



Sabvest Limited

Annual Report
2013



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Chairman's letter to shareholders

Overview

Sabvest had an excellent year strategically and operationally. At the year-end it had a focused portfolio of interests in three industrial groups, five RSA listed investments, a substantially larger offshore portfolio of shares and bonds, an exciting new IT investment in the UK and a committed investment to a new industrial group in South Africa. Details of the portfolio are set out on page 7.

2013 Performance

Sabvest achieved record results with PAT increasing 96% to R280m, HEPS 97% to 607,9 cents per share and net asset value 27% to 2 358 cents per share. In addition, a special dividend of 100 cents was paid and normal dividends increased by 25% to 40 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. The group's success in achieving these metrics is set out on page 10.

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.

Mr Graham Nel retired from the Board at the end of the financial year after many years as a director. I extend my personal appreciation to Graham and best wishes to he and Sonja in the years ahead.

Shareholders

I am pleased to welcome all new shareholders who have invested in the group during the year. At the year-end there were 365 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 89 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 investee companies and our bankers and advisors for their continued support.

Haroon Habib
Chairman

Sandton
6 March 2014

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 the report should not cover the activities of Sabvest's 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 investees are considered when reviewing existing investments and making new investments. It is through this process and representation on investee boards that the company exercises influence on their policies and practices.

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 the 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 KPMG Services (Pty) Limited 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, structure and investment proposition

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 interests in three unlisted industrial groups, long-term holdings in six listed investments and a foreign share and bond portfolios, all accounted for on a fair value basis. In addition, Sabvest makes finance advances, has debt instrument portfolios and undertakes other fee and profit earning activities from time to time.

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 investees. 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.

Integrated Report to stakeholders

continued

2.3 Investment proposition

Sabvest offers investors:

- ◆ Investment access to three substantial unlisted industrial groups – SA Bias, Set Point and Sunspray;
- ◆ A sound growth orientated investment portfolio;
- ◆ 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 gearing to enhance returns;
- ◆ Stable and growing dividends;
- ◆ Good long-term growth in earnings and net asset value per share.
- ◆ A sound conservative statement of financial position.

3. Operational environment

The group's investment activities are primarily in the Republic of South Africa. However, Sabvest encourages its 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 succession and human resource planning requirements in these regions. All of the business units consider exchange rates and trends in their reporting currencies and are cognizant of empowerment requirements, environmental issues and socio economic factors in the territories in which they operate.

4. Strategies, business model and performance indicators

4.1 Investment strategy

The group's stated Investment Policy remained unchanged during the year and is attached marked Annexure 3 on page 24.

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 unlisted companies will usually be large minority holdings with sizeable interests held by management or by founding family shareholders with whom we interact as partners.
- ◆ 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 holdings.

Integrated Report to stakeholders

continued

- ◆ Our approach to our unlisted investments 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 directly or indirectly.
- ◆ We do not follow a trading approach in 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 and our exit parameters for each investment.
- ◆ 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, shares and other investments and debt instruments from time to time.

4.2.2 Performance metrics

Sabvest aims to:

- ◆ Increase net asset 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, 5 and 9 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 the principles with the following exceptions:

- ◆ 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.
- ◆ Business rescue proceedings are not relevant to the group as a going concern.

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

A full King III compliance report will be posted on Sabvest's website shortly.

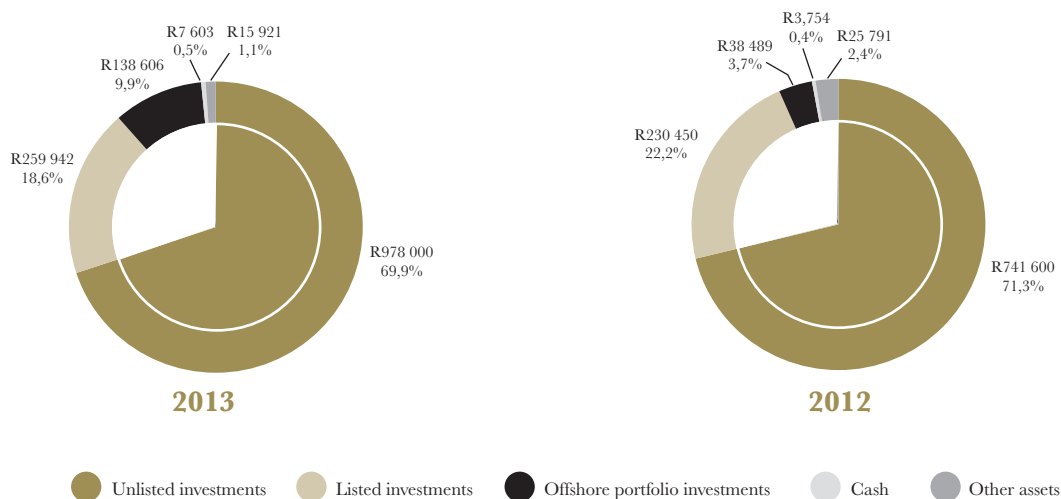
Integrated Report to stakeholders

continued

5. Asset profile

5.1 Graphical presentation of assets

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



5.2 Investment portfolio at 31 December 2013

	Economic interest %	Fair value R'000
Unlisted investments		
SA Bias Industries (Pty) Ltd*	57,3	
Set Point Group (Pty) Ltd	49,9	
Sunspray Food Ingredients (Pty) Ltd	46,1	
		978 000
* Voting interest 48,5%		
	Ordinary shares	
Listed investments		
Brait S.E.	1 525 081	79 975
Corero Network Security Plc	4 000 000	12 501
Datatec Limited	700 000	36 253
Metrofile Holdings Limited	21 983 758	102 884
Net1 UEPS Technologies Inc	211 884	18 909
Transaction Capital Limited	1 200 000	9 420
		259 942
Offshore bond portfolio		50 179
Long-term investment holdings		1 288 121
Offshore share portfolio		88 427
Total holdings		1 376 548

At the year-end the offshore bond portfolio comprised 7 redeemable or callable reset bonds due 2016 to 2018 and the offshore share portfolio comprised a spread of 17 investments in large capitalisation listed shares. Details of both portfolios are available on Sabvest's website and in note 4 of the financial statements.

Integrated Report to stakeholders

continued

5.3 Nature of investments

Company		Nature of business
Unlisted investments		
SA Bias Industries (Pty) Ltd		<p>International industrial and investment group operating through four business units as follows:</p> <ul style="list-style-type: none"> – International Trimmings and Labels Group is a designer, manufacturer and distributor of apparel and identification products. Included in the product range are graphic tags and labels, care labels, screen printed labels, heat transfers, woven labels, QR Code labels, RFID tickets, ribbons and tapes, bows and specialised labels. The ITL Group operates from its factories and marketing offices in the United Kingdom, China, India, Sri Lanka, Turkey, Mexico, North America and South Africa for supply to the clothing industry worldwide. – The Narrowtex Group is a South African manufacturer, distributor, and exporter of a range of motor vehicle restraint webbings, industrial webbings, strapping and tie down webbings, curtain tapes, cord, ropes and braids to the mining, automotive, timber, transport, luggage, household textiles and leisure industries. Its export markets comprise USA, Australia, Africa and Europe. – Flowmax which owns controlling interests in ten businesses in the fluid handling and measurement industries in the United Kingdom. – SA Bias Investments is a Monaco based and managed investment company which invests the group's free cash which is surplus to current requirements in cash, bond, fund and equity portfolios pending new overseas acquisition or growth opportunities.
Set Point Group (Pty) Ltd		<p>Provides products and services to the mining and manufacturing industries in South Africa and internationally through three specialist divisions:</p> <ul style="list-style-type: none"> – Analytical Services (WearCheck Laboratories and AMIS); – Fluid Handling (Letaba, Pneumax and Meter Systems); – Mining Services (Reng/Gopro).
Sunspray Food Ingredients (Pty) Ltd		<p>Producers of spray-dried and blended powdered food and drink products and the largest independent contract supplier of these products and services in South Africa.</p>
Listed investments		
Brait S.E.	LUX/ JSE	Investment group whose major assets are large proprietary investments in Pepkor, Premier Foods and Iceland Foods.
Corero Network Security Plc	LSE – AIM	A developer of network security solutions against distributed denial of services attacks and cyber threats at the point of connectivity to the internet for cloud data centers and virtual machine environments.
Datec Limited	JSE/ AIM	International Communications and Technology group focused on networking, information security and convergence technologies through its Westcon, Logicalis and Analysys Mason divisions.
Metrofile Holdings Limited	JSE	Market leader in on-site and off-site document management and information storage, primarily in South Africa.
Net1 UEPS Technologies Inc	NASDAQ JSE	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.
Transaction Capital Limited	JSE	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 through its major operating units – SA Taxi Finance, MBD and Principe.

Integrated Report to stakeholders

continued

5.4 Portfolio changes during the year

During the year, Sabvest:

- ◆ Acquired 4m shares in Corero Network Security Plc for R10,2m (GBP0,59m);
- ◆ Bought back 25 250 Sabvest ordinary shares and 20 890 Sabvest “N” ordinary shares for R0,85m through a subsidiary;
- ◆ Increased its foreign share and bond portfolios from R38,5m to R138,6m (\$13,2m);
- ◆ Sold 300 000 shares in Datatec Limited realising an amount of R16,9m; and
- ◆ Sold 5 587 738 shares in Metrofile Holdings Limited realising an amount of R26,4m.

The proceeds of the sales of Datatec and Metrofile shares were utilised to fund Sabvest’s special dividend payment.

6. Financial overview

6.1 Change in accounting policies

As advised to shareholders on SENS on 31 May 2013, with effect from 1 January 2013 Sabvest accounts for all its investments on a fair value basis, including unlisted associates which were previously equity accounted. The 2012 and 2013 figures are presented on this basis.

6.2 Salient financial features of the year

2013 US cents	2012 US cents		2013 RSA cents	2012 RSA cents
RETURNS TO SHAREHOLDERS				
62,3	37,6	Headline earnings per share	607,9	308,4
62,3	37,6	Earnings per share	607,9	308,6
4,1	3,9	Normal dividend proposed/paid	40	32
10,2	–	Special dividend paid	100	–
225	219	Net asset value per share	2 358	1 855
US\$'000	US\$'000		R'000	R'000
STATEMENT OF COMPREHENSIVE INCOME				
28 636	17 356	Headline attributable income	279 825	142 233
28 636	17 370	Income attributable to equity shareholders	279 826	142 351
STATEMENT OF FINANCIAL POSITION				
103 375	100 774	Ordinary shareholders’ equity	1 085 011	854 652
122 725	114 616	Investment holdings at fair value	1 288 121	972 050

Rand/Dollar exchange rate

Statement of comprehensive income: US\$1 = 9,7718 (2012: US\$1 = 8,1950)

Statement of financial position: US\$1 = 10,4960 (2012: US\$1 = 8,4809)

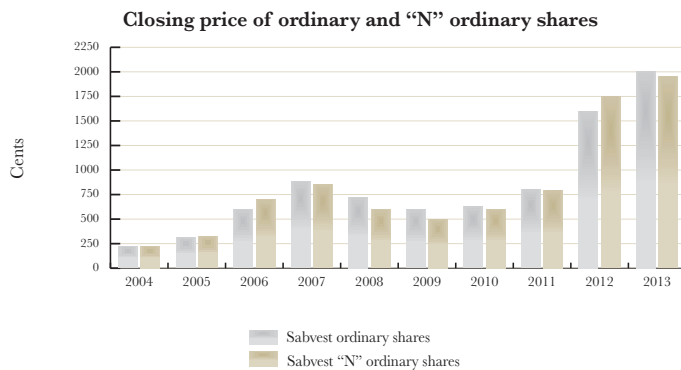
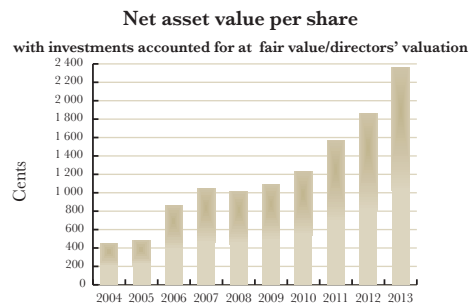
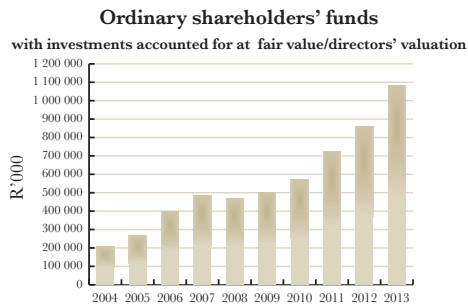
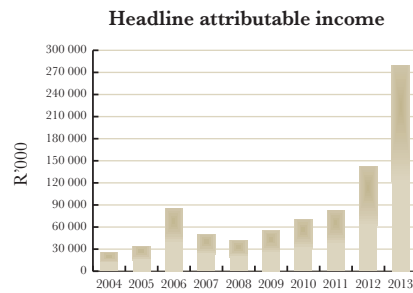
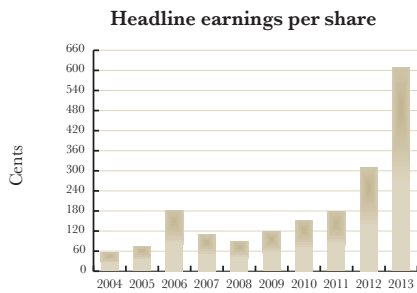
6.3 Ten-year financial review

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

Integrated Report to stakeholders

continued

6.4 Ten-year graphical review



Integrated Report to stakeholders

continued

6.5 Commentary on the 2013 financial results

Sabvest produced record results in the 2013 financial year. HEPS increased by 97% to 607,9 cents per share. NAV per share increased by 27% to 2 358 cents per share. The NAV growth would have been 32% if the special dividend had not reduced NAV by 100 cents per share.

Income before taxation increased by 69% to R327m and income after taxation by 96% to R280m. The increase was a result of growth in the share prices of its listed holdings in South Africa, a strong performance by its offshore portfolio, good overall operating results from the unlisted portfolio aided by the weak rand and the consolidation of 60% of Flowmax Holdings for the first time in SA Bias Industries.

Gains on financial instruments and shares arose from realisations in the foreign and local listed portfolios.

Overheads increased materially due to provisions for incentive bonuses which were higher in the current period.

Shareholders' funds increased by 27% to R1 085m – exceeding R1bn for the first time.

The group's debt levels remain conservative. Internationally, borrowings amounted to R66,3m which are directly utilised to fund the foreign portfolio of bonds and shares. In South Africa, the group has net short-term debt of R21,3m. The medium-term loan of R40m which falls due in 2014 is reflected as a current debt.

6.6 Nine-year financial growth

		Compound Growth 1 year	Compound Growth 3 years	Compound Growth 5 years	Compound Growth 9 years
	Cents	(%)	(%)	(%)	(%)
Intrinsic net asset value per share	2 358	27,1	24,2	18,3	20,3
Dividends per share	40	25,0	33,0	23,4	33,3

6.7 Financial resources

Shareholders' funds amounted to R1 085m at the year-end, all of which were invested in the group's portfolio holdings.

In South Africa the group has a R40m three year loan which falls due in 2014 and which it is the intention to increase and refinance. It has short-term bank facilities of R60m which were utilised to the extent of Rnil at the year-end. The group also utilises loans from entities associated with the directors. Utilisation at year-end was R19,3m.

A \$10m facility is available offshore to enable the group to gear its short-term foreign share and bond portfolio in its wholly owned subsidiary managed in Monaco and which is capitalised to the extent of \$8m. This facility is secured by the underlying assets of that subsidiary only.

The group has sufficient financial resources to execute its strategies.

6.8 Dividend policy and declaration

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

Dividends are considered twice annually. The level of cash generation from the group's investee companies continues to increase. Accordingly the dividend for the year has been increased by 25% to 40 cents per share.

Integrated Report to stakeholders

continued

As referred to in the dividend declaration, the group has used STC credits to an extent sufficient for no withholding tax on dividends to be deducted for any shareholders.

After the use of these credits the company still has credits equal to 212 cents per share. The ability to use these credits expires on 31 March 2015.

The group advised shareholders in October 2013 that the Board is considering ways to use some or all of these credits before they expire. To this end a special dividend of 100 cents per share was declared and paid in December 2013.

6.9 Performance of unlisted investments

On a look-through basis the unaudited combined revenue of the three unlisted industrial groups for the twelve months was R1 876m and PAT for the twelve months was R228m. Sabvest's share of the PAT, and including income and investments, was R123m (2012: R95m).

With regard to our unlisted investments:

- ◆ The international operations of SA Bias Industries through its International Trimmings and Labels and Flowmax Group divisions performed satisfactorily. The South African operations performed close to budget;
- ◆ Set Point Group experienced difficult trading conditions due to the disruptions and weaker levels of activity in the mining and related industries; and
- ◆ Sunspray Food Ingredients performed well with a satisfactory increase in profitability.

The unlisted investments are fair valued using the maintainable earnings (NOPAT) model, multiples of NOPAT between 7 and 7,5 and adjusting for net cash/investments and interest-bearing debt. The multiples utilised are the same as in the prior reporting period. Sabvest's attributable share of the valuations of the business operations was R821m and adding cash and investments and subtracting debt in the three groups was R978m. The effect of the fair value measurement for the year through profit and loss was R236,4m (2012: R109,1m). The necessary provision for deferred capital gains tax has been raised.

6.10 Performance of listed investments

The five JSE listed investments performed according to expectations with particularly strong operating performances from Brait, Metrofile and Transaction Capital. Datatec experienced weakness in some of its markets. Net1's results improved materially but uncertainties still exist relating to the SASSA tender.

Sabvest has made an initial purchase of 4m shares in Corero Network Security Plc which is listed on the AIM market of the LSE. This represents an interest of 4,7% in Corero.

The Chairman of and largest shareholder in Corero is well known to Sabvest. Sabvest has invested successfully in a number of companies with which he has been associated over the years.

Corero is a developer of network security solutions against distributed denial of service attacks and cyber threats at the point of connectivity to the internet for cloud data centres and virtual machine environments.

Subsequent to the reporting date Sabvest has committed to acquire 23m shares in Torre Industrial Holdings Limited. This will represent a 7% interest in Torre. Torre is a young, fast growing industrial group whose business units include SA French, Forktech, Tractor and Grader Supplies, Kanu Equipment and Control Instruments Group.

Sabvest regards Torre as an exciting investment opportunity and looks forward to working with Torre's management and board.

The foreign portfolio is held through a ring-fenced entity capitalised to the extent of \$8m and geared only on the security of the underlying portfolio. Sabvest regards it as a managed fund and is itself the manager. At the reporting date it comprised a spread of 17 large cap shares and 7 redeemable or callable reset bonds due 2016 to 2018.

Full details of the portfolio are available on Sabvest's website. The returns for 2013 were 24,7% on average invested equity in US dollars.

Integrated Report to stakeholders

continued

7. Future strategic and financial outlook

There has been no change in the group's financial targets or any of its strategies or its business model as described in this report other than the intention to utilise STC credits to the extent feasible before they expire.

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.

Mr Graham Nel retired as a director at the end of the financial year after many years on the Board. The Board records its thanks to Graham for his services over the period and wishes him and his wife Sonja well in their future endeavours.

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

The group's unlisted investee companies are budgeting for improved profitability in 2014. The results may be negatively affected by any strengthening of the Rand and if the disruption and low level of activity in the mining and associated industries continues.

The group's listed investee companies are performing to expectations. However, the future movements in share prices are obviously uncertain.

Overall, we anticipate a satisfactory year for the group but with results at lower levels than in 2013.

8. Governance and sustainability

8.1 Human resources

RSA executive directors	Overseas executive management	Staff	Sub-Total	Non-executive directors	Total 2013	Total 2012
2	1	5	8	6	14	16

Integrated Report to stakeholders

continued

8.2 Directorate

Executive directors



Christopher Stefan SEABROOKE (60)
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., Datalec Limited and Net1 UEPS Technologies Inc. Also a director of numerous unlisted companies including SA Bias, Set Point, Sunspray, Mineworkers Investment Company and Primedia. Former Chairman of the State Theatre of South Africa and Deputy Chairman of the inaugural National Arts Council of South Africa.



Raymond PLEANER (59)
BCompt(Hons), CA(SA)
Financial Director

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

Non-Executive directors



Haroon HABIB (73)
Independent Non-executive Chairman

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



Nigel Stuart Hamilton HUGHES (59)
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 (67)
BCom, MBA
*Non-executive Deputy Chairman
Member of the Remuneration Committee*

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



Dawn Nonceba Merle MOKHOBHO (65)
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 and Altron, Director of Partnership Investments, Chairperson of Wesizwe Platinum and Independent Director of Cricket South Africa. Former winner South African Businesswoman of the Year Award.



Carl Philip COUTTS-TROTTER (38)
BBusSc (Actuarial Science),
FASSA, FIA(UK)
Non-executive Director

Appointed to the Board in 2007 as an executive director. Became non-executive on 1 January 2013.

Group Managing Director of SA Bias Industries (Pty) Limited and non-executive director of Set Point Group (Pty) Ltd.



Bheki James Themba SHONGWE (58)
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) Ltd, Executive Chairman, Matsamo Global Investment Holdings Limited, Chairman, Company Management Consultants (Pty) Ltd, Non-executive Chairman of Evraz Highveld Steel and Vanadium Limited, Non-executive Director of Matsamo Technologies (Pty) Ltd.

Integrated Report to stakeholders

continued

8.3 The Board and its Committees

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

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

The directors consider the mix of technical, entrepreneurial, financial and business skills of the directors to be balanced, thus ensuring the effectiveness of the Board. 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 unlisted investees and certain of the directors are directors of most of its major investee companies. The Board fully respects the fiduciary duties of these directors to the respective companies and is cognizant 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 a 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	1/2
NSH Hughes	2/2
GE Nel	2/2
R Pleaner	2/2
DNM Mokhobo	1/2
CS Seabrooke	2/2
BJT Shongwe	1/2

The profiles of directors are set out on page 13, shareholders on page 23, remuneration details in note 14 on page 59 and share scheme allocations in note 25 on page 67.

8.3.1 *Company Secretary*

The role of the company secretary is outsourced to an independent individual and meets 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 notice 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 is a director of three other groups where she also performs 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 arms length relationship with the Board, is not a director of the company and 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. The relationship between the Committee and the chief audit executive is good. There were no unresolved differences during the year.

Integrated Report to stakeholders

continued

The Committee remains of the view that the group is too small to warrant a permanent internal audit function. However, 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 2013 reports provided unmodified 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 CFO, 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 reviews and recommends the Integrated Report to the Board.

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 Audit Committee monitors the risk registers, risk control procedures and authorities framework of the group.

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

It regards the relationship between the external assurance providers and the company as sound and conducive to optimising the level and quality of assurance and no separate external assurance is necessary on sustainability issues 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 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)	0/2
BJT Shongwe (Independent Non-Executive)	2/2

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 for consideration by the full Board after an appropriate selection and interview process. It also considers the composition and performance of the Board and its committees. It makes recommendations on new Board appointments .

Integrated Report to stakeholders

continued

One Committee for both functions is considered sufficient and appropriate given the size of the group. Although the Chairman of the company is not a member of the Committee, he is consulted on all matters concerning the appointment and re-election of directors and committee composition.

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 2013.

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 investees, 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 investees. 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 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.

Integrated Report to stakeholders

continued

Sabvest's directors are similarly restricted relative to any listed investments it may have from time to time. Sabvest and its CEO are restricted relative to other Sabvest investees 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 or listed investees.

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. When it is the intention to utilise the programme, 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 no concerns were raised by Deloitte & Touche in the course of their 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, SA 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 a prior year KPMG has 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 neither the group nor any of its directors was subject to any penalties or fines in this regard. The Board regards the compliance function as effective.

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.

Integrated Report to stakeholders

continued

Sabvest invests between 0,5% and 1% of its own profit after tax in specific programmes encompassing bursaries for secondary education and educational infrastructure. Twelve high school bursaries were funded at Durban High School, Glenwood High School and Maris Stella and general and specific grants were made for education related initiatives, including infrastructure at rural schools.

8.9 External relationships

Sabvest's direct external relationships with stakeholders are primarily with its shareholders, financiers, the Boards of its listed and unlisted investee companies and their committees. 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.
- ◆ Unlisted Investees
Through shareholder agreements, board and committee representation and on site visits.
- ◆ Major Listed 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. This ensures the correct balance of authority between the Board and executive management for decision-making and operational purposes.

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. No unexpected or unusual risks arose during the year.

The Board regards it as sufficient for the risk policy to be known and approved by the Board and not distributed to staff.

Integrated Report to stakeholders

continued

The current risk watch list is as follows:

- ◆ Reduced cash flow from unlisted investees.
- ◆ Financial controls in unlisted investees.
- ◆ Loss of any key executive in an unlisted investee.
- ◆ Change in strategies in unlisted investees.
- ◆ 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 audit service provider 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 quartiles for comparable positions.

Short-term incentives are targeted at between 50% and 100% of cost to company packages, with allowance for out performance on some of the financial criteria. The criteria are quantitative and are calculated relative to profit after tax (thereby HEPS) and growth in dividends paid to shareholders.

The other material quantitative metric relevant to shareholders is growth in NAV per share. Sabvest has a long-term incentive plan (LTIP) for executives and staff. Participants receive a notional award of between 12% and 100% of their cost to company package annually which is "invested" in the group's net asset value. The growth in this notional investment is measured annually and is tested after four years. An award will only vest if a hurdle rate of 10% per annum growth in net asset value is achieved. There is no retesting. Adjustments are made to account for the notional re-investment of dividends. The awards are cash settled and accounted for in profit and loss annually. The awards are capped at a gain of 150% of the notional investments.

Awards prior to 2012 had testing periods of 3 to 5 years.

Accordingly when the short-term incentive scheme and the LTIP are viewed together, most of the potential annual incentive to executives is based on growth in NAV per share over one year and over four years and the balance on the growth in dividends.

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

Both executive directors are shareholders in the company and have previously received allocations from the share trust or the SARS scheme.

Accordingly the bases for short-term incentives and the LTIP combined with the previous allocation of shares to executive directors directly motivate management to achieve growth in Sabvest's key performance indicators.

Integrated Report to stakeholders

continued

The SARS and share option schemes are currently dormant. Share trust allocations have been phased out and compensating adjustments made to the basic packages, STIP and LTIP of affected executives. The remaining loans by the share trust were repaid during the year ahead of their scheduled due dates and the trust is now dormant.

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 independently and not as a representative of the group. These enhance the group's influence, improve the group's access to new investments, and result in income to the group from time to time. The CEO retains the fees from those appointments.

Non-executive directors receive annual fees for their roles as directors, as Board Committee members and for sitting on the boards of investees on behalf of the Group. The Board does not regard separate attendance fees as appropriate or necessary unless the time allocation to meetings expected of directors is materially more than normal in a particular year.

The 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 29m "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 365 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 unlisted investment 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 2014

Sandhurst

Integrated Report to stakeholders

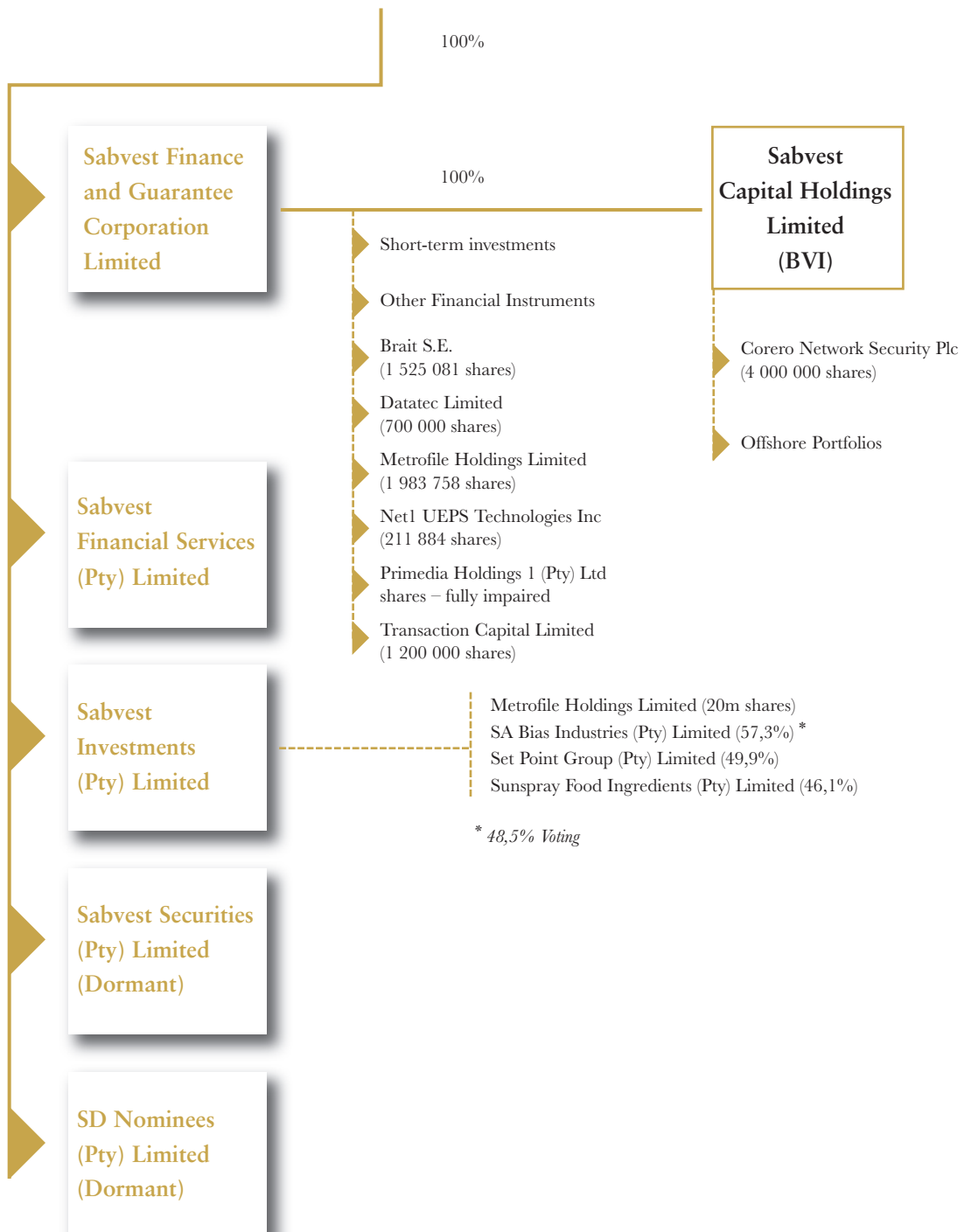
continued

ANNEXURE 1

CORPORATE STRUCTURE



SABVEST LIMITED



Integrated Report to stakeholders

continued

ANNEXURE 2

SHARES AND SHAREHOLDERS

Shareholder analysis at 31 December 2013*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	4	4,6	371 964	10	3,7	6 080 604
Investment and trust companies	12	13,8	12 703 062	14	5,0	6 938 349
Other corporate bodies	9	10,3	3 649 115	19	6,8	13 985 178
Individuals	62	71,3	571 843	235	84,5	2 475 723
	87	100,0	17 295 984	278	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
Ceejay Trust	696 788	4,0	2 834 153	9,6	7,5	4,0
Credit Suisse Zurich	370 962	2,1	5 599 010	19,0	12,8	2,2
Ellerine Brothers (Pty) Limited	500 150	2,9	1 581 187	5,4	4,4	2,9
	16 378 398	94,7	24 170 616	82,0	86,7	94,6

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	83	2 459 486	14,1	273	13 837 488	46,9	16 296 974	34,8
	87	17 295 984	100,0	278	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	
	2013	2012	2013	2012
Closing price (cents)	2 000	1 600	1 950	1 749
Highest price (cents)	2 100	1 600	2 050	1 750
Lowest price (cents)	1 300	900	1 300	849
Total number of shares traded ('000)	1 115	52	2 256	247
Total value of shares traded (R'000)	16 512	600	29 554	2 738
Total number of transactions recorded	39	19	55	61
Total volume of shares traded as a percentage of total issued shares (%)	6,5	0,3	7,8	0,9

*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 2013

2012 US\$'000	2013 US\$'000	
115 056	122 817	Consolidated Statements of Financial Position
114	92	Non-current assets
–	–	Property, plant and equipment
325	–	Deferred tax asset
–	–	Share trust receivables
114 617	122 725	Medium-term receivables
87 443	93 178	Investment holdings
27 174	24 766	Unlisted investments
–	4 781	Listed investments
–	–	Offshore bond portfolio
–	–	Associates
–	–	Long-term
7 582	10 574	Current assets
2 601	1 425	Finance advances and receivables
4 538	8 425	Offshore share portfolio
–	–	Short-term investments
–	–	Other financial instruments
443	724	Cash at bank
122 638	133 391	Total assets
100 774	103 375	Ordinary shareholders' equity
19 901	16 739	Non-current liabilities
4 716	–	Interest-bearing debt
15 185	16 739	Deferred tax liability
1 963	13 277	Current liabilities
1 025	12 153	Interest-bearing debt
938	1 124	Accounts payable
122 638	133 391	Total equity and liabilities
26 868	36 898	Consolidated Statement of Comprehensive Income
4 611	4 771	Gross income from operations and investments
90	355	Dividends received
3 214	974	Interest received
333	212	Income on financial instruments and shares
18 620	30 586	Fees and sundry income
–	–	Fair value adjustment to investments
–	–	Equity accounted retained income of associates
–	–	Share of net income of associates
–	–	Less: Dividends received
157	198	Direct transactional costs
(156)	(6)	Impairments
644	522	Interest paid
26 223	36 184	Net income before expenses and exceptional items
2 732	2 746	Less: Expenditure
2 717	2 731	Operating costs
15	15	Depreciation
–	–	Exceptional items – (gains)/loss
23 491	33 438	Net income before taxation
6 121	4 802	Taxation
17 370	28 636	Net income attributable to equity shareholders
17 357	28 636	Headline attributable income
37,6	62,3	Returns to shareholders
37,6	62,3	Headline earnings per share – cents
–	10,2	Earnings per share – cents
3,9	4,1	Special dividend per share – cents
219	225	Dividends per share – paid or proposed – cents–
–	–	Net asset value per share – cents
46 061	46 015	Net asset value per share at directors' valuation (intrinsic value) – cents
46 126	46 031	Number of shares in issue – 000's
		Weighted number of shares in issue – 000's

For years 2012 to 2013 unlisted investments (previously associates) are accounted for on a fair value basis for 2011 and prior the unlisted investments were equity accounted.

Integrated Report to stakeholders

continued

ANNEXURE 4

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	2013 R'000
138 156	171 868	234 804	304 076	365 160	365 442	453 800	563 755	975 780	1 289 083
2 106	1 835	1 787	1 501	1 380	1 070	745	616	971	962
868	4 758	2 778	2 545	1 897	1 249	555	–	–	–
2 312	2 674	3 090	3 574	4 134	6 126	3 761	4 131	2 759	–
–	11 397	–	–	–	–	–	–	–	–
132 870	151 204	227 149	296 456	357 749	356 997	448 739	559 008	972 050	1 288 121
–	–	–	–	–	–	–	–	741 600	978 000
–	–	–	–	–	–	–	–	230 450	259 942
–	–	–	–	–	–	–	–	–	50 179
125 465	140 330	172 088	219 099	279 139	292 994	329 373	403 072	–	–
7 405	10 874	55 061	77 357	78 610	64 003	119 366	155 936	–	–
22 305	17 061	61 156	38 350	18 614	31 205	41 686	18 385	64 304	110 989
22 216	14 841	17 471	28 700	18 518	24 672	16 532	5 943	22 061	14 959
–	–	–	–	–	–	–	–	38 489	88 427
–	2 186	2 550	–	–	–	16 021	2 363	–	–
–	–	–	–	–	–	5 899	7 727	–	–
89	34	41 135	9 650	96	6 533	3 234	2 352	3 754	7 603
160 461	188 929	295 960	342 426	383 774	396 647	495 486	582 140	1 040 084	1 400 072
151 034	180 933	279 371	324 786	350 636	379 071	427 098	517 323	854 652	1 085 011
49	49	3 338	4 645	3 486	5 212	55 491	49 417	168 776	175 699
–	–	–	–	–	–	48 124	40 000	40 000	–
49	49	3 338	4 645	3 486	5 212	7 367	9 417	128 776	175 699
9 378	7 947	13 251	12 995	29 652	12 364	12 897	15 400	16 656	139 362
7 906	5 279	7 615	7 101	24 100	7 350	5 133	7 915	8 697	127 555
1 472	2 668	5 636	5 894	5 552	5 014	7 764	7 485	7 959	11 807
160 461	188 929	295 960	342 426	383 774	396 647	495 486	582 140	1 040 084	1 400 072
36 152	41 814	108 715	67 818	59 216	78 938	100 031	115 522	220 180	360 562
3 500	5 485	12 248	18 729	38 149	34 939	17 208	29 302	37 788	46 617
4 932	7 656	7 827	6 423	3 938	1 567	2 884	881	739	3 473
–	2 879	37 156	311	–	9 976	(1 166)	6 223	26 335	9 518
2 378	2 314	6 386	2 213	2 781	2 809	5 125	2 407	2 730	2 067
–	3 268	22 429	7 406	(16 939)	8 274	21 585	21 027	152 588	298 887
25 342	20 212	22 669	32 736	31 287	21 373	54 395	55 682	–	–
27 717	25 611	34 640	49 996	67 056	53 936	68 752	81 631	–	–
(2 375)	(5 399)	(11 971)	(17 260)	(35 769)	(32 563)	(14 357)	(25 949)	–	–
–	–	4 452	–	–	–	–	209	1 284	1 939
–	–	1 000	–	(45)	(181)	(144)	1 013	(1 279)	(57)
1 425	1 330	1 594	1 643	2 335	3 467	3 892	4 741	5 275	5 101
34 727	40 484	101 669	66 175	56 926	75 652	96 283	109 559	214 900	353 579
8 462	9 879	11 759	14 503	15 869	18 538	23 103	24 610	22 385	26 831
7 991	9 431	11 296	14 095	15 473	18 208	22 783	24 460	22 263	26 683
471	448	463	408	396	330	320	150	122	148
1 163	1 469	(1 256)	3 449	33 509	(9 344)	(325)	692	–	–
25 102	29 136	91 166	48 223	7 548	66 458	73 505	84 257	192 515	326 748
(145)	(3 890)	5 269	1 574	(512)	2 374	2 849	2 606	50 164	46 922
25 247	33 026	85 897	46 649	8 060	64 084	70 656	81 651	142 351	279 826
25 390	34 262	84 550	50 110	41 570	54 740	70 164	82 343	142 233	279 825
55,4	74,1	182,7	108,3	89,9	118,8	153,0	178,1	308,4	607,9
55,1	71,4	185,6	100,8	17,4	139,1	154,0	176,6	308,6	607,9
–	–	–	–	–	–	–	–	–	100,0
3,0	6,0	12,0	14,0	14,0	14,0	17,0	24,0	32,0	40,0
326	391	604	702	759	825	922	1 120	1 855	2 358
447	481	862	1 050	1 016	1 094	1 230	1 563	–	–
46 259	46 259	46 275	46 276	46 180	45 968	46 320	46 172	46 061	46 015
45 845	46 259	46 272	46 276	46 260	46 078	45 869	46 236	46 126	46 031

Audited annual financial statements

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continued

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 (IFRS), the JSE Limited's Listings Requirements and the requirements of the Companies Act No. 71 of 2008, as amended. 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

27 February 2014

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

27 February 2014

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 68, which comprise the consolidated and separate statements of financial position as at 31 December 2013, and the consolidated and separate statements of comprehensive income, statement of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

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 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 consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting 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 2013, 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 2013, 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 consolidated 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

8 March 2014

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 2013

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 2013 are reflected in the attached annual financial statements.

Subsidiaries

Details of the company's interest in its consolidated subsidiaries appear in Annexure A, 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 in notes 2 and 4 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 2013 were as follows:

	2013			2012 Total 000's
	Ordinary shares 000's	"N" ordinary shares 000's	Total 000's	
Executive				
CS Seabrooke	11 895	3 105	15 000	15 000 * ¹
R Pleaner	21	982	1 003	1 003 * ²
Non-executive				
CP Coutts-Trotter	–	500	500	500 * ¹
P Coutts-Trotter	5	4	9	9 * ²
H Habib	–	–	–	–
NSH Hughes	–	–	–	–
DNM Mokhobo	–	–	–	–
BJT Shongwe	–	–	–	–
	11 921	4 591	16 512	16 512

*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 2013

Dividends

An interim dividend of 18 cents per share (2012: 12 cents) was declared during the year and a final dividend of 22 cents per share (2012: 20 cents) has been declared subsequent to the year-end. A special dividend of 100 cents (2012: Nil) was declared during the year.

The company has utilised STC credits amounting to 140 cents per share. As a result there was no dividend withholding tax from dividends paid during the year nor will there be withholding tax from the final dividend.

Changes in investment holdings

During the year the group acquired 4 million shares in Corero Network Security Plc and increased its foreign shares and bond portfolios to R138,6 million.

During the year the group disposed of 300 000 shares in Datatec Limited and 5 587 738 in Metrofile Holdings Limited.

Changes in accounting policies

With effect from 1 January 2013 the group accounts for all of its investments on a fair value basis, including unlisted associates which were previously accounted for under the equity method. This is done in accordance with the early adoption of Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) issued by the IASB in October 2012. The effect of the change in accounting policies is set out in note 9. Comparative figures have been restated.

Directors and secretary

Details of the present board of directors and the secretary appear on page 13. Messrs P Coutts-Trotter, R Pleaner and CS Seabrooke retire at the forthcoming annual general meeting but, being eligible, offer themselves for re-election. Mr GE Nel resigned as a director on 31 December 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

An investment commitment of R50,6 million has been made subsequent to the year-end for the acquisition of 23 million shares at 220 cents per share in Torre Industrial Holdings Limited.

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 2013

"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 2013 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

Audited annual financial statements

continued

DIRECTORS' REPORT

at 31 December 2013

continued

(iii) subject to the following maximum amounts:

	Year ended 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
Director of an associate by a non-executive director of Sabvest	171 500"

The resolution was passed on 24 April 2013.

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 24 April 2013.

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 24 April 2013.

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 2013

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 was 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 2014 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

27 February 2014

Audited annual financial statements

continued

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT

for the year ended 31 December 2013

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 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.

Shareholders’ attention is also drawn to Section 8.4 and 8.8 of the 2013 Integrated Report dealing with ethics and social initiatives.

Nigel Hughes

Social, Ethics and Transformation Committee Chairman

Sandton

27 February 2014

Audited annual financial statements

continued

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2013

	Notes	2013 R'000	Restated 2012 R'000	Restated 2011 R'000
Non-current assets		1 289 083	975 780	838 327
Property, plant and equipment	1	962	971	616
Share trust receivables		–	2 759	4 131
Investment holdings	2	1 288 121	972 050	833 580
Unlisted investments		978 000	741 600	677 644
Listed investments		259 942	230 450	155 936
Offshore bond portfolio		50 179	–	–
Current assets		110 989	64 304	18 385
Finance advances and receivables	3	14 959	22 061	5 943
Other financial instruments		–	–	7 727
Offshore share portfolio	4	88 427	38 489	2 363
Cash at bank		7 603	3 754	2 352
Total assets		1 400 072	1 040 084	856 712
Ordinary shareholders' equity		1 085 011	854 652	721 520
Share capital and premium	5	47 996	48 831	50 153
Non-distributable reserves	6.1	26 187	11 355	4 489
Accumulated profit	6.2	1 010 828	794 466	666 878
Non-current liabilities		175 699	168 776	119 792
Interest-bearing debt	7.1	–	40 000	40 000
Deferred tax liabilities	11.3	175 699	128 776	79 792
Current liabilities		139 362	16 656	15 400
Interest-bearing debt		127 555	8 697	7 915
Current portion of interest-bearing debt	7.2	40 000	–	–
Offshore portfolio finance	7.2	66 281	–	–
Other interest-bearing debt	7.2	21 274	8 697	7 915
Accounts payable	8	4 189	4 980	3 526
Provisions	8	7 618	2 979	3 959
Total equity and liabilities		1 400 072	1 040 084	856 712

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2013

		2013	Restated 2012
	Notes	R'000	R'000
Gross income from operations and investments		360 562	220 180
Dividends received		46 617	37 788
Interest received		3 473	739
Income on financial instruments and shares		9 518	26 335
Fees and sundry income		2 067	2 730
Fair value adjustments to investments		298 887	152 588
Direct transactional costs		(1 939)	(1 284)
Impairment reversals		57	1 279
Interest paid		(5 101)	(5 275)
Net income before operating expenses		353 579	214 900
<i>Less:</i> Expenditure		(26 831)	(22 385)
Operating costs		(26 683)	(22 263)
Depreciation		(148)	(122)
Net income before taxation	10	326 748	192 515
Taxation	11	(46 922)	(50 164)
Net income for the year attributable to equity shareholders		279 826	142 351
Translation of foreign subsidiary	16	14 833	6 868
Total comprehensive income for the year attributable to equity shareholders		294 659	149 219
Earnings per share – cents		607,9	308,6
Dividends per share (final proposed after year-end) – cents		40,0	32,0
Weighted average number of shares in issue – 000's		46 031	46 126

Audited annual financial statements

continued

COMPANY STATEMENT OF FINANCIAL POSITION

at 31 December 2013

	Notes	2013 R'000	2012 R'000
Non-current asset		16	16
Investment in subsidiaries	2.1	16	16
Current assets		210 385	188 559
Loans to subsidiaries (Annexure A)		210 354	188 533
Cash at bank		31	26
Total assets		210 401	188 575
Ordinary share capital and premium	5	54 196	54 196
Accumulated profit		155 523	133 880
Ordinary shareholders' equity		209 719	188 076
Current liability		682	499
Accounts payable	8	682	499
Total equity and liability		210 401	188 575

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2013

	Notes	2013 R'000	2012 R'000
Dividends received	10	37 000	28 000
Gross income		37 000	28 000
Impairment reversal		51 919	35 730
Expenditure		(3 202)	(2 210)
Total comprehensive income for the year attributable to equity shareholders		85 717	61 520

Audited annual financial statements

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CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS

for the year ended 31 December 2013

	GROUP		COMPANY	
	2013 R'000	Restated 2012 R'000	2013 R'000	2012 R'000
Cash flows from operating activities	(42 468)	42	(30 093)	10 893
Net income for the year	279 826	142 351	85 717	61 520
Adjustments for:				
Depreciation	148	122	–	–
Fair value adjustments to investments	(298 887)	(152 588)	–	–
Single capitalisation issue	(403)	(309)	–	–
Deferred taxation	46 922	50 164	–	–
Impairment reversal	(57)	(1 279)	(51 919)	(35 730)
Other income on financial instruments and shares	(10 399)	(24 013)	–	–
Profit on sale of property, plant and equipment	(1)	(118)	–	–
Provisions	5 457	1 803	–	–
(Increase)/decrease in accounts payable	(1 566)	(1 328)	227	7
Cash flows from operations	21 040	14 805	34 025	25 797
Dividends paid	(63 508)	(14 763)	(64 118)	(14 904)
Cash flows from investing activities	(31 705)	1 901	30 098	(10 881)
Purchase of property, plant and equipment	(142)	(516)	–	–
Proceeds from sale of fixed assets	4	158	–	–
Purchase of investment holdings and offshore portfolios	(196 371)	(72 350)	–	–
Proceeds from sale of investment holdings and offshore portfolios	154 886	78 639	–	–
Decrease/(increase) in loans to subsidiaries	–	–	30 098	(10 881)
Decrease in other financial instruments	–	7 727	–	–
Decrease/(increase) in finance advances and receivables and share trust receivable	9 918	(11 757)	–	–
Cash effects of financing activities	65 445	(1 323)	–	–
Purchase of company shares held in treasury	(836)	(1 323)	–	–
Increase in offshore portfolio finance	66 281	–	–	–
Change in cash and cash equivalents	(8 728)	620	5	12
Cash and cash equivalents at beginning of year	(4 943)	(5 563)	26	14
Cash and cash equivalents at end of year *	(13 671)	(4 943)	31	26

* Refer note 23 for details.

Audited annual financial statements

continued

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2013

GROUP	Share capital R'000	Share premium R'000	Non-distributable reserves R'000	Accumulated profit R'000	Total R'000
Restated balance as at 1 January 2012	857	49 296	4 489	666 878	721 520
Restated total comprehensive income for the year	–	–	6 868	142 351	149 219
Accumulated loss in share trust	–	–	(2)	–	(2)
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)
Restated balance as at 31 December 2012	857	47 974	11 355	794 466	854 652
Total comprehensive income for the year	–	–	14 833	279 826	294 659
Accumulated loss in share trust	–	–	(1)	–	(1)
Shares held in treasury	(8)	(3 411)	–	–	(3 419)
Shares held in treasury – written back	7	2 577	–	–	2 584
Shares held in share trust	(3)	(2 778)	–	–	(2 781)
Shares held in share trust – written back	3	2 778	–	–	2 781
Unclaimed dividends – written back	–	–	–	44	44
Dividends paid	–	–	–	(63 508)	(63 508)
Balance as at 31 December 2013	856	47 140	26 187	1 010 828	1 085 011
COMPANY					
Balance as at 1 January 2012	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
Total comprehensive income for the year	–	–	–	85 717	85 717
Unclaimed dividends – written back	–	–	–	44	44
Dividend paid	–	–	–	(64 118)	(64 118)
Balance as at 31 December 2013	867	53 329	–	155 523	209 719

Audited annual financial statements

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ACCOUNTING POLICIES

for the year ended 31 December 2013

Accounting policies

The financial statements have been prepared in accordance with 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 with the exception of the accounting policy related to the associates. The group, operating as an investment entity, has early adopted with effect from 1 January 2013 Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) issued by the IASB in October 2012. This early adoption facilitates the accounting of all investments of Sabvest on a fair value basis as opposed to prior accounting policies which applied fair value basis for listed investments and equity accounted basis for associates.

The change in accounting policy resulting from the early adoption of Investment Entities has resulted in a restatement of comparative financial information. The impact of this change on the prior year financial information is set out in note 9.

The group has also adopted the new, revised or amended accounting standards 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 2013. The application of these changes, had no impact on the group's financial results for the period. Specifically IFRS 10, 11, 12 and 13 are new accounting standards. These standards have resulted in additional disclosures in the current financial year and this is dealt with in the notes to the financial statements.

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.

Investments

All investments are accounted for at fair value in terms of Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) which has been early adopted as indicated above.

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.

Where investments are unlisted equities, fair value is calculated using the maintainable earnings model. Maintainable earnings are based on historic and projected NOPAT 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 may be measured for reasonableness against net asset value (if this is a relevant metric), recent transaction prices and/or DCF valuations.

Audited annual financial statements

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ACCOUNTING POLICIES

for the year ended 31 December 2013

continued

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.

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, offset by other current interest-bearing debt.

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 callable reset bonds purchased to hold to maturity or to call/reset dates are recognised at cost. Any surplus or discount to the maturity or call values are accounted for over the period to maturity/call and the investments are accounted for accordingly. The carrying values calculated on this basis are regarded as appropriate estimates of fair value at the reporting date.

Audited annual financial statements

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ACCOUNTING POLICIES

for the year ended 31 December 2013

continued

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.

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.

Audited annual financial statements

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ACCOUNTING POLICIES

for the year ended 31 December 2013

continued

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.

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.

Audited annual financial statements

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ACCOUNTING POLICIES

for the year ended 31 December 2013

continued

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.

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.

Audited annual financial statements

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ACCOUNTING POLICIES

for the year ended 31 December 2013

continued

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 less other current interest-bearing debt.

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.

With regard to the fair value presentation of the investment holdings, both long-term and current, for the listed investments, critical judgement and estimates are limited as external observable market data is used to determine carrying value.

In respect of the unlisted investments which are carried at fair value, significant judgement and estimate is used to select the appropriate valuation model, determine maintainable earnings and estimate the earnings multiple. Details of the judgements are set out in note 20.

Audited annual financial statements

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ACCOUNTING POLICIES

for the year ended 31 December 2013

continued

New/Revised International Financial Reporting Standards Issued

		Effective date
IFRS 7	Financial Instruments: Disclosures <i>Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures</i>	1 January 2015
IFRS 9	Financial Instruments <i>Original issue (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 9	Financial Instruments <i>Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures</i>	1 January 2015
IAS 32	Financial Instruments: Presentation <i>Amendments to application guidance on the offsetting of financial assets and financial liabilities</i>	1 January 2014
IAS 36	Impairment of Assets <i>Amendments resulting from Recoverable Amount Disclosures</i>	1 January 2014
IAS 39	Financial Instruments: Recognition and Measurement <i>Amendments for notations of derivatives</i>	1 January 2014

The group does not expect that these new or revised accounting standards to have a material impact on the results or financial position. Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) issued by the IASB in October 2012 was early adopted with effect from 1 January 2013.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2013

	Motor vehicles R'000	Office furniture, equipment, computers and leasehold improvements R'000	Total R'000
1. Property, plant and equipment			
2013 GROUP			
Beginning of year			
Cost	931	3 089	4 020
Accumulated depreciation	(732)	(2 317)	(3 049)
Net book value	199	772	971
Current year movements			
Additions	–	142	142
Net disposals	–	(3)	(3)
Depreciation	(45)	(103)	(148)
Total movement	(45)	36	(9)
End of year:			
Cost	931	3 222	4 153
Accumulated depreciation	(777)	(2 414)	(3 191)
Net book value	154	808	962
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

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.

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NOTES TO THE
ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2013

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	GROUP		COMPANY	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
2. Investment holdings				
2.1 Investment in subsidiaries				
Shares at cost less impairments (refer Annexure A)	–	–	16	16
2.2 Investment holdings				
Long-term				
<i>Listed</i>				
At cost	100 419	114 939		
Fair value adjustments	159 523	115 511		
Opening balance	115 511	66 654		
Movement for the year	43 849	48 857		
Currency fluctuations/variatioins	163	–		
Market value	259 942	230 450		
<i>Unlisted</i>				
At cost	61 544	61 544		
Fair value adjustments	916 456	680 056		
Opening balance	680 056	568 980		
Movement for the year	236 400	111 076		
Currency fluctuations/variatioins	–	–		
Directors' value	978 000	741 600		
Portfolio investments – bonds				
At cost	50 673	–		
Amortisation of net premium	(494)	–		
Opening balance	–	–		
Movement for the year	(459)	–		
Currency fluctuations/variatioins	(35)	–		
Carrying value	50 179	–		
Balance sheet value	1 288 121	972 050		
2.3 Impairment of goodwill and investments				
The group tests investments annually for impairment, or more frequently if there are indications that this might be impaired.				
2.4 Investments that are fully impaired at reporting date				
At cost	15 094	15 094		
Impairment provision at end of year	(15 094)	(15 094)		
This comprises and investment in Primedia Holdings (Pty) Ltd.				

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2013

continued

	GROUP		COMPANY	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
3. Finance advances and receivables				
Advances to investee	10 068	3 841	–	–
Other advances	1 169	12 313	–	–
Share trust debtor	–	2 000	–	–
Debtors for dividend	1 600	1 600	–	–
Sundry receivables	2 122	2 307	–	–
	14 959	22 061	–	–

No finance advances and receivables are past due.

Certain receivables were impaired a number of years previously.

As recoveries are made, these are taken to profit and loss.

For 2013, R57 000 was recovered (2012: R1 279 000).

Both amounts are shown as reversal of impairments in the Statement of Comprehensive Income.

4. Offshore portfolios

4.1 Listed shares

At cost	80 636	38 868
Fair value adjustments	7 791	(379)
Opening balance	(379)	–
Movement for the year	7 701	(360)
Currency fluctuations/variations	469	(19)
Portfolio at market value	88 427	38 489

	Number of shares	Market value ZAR
Investments held at 31 December 2013		
Anheuser-Busch	5 000	5 581 974
Celgene Corporation	2 500	4 433 510
Centrica Plc	80 000	4 833 715
Clariant Ag	40 000	7 689 602
Comcast Inc	10 000	5 454 771
Drax Group Plc	30 000	4 172 205
Gilead Sciences Inc	5 000	3 943 872
Google Inc	600	7 057 783
International Business Machines Corporation	2 000	3 937 469
J Sainsbury Plc	80 000	5 069 845
McDonalds Corporation	5 000	5 092 134
National Grid Plc	40 000	5 472 655
Qualcomm Inc	7 000	5 455 296
Terna Rete Electrica Nazionale	100 000	5 245 293
United Utilities Plc	50 000	5 833 794
Vodafone Group Plc	125 000	5 143 636
Walt Disney Co	5 000	4 009 472
		88 427 026

The offshore share portfolio is encumbered as security for the offshore portfolio finance (refer note 7.2 and note 19).

Audited annual financial statements

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NOTES TO THE
ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2013

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4. Offshore portfolios (continued)

4.2 Bonds

	Nominal value USD	Nominal value ZAR	Cost ZAR	Provision for amorti- sation ZAR	Carrying value ZAR
Alpha Bank	500 000	5 248 000	5 549 760	(46 941)	5 502 819
Bank of Ireland	481 845	5 057 445	6 108 020	(8 041)	6 099 979
Kuznetski Capital (Bank of Moscow)	500 000	5 248 000	5 502 003	(45 721)	5 456 282
General Electric Capital	500 000	5 248 000	5 640 288	(50 852)	5 589 436
Rabobank Nederland	1 300 000	13 644 800	14 554 453	(220 333)	14 334 120
RSBH Capital	500 000	5 248 000	5 291 821	(2 971)	5 288 850
UBS	800 000	8 396 800	9 026 560	(119 323)	8 907 237
	4 581 845	48 091 045	51 672 905	(494 182)	51 178 723

The offshore bond portfolio is encumbered as security for the offshore portfolio finance (refer note 7.2 and note 19).

	GROUP		COMPANY	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000

5. Share capital and premium

5.1 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 (2012: 17 295 984) ordinary shares of 5 cents each	864	864	864	864
29 479 854 (2012: 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**

17 078 100 (2012: 17 103 350) ordinary
shares 28 936 980 (2012: 28 957 870)
"N" ordinary shares.

The unissued "N" ordinary shares
are under the control of the
directors until the forthcoming
annual general meeting.

5.2 Share premium

Share premium at beginning of year	53 329	53 329	53 329	53 329
Nil ordinary shares issued (2012: Nil)	–	–	–	–
Share premium at end of year	53 329	53 329	53 329	53 329

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

54 196	54 196	54 196	54 196	
Less: 217 884 ordinary shares (2012: 192 634) and 542 874 "N" ordinary shares (2012: 521 987)	(6 200)	(5 365)	–	
Share capital and premium	47 996	48 831	54 196	54 196

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NOTES TO THE
ANNUAL FINANCIAL STATEMENTS

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	GROUP		COMPANY	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
6. Reserves				
6.1 Non-distributable reserves				
On translation of foreign subsidiary				
– prior years	6 284	4 561	–	–
– current year	14 833	1 723	–	–
Accumulated loss in share trust				
– prior years	(635)	(633)	–	–
– current year	(1)	(2)	–	–
Variation of interest in subsidiary				
– prior years	5 144	5 144	–	–
Capital redemption reserve fund	562	562	–	–
	26 187	11 355	–	–
6.2 Accumulated profit				
Accumulated profit at beginning of year	794 466	666 878	133 880	87 264
Accumulated profit for the year	216 362	127 588	21 643	46 616
Accumulated profit at end of year	1 010 828	794 466	155 523	133 880
Total reserves	1 037 015	805 821	155 523	133 880

7. Interest-bearing debt**7.1 Long-term**

RSA borrowings	40 000	40 000	–	–
Less: Payable within one year	(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.

7.2 Short-term

South African Rand borrowings				
Bank borrowings	–	1 305	–	–
Current portion of interest-bearing debt	40 000	–	–	–
Other interest-bearing debt including related parties (refer note 21)	21 274	7 392	–	–
	61 274	8 697	–	–
Offshore portfolio finance	66 281	–	–	–
	127 555	8 697	–	–

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2013
continued

7. Interest-bearing debt (continued)

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 other interest-bearing debt, including related parties is unsecured, have no fixed terms of repayment and bear interest at prime minus 0,25% payable monthly in arrears.

The offshore portfolio loan is secured by both the offshore bond and equity portfolios. The loan bears interest at libor plus 0,75% and has no fixed terms of repayment.

	GROUP		COMPANY	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
Provision for long-term incentive plan and bonuses*	6 439	2 979	–	–
Accounts payable and other	5 368	4 980	682	499
	11 807	7 959	682	499

* Refer to remuneration policy on page 20 and note 14.

9. Change in accounting policies and other restatements

Change in accounting policy

The group early adopted Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) which requires all investments to be stated at fair value at reporting date.

This impacted the carrying amount of all unlisted investments. Management used the maintainable earnings model to fair value such investments. Refer to note 20.7 for disclosure of the financial instruments fair value assumptions.

Restatements

The financial impact of the change in accounting has been detailed below:

The changes in accounting policies and other restatement had the following impact on the financial statements.

	GROUP
	2012 R'000
Consolidated statements of comprehensive income	
Total comprehensive income for the year attributable to equity shareholders as previously stated	140 646
<i>Net impact of the restatement</i>	8 573
Increase in fair value adjustments to investment holdings	104 091
Increase in income in financial instruments and shares	3 913
Decrease in equity accounted retained income of associates	(60 669)
Increase in taxation	(43 907)
Increase in translation of foreign subsidiary	5 145
Restated total comprehensive income for the year attributable to equity shareholders	149 219

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2013

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	GROUP	
	2012	2011
	R'000	R'000

9. Change in accounting policies and other restatements

(continued)

Consolidated statement of financial position

Equity attributable to shareholders as reported previously	665 027	517 323
<i>Net effect of the restatement</i>	189 625	204 197
Increase in unlisted investments	303 907	274 572
Increase in deferred tax liabilities	(114 282)	(70 375)
Restated equity attributable to shareholders	854 652	721 520

Statements of cash flows

As the change in accounting policies is a non-cash adjustment there was no change in operating, financing or investing activities for 2012 and 2011.

Earnings per share – cents

Earnings per share – previously stated	301,2	–
Changes in accounting policy	7,4	–
Restated earnings per share	308,6	–

	GROUP		COMPANY	
	2013	2012	2013	2012
	R'000	R'000	R'000	R'000

10. Net income before taxation

This is stated after taking into account:

Income from subsidiaries – dividends	–	–	37 000	28 000
Profit on sale of property, plant and equipment	1	118	–	–
Consulting fees	280	66	–	–
Depreciation (refer to note 1)	148	122	–	–
Operating lease – offices	1 316	1 385	–	–
Payroll costs	14 904	13 798	–	–

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ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2013

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	GROUP		COMPANY	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
11. Taxation				
11.1 Charged for the year				
South African normal taxation – current year	–	1 180	–	–
Deferred taxation – current year	46 922	34 678	–	–
Deferred taxation – increase in CGT inclusion rate	–	14 306	–	–
	46 922	50 164	–	–
11.2 Movement in deferred tax				
Provision for capital gains tax on fair value adjustments current and non-current investment holdings	46 922	48 984	–	–
	46 922	48 984	–	–
<p>Two of the group's subsidiaries have assessed losses for taxation purposes. The unutilised estimated losses of the subsidiaries amount to R129 million (2012: R156 million). No deferred tax asset has been raised on this amount as the timing and likelihood of use are uncertain.</p> <p>Unutilised STC credits at 31 December 2013 amount to R99 million (2012: R165 million).</p>				
11.3 Deferred tax liabilities				
Leases	(46)	(46)	–	–
Provision for capital gains tax on fair value adjustments to long-term investments after use of assessed losses	(175 653)	(128 730)	–	–
	(175 699)	(128 776)	–	–

Audited annual financial statements

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2013

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	GROUP		COMPANY	
	2013	2012	2013	2012
	%	%	%	%

11. Taxation (continued)

11.4 Taxation rate reconciliation

Standard rate of taxation	28	28	28	28
Rate of taxation for the year affected by non-taxable income	(14)	(2)	(28)	(28)
Effective rate of taxation	14	26	–	–

11.5 Capital gains tax on investments

Cumulative deferred tax of R176 million (2012: R129 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	
	2013	2012
	R'000	Restated R'000

12. 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 **607,9** 308,4

The weighted average number of shares used in the calculation for the current year is 46 030 689 (2012: 46 125 707). There are no potentially dilutive shares or options.

13. 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	279 826	142 351
Profit on sale of property, plant and equipment	(1)	(118)
Headline earnings for the year	279 825	142 233
Headline earnings per share (cents)	607,9	308,4

The taxation impact of the adjusting items is either not material or not applicable and therefore no tax impact is presented.

The weighted average number of shares used in the calculation for the current year is 46 030 689 (2012: 46 125 707).

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NOTES TO THE
ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2013

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	2013 R'000	2012 R'000	2013 R'000	2012 R'000	2013 R'000	2012 R'000	2013 R'000	2012 R'000
14. Directors' emoluments								
<i>Executive directors</i>								
Salaries	1 732	1 634	1 428	1 334	–	489	3 160	3 457
Retirement and medical	239	222	245	224	–	46	484	492
Other benefits	830	500	258	241	–	–	1 088	741
Basic remuneration	2 801	2 356	1 931	1 799	–	535	4 732	4 690
Incentive bonuses								
– Short-term	3 395	2 565	1 820	1 290	–	370	5 215	4 225
– Provision ^{*2}	1 327	–	664	–	–	–	1 991	–
– LTIP	1 208	1 530	630	768	–	1 105	1 838	3 403
Share trust loan benefits	326	417	–	–	–	–	326	417
Total remuneration	9 057	6 868	5 045	3 857	–	2 010	14 102	12 735
<i>Non-executive directors</i>								
Fees as directors							1 766	1 193
C Coutts-Trotter							500	–
P Coutts-Trotter							206	194
H Habib							185	175
NSH Hughes							288	271
DNM Mokhobo							241	227
GE Nel							157	148
BJT Shongwe							189	178
							15 868	13 928

Some of the directors are also executives and/or directors of certain of the group's 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 in 2012 was 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} As per the remuneration policy set out on page 20, part of the executive bonuses are calculated on profit after tax. As this figure is only finalised once the financial statements have been audited, an interim bonus is paid before the year-end based on a conservatively estimated PAT and a provision is created for the estimated balance and this is paid in the following year once the final PAT figure is calculated.

Audited annual financial statements

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2013

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	GROUP		COMPANY	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000

15. Revenue

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

	61 675	67 592	37 000	28 000
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	GROUP	
	2013 R'000	2012 Restated R'000

16. Comprehensive income

Items that may subsequently be classified in profit and loss

Translation of foreign subsidiary	14 833	6 868
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17. Net asset values per share

Net asset value per share – cents	2 358	1 855
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Number of shares in issue (less held in treasury) – 000's	46 015	46 061
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Net asset value per share is calculated at fair value and a provision for capital gains tax raised in the statement of comprehensive income for gains on the fair value of investments.

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	R'000
Year 1	937	860
Year 2	1 021	937
Year 3 to 4	1 593	2 014

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

19. Hypothecations

19.1 The offshore share and bond portfolios are encumbered in favour of the lenders of the offshore portfolio finance as security for the funding facilities provided to Sabvest Capital Holdings Limited (BVI). No guarantees have been provided by any of the South African companies.

19.2 The facilities provided in South Africa have been guaranteed by each of the South African companies. 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 and lenders.

Audited annual financial statements

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2013

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

	GROUP	
	2013	2012
	R'000	Restated R'000
20.2 Categories of financial instruments		
Financial assets		
Fair value through profit or loss		
Held for trading – long-term investments	1 237 942	972 050
– offshore share portfolio	88 427	38 489
Finance advances and receivables	14 959	22 061
Offshore bond portfolio	50 179	–
Cash at bank	7 603	3 754
Financial liabilities		
Interest-bearing debt – medium-term	–	40 000
– short-term	127 555	8 697
Accounts payable	4 189	4 980

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 2013 and 31 December 2012 the group's South African operations had no foreign exchange exposure.

20.4 Interest rate risk

The group has long-term borrowings from third parties in the amount of Rnil million (2012: R40 million). The short-term interest-bearing borrowings are mainly those from related parties (refer note 21) in the amount of R21,3 million (2012: R7,4 million) and from third parties in the amount of R106,3 million (2012: R1,3 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 R654 000 (2012: R580 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 investees or related parties of investees, 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.

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.

Audited annual financial statements

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2013

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20. Financial instruments (continued)

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 2013 the group had R60 million of undrawn facilities (2012: R48,7 million) and R7,6 million cash at bank (2012: R3,7 million) at its disposal to further reduce liquidity risk.

The liabilities are payable within the next year.

20.7 Fair value investments

20.7.1 Fair value of financial assets and liabilities measured at fair value on a recurring basis:

Financial asset	Fair value as at		Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	31 Dec 2013	31 Dec 2012				
Listed investments	Listed equity shares R259,9 million	Listed equity shares R230,5 million	Level 1	Quoted share prices on JSE	N/A	N/A
Unlisted Investments	46% of Sunspray, a producer of spray dried and blended powdered food and drink products and the largest independent contract supplier of these products and services in South Africa. 49,99% of Set Point which provides products and services to the mining and manufacturing industries in South Africa and internationally. 57,30% of SA Bias, an international industrial and investment group. R978 million	46% of Sunspray, a producer of spray dried and blended powdered food and drink products and the largest independent contract supplier of these products and services in South Africa. 49,99% of Set Point which provides products and services to the mining and manufacturing industries in South Africa and internationally. 57,30% of SA Bias, an international industrial and investment group. R741,6 million	Level 3	Maintainable earnings model.	NOPAT multiplies of between 7 and 7.5. Level of maintainable earnings based on historic and future protections and normalisation of earnings where appropriate.	The higher the multiples the higher the value.
Offshore listed shares	R88,4 million	R38,5 million	Level 1	Quoted prices on various stock exchanges.	N/A	N/A

Audited annual financial statements

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NOTES TO THE
ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2013

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20. Financial instruments (continued)

20.7 Fair value investments (continued)

If the notable unobservable inputs to the valuation model were changed as noted in the table below while all other variables were held constant, the fair value amount of the investments measured on Level 3 inputs would change as follows:

	Change in the maintainable earnings		Change in the price earnings ratio	
	Increase by 10% Rm	Decrease by 10% Rm	Increase by 1 Rm	Decrease by 1 Rm
Increase/(decrease) in fair value 31 December 2013	79,6	(83,2)	107,0	(110,0)
Increase/(decrease) in fair value 31 December 2012	63,7	(63,7)	87,1	(87,1)

20.7.2 Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required).

The directors consider the carrying amounts of the financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	31 December 2013		31 December 2012	
	Carrying amount R'000	Fair value R'000	Carrying amount R'000	Fair value R'000
Financial assets				
<i>Loans and receivables</i>	14 959	14 959	22 061	22 061
Finance advances and receivables	14 959	14 959	22 061	22 061
<i>Held-to-maturity investments</i>	50 179	50 179	–	–
Offshore bond portfolio	50 179	50 179	–	–
Financial liabilities				
<i>Financial liabilities held at amortised cost</i>	131 744	131 744	53 677	53 677
Interest-bearing debt – long-term	–	–	40 000	40 000
Current portion of interest-bearing debt	40 000	40 000	–	–
Offshore portfolio finance	66 281	66 281	–	–
Other interest-bearing debt	21 274	21 274	8 697	8 697
Accounts payable	4 189	4 189	4 980	4 980

Audited annual financial statements

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2013

continued

20. Financial instruments (continued)

20.7 Fair value investments (continued)

	Financial fair value hierarchy as at 31 December 2013			
	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Financial assets				
<i>Fair value through profit and loss</i>				
Listed investments	259 942	–	–	259 942
Unlisted investments	–	–	978 000	978 000
Offshore share portfolio	88 427	–	–	88 427
<i>Loans and receivables</i>				
Finance advances and receivables	–	–	14 959	14 959
<i>Held-to-maturity investments</i>				
Offshore bond portfolio	50 179	–	–	50 179
Total	398 548	–	992 959	1 391 507
Financial liabilities				
<i>Financial liabilities held at amortised cost</i>				
Current portion of interest-bearing debt	–	–	40 000	40 000
Offshore portfolio finance	–	–	66 281	66 281
Other interest-bearing debt	–	–	21 274	21 274
Accounts payable	–	–	4 198	4 198
Total	–	–	131 753	131 753
	Financial fair value hierarchy as at 31 December 2012			
	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Financial assets				
<i>Fair value through profit and loss</i>				
Listed investments	230 450	–	–	230 450
Unlisted investments	–	–	741 600	741 600
Offshore share portfolio	38 489	–	–	38 489
<i>Loans and receivables</i>				
Finance advances and receivables	–	–	22 061	22 061
Total	268 939	–	763 661	1 032 600
Financial liabilities				
<i>Financial liabilities held at amortised cost</i>				
Interest-bearing debt – long-term	–	–	40 000	40 000
Other interest-bearing debt	–	–	8 697	8 697
Accounts payable	–	–	4 980	4 980
Total	–	–	53 677	53 677

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ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2013

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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 68.

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 investees relate to fees, dividends and interest and these are reflected as income in the statement of comprehensive income.

Short-term loans are included in finance advances and receivables.

Transactions with directors relate to fees as disclosed in note 14 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.

Trading transactions

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

2013	Fees received R'000	Fees paid R'000	Divi- dends received R'000	Interest received R'000	Interest paid R'000	Amount	Amount
						owed by related parties 31 Dec 2013 R'000	owed to related parties 31 Dec 2013 R'000
H Habib Company/Trust	-	-	-	-	284	-	3 424
NSH Hughes and family Company	-	-	-	-	43	-	1 801
R Pleaner and family Individual	-	-	-	-	27	-	470
CS Seabrooke and family Individual	-	-	-	-	47	-	697
Company	36	252	-	54	137	-	12 868
Investees	2 030	-	39 846	68	-	11 749	-

Audited annual financial statements

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21. Related party transactions (continued)

2012	Fees received R'000	Fees paid R'000	Divi- dends received R'000	Interest received R'000	Interest paid R'000	Amount owed by related parties 31 Dec 2012 R'000	Amount owed to related parties 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
Investees	2 710	–	34 064	–	–	5 553	–

22. Retirement benefit information

Seven 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.

	GROUP		COMPANY	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000

23. Cash and cash equivalents

Cash at bank	7 603	3 754	31	26
Other interest-bearing debt	(21 274)	(8 697)	–	–
	(13 671)	(4 943)	31	26

Audited annual financial statements

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	2013	2012
	R'000	R'000
24. Sabvest Limited Share Trust		
Interest-free loans made by the share trust are as follows:		
The Seabrooke Family Trust	–	6 953
	–	6 953
IAS 39 – Present value adjustment	–	(2 194)
	–	4 759
<i>Less:</i> Payable by arrangement within 12 months	–	(2 000)
	–	2 759

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

Refer to note 14 for deemed benefits received by directors. No share options have been granted and no new scheme shares were issued during the year.

All of the loans were repaid in 2013 by agreement with the debtor.

	Ordinary shares	“N” ordinary shares
25. Repurchase of equities		
The total number of ordinary and “N” ordinary shares repurchased during the year are as follows:		
Held as treasury securities by a subsidiary	25 250	20 887
Reverted to authorised but unissued equity	–	–
	25 250	20 887
Average price paid – cents	1 867	1 742
Highest price paid – cents	2 100	2 050
Lowest price paid – cents	1 600	1 600

26. Capital commitments

An investment commitment of R50,6 million has been made subsequent to the year-end for the acquisition of 23 million shares at 220 cents per share in Torre Industrial Holdings Limited (2012: Rnil).

27. 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	
			2013 %	2012 %	Shares 2013 R'000	2012 R'000	2013 R'000	2012 R'000
Sabvest Investments (Pty) Limited	Investment holding company	4 000	100	100	4	4	4 515	8 397
Sabvest Financial Services (Pty) Limited	Corporate services	5 000	100	100	1	1	646	785
	Gross Impairment						3 698 (3 052)	2 516 (1 731)
Sabvest Finance and Guarantee Corporation Limited	Finance investments and guarantees	6 000		100	1	1	205 193	179 351
	Gross Impairment						237 889 (32 696)	265 287 (85 936)
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							210 354	188 533
Aggregate net income after taxation, exceptional items and amortisation of goodwill attributable to Sabvest Limited's interest in its subsidiaries							283 028	144 561

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SHAREHOLDERS' DIARY

Announcement of 2013 results	28 February 2014
Publication of 2013 annual report	March 2014
Annual general meeting	14 May 2014
Financial year-end	31 December

Notice of 2014 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 Ground floor, Commerce Square, Building 4, 39 Rivonia Road, Sandhurst, Sandton at 10:00 on Wednesday, 14 May 2014 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 2013 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 P 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 P 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.

3. Ordinary resolution number three

Re-election of director

"RESOLVED that Mr R Pleaner 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 R Pleaner'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 CS Seabrooke 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 CS Seabrooke'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.

Notice of 2014 annual general meeting

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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 2014 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 2014

“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 2014 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 2014 R
Chairman	196 000
Deputy Chairman	185 000
Non-executive directors	166 000
Chairman of the Audit Committee	71 000
Chairman of the Remuneration and Nominations Committee	55 000
Chairman of the Social and Ethics Committee	34 000
Committee members/invitees	34 000
Directorship of an associate by a non-executive director for Sabvest	185 000”

Explanation and effect of the special resolution

The 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 2014 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 aggregate, exceed 5% of the 46,2 million total issued ordinary and ‘N’ ordinary shares of the company as at the date of this notice 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 2014 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:

- 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 page 20 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;
- ◆ subject to section 48 of the Companies Act, the general authority to repurchase is limited to a maximum of 20% in the aggregate in any one financial year of the company’s issued share capital at the beginning of the financial year, provided that the number of shares purchased and held by or for the benefit of a subsidiary or subsidiaries of the company, taken together, shall not exceed 10% in the aggregate of the number of issued shares in the company;
- ◆ 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 2014 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)."

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 will not authorise any repurchase unless it is satisfied that the company will satisfy the solvency and liquidity test and will ensure that 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.

The directors of the company have no specific intention to effect the provisions of special resolution number three but will however, continually review the company's position, having regard to prevailing circumstances and market conditions, in considering whether to effect the provisions of special resolution number three.

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 8 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 2014 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 provision of financial assistance or the repurchase of shares as the case may be;
- ◆ 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 the provision of financial assistance or the repurchase of shares as the case may be;
- ◆ 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 the provision of financial assistance or the repurchase of shares as the case may be; 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 the provision of financial assistance or the repurchase of shares as the case may be.

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, 9 May 2014, it being recorded that the last day to trade for that purpose is Wednesday, 30 April 2014, the record date on which shareholders must be recorded to receive the notice of annual general meeting is Thursday, 20 March 2014.

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 2014 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 10:00 on Tuesday, 13 May 2014, 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 Investor Services (Pty) Ltd 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.

Shares held by a share trust or scheme will not have their votes taken into account for any JSE regulated resolutions.

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 10:00 on Tuesday, 13 May 2014, 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

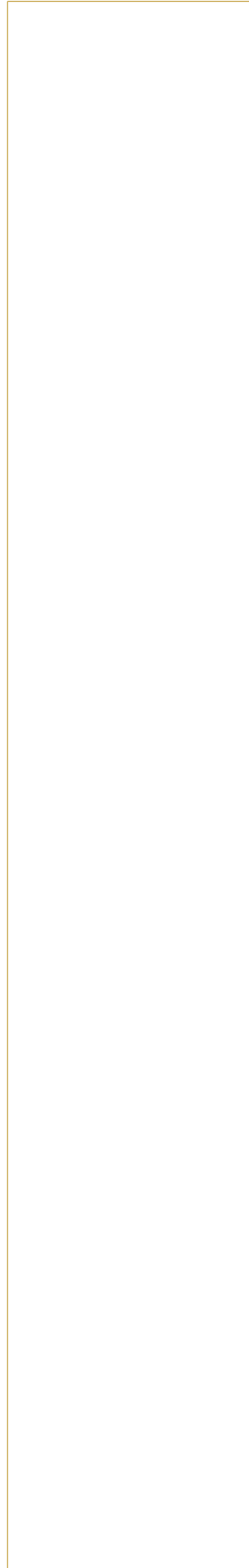
Sabvest Limited

Mrs P Atkins

Company Secretary

27 February 2014

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 Ground floor, Commerce Square, Building 4, 39 Rivonia Road, Sandhurst, Sandton at 10:00 on Wednesday, 14 May 2014, 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 2013</i>			
2. Ordinary resolution number two <i>Re-election of Mr P Coutts-Trotter</i>			
3. Ordinary resolution number three <i>Re-election of Mr R Pleaner</i>			
4. Ordinary resolution number four <i>Re-election of Mr CS Seabrooke</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 (Chairman)			
9.2 DNM Mokhobo			
9.3 BJT Shongwe			
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 _____ 2014

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

continued

(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 10:00 on Tuesday, 13 May 2014, 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 10:00 on Tuesday, 13 May 2014 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
 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 4184

Transfer secretaries

Computershare Investor Services (Pty) Ltd

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