function.

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 also has the ability to remove directors without requiring shareholder approval.

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The board usually meets three times a year. Additional meetings are held when non-scheduled matters arise. In addition, the company has an effective board memoranda process to facilitate consultation with all directors on an ongoing basis. A fourth scheduled meeting is not regarded as necessary due to this process and the limited movement in portfolio holdings.

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	3/3
GE Nel	3/3
R Pleaner	3/3
DNM Mokhobo	2/3
CS Seabrooke	3/3
BJT Shongwe	3/3

The profiles of directors are set out on page 10, shareholders on page 58, remuneration details on page 50 and share scheme allocations in notes 23 and 24 on page 55.

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 three times 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 internal auditors attend when presenting their reports and written assessment on internal and general IT controls. This process will be done periodically but not annually due to the small size of group operations. Their 2010 reports provided unqualified assurance to the Audit Committee and board.

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 Committee also has the responsibility for recommending the appointment of the external 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 Committee also determines the need for an internal audit function and the scope and regularity of internal audit services to be performed. The head of Internal Audit reports to the Chairman of the Committee.

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

The Committee regards the CFO as suitably qualified and experienced and the finance function to be operating effectively.

Due to the size of the group, a separate risk committee is not regarded as necessary.

The Committee regards the process resulting in the presentation of the Integrated Report to be satisfactory and that the level of combined assurance is appropriate relative to the scale of the group and its identified risks and mitigating controls.

It regards the relationship between the external assurance providers and the company as sound and conducive to optimising the level and quality of assurance and no separate external assurance is necessary on sustainability issues. The Committee does not regard the company as having any current unmitigated risks arising from sustainability considerations.

The Committee comprises the following members:

	Attendance:
NSH Hughes (Independent Non-executive Chairman)	3/3
DNM Mokhobo (Independent Non-executive)	1/3
BJT Shongwe (Independent Non-executive)	3/3

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.

One committee for both functions is considered sufficient and appropriate.

The Committee comprises the following members:

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

The performance of the board, the committees, directors, Chairman and CEO are subject to a 360° review annually. Appropriate feedback is given and discussions held by the Chairman, Committee Chairpersons or CEO as appropriate.

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Social and Ethics Committee

The board has noted the requirements for the establishment of this committee when the new Companies Act comes into force. The committee will comprise the following members:

NSH Hughes (Independent Non-executive Chairman)
CS Seabrooke
R Pleaner (CFO)

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. It maintains a high awareness of the South African Constitution and Bill of Rights and promotes this awareness and compliance in its associates. Compliance with ethical standards is maintained and assessed but the setting of specific measurable metrics is not practicable.

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 any listed associates it may have from time to time. Sabvest and its CEO are restricted relative to other Sabvest investments where the CEO is a director in his personal capacity.

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

Information Technology

The group's IT systems have recently been upgraded. Assurance of their effectiveness was received during the year from KPMG in terms of their mandated scope in conducting these internal audit reviews. In view of the size of the group, a separate IT charter and policies would not improve the reliability and monitoring of the current IT functions. The board and Audit Committee continue to monitor the effectiveness of the internal controls over the IT environment which is currently adequate for the company's strategic plans and business model. Similarly, no IT Steering Committee is required. The design and maintenance of the Group's IT platform has been managed effectively by an outside contractor, SA Outsourcing, for over ten years.

The CFO takes the role of Chief Information Officer and has responsibility for the management of IT and will in future report on IT matters to the Audit Committee.

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During the year KPMG also reported to the CFO and the Audit Committee on the adequacy of the group's disaster recovery and business continuity plans. Sabvest ensures that the integrity of the IT process is maintained including information security, privacy and IT laws and related rules that may be applicable to Sabvest.

Compliance with laws and regulations

The CFO undertakes the compliance function on behalf of the board as the group is too small to warrant an independent compliance officer. He has been assisted by KPMG in reviewing Sabvest's regulatory universe in South Africa. The board, through the Audit Committee, also relies on the assurances of Messrs Deloitte & Touche in the course of their audit relating to compliance with applicable legislation and regulations.

The CFO, in discharging the compliance function, also monitors compliance with the group's code of ethics and the risk management process.

The board does not believe it is necessary for Sabvest as an investment holding company to adopt formal dispute resolution processes. External disputes are handled through the group's attorneys and there have been no occasions of internal disputes over the years.

3. OPERATING ENVIRONMENT

Geographic

The group's investment activities are primarily in the Republic of South Africa. However, Sabvest encourages its associates and investee companies to take advantage of international expansion opportunities for growth and for the spread of geographic and economic risk.

The group's investment in its UK associate is managed by its office in Monaco. That associate's operations are located in the United Kingdom although its customer and supplier relationships encompass Western Europe and the USA as well.

Sabvest's other South African associates have expanded into a number of African countries, the Middle East, China, India, Hong Kong, Sri Lanka, Turkey, North America, the United Kingdom and Mexico.

The group is accordingly sensitive to economic growth rates in these territories, the availability of capital to its associates for expansion, the cost of that capital and normal succession and human resources planning requirements in these regions. All of the units consider exchange rates and trends in their reporting currencies and are cognizant of local empowerment requirements and B-BBEE in South Africa in particular, environmental issues and socio-economic factors in the territories in which they operate.

CSI programme

The company itself and most of its associates have corporate social investment programmes to facilitate the meeting of these challenges.

Sabvest invests between 0,5% and 1,0% of its own profit after tax in specific programmes encompassing secondary education, medical care and research and support for children. During 2010, nine high school bursaries were funded, general grants were made for education and medical research, and commitments have been made for the building of rural school classrooms in 2011.

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Extended relationships

Sabvest's direct external relationships with stakeholders are primarily with its shareholders, financiers, partners and the boards of its associate and investee companies. These relationships are actively managed by the executive directors.

Authorities

The board reviews its delegation of financial responsibilities to the executive management annually and sets appropriate limits. It also considers rolling three year financial and strategic plans in line with the group's strategy and targets and grants the requisite authorities for their implementation.

Risks

The CEO functions as the Chief Risk Officer. This function is performed in Sabvest by the CEO and not the CFO as the primary risks relate to the investment portfolio which is directly managed by the CEO. The CFO assists as appropriate on other risks.

The board reviews risks and mitigating controls as presented by management or identified by the board. The board regards the monitoring and control of risks by management to be good and part of the ongoing business of the company. The group's risk appetite and tolerance levels are expressed in its gearing limits, the boundaries of its business model and the group's ongoing investment assessment procedures. The board regards it as sufficient for the risk policy to be known and approved by the board and not distributed to staff.

The current key risk watch list is as follows:

- Reduced cash flow from associates.
- Financial controls in associates.
- Loss of any key executive in an associate.
- Unexpected changes in strategies of associates.
- Compliance with shareholder agreements.
- Levels of crime and related security requirements.
- CEO incapacitated or not available.
- Ongoing liquidity management.
- Maintenance of Sabvest's internal controls and procedures and IT systems.
- Compliance with Sabvest's Code of Ethics and applicable laws and regulations.

The board is comfortable with the level of combined assurance obtained from management, the Audit and Risk Committee, the external auditors and the internal auditors relative to the group's key risks and its control environment.

Nothing has come to the attention of the Audit Committee or the board that has caused them to believe that the group's system of internal controls and risk management is not effective.

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4. BUSINESS STRATEGY AND OBJECTIVES

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 international currencies in countries other than South Africa.
- 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.

Performance objectives

Our key performance indicators are growth in:

- Headline earnings per share
- Dividends per share
- Intrinsic net asset value per share

The board is of the view that the company's executive team and supporting personnel have the competencies to continue to optimise the company's business model, implement its strategies and achieve its targets.

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5. ACTIVITIES AND PERFORMANCE

Changes in investment holdings

During the period, Sabvest:

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

With regard to the group's associates:

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

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Investment profile

At the financial year-end our investment profile was as follows:

	Number of shares	Economic interest %	Carrying value R'000	Directors' value R'000
Investments in associates				
Unlisted				
Flowmax Holdings Limited (BVI/UK)		40,0		
SA Bias Industries (Pty) Limited		57,3 *		
Set Point Group (Pty) Limited		49,8		
Sunspray Food Ingredients (Pty) Limited		47,1		
			329 373	**522 945**
** Voting interest 48,8%*				
Long-term investments				
Unlisted				
Korbitec Holdings (Pty) Limited		8,5		
Korbicom (Pty) Limited		17,0		
Primedia Holdings 1 Limited – JJPIK Loans		–		
Transaction Capital (Pty) Limited	1 000 000	–		
			20 048	**20 048**
Listed				
Brait SA	600 000	–		14 520
Datatec Limited	1 000 000	–		33 300
Metrofile Holdings Limited	20 400 000	5,0		43 248
Net1 UEPS Technologies Inc	100 000	–		8 250
			99 318	**99 318**
Total long-term investments and associates			**448 739**	**642 311**
Short-term investments				
Listed				
Foreign				13 486
RSA				2 535
			16 021	**16 021**
Total investment holdings			**464 760**	**658 332**

Financial resources

Shareholders' funds with investments at intrinsic value amounted to R570 million at the year-end.

A four-year loan of R35 million was raised to facilitate the group's South African investment programme. An offshore ring-fenced thirteen months' notice facility of $2 million was arranged to enable the group to re-open its overseas short-term portfolio which is currently focused on the IT sector.

In addition, the group maintains unutilised short term facilities of R50 million in RSA and £0,5 million in Monaco to facilitate its own investment activities and to support the requirements of its associates from time to time.

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Financial results

In view of the comprehensiveness of the IFRS audited financial statements included in the annual report, only a commentary on these will be presented here as follows:

Statement of Comprehensive Income

- Sabvest's results for the twelve months were very satisfactory with a good performance from its associated companies and higher than expected fair value adjustments to its investment portfolios. Profit after tax increased to R70,7 million.
- Headline earnings per share increased by 29% to 153 cents per share and the dividends for the year have been increased by 21% to 17 cents per share.
- Operating costs for the year included R2,6 million for one-off items arising from special incentives and the winding up of the group's share appreciation rights scheme as explained to shareholders in the circular dated 7 December 2010. All three executive directors are now direct shareholders in the company.
- With regard to the lower dividends received for the year, certain dividends that were previously accounted for in the second half of each year and paid in the first half of the following financial year will now be declared and paid in the first half of the following financial year.

Statement of Financial Position

- Intrinsic value per share increased by 12% to 1 230 cents per share. The extent of the increase was affected by the strong Rand at the financial year-end due to the conversion at these rates of the overseas assets held by the group through SA Bias Industries and Flowmax UK.
- Shareholders' funds with investments at intrinsic value (net of notional CGT) increased to R570 million.
- It is Sabvest's intention to maintain a moderate level of gearing to enhance investment returns. At the reporting date net interest-bearing debt amounted to 9% of shareholders' equity at intrinsic value.
- Receivables include R10 million of short-term loans to an associate repayable on 1 June 2011.

Financial trends

Growth in the group's key performance indicators was as follows:

	Cents	Compound growth 1 year %	Annualised compound growth 5 years %	Target %
Headline earnings per share	153	28,8	15,6	15
Dividends per share	17	21,4	23,2	10
Intrinsic net asset value per share	1 230	12,4	20,7	15

Dividend policy

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

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Performance of associates

Sabvest's four unlisted industrial associates performed well with Sabvest's share of their after-tax income increasing by 28% to R69 million. On a look-through basis and notwithstanding the effects of the strong Rand, the unaudited combined revenue of the four groups for the twelve months was R1,3 billion, earnings before interest, tax, depreciation and amortisation R222 million and profit before tax R182 million.

More specifically:

- SA Bias Industries traded well internationally but in South Africa business remained subdued particularly in the operating units where exchange rates affected export competitiveness. Overall profitability increased in line with budgets and the group's statement of financial position continues to be strong and liquid. Strategically, 2011 will be an important year for the group as a number of management changes are due to be implemented. In addition, S A Bias continues to pursue the expansion of its chain store accreditations and investigate acquisition opportunities.

- Flowmax UK was materially affected by the recession in the United Kingdom but its trading and profitability levels are now returning to normal. In addition it has concluded a number of acquisitions and plans to continue with its strategy to expand its penetration in its chosen markets in the United Kingdom organically and by acquisition.

- Set Point Group was delisted during the year and has subsequently been converted to a private company. Sabvest and Mineworkers Investment Company continue as the two largest minority shareholders. Some of the divisions of the group were badly affected by the slowdown in the economy and in the mining industry in particular. Five of the seven business units are now trading well and the other two have taken remedial action. Profitability in the current year is not expected to improve but prospects for the following year are good.

- Sunspray Food Ingredients is trading well with improved profitability and cash flows.

In the group's unlisted investment portfolio Korbitec (a Naspers subsidiary), Korbicom and Primedia were affected by the recession in South Africa but all have good trading prospects. Primedia remains highly geared pursuant to its delisting and leveraged buy-out in 2007. Its debt is due for refinancing in 2015. Sabvest has fully impaired its investment in shares and JJPIK loans at this stage.

Transaction Capital is an excellent growing financial group in which we are pleased to have made a preliminary investment which in the current year is carried at cost.

With regard to our listed investments, we are very positive about the prospects for Datatec, Brait and Metrofile, and Net1 is well positioned for growth locally and internationally once the uncertainty concerning its SASSA contracts is resolved.

We have reopened our small foreign investment portfolio with three growth stocks in the cyclical IT sector which we believe suits this stage of the economic recovery – Checkpoint Software, Google and Qualcomm.

We have participations in two credit opportunity/distressed debt funds managed by the Nimble Group. We expect good returns from these over a period. They are reflected on the group statement of financial position as financial instruments.

6. FUTURE PERFORMANCE OBJECTIVES

There has been no change in the group's financial targets or any of its strategies or its business model as described in this report.

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

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

We do not anticipate any change in the group's risk profile in the period ahead and we continue to review and assess new opportunities on a regular basis.

No changes are anticipated in our executive management and human resources other than the allocation of a major portion of the time of one of our executive directors to our largest associate company.

7. REMUNERATION POLICY

The Remuneration and Nominations Committee ensures that the remuneration of executives and staff is competitive.

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 75% of the potential annual incentives and are calculated relative to profit after tax, dividends paid to shareholders and 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.

In addition to profit after tax 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 packages annually which is "invested" in the group's intrinsic net asset value. 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 net asset value is not achieved. Adjustments are made to account for the notional re-investment of dividends. The awards are cash settled and accounted for in profit or loss 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 LTIP vested on 31/12/2010 and will be paid out in 2011.

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% – 37,5% on the other quantitative metrics and 12,5% – 25% on qualitative metrics.

Management's interests are also aligned with those of shareholders relative to share prices.

Two of the executive directors previously received allocations from the group funded by interest-free loans. New share 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. In addition one of the executive directors received a special bonus as part of the winding up of the SARS scheme and subscribed for "N" shares for cash. Accordingly all three executive directors are shareholders in the company.

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The share appreciation rights scheme (SARS) allowed for awards of notional investments in the company's "N" shares which could vest over three to five years and exercised up to year ten if the employee was still with the group. These awards were not made annually. All existing awards were forfeited by arrangement in 2010 and cancelled as explained in a circular to shareholders. The two directors concerned were compensated with special bonuses and the share subscription described above. The scheme is now dormant.

No share options have been issued and none is planned.

Some of the executive directors who take the responsibility of appointments to the boards of the group's associates may receive directors' fees from some of those companies. In addition the group's four associates pay consulting fees directly to Sabvest.

Mr Seabrooke holds certain non-executive directorships independently and not as a representative of the group. 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 annual fees for their roles as directors and as board committee members. The board does not regard separate attendance fees as appropriate or necessary unless the time allocation to meetings expected of directors is materially more than normal in a particular year.

The remuneration of executives and directors is set out in note 15 of the annual financial statements attached.

8. COMMENTARY AND CONCLUSION

The board and management are satisfied with the current and anticipated performance of the group in the context of its strategic and financial objectives.

Performance will be improved through encouraging and facilitating the growth of the group's associated companies and by the continued realigning of the investment portfolio to realise investments in any under-performing entities and to reallocate those funds within the portfolio. Sabvest intends to remain fully invested to optimise returns and to enhance returns on capital by maintaining a level of borrowings, although at a conservative level.

Attention also continues to be given to reducing the group's net cost/asset ratio over a period.

On behalf of the board

Christopher Seabrooke
Chief Executive Officer

Sandton
7 March 2011

>> 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, the AC 500 standards as issued by the Accounting Practices Board or its successor, the JSE Limited's Listings Requirements and the South African Companies Act. 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 28 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 2011

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 2011

>> Independent auditor's report

To the members of Sabvest Limited

We have audited the annual financial statements and group annual financial statements of Sabvest Limited, which comprise the consolidated and separate statements of financial position as at 31 December 2010, and the consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and the directors' report, as set out on pages 4 and 5 and 29 to 58.

Directors' Responsibility for the Financial Statements

The 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 judgment, 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 policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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 consolidated and separate financial position of Sabvest Limited as at 31 December 2010, and its consolidated and separate financial performance and consolidated and separate 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 2011

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 (Risk Advisory), NB Kader (Tax & Legal Services), L Geeringh (Consulting), L Bam (Corporate Finance), JK Mazzocco (Human Resources), CR Beukman (Finance), TJ Brown (Clients), NT Mtoba (Chairman of the Board), MJ Comber (Deputy Chairman of the Board)

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

B-BBEE rating: Level 2 contributor/AAA (certified by Empowerdex)

Member of Deloitte Touche Tohmatsu Limited

>> Directors' report

at 31 December 2010

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 2010 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

During the year 500 000 "N" ordinary shares (2009: Nil) of 0,01 cents were issued. The total number of "N" ordinary shares in issue at 31 December 2010 was 29 479 854 (2009: 28 979 854).

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

at 31 December 2010

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 2010 were as follows:

	2010			
	Ordinary shares 000's	**"N" ordinary shares 000's**	**Total 000's**	2009 Total 000's
Executive				
CS Seabrooke	**11 820**	**3 080**	**14 900**	14 900
CP Coutts-Trotter	**–**	**500**	**500**	–
R Pleaner	**21**	**982**	**1 003**	1 094
Non-executive				
P Coutts-Trotter	**5**	**4**	**9**	9
H Habib	**–**	**–**	**–**	–
NSH Hughes	**–**	**–**	**–**	–
DNM Mokhobo	**–**	**–**	**–**	–
GE Nel	**–**	**–**	**–**	–
BJT Shongwe	**–**	**–**	**–**	–
	11 846	**4 566**	**16 412**	16 003

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 4 cents per share (2009: 3 cents) was declared during the year and a final dividend of 13 cents per share (2009: 11 cents) has been declared subsequent to the year-end.

CHANGES IN INVESTMENT HOLDINGS

During the year the group acquired 1 000 000 shares in Transactional Capital (Pty) Limited, 600 000 shares in Brait SA and 100 000 shares in Net1 UEPS Technologies Inc. and disposed of its interest in Ridge Empowerment Capital (Pty) Limited and increased its economic interest in Korbitec Holdings (Pty) Limited.

The group also promoted a process which led to the delisting of Set Point Group Limited and resulted in the group's holding in Set Point increasing from 31% to 49%.

DIRECTORS AND SECRETARY

Details of the present board of directors and the secretary appear on page 60. Messrs CP Coutts-Trotter, P Coutts-Trotter and R Pleaner retire at the forthcoming annual general meeting but, being eligible, offer themselves for re-election.

>> Directors' report

at 31 December 2010

continued

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 58.

SUBSEQUENT EVENTS

There are no subsequent events.

SPECIAL RESOLUTION

The following is a summary of the only special resolution that was passed during the year:

"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."

The resolution was registered on 23 April 2010.

AUDIT COMMITTEE REPORT

The Audit Committee met three times during the year and the external auditors presented formal reports to the Committee and attended meetings by invitation in accordance with section 270A(I)(f) of the Companies Act, No. 61 of 1973, as amended. The Committee reports as follows:

- The scope, independence and objectivity of the external auditors were reviewed.
- The audit firm Deloitte & Touche, and audit partner Brian Escott and incoming audit partner, Roy Campbell, are, in the Committee's opinion, independent of the Company, and Deloitte & Touche and audit partner, Roy Campbell, have been proposed to the shareholders for approval to be the group's auditor for the 2011 financial year.
- On an ongoing basis, the Committee reviews and approves the fees proposed by the external auditors.
- The appointment of the external auditor complies with the Companies Act, as amended, and with all other legislation relating to the appointment of external auditors.
- The nature and extent of non-audit services provided by the external auditors have been reviewed to ensure that the fees for such services do not become so significant as to call into question independence.
- The nature and extent of future non-audit services have been defined and pre-approved.

>> Consolidated statement of financial position

at 31 December 2010

	Notes	2010 R'000	2009 R'000
Non-current assets		**453 800**	365 442
Property, plant and equipment	1	**745**	1 070
Deferred tax asset	12.3	**555**	1 249
Share trust receivables		**3 761**	6 126
Investment holdings	2	**448 739**	356 997
Associates		**329 373**	292 994
Long-term		**119 366**	64 003
Current assets		**41 686**	31 205
Finance advances and receivables	3	**16 532**	24 672
Other financial instruments	4	**5 899**	–
Short-term investments	5	**16 021**	–
Cash at bank		**3 234**	6 533
Total assets		**495 486**	396 647
Ordinary shareholders' equity		**427 098**	379 071
Share capital and premium	6	**51 482**	49 741
Non-distributable reserves	7.1	**278 753**	241 789
Accumulated profit	7.2	**96 863**	87 541
Non-current liabilities		**55 491**	5 212
Interest-bearing liabilities	8.1	**48 124**	–
Deferred tax liabilities	12.3	**7 367**	5 212
Current liabilities		**12 897**	12 364
Interest-bearing debt	8.2	**5 133**	7 350
Accounts payable	9	**5 457**	3 935
Provisions	9	**2 307**	1 079
Total equity and liabilities		**495 486**	396 647

>> Consolidated statement of comprehensive income

for the year ended 31 December 2010

	Notes	2010 R'000	2009 R'000
Gross income from operations and investments		**100 031**	78 938
Dividends received		**17 208**	34 939
Interest received		**2 884**	1 567
(Loss)/income on financial instruments and shares		**(1 166)**	9 976
Fees and sundry income		**5 125**	2 809
Fair value adjustments to investments		**21 585**	8 274
Equity accounted retained income of associates		**54 395**	21 373
Share of net income of associates		**68 752**	53 936
Less: Dividends received		**(14 357)**	(32 563)
Impairment of finance advances and receivables		**(144)**	(181)
Interest paid		**3 892**	3 467
Net income before operating expenses and exceptional items		**96 283**	75 652
Less: Expenditure		**23 103**	18 538
Operating costs		**22 783**	18 208
Depreciation		**320**	330
Exceptional items – profit	10	**(325)**	(9 344)
Net income before taxation	11	**73 505**	66 458
Taxation	12	**2 849**	2 374
Net income for the year attributable to equity shareholders		**70 656**	64 084
Translation of foreign subsidiary/associates		**(1 515)**	(1 536)
Total comprehensive income for the year attributable to equity shareholders		**69 141**	62 548
Earnings per share – cents	13	**154,0**	139,1
Dividends per share (final proposed after year-end) – cents		**17,0**	14,0
Weighted average number of shares in issue – 000's		**45 869**	46 078

>> Company statement of financial position

at 31 December 2010

	Notes	2010 R'000	2009 R'000
Non-current asset		**275**	16
Investment in subsidiaries	2	**275**	16
Current assets		**108 411**	86 571
Loans to subsidiaries (Annexure A1)		**108 400**	86 533
Cash at bank		**11**	38
Total assets		**108 686**	86 587
Ordinary share capital and premium	6	**54 196**	51 596
Non-distributable reserve	7	–	643
Accumulated profit	7	**54 063**	34 167
Ordinary shareholders' equity		**108 259**	86 406
Current liability		**427**	181
Accounts payable	9	**427**	181
Total equity and liability		**108 686**	86 587

>> Company statement of comprehensive income

for the year ended 31 December 2010

	Notes	2010 R'000	2009 R'000
Dividends received	16	**40 000**	50 000
Gross income		**40 000**	50 000
Impairment provision		**(11 759)**	(13 518)
Expenditure		**(1 406)**	(1 413)
Total comprehensive income for the year attributable to equity shareholders	11	**26 835**	35 069

>> Statements of cash flows

for the year ended 31 December 2010

	GROUP		COMPANY	
	2010 R'000	2009 R'000	**2010 R'000**	2009 R'000
Cash flows from operating activities	**(6 387)**	11 153	**31 257**	42 627
Net income for the year	**70 656**	64 084	**26 835**	35 069
Adjustments for:				
Depreciation	**320**	330	**–**	–
Fair value adjustments to investments	**(21 585)**	(8 274)	**–**	–
Equity accounted retained income of associates	**(54 395)**	(21 373)	**–**	–
Exceptional items	**–**	4 858	**–**	–
Share-based payments	**(643)**	480	**(643)**	480
Deferred taxation	**2 849**	2 374	**–**	–
Gain on sale of investments/associates	**(329)**	(24 128)	**–**	–
Impairment provision	**(144)**	(181)	**11 759**	13 518
Other income on financial instruments and shares	**1 240**	–	**–**	–
Profit on sale of property, plant and equipment	**(167)**	–	**–**	–
Increase/(decrease) in accounts payable	**2 750**	(538)	**245**	39
Cash flows from operations	**552**	17 632	**38 196**	49 106
Dividends paid	**(6 939)**	(6 479)	**(6 939)**	(6 479)
Cash flows from investing activities	**(45 054)**	11 333	**(33 884)**	(42 624)
Purchase of property, plant and equipment	**(23)**	(20)	**–**	–
Purchase of investments and repayment of investment loans	**(50 416)**	(20 299)	**–**	–
Proceeds from sale of fixed assets	**195**	–	**–**	–
Proceeds from sale of investments	**1 366**	43 156		–
Increase in loans to subsidiaries	**–**	–	**(33 884)**	(42 624)
Increase in share trust receivables	**(436)**	(7 445)	**–**	–
Increase in other financial instruments	**(7 140)**	–	**–**	–
Decrease/(increase) in finance advances and receivables	**11 400**	(4 059)	**–**	–
Cash effects of financing activities	**50 359**	701	**2 600**	–
Issue of "N" ordinary shares	**2 600**	–	**2 600**	–
Sale/(purchase) of company shares held in treasury	**(365)**	701	**–**	–
Increase in medium-term loan	**48 124**	–	**–**	–
Change in cash and cash equivalents	**(1 082)**	23 187	**(27)**	3
Cash and cash equivalents at beginning of year	**(817)**	(24 004)	**38**	35
Cash and cash equivalents at end of year	**(1 899)**	(817)	**11**	38

>> Consolidated statements of changes in equity

for the year ended 31 December 2010

GROUP	Share capital R'000	Share premium R'000	Non-distri-butable reserves R'000	Accumu-lated profit R'000	Total R'000
Balance as at 1 January 2009	862	50 033	253 060	46 681	350 636
Total comprehensive income for the year	–	–	(1 536)	64 084	62 548
Accumulated loss in share trust	–	–	(1 452)	–	(1 452)
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**
Total comprehensive income for the year	**–**	**–**	**(1 515)**	**70 656**	**69 141**
Accumulated loss in share trust	**–**	**–**	**808**	**–**	**808**
Movement for share options	**–**	**–**	**(643)**	**–**	**(643)**
Attributable income of associates	**–**	**–**	**54 395**	**(54 395)**	**–**
Movement in translation and other reserves of associates	**–**	**–**	**(16 081)**	**–**	**(16 081)**
Shares held in treasury	**(3)**	**(362)**	**–**	**–**	**(365)**
Shares held in share trust– written back	**–**	**1 855**	**–**	**–**	**1 855**
Shares held in share trust	**–**	**(2 349)**	**–**	**–**	**(2 349)**
Issue of "N" ordinary shares	**–**	**2 600**	**–**	**–**	**2 600**
Dividends paid	**–**	**–**	**–**	**(6 939)**	**(6 939)**
Balance as at 31 December 2010	**864**	**50 618**	**278 753**	**96 863**	**427 098**

COMPANY	Share capital R'000	Share premium R'000	Non-distri-butable reserves R'000	Accumu-lated profit R'000	Total R'000
Balance as at 1 January 2009	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**
Total comprehensive income for the year	**–**	**–**	**–**	**26 835**	**26 835**
Movement for share options	**–**	**–**	**(643)**	**–**	**(643)**
Issue of "N" ordinary shares	**–**	**2 600**	**–**	**–**	**2 600**
Dividend paid	**–**	**–**	**–**	**(6 939)**	**(6 939)**
Balance as at 31 December 2010	**867**	**53 329**	**–**	**54 063**	**108 259**

>> Accounting policies

for the year ended 31 December 2010

Accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and are consistent with the previous year. In the current year the group has adopted all the new and revised standards and interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2010. Their adoption has not had any significant impact on the presentation of the financial statements.

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 profit or loss 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 statement of financial position 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 to profit or loss 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 statement of comprehensive income 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 2010

continued

Valuation of listed and unlisted associates and investments

Unlisted associates are fair valued for the purposes of calculating intrinsic value per share and unlisted investments are fair valued for statement of comprehensive income and statement of financial position carry value purposes. These calculations are done using the maintainable earnings model. Maintainable earnings are based on historic and projected earnings as appropriate. The multiples are selected after considering peer group multiples and adjusting as appropriate. The resultant valuations may be tested against net asset value (if this is a relevant metric), recent transaction prices, net operating profit after tax calculations and/or DCF valuations.

Financial instruments

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

Financial instruments recognised on the statement of financial position 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 in other comprehensive income. 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 carrying value 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.

>> Accounting policies

for the year ended 31 December 2010

continued

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.

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 in other comprehensive income. 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 recognised in other comprehensive income 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 2010

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 reporting 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 agreements 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 end of the reporting period.

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 2010

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 end of the reporting period 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 reporting 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 2010);
IFRS 1	First-time Adoption of International Financial Reporting Standards (effective 1 January 2011);
IFRS 1	First-time Adoption of International Financial Reporting Standards (effective 1 July 2011);
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 2010);
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations (effective 1 January 2010);
IFRS 7	Financial Instruments Disclosures (effective 1 January 2011);
IFRS 7	Financial Instruments Disclosures (effective 1 July 2011);
IFRS 9	Financial Instruments (effective 1 January 2013);
IAS 1	Presentation of Financial Statements (effective 1 January 2011);
IAS 12	Income Taxes (effective 1 January 2012);
IAS 17	Leases (effective 1 January 2016);
IAS 24	Third Party Disclosures (effective 1 January 2011);
IAS 27	Consolidated and Separate Financial Statements (effective 1 July 2010);
IAS 32	Financial Instrument Presentation (effective 1 February 2010);
IAS 34	Interim Financial Reporting (effective 1 January 2011);
IFRIC 13	Customer Loyalty Programme (effective 1 January 2011);
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; 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 2010

1. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles R'000	Office furniture, equipment, computers and leasehold improvements R'000	Total R'000
2010 GROUP			
Beginning of year			
Cost	**1 051**	**3 158**	**4 209**
Accumulated depreciation	**(901)**	**(2 238)**	**(3 139)**
Net book value	**150**	**920**	**1 070**
Current year movements			
Additions	**–**	**23**	**23**
Net disposals	**–**	**(28)**	**(28)**
Depreciation	**(141)**	**(179)**	**(320)**
Total movement	**(141)**	**(184)**	**(325)**
End of year:			
Cost	**776**	**2 966**	**3 742**
Accumulated depreciation	**(768)**	**(2 229)**	**(2 997)**
Net book value	**8**	**737**	**745**
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

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 2010

continued

	GROUP		COMPANY	
	2010 R'000	2009 R'000	**2010 R'000**	2009 R'000
2. INVESTMENT HOLDINGS				
2.1 Investment in subsidiaries				
Shares at cost less impairments (refer Annexure A1)	**–**	–	**275**	16
2.2 Investment holdings				
Associates				
At cost	**58 070**	60 005		
Share of post-acquisition reserves	**267 873**	229 559		
Movement on non-distributable reserves	**1 051**	13 651		
Variation of interest/translation of foreign associates	**(4 552)**	(1 071)		
Retained income	**271 374**	216 979		
Carrying value	**325 943**	289 564		
Goodwill	**3 430**	3 430		
Associates per statement of financial position	**329 373**	292 994		
Directors' valuation	**522 945**	457 526		
Long-term				
At cost	**72 954**	39 561		
Fair value adjustments	**46 412**	24 442		
Long-term investments per statement of financial position	**119 366**	64 003		
Directors' valuation	**119 366**	64 003		
Total investment holdings per statement of financial position	**448 739**	356 997		
Directors' valuation – total	**642 311**	521 529		
2.3 Total share of post-acquisition reserves				
Share of post-acquisition reserves at beginning of year	**229 559**	244 475		
Movement on non-distributable reserves of associates for the year	**(12 600)**	(21 798)		
Translation of foreign associates	**(3 481)**	(3 710)		
Equity accounted retained income for the year	**54 395**	21 373		
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	**267 873**	229 559		

>> Notes to the annual financial statements

for the year ended 31 December 2010

continued

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000

2. INVESTMENT HOLDINGS (continued)

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 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
Impairment provision at end of year	**–**	–		

2.5 Summarised financial information

Refer to Annexure B.

3. FINANCE ADVANCES AND RECEIVABLES

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
Advances to associates	**11 062**	9 037		
Debtors for dividend	**–**	12 000		
Sundry receivables	**5 471** *	3 635 *		
	16 532	24 672		

* *Net after impairment charge of R0,6 million (2009: R0,8 million).*
No finance advances and receivables are past due.

4. OTHER FINANCIAL INSTRUMENTS AND SHARES

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
Interest in partnerships				
– Net contribution to partnerships	**7 139**	–		
– Less: Fair value adjustment	**(1 240)**	–		
Carrying value of interest in partnerships	**5 899**	–		

5. SHORT-TERM INVESTMENTS

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
Listed investments				
Foreign				
– At cost	**13 120**	–		
– Fair value adjustments	**366**	–		
Foreign at market value	**13 486**	–		
RSA				
– At cost	**3 321**	–		
– Fair value adjustments	**(786)**	–		
RSA at market value	**2 535**	–		
Total short-term investment at market value	**16 021**	–		

The foreign listed investments are encumbered for the foreign borrowings per note 8.1.

>> Notes to the annual financial statements

for the year ended 31 December 2010

continued

	GROUP		COMPANY	
	2010 R'000	2009 R'000	**2010 R'000**	2009 R'000

6. SHARE CAPITAL AND PREMIUM

6.1 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 (2009: 17 295 984) ordinary shares of 5 cents each	**864**	864	**864**	864
29 479 854 (2009: 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 and treasury				
17 232 007 (2009: 17 292 406) ordinary shares				
29 087 933 (2009: 28 675 681) "N" ordinary shares.				
The unissued "N" ordinary shares are under the control of the directors until the forthcoming annual general meeting.				
6.2 Share premium				
Share premium at beginning of year	**50 729**	50 729	**50 729**	50 729
500 000 "N" ordinary shares issued	**2 600**	–	**2 600**	–
Share premium at end of year	**53 329**	50 729	**53 329**	50 729
Share capital and premium before shares held in share trust and treasury	**54 196**	51 596	**54 196**	51 596
Less: 63 977 ordinary shares (2009: 3 578) and 391 921 "N" ordinary shares (2009: 304 173)	**(2 714)**	(1 855)	**–**	–
Share capital and premium	**51 482**	49 741	**54 196**	51 596

>> Notes to the annual financial statements

for the year ended 31 December 2010

continued

	GROUP		COMPANY	
	2010 **R'000**	2009 R'000	**2010** **R'000**	2009 R'000
7. RESERVES				
7.1 Non-distributable reserves				
On translation of foreign subsidiary/ associated companies				
– prior years	**1 798**	7 044	**–**	–
– current year	**(4 996)**	(5 246)	**–**	–
On movement on non-distributable reserves of associated companies				
– prior years	**13 652**	35 450	**–**	–
– current year	**(12 600)**	(21 798)	**–**	–
Accumulated loss in share trust				
– prior years	**(1 452)**	(1 452)	**–**	–
– current year	**808**	–	**–**	–
Variation of interest in subsidiary/ associated companies				
– prior years	**3 454**	3 454	**–**	–
– current year	**–**	–	**–**	–
Movement on share options				
– prior years	**643**	163	**643**	163
– current year	**(643)**	480	**(643)**	480
Attributable income of associated companies				
– prior years	**223 132**	206 387	**–**	–
– current year	**54 395**	16 745	**–**	–
Capital redemption reserve fund	**562**	562	**–**	–
	278 753	241 789	**–**	643
7.2 Accumulated profit				
Accumulated profit at beginning of year	**87 541**	46 681	**34 167**	5 577
Accumulated profit for the year	**9 322**	40 860	**19 896**	28 590
Accumulated profit at end of year	**96 863**	87 541	**54 063**	34 167
Total reserves	**375 616**	329 330	**54 063**	34 810
8. INTEREST-BEARING DEBT				
8.1 *Long-term*				
RSA borrowings	**35 000**	–	**–**	–
Foreign borrowings	**13 124**	–	**–**	–
	48 124	–	**–**	–

The South African loan payable is from a related party, unsecured, and bears interest at prime plus 2% payable monthly in arrear. The loan is repayable in May 2013, but may be extended at the option of the borrower for an additional twelve months. It may be prepaid without penalty at any time after May 2011.

The foreign bank borrowings are ring-fenced in the group's offshore subsidiary and not guaranteed by the RSA companies in the group. They are secured by a pledge of the foreign portfolio. Interest is payable at Libor plus 0,75%. A related third party has procured that the bank facility be made available to the subsidiary and has undertaken to continue to make it available subject to thirteen months' notice by the company. It may be repaid at any time without penalty.

>> Notes to the annual financial statements

for the year ended 31 December 2010

continued

	GROUP 2010 R'000	GROUP 2009 R'000	COMPANY 2010 R'000	COMPANY 2009 R'000

8. INTEREST-BEARING DEBT

(continued)

8.2 *Short-term*

	GROUP 2010 R'000	GROUP 2009 R'000	COMPANY 2010 R'000	COMPANY 2009 R'000
South African Rand borrowings				
Related parties (refer note 21)	**4 715**	6 775	**–**	–
	4 715	6 775	**–**	–
Foreign borrowings	**418**	575	**–**	–
	5 133	7 350	**–**	–

The South African loans are from related parties, unsecured, have no fixed terms of repayment and bear interest at prime rate payable monthly in arrear. The foreign loan is from a related party, ring-fenced in the group's offshore subsidiary, secured by a pledge of shares in Flowmax Holdings Limited (BVI) and bears interest at Libor plus 1% payable monthly in arrear. There is no fixed term of repayment.

9. ACCOUNTS PAYABLE AND PROVISIONS

	GROUP 2010 R'000	GROUP 2009 R'000	COMPANY 2010 R'000	COMPANY 2009 R'000
Provision for long-term incentive plan*	**2 307**	1 079	**–**	–
Accounts payable and other	**5 457**	3 935	**427**	181
	7 764	5 014	**427**	181

* *Refer to remuneration policy on page 25.*

10. EXCEPTIONAL ITEMS

	GROUP 2010 R'000	GROUP 2009 R'000	COMPANY 2010 R'000	COMPANY 2009 R'000
Gain on sale of associate	**(236)**	(14 153)	**–**	–
(Gains)/costs/losses arising from the group's former finance operations	**(89)**	181	**–**	–
	(325)	(13 972)	**–**	–
Share of associate companies' exceptional losses	**–**	4 628	**–**	–
Net exceptional gains	**(325)**	(9 344)	**–**	–

11. NET INCOME BEFORE TAXATION

	GROUP 2010 R'000	GROUP 2009 R'000	COMPANY 2010 R'000	COMPANY 2009 R'000
This is stated after taking into account:				
Income from subsidiaries – dividends	**–**	–	**40 000**	50 000
Profit on sale of property, plant and equipment	**167**	–	**–**	–
Auditor's remuneration	**685**	520	**–**	–
Fees – audit	**530**	500	**–**	–
Fees – other	**155**	20	**–**	–
Consulting fees	**496**	58	**–**	–
Depreciation (refer to note 1)	**320**	330	**–**	–
Operating lease – offices	**1 397**	1 064	**–**	–
Payroll costs	**13 331**	10 437	**–**	–
Provision for long-term incentive plan	**1 228**	684	**–**	–
Retirement benefits	**513**	486	**–**	–

>> Notes to the annual financial statements

for the year ended 31 December 2010

continued

	GROUP		COMPANY	
	2010 R'000	2009 R'000	**2010 R'000**	2009 R'000
12. TAXATION				
12.1 Charged for the year				
South African normal taxation – deferred taxation – current year	**2 849**	2 374	**–**	–
	2 849	2 374	**–**	–
12.2 Movement on deferred tax				
STC credits	**694**	648	**–**	–
Leases	**(17)**	–	**–**	–
Provision for capital gains tax on fair value adjustments to long-term investments	**2 172**	1 726	**–**	–
	2 849	2 374	**–**	–

Two of the group's subsidiaries have assessed losses for taxation purposes. The unutilised estimated losses of the subsidiaries amount to R176 million (2009: R165,4 million). No deferred tax asset has been raised on this amount.

Unutilised STC credits amount to R108 million (2009: R102 million).

	GROUP		COMPANY	
	2010 R'000	2009 R'000	**2010 R'000**	2009 R'000
12.3 Deferred tax asset (liabilities)				
STC credits*	**555**	1 249	**–**	–
Leases	**(32)**	(49)	**–**	–
Provision for capital gains tax on fair value adjustments to long-term investments	**(7 335)**	(5 163)	**–**	–
	(7 367)	(5 212)	**–**	–

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

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

12.5 Capital gains tax on sale of associates

In the event that the group's associates were sold at directors' valuation, the estimated capital gains tax liability would be R51 million (2009: R40 million). Cumulative deferred tax of R7,3 million (2009: R5,1 million) has been raised through the statement of comprehensive income for tax on other investments (that are accounted for on a fair value basis) if they were sold at market values.

>> Notes to the annual financial statements

for the year ended 31 December 2010

continued

	GROUP	
	2010	2009
	R'000	R'000
13. 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	**154,0**	139,1
The weighted average number of shares used in the calculation for the current year is 45 869 245 (2009: 46 078 197). There are no potentially dilutive shares or options.		
14. 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	**70 656**	64 084
Gain on sale of associate	**(236)**	(14 153)
Exceptional losses – associates	**–**	4 628
(Gains)/losses/costs arising from former finance operations	**(89)**	181
Profit on sale of property, plant and equipment	**(167)**	–
Headline earnings for the year	**70 164**	54 740
Headline earnings per share (cents)	**153,0**	118,8

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 45 869 245 (2009: 46 078 197).

>> Notes to the annual financial statements

for the year ended 31 December 2010

continued

15. DIRECTORS' EMOLUMENTS

	CS Seabrooke		R Pleaner		CP Coutts-Trotter		Total	
	2010 R'000	2009 R'000	**2010 R'000**	2009 R'000	**2010 R'000**	2009 R'000	**2010 R'000**	2009 R'000
Executive directors								
Salaries	**1 600**	1 544	**1 178**	1 110	**1 432**	1 350	**4 210**	4 004
Retirement and medical	**208**	208	**195**	199	**164**	152	**567**	559
Other benefits	**500**	506	**225**	212	**126**	119	**851**	837
Basic remuneration	**2 308**	2 258	**1 598**	1 521	**1 722**	1 621	**5 628**	5 400
Incentive bonuses								
– Short-term	**1 545**	1 497	**824**	736	**898**	813	**3 267**	3 046
– Exceptional*	**–**	–	**620**	–	**2 820**	–	**3 440**	–
– LTIP	**–**	890	**–**	340	**–**	–	**–**	1 230
Share trust loan benefits	**898**	741	**50**	98	**–**	–	**948**	839
Total remuneration	**4 751**	5 386	**3 092**	2 695	**5 440**	2 434	**13 283**	10 515
Non-executive directors								
Fees as directors							**1 071**	1 008
P Coutts-Trotter							**188**	171
H Habib							**160**	154
NSH Hughes							**218**	215
DNM Mokhobo							**207**	176
GE Nel							**135**	132
BJT Shongwe							**163**	160
							14 334	11 523

Some of the directors are also executives and/or directors of certain of the group's associated companies and/or investee companies from some of which they receive remuneration or fees separate from the consulting fees received by Sabvest for services provided to them by executive directors and staff of Sabvest.

* *Arising from the cancellation of their participation in the group's Share Appreciation Rights Scheme.*

	GROUP		COMPANY	
	2010 R'000	2009 R'000	**2010 R'000**	2009 R'000
16. REVENUE				
Revenue, which is stated for statutory purposes, comprises dividends, interest, fees, sundry income and other income on financial services and shares	**25 217**	49 291	**40 000**	50 000

>> Notes to the annual financial statements

for the year ended 31 December 2010

continued

	GROUP	
	2010 R'000	2009 R'000
17. NET ASSET VALUES PER SHARE		
Net asset value per share – cents	**922**	825
Net asset value per share at directors' valuation (intrinsic value) – cents	**1 230**	1 094
Number of shares in issue (less held in treasury) – 000's	**46 320**	45 968

Net asset value per share is calculated with associates equity accounted, investments fair valued and a provision for capital gains tax raised in the statement of comprehensive income.

Intrinsic net asset value per share is net asset value per share with associates at directors' valuation and a notional provision made for capital gains tax relative to basic cost.

18. CONTINGENT LIABILITIES AND COMMITMENTS

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

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

	R'000
Year 1	**1 167**
Years 2 to 3	**507**

18.3 The company has issued suretyships to all financiers of its RSA subsidiaries.

19. HYPOTHECATIONS

Both medium- and short-term facilities made available offshore to Sabvest Capital Holdings Limited (BVI) are not guaranteed by any of the South African companies. Short-term facilities are secured by a pledge of shares and loan accounts in Flowmax Holdings Limited (BVI). Medium-term facilities are secured by a cession of investments held by Sabvest Capital Holding Limited.

None of the assets of the South African companies have been encumbered and non-encumbrance agreements have been given to the group's RSA bankers.

20. FINANCIAL INSTRUMENTS

20.1 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 2009.

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 6 and 7 and interest-bearing borrowings as disclosed in note 8. The undrawn short-term facilities available to the group is set out in note 20.6.

>> Notes to the annual financial statements

for the year ended 31 December 2010

continued

20. FINANCIAL INSTRUMENTS (continued)

20.2 Categories of financial instruments

	GROUP 2010 R'000	GROUP 2009 R'000
Financial assets		
Fair value through profit or loss		
Held for trading – long-term investments	**119 366**	64 003
– short-term investments	**16 021**	–
Finance advances and receivables	**16 532**	24 672
Other financial instruments	**5 899**	–
Share trust receivables	**3 761**	6 126
Cash at bank	**3 234**	6 533
Financial liabilities		
Interest-bearing debt – medium-term	**48 124**	–
– short-term	**5 133**	7 350
Accounts payable	**5 457**	3 935

20.3 Foreign currency risk

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 2010 and 31 December 2009 the group's South African operations had no foreign exchange exposure.

20.4 Interest rate risk

The group has long-term borrowings from related parties (refer note 21) in the amount of R35 million (2009: Nil) and from third parties in the amount of R13,124 million (2009: Nil) and its short-term interest-bearing borrowings are those from related parties (refer note 21) in the amount of R4,715 million (2009: R6,775 million) and from third parties in the amount of R0,418 million (2009: R0,575 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 R370 000 (2009: R289 000).

20.5 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 2010

continued

20. FINANCIAL INSTRUMENTS (continued)

20.5 Credit risk management (continued)

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.

20.6 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 2010 the group had R50 million of undrawn facilities (2009: R50 million) and R2,2 million cash and cash equivalents (2009: R6,5 million) at its disposal to further reduce liquidity risk. It also has offshore facilities of GBP1,5 million, subject to availability.

The liabilities are payable within the next year other than the medium-term loans of R48,12 million which are payable in two years' time.

20.7 Fair value investments

Of the group's long-term and short-term investments held for trading (per notes 2 and 5), R115,339 million (2009: R45,795 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 R11,5 million (2009: decrease/increase by R4,5 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.

21. 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, its subsidiaries, and associated companies relate to fees, dividends and interest and these are reflected as income in the statement of comprehensive income. Approximately 70,0% of the group's income is generated from the group's associates.

Long-term loans to associates are included in investments in the statement of financial position and short-term loans are included in finance advances and receivables.

Transactions with directors relate to fees as disclosed in note 15. Monies lent to the group by entities controlled by directors are included in interest-bearing liabilities in the statement of financial position.

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

>> Notes to the annual financial statements

for the year ended 31 December 2010

continued

21. RELATED PARTY TRANSACTIONS (continued)

Trading transactions

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

2010	**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 2010 R'000**	**Amount owed to related parties 31 Dec 2010 R'000**
H Habib	–	–	–	–	**3 309**	–	**35 907**
Individual	–	–	–	–	–	–	–
Company/Trust	–	–	–	–	**3 309**	–	**35 907**
NSH Hughes and family							
Individual	–	–	–	–	**207**	–	**2 131**
Company	–	–	–	–	**15**	–	**23**
R Pleaner and family							
Individual	–	–	–	–	**22**	–	**225**
CS Seabrooke and family							
Individual	–	–	–	–	**10**	–	**126**
Company	**29**	**677**	–	–	**79**	–	**1 304**
Associates	**4 280**	–	**14 357**	**2 304**	–	**15 256**	–
2009							
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	–

22. 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.

>> Notes to the annual financial statements

for the year ended 31 December 2010

continued

	2010 R'000	2009 R'000
23. SABVEST LIMITED SHARE TRUST		
Interest-free loans made by the share trust were as follows:		
The Seabrooke Family Trust	**6 953**	9 353
R Pleaner	**–**	990
	6 953	10 343
IAS 39 – Present value adjustment	**(3 192)**	(4 217)
	3 761	6 126

The loans are repayable in terms of the Share Trust Deed between 2014 and 2019.
Refer to note 15 for deemed benefits received by directors. No share options have been granted and no new scheme shares were issued during the year..

24. SHARE-BASED PAYMENTS

	2010		2009	
	Number of options	**Exercise price**	Number of options	Exercise price
At beginning of the year	**350 000**	**6,40**	300 000	5,00
Granted during the year	**150 000**	**6,40**	–	–
Purchased/cancelled during the year	**(500 000)**	**(6,40)**	(300 000)	(5,00)
At end of the year	**–**	**–**	–	–

25. CAPITAL COMMITMENTS

Authorised investment commitment of R14 million (2009: R20 million).

26. BORROWING POWERS

The borrowing powers of the group are not limited.

>> Schedule of consolidated subsidiaries

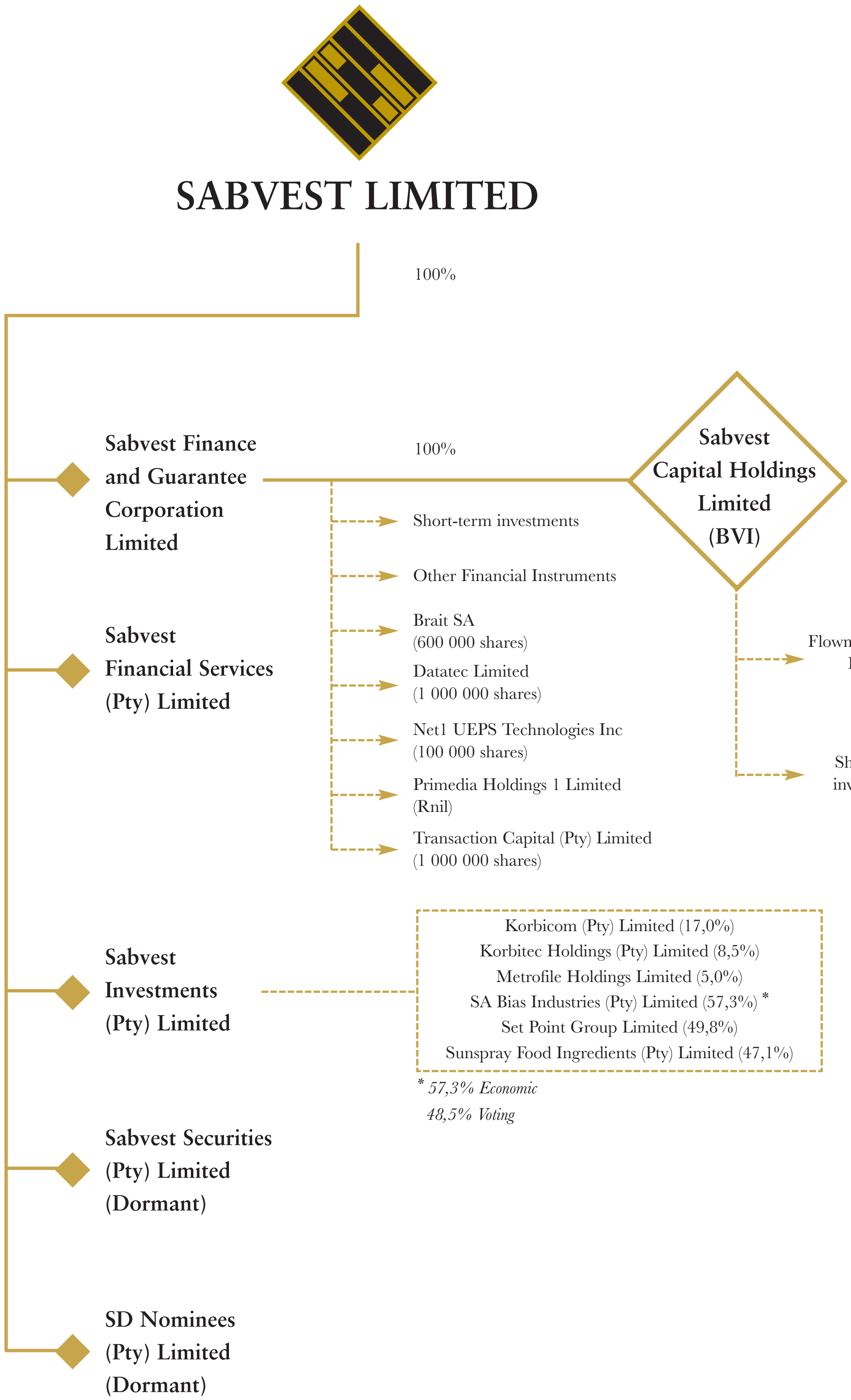
ANNEXURE A1

	Nature of business	Amount of issued capital R	Held directly or indirectly 2010 %	2009 %	Book value of interest Shares 2010 R'000	2009 R'000	Indebtedness 2010 R'000	2009 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	**260**	1	**766**	1 005
Limited	Gross						**766**	1 469
	Impairment						**–**	(464)
Sabvest Finance and Guarantee Corporation	Finance investments and guarantees	Ord 6 000	**100**	100	**1**	1	**107 634**	85 528
Limited	Gross						**238 623**	204 036
	Impairment						**(130 989)**	(118 508)
Sabvest Capital Holdings Limited (BVI)	Investment holding company and corporate financier	US$2	**100**	100	**–**	–	**–**	–
Sabvest Securities (Pty) Limited	Dormant	10 000	**100**	100	**10**	10	**–**	–
SD Nominees (Pty) Limited	Nominee company	1 000	**100**	100	**–**	–	**–**	–
Investment in subsidiaries					**275**	16		
Indebtedness included in the company's assets							**108 400**	86 533

Aggregate net income after taxation, exceptional items and amortisation of goodwill attributable to Sabvest Limited's interest in its subsidiaries	63 961

>> Company structure

ANNEXURE A2



>> Shares and shareholders

SHAREHOLDER ANALYSIS AT 31 DECEMBER 2010*[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**	**4,5**	**6 002**	**9**	**3,2**	**4 781 591**
Investment and trust companies	**10**	**11,2**	**12 573 337**	**12**	**4,3**	**4 090 496**
Other corporate bodies	**13**	**14,6**	**4 456 919**	**19**	**6,7**	**17 866 666**
Individuals	**62**	**69,7**	**259 726**	**241**	**85,8**	**2 741 101**
	89	**100,0**	**17 295 984**	**281**	**100,0**	**29 479 854**

MAJOR 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**	**3 080 000**	**10,4**	**31,9**	**68,1**
Ceejay Trust	**691 038**	**4,0**	**2 366 362**	**8,0**	**6,5**	**4,0**
Clarendon Developments Limited	**2 915 498**	**16,9**	**11 051 266**	**37,5**	**29,9**	**16,9**
Credit Suisse	**–**	**–**	**4 500 000**	**15,3**	**9,6**	**0,1**
Ellerine Brothers (Pty) Limited	**500 150**	**2,9**	**1 581 187**	**5,4**	**4,4**	**2,9**
	15 926 686	**92,1**	**22 578 815**	**76,6**	**82,3**	**92,0**

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

SHAREHOLDER SPREAD*[1]

	Ordinary shares			"N" ordinary shares			Overall shares	
Category	**Number ordinary share-holders**	**Number ordinary shares in issue**	**% ordinary shares in issue**	**Number "N" ordinary shares in issue**	**Number "N" ordinary share-holders**	**% "N" ordinary shares in issue**	**Number overall shares in issue**	**% overall shares in issue**
Non-public shareholders								
Directors	**3**	**11 846 000**	**68,5**	**4 566 500**	**4**	**15,5**	**16 412 500**	**35,1**
Other	**1**	**2 915 498**	**16,9**	**11 051 266**	**1**	**37,5**	**13 966 764**	**29,9**
Total non-public shareholders	**4**	**14 761 498**	**85,4**	**15 617 766**	**5**	**53,0**	**30 379 264**	**65,0**
Public shareholders	**85**	**2 534 486**	**14,6**	**13 862 088**	**276**	**47,0**	**16 396 574**	**35,0**
	89	**17 295 984**	**100,0**	**29 479 854**	**281**	**100,0**	**45 775 838**	**100,0**

Note: Directors' holdings are set out on page 30.

STOCK EXCHANGE PERFORMANCE

JSE Limited	**Ordinary 2010**	Ordinary 2009	**"N" ordinary 2010**	"N" ordinary 2009
Closing price (cents)	**627**	600	**602**	500
Highest price (cents)	**627**	726	**630**	600
Lowest price (cents)	**538**	580	**480**	485
Total number of shares traded ('000)	**404**	894	**1 270**	1 399
Total value of shares traded (R'000)	**2 420**	5 405	**7 096**	8 325
Total number of transactions recorded	**43**	70	**72**	36
Total volume of shares traded as a percentage of total issued shares (%)	**2,3**	5,2	**4,4**	4,8

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

>> Shareholders' diary

Announcement of 2010 results	2 March 2011
Publication of 2010 annual report	March 2011
Annual general meeting	28 April 2011
Financial year-end	31 December

>> 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

SABVEST CAPITAL HOLDINGS LIMITED BVI

Registration number: 30949
Le Victoria
Block 6, 2nd Floor
13 BLD Princesse Charlotte
MC 98000 Monaco

Telephone +3 779 797 4095
Telefax +3 779 797 4097

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

ATTORNEYS AND LEGAL ADVISORS

Edward Nathan Sonnenbergs Inc, Sandton
Penningtons, London

AUDITORS

Deloitte & Touche, Johannesburg

>> 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, 28 April 2011 at 14:00, 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 2010 be and are hereby approved and confirmed."

2. ORDINARY RESOLUTION NUMBER TWO

"RESOLVED that the re-appointment of CP Coutts-Trotter 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."

The CV of CP Coutts-Trotter appears on page 10.

3. ORDINARY RESOLUTION NUMBER THREE

"RESOLVED that the re-appointment of P Coutts-Trotter 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."

The CV of P Coutts-Trotter appears on page 10.

4. ORDINARY RESOLUTION NUMBER FOUR

"RESOLVED that the re-appointment of R Pleaner 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."

The CV of R Pleaner appears on page 10.

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 R Campbell 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

>> Notice to shareholders

continued

this ordinary resolution number seven 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:

- 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;
- 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; and
- subject to exchange control approval at that point in time."

>> Notice to shareholders

continued

8. ORDINARY RESOLUTION NUMBER EIGHT

"RESOLVED that all of the "N" 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 2011 financial year be as follows:

Chairman	R167 000
Deputy Chairman	R156 000
Directors	R141 000
Chairman of Audit Committee	R60 000
Chairman of Remuneration Committee	R47 000
Committee members	R29 000"

10. ORDINARY RESOLUTION NUMBER TEN

"RESOLVED that Sabvest's remuneration policy, as set out in the Integrated Report, be and is hereby approved."

In accordance with King III this resolution will be regarded by the Board as a non-binding advisory vote by shareholders.

11. 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:

11.1 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 passing of this special resolution.

11.2 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.

11.3 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.

11.4 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.

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

>> Notice to shareholders

continued

11.6 neither the company nor its subsidiaries may repurchase securities during a prohibited period as defined by the JSE Listings Requirements 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.

11.7 an announcement complying with 11.27 of the JSE Listings Requirements will be published by the company when the company and/or its subsidiaries 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.

11.8 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.

11.9 any repurchases are subject to exchange control approval at that point in time."

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 will not affect the general repurchase of shares, unless the following can be met:

- 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 the general repurchase.
- 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 the general repurchase, 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 2010.
- 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 the general repurchase.
- 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 the general repurchase.

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.

>> Notice to shareholders

continued

12. 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."

13. 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 60;
- Major shareholders of the company – page 58;
- Directors' interests in securities – page 30; and
- Share capital of the company – page 45.

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 (being at least the previous twelve months), 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 10 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

>> Notice to shareholders

continued

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.

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 or held in treasury 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

7 March 2011
Sandton

>> Form of proxy

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

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 14:00 on Thursday, 28 April 2011, and at every adjournment of that meeting.

Signed this ________ day of ________ 2011

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 CP Coutts-Trotter*			
3. Ordinary resolution number three *Re-appointment of P Coutts-Trotter*			
4. Ordinary resolution number four *Re-appointment of R Pleaner*			
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. Ordinary resolution number ten *Approval of remuneration policy*			
11. Special resolution number one *Authority to acquire ordinary and "N" ordinary shares*			
12. 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 14:00 on Tuesday, 26 April 2011.