



Sabvest Limited

Annual Report
2012

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Chairman's letter to shareholders

Overview

Sabvest had an excellent year strategically and operationally. Numerous changes were effected to the group's portfolio. At the year-end it had a focused portfolio of interests in three industrial groups, five RSA listed investments and a foreign short-term portfolio.

Shareholders also approved the new Memorandum of Incorporation of the company and ratified the Investment Policy for the group which was pre-approved by the JSE.

2012 Performance

Sabvest achieved record results with PAT increasing 68% to R139m, HEPS 69% to 301 cents per share, dividends 33% to 32 cents per share and intrinsic net asset value 19% to 1 855 cents per share.

Medium-Term Performance

The Board encourages management to focus on implementing the group's strategy so as to achieve sustainable long-term investment returns comprising growth in intrinsic value per share and cash returned to shareholders by way of dividends. Over the past eight years intrinsic net asset value per share has increased at a compound rate of 19,5% (notwithstanding the effects of the one-off increase in provisions for notional CGT due to the change in the CGT rate), headline earnings per share at 23,6% and dividends per share at 34,4%.

Governance and Functions of the Board

The Board and management maintain the highest levels of governance and adherence to relevant codes and legislation.

The Board is accountable for the approval and execution of the group's strategy and its operating performance and financial results as well as being the arbiter and monitor of risk and the custodian of its corporate governance policies and procedures.

I guide the Board in these primary functions. Management continues to deliver above average performance which facilitates the outcomes required by the Board.

Shareholders

I am pleased to welcome all new shareholders who have invested in the group during the year. At the year-end there were 363 shareholders holding ordinary and "N" ordinary shares in the company.

Ethics and Social Responsibility Initiatives

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.

It also encourages transformation programmes and social responsibility initiatives in all its investee companies.

I am particularly pleased with Sabvest's own corporate social responsibility initiatives. The ongoing high school bursary programmes and provision of facilities to rural schools are noteworthy. Since the commencement of the bursary programme, Sabvest has funded 77 years of schooling for high school pupils.

Appreciation

I record my personal appreciation to our CEO and my colleagues on the Board, to our partners and directors of our associated and investee companies and our bankers and advisors for their continued support.

Haroon Habib
Chairman

Sandton
6 March 2013

Integrated Report to stakeholders

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Integrated Report to stakeholders

continued

Sabvest is pleased to present its Integrated Report to stakeholders.

The Board of directors acknowledges its responsibility to ensure the integrity of the Integrated Report. The Integrated Report addresses all material issues of which the Board is aware and presents fairly the performance of the organisation and its impact on stakeholders. The report is presented on behalf of the Board by the Chief Executive Officer. The report has been approved and recommended to the Board by the Audit Committee.

1. Report profile

The report covers the activities of Sabvest and its subsidiaries.

The Board has concluded that this 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. It has also relied on the reports from KPMG Services (Pty) Ltd who have provided positive assurance to the Audit Committee and the Board on internal financial controls, human resource and payroll controls and information technology general controls, including disaster recovery and business continuity plans.

2. Corporate profile and structure

2.1 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 three unlisted industrial groups which are accounted for as associates, a long-term portfolio of five RSA listed investments and a short-term foreign bond and share portfolio, both accounted for on a fair value basis.

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

2.2 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 listed holding company 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.

The group's corporate structure and ownership of investments is set out in Annexure 1 on page 22.

2.3 Investment proposition

Sabvest offers investors:

- ◆ Investment access to three substantial unlisted groups – SA Bias, Set Point and Sunspray;
- ◆ A sound growth orientated portfolio;

Integrated Report to stakeholders

continued

- ◆ Investment access to a high quality, non-cyclical tightly held listed investment – Metrofile;
- ◆ A Rand hedge – a substantial portion of the group’s underlying assets is overseas through SA Bias Industries, Datatec and the Sabvest foreign portfolio;
- ◆ No cash drag – Sabvest is fully invested;
- ◆ The benefit of some gearing to enhance returns;
- ◆ Stable and growing dividends;
- ◆ Above average long-term growth in earnings and intrinsic value per share; and
- ◆ A sound conservative balance sheet.

3. Operational environment

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 and export strategies for growth and for the spread of geographic and economic risk.

SA Bias Industries has international operations in China, Hong Kong, India, Sri Lanka, Turkey, the United Kingdom, North America and Mexico. Set Point Group has operations in Botswana, Mozambique, Zimbabwe, Zambia, UAE and India.

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

4. Strategies, business model and performance indicators

4.1 Investment strategy

- ◆ During the year the group prepared a formal investment policy document which was approved by the JSE and ratified by shareholders in general meeting. In addition, it also deals with reporting and shareholder approvals in the context of JSE regulations. A copy of the group’s investment policy is attached marked Annexure 3 on pages 24 to 26.

4.2 Business model and performance indicators

The following should be read as an amplification of the group’s formal investment policy:

4.2.1 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 interests 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.



Integrated Report to stakeholders

continued

- ◆ 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 primary 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 equity investments, we also hold cash, bonds and other short-term investments and debt instruments from time to time.

4.2.2 Performance metrics

Sabvest aims to:

- ◆ Increase intrinsic value per share by 15% per annum.
- ◆ Increase annual dividends to shareholders by 10% per annum.
- ◆ Increase headline earnings per share by 15% per annum.

Sabvest has exceeded all three targets over its calculation periods of 1, 3 and 8 years.

In addition to these financial metrics, Sabvest aims to:

- ◆ Adhere to its code of ethics;
- ◆ Comply with all applicable laws and regulations;
- ◆ Be a good corporate citizen on all levels and with particular sensitivity to the maturing but volatile socio-economic environment in South Africa.
- ◆ Maintain the highest levels of corporate governance.

Sabvest believes that it has achieved and complied with all of these metrics. With regard to King III, this report indicates where any requirements have not been applied. More specifically, Sabvest has applied all 27 principles with the following exceptions:

- ◆ Principle 10 – The small size of the group has precluded the need for a full internal audit function but an external service provider performs limited scope risk based assurance assessments annually over a three-year cycle.
- ◆ Principle 15 – Business rescue proceedings are not relevant to the group as a sound going concern.

Where individual points within each principle have not been applied, the reasons are addressed in the report.

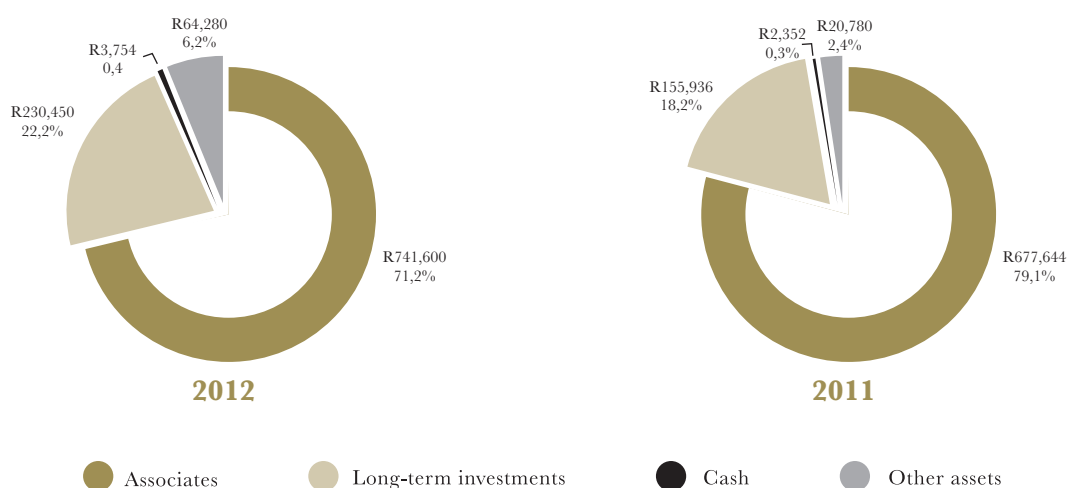
Integrated Report to stakeholders

continued

5. Asset profile

5.1 Graphical presentation of assets at intrinsic value

Assets per category expressed as a percentage of total assets at 31 December (R'000)



5.2 Investment portfolio at 31 December 2012

	Economic interest %	Carrying value R'000	Intrinsic value R'000
Unlisted industrial associates		437 693	741 600
SA Bias Industries (Pty) Ltd*	57,30		
Set Point Group (Pty) Ltd	49,99		
Sunspray Food Ingredients (Pty) Ltd	46,10		
* Voting interest 48,5%			
	Ordinary shares		
Listed long-term investments		230 450	230 450
Brait S.E.	1 513 654	55 612	55 612
Datatec Limited	1 000 000	49 050	49 050
Metrofile Holdings Limited	27 571 496	107 529	107 529
Net1 UEPS Technologies Inc	211 884	8 899	8 899
Transaction Capital Limited	1 200 000	9 360	9 360
Long-term investment holdings		668 143	972 050
Short-term investments – foreign		38 489	38 489
Total portfolio		706 632	1 010 539

At the year-end the foreign investment portfolio comprised shares in Apple, Astra Zeneca, Aviva, Comcast, Google, Microsoft, Vodafone and Yum Brands.



Integrated Report to stakeholders

continued

5.3 Nature of investments

Company	Nature of business
Unlisted industrial associates	
SA Bias Industries (Pty) Ltd	<p>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.</p> <p>Distributors of fluid handling equipment and systems in the United Kingdom through Flowmax Holdings and its UK subsidiaries – Alpeco, CTS, Action Sealite, Hytek, IFC, Mechtronic, Bell Flow, Anglo Nordic Burners and Castle Pumps.</p> <p>Managers of foreign cash, unit trust and bond portfolios through SA Bias Investments and SA Bias Securities.</p>
Set Point Group (Pty) Ltd	<p>An industrial products and services group which operates through three divisions – analytics, fluid handling and mining services. Its operating units are Setpoint Laboratories, Wearcheck, African Minerals Standards, Letaba, Pneumax, Meter Systems and Reng & NW Gopro.</p>
Sunspray Food Ingredients (Pty) Ltd	<p>Producers of spray-dried and blended powdered food and drink products.</p>
Listed investments	
Brait S.E.	<p>Investment group whose major assets are large proprietary investments in Pepkor and Premier Foods.</p>
Datatec Limited	<p>International Communications and Technology group focused on networking, information security and convergence technologies through its Westcon, Logicalis and Analysys Mason divisions.</p>
Metrofile Holdings Limited	<p>Market leader in on-site and off-site document management and information storage.</p>
Net1 UEPS Technologies Inc	<p>A leading provider of secure and affordable transaction channels to unbanked and banked individuals through the supply of chip card technologies and systems such as universal electronic payment systems.</p>
Transaction Capital Limited	<p>Financial services group which provides credit, credit services, payment services and prepaid services to niche segments of the consumer markets, small micro and medium enterprises. Its major operating units are SA Taxi Finance, Bayport Financial Services and Paycorp/ATM Solutions.</p>

Integrated Report to stakeholders

continued

5.4 Portfolio changes during the year

During the year, Sabvest:

- ◆ Increased its investment in Metrofile Holdings Limited by 7,1m shares to 27,5m shares, representing a 6,7% holding in the company, for an amount of R20,8m.
- ◆ Increased its investment in Transaction Capital Limited by 0,2m shares to 1,2m shares for an amount of R1,6m.
- ◆ Increased its investment in Net1 UEPS Technologies Inc by 111 884 shares to 211 884 shares for an amount of R9,2m.
- ◆ Disposed of its short-term portfolio in South Africa for R2,9m.
- ◆ Disposed of its interests in Korbitec and Korbicom for R21,4m.
- ◆ Disposed of its remaining interests in the West Central Fund and Nimble Credit Opportunities Fund for R10,4m.
- ◆ Disposed of its 40% interest in Flowmax Holdings Limited (BVI/UK) to SA Bias Industries (Pty) Ltd for R56m (as approved by Sabvest shareholders in general meeting).
- ◆ Reopened its foreign share and bond portfolio which had a carrying value of R38,5m at the year-end.
- ◆ Bought back 4 975 Sabvest ordinary shares and 106 116 Sabvest “N” ordinary shares for R1,3m through a subsidiary.

With regard to the group’s investee companies:

- ◆ Transaction Capital listed on the JSE in June 2012.
- ◆ SA Bias Industries acquired a 60% interest in Flowmax Holdings Limited (BVI/UK) as a result of which Sabvest retains an indirect 34% interest in Flowmax.
- ◆ Set Point Group established a new thermography and vibration unit as part of its analytics division.



Integrated Report to stakeholders

continued

6. Financial overview

6.1 Salient financial features of the year

2012 US cents	2011 US cents		2012 RSA cents	2011 RSA cents
RETURNS TO SHAREHOLDERS				
36,7	24,6	Headline earnings per share	300,9	178,1
36,7	24,4	Earnings per share	301,2	176,6
3,9	3,3	Dividend proposed ^{*1}	32	24
219	193	Net asset value per share with investments at directors' valuation (intrinsic value)	1 855	1 563
US\$'000	US\$'000		R'000	R'000
STATEMENT OF COMPREHENSIVE INCOME				
16 936	11 362	Headline earnings attributable income	138 805	82 343
16 951	11 266	Income attributable to equity shareholders	138 923	81 651
STATEMENT OF FINANCIAL POSITION				
78 415	63 851	Ordinary shareholders' equity on balance sheet	665 027	517 323
100 774	89 055	Ordinary shareholders' equity with associates at intrinsic valuation, net of CGT provisions	854 652	721 520
114 616	102 886	Investment holdings at intrinsic value	972 050	833 580

Rand/Dollar exchange rate

Statement of comprehensive income: US\$1 = 8,1950 (2011: US\$1 = 7,3072)

Statement of financial position: US\$1 = 8,4809 (2011: US\$1 = 8,1020)

^{*1} 20 cents after year-end (2011: 20 cents after year-end)

6.2 Ten-year financial review

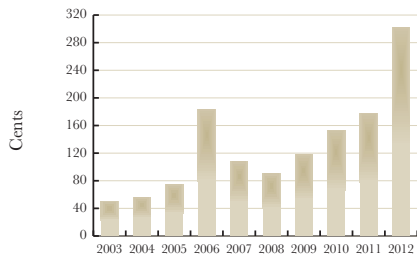
A ten-year financial review is set out in Annexure 4 on pages 28 and 29.

Integrated Report to stakeholders

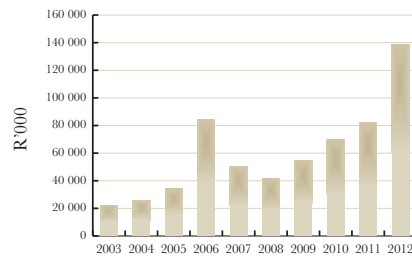
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6.3 Ten-year graphical review

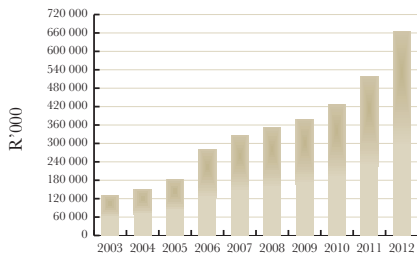
Headline earnings per share



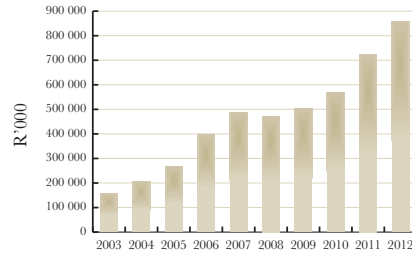
Headline attributable income



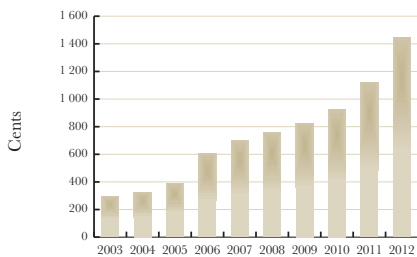
Ordinary shareholders' funds



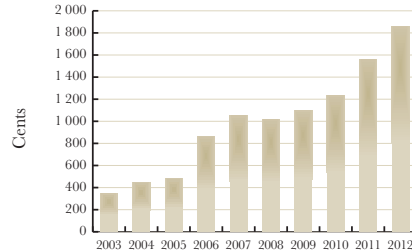
Ordinary shareholders' funds with investments at intrinsic value



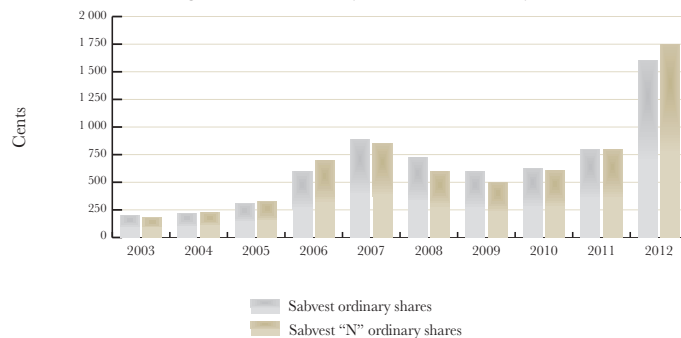
Net asset value per share



Net asset value per share with investments at intrinsic value



Closing price of ordinary and "N" ordinary shares





Integrated Report to stakeholders

continued

6.4 Commentary on the 2012 financial results

Sabvest achieved record results for the year. PAT increased by 68% to R139m and HEPS by 69% to 301 cents per share. The increase was assisted by the conversion of foreign earnings at the weaker Rand exchange rate.

The major contributor to the increase in the group's results was the material increase in the market values of the group's major listed investments – Brait, Datatec and Metrofile. In all three groups the increases were underpinned by strong operating performances.

The other major contributor was the gains on sales of unlisted investments.

The group's unlisted industrial associates performed in line with expectations with Sabvest's share of their net income increasing by 16% to R94,7m.

Shareholders' funds with investments at intrinsic value (net of notional CGT) increased by 19% to R855m. This increase was achieved notwithstanding that the provision for deferred tax was increased by R30,1m relating to the current and prior years due to the increase in the enacted CGT rate (which is effective in the next financial year). The full adjustment was taken in this period with no changes made to prior periods.

Accordingly, intrinsic value per share increased by 19% to 1 855 cents per share.

The group's debt levels remain conservative. New facilities have been raised offshore and will be utilised to gear the foreign investment portfolio in Sabvest's offshore subsidiary.

Sabvest's associates are valued for intrinsic value purposes using the maintainable earnings (NOPAT) models, multiples of NOPAT between 7 and 7,5 times and adjusting for net cash/investments and interest-bearing debt.

	2012 R'000
6.5 Shareholders' funds at intrinsic value	
Intrinsic valuation of associates	741 600
Carrying value of associates	437 693
Accumulated revaluation	303 907
Provision for notional CGT *	114 282
	189 625
Shareholders' funds on consolidated statement of financial position	665 027
Shareholders' funds at intrinsic value	854 652

* Calculated relative to base cost

6.6 Eight-year financial growth

	Cents	Growth 1 year (%)	Compound Growth 3 years (%)	Compound Growth 8 years (%)
Intrinsic net asset value per share	1 855	18,7	19,3	19,5
Dividends per share	32	33,3	31,7	34,4
Headline earnings per share	300,9	68,9	36,3	23,6

6.7 Financial resources

Shareholders' funds with investments at intrinsic value amounted to R855m at the year-end (2011: R722m) all of which was invested in the group's portfolio holdings.

In South Africa the group has a R40m three-year loan which was raised to facilitate the group's South African investment programme. It has short-term bank facilities of R50m which were utilised to the extent of R1,3m at the year-end. The group also utilises loans from entities associated with the directors from time to time. The utilisation at year-end was R7,4m.

A \$15m facility has been raised internationally to enable the group to gear its short-term foreign share and bond portfolio in its wholly-owned subsidiary managed in Monaco. This facility is secured by the underlying assets of that subsidiary only.

The group has sufficient financial resources to execute its strategies.

Integrated Report to stakeholders

continued

6.8 Dividend policy and declaration

Dividends are determined relative to Sabvest's own expected recurring net cash flows from investments, realisations and services over a period that are not earmarked for new investments. Dividends are considered twice annually.

Dividends for the year were increased from 24 cents to 32 cents per share. The company utilised its STC credits for the dividends and accordingly no withholding tax was deducted. The company has remaining STC credits of 301 cents per share.

6.9 Performance of associates

Sabvest's unlisted industrial associates performed well. On a look-through basis the unaudited combined revenues for the twelve months increased by 14% to R1,77bn (2011: R1,55bn). The unaudited combined PAT of the four groups was R203,5m, of which Sabvest's share was R95m, an increase of 16% relative to the prior year.

Descriptions of the activities of associates are contained in the table in section 5.3.

SA Bias Industries produced satisfactory results assisted by the effect of a weaker Rand on offshore earnings.

The Set Point Group achieved a material increase in profitability for the year to 31 August 2012.

Flowmax produced softer results in a difficult trading climate in the UK.

Sunspray Food Ingredients produced stable results in line with budgets.

6.10 Performance of investees

Brait S.E., Datatec Limited, Metrofile Holdings Limited and Transaction Capital Limited produced strong operating performances in the period under review while the performance of Net1 was affected by costs and negative publicity concerning its new contract with SASSA and the implementation of that contract in South Africa.

7. Future strategic and financial outlook

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

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

At the end of 2012 Carl Coutts-Trotter ceased to be an executive director of Sabvest but will continue as a non-executive director and will retain his directorships of Set Point Group and Sunspray. Carl will be full time as Executive Deputy Chairman of SA Bias Industries – our largest associate.

Jan Walraven has taken over as executive director of our foreign investment subsidiary in Monaco pursuant to the sudden departure of its former executive director which necessitated a restructure of that office and regulatory arrangements in Monaco. Jan was previously a non-executive director of the company for many years.

No other changes are anticipated in our executive management and human resources.

The group's three industrial associates have sound growth prospects particularly those of the extensive international operations of SA Bias Industries. However, Set Point Group is experiencing difficult trading conditions arising primarily from the disruption in the mining sector and this will impact its results in the current year.

The group's listed investee companies are performing well. However, the required use of IFRS fair value accounting based solely on listed share prices at the reporting dates and the major run up in the share prices of the group's holdings in 2012 make it very unlikely that the same level of fair value adjustments will be achieved in 2013. As a result we expect a reduction in Sabvest's PAT and HEPS in 2013 compared to the record levels in 2012.

Nevertheless, we expect continued growing cash inflows for dividends and new investments and growth in intrinsic net asset value.

These projections have not been reviewed or reported on by the group's auditors.

8. Governance and sustainability

8.1 Human resources

RSA executive directors	Overseas executive management	Staff	Total 2012	Total 2011
2	1	7	10	9



Integrated Report to stakeholders

continued

8.2 Directorate

Executive directors



Christopher Stefan SEABROOKE (59)
BCom, BAcc, MBA, FCMA
Chief Executive

Joined the group in 1980.
Appointed Chief Executive in 1987.
Non-executive Chairman of Metrofile Holdings Limited and Transaction Capital Limited, Deputy Chairman of Massmart Holdings Limited and a non-executive director of Brait S.E., Datatec Limited, Net1 UEPS Technologies Inc and Chrometco Limited. Also a director of numerous unlisted companies including Mineworkers Investment Company (Pty) Limited and Chairman of Primedia Holdings 1 Limited. Former Chairman of the South African State Theatre and Deputy Chairman of the inaugural National Arts Council of South Africa.



Raymond PLEANER (58)
BCompt(Hons), CA(SA)
Financial Director

Joined the group in 1985 and appointed to the Board in 1996.

Non-Executive directors



Haroon HABIB (72)
Independent Non-executive Chairman

Appointed to the Board in 1996 and Chairman in 2003.
Chairman, Financial Markets and Investments (Pty) Limited.



Nigel Stuart Hamilton HUGHES (58)
BCom, CA(SA), FCMA
*Independent Non-executive Director
Chairman of the Audit and Risk
Committee and Social and Ethics
Committee, Member of the
Remuneration Committee*

Appointed to the Board in 1987.
Executive Chairman, Mertrade (Pty) Limited.



Philip COUTTS-TROTTER (66)
BCom, MBA
*Non-executive Deputy Chairman
Member of the Remuneration Committee*

Appointed to the Board in 1987.
Executive Chairman, SA Bias Industries (Pty) Limited.



Dawn Nonceba Merle MOKHOBHO (64)
BA (Social Science)
*Independent Non-executive Director
Chairman of Remuneration
Committee, Member of the Audit and
Risk Committee*

Appointed to the Board in 2005.
Non-executive Director of Engen Limited, Director of Partnership Investments, Chairperson of Wesizwe Platinum Limited. Non-executive Director of Altron and Independent Director for Cricket South Africa. Former winner South African Businesswoman of the Year Award.



Carl Philip COUTTS-TROTTER (37)
BBusSc (Actuarial Science),
FASSA, FIA(UK)
Executive Director

Appointed to the Board in 2007 as an executive director. Became non-executive on 1 January 2013.
Executive Deputy Chairman of SA Bias Industries (Pty) Limited, Non-executive Director of Set Point Group (Pty) Limited and Sunspray Food Ingredients (Pty) Limited and alternate director of Metrofile Holdings Limited.



Bheki James Themba SHONGWE (57)
BA (Econ), MBA, ACIS, FCIBM
*Independent Non-executive Director
Member of the Audit and Risk
Committee*

Appointed to the board in 2005.
Chairman, Flow Communications (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.



Graham Ernest NEL (65)
Pr Eng, BSc Eng, MBL, MSAICE
Non-executive Director

Appointed to the Board in 1987.
Executive Chairman of Flowmax Holdings Limited, Non-executive Director, Set Point Group (Pty) Limited.

Integrated Report to stakeholders

continued

8.3 The Board and its Committees

The group employs ten people of whom two are executive directors of the holding company. It also has the benefit of the experience and advice of seven 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. A consideration of Board composition and the process of nominating directors to the Board is the function of the Remuneration and Nominations Committee. None of the directors has political connections of relevance to the company or at all. 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 all of its major 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.

No external advisors are regular attendees at Board meetings.

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 Memorandum of Incorporation (MOI), the Board also has the ability to remove directors without requiring shareholder approval.

The executive directors have six months notice periods but no other contractual entitlements.

The Board usually meets two or 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 and management reports to the Board monthly as well. Additional scheduled meetings are not regarded as necessary due to this process and the limited movement in portfolio holdings.

The full responsibilities of the Board and of each Committee are set out in written charters adopted by the Board and published on the company's website.



Integrated Report to stakeholders

continued

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

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

The profiles of directors are set out on page 13, shareholders on page 23, remuneration details in note 15 on page 58 and share scheme allocations in note 23 on page 63.

8.3.1 *Company Secretary*

The role of the company secretary was previously held by the CFO. During the year, the Board outsourced the function to an independent individual in order to meet the requirements of the Companies Act and the JSE.

The duties of the company secretary include:

- ◆ Providing counsel and guidance to the Board on their individual and collective powers and duties as required from time to time;
- ◆ Considering the regulatory universe prepared by internal audit and providing the Board with updates and proposed changes to laws and regulations affecting the group;
- ◆ Reporting to the Board any non-compliance with the MOI or Companies Act;
- ◆ Maintaining proper minutes of shareholder, director and Committee meetings;
- ◆ Certifying in the annual financial statements that the company has filed the required notices and returns timeously in accordance with the Companies Act;
- ◆ Ensuring that the company's annual financial statements are properly distributed;
- ◆ Carrying out the other functions required of a company secretary by the Companies Act.

The Board has considered and satisfied itself of the competence, qualifications and experience of the company secretary. She has over ten years' experience in the role and the CEO has been a director of three other groups where she has also performed the function very effectively. More particularly, the Board is satisfied that she has carried out each of her duties as set out above.

The Board confirms that she has maintained an arm's length relationship with the Board as she is not a director of the company and she performs no other functions on behalf of the company or the Board.

8.3.2 *Audit, Governance and Risk Committee*

The Committee operates within defined terms of reference and authority granted to it by the Board in terms of a written charter. It meets at least twice a year, and the external auditors, Deloitte & Touche, 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.

Integrated Report to stakeholders

continued

The Committee remains of the view that the group is too small to warrant a full internal audit function. Selected scope internal audit services are performed for the group by KPMG on an annual basis for assurance purposes. KPMG reports to the Chairman of the Committee and administratively to the CEO. The relationship is sound and no disagreements were recorded during the year.

The internal auditors attend when presenting their reports and opinions on internal financial and IT controls and other reviews which are done annually over a three year cycle. Their 2012 reports provided unqualified assurances to the Audit Committee and Board.

There are no other regular invitees to Committee meetings.

The principle functions of the Committee are to review the interim and annual financial statements and accounting policies, monitor the effects of internal controls, assess the risks facing the business, assess the expertise and experience of the Financial Director, discuss the findings and recommendations of the auditors and review corporate governance procedures. The Audit Committee also has the responsibility for 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 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. No separate external assurance is necessary on sustainability issues due to the limited size and focus of Sabvest's operations as an investment group. The Committee does not regard the company as having any current unmitigated risks arising from sustainability considerations. The Committee is of the view that it has complied with all its legal, regulatory and governance responsibilities during the period.

The Committee comprises the following members:

	Attendance
NSH Hughes (Independent Non-Executive Chairman)	2/2
DNM Mokhobo (Independent Non-Executive)	2/2
BJT Shongwe (Independent Non-Executive)	1/2

8.3.3 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. However, subsequent to the year-end, the JSE has issued guidance which requires the Nominations Committee be chaired by the Chairman of the Board and prohibits the Chairman of the Board from being Chairman of the Remuneration Committee. Two Committees will therefore be formed in the coming year.



Integrated Report to stakeholders

continued

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

8.3.4 Social and Ethics Committee

The Committee has a written charter which meets all the requirements of the Companies Act in the scope of its functions. These included the group's standing relative to the ten United Nations Global Compact Principles, the OECD recommendations regarding corruption, the Employment Equity Act and the BBBEE Act, good corporate citizenship including the group's SRI programme, environmental and safety issues and labour relations. The Committee is satisfied that the group has properly considered these issues and taken the appropriate measures to the extent applicable to the group's activities.

The Committee comprises the following members:

	Attendance
NSH Hughes (Independent Non-executive Chairman)	1/1
CS Seabrooke (CEO)	1/1
R Pleaner (CFO)	1/1

The report of the Committee to shareholders as required by the Companies Act is set out on page 37.

8.3.5 Performance assessments

The performances 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. No material issues arose from this process in 2012.

8.4 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. A tip-off hotline procedure is in place. No incidents were reported during the year.

The setting of specific measurable metrics is not practicable as the group is an arms length investment group without business operations as such.

8.5 Code of share dealing

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 and 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 or those of listed associates.

Integrated Report to stakeholders

continued

The Board has established parameters for a limited non-discretionary share purchase programme during closed periods executed by the group's brokers without any intervention by the company, as permitted by JSE regulations. The parameters and pricing are set at least three months before the financial reporting closed periods commence.

8.6 Information Technology

The effectiveness of the group's IT systems was favourably assessed by KPMG in the course of the provision of internal audit services to the group, and by Deloitte and Touche in the course of its audit. 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, S A Outsourcing, for over ten years.

The CFO takes the role of Chief Information Officer and has responsibility for the management of IT and reports on IT matters to the Audit Committee and Board.

During the prior 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.

8.7 Regulatory compliance

The CFO undertakes the compliance function on behalf of the Board. He has been assisted by KPMG in preparing Sabvest's regulatory universe in South Africa. The Board, through the Audit Committee, also relies on 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.

During the year the compliance officer did not note any breaches in regulatory compliance and the group was not subject to any penalties or fines in this regard.

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. The Board regards the compliance function as sufficient and effective.

8.8 Social Responsibility Initiatives (SRI)

The company itself and most of its associates and investees have SRI programmes to facilitate the sustainability of the broader social and economic environment.

Sabvest invests between 0,5% and 1% of its own profit after tax in specific programmes encompassing bursaries for secondary education and educational infrastructure. During 2012 eleven high school bursaries were funded at Durban High School and Maris Stella, general grants were made for education and Sabvest participated in the upgrading of rural classrooms and facilities at Thubelikle and Onthanswini schools in KwaZulu-Natal in partnership with SA Bias Industries



Integrated Report to stakeholders

continued

8.9 External relationships

Sabvest's direct external relationships with stakeholders are primarily with its shareholders, financiers, the Boards of its associate and investee companies and the Committees in which it operates. These relationships are actively managed by the executive directors as follows:

- ◆ Shareholders
Through the website, SENS and press announcements, annual reports and general meetings.
- ◆ Financiers
Through regular meetings and submissions.
- ◆ Associates
Through shareholder agreements, Board and Committee representation and on site visits.
- ◆ Major investees
Through Board and Committee representation and on-site visits.
- ◆ Community
Through the group's code of ethics and SRI programme.

8.10 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.

8.11 Management of 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 low gearing levels, the boundaries of its business model, its clearly stated and shareholder approved investment policy and the group's ongoing investment assessment procedures. The Board is not aware of any risks being allowed that exceed the company's risk appetite nor were any such risks taken in the year under review.

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 risk watch list is as follows:

- ◆ Reduced cash flow from associates.
- ◆ Financial controls in associates.
- ◆ Loss of any key executive in an associate.

Integrated Report to stakeholders

continued

- ◆ Changes in strategies of associates.
- ◆ CEO incapacitated or not available.
- ◆ Ongoing liquidity management.
- ◆ Levels of crime and related security requirements.
- ◆ IT systems.
- ◆ BEE requirements.
- ◆ Exchange rate fluctuations.
- ◆ Effect of world macro economic variables.

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. The Board is of the view that all of the risks listed have been mitigated to the extent feasible and that all residual risks have adequate controls or are monitored closely. The Board is not aware of any impending material risks that have not been disclosed herein.

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.

9. 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 quartile for comparable positions. Executive and non-executive directors' emoluments are disclosed in note 15 to the financial statements. There are no other prescribed officers and the remaining RSA employees are supporting staff.

Short-term incentives may be earned between 50% and 80% of cost to company packages, with allowance for out performance on some of the criteria. All of the criteria are quantitative and are calculated relative to profit after tax, growth in dividends paid to shareholders and, for 2012, reduction in the cost to intrinsic value ratio. Some of the executives had incentive modifiers in 2012 where if certain qualitative criteria were not met the quantitative incentives calculated were reduced.

One-off bonuses may also be awarded by the Remuneration Committee in a particular year if warranted by a specific transaction. There were none in 2012.

The other material quantitative metric relevant to shareholders is 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 12% and 90% of their cost to company package annually which is "invested" in the group's intrinsic net asset value. The growth in this notional investment is measured annually and is tested after four years. Some of the historic awards were tested at three 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 annually. The potential awards are capped at a gain of 150% of the notional investments.

The 2008 and 2009 LTIP's were tested on 31 December 2011 and paid out in 2012.

Accordingly when the short term incentive scheme (STIP) and the LTIP are viewed together, about 50% of the potential annual incentive to executives is based on growth in intrinsic value per share and the balance on the other quantitative metrics set out above. The structure and vesting periods are regarded as good and sufficient incentive and retention measures. The Committee regards the scheme as providing the necessary motivation and alignment with the group's strategy and performance targets.



Integrated Report to stakeholders

continued

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

The executive directors are shareholders in the company and have previously received allocations from the share trust or the SARS scheme or special bonuses for the purchase of shares.

Presently the SARS and share option schemes are regarded as dormant. Share trust allocations are being phased out and compensating adjustments made to the basic packages, STIP and LTIP of affected executives.

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 three associates pay consulting fees directly to Sabvest.

The CEO holds certain non-executive directorships in some cases independently and in others 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. The CEO 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. Non-executive directors' fees are approved by shareholders annually at the annual general meeting.

The company secretarial function has been outsourced and is charged to the group on a time basis.

10. Shares and shareholders

At the year-end Sabvest had 17,1m ordinary shares and 29,0m "N" ordinary shares in issue net of treasury shares. The ordinary shares carry 500 votes per share and the "N" ordinary shares carry one vote per share.

Sabvest had 363 shareholders at the year-end as profiled in Annexure 2. The shareholdings of directors are recorded in the directors' report on page 33.

11. Commentary and conclusion

The Board and management are satisfied with the current and anticipated sustainability and 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.

Shareholders are referred to section 7 for the outlook for the financial year.

For and on behalf of the Board

Christopher Seabrooke
Chief Executive Officer

6 March 2013
Sandhurst

Integrated Report to stakeholders

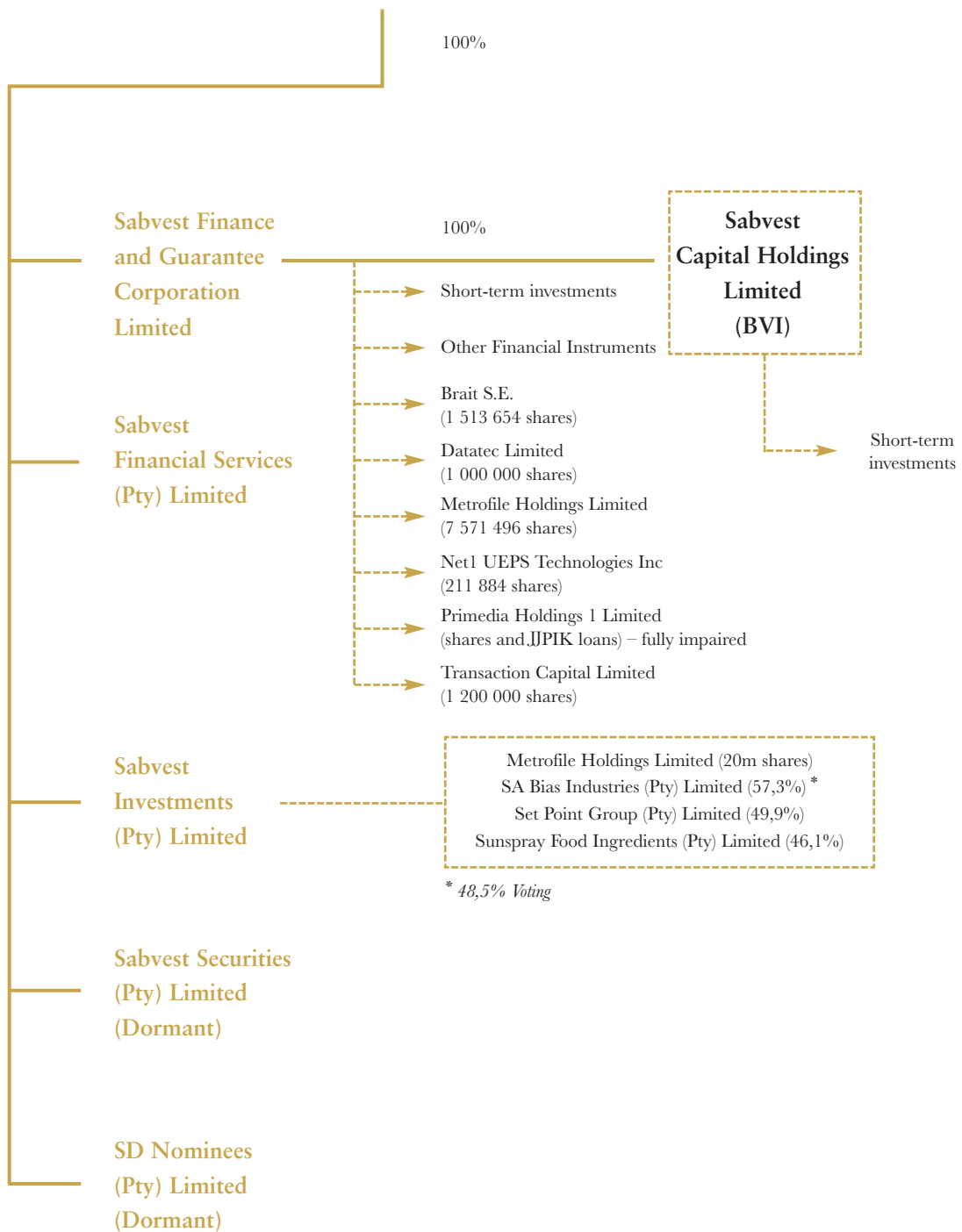
continued

ANNEXURE 1

CORPORATE STRUCTURE



SABVEST LIMITED





Integrated Report to stakeholders

continued

ANNEXURE 2

SHARES AND SHAREHOLDERS

Shareholder analysis at 31 December 2012*¹

Category	Ordinary shares		“N” ordinary shares			
	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	2	2,6	2	9	3,2	4 981 591
Investment and trust companies	13	16,7	13 427 063	15	5,3	8 055 549
Other corporate bodies	10	12,8	3 627 409	19	6,7	13 965 497
Individuals	53	67,9	241 510	242	84,8	2 477 217
	78	100,0	17 295 984	285	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:

Name	Ordinary shares		“N” ordinary shares		Overall	
	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	11 895 000	68,8	3 105 000	10,5	32,1	68,6
BNP Paribas (Suisse) SA	2 915 498	16,9	11 051 266	37,5	29,9	16,9
Credit Suisse Zurich	–	–	4 500 000	15,3	9,6	0,1
Ceejay Trust	696 788	4,0	2 834 153	9,6	7,5	4,0
Ellerine Brothers (Pty) Limited	500 150	2,9	1 581 187	5,4	4,4	2,9
	16 007 436	92,6	23 071 606	78,3	83,5	92,5

Shareholder spread*¹

Category	Ordinary shares			“N” ordinary shares			Overall shares	
	Number ordinary share-holders	Number ordinary shares in issue	% ordinary shares in issue	Number “N” share-holders	Number “N” ordinary shares in issue	% “N” ordinary shares in issue	Number overall shares in issue	% overall shares in issue
Non-public shareholders								
Directors	3	11 921 000	69,0	4	4 591 100	15,6	16 512 100	35,3
Other	1	2 915 498	16,9	1	11 051 266	37,5	13 966 764	29,9
Total non-public shareholders	4	14 836 498	85,9	5	15 642 366	53,1	30 478 864	65,2
Public shareholders	74	2 459 486	14,1	280	13 837 488	46,9	16 296 974	34,8
	78	17 295 984	100,0	285	29 479 854	100,0	46 775 838	100,0

Note: Directors' holdings are set out on page 33.

Stock exchange performance

JSE Limited	Ordinary		“N” ordinary	
	2012	2011	2012	2011
Closing price (cents)	1 600	800	1 749	795
Highest price (cents)	1 600	950	1 750	900
Lowest price (cents)	900	600	849	601
Total number of shares traded ('000)	52	565	247	599
Total value of shares traded (R'000)	600	4 044	2 738	4 514
Total number of transactions recorded	19	19	61	42
Total volume of shares traded as a percentage of total issued shares (%)	0,3	3,3	0,9	2,1

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

Integrated Report to stakeholders

continued

ANNEXURE 3

INVESTMENT POLICY

1. Background and Rationale

- 1.1** Sabvest is an investment group which has been listed on the JSE since 1988. Its shares are quoted in the Financials – Equity Investment Instruments sector.
- 1.2** The JSE Listings Requirements deal specifically with investment companies in section 15 and in particular require an Investment Policy to be approved by shareholders on listing or, by implication, from time to time.
- 1.3** Sabvest has prepared its Investment Policy to be approved by the JSE and considered by its shareholders with a view to approving its existing investment parameters, scope and related features.

2. Definitions

Definitions of terms used in this Policy are contained in Appendix A attached.

3. Investment Parameters and Scope

3.1 Investment focus

Sabvest:

- a) has a primary investment focus of maintaining and growing a portfolio of significant equity interests in listed and unlisted companies with sound growth records or potential for growth that are expected to earn above average returns over a period.
- b) has a secondary investment focus of holding cash, bonds, short-term investments, debt instruments and fund participations depending on market conditions, availability of suitable opportunities, the investment maturity cycles of its portfolio, excess liquidity not invested in its primary portfolio and relevant macro-economic cycles.
- c) will also engage in corporate finance and acquisition and disposal activities with investees which may include making finance advances to previous, current and potential investee companies and their affiliates.

3.2 Sectors

Sabvest's primary equity investments will be confined to the industrial, retail, trading, services, media, IT and financial sectors.

3.3 Geographies

- a) Sabvest wishes to hold a meaningful level of investments in international currencies either directly or indirectly through the foreign operations of South African investee companies.
- b) Foreign investments held directly are restricted to businesses in the United Kingdom and Europe.
- c) Foreign investments held indirectly are not restricted (as the location of these will be determined by the international strategies of the companies in which Sabvest has interests).

3.4 Size, spread and stage

Sabvest:

- a) aims to invest in good businesses with first class management without being restricted by any required absolute size or level of percentage holdings.
- b) may hold equity instruments that are small in percentage terms but where the group is able to exercise influence through board representation or shareholder agreements.
- c) may hold majority or joint controlling interests but without direct management responsibility.



Integrated Report to stakeholders

continued

ANNEXURE 3
(continued)

- d) will not be constrained by any required balance between listed and unlisted holdings.
- e) will not be constrained by any required sector spread.
- f) will be unlikely to make new investments that exceed 15% of its portfolio or 25% of shareholders' equity.
- g) will not make stage one, start-up or greenfield investments.

3.5 Other parameters

Sabvest:

- a) structures its investments such that each investment is free standing and ring-fenced as to risk.
- b) usually invests in companies where key management has meaningful interests or in family managed businesses.
- c) favours large minority stakes in unlisted companies with whom it interacts as associates.
- d) usually procures that its CEO or other Sabvest directors are directors of investee companies (other than general portfolio companies).
- e) holds its investments without pre-determined realisation periods but subject to the continual review of the quality of the underlying businesses and to any constraints or obligations in shareholder agreements.
- f) will dispose of investments in the event of:
 - ◆ protracted periods of under-performance relative to criteria set by management depending on the nature, sector and stage of the investments;
 - ◆ any ongoing disagreements with management or other shareholders particularly concerning strategy, capital allocation and returns;
 - ◆ receipt of unsolicited offers at materially higher values than attributed by Sabvest;
 - ◆ availability of alternative investments with substantially superior returns.

4. Growth Targets

Sabvest's target growth rates over three year rolling periods are:

Intrinsic net asset value per share 15% p.a.

Dividends per share 10% p.a.

These may be changed by the Board from time to time, particularly if movement in macro-economic factors such as CPI, exchange rates, interest rates and rates of taxation that affect the group make changes appropriate. Any material changes will require shareholder approval.

5. Categorisation of Transactions

Investment transactions undertaken by Sabvest will be categorised relative to Sabvest's market capitalisation as required by the JSE.

6. Shareholder Approvals

- 6.1** Shareholder approval by way of ordinary resolution will be required for all purchase and sale transactions of a size in excess of 25% of market capitalisation, or in excess of 5% in the case of related party transactions.
- 6.2** Shareholder approval will not be required for purchase and sale transactions irrespective of size if these are a result of pre-agreed terms of shareholders' agreements which have been approved by Sabvest shareholders, or have been advised to Sabvest shareholders if the original transactions fall within the approved Investment Policy. Notwithstanding, the JSE Listings Requirements for shareholder approvals and communications will apply if the transaction is categorised as a reverse take-over in terms of Section 9.5(c).

Integrated Report to stakeholders

continued

ANNEXURE 3
(continued)

It is intended that this pre-approval will relate to come along, go along, pre-emptive, put and call provisions that may be contained in agreements between Sabvest and other investors in investee companies.

The approvals may be obtained at the time of the original transactions or subsequently.

6.3 Shareholder approval is not required for non-related party transactions of any size in the following circumstances:

- a) the requirements of paragraph 6.2 have been met; or
- b) the transactions fall within the approved Investment Policy.

7. Communication of Investment Transactions

7.1 All transactions concluded in accordance with this Investment Policy will be regarded as being in the ordinary course of business unless circumstances dictate otherwise.

7.2 Communications with shareholders will be in accordance with JSE regulations for category 1 and category 2 transactions, except that:

- a) no circulars will be required for any size transaction as long as the requirements of 6.2 or 6.3 are met, unless the transaction is categorised as a reverse take-over in terms of Section 9.5(c).
- b) no press announcements will be required for non-related party transactions less than 10% of market capitalisation provided that:
 - ◆ they are not regarded by the Board of Sabvest as price sensitive; and
 - ◆ the financial effects prepared in accordance with JSE regulations do not show a variance of any of the indicators of more than 3%.

7.3 Notwithstanding the provisions of 7.2, the information required to be disclosed for a pre-listing statement must be provided to shareholders if a transaction is a category 1 transaction which results in an issue of securities that, together with any other securities of the same class issued during the previous three months, would increase the securities issued by more than 25% in accordance with Section 9.22.

7.4 All transactions will be summarised for shareholders in the interim and final results announcements and in the annual report.

8. Communication of Investment Policy

The Investment Policy has been published on SENS, appears on Sabvest's website and is included in the annual report.

9. Approval of Investment Policy

This initial Investment Policy was approved by shareholders on 12 December 2012 and any future material changes must be approved by shareholders by way of ordinary resolution.



Integrated Report to stakeholders

continued

APPENDIX A

DEFINITIONS

1. **“Category one”** means transactions with a size greater than 25% of market capitalisation.
2. **“Category two”** means transactions with a size of 5% to 25% of market capitalisation.
3. **“Investment” or “transaction”** means equity, preference share, loan, option and guarantee commitments aggregated.
4. **“JSE”** means JSE Limited.

Integrated Report to stakeholders

continued

TEN-YEAR FINANCIAL REVIEW

at 31 December 2012

2011 US\$'000	2012 US\$'000	
69 583	79 221	Consolidated Statements of Financial Position
		Non-current assets
75	114	Property, plant and equipment
–	–	Deferred tax asset
512	325	Share trust receivables
–	–	Medium-term receivables
68 996	78 782	Investment holdings
49 750	51 609	Associates
19 246	27 173	Long-term
2 269	7 582	Current assets
733	2 601	Finance advances and receivables
292	4 538	Short-term investments
954	–	Other financial instruments
290	443	Cash balances
71 852	86 803	Total assets
63 851	78 415	Ordinary shareholders' equity
6 099	6 425	Non-current liability
4 937	4 716	Interest-bearing debt
1 162	1 709	Deferred tax liability
1 902	1 963	Current liabilities
977	1 025	Interest-bearing debt
925	938	Accounts payable
71 852	86 803	Total equity and liabilities
		Consolidated Statement of Comprehensive Income
15 940	21 091	Gross income from operations and investments
4 043	4 611	Dividends received
122	90	Interest received
859	2 736	Income on financial instruments and shares
332	333	Fees and sundry income
2 901	5 918	Fair value adjustment to investments
7 683	7 403	Equity accounted retained income of associates
11 264	11 560	Share of net income of associates
(3 581)	(4 157)	Less: Dividends received
29	157	Direct transactional costs
140	(156)	Impairments
654	644	Interest paid
15 117	20 446	Net income before expenses and exceptional items
3 396	2 732	Less: Expenditure
3 375	2 717	Operating costs
21	15	Depreciation
96	–	Exceptional items – (gains)/loss
11 625	17 714	Net income before taxation
359	763	Taxation
11 266	16 951	Net income attributable to equity shareholders
11 362	16 936	Headline attributable income
		Returns to shareholders
24,6	36,7	Headline earnings per share – cents
24,4	36,7	Earnings per share – cents
3,3	3,9	Dividends per share – paid or proposed – cents
138,2	169	Net asset value per share – cents
1 930	219	Net asset value per share at directors' valuation (intrinsic value) – cents
46 172	46 061	Number of shares in issue – 000's
46 236	46 126	Weighted number of shares in issue – 000's



Integrated Report to stakeholders

continued

ANNEXURE 4

2003 R'000	2004 R'000	2005 R'000	2006 R'000	2007 R'000	2008 R'000	2009 R'000	2010 R'000	2011 R'000	2012 R'000
125 861	138 156	171 868	234 804	304 076	365 160	365 442	453 800	563 755	671 873
1 202	2 106	1 835	1 787	1 501	1 380	1 070	745	616	971
724	868	4 758	2 778	2 545	1 897	1 249	555	–	–
1 372	2 312	2 674	3 090	3 574	4 134	6 126	3 761	4 131	2 759
–	–	11 397	–	–	–	–	–	–	–
122 563	132 870	151 204	227 149	296 456	357 749	356 997	448 739	559 008	668 143
110 985	125 465	140 330	172 088	219 099	279 139	292 994	329 373	403 072	437 693
11 578	7 405	10 874	55 061	77 357	78 610	64 003	119 366	155 936	230 450
12 980	22 305	17 061	61 156	38 350	18 614	31 205	41 686	18 385	64 304
12 321	22 216	14 841	17 471	28 700	18 518	24 672	16 532	5 943	22 061
–	–	2 186	2 550	–	–	–	16 021	2 363	38 489
–	–	–	–	–	–	–	5 899	7 727	–
659	89	34	41 135	9 650	96	6 533	3 234	2 352	3 754
138 841	160 461	188 929	295 960	342 426	383 774	396 647	495 486	582 140	736 177
131 495	151 034	180 933	279 371	324 786	350 636	379 071	427 098	517 323	665 027
–	49	49	3 338	4 645	3 486	5 212	55 491	49 417	54 494
–	–	–	–	–	–	–	48 124	40 000	40 000
–	49	49	3 338	4 645	3 486	5 212	7 367	9 417	14 494
7 346	9 378	7 947	13 251	12 995	29 652	12 364	12 897	15 400	16 656
5 852	7 906	5 279	7 615	7 101	24 100	7 350	5 133	7 915	8 697
1 494	1 472	2 668	5 636	5 894	5 552	5 014	7 764	7 485	7 959
138 841	160 461	188 929	295 960	342 426	383 774	396 647	495 486	582 140	736 177
31 217	36 152	41 814	108 715	67 818	59 216	78 938	100 031	115 522	172 845
2 048	3 500	5 485	12 248	18 729	38 149	34 939	17 208	29 302	37 788
5 720	4 932	7 656	7 827	6 423	3 938	1 567	2 884	881	739
–	–	2 879	37 156	311	–	9 976	(1 166)	6 223	22 422
2 658	2 378	2 314	6 386	2 213	2 781	2 809	5 125	2 407	2 730
–	–	3 268	22 429	7 406	(16 939)	8 274	21 585	21 027	48 497
20 791	25 342	20 212	22 669	32 736	31 287	21 373	54 395	55 682	60 669
22 682	27 717	25 611	34 640	49 996	67 056	53 936	68 752	81 631	94 733
(1 891)	(2 375)	(5 399)	(11 971)	(17 260)	(35 769)	(32 563)	(14 357)	(25 949)	(34 064)
–	–	–	4 452	–	–	–	–	209	1 284
–	–	–	1 000	–	(45)	(181)	(144)	1 013	(1 279)
2 191	1 425	1 330	1 594	1 643	2 335	3 467	3 892	4 741	5 275
29 026	34 727	40 484	101 669	66 175	56 926	75 652	96 283	109 559	167 565
7 402	8 462	9 879	11 759	14 503	15 869	18 538	23 103	24 610	22 385
6 961	7 991	9 431	11 296	14 095	15 473	18 208	22 783	24 460	22 263
441	471	448	463	408	396	330	320	150	122
5 733	1 163	1 469	(1 256)	3 449	33 509	(9 344)	(325)	692	–
15 891	25 102	29 136	91 166	48 223	7 548	66 458	73 505	84 257	145 180
(724)	(145)	(3 890)	5 269	1 574	(512)	2 374	2 849	2 606	6 257
16 615	25 247	33 026	85 897	46 649	8 060	64 084	70 656	81 651	138 923
22 348	25 390	34 262	84 550	50 110	41 570	54 740	70 164	82 343	138 805
49,5	55,4	74,1	182,7	108,3	89,9	118,8	153,0	178,1	300,9
36,8	55,1	71,4	185,6	100,8	17,4	139,1	154,0	176,6	301,2
3,0	3,0	6,0	12,0	14,0	14,0	14,0	17,0	24,0	32,0
292	326	391	604	702	759	825	922	1 120	1 444
348	447	481	862	1 050	1 016	1 094	1 230	1 563	1 855
45 109	46 259	46 259	46 275	46 276	46 180	45 968	46 320	46 172	46 061
45 144	45 845	46 259	46 272	46 276	46 260	46 078	45 869	46 236	46 126

Audited annual financial statements

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DIRECTORS' APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

To the shareholders 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 SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, 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 shareholders of the company is set out on page 32 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

Sandton

26 February 2013

R Pleaner

Chief Financial Officer

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 71 of 2008, as amended, and that all such returns are true, correct and up to date.

Mrs P Atkins

Company Secretary

Sandton

26 February 2013

Audited annual financial statements

continued

INDEPENDENT AUDITORS' REPORT

To the shareholders of Sabvest Limited

We have audited the consolidated and separate annual financial statements of Sabvest Limited set out on pages 38 to 63, which comprise the statements of financial position as at 31 December 2012, and the statements of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information, as well as the investment portfolio on page 6 and the nature of investments on page 7 of the annual report.

Directors' Responsibility for the Consolidated Financial Statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate 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 consolidated and separate 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Sabvest Limited as at 31 December 2012, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 December 2012, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements.

These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Deloitte & Touche

Registered Auditors

per **RC Campbell**

Partner

26 February 2013

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

National Executive: LL Bam (Chief Executive), AE Swiegers (Chief Operating Officer), GM Pinnock (Audit), DL Kennedy (Risk Advisory), NB Kader (Tax), TP Pillay (Consulting), K Black (Clients and Industries), JK Mazzocco (Talent and Transformation), CR Beukman (Finance), M Jordan (Strategy), S Gwala (Special Projects), TJ Brown (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 in terms of the Chartered Accountancy Profession Sector Code

Member of Deloitte Touche Tohmatsu Limited



Audited annual financial statements

continued

DIRECTORS' REPORT

at 31 December 2012

Nature of business

Sabvest Group's main activities are set out in the corporate profile on page 3.

Results of operations

The results of operations for the year ended 31 December 2012 are reflected in the attached annual financial statements.

Subsidiaries

Details of the company's interest in its consolidated subsidiaries appear in Annexure 1, which forms part of this report.

Going concern

Based upon solvency, cash resources and forecasts, the board has concluded that the business will be a going concern in the year ahead.

Investments

Details of the group's investments are set out on pages 6 and 7 and in note 2 to the annual financial statements.

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 2012 were as follows:

	2012			2011 Total 000's
	Ordinary shares 000's	"N" ordinary shares 000's	Total 000's	
Executive				
CS Seabrooke	11 895	3 105	15 000 * ¹	14 950
R Pleaner	21	982	1 003 * ²	1 003
Non-executive				
CP Coutts-Trotter	–	500	500 * ¹	500
P Coutts-Trotter	5	4	9 * ²	9
H Habib	–	–	–	–
NSH Hughes	–	–	–	–
DNM Mokhobo	–	–	–	–
GE Nel	–	–	–	–
BJT Shongwe	–	–	–	–
	11 921	4 591	16 512	16 462

*¹ Indirect

*² Direct

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

Insurance and directors' indemnity

The group maintains comprehensive insurance providing cover under directors and officers liability, public liability and other risks.

Audited annual financial statements

continued

DIRECTORS' REPORT

at 31 December 2012

Dividends

An interim dividend of 12 cents per share (2011: 4 cents) was declared during the year and a final dividend of 20 cents per share (2011: 20 cents) has been declared subsequent to the year-end.

The company has utilised STC credits amounting to 20 cents per share. As a result there will be no dividend withholding tax from the final dividend.

Changes in investment holdings

During the year the group acquired 13 654 shares in Brait S.E., 7 071 496 shares in Metrofile Holdings Limited, 111 884 shares in Net1 UEPS Technologies Inc., 1 166 000 shares in Set Point Group (Pty) Limited and 200 000 shares in Transaction Capital Limited. It also re-opened its offshore short-term portfolio.

During the year the group disposed of its full interest in Flowmax Holdings Limited (BVI/UK), Korbitec Holdings (Pty) Limited and Korbicom (Pty) Limited. The group also disposed of its interest in its distressed debt and credit opportunities fund investments and its RSA short-term portfolio.

Directors and secretary

Details of the present board of directors and the secretary appear on the inside back cover. Messrs H Habib, NSH Hughes and C Coutts-Trotter retire at the forthcoming annual general meeting but, being eligible, offer themselves for re-election. Mr R Pleaner resigned as company secretary on 12 December 2012 and Ms Paige Atkins was appointed as company secretary on 12 December 2012. Mr C Coutts-Trotter became a non-executive director on 1 January 2013.

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 23.

Subsequent events

There are no subsequent events which require either adjustment or disclosure in the annual report as of the reporting date.

Special resolutions

The following is a summary of the special resolutions that were passed during the year:

Special resolution number 1

Approval of proposed non-executive directors' remuneration for the year ended 31 December 2012

"RESOLVED that the remuneration of the non-executive directors in respect of services as directors of the company for the financial year ended 31 December 2012 be authorised and determined on the basis and in accordance with the provisions set out below.

Fees shall be:

- (i) paid to non-executive directors annually;
- (ii) determined by the Board on a market-related basis as recommended by the Sabvest Remuneration and Nominations Committee; and
- (iii) subject to the following maximum amounts:

	Year ended 2012 R
Chairman	175 000
Deputy Chairman	164 000
Non-executive directors	148 000
Chairman of the Audit Committee	63 000
Chairman of the Remuneration and Nominations Committee	49 000
Chairman of the Social and Ethics Committee	30 000
Committee members/invitees	30 000"

The resolution was passed on 17 May 2012.



Audited annual financial statements

continued

DIRECTORS' REPORT

at 31 December 2012

continued

Special resolution number two

Authority to provide financial assistance to any group company

“RESOLVED that in accordance with Section 45 of the Companies Act, the company be and is hereby authorised to provide direct and indirect financial assistance to any related or inter-related company (as defined in the Companies Act) of the company by way of a general authority in favour of that category of recipients as contemplated in Section 45(3)(a)(ii) of the Companies Act, on the terms and conditions and for amounts that the board of the directors may determine from time to time up to a limit of R500 million (five hundred million rand).”

The resolution was passed on 17 May 2012.

Special resolution number three

General authority to repurchase shares

“RESOLVED that the company and/or any subsidiary of the company is hereby authorised, by way of a general authority, from time to time, to acquire ordinary and/or ‘N’ ordinary shares in the share capital of the company from any person in accordance with the requirements of the company’s Memorandum of Incorporation, the Companies Act and the JSE Listings Requirements.

This resolution was passed on 17 May 2012.

Special resolution number four

Approval and adoption of the new Memorandum of Incorporation

“RESOLVED that, the Memorandum of Incorporation of the company be and is hereby adopted in substitution for the current memorandum and articles of association of the company that forms part of the Memorandum of Incorporation of the company (the “Articles”), in order to harmonise it with the Companies Act and to comply with schedule 10 of the Listings Requirements.”

This resolution was passed on 12 December 2012.

Investment policy

The group’s investment policy was approved and adopted by the company’s shareholders on 12 December 2012.

Composition of Committees

The group’s Audit and Risk Committee, Remuneration Committee and other special sub-committees of the board are disclosed in the Integrated Report section of the report.

Auditors

Deloitte & Touche has expressed its willingness to continue in office and resolutions proposing its re-appointment and authorising the Audit Committee to set its remuneration will be submitted to the forthcoming annual general meeting.

Preparation of financial statements

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

Audited annual financial statements

continued

AUDIT COMMITTEE REPORT

for the year ended 31 December 2012

The Audit Committee met twice during the year and the external auditors presented formal reports to the Committee and attended meetings by invitation in accordance with section 94(7)(f) of the Companies Act, No. 71 of 2008, as amended. The Committee reports as follows:

- ◆ The scope, independence and objectivity of the external auditors were reviewed.
- ◆ The expertise and experience of the Financial Director were assessed and approved.
- ◆ The Group's Corporate Governance procedures were reviewed and approved.
- ◆ The audit firm Deloitte & Touche, and audit partner, Roy Campbell, are, in the Committee's opinion, independent of the Company, and Deloitte & Touche and Sabvest's audit partner, Roy Campbell, have been proposed to the shareholders for approval to be the group's auditor and audit partner for the 2013 financial year.
- ◆ On an ongoing basis, the Committee reviews and approves the fees payable to 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.

Nigel Hughes

Audit Committee Chairman

Sandton

6 March 2013



Audited annual financial statements

continued

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT

for the year ended 31 December 2012

The Committee reports that it has adopted appropriate formal terms of reference as its Charter, and has regulated its affairs in compliance with this Charter, and has discharged all of the responsibilities set out therein.

The Committee was established in March 2012 to assist the Board in ensuring that Sabvest is and remains a good and responsible corporate citizen, and to perform the statutory functions required of a Social and Ethics Committee in terms of the Companies Act, No. 71 of 2008, as amended (“the Companies Act”).

The Committee monitors relevant legislation, other legal requirements and prevailing codes of best practice, specifically with regard to matters relating to social and economic development, good corporate citizenship, the environment, health and public safety, as well as labour and employment.

The Committee is satisfied that the Group’s performance in the categories noted above and will continue to review, assess and report on these areas in the future.

Nigel Hughes

Social, Ethics and Transformation Committee Chairman

Sandton

6 March 2013

Audited annual financial statements

continued

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2012

	Notes	2012 R'000	2011 R'000
Non-current assets		671 873	563 755
Property, plant and equipment	1	971	616
Share trust receivables		2 759	4 131
Investment holdings	2	668 143	559 008
Associates		437 693	403 072
Long-term		230 450	155 936
Current assets		64 304	18 385
Finance advances and receivables	3	22 061	5 943
Other financial instruments		–	7 727
Short-term investments	5	38 489	2 363
Cash at bank		3 754	2 352
Total assets		736 177	582 140
Ordinary shareholders' equity		665 027	517 323
Share capital and premium	6	48 831	50 153
Non-distributable reserves	7	386 852	352 498
Accumulated profit	7	229 344	114 672
Non-current liabilities		54 494	49 417
Interest-bearing liabilities	8	40 000	40 000
Deferred tax liabilities	12	14 494	9 417
Current liabilities		16 656	15 400
Interest-bearing debt	8	8 697	7 915
Accounts payable	9	4 980	3 526
Provisions	9	2 979	3 959
Total equity and liabilities		736 177	582 140



Audited annual financial statements

continued

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2012

	Notes	2012 R'000	2011 R'000
Gross income from operations and investments		172 845	115 522
Dividends received		37 788	29 302
Interest received		739	881
Income on financial instruments and shares		22 422	6 223
Fees and sundry income		2 730	2 407
Fair value adjustments to investments		48 497	21 027
Equity accounted retained income of associates		60 669	55 682
Share of net income of associates		94 733	81 631
<i>Less:</i> Dividends received		(34 064)	(25 949)
Direct transactional costs		1 284	209
(Reversal)/impairment of finance advances and receivables		(1 279)	1 013
Interest paid		5 275	4 741
Net income before operating expenses and exceptional items		167 565	109 559
<i>Less:</i> Expenditure		22 385	24 610
Operating costs		22 263	24 460
Depreciation		122	150
Exceptional items – loss	10	–	692
Net income before taxation	11	145 180	84 257
Taxation	12	6 257	2 606
Net income for the year attributable to equity shareholders		138 923	81 651
Translation of foreign subsidiary/associates		1 723	2 289
Total comprehensive income for the year attributable to equity shareholders		140 646	83 940
Earnings per share – cents		301,2	176,6
Dividends per share (final proposed after year-end) – cents		32,0	24,0
Weighted average number of shares in issue – 000's		46 126	46 236

Audited annual financial statements

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COMPANY STATEMENT OF FINANCIAL POSITION

at 31 December 2012

	Notes	2012 R'000	2011 R'000
Non-current asset		16	16
Investment in subsidiaries	2.1	16	16
Current assets		188 559	141 936
Loans to subsidiaries (Annexure A)		188 533	141 922
Cash at bank		26	14
Total assets		188 575	141 952
Ordinary share capital and premium	6	54 196	54 196
Non-distributable reserve	7.1	–	–
Accumulated profit	7.2	133 880	87 264
Ordinary shareholders' equity		188 076	141 460
Current liability		499	492
Accounts payable	9	499	492
Total equity and liability		188 575	141 952

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2012

	Notes	2012 R'000	2011 R'000
Dividends received	16	28 000	36 000
Gross income		28 000	36 000
Impairment reversal		35 730	7 334
Expenditure		(2 210)	(2 197)
Total comprehensive income for the year attributable to equity shareholders		61 520	41 137



Audited annual financial statements

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STATEMENTS OF CASH FLOWS

for the year ended 31 December 2012

	GROUP		COMPANY	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
Cash flows from operating activities	42	(3 334)	10 893	25 932
Net income for the year	138 923	81 651	61 520	41 137
Adjustments for:				
Depreciation	122	150	–	–
Fair value adjustments to investments	(48 497)	(21 027)	–	–
Equity accounted retained income of associates	(60 669)	(55 682)	–	–
Single capitalisation issue	(309)	–	–	–
Exceptional items	–	989	–	–
Deferred taxation	5 077	2 606	–	–
Gain on sale of investments/associates	–	(2 024)	–	–
Impairment reversal	(1 279)	1 013	(35 730)	(7 334)
Other income on financial instruments and shares	(18 920)	(2 862)	–	–
Profit on sale of property, plant and equipment	(118)	–	–	–
Provisions	1 803	2 814	–	–
(Decrease)/increase in accounts payable	(1 328)	(3 095)	7	65
Cash flows from operations	14 805	4 533	25 797	33 868
Dividends paid	(14 763)	(7 867)	(14 904)	(7 936)
Cash flows from investing activities	1 901	9 111	(10 881)	(25 929)
Purchase of property, plant and equipment	(516)	(27)	–	–
Purchase of investments and repayment of investment loans	(72 350)	(20 075)	–	–
Proceeds from sale of fixed assets	158	6	–	–
Proceeds from sale of investments	78 639	18 968	–	–
Increase in loans to subsidiaries	–	–	(10 881)	(25 929)
Increase in share trust receivables	–	(1)	–	–
Decrease in other financial instruments	7 727	1 034	–	–
(Increase)/decrease in finance advances and receivables	(11 757)	9 206	–	–
Cash effects of financing activities	(1 323)	(9 441)	–	–
Purchase of company shares held in treasury	(1 323)	(1 317)	–	–
Decrease in medium-term loan	–	(8 124)	–	–
Change in cash and cash equivalents	620	(3 664)	12	3
Cash and cash equivalents at beginning of year	(5 563)	(1 899)	14	11
Cash and cash equivalents at end of year	(4 943)	(5 563)	26	14

Audited annual financial statements

continued

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2012

GROUP	Share capital R'000	Share premium R'000	Non-distributable reserves R'000	Accumulated profit R'000	Total R'000
Balance as at 1 January 2011	864	50 618	278 753	96 863	427 098
Total comprehensive income for the year	–	–	2 289	81 651	83 940
Accumulated loss in share trust	–	–	11	–	11
Attributable income of associates	–	–	55 975	(55 975)	–
Movement in translation and other reserves of associates	–	–	15 470	–	15 470
Shares held in treasury	(7)	(1 255)	–	–	(1 262)
Shares held in treasury – written back	3	362	–	–	365
Shares held in share trust	(3)	(2 778)	–	–	(2 781)
Shares held in share trust – written back	–	2 349	–	–	2 349
Dividends paid	–	–	–	(7 867)	–
Balance as at 31 December 2011	857	49 296	352 498	114 672	517 323
Total comprehensive income for the year	–	–	1 723	138 923	140 646
Accumulated loss in share trust	–	–	(2)	–	(2)
Attributable income of associates	–	–	60 669	(60 669)	–
Movement in translation and other reserves of associates	–	–	18 000	5 145	23 145
Associate sold	–	–	(46 036)	46 036	–
Shares held in treasury	(7)	(2 577)	–	–	(2 584)
Shares held in treasury – written back	7	1 255	–	–	1 262
Shares held in share trust	(3)	(2 778)	–	–	(2 781)
Shares held in share trust – written back	3	2 778	–	–	2 781
Dividends paid	–	–	–	(14 763)	(14 763)
Balance as at 31 December 2012	857	47 974	386 852	229 344	665 027
COMPANY					
Balance as at 1 January 2011	867	53 329	–	54 063	108 259
Total comprehensive income for the year	–	–	–	41 137	41 137
Dividend paid	–	–	–	(7 936)	(7 936)
Balance as at 31 December 2011	867	53 329	–	87 264	141 460
Total comprehensive income for the year	–	–	–	61 520	61 520
Dividend paid	–	–	–	(14 904)	(14 904)
Balance as at 31 December 2012	867	53 329	–	133 880	188 076



Audited annual financial statements

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ACCOUNTING POLICIES

for the year ended 31 December 2012

Accounting policies

The financial statements have been prepared in accordance with the framework concepts of International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, No. 71 of 2008, as amended. They have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value or at amortised cost. The significant accounting policies and methods of computation are consistent in all material respects with those applied in the previous financial year. The group has adopted the new revised or amended accounting pronouncements as issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC) which were effective and applicable to the group from 1 January 2012. The application of these changes, however, had no impact on the group's financial results for the period.

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 unfettered 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 intangible assets and/or 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.

Audited annual financial statements

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ACCOUNTING POLICIES

for the year ended 31 December 2012

continued

Investments

Long-term investments are stated at fair value in the consolidated financial statements. Where investments are listed equities, fair value is calculated as market value. Should the disposal of any investment be restricted, then the market value is reduced by a discount 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 commencement of the financial year and is included in exceptional items in the financial statements.

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 are then adjusted for net cash or net debt balances. They are measured for reasonableness against net asset value (if this is a relevant metric), recent transaction prices 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 as the amounts of the proceeds received, net of direct raising 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.



Audited annual financial statements

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ACCOUNTING POLICIES

for the year ended 31 December 2012

continued

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, the fair value is calculated using market value and where the investments are unlisted equities the fair value is calculated using inputs that are observable either directly or indirectly.

On disposal of investments 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.

Redeemable or reset bonds purchased to hold to maturity are recognised at cost. Any surplus or discount to the maturity/reset values is accounted for over the period to maturity/reset and the investments are valued accordingly.

Treasury shares

Ordinary and "N" ordinary shares in Sabvest Limited held by any subsidiary or the Sabvest Limited Share Trust, are classified as treasury shares in the Statement of Changes in Equity. Treasury shares are treated as a reduction from the issued and weighted average number of shares in issue and the cost price of the shares is presented as a deduction from equity.

Property, plant and equipment

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

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

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

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

Foreign currencies

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

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.

Audited annual financial statements

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ACCOUNTING POLICIES

for the year ended 31 December 2012

continued

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 tangible and intangible assets and liabilities of a subsidiary 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.



Audited annual financial statements

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ACCOUNTING POLICIES

for the year ended 31 December 2012

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).

Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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.

A provision for the long-term incentive plan (LTIP), measured annually and calculated on the growth in the notional investments, is expensed annually and the total amount expected to be paid is shown as a liability.

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.

Audited annual financial statements

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ACCOUNTING POLICIES

for the year ended 31 December 2012

continued

Related party transactions

All related party transactions are, unless otherwise disclosed, at arm's length and are in the normal course of business. Refer to note 21.

Retirement benefits and medical aid schemes

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

There are no defined benefit plans or post-retirement medical benefit obligations.

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. 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.

Cash and cash equivalents

Cash and cash equivalents represent cash at bank.

Critical judgements and key estimates

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are detailed in the notes to the financial statements where applicable.



Audited annual financial statements

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ACCOUNTING POLICIES

for the year ended 31 December 2012

continued

New/Revised International Financial Reporting Standards Issued

	Effective date
IFRS 7 Financial Instruments: Disclosures <i>Amendments enhancing disclosures about offsetting of financial assets and financial liabilities</i>	1 January 2013
IFRS 7 Financial Instruments: Disclosures <i>Amendments requiring disclosures about the initial application of IFRS 9</i>	1 January 2015 (or otherwise when IFRS 9 is first applied)
IFRS 9 Financial Instruments <i>Classification and measurement of financial assets</i>	1 January 2015
IFRS 9 Financial Instruments <i>Accounting for financial liabilities and derecognition</i>	1 January 2015
IFRS 10 Consolidated Financial Statements	1 January 2013
IFRS 11 Joint Arrangements	1 January 2013
IFRS 12 Disclosure of Interests in Other Entities issue	1 January 2013
IFRS 13 Fair Value Measurement	1 January 2013
IAS 1 Presentation of Financial Statements <i>Amendments to revise the way other comprehensive income is presented</i>	1 July 2012
IAS 19 Employee Benefits <i>Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects</i>	1 January 2013
IAS 27 Consolidated and Separate Financial Statements <i>Reissued as IAS 27 Separate Financial Statements (as amended in 2011)</i>	1 January 2013
IAS 28 Investments in Associates <i>Reissued as IAS 28 Investments in Associates and Joint Ventures (as amended in 2011)</i>	1 January 2013
IAS 32 Financial Instruments: Presentation <i>Amendments to application guidance on the offsetting of financial assets and financial liabilities</i>	1 January 2014

The directors are in the process of assessing the impact that the abovementioned standards will have on the group's financial statements.

Audited annual financial statements

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2012

	Motor vehicles R'000	Office furniture, equipment, computers and leasehold improvements R'000	Total R'000
1. Property, plant and equipment			
2012 GROUP			
Beginning of year			
Cost	776	2 981	3 757
Accumulated depreciation	(768)	(2 373)	(3 141)
Net book value	8	608	616
Current year movements			
Additions	225	291	516
Net disposals	(8)	(31)	(39)
Depreciation	(26)	(96)	(122)
Total movement	191	164	355
End of year:			
Cost	931	3 089	4 020
Accumulated depreciation	(732)	(2 317)	(3 049)
Net book value	199	772	971
2011 GROUP			
Beginning of year			
Cost	776	2 966	3 742
Accumulated depreciation	(768)	(2 229)	(2 997)
Net book value	8	737	745
Current year movements			
Additions	–	27	27
Net disposals	–	(6)	(6)
Depreciation	–	(150)	(150)
Total movement	–	(129)	(129)
End of year:			
Cost	776	2 981	3 757
Accumulated depreciation	(768)	(2 373)	(3 141)
Net book value	8	608	616

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.



Audited annual financial statements

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2012

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	GROUP		COMPANY	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
2. Investment holdings				
2.1 Investment in subsidiaries				
Shares at cost less impairments (refer Annexure A)	–	–	16	16
2.2 Investment holdings				
<i>Associates</i>				
At cost	61 544	60 324		
Share of post-acquisition reserves	376 149	339 318		
Movement on non-distributable reserves	33 390	11 051		
Variation of interest/translation of foreign associates	1 474	917		
Retained income	341 285	327 350		
Carrying value	437 693	339 642		
Goodwill	–	3 430		
Associates per statement of financial position	437 693	403 072		
Directors' valuation	741 600	677 644		
<i>Long-term</i>				
At cost	114 939	88 022		
Fair value adjustments	115 511	67 914		
Long-term investments per statement of financial position	230 450	155 936		
Directors' valuation	230 450	155 936		
Total investment holdings per statement of financial position	668 143	559 008		
Directors' valuation – total	972 050	833 580		
2.3 Total share of post-acquisition reserves				
Share of post-acquisition reserves at beginning of year	339 318	267 873		
Movement on non-distributable reserves of associates for the year	18 000	10 000		
Translation of foreign associates	–	5 470		
Equity accounted retained income for the year	60 669	55 682		
Share of associates' exceptional gains	–	293		
Disposal of asset held for sale	(41 838)	–		
Share of post-acquisition reserves at end of year	376 149	339 318		

Audited annual financial statements

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2012

continued

	GROUP		COMPANY	
	2012	2011	2012	2011
	R'000	R'000	R'000	R'000

2. Investment holdings (continued)

2.4 Impairment of goodwill and investments

The group tests goodwill and investments annually for impairment, or more frequently if there are indications that this 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. Investments are valued by applying a relative price earnings valuation to its maintainable earnings and/or by net asset valuation methodology.

Impairment provision at end of year	–	–
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2.5 Summarised financial information

Refer to Annexure B on page 65.

3. Finance advances and receivables

Advances to associates	3 841	–
Other advances	12 313	–
Share trust debtor	2 000	–
Debtors for dividend	1 600	2 280
Sundry receivables	2 307	3 663
	22 061	5 943

No finance advances and receivables are past due.

The other advances were made to a related party in December 2012 and were repaid in February 2013. (Refer note 21).

4. Other financial instruments and shares

Interest in distressed debt and credit opportunity funds		
– Net contribution to funds	–	4 865
– Add: Fair value adjustment	–	2 862
Carrying value of interest in funds	–	7 727

5. Short-term investments

Listed investments

Foreign

– At cost	38 868	–
– Fair value adjustments	(379)	–
Foreign at market value	38 489	–

RSA

– At cost	–	3 623
– Fair value adjustments	–	(1 260)

RSA at market value	–	2 363
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Total short-term investment at market value	38 489	2 363
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2012

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	Shares	Carrying value R'000	Intrinsic value R'000
5. Short-term investments (continued)			
Investments held are as follows:			
Apple Inc	1 000	4 521	4 521
Asrazeneca Plc	12 000	4 790	4 790
Aviva Plc Ord	100 000	5 116	5 116
Comcast Inc	15 000	4 755	4 755
Google Inc	1 000	6 016	6 016
Microsoft Corp	20 000	4 534	4 534
Vodafone Group Plc	200 000	4 252	4 252
Yum Brands Inc	8 000	4 505	4 505
		38 489	38 489

	GROUP		COMPANY	
	2012 R'000	2011 R'000	2012 R'000	2011 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 (2011: 17 295 984) ordinary shares of 5 cents each	864	864	864	864
29 479 854 (2011: 29 479 854) "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

17 103 350 (2011: 17 108 325) ordinary
shares 28 957 870 (2011: 29 063 986)
"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	53 329	53 329	53 329	53 329
Nil ordinary shares issued (2011: Nil)	–	–	–	–
Share premium at end of year	53 329	53 329	53 329	53 292

Share capital and premium before shares held in share trust and treasury

54 196	54 196	54 196	54 196	54 196
Less: 192 634 ordinary shares (2011: 186 359) and 521 987 "N" ordinary shares (2011: 415 868)	(5 365)	(4 043)	–	–
Share capital and premium	48 831	50 153	54 196	54 196

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2012

continued

	GROUP		COMPANY	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
7. Reserves				
7.1 Non-distributable reserves				
On translation of foreign subsidiary/ associated companies				
– prior years	4 561	(3 198)	–	–
– current year	1 723	7 759	–	–
On movement on non-distributable reserves of associated companies				
– prior years	11 052	1 052	–	–
– current year	18 000	10 000	–	–
Accumulated loss in share trust				
– prior years	(633)	(644)	–	–
– current year	(2)	11	–	–
Variation of interest in subsidiary/ associated companies				
– prior years	3 454	3 454	–	–
– current year	–	–	–	–
Movement on share options				
– prior years	–	–	–	–
– current year	–	–	–	–
Attributable income of associated companies				
– prior years	333 502	277 526	–	–
– current year – income	60 669	55 976	–	–
– current year – associate sold	(46 036)	–	–	–
Capital redemption reserve fund	562	562	–	–
	386 852	352 498	–	–
7.2 Accumulated profit				
Accumulated profit at beginning of year	114 672	96 863	87 264	54 063
Accumulated profit for the year	114 672	17 809	46 616	33 201
Accumulated profit at end of year	229 344	114 672	133 880	87 264
Total reserves	616 196	467 170	133 880	87 264
8. Interest-bearing debt				
8.1 Long-term				
RSA borrowings	40 000	40 000	–	–
	40 000	40 000	–	–

The loan is unsecured and bears interest at JIBAR plus 3,95% payable quarterly on 31 March, 30 June, 30 September and 31 December of each financial year. The loan is repayable on 30 June 2014.



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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2012

continued

	GROUP		COMPANY	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
8. Interest-bearing debt				
(continued)				
8.2 Short-term				
South African Rand borrowings				
Bank borrowings	1 305	–	–	–
Related parties (refer note 21)	7 392	7 915	–	–
	8 697	7 915	–	–
Foreign borrowings	–	–	–	–
	8 697	7 915	–	–

The South African bank loans are secured by inter-company guarantees between the company and all the South African subsidiaries, have no fixed terms of repayment and bear interest at rates varying between prime rate and prime minus 1% payable monthly in arrears.

The loans from related parties are unsecured, have no fixed terms of repayment and bear interest at prime minus 0,25% payable monthly in arrears.

9. Accounts payable and provisions

Provision for long-term incentive plan*	2 979	3 959	–	–
Accounts payable and other	4 980	3 526	499	492
	7 959	7 485	499	492

* Refer to remuneration policy on pages 20 and 21.

10. Exceptional items

Gain on sale of associate	–	–	–	–
Impairment of loan	–	985	–	–
	–	985	–	–
Share of associate companies' exceptional gains	–	(293)	–	–
Net exceptional loss/(gain)	–	692	–	–

Audited annual financial statements

continued

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2012

continued

	GROUP		COMPANY	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
11. Net income before taxation				
This is stated after taking into account:				
Income from subsidiaries – dividends	–	–	28 000	36 000
Profit on sale of property, plant and equipment	118	–	–	–
Auditor's remuneration	692	690	–	–
Fees – audit	692	648	–	–
Fees – other	–	42	–	–
Consulting fees	66	336	–	–
Depreciation (refer to note 1)	122	150	–	–
Operating lease – offices	1 385	1 443	–	–
Payroll costs	13 798	14 117	–	–
Provision for long-term incentive plan	1 803	2 814	–	–
Retirement benefits	–	454	–	–

12. Taxation

12.1 Charged for the year

South African normal taxation – current year	1 180	–	–	–
Deferred taxation – current year	2 314	2 606	–	–
Deferred taxation – increase in CGT inclusion rate	2 763	–	–	–
	6 257	2 606	–	–

12.2 Movement in deferred tax

STC credits	–	555	–	–
Provision for capital gains tax on fair value adjustments to long-term investments	5 077	2 051	–	–
	5 077	2 606	–	–

Two of the group's subsidiaries have assessed losses for taxation purposes. The unutilised estimated losses of the subsidiaries amount to R156 million (2011: R154 million). No deferred tax asset has been raised on this amount as the timing and likelihood of use are uncertain.

Unutilised STC credits amount to R165 million (2011: R154 million).

12.3 Deferred tax asset (liabilities)

Leases	(46)	(14)	–	–
Provision for capital gains tax on fair value adjustments to long-term investments after use of assessed losses	(14 448)	(9 403)	–	–
	(14 494)	(9 417)	–	–



Audited annual financial statements

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2012

continued

	GROUP		COMPANY	
	2012 %	2011 %	2012 %	2011 %

12. Taxation (continued)

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)	(25)	(28)	(28)
Effective rate of taxation	4	3	–	–

12.5 Capital gains tax on sale of associates and investments

In the event that the group's associates were sold at directors' valuation, the estimated capital gains tax liability at a rate of 18,66% would be R114,2 million (2011: R70 million at a rate of 14%). Cumulative deferred tax of R14,5 million (2011: R9,3 million) has been raised through the statement of comprehensive income for tax on investments that are accounted for on a fair value basis if they were sold at market values and where assessed losses are not available for use.

	GROUP	
	2012 R'000	2011 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 **301,2** 176,6

The weighted average number of shares used in the calculation for the current year is 46 125 707 (2011: 46 235 578). 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	138 923	81 651
Impairment of loan	–	985
Exceptional gain – associates	–	(293)
Profit on sale of property, plant and equipment	(118)	–
Headline earnings for the year	138 805	82 343
Headline earnings per share (cents)	300,9	178,1

None of the above amounts have an effect on taxation.

The weighted average number of shares used in the calculation for the current year is 46 125 707 (2011: 46 235 578).

Audited annual financial statements

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2012

continued

	2012 R'000	2011 R'000	2012 R'000	2011 R'000	2012 R'000	2011 R'000	2012 R'000	2011 R'000
15. Directors' emoluments								
	CS Seabrooke		R Pleaner		CP Coutts-Trotter*		Total	
<i>Executive directors</i>								
Salaries	1 634	1 634	1 334	1 247	489	571	3 457	3 452
Retirement and medical	222	216	224	208	46	54	492	478
Other benefits	500	500	241	225	–	75	741	800
Basic remuneration	2 356	2 350	1 799	1 680	535	700	4 690	4 730
Incentive bonuses								
– Short-term	2 565	1 737	1 290	994	370	440	4 225	3 171
– Exceptional* ²	–	2 500	–	–	–	1 000	–	3 500
– LTIP	1 530	513	768	253	1 105	285	3 403	1 051
Share trust loan benefits	417	452	–	–	–	–	417	452
Total remuneration	6 868	7 552	3 857	2 927	2 010	2 425	12 735	12 904
<i>Non-executive directors</i>								
Fees as directors							1 193	1 121
P Coutts-Trotter							194	196
H Habib							175	167
NSH Hughes							271	230
DNM Mokhobo							227	217
GE Nel							148	141
BJT Shongwe							178	170
							13 928	14 025

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.

*¹ A portion of CP Coutts-Trotter's remuneration is paid directly by an associate with whom he has an executive position. The amounts reflected above are those paid to him by Sabvest directly. He became a non-executive director on 1 January 2013.

*² Comprising a transaction success bonus for CS Seabrooke and a retention bonus arising from a new executive role in an associate for CP Coutts-Trotter.

	GROUP		COMPANY	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000

16. Revenue

Revenue, which is in terms of IAS 18, comprises dividends, interest, fees, sundry income and other income on financial services and shares

63 679	38 813	28 000	36 000
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Audited annual financial statements

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2012

continued

	GROUP	
	2012 R'000	2011 R'000
17. Net asset values per share		
Net asset value per share – cents	1 444	1 120
Net asset value per share at directors' valuation (intrinsic value) – cents	1 855	1 563
Number of shares in issue (less held in treasury) – 000's	46 061	46 172

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 for gains on the fair value of investments.

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	860
Year 2	937
Year 3	2 014

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

19. Hypothecations

19.1 Facilities made available offshore to Sabvest Capital Holdings Limited BVI ("SCH") are not guaranteed by any of the South African companies. All of the assets of SCH are encumbered to its bankers. No amounts were owing to its bankers at year-end.

19.2 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.

Audited annual financial statements

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2012

continued

	GROUP	
	2012 R'000	2011 R'000
20. Financial instruments (continued)		
20.2 Categories of financial instruments		
Financial assets		
Fair value through profit or loss		
Held for trading – long-term investments	230 450	155 936
– short-term investments	38 489	2 363
Finance advances and receivables	24 820	5 443
Other financial instruments	–	7 727
Share trust receivables	–	4 131
Cash at bank	3 754	2 352
Financial liabilities		
Interest-bearing debt – medium-term	40 000	40 000
– short-term	8 697	7 727
Accounts payable	4 980	3 526

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 2012 and 31 December 2011 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 in the amount of Rnil million (2011: Rnil million) and from third parties in the amount of R40 million (2011: R40 million). The short-term interest-bearing borrowings are those from related parties (refer note 21) in the amount of R7 392 million (2011: R7 915 million) and from third parties in the amount of R1 305 million (2011: Rnil 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 R580 000 (2011: R380 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.



Audited annual financial statements

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2012

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 2012 the group had R48,7 million of undrawn facilities (2011: R50 million) and R17,9 million cash at bank (2011: R2,3 million) at its disposal to further reduce liquidity risk.

The liabilities are payable within the next year other than the medium-term loan of R40 million which is payable in two years' time.

20.7 Fair value investments

Of the group's long-term and short-term investments classified as held for trading (per notes 2 and 5), R269 million (2011: R139 million) are listed shares quoted on various stock exchanges and their values at the year-end are calculated at market prices. 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 R2,619 million (2011: decrease/increase by R13,9 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 A on page 64 and the associate companies in Annexure B on page 65.

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 73% 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 and fees and incentives as set out in this note. 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.

Audited annual financial statements

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2012

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:

2012	Fees received R'000	Fees paid R'000	Dividends received R'000	Interest received R'000	Interest paid R'000	Amount ^{*1} owed by related parties	Amount owed to related parties
						31 Dec 2012 R'000	31 Dec 2012 R'000
H Habib Company/Trust	-	-	-	-	568	-	3 534
NSH Hughes and family Company	-	-	-	-	35	-	279
R Pleaner and family Individual	-	-	-	-	29	-	383
CS Seabrooke and family Individual	-	-	-	-	83	-	685
Company	31	204	-	32	21	-	496
Associates	2 710	-	34 064	-	-	5 553	-

*¹ At the year-end an amount of R12,3m was owed by a BVI Company of which Mr CS Seabrooke was a director (2011: Nil). It was advanced at an interest rate in excess of dollar deposit rates in December 2012 and repaid in February 2013. The one-off loan was made on a short-term basis to facilitate restructure of the costs and liabilities of the Monaco office after the sudden departure of Sabvest's executive director in Monaco.

2011	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	Amount owed to related parties
						31 Dec 2011 R'000	31 Dec 2011 R'000
H Habib Individual Company/Trust	-	-	-	-	1 978	-	4 638
NSH Hughes and family Individual	-	-	-	-	25	-	-
Company	-	-	-	-	142	-	1 274
R Pleaner and family Individual	-	-	-	-	19	-	205
CS Seabrooke and family Individual	-	-	-	-	30	-	1 559
Company	29	226	-	-	67	-	-
Associates	2 352	-	25 949	357	-	7 802	-



Audited annual financial statements

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2012

continued

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.

	2012	2011
	R'000	R'000

23. Sabvest Limited Share Trust

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

The Seabrooke Family Trust	6 953	6 953
	6 953	6 953
IAS 39 – Present value adjustment	(2 194)	(2 822)
	4 759	4 131
<i>Less:</i> Payable by arrangement within 12 months	2 000	–
	2 759	4 131

The loans are repayable in terms of the Share Trust Deed between 2014 and 2019 but may be prepaid by agreement.

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.

	Ordinary shares R'000	“N” ordinary shares R'000
--	-----------------------------	------------------------------------

24. Repurchase of equities

The total number of shares repurchased during the year are as follows:

Held as treasury securities by a subsidiary	4 975	106 116
Reverted to authorised but unissued equity	–	–
	4 975	106 116
Average price paid – cents	1 611	1 171
Highest price paid – cents	1 611	1 700
Lowest price paid – cents	1 611	1 100

25. Capital commitments

Authorised investment commitments Rnil million (2011: R20 million).

26. Borrowing powers

The borrowing powers of the group are not limited.

Audited annual financial statements

continued

ANNEXURE A

SCHEDULE OF CONSOLIDATED SUBSIDIARIES

	Nature of business	Amount of issued capital R	Held directly or indirectly		Book value of interest		Indebtedness	
			2012 %	2011 %	Shares 2012 R'000	2011 R'000	2012 R'000	2011 R'000
Sabvest Investments (Pty) Limited	Investment holding company		100	100	4	4	8 397	32 539
Sabvest Financial Services (Pty) Limited	Corporate services	5 000	100	100	1	1	785	687
	Gross Impairment						2 516 (1 731)	1 362 (675)
Sabvest Finance and Guarantee Corporation Limited	Finance investments and guarantees	Ord	100	100	1	1	179 351	108 696
	Gross Impairment						265 287 (85 936)	231 418 (122 722)
Sabvest Capital Holdings Limited (BVI)	Investment holding company and corporate financier	US\$2	100	100	–	–	–	–
Sabvest Securities (Pty) Limited	Dormant		100	100	10	10	–	–
SD Nominees (Pty) Limited	Nominee company		100	100	–	–	–	–
Investment in subsidiaries					16	16		
Indebtedness included in the company's assets							188 533	141 922
Aggregate net income after taxation, exceptional items and amortisation of goodwill attributable to Sabvest Limited's interest in its subsidiaries							141 133	83 847



Audited annual financial statements

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ANNEXURE B

ASSETS, LIABILITIES & INCOME OF ASSOCIATES

	2012 R'000	2011 R'000
Unlisted		
<i>Aggregated unaudited assets, liabilities and income of associates comprising:</i>		
Flowmax Holdings Limited (BVI/UK), SA Bias Industries (Pty) Limited, Set Point Group (Pty) Limited and Sunspray Food Ingredients (Pty) Limited		
<i>Period: 12 months to 31 December 2012*¹</i>		
Non-current assets	258 389	251 292
Intangible assets	149 352	111 577
Current assets	858 256	824 660
Total assets	1 265 997	1 187 529
Shareholders' equity	723 458	682 586
Minorities	76 398	26 396
Shareholders' loans	5 124	11 649
Total shareholders' funds	804 980	720 631
Interest-bearing debt	120 089	159 302
Non-interest-bearing debt	340 928	307 596
Total equity and liabilities	1 265 997	1 187 529
Revenue	1 768 854	1 539 983
EBITDA	298 332	269 102
Profit before taxation	264 270	226 688
Attributable income	203 506	156 388
Headline earnings	203 506	156 388

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

INCOME FROM ASSOCIATES AND LISTED AND UNLISTED INVESTMENTS

for the year ended 31 December 2012

Company	Share of income of associates					Period for purposes of equity accounting
	Dividends received	Interest received	Retained income	Fair value adjustments	Total	
	2012 R'000	2012 R'000	2012 R'000	2012 R'000	2012 R'000	
Unlisted						
Industrial Associates	34 064	-	60 669	-	94 733	
Flowmax Holdings Limited (BVI/UK)						5 months to 31 May 2012
SA Bias Industries (Pty) Limited						12 months to 31 Dec 2012
Set Point Group (Pty) Limited						12 months to 31 Dec 2012
Sunspray Food Ingredients (Pty) Limited						12 months to 31 Dec 2012
Long-term Investments	3 724	-	-	48 010	51 734	
Committees S.E.						
Datec Limited						
Metrofile Holdings Limited						
Net1 UEPS Technologies Inc						
Transaction Capital Limited						
Other						
Total Investment Holdings	37 788	-	60 669	48 010	146 467	
				Other income	26 378	
				Total per statement of comprehensive income	172 845	

Audited annual financial statements

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SHAREHOLDERS' DIARY

Announcement of 2012 results	26 February 2013
Publication of 2012 annual report	25 March 2013
Annual general meeting	24 April 2013
Financial year-end	31 December



Notice to 2013 annual general meeting

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Notice of 2013 annual general meeting

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Sabvest Limited

("the company")

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

Notice is hereby given that the annual general meeting of shareholders of Sabvest Limited will be held at 9:00 on Wednesday, 24 April 2013 or any other adjourned or postponed time determined in accordance with the provisions of subsections 64(4) or 64(11)(a)(i) of the Companies Act 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

Presentation and approval of annual financial statements

"RESOLVED that to the extent necessary, the audited annual financial statements of the company and the group for the financial year ended 31 December 2012 and the reports of the Audit Committee and Social and Ethics Committee be and are hereby approved."

In order for this ordinary resolution to be adopted, it must be supported by more than 50% of the votes cast by shareholders present or represented by proxy at this meeting.

2. Ordinary resolution number two

Re-election of director

"RESOLVED that Mr H Habib who retires in terms of the company's Memorandum of Incorporation ("the MOI") and who offers himself for re-election, be and is hereby re-elected as a director of the company."

Please refer to page 13 of this annual report for Mr Habib's brief curriculum vitae.

In order for this ordinary resolution to be adopted, it must be supported by more than 50% of the votes cast by shareholders present or represented by proxy at this meeting.

3. Ordinary resolution number three

Re-election of director

"RESOLVED that Mr CP Coutts-Trotter who retires in terms of the company's Memorandum of Incorporation ("the MOI") and who offers himself for re-election, be and is hereby re-elected as a director of the company."

Please refer to page 13 of this annual report for Mr CP Coutts-Trotter's brief curriculum vitae.

In order for this ordinary resolution to be adopted, it must be supported by more than 50% of the votes cast by shareholders present or represented by proxy at this meeting.

4. Ordinary resolution number four

Re-election of director

"RESOLVED that Mr NSH Hughes who retires in terms of the company's Memorandum of Incorporation ("the MOI") and who offers himself for re-election, be and is hereby re-elected as a director of the company."

Please refer to page 13 of this annual report for Mr Hughes' brief curriculum vitae.

In order for this ordinary resolution to be adopted, it must be supported by more than 50% of the votes cast by shareholders present or represented by proxy at this meeting.



Notice of 2013 annual general meeting

continued

5. Ordinary resolution number five

Re-appointment of independent external auditors

“RESOLVED that Deloitte & Touche be re-appointed as independent registered auditors of the company, upon the recommendation of the Audit Committee, and that the individual registered auditor who will undertake the audit during the financial year ending 31 December 2013 be Mr R Campbell.”

In order for this ordinary resolution to be adopted, it must be supported by more than 50% of the votes cast by shareholders present or represented by proxy at this meeting.

6. Special resolution number one

Approval of proposed non-executive directors' remuneration for the year ending 31 December 2013

“RESOLVED that the remuneration of the non-executive directors in respect of services as directors of the company for the financial year ending 31 December 2013 be authorised and determined on the basis and the amounts set out below.

Fees are:

- (i) paid to non-executive directors annually;
- (ii) determined by the Board on a market-related basis as recommended by the Sabvest Remuneration and Nominations Committee; and
- (iii) subject to the following maximum amounts:

	Year ending 2013 R
Chairman	185 000
Deputy Chairman	174 000
Non-executive directors	157 000
Chairman of the Audit Committee	67 000
Chairman of the Remuneration and Nominations Committee	52 000
Chairman of the Social and Ethics Committee	32 000
Committee members/invitees	32 000
Directorship of an associate by a non-executive director for Sabvest	171 500”

Explanation and effect of the special resolution

The new Companies Act, No 71 of 2008 as amended (“the Companies Act”) requires shareholder approval of directors’ fees in advance by way of special resolution.

These fees have been recommended by the Sabvest Remuneration and Nominations Committee and are regarded as fair for the level and quality of services provided by the directors of the company, in Board and Committee forums, for Sabvest in associates and generally during the year and relative to the size of the company. Attendance fees are not regarded as necessary or appropriate

No separate attendance fees are paid.

In terms of the Companies Act, 75% of the votes cast by shareholders present or represented by proxy at this meeting must be cast in favour of this resolution for it to be adopted.

Notice of 2013 annual general meeting

continued

7. Special resolution number two

Authority to provide financial assistance to any group company

“RESOLVED that in accordance with Section 45 of the Companies Act, the company be and is hereby authorised to provide direct or indirect financial assistance to any related or inter-related company (as defined in the Companies Act) of the company by way of a general authority in favour of that category of recipients as contemplated in Section 45(3)(a)(ii) of the Companies Act, on the terms and conditions and for amounts that the board of the directors may determine from time to time up to a limit of R500 million (five hundred million rand). This authority shall not extend beyond two years from the date of this Annual General Meeting.”

Explanation and effect of the special resolution

In terms of the Companies Act the board may authorise the company to provide any financial assistance to related or inter-related companies which are group companies, including subsidiary companies of the company, where it believes it would be beneficial to the Company to do so in future, subject to certain requirements set out in the Companies Act, including the company meeting the solvency and liquidity tests as set out in the Companies Act. This general authority for a maximum specific amount is necessary for the company to continue making loans to subsidiaries as well as granting letters of support and guarantees in appropriate circumstances. If approved, this general authority will expire at the end of two years and the R500 million cap will apply cumulatively over that period and includes existing loans and guarantees. It is, however, the intention to renew the authority annually at the annual general meeting.

Notifications

Shareholders are hereby notified in terms of Section 45(5) of the Companies Act that the Board has passed the same resolution to take effect on the passing of this special resolution by shareholders and that the Board is satisfied that the company meets the solvency and liquidity tests.

In terms of the Companies Act, 75% of the votes cast by shareholders present or represented by proxy at the meeting must be cast in favour of this resolution for it to be adopted.

8. Ordinary resolution number six

Placing unissued “N” ordinary shares under the control of the directors

“RESOLVED that 2,3 million of the ‘N’ ordinary shares in the authorised but unissued share capital of the company be and are hereby placed under the control and authority of the directors of the company and that the directors of the company be and are hereby authorised and empowered to allot, issue and otherwise dispose of such shares to such person or persons on such terms and conditions and at such times as the directors of the company may from time to time and in their discretion deem fit, subject to the provisions of the Companies Act, the MOI of the company and the JSE Listings Requirements, when applicable, subject to the following:

- ◆ The authority shall be valid until the date of the next annual general meeting of the company provided it shall not extend beyond 15 months from the date of this annual general meeting.
- ◆ Issues in terms of this authority will not, in any financial year, in aggregate, exceed 5% of the 46,2 million total issued ordinary and ‘N’ ordinary shares of the company at 31 December 2012, ie 2,3 million shares.”

In order for this ordinary resolution to be adopted, it must be supported by more than 50% of the votes cast by shareholders present or represented by proxy at this meeting.



Notice of 2013 annual general meeting

continued

9. Ordinary resolution number seven

Election of Audit Committee members

“RESOLVED that shareholders elect, by way of a separate vote, each of the following independent non-executive directors as members of the company’s Audit Committee, subject to the re-election of NSH Hughes as a director in terms of ordinary resolution number four:

- 9.1 NSH Hughes (Chairman)
- 9.2 DNM Mokhobo
- 9.3 BJT Shongwe”

Each member will be considered and voted on separately.

In order for this ordinary resolution to be adopted, it must be supported by more than 50% of the votes cast by shareholders present or represented by proxy at this meeting.

10. Ordinary resolution number eight

Endorsement of remuneration policy

“RESOLVED that the company’s Remuneration Policy (excluding the remuneration of the non-executive directors and the members of Board Committees for their services as directors and members of Committees respectively), is endorsed by way of a non-binding advisory vote.”

In order for this ordinary resolution to be adopted, it must be supported by more than 50% of the votes cast by shareholders present or represented by proxy at this meeting.

The Remuneration Policy appears on pages 20 and 21 in the annual report.

11. Special resolution number three

General authority to repurchase shares

“RESOLVED that the company and/or any subsidiary of the company is hereby authorised, by way of a general authority, from time to time, to acquire ordinary and/or ‘N’ ordinary shares in the share capital of the company from any person in accordance with the requirements of the company’s MOI, the Companies Act and the JSE Listings Requirements, provided that:

- ◆ this general authority shall be valid until the earlier of the company’s next annual general meeting or the variation or revocation of such general authority by special resolution at any subsequent general meeting of the company, provided that it shall not extend beyond 15 months from the date of passing this special resolution number 3;
- ◆ an announcement will be published as soon as the company or any of its subsidiaries have acquired ordinary shares constituting, on a cumulative basis, 3% of the number of ordinary shares in issue and for each 3% in aggregate of the initial number acquired thereafter, in compliance with paragraph 11.27 of the JSE Listings Requirements;
- ◆ acquisition of shares in aggregate in any one financial year may not exceed 20% or, subject to compliance with the provisions of section 48(8)(b) of the Companies Act, 10% of the company’s ordinary issued share capital, as the case may be, as at the date of passing of this special resolution number 3;
- ◆ shares of the company may not be acquired at a price greater than 10% above the weighted average of the market value at which such shares are traded on the JSE as determined over the five business days immediately preceding the date of acquisition of such shares;

Notice of 2013 annual general meeting

continued

- ◆ the company has been given authority to repurchase shares by its MOI;
- ◆ the Board of Directors authorise the repurchase, the company passes the solvency and liquidity test and that from the time that the test is done, there will be no material changes to the financial position of the company;
- ◆ at any point in time, the company and/or its subsidiaries may only appoint one agent to effect any such reacquisition;
- ◆ the company and/or its subsidiaries undertake that they will not enter the market to so acquire the company's shares until the company's sponsor has provided written confirmation to the JSE regarding the adequacy of the company's working capital in accordance with Schedule 25 of the JSE Listings Requirements; and
- ◆ the company and/or its subsidiaries will not repurchase any shares during a prohibited period, as defined in the JSE Listings Requirements unless a repurchase programme is in place, where dates and quantities of shares to be traded during the prohibited period are fixed and full details of the programme have been disclosed in an announcement over the Stock Exchange News Service ("SENS") prior to the commencement of the prohibited period.
- ◆ repurchases are to be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter party (reported trades are prohibited).
- ◆ any repurchases are subject to executive approval at that point in time."

In order for this special resolution to be adopted, it must be supported by more than 75% of the votes cast by shareholders present or represented by proxy at this meeting.

Notification

Shareholders are advised that the board is satisfied that after the repurchase of up to 20% or, subject to compliance with the provisions of section 48(8)(b) of the Companies Act, 10% of its shares, the company will satisfy the solvency and liquidity test and will ensure that the terms under which the shares are repurchased are fair and reasonable to the company.

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.

12. Ordinary resolution number nine

Authority to sign all documents required

"RESOLVED that, subject to the passing of ordinary resolutions 1 to 8 and special resolutions 1 to 3, any director of the company or the Company Secretary be and is hereby authorised to sign all documents and perform all acts which may be required to give effect to such ordinary resolutions 1 to 9 and special resolutions 1 to 3 passed at the annual general meeting; hereby ratifying and confirming all such things already done and documentation already signed."

In order for this ordinary resolution to be adopted, it must be supported by more than 50% of the votes cast by shareholders present or represented by proxy at this 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 – inside back cover;
- ◆ Major shareholders of the company – page 23;
- ◆ Directors' interests in securities – page 33; and
- ◆ Share capital of the company – page 53.



Notice of 2013 annual general meeting

continued

Litigation statement

In terms of section 11.26 of the Listings Requirements of the JSE, the directors, whose names are given on page 13 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), a material effect on the company and its subsidiaries' financial position.

Directors' responsibility statement

The directors, whose names are given on page 13 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.

Additional disclosure required in terms of the Companies Act and the JSE Listings Requirements relating to special resolution numbers 2 and 3

Solvency and liquidity statement

The board of directors of the company confirms that the company will not enter into a transaction to provide financial assistance or to repurchase shares pursuant to special resolutions numbers 2 and 3 unless:

- ◆ the company and the group will be able to pay their debts as they become due in the ordinary course of business for a period of 12 months after the date of the notice of the annual general meeting;
- ◆ the assets of the company and the group, valued in accordance with the accounting policies used in the latest audited group annual financial statements, will exceed the liabilities of the company and the group for a period of 12 months after the date of notice of the annual general meeting;
- ◆ the share capital and reserves of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of notice of the annual general meeting; and
- ◆ the working capital available to the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of notice of the annual general meeting.

Voting and proxies and record dates

Instructions

The record date on which shareholders must be recorded as such in the register maintained by the transfer secretaries of the company for the purpose of being entitled to participate in and speak and vote at the annual general meeting is Friday, 19 April 2013, it being recorded that the last day to trade for that purpose is Friday, 12 April 2013, the record date on which shareholders must be recorded to receive the notice of annual general meeting is Friday, 15 March 2013.

Shareholders holding certificated Sabvest ordinary and/or "N" ordinary shares and shareholders who have already dematerialised their Sabvest shares and who have elected "own-name" registration in a sub-register through a CSDP or broker (only shareholders who have dematerialised their Sabvest shares through Computershare Investor Services (Pty) Limited can qualify as having elected "own-name" registration), who are unable to attend the annual general meeting but wish to be represented thereat may

Notice of 2013 annual general meeting

continued

complete and return the attached form of proxy, in accordance with the instructions contained therein, to the office of the transfer secretaries, Computershare Investor Services (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107). The form of proxy must be received by the transfer secretaries by no later than 9:00 on Tuesday, 23 April 2013, or if the annual general meeting is adjourned or postponed, by not later than 24 hours prior to the time of the adjourned or postponed annual general meeting. The Chairman may in his discretion authorise acceptance of late proxies.

Shareholders who have already dematerialised their Sabvest shares through a CSDP or broker and who have not elected "own-name" registration in the sub-register maintained by a CSDP (i.e. shareholders who have not dematerialised their shareholding through Computershare Limited cannot qualify as having elected "own-name" registration), and who wish to attend the annual general meeting and wish to vote by way of proxy, they may provide their CSDP or broker with their instructions in terms of the custody agreement entered into by them and their CSDP or broker.

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder/s of Sabvest) to attend, speak and vote in place of that shareholder at the annual general meeting.

All meeting participants will be required to provide reasonable identification acceptable to the Chairman of the meeting. The company will regard presentation of an original of a meeting participant's valid driver's license, identity document or passport to be acceptable identification.

Shareholders or their proxies may participate in the meeting by way of telephone conference call, provided that if they wish to do so, they:

- ◆ must contact the Company Secretary by e-mail at the address rsptrading@fusionreactor.co.za by no later than 9:00 on Tuesday, 23 April 2013, in order to obtain a pin number and dial-in details for the conference call;
- ◆ will be required to provide reasonable acceptable identification; and
- ◆ will be billed separately by their own telephone service provider for the telephone call to participate in the meeting.

By order of the Board

Sabvest Limited

Mrs P Atkins

Company Secretary

6 March 2013

Sandhurst

Form of proxy



Sabvest Limited

(Incorporated in the Republic of South Africa)

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

For use only by Sabvest shareholders holding certificated shares, nominee companies of Central Securities Depository Participants (CSDP), brokers' nominee companies and shareholder who have dematerialised their Sabvest shares and who have elected “own-name” registration (only shareholders who have dematerialised their Sabvest shares through Computershare Investor Services (Pty) Limited (previously known as Computershare Limited) can qualify as having elected “own-name” registration) at the annual general meeting of shareholders of Sabvest, to be held at 9:00 on Wednesday, 24 April 2013, or at any adjournment or postponement thereof.

I/We (BLOCK LETTERS please)

of address

Telephone work:

Telephone home:

being a holder/s or custodians of ordinary shares and/or

‘N’ ordinary shares in Sabvest Limited, hereby appoint (see note 1 overleaf):

1. _____ or failing him/her,

2. _____ or failing him/her,

the Chairman of the annual general meeting of shareholders as my/our proxy to act for me/us at the annual general meeting of shareholders of the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat and at each adjournment or postponement thereof, and to vote for or against such resolutions or abstain from voting in respect of the Sabvest ordinary shares and/or “N” ordinary shares registered in my/our name (see note 2 overleaf) as follows:

	In favour of resolution	Against resolution	Abstain from voting
1. Ordinary resolution number one <i>Acceptance of annual financial statements for year ended 31 December 2012</i>			
2. Ordinary resolution number two <i>Re-election of H Habib</i>			
3. Ordinary resolution number three <i>Re-election of CP Coutts-Trotter</i>			
4. Ordinary resolution number four <i>Re-election of NSH Hughes</i>			
5. Ordinary resolution number five <i>Re-appointment of independent external auditors</i>			
6. Special resolution number one <i>Approval of proposed non-executive directors' remuneration</i>			
7. Special resolution number two <i>Authority to provide financial assistance to group companies</i>			
8. Ordinary resolution number six <i>Placement of unissued shares under the control of the directors</i>			
9. Ordinary resolution number seven <i>Election of Audit Committee members</i>			
9.1 NSH Hughes			
9.2 BJT Shongwe			
9.3 DNM Mokhobo			
10. Ordinary resolution number eight <i>Endorsement of Remuneration Policy</i>			
11. Special resolution number three <i>General authority to repurchase shares</i>			
12. Ordinary resolution number nine <i>Authority to sign all documents required</i>			

and generally to act as my/our proxy at the said annual general meeting of shareholders. (Tick whichever is applicable. If no directions are given, the proxy holder will be entitled to vote or to abstain from voting, as that proxy holder deems fit).

Signed this _____ day of _____ 2013

Signature _____

Assisted by (where applicable)

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder/s of Sabvest) to attend, speak and vote in place of that shareholder at the annual general meeting of shareholders.

My/our proxy may not delegate his/her authority to act on my/our behalf to another person .

Please read the notes and instructions overleaf.

Notes and Instructions to the Form of Proxy

(including a summary of rights, stated in bold, in terms of section 58 of the Companies Act)

Each shareholder may attend the annual general meeting in person. At any time a shareholder entitled to attend, participate in and speak and vote at the meeting is entitled to appoint one or more individuals as proxy/ies to attend, participate in and vote at the annual general meeting on behalf of and in the place of the shareholder.

An individual appointed as a proxy need not also be a shareholder of the Company.

A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the Chairman of the annual general meeting of shareholders", but any such deletion must be initialled by the shareholder. The person whose name stands first on the form of proxy and who is present at the annual general meeting of shareholders will be entitled to act as proxy to the exclusion of those whose names follow.

1. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate box provided. So as to provide for voting on a show of hands or on a poll, as the case may be, shareholders are requested to complete the form of proxy by stating the number of shares held by them. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting of shareholders as he deems fit in respect of the entire shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or by the proxy, but the total of the votes exercisable by the shareholder or by the proxy.
2. The completion and lodging of this form of proxy by shareholders holding certificated shares, nominee companies of CSDPs or brokers and shareholders who have dematerialised their shares or who have elected "own-name" registration (only shareholders who have dematerialised their Sabvest shares through Computershare Investor Services (Pty) Limited can qualify as having elected "own-name" registration) will not preclude the relevant shareholder from attending the annual general meeting of shareholders and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof. Shareholders who have dematerialised their shares through a CSDP or broker and who have not elected "own-name" registration in the sub-register maintained by the CSDP, and who wish to attend the annual general meeting of shareholders, must instruct their CSDP or broker to issue them with the necessary authority to attend, or if they do not wish to attend the annual general meeting, must provide their CSDP or broker with their instructions in terms of the custody agreement entered into by them and their CSDP or broker.
3. **A shareholder may revoke the proxy appointment by:**
 - (i) **cancelling it in writing, or making a later inconsistent appointment of a proxy; and**
 - (ii) **delivering a copy of the revocation instrument to the proxy/ies and to the Company at the registered office, for attention of the Company Secretary, R Pleaner, to be received before the replacement proxy exercises any rights of the shareholder at the annual general meeting of the company.**
4. Documentary evidence establishing the authority of a person signing this form of proxy in a representative or other legal capacity (such as a power of attorney, resolution or extract from the minutes of an authorised meeting or other written authority) must be attached to this form of proxy.
5. Any alteration or correction made to this form of proxy must be initialled by the signatory/signatories.
6. **If the instrument appointing a proxy or proxies has been delivered to the company, until that appointment lapses, any notice that is required by the Companies Act or the company's MOI to be delivered by the company to the shareholder must be delivered by the company to:**
 - (i) **the shareholder; or**
 - (ii) **the proxy or proxies, if the shareholder has:**
 - (i) **directed the Company to do so, in writing; and**
 - (ii) **paid any reasonable fee charged by the company for doing so.**
7. On a show of hands, every shareholder shall have only one vote, irrespective of the number of shares they hold or represent, provided that a proxy shall, irrespective of the number of shareholders they represent, have only one vote.
8. On a poll, every shareholder present in person or represented by proxy shall have five hundred votes for every Sabvest ordinary share held by such shareholder and one vote for every Sabvest "N" ordinary share held.
9. A resolution put to the vote shall be decided on a show of hands unless, before or on the declaration of the results of the show of hands, a poll shall be demanded by the Chairman of the annual general meeting of shareholders or any person entitled to vote at such meeting.
10. If a poll is demanded, the resolutions put to the vote shall be decided on a poll.
11. The Chairman of the annual general meeting may accept any form of proxy which is completed other than in accordance with these instructions provided that he/she is satisfied as to the manner in which a member wishes to vote.
12. To be valid, the completed form of proxy must be lodged with the transfer secretaries of the Company, Computershare Investor Services (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 or posted to the transfer secretaries at PO Box 61051, Marshalltown, 2107, South Africa, to be received by them by no later than 9:00 on Tuesday, 23 April 2013, or if the annual general meeting is adjourned or postponed, by not later than 24 hours prior to the time of the adjourned or postponed annual general meeting or may be handed to the Chairman at any time the proxy exercises any rights of the shareholder at the annual general meeting.
13. **Electronic participation**
Shareholders or their proxies may participate in the meeting by way of telephone conference call and if they choose to do so:
 - ◆ must contact the company secretary at rsptrading@fusionreactor.co.za by no later than 9:00 on Monday, 22 April 2013 in order to obtain a pin number and dial in details for the conference call;
 - ◆ will be required to provide acceptable identification (the company will regard presentation of an original of a meeting participant's valid driver's license, identity document or passport to be satisfactory identification); and
 - ◆ will be billed separately by their own service provider.

By order of the Board

Sabvest Limited

Mrs P Atkins
Company Secretary
Sandhurst



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)
 R Pleaner (Chief Financial Officer)
 CP Coutts-Trotter
 NSH Hughes
 DNM Mokhobo
 GE Nel
 BJT Shongwe

Secretary

P Atkins

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



www.sabvest.com