Sabvest Limited

Annual Report
2018

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CHAIRMAN'S LETTER TO SHAREHOLDERS

Overview

Sabvest had an excellent year strategically and financially. At the year-end, it had interests in six unlisted industrial groups, holdings in seven listed investments and equity funds and an offshore bond portfolio. Subsequent to the year-end, additional investments have been made. Details of the portfolio are set out on page 6.

2018 performance

2018 was a satisfactory year for the Group with an increase of 15% in net asset value per share to 5 852 cents and in shareholders' funds to R2,446 bn. Dividends increased by 11% to 68 cents per share.

Medium-term performance

Management remains focused on achieving sustainable long-term investment returns comprising growth in net asset value per share and cash returns to shareholders by way of dividends. These metrics are set out on page 11.

Governance and functions of the Board

The Board and management maintain the highest levels of governance.

The Board is accountable for the approval and execution of the Group's strategy and its operating performance, 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.

I am pleased to welcome Ms Lindiwe Mthimunye, M.Com, H.Dip Tax Law, CA(SA), as an independent non-executive director and a member of all the Board Committees.

I am also pleased to welcome Mr Leon Rood, B.Com, LLB, as an executive director of Sabvest. His appointment improves the depth of executive management in Sabvest.

In this regard, it should also be noted that, in terms of Sabvest's partnership principle, it usually invests alongside a family, operating or financial partner, with the result that in addition to the executive directors participating in and monitoring investments, that function is supported materially by the partners in each investment.

Shareholders and capital structure

I am pleased to welcome all new shareholders who have invested in the Group during the year. At the year-end there were 1 065 shareholders holding ordinary and 'N' ordinary shares in the Company.

The Group is in discussions which may lead to proposals to shareholders to simplify the Group's dual share structure. Shareholders will be advised as these progress.

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 South African investee companies.

Sabvest's own corporate social responsibility initiatives continue to be noteworthy. Since the commencement of its bursary programme, Sabvest has funded 173 years of schooling for primary and high school pupils at urban and rural schools. Sabvest allocates between 0,5% and 1% of its sustainable PAT annually for these programmes.

Appreciation

I wish to record my appreciation to my colleagues on the Board and the executive directors for their support during the year.

I also record my personal appreciation to our partners and the directors of our investee companies and our bankers and advisors for their continued support.

Dawn Mokhobo
Chairman

Sandton
22 March 2019

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 also includes the Group's King IV™ report which it has adopted and with which it complies. The report has been approved and recommended to the Board by the Audit and Risk 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, as it does not manage or control these 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 IV™.

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) Ltd, who have provided positive assurance to the Audit and Risk 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 Corporate profile

Sabvest is an investment group which has been listed since 1988. Its ordinary and 'N' ordinary shares are quoted in the Financials – Equity Investment Instruments sector of the JSE Limited.

Sabvest has significant interests in six unlisted groups, long-term direct and indirect holdings in seven JSE listed investments and equity funds, and offshore bond portfolios, all accounted for on a fair value basis. In addition, Sabvest makes finance advances, participates in 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 31.

2.3 Investment proposition

Sabvest offers investors:

- investment access to seven unlisted industrial groups – Classic Food Brands, DNI-4PL Contracts, Flexo Line Products, ITL Holdings Group, SA Bias Industries and Sunspray Food Ingredients, and Masimong Group Holdings subsequent to the year-end;
- investment access to three tightly held core listed holdings – Metrofile, Rolfes and Transaction Capital, and to four special situation listed holdings – Brait, Corero, Net1 and Value Capital;
- a sound growth orientated investment portfolio;
- a Rand hedge – a substantial portion of the Group's underlying assets is overseas through Brait, Corero, ITL, SA Bias and the Sabvest foreign portfolio;

Integrated Report to stakeholders

continued

- no cash drag – Sabvest is usually fully invested and the current liquidity surplus will be fully invested during 2019;
- the benefit of gearing to enhance returns and facilitative transactions;
- stable and growing dividends;
- good long-term growth in earnings and net asset value per share;
- a sound conservative balance sheet; and
- strong operational, family and/or financial co-investors in most of the Group's investments.

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 and Brait have international operations in the UK; Mandarin/ITL Group in China, Hong Kong, India, Sri Lanka, Turkey, Bangladesh, Vietnam, the United Kingdom, North America and Mexico; Net1 in Europe and Korea; and Metrofile in Africa.

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 those regions. All of the business units consider exchange rates and trends in their reporting currencies and are cognisant 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 2 on pages 32 to 34.

4.2 Business model and performance indicators

The following is 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 industries 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 financial or family shareholders with whom we interact as partners.
- We also hold listed investments where we are represented on the boards and/or where directors or material shareholders are known to us, and we make investments or special situation investments.
- 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.
- Our approach to our 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.

Integrated Report to stakeholders

continued

- We do not follow a trading approach to our primary holdings. We do not acquire or dispose of investments in accordance with a private equity philosophy, nor are we constrained by any required balance between listed and unlisted holdings. We hold our investments on a long-term basis, subject only to continual review of the quality of the underlying businesses, and to any constraints or obligations in shareholder agreements or JSE closed periods.
- 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 investments, or for the purposes of raising funds, unless the value received meaningfully exceeds the value given.
- In addition to our long-term portfolio of equity investments, we also hold cash, bonds and other investments and debt instruments from time to time.

4.2.2 Performance metrics

Sabvest aims over three- to five-year periods to:

- increase net asset value per share by 15% per annum;
- increase annual dividends to shareholders by 10% per annum; and
- increase headline earnings per share by 15% per annum.

In addition to these financial metrics, Sabvest aims to:

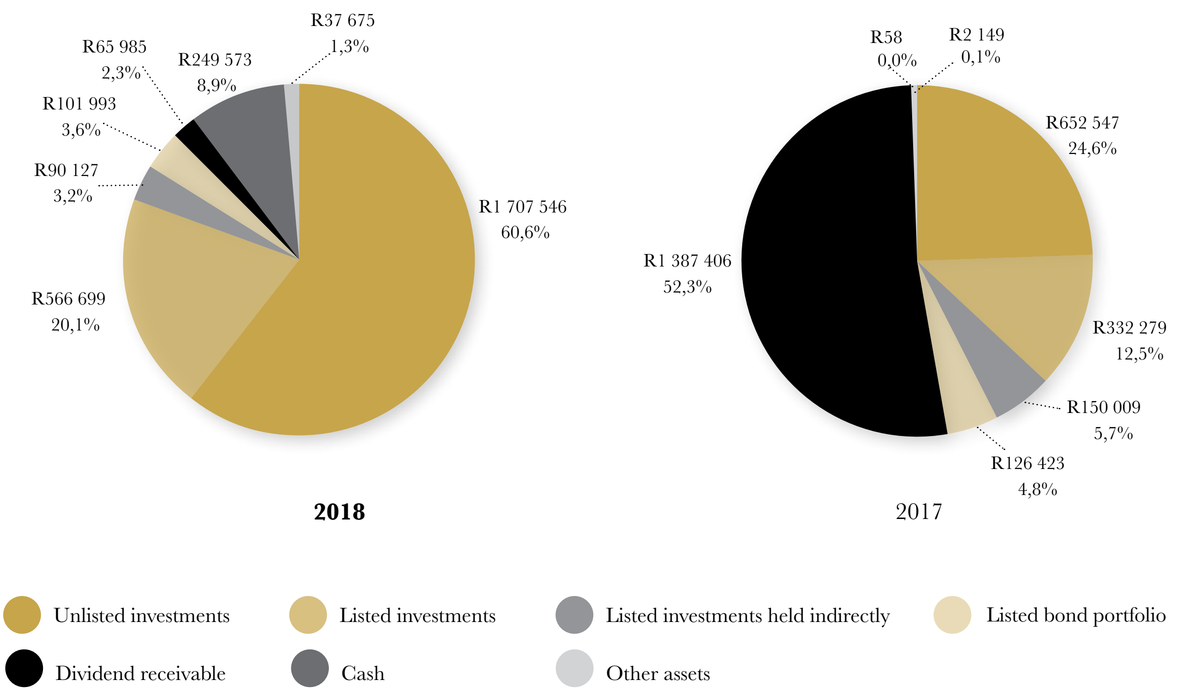
- adhere to its Code of Ethics;
- comply with all applicable laws and regulations;
- be a good corporate citizen on all levels and with particular sensitivity to the maturing but volatile socio-economic environment in South Africa; and
- maintain the highest levels of corporate governance.

Sabvest believes that it has achieved and complied with all of these metrics. With regard to King IV, a full compliance report is incorporated in this Integrated Report.

5. Asset profile

5.1 Graphic presentation of assets

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



Integrated Report to stakeholders

continued

5.2 Investment portfolio

at 31 December 2018

	Number of Ordinary shares/units	Economic interest %	Fair value R'000
Unlisted investments			
Classic Food Brands (Pty) Limited		25,0	25 762
DNI-4PL Contracts (Pty) Limited *1		7,6	159 714
Flexo Line Products (Pty) Limited		47,5	24 572
ITL Holdings Group *2		30,0	704 968
SA Bias Industries (Pty) Limited *3		59,9	738 700
Sunspray Food Ingredients (Pty) Limited *4		28,2	53 831
			1 707 547
Listed investments			
Brait S.E.	4 000 000		120 000
Corero Network Security Plc (UK)	28 000 000		64 129
Metrofile Holdings Limited	46 500 000		117 645
Net1 UEPS Technologies Inc	300 000		15 075
Rolfes Holdings Limited	27 500 000		79 750
Transaction Capital Limited	10 000 000		170 100
			566 699
Listed investments held indirectly			
Rolfes Holdings Limited *5	22 500 000		65 250
Value Capital Partners Fund *6	200 000		24 877
			90 127
Non-current investment holdings			2 364 373
Current investment holdings			167 968
– Listed bond portfolio			101 983
– Listed investments held for sale			65 985
TOTAL HOLDINGS			**2 532 341**

*1 *Effective interest of 7,59% in DNI through 35,72% of JAA Holdings which owns 21,24% of DNI.*

*2 *ITL Holdings Limited Jersey held through Mandarin Industries Limited BVI and ITL Holdings SA (Pty) Limited held through Mandarin Holdings (Pty) Limited.*

*3 *Voting interest 49%.*

*4 *Held indirectly through ordinary shares in Famdeen Investments (Pty) Limited.*

*5 *Held indirectly through participating preference shares in Masimong Chemicals (Pty) Limited linked to the performance of 22,5m shares in Rolfes Holdings Limited.*

*6 *Value Active PFP H4 Fund invested in listed equities presently primarily in Altron, Sun International and PPC.*

Integrated Report to stakeholders

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5.3 Nature of investments

Company	Stock exchange	Nature of business
Unlisted industrial associates		
Classic Food Brands (Pty) Limited		Classic Food Brands is a food manufacturer specialising in chicken-based products for low LSM consumers, distributed through retail outlets in KwaZulu-Natal.
DNI/4-PL Contracts (Pty) Limited Held through JAA Holdings (Pty) Limited		DNI provides technology, logistics and distribution services to the telecommunications industries through a network of sales agents and special purpose vehicles. DNI is a leading distributor of pre-paid airtime and mobile subscriber starter packs for Cell C, MTN and Telkom. Its other operations include Money4Jam, a micro-jobbing platform, and international Tower Corporation, which provides financing and project management for telecommunication tower networks in South Africa.
Flexo Line Products (Pty) Limited		Manufacturing business that specialises in high quality injection moulded plastic products primarily for the spice and food industries locally and internationally.
ITL Holdings Group		The ITL Group is a designer, manufacturer and distributor of apparel labelling and identification products and supply-chain management solutions. Included in the product range are graphic tags and labels, woven labels, screen printed labels, heat transfers, 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 States, Canada, China, India, Sri Lanka, Turkey, Bangladesh, Vietnam, North America and South Africa for supply to the clothing industry worldwide.
SA Bias Industries (Pty) Limited		Industrial and investment group operating through four business units as follows: » 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 include the USA, Australia, Africa and Europe. » The Apparel Components Group is a manufacturer and distributor of lingerie components, elastics and accessories to the clothing sector in South Africa. » The Flowmax Group comprises businesses engaged primarily in the distribution of fluid handling equipment and systems in the United Kingdom through its subsidiaries and associates – Action Sealtite, Alpeco, Center Tank Services, Hytek, Mechtronic, Biopharma Dynamics, Castle Pumps, Industrial Flow Control and Anglo Nordic Burner Products. Pumptronics was added in 2018 and Whisper Pumps was added in 2019. » Sabias Investments is a BVI registered, Monaco domiciled and managed investment company, which invests in cash, bonds and equity fund portfolios pending new overseas acquisition opportunities within the Group's competencies. It also owns the Flowmax Group.
Sunspray Food Ingredients (Pty) Limited		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.
Listed investments held directly		
Brait S.E.	LUX/ JSE	Investment group whose major assets are large proprietary investments in New Look, Virgin Active, 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 centres and virtual machine environments.
Metrofile Holdings Limited	JSE	Market leader in on-site and off-site document management and information storage, primarily in South Africa and Kenya, but also in a number of African countries and the Middle East.
Net1 UEPS Technologies Inc.	NASDAQ/ JSE	Net1 is a leading provider of alternative payment systems that leverage its Universal Electronic Payment System (UEPS) or utilise its proprietary mobile technologies. It operates market-leading payment processors in South Africa and the Republic of Korea. It offers debit, credit and prepaid processing and issuing services for Visa, MasterCard and China Unionpay in Asia Pacific, Europe, Africa and the United States. UEPS enables biometrically secure real-time electronic transaction procession in an online or offline environment and is interoperable with global EMV standards.
Rolfes Holdings Limited	JSE	Manufacturer and distributor of a diverse range of market-leading, high-quality chemical products through its agriculture, food, industrial and water divisions.
Transaction Capital Limited	JSE	Financial services group which provides credit, credit services, payment services and prepaid services to niche segments of the consumer markets, and small, micro and medium enterprises through its major operating units – SA Taxi and TC Risk Services.
Listed investments held indirectly		
Rolfes Holdings Limited	JSE	Manufacturer and distributor of a diverse range of market leading, high quality chemical products through its agriculture, food, industrial and water divisions.

Integrated Report to stakeholders

continued

5.4 Investment and operational partners

	Operational	Family/Financial
Unlisted		
Classic Foods Brands	Jason Caradas Pano Economou	Peter Gain
DNI-4PL Contracts	Andrew Dunn	Andrew Dunn Peter Gain
Flexo Line Products	Graeme Horsfield	Peter Gain
ITL	Team	Peter Gain Carl Coutts-Trotter Neil Henderson
SA Bias	Carl Coutts-Trotter	Coutts-Trotter Family
Sunspray Food Ingredients	Team	RMB Corvest
Masimong Group	Mike Teke Doug Gain	Mike Teke
Listed		
Brait	John Gnodde	Christo Wiese
Corero Network Security	Team	Jens Montanana Richard Koch Peter Gain
Metrofile	Team	MIC
Net1 UEPS Technologies	Team	IFC
Rolfes	Richard Buttle	Mike Teke
Transaction Capital	Team	Jonathan Jawno Michael Mendelowitz Rob Rossi
Value Capital Partners Fund	Sam Sithole	Antony Ball Sam Sithole

Integrated Report to stakeholders

continued

5.5 Portfolio changes during the year

During the year, Sabvest:

- increased its interest to 47,5% and provided loan funding to Flexo Line Products (Pty) Ltd;
- purchased 30% of Mandarin Industries Limited (BVI), which owns 100% of the ITL Group (International Trimmings & Labels) internationally, for $33,6m (R398,5m);
- purchased an effective interest of 30% and provided funding to ITL Holdings RSA indirectly through Mandarin Holdings (Pty) Ltd (RSA) for R93m, of which R90m is a preference share in Mandarin with a coupon of 11% redeemable 39 months from issue;
- increased its interest in Sunspray Food Ingredients (Pty) Ltd from 22% to 28% as a result of a share buy-back from a retiring shareholder for R9,2m;
- purchased 35,72% of JAA Holdings (Pty) Ltd (JAA) which owns 21,24% of DNI 4PL Contracts (Pty) Ltd (DNI) resulting in Sabvest having a look-through interest of 7,59% in DNI for R159,7m;
- purchased 3,2m shares in Brait for R128,5m, thereby increasing its holding to 4m shares;
- purchased 21,5m shares in Metrofile Holdings for R69,6m thereby increasing its holding to 46,5m shares, representing 11,3% of Metrofile;
- purchased 250 000 shares in Net1 UEPS Technologies Inc for R30m, thereby increasing its holding to 300 000 shares;
- purchased 17m Rolfes shares for R53,5m, thereby increasing its direct and indirect holdings in Rolfes to 50m shares, representing a 31% economic interest in Rolfes;
- purchased 6m shares in Corero Network Security Plc for GBP443 000 (R7,9m), thereby increasing its holding to 28m shares, representing a 6,6% interest in Corero;
- invested $17,5m in a bespoke offshore technology portfolio in February 2018, which was realised in full in August 2018;
- invested $7m in an offshore bond ETF;
- disposed of its offshore general equity portfolio in September for $7,9m (R116,9m) which is currently held in cash in US dollars; and
- repurchased 1 271 Sabvest ordinary shares and 3 502 602 Sabvest ‘N’ ordinary shares for R121,7m and cancelled all the treasury shares held, with the result that, at the year-end, 16 975 293 ordinary shares and 24 826 919 ‘N’ ordinary shares remained in issue.

Subsequent to the reporting date and up to 6 March 2019, Sabvest:

- On 30 January 2019 JAA increased its interest in DNI to 34,92%, partially funded by the issue of new JAA shares, which diluted Sabvest’s interest in JAA to 28,4% but increased its look-through interest in DNI to 9,92%;
- Effective on 1 March 2019 purchased a 10% interest in Masimong Group Holdings (Pty) Limited, the major investments of which are 25% of Seriti Resources (Pty) Limited (which owns 90% of Seriti Coal), 49% of Lephalale Coal Mines (Pty) Limited and 18,1% of Mouton Holdings (Pty) Limited (which owns 100% of Mouton Citrus and 65% of Carmien Tea);
- Disposed of its offshore bond portfolio of $7,3m, the proceeds of which are currently held in cash; and
- Acquired a 30% interest in Revix (UK) Limited and its associates for a nominal amount, and will provide loan funding of up to R10m.

Integrated Report to stakeholders

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6. Financial overview

6.1 Changes in accounting policy

There has been no change in accounting policies relative to the prior year other than the adoption of the revised or amended accounting standards issued by the International Accounting Standards Board and the IFRS Interpretations Committee which were effective and applicable to the Group from 1 January 2018.

6.2 Salient financial features of the year

2018 US cents	2017 US cents		**2018 RSA cents**	2017 RSA cents
		RETURNS TO SHAREHOLDERS		
40,0	114,2	Headline earnings per share	**530,9**	1 517,3
40,0	114,2	Earnings per share	**531,3**	1 517,3
5,1	4,6	Normal dividend proposed/paid	**68,0**	61,0
7,5	–	Special dividend paid	**100,0**	–
407	410,8	Net asset value per share	**5 852**	5 085
US$'000	US$'000		**R'000**	R'000
		STATEMENT OF COMPREHENSIVE INCOME		
17 918	51 811	Headline attributable income	**237 928**	688 364
17 930	51 811	Income attributable to equity shareholders	**238 083**	688 364
		STATEMENT OF FINANCIAL POSITION		
170 012	186 125	Ordinary shareholders' equity	**2 446 148**	2 303 945
190 695	101 891	Investment holdings at fair value	**2 532 341**	1 261 258

Rand/Dollar exchange rate

Statement of comprehensive income: US$1 = 13,2785 (2017: US$1 = 13,2860)

Statement of financial position: US$1 = 14,3830 (2017: US$1 = 12,3785)

6.3 Ten-year financial review

A ten-year financial review is set out in Annexure 3 on pages 36 and 37.

Integrated Report to stakeholders

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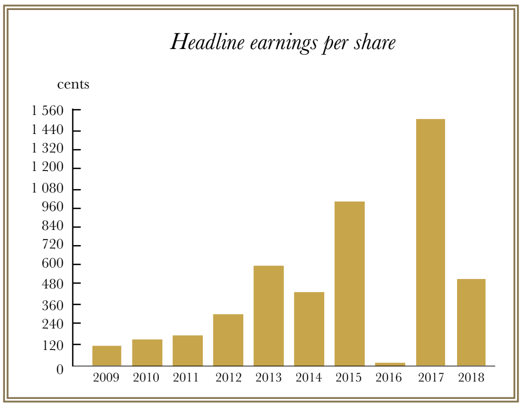
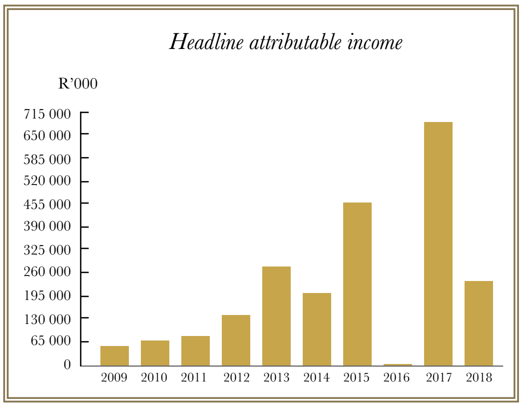
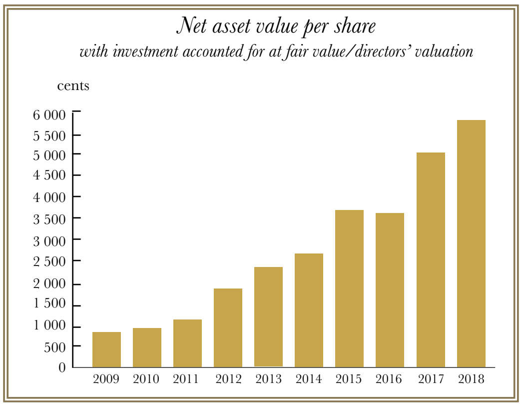
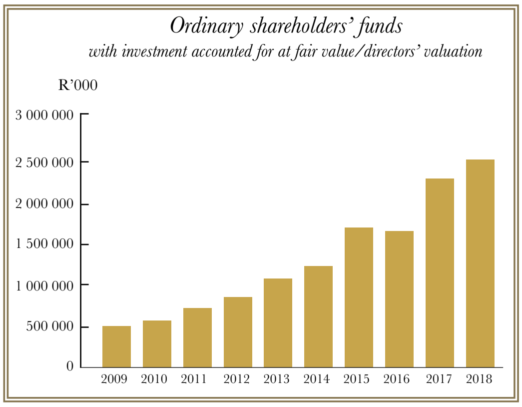
6.4 Ten-year graphical review









Integrated Report to stakeholders

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6.5 Commentary on the 2018 financial results

PAT reduced to R238,0m, which Sabvest regards as a more normalised level relative to the exceptional and record results in 2017.

PAT was, however, negatively affected by reductions in the share prices of the group's RSA listed holdings, other than Transaction Capital and the Value Capital Partners Fund, which performed strongly.

Operating costs reduced due mainly to performance-linked incentives in the current year based on a lower level of PAT. Pursuant to the reduction in PAT, HEPS reduced to 530,9 cents.

NAV per share increased by 15,1% to a new high of 5 852 cents per share and shareholders' funds increased to R2 446,1m, notwithstanding the payment of a special dividend of 100 cents per share. The increase in NAV per share was aided by the material share buyback during the year and the resulting 41,8m shares in issue at the reporting date (2017: 45,5m).

6.6 Fifteen-year financial growth

	Cents	Growth 1 year %	Compound Growth 3 years %	Compound Growth 5 years %	Compound Growth 10 years %	Compound Growth 15 years %
Net asset value per share	5 852	15,1	16,3	19,9	19,1	22,4
Headline earnings per share	530,9	(65,0)	(19,1)	(2,7)	19,4	17,1
Earnings per share	531,3	(65,0)	(19,1)	(2,7)	40,8	20,7
Dividends per share*	68	11,5	10,8	11,2	17,1	23,1

** Calculation excludes special dividends of 100 cents per share paid in 2013, 2014 and 2018.*

6.7 Financial resources

Shareholders' funds amounted to R2,4bn at the year-end.

In South Africa, the Group has R140m in term loans falling due in 2019 to 2023. It has short-term bank facilities of R100m, which were utilised to the extent of Rnil at the year-end. It also utilises loans from entities associated with the directors. Utilisation at year-end was R26,2 m.

The Group had cash of R249m and a short term bond portfolio of R102m at the year end, locally and internationally.

The Group has an offshore facility of GBP8m available to gear foreign portfolios and which was unutilised at the year-end. This facility is secured by the underlying assets of Sabvest's foreign 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 cash flows from investments and services and capital receipts that are not earmarked for new transactions. Dividends are considered twice annually. The normal dividend for the year has been increased by 11% to 68 cents per share (2017: 61 cents per share) and a special dividend of 100 cents per share was also paid in 2018.

6.9 Performance of unlisted investments

With regard to the performance of our unlisted investments:

- Classic Food Brands has established its start-up manufacturing facilities, has reached profitability and has material growth prospects.
- DNI is growing strongly with profitability ahead of projections.
- Flexo Line Products traded below expectations, due primarily to labour and management issues. Both have been resolved and the company is now trading at a satisfactory level of profitability.

Integrated Report to stakeholders

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- ITL traded well notwithstanding a competitive market place. Its customer base continues to grow in line with expectations; its comprehensive RFID solution is gaining traction both in South Africa and internationally; it has concluded agreements to increase its interest from 50% to 100% in ITL Bangladesh; and its new ITL Ethiopian operation will come on line shortly to service certain new US retail accreditations.
- SA Bias Industries' results were mixed. Flowmax in the UK traded satisfactorily despite disruptions caused by Brexit, but Narrowtex and Apparel Components in South Africa experienced challenging local market conditions. SA Bias' investment division's results were slightly below budget.
- Sunspray is trading well with profitability ahead of budget.

Unlisted investments are valued using the maintainable earnings model. Current earnings are calculated on an EBITDA basis and also referenced to NOPAT and are moderated, if appropriate, relative to forward earnings projections.

EBITDA multiples are based on transaction multiples usual for small/medium cap private companies and are in the range of 4 to 6 times. The ITL Group multiple is at a higher level of 9,25 times, but which is below the 2018 acquisition multiple. Each resulting calculation is then adjusted for net cash/debt/equivalents to determine net EV.

6.10 Performance of listed investments

- Brait's share price reduced materially pursuant to concerns relating to its interests in the UK with the Brexit uncertainty, the weakness in the retail sector and the effects of the recapitalisation initiatives in New Look.
- The Corero share price continues to be volatile on small volumes, but strategically its new relationship with Juniper Networks holds considerable promise.
- Metrofile's earnings have been below expectations and its share price has been weak most of the year.
- Net1 has suffered difficult trading conditions in its post-SASSA contract period and its share price has been weak accordingly.
- Rolfes is trading well and has good prospects, but has experienced a sideways share price performance.
- Torre Industries has paid a special dividend and its shareholders, including Sabvest, have accepted an offer for the company. The investment is accordingly held for sale.
- Transaction Capital continues to trade very satisfactorily. It produced good growth for the year and its share price continues to strengthen.
- The Value Capital Partners Fund experienced a satisfactory increase in value driven in particular by its holding in Altron.
- The Group's offshore, technology and general portfolios were sold in Q3, with a satisfactory gain on sale, both in terms of performance and currency.

7. Future strategic and financial outlook

All of the Group's unlisted investee companies are budgeting improved profitability in 2019.

In the listed portfolio, Corero, Rolfes, Transaction Capital and Value Capital Partners are performing to expectations, but it is obviously not possible to project likely listed share prices. In certain of the investees, actions are being taken with the intention that share prices may react favourably to improved perceptions of value.

We anticipate a satisfactory year in 2019.

References to future financial information in this report have not been reviewed or reported on by the Group's auditors.

8. Governance and sustainability

8.1 Human resources

RSA executive directors	Overseas executive management	Staff	Sub-total	Non-executive directors	**Total 2018**	Total 2017
3	1	4	8	4	**12**	12

Integrated Report to stakeholders
continued

8.2 Directorate

Executive directors

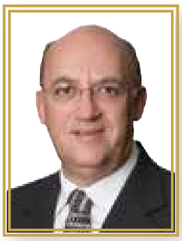
Christopher Stefan Seabrooke (65)
BCom, BAcc, MBA, FCMA

Chief Executive Officer

Joined the Group in 1980.

Appointed Chief Executive Officer in 1987.

Non-Executive Chairman of Metrofile Holdings Limited, Net1 UEPS Technologies Inc., Transaction Capital Limited and Torre Industries Limited, Deputy Chairman of Massmart Holdings Limited and a non-executive director of Brait se and Rolfes Holdings Limited. Also a director of numerous unlisted companies. Former Chairman of the State Theatre of South Africa and Deputy Chairman of the inaugural National Arts Council of South Africa.



Raymond Pleaner (64)
BCompt(Hons), CA(SA)

Chief Financial Officer

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

Leon Rood (44)
B.Com, LLB

Executive Director

In addition to being an admitted attorney, holds diplomas in advanced taxation, corporate and securities law and international taxation. Previously a senior director of Werksmans and held various positions with Cliffe Decker Hofmeyr and KPMG.

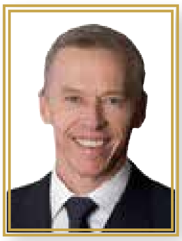
Non-executive directors

Dawn Nonceba Merle Mokhobo (70)
BA (Social Science)

Independent Non-Executive Chairman
Chairman of the Nominations Committee
Member of the Audit and Risk Committee, Remuneration Committee, Social, Ethics and Transformation Committee and Investment Committee

Appointed to the Board in 2005.

Non-Executive director of Engen (Pty) Limited, Ford Motor Company South Africa, Cricket South Africa and Altron. Chairperson of Wesizwe Platinum. Former winner South African Businesswoman of the Year Award.

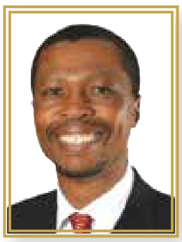


Nigel Stuart Hamilton Hughes (64)
BCom, CA(SA), FCMA

Lead Independent Non-Executive Director
Chairman of the Audit and Risk Committee and the Social, Ethics and Transformation Committee, member of the Remuneration, Nominations and Investment Committees

Appointed to the Board in 1987.

Executive Chairman, Mertrade (Pty) Limited.



Bheki James Themba Shongwe (63)
BA (Econ), MBA, ACIS, FCIBM

Independent Non-Executive Deputy Chairman
Chairman of the Remuneration Committee
Member of the Audit and Risk, Nominations, Remuneration and Investment Committees

Appointed to the Board in 2005.

Chairman, Flow Communications (Pty) Limited, Executive Chairman, Matsamo Group Limited, Chairman, Company Management Consultants (Pty) Limited, Non-Executive Director of Matsamo Capital (Pty) Limited, director of Marking Engineering (Pty) Limited.

Lindiwe Mthimunye (45)
M.Com, H.Dip Tax Law, CA (SA)
Member of the Audit and Risk, Social, Ethics and Transformation, Nominations and Remuneration Committees

Appointed to the Board in 2018.

Managing Director of Petroleum Investment Partners (Pty) Limited and a Non-Executive Director of Pioneer Food Group Limited, Metrofile Holdings Limited, Cell C Limited and Open Society Foundation SA.

Ages at 31 December 2018.

Integrated Report to stakeholders

continued

9. Corporate governance

The Board of Directors of Sabvest Limited is responsible for the corporate governance framework and Sabvest and its subsidiaries and is accountable to stakeholders for the performance, activities and control of the Group.

King IV™

The King IV™ Report on Corporate Governance for South Africa was released in November 2016, with early adoption being encouraged by the JSE. King IV™ advocates an outcome-based approach and defines corporate governance as the exercise of ethical and effective leadership towards achieving the following governance outcomes:

- Ethical culture
- Good performance
- Effective control
- Legitimacy

Sabvest has set out its governance structures in line with the 16 principles of King IV™ on an apply and explain basis. The application of recommended practices has been adopted and reported on as appropriate for an investment holding company.

The Board is committed to complying with legislation, regulations, best practices and governance standards relevant to the Group in alignment with the aspirational nature of King IV™ principles.

Principle 1:

The governing body should lead ethically and effectively

The Board maintains a high level of individual and collective responsibilities, accountability, fairness and transparency, which together drive a culture of risk awareness, ethical behavior and value creation.

The Board is responsible for the strategic direction of the Group which it considers in conjunction with the Group's Ethics Charter which is the basis for deliberations, decisions and actions of the Board. The Board endorses and accepts responsibility for achieving the values underpinning good governance, namely, integrity, competence, fairness, responsibility, transparency and accountability.

The Board provides effective and responsible leadership in a way that supports sustainable business and in consideration of the impacts on society, the environment, stakeholders and sustainability.

The Board acts as the custodian of governance and has approved the formal Charter that sets out its responsibilities. The Board is responsible for appointing the CEO and for monitoring his management of the performance of the Group's assets against strategic and financial objectives.

The Board delegates specific responsibility to appropriately mandated and constituted Committees. The Audit and Risk Committee and the Social, Ethics and Transformation Committee fulfil the statutory governance requirements for the Group.

Sabvest follows a stakeholder inclusive approach as set out in Principle 16.

Directors are required to disclose in writing any conflicts of interest and shareholdings in the Company or in any other relevant stakeholders between and at Board and Committee meetings, as appropriate.

Principle 2:

The governing body should govern the ethics of the organization in a way that supports the establishment of an ethical culture

Sabvest is committed to achieving the highest standards of ethical behavior in compliance with its Code of Ethical Conduct. The Board, through the Social, Ethics and Transformation Committee, has approved a Code of Ethical Conduct which is published on its website and communicated to its employees. It maintains a high awareness of the South African Constitution and Bill of Rights. It also endeavours to ensure that the highest ethical behavior is followed by its investee companies.

Integrated Report to stakeholders
continued

The CEO is the custodian of the charter and is assisted by the group's CFO in his function as Ethics Officer. The Board reviews the charter annually.

Sabvest maintains a tip off hotline through its Audit and Risk Committee Chairman for anonymous or identified calls or contacts. Any reports are investigated by the Audit and Risk Committee Chairman using external legal and other resources if required. No incidents were reported during the year.

The setting of specific measurable metrics is not practical as Sabvest is an investment group with a small staff complement.

Adherence to the Ethics Charter is monitored by the Social, Ethics and Transformation Committee and no deviations were recorded during the year. Future focus will continue to be maintained on all core values.

Principle 3:

The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen

The Company itself and most of its investee companies have SRI programmes to facilitate its role as a responsible corporate citizen.

Sabvest invests between 0,5% and 1% of its own expected sustainable profit after tax directly (and indirectly through SA Bias Industries) in specific programmes encompassing bursaries for education, the funding of educational infrastructure and specific related projects. During 2018, thirteen bursaries were funded at three schools and general and specific grants were made for education-related initiatives.

Since the commencement of the Sabvest programme, 173 years of schooling have been funded.

Sabvest also encourages its investee companies to maintain and adhere to comprehensive sustainability policies, as appropriate.

Principle 4:

The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process

The Board has set out its strategy and associated risks in this Integrated Report and articulated its core values in alignment with its Ethics Charter. In directing strategy and pursuing investment opportunities, the Board considers the risks and opportunities in the environment in which the Group operates to create value for all stakeholders. The Board sets key performance criteria and targets for management to assess the implementation of Group strategy.

The Audit and Risk Committee assists the Board with governance and risks and both the Committee and the Board assess the viability of the company relative to capital, solvency and liquidity on an ongoing basis.

In addition to the annual budget being considered and approved by the Board, the Board monitors the Company's three-year rolling financial plan and execution of its strategy.

Principle 5:

The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium and long term prospects

Based on the recommendations of the Audit and Risk Committee, the Board approves the Integrated Annual Report, the annual financial statements, the King IV™ compliance report and all other reports published by the Company in its Integrated Annual Report, all of which are also available on Sabvest's website.

The Board considers Sabvest's business model and envisaged strategy and the interests of its key stakeholders in all its deliberations.

The Board also directs the Company to issue regular updates on its investment activities to shareholders through SENS announcements at and between scheduled reporting dates.

Integrated Report to stakeholders

continued

Principle 6:

The governing body should serve as the focal point and custodian of corporate governance in the organisation

The Board is the focal point of Sabvest's corporate governance framework. Sabvest follows a stakeholder inclusive approach to governance with the Board being ultimately responsible and accountable to stakeholders for the performance, activities and control of the Group.

This is achieved through the direction provided by the application of the Board Charter, memorandum of incorporation, the Board members' letters of appointment, its application of the King Code of Corporate Governance and relevant legislation. The Board's sub-committees play an integral role in ensuring corporate governance is achieved through the terms and mandates in their respective Charters.

The Board Charter authorises Board members to obtain independent external professional advice, to have direct access to the executives, employees and Company Secretary for information and to meet without the executive directors, or with management, or with advisors when deemed appropriate or necessary. The Company bears the relevant expenses.

Principle 7:

The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively

The Board and its Committees

Sabvest employs eight people of whom three are executive directors of the holding company. It also has the benefit of the experience and advice of four independent non-executive directors on the holding company Board. 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 a non-executive director and does not chair the Remuneration Committee nor the Audit and Risk Committee, but is a member of both. 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. A separate lead director has been appointed, who is non-executive and independent.

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. Board composition and the process of nominating directors to the Board is the function of the 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.

The Board has established gender and race policies relating to its composition. It targets a minimum of two female directors and at least 40% of non-executive directors to be black South Africans and currently meets these targets.

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 cognisant of stock exchange rules and insider trading policies for those companies that are listed.

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.

Integrated Report to stakeholders

continued

The Executive Directors have six months' notice periods, but no other contractual entitlements.

The Board meets at least twice annually. 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 are circulated to the Board monthly as well. Additional scheduled meetings are not regarded as necessary, due to this process and the limited movement in portfolio holdings.

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

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

	Attendance
NSH Hughes	2/2
R Pleaner	2/2
DNM Mokhobo	2/2
L Mthimunye	1/1
CS Seabrooke	2/2
BJT Shongwe	2/2

The profiles of directors are set out on page 14, shareholders on page 84 and remuneration details in note 14 on page 71.

Company Secretary

The role of the Company Secretary is outsourced and was changed during the year to Levitt Kirson Business Services (Pty) Limited, which 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; and
- 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. More particularly, the Board is satisfied that the required duties have been carried out effectively.

The Board confirms that the Company Secretary has maintained an arm's 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.

Integrated Report to stakeholders

continued

Audit 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 attend as well. The Chief Executive Officer may also attend by invitation from time to time. The external auditors have unrestricted access to the Committee.

Selected scope internal audit services are performed for the Group by KPMG 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 over a three year cycle. Their reports provided unqualified assurances to the Audit and Risk 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 and Risk Committee also has the responsibility for recommending the appointment of the external auditors and for ensuring that there is appropriate independence relating to non-audit services provided by the auditors. These non-audit services are presently taxation, corporate finance, technical accounting, risk and human resources.

The Committee regards the CFO as suitably qualified and experienced and the finance function and financial reporting procedures to be operating efficiently.

Due to the size of the Group, a separate Risk Committee is not regarded as necessary. The Audit and Risk 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)	2/2
L Mthimunye (independent non-executive)	1/1
BJT Shongwe (independent non-executive)	2/2

Remuneration and Nominations Committees

The Remuneration and Nominations Committees operate within defined terms of reference and meet annually.

The Remuneration 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.

The Nominations Committee considers the composition and performance of the Board and its Committees and makes recommendations on new appointments.

Integrated Report to stakeholders

continued

Succession planning

The Nominations Committee is responsible for formulating and monitoring the succession plans of the Board, the CEO and the CFO. The committee reviews the succession plan annually.

The Remuneration Committee comprises the following members:

	Attendance
DNM Mokhobo (independent non-executive Chairman)	1/1
BJT Shongwe (independent non-executive)	1/1
L Mthimunye (independent non-executive)	1/1
NSH Hughes (independent non-executive)	1/1

The Nominations Committee comprises the following members:

	Attendance
DNM Mokhobo (independent non-executive Chairman)	1/1
BJT Shongwe (independent non-executive)	1/1
L Mthimunye (independent non-executive)	1/1
NSH Hughes (independent non-executive)	1/1

Social, Ethics and Transformation 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 Sabvest 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
DNM Mokhobo (independent non-executive)	1/1
L Mthimunye (independent non-executive)	n/a*
BJT Shongwe (independent non-executive)	n/a*

** Appointed subsequent to the 2018 meeting*

The Committee has been reconstituted to comprise a majority of independent directors and now comprises Messrs NSH Hughes (Chairman), DNM Mokhobo (independent non-executive), and CS Seabrooke (executive).

The Report of the Committee to shareholders, as required by the Companies Act, is set out on page 40.

Integrated Report to stakeholders

continued

Performance assessments

The performances of the Board, the Committees, directors, chairman, CEO, CFO and Company Secretary 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 2018.

Investment committee

The Investment Committee is an ad hoc committee activated as needed from time to time by the Board or by management. The Committee has a written Charter. The Committee comprises at least two non-executive directors and one executive director and an external expert by invitation, if deemed necessary.

The Committee's responsibilities relate to investment policy and parameters, potential new investments or investment disposals, financial facilities and financing structures, relevant risks and corporate actions relating to Sabvest's shareholders.

Communications and decisions are via Board memoranda, telecons and informal meetings, of which formal attendance is not an appropriate measure. Subsequent to the Mandarin/ITL transaction, the investment function is currently undertaken by the full Board and a separate Investment Committee is not activated.

Principle 8

The governing body should ensure that its arrangements for delegation within its own structures promote independent judgment and assist with balance of power and the effective discharge of its duties

The Board has established a formal authorities matrix, which delegates financial and strategic responsibilities to the executive directors for operational and investment purposes, requiring notifications to the Board below the stated limits and authority from the Board above the stated limits.

The governance functions of the Board Committees are outlined in their respective approved Committee Terms of Reference. The Charters are reviewed and approved annually by the Board and the composition of the Committees is also assessed annually. Due to the small size of the Board, which is appropriate for the size of Sabvest and the scope of its investment activities, all three independent non-executive directors are members of the Audit and Risk, Nominations, Remuneration and Investment Committees, and two of the three are members of the Social, Ethics and Transformation Committee. However, there is a balanced distribution of power between the independent non-executive directors as each of the Audit and Risk, Nominations and Remuneration Committees are chaired by a different director. The Audit and Risk Committee Chairman also chairs the Social, Ethics and Transformation Committee to facilitate the monitoring of ethics and risks and the CEO chairs the ad hoc Investment Committee.

Integrated Report to stakeholders

continued

The Board Committees at the date of this report are as follows:

	Nominations	Remuneration	Audit and Risk	Social, Ethics and Transformation	Ad hoc Investment Committee
Chairperson	DNM Mokhobo	BJT Shongwe	NSH Hughes	CS Seabrooke	CS Seabrooke
Members	NSH Hughes BJT Shongwe L Mthimunye	NSH Hughes DNM Mokhobo L Mthimunye	DNM Mokhobo BJT Shongwe L Mthimunye	NSH Hughes DNM Mokhobo L Mthimunye BJT Shongwe	Function is currently performed by the full Board
Functions managed	• Directors • People • Succession	• People • Remuneration • Retention	• Accounting, tax and compliance • Information and technology • Internal audit • Risk • Credit	• Transformation • Sustainability • Ethics	• Investment opportunities and disposals • Capital • Funding • Liquidity
Number of meetings per year	At least one	At least one	At least two	At least one	Ad hoc, as required
Composition	Independent non-executive directors	Independent non-executive directors	Independent non-executive directors	A majority of independent non-executive directors	The CEO and all independent non-executive directors

Principle 9

The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.

Formal performance evaluations of the Board, its Committees, the Company Secretary, the CFO and finance function are conducted annually by means of questionnaires to review the mix of skills, performance during the year, contribution of independent individual directors, and the effectiveness of Committees. Results of the evaluations are considered to determine any improvements or changes required for the following year.

The evaluations are considered by the Nominations Committee, which makes recommendations to the Board, as appropriate.

Based on the annual evaluations undertaken during November 2018, the Board is satisfied that:

- All directors are committed to their roles and are performing to acceptable standards.
- The Board and its Committees are effective and operating to appropriate standards.
- The Group's risk management framework and processes are effective.
- All directors and Committee members have appropriate qualifications, experience and skills to fulfil the Board and Committee mandates.
- Independent non-executive directors meet the criteria for independence in terms of King IV™, including the directors who have served for longer than nine years.
- The expertise, performance and experience of the Chairman, CEO, CFO, Company Secretary and outsourced internal audit function are acceptable (refer also to principle 7).

Integrated Report to stakeholders

continued

Principle 10

The governing body should ensure that the appointment of and delegation to management contributes to role clarity and effective exercise of authority and responsibilities

There is a formal delegation of authority matrix in place, which is reviewed and updated by the Board annually, and which sets the direction and parameters and limits, which are reserved for the Board and those that are delegated to the executive directors, including financial materiality thresholds.

The Board appoints the CEO, who leads the implementation and execution of strategy and policy approved by the Board. The CEO is accountable to the Board which assesses his performance annually.

The Board approves the appointment of the Company Secretary. The function is currently outsourced and the scope of the Company Secretary's duties, responsibilities and support functions to the Board are set out in principle 7.

Access to the Company Secretary and relevant independent advice is available to all Board members when required.

Principle 11

The governing body should govern risk in a way that supports the organisation in setting and achieving its executive objectives. Sabvest has a Board approved risk framework, policy, risk appetite and tolerance levels and a process of ongoing risk oversight and monitoring

Full details are contained in the risk report on page 25.

Principle 12

The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives

The Board, through the Audit and Risk Committee, is accountable for governance of information technology. As a small investment group, Sabvest does not require a separate IT charter and policies and similarly no IT Steering Committee is required. The Board and Audit and Risk Committee monitor the effectiveness of the internal controls over the IT environment, which are currently adequate for the Company's strategic plans and business model.

The design and maintenance of the Group's IT platform has been managed effectively by an outside contractor, Enterprise Outsourcing, for over fifteen years.

The effectiveness of the Group's IT systems was favourably assessed by KPMG, in the course of the internal audit services provided to the Group and by Deloitte & Touche, in the course of its audit. KPMG has also reported to the CFO and the Audit and Risk Committee that the Group's disaster recovery and business continuity plans are acceptable

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

Sabvest ensures that the integrity of the IT process is maintained, including information security privacy and IT laws, including POPI, that are applicable to Sabvest.

Principle 13

The governing body should govern compliance with applicable laws and adopted standards in a way that supports the organisation being ethically and a good corporate citizen

The Audit and Risk Committee takes responsibility for compliance oversight on behalf of the Board. The CFO has the role of Chief Compliance Officer and ensures that the investment and related activities of Sabvest are managed ethically, in compliance with legislative requirements and in line with best practice governance guidelines. He is assisted by KPMG in monitoring and updating Sabvest's regulatory universe and assurance is also received from Deloitte & Touche, in the course of their audit relating to compliance with applicable legislation and regulations. During the year the Compliance Officer did not note any breaches in regulatory compliance.

Integrated Report to stakeholders

continued

The Board does not believe it is necessary for Sabvest as an investment company to adopt formal dispute resolution processes. External disputes are handled through the Group's attorneys and there have been no internal disputes requiring resolution.

The primary regulatory universe applicable to Sabvest comprises:

- Companies Act.
- Basic Conditions of Employment Act.
- JSE Listings Requirements, including King IV™.
- Labour Relations Act.
- Protection of Personal Information Act.
- Electronic Communications and Transactions Act.
- Broad-Based Black Economic Empowerment Act.
- Employment Equity Act.
- Financial Markets Act.
- Tax Administration Act.
- Income Tax Act.
- Prevention and Combating of Corrupt Activities Act.
- National Environmental Act.
- Unemployment Insurance Act.
- Exchange Control Regulations.

Principle 14

The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long-term

The Remuneration Committee is responsible for establishing and overseeing a Remuneration Policy that promotes the achievement of strategic objectives and encourages individual performance in Sabvest and recruit, retain and motivate the necessary skilled personnel to facilitate the achievement of the Company's strategic objectives in the long-term, and short- and medium-term operational requirements to meet those objectives.

Sabvest's Remuneration Report is presented in three sections:

- A background statement.
- An overview of Sabvest's Remuneration Philosophy and Policy.
- An Implementation Report of Sabvest's Remuneration Policy during the period.

The Remuneration Policy and the Implementation Report will be tabled at annual general meetings for two separate non-binding advisory votes. If 25% or more of the shareholders vote against either resolution, the Board will invite dissenting shareholders to engage with the Remuneration Committee on their concerns.

In addition shareholder approval is obtained annually at the annual general meeting for the fees payable to non-executive directors.

Principle 15

The governing body should ensure that assurance services and functions enable an effective control environment and that these support the integrity of information for internal decision-making and of the organisation's external reports

The Audit and Risk Committee is responsible for monitoring the appropriateness of the combined assurance model to monitor and mitigate the risks in the Group and ensuring its effectiveness in order to place continued reliance thereon. The Committee oversees the internal audit services provided to the Group by KPMG and the external audit function undertaken by Deloitte & Touche. The Committee is satisfied that the external auditor remains independent and that the policy in place to address the provision of non-audit services by the external auditor is appropriate.

Integrated Report to stakeholders

continued

The Committee considers the financial reporting procedures that are in place and whether these procedures are operating effectively. It also monitors and ensures the integrity of information and external reports. These are also reviewed by Sabvest's external auditors, attorneys, JSE sponsor and bank advisors, as appropriate or needed.

Principle 16

In the execution of its governance role and responsibilities, the governing body should adopt a shareholder inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time

The Board has responsibility for directing how the relationships with stakeholders in the Group should be conducted. As an investment holding company, Sabvest has one policy approach as a single entity and ensures that this framework is in harmony with other applicable requirements and constraints, for example the Memorandum of Incorporation, authorities framework, investee shareholder agreements, Board and Committee Charters and regulatory requirements.

Sabvest's 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, on-site visits and liaison with other material shareholders.

- Community

  Through the Group's Code of Ethics and SRI programme.

If meetings are held with shareholders or analysts, it is company policy that they be attended by at least two Company representatives and notes are made of the meetings.

A stakeholder engagement report will be submitted annually to the Board. With regard to the annual general meeting, all directors attend and are available to deal with shareholder queries, and the designated partner of Deloitte & Touche is also present. The minutes of prior annual general meetings are tabled for information and queries.

The results of the annual general meeting, including percentage votes for each resolution, are announced at the annual general meeting and released on SENS.

10. Risk report

10.1 Approach to risk management

Sabvest defines risk as uncertain future events that could influence its ability to achieve its objectives. Risks, once identified, are considered by the combination of the probability of an event occurring and the consequence thereof. Risk is a condition in which the possibility of loss is inextricably linked to uncertainty. Therefore, a framework for managing risk is required to facilitate rational decision-making.

Risk management entails planning and controlling all activities and resources to minimise the negative impact of risks to tolerable levels and, conversely, to optimise potential opportunities and impacts of risks in the pursuit of achieving Sabvest's strategic objectives.

Risk tolerances are approved by the Board.

Integrated Report to stakeholders

continued

10.2 Risk framework and the governance of risk

The Board is responsible for the governance of risk. It delegates responsibility for monitoring risk management to the Audit and Risk Committee and for managing risk to the executive directors.

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 and the funding thereof, which are 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.

Risk appetite is the amount and type of risk that an organisation is willing to take in pursuit of its strategic objectives.

Risk tolerance is the acceptable performance variation between the actual residual risk profile and the target risk profile in relation to the risks identified and managed through the risk management framework.

When risk tolerance is exceeded, executive directors are required to take action to treat, transfer or terminate the associated risk.

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 low/medium risk appetite and low 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 management procedures. The Board is not aware of any risks being allowed that exceed the Company's risk appetite nor were any such risks taken in the year under review.

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

The current risk watch list is as follows:

Risk	**Residual risk level after mitigation**
• Inability to meet strategic and financial objectives	Low
• Reduced cash flow from investees	Low/medium
• Weak financial controls in investees	Low
• Breach of legal and regulatory compliance	Low
• Prevention of fraud and corruption	Low
• Loss of any key executive in an investee	Medium
• Effects of lack of security and of crime	Medium
• CEO incapacitated or not available	Low
• Lack of liquidity.	Low
• Not meeting BBBEE requirements	Medium
• Loss due to exchange rate fluctuations	High
• Breaching of shareholder agreements	Low
• Change in strategies of investees	Low
• Lack of liquidity in Sabvest shares on the JSE	High
• Weakness in Sabvest internal controls and procedures	Low
• Weakness in IT systems	Low
• Effects of stock market fluctuations	Medium

Integrated Report to stakeholders
continued

The Board is comfortable with the level of combined assurance obtained from management, the Audit and Risk Committee, the external auditors, the internal audit service provider and its attorneys 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 and Risk Committee or the Board that has caused them to believe that the Group's system of internal controls and risk management is not effective.

11. Remuneration report

11.1 Background

The Board has ultimate responsibility for the appropriateness of remuneration policies and the Board has delegated oversight of this responsibility to the Remuneration Committee, the composition and details of which are set out in Principle 7.

The Remuneration Committee's mandate is to ensure that the Group's remuneration policies:

- are fair, responsible and transparent;
- target, motivate, reward and retain human capital;
- promote the achievement of strategic objectives within Sabvest's risk appetite;
- promote positive outcomes; and
- promote an ethical culture and responsible corporate citizenship.

The Committee seeks to strike a balance between the interests of shareholders and executives. The Committee assesses the mix of fixed and variable remuneration and long-term incentives to ensure continued motivation to the enhancement of shareholder value.

11.2 Remuneration philosophy and policy

The following principles are applied to remuneration:

- The Remuneration Policy is approved by the Remuneration Committee and the Board.
- No differential compensation applies to gender, race or location and the principle of equal work for equal pay is applied.
- Compensation is defined on a cost-to-company basis with all benefits included and fully taxed.
- Research and benchmarking are performed from time to time to determine market norms.
- Remuneration is aligned to individual outputs.
- Performance incentives are used to drive strategy aligned growth behaviour to meet defined goals.
- No employees or directors have employment terms exceeding six months' notice.
- Sabvest has no obligations to make exit payments to leaving executives or staff although this may be considered on a case by case basis. Subject to the Remuneration Committee's approval, good leavers may receive a *pro rata* benefit of long-term incentives, subject to each tranche's performance requirements having been met.
- Non-executive directors receive fees based on Board and Committee responsibilities and with no additional amounts for attendances. The fees are benchmarked from time to time against organisations in similar industries and of similar sizes.

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

Short-term incentives for executives are targeted at between 50% and 150% of cost-to-company packages with no floor or cap. In the case of the CEO, 25% of package is awarded if normal dividends over the three-year period to the accounting date have increased by at least 10% p.a. and the second award is calculated as 2,5% of PAT. The CFO may earn 25% of package based on pre-set qualitative KPIs and the balance of his incentive is calculated as 1% of PAT. The incentive award for the Group's new executive director is calculated as 1% of PAT with an underpin of R2m p.a. for the first two years. The awards based on PAT are not capped.

Integrated Report to stakeholders

continued

Notwithstanding the calculation basis of the CEO's incentive based on PAT, 20% is conditional on Sabvest's 'N' share discount to NAV per share not being greater than the 75% quartile average of a peer group of JSE listed investment companies. This is a new metric introduced in 2019 and the manner of its calculation will be refined during the year as the chosen peer group is monitored.

Sabvest has a long-term incentive plan (LTIP) for executives and staff. Participants receive a notional award of between 15% and 100% of their cost-to-company packages 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 not capped.

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.

All the executive directors are shareholders in the Company and the CEO and CFO previously received allocations from the share trust or the SARS scheme. The new executive director received a loan facilitation from the Group prior to joining to facilitate his purchase of shares.

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.

The SARS, share trust and share option schemes are currently dormant.

Some of the directors, who take the responsibility of appointments to the Boards of the Group's investees, may receive directors' fees from some of those companies. In addition, the Group's unlisted investees pay consulting fees directly to Sabvest.

Since the formation of Sabvest, it was agreed that the CEO may hold non-executive directorships and investments independently and not as a representative of the Group. However, this enhances the Group's influence materially, has improved the Group's access to attractive new investments over the years and resulted in income and gains to the Group. The CEO retains the fees/gains from those appointments and investments. None of them are funded by Sabvest.

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.

Integrated Report to stakeholders

continued

11.3 Implementation report

The following table shows a breakdown of the annual remuneration of executive directors, including STIP and LTIP awards, for the 2018 financial year and the comparatives for 2017.

	CS Seabrooke		R Pleaner		Total	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000	**2018 R'000**	2017 R'000
Executive directors						
Salaries	**2 407**	2 249	**2 032**	1 899	**4 439**	4 148
Retirement and medical	**346**	322	**311**	289	**657**	611
Other benefits	**1 437**	1 388	**538**	515	**1 975**	1 903
Basic remuneration	**4 190**	3 959	**2 881**	2 703	**7 071**	6 662
Incentive bonuses						
– Short-term	**6 047**	9 900	**2 720**	4 100	**8 767**	14 000
– Provision *[1]	**1 057**	8 923	**529**	3 709	**1 586**	12 632
– LTIP *[2]	**3 598**	2 533	**1 487**	1 290	**5 085**	3 823
Total remuneration	**14 892**	25 315	**7 617**	11 802	**22 509**	37 117

Incentives were calculated on the predetermined formulas as set out in the policy and were higher in the current year compared with prior periods due to the record level of profits achieved.

The fees of non-executive directors are set out in the table below.

	Total	
	2018 R'000	2017 R'000
Non-executive directors		
Fees as directors	**3 462**	1 870
C Coutts-Trotter	**–**	200
P Coutts-Trotter	**–**	200
NSH Hughes	**1 067**	520
DNM Mokhobo	**990**	450
L Mthimunye	**310**	–
BJT Shongwe	**1 095**	500
Total directors' remuneration and fees	**25 971**	38 987

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. Directors' interest in the equities of the Group are set out on page 45.

*[1] *As per the Remuneration Policy set out on page 27, 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 an accrual is created for the estimated balance and this is paid in the following year, once the final PAT figure is calculated.*

*[2] *Paid in 2019 relative to 2018 financial year.*

Integrated Report to stakeholders

continued

These fees are as approved by shareholders at the annual general meeting relative to Board and Committee membership as set out in Principle 7 of the King IV™ report.

Staff members, other than executive directors, receive annual bonuses of one to three months cost-to-company packages, qualitative performance bonuses, as determined by the CEO, and participate in the LTIP.

Increases in cost-to-company packages for 2019 are 6% for executives, staff and non-executive directors.

All South African employees are members of the Group retirement fund and have a choice of but must be a member of a medical aid scheme.

12. Code of share dealing

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

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

Sabvest's directors and Sabvest are similarly restricted relative to any listed investments it may have from time to time. Sabvest and its CEO are restricted relative to other 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 of 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 two months before the financial reporting closed periods commence. The programme was not utilised in 2018.

13. Shares and shareholders

Pursuant to the repurchase of shares during the year, Sabvest had 16,975m ordinary shares and 24,827m 'N' ordinary shares in issue at the year-end. The ordinary shares carry 500 votes per share and the 'N' ordinary shares carry one vote per share.

The Group is in discussions which may lead to proposals to shareholders to simplify the Group's dual share structure. Shareholders will be advised as these progress.

The Company had 1 065 shareholders at the year-end, as profiled in Annexure B. The shareholdings of directors are recorded in the directors' report on page 45.

14. Commentary and conclusion

Performance will be improved through encouraging and facilitating the growth of the Group's investee companies and partnerships with like-minded investors. The Group expects to focus on its core holdings and increasing the number of partners with whom it invests and reducing its special situation holdings.

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

Sandhurst
18 March 2019

Integrated Report to stakeholders

continued

ANNEXURE 1

CORPORATE STRUCTURE

Sabvest Limited

Sabvest Finance and Guarantee Corporation (Pty) Limited

- *Brait S.E. (4 000 000 shares)*
- *Classic Food Brands (Pty) Limited (25%)*
- *DNI-4PL Contracts (Pty) Limited (7,59%)* *[2]
- *Famdeen Investments (Pty) Limited – Sunspray Food Ingredients (Pty) Limited (28,2%)*
- *Flexo Line Products (Pty) Limited (47,5%)*
- *ITL Holdings SA (Pty) Limited (30%)* *[3]
- *Metrofile Holdings Limited (26 500 000 shares)*
- *Net1 UEPS Technologies Inc (300 000 shares)*
- *Rolfes Holdings Limited (27 500 000 shares)*
- *Rolfes Holdings Limited (22 500 000 shares)* *[4]
- *Torre Industries Limited (62 842 500 shares)* *[5]
- *Transaction Capital Limited (10 000 000 shares)*
- *Value Capital Partners Fund (200 000 shares)*

Sabvest Capital Holdings Limited (BVI)

- *Corero Network Security Plc (28 000 000 shares)*
- *Listed bond portfolio*
- *ITL Holdings Limited (Jersey) (30%)* *[6]

Sabvest Financial Services (Pty) Limited

Sabvest Investments (Pty) Limited

- *Metrofile Holdings Limited (20m shares)*
- *SA Bias Industries (Pty) Ltd (59,8%)* *[1]

Sabvest Securities (Pty) Limited (Dormant)

SD Nominees (Pty) Limited (Dormant)

*[1] *49% Voting.*

*[2] *Effective interest of 7,59% in DNI through 35,72% of JAA Holdings (Pty) Limited.*

*[3] *Effective interest of 30% in ITL Holdings SA (Pty) Ltd through Mandaring Holdings (Pty) Limited.*

*[4] *Held indirectly through participating preference shares in Masimong Chemicals (Pty) Limited linked to the performance of 22,5m shares in Rolfes Holdings Limited.*

*[5] *Held indirectly through Masimong Chemicals (Pty) Limited.*

*[6] *Held through Mandarin Industries Limited BVI.*

Integrated Report to stakeholders

continued

ANNEXURE 2

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. Investment parameters and scope

2.1 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, as well as growth, early-maturity stage, greenfield and special situation investments, 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.

2.2 Sectors

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

2.3 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 will usually be 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).

2.4 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.

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.

Integrated Report to stakeholders

continued

ANNEXURE 2

(continued)

2.5 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 or together with chosen financial investors.

c) favours large or influential minority stakes in unlisted companies or small listed companies (with market capitalisation of below R1 billion).

d) usually procures that its CEO, other Sabvest directors or chosen financial investors 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) may 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;
- the number of core investments exceeding its target portfolio spread (currently targeted as 10 (ten) in number);
- receipt of unsolicited offers at materially higher values than attributed by Sabvest;
- availability of alternative investments with substantially superior returns.

3. Growth targets

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

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.

4. Categorisation of transactions

Investment transactions undertaken by Sabvest will be categorised relative to Sabvest's market capitalisation as required by the JSE and relative to its own net asset value for internal parameter purposes.

5. Shareholder approvals

5.1 All transactions concluded in accordance with this Investment Policy, which will include but are not limited to the acquisition and disposal of any of the Company's investments and/or financial instruments, the advance of and repayment of any loans and advances to investees and third-parties and the underwriting of transactions undertaken by its investees, will be regarded as being in the ordinary course of business.

5.2 Shareholder approval will consequently not be required for non-related party transactions (including for the avoidance of doubt the enforcement of provisions in agreements relating to such transactions) of any size to the extent such transactions are entered into in the ordinary course of business of Sabvest, as envisaged in paragraphs 2.1 and 5.1.

5.3 Shareholder approval will be required for related-party transactions in accordance with the thresholds and requirements for such approvals contained in Section 10 of the JSE Listings Requirements, irrespective of whether such transactions are in the ordinary course of business or not.

Integrated Report to stakeholders

continued

ANNEXURE 2

(continued)

5.4 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).

5.5 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.

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

6. Communication of investment transactions

6.1 Communications with shareholders will be in accordance with JSE regulations for category 1 and category 2 transactions (bearing the same meanings as defined in the JSE Listings Requirements), except that:

a) subject to paragraphs 2 and 5, 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) of the JSE Listings Requirements.

b) a Stock Exchange News Service announcement will be required for non-related party transactions less than 10% of market capitalisation provided that:

>> they are regarded by the Board of Sabvest as price sensitive; and

for the avoidance of doubt, to the extent a transaction with a non-related party is concluded in the ordinary course of business and constitutes less than 10% of the market capitalisation of the Company, such transaction will not be categorised in accordance with the JSE Listings Requirements, but will be subject to the general obligation of disclosure provisions of the JSE Listings Requirements.

6.2 Notwithstanding the provisions of 6.1, the information required to be disclosed for a prelisting statement must be provided to shareholders if a transaction is a Category 1 transaction which results in an issue of securities that, together with a any other securities of the same class issued during the previous three months, would increase the securities issued by more than the maximum threshold contained in accordance with Section 9.22 of the JSE Listings Requirements.

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

7. Communication of Investment Policy

The initial Investment Policy and subsequent changes will be published on SENS, contained in the circular to shareholders for approval, published on Sabvest's website and included in the annual report.

8. Approval of investment policy

Any future material changes must be approved by shareholders by way of ordinary resolution.

Approved by shareholders
29 October 2018

Integrated Report to stakeholders

continued

APPENDIX A

1. "**Category one**" means transactions with a size greater than 30% of market capitalisation.
2. "**Category two**" means transactions with a size of 5% to 30% of market capitalisation.
3. "**Investment**" or "**transaction**" means equity, preference share, loan, option and guarantee commitments aggregated.
4. "**JSE**" means JSE Limited.

TEN-YEAR FINANCIAL REVIEW

at 31 December 2018

2017 US$'000	**2018 US$'000**	
		Consolidated statement of financial position
91 763	**164 574**	Non-current assets
85	**187**	Property, plant and equipment
–	**–**	Deferred tax asset
–	**–**	Share trust receivables
–	**–**	Medium-term receivables
91 678	**164 387**	Investment holdings
52 716	**118 720**	Unlisted investments
26 843	**39 401**	Listed investments
12 119	**6 266**	Listed investments held indirectly
–	**–**	Associates
–	**–**	Long-term
122 384	**31 464**	Current assets
122 166	**2 433**	Finance advances and receivables
10 213	**4 588**	Offshore investment holding
–	**–**	Short-term investments/investments held for sale
–	**–**	Other financial instruments
–	**7 091**	Bond portfolio
5	**17 352**	Cash at bank
214 147	**196 038**	Total assets
186 125	**170 073**	Ordinary shareholders' equity
19 050	**19 267**	Non-current liabilities
8 886	**6 953**	Interest-bearing debt
10 164	**12 314**	Deferred tax liability
8 972	**6 698**	Current liabilities
5 727	**4 601**	Interest-bearing debt
3 245	**2 097**	Accounts payable
214 147	**196 038**	Total equity and liabilities
		Consolidated statement of comprehensive income
42 974	**27 439**	Gross income from operations and investments
7 096	**4 033**	Dividends received
536	**2 090**	Interest received
(1 698)	**5 152**	Income on financial instruments and shares
103	**154**	Fees and sundry income
–	**1 633**	Foreign exchange gain
36 937	**14 377**	Fair value adjustment to investments
–	**–**	Equity accounted retained income of associates
–	**–**	Share of net income of associates
–	**–**	*Less:* Dividends received
48	**894**	Transactional costs
	294	IFRS adjustments
113	**(64)**	Impairments
1 192	**1 262**	Interest paid
41 621	**25 053**	Net income before expenses and exceptional items
4 702	**3 259**	*Less:* Expenditure
4 674	**3 216**	Operating costs
28	**43**	Depreciation
–	**–**	Exceptional items – (gains)/loss
36 919	**21 794**	Net income before taxation
(14 894)	**3 864**	Taxation
51 813	**17 930**	Net income attributable to equity shareholders
51 813	**17 918**	Headline attributable income
		Returns to shareholders
114,2	**40,0**	Headline earnings per share – cents
114,2	**40,0**	Earnings per share – cents
–	**7,5**	Special dividend per share – cents
4,6	**5,1**	Dividends per share – paid or proposed – cents
410,8	**407**	Net asset value per share – cents
–	**–**	Net asset value per share at directors' valuation (intrinsic value) – cents
45 306	**41 802**	Number of shares in issue – 000's
45 368	**44 813**	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 3

2009 R'000	2010 R'000	2011 R'000	2012 R'000	2013 R'000	2014 R'000	2015 R'000	2016 R'000	2017 R'000	**2018 R'000**
365 442	453 800	563 755	975 780	1 289 083	1 380 032	1 896 073	2 009 727	1 135 885	**2 367 060**
1 070	745	616	971	962	1 529	1 369	1 365	1 050	**2 688**
1 249	555	–	–	–	–	–	–	–	**–**
6 126	3 761	4 131	2 759	–	–	–	–	–	**–**
–	–	–	–	–	–	–	–	–	**–**
356 997	448 739	559 008	972 050	1 225 441	1 378 503	1 894 704	2 008 362	1 134 835	**2 364 372**
–	–	–	741 600	978 000	1 070 973	1 252 040	1 421 820	652 547	**1 707 546**
–	–	–	230 450	247 441	307 530	642 664	474 492	332 279	**566 699**
–	–	–	–	–	–	–	112 050	150 009	**90 127**
292 994	329 373	403 072	–	–	–	–	–	–	**–**
64 003	119 366	155 936	–	–	–	–	–	–	**–**
31 205	41 686	18 385	64 304	173 669	175 714	202 427	158 207	1 514 928	**452 538**
24 672	16 532	5 943	22 061	14 959	11 545	7 319	3 858	1 388 447	**34 987**
–	–	–	38 489	151 107	164 018	140 077	151 262	126 423	**65 985**
–	16 021	2 363	–	–	–	–	–	–	**–**
–	5 899	7 727	–	–	–	–	–	–	**–**
–	–	–	–	–	–	–	–	–	**101 993**
6 533	3 234	2 352	3 754	7 603	151	55 031	3 087	58	**249 573**
396 647	495 486	582 140	1 040 084	1 400 072	1 555 746	2 098 500	2 167 934	2 650 813	**2 819 598**
379 071	427 098	517 323	854 652	1 085 011	1 233 073	1 701 382	1 659 255	2 303 945	**2 446 148**
5 212	55 491	49 417	168 776	175 699	237 859	356 556	413 689	235 807	**277 109**
–	48 124	40 000	40 000	–	60 000	100 000	90 000	110 000	**100 000**
5 212	7 367	9 417	128 776	175 699	177 859	256 556	323 689	125 807	**177 109**
12 364	12 897	15 400	16 656	139 362	84 814	40 562	94 990	111 061	**96 341**
7 350	5 133	7 915	8 697	127 555	69 040	9 240	77 732	70 897	**66 176**
5 014	7 764	7 485	7 959	11 807	15 774	31 322	17 258	40 164	**30 165**
396 647	495 486	582 140	1 040 084	1 400 072	1 555 746	2 098 500	2 167 934	2 650 813	**2 819 598**
78 938	100 031	115 522	220 180	360 562	246 857	590 256	111 329	570 934	**364 351**
34 939	17 208	29 302	37 788	46 617	47 114	91 585	63 340	94 273	**53 557**
1 567	2 884	881	739	3 473	5 425	5 062	10 980	7 117	**27 758**
9 976	(1 166)	6 223	26 335	9 518	17 972	57 312	5 313	(22 558)	**68 405**
2 809	5 125	2 407	2 730	2 067	2 461	2 920	1 147	1 362	**2 047**
–	–	–	–	–	–	–	–	–	**21 681**
8 274	21 585	21 027	152 588	298 887	173 885	433 377	30 549	490 740	**190 903**
21 373	54 395	55 682	–	–	–	–	–	–	**–**
53 936	68 752	81 631	–	–	–	–	–	–	**–**
(32 563)	(14 357)	(25 949)	–	–	–	–	–	–	**–**
–	–	209	1 284	1 939	1 066	525	518	633	**11 877**
–	–	–	–	–	–	–	–	–	**3 907**
(181)	(144)	1 013	(1 279)	(57)	(35)	(17)	–	1 506	**(851)**
3 467	3 892	4 741	5 275	5 101	7 328	7 445	15 175	15 839	**16 752**
75 652	96 283	109 559	214 900	353 579	238 498	582 303	95 636	552 956	**332 666**
18 538	23 103	24 610	22 385	26 831	31 732	43 689	24 329	62 474	**43 281**
18 208	22 783	24 460	22 263	26 683	31 453	43 392	23 943	62 108	**42 709**
330	320	150	122	148	279	297	386	366	**572**
(9 344)	(325)	692	–	–	–	–	–	–	**–**
66 458	73 505	84 257	192 515	326 748	206 766	538 614	71 307	490 482	**289 385**
2 374	2 849	2 606	50 164	46 922	2 160	78 697	67 133	(197 882)	**51 302**
64 084	70 656	81 651	142 351	279 826	204 606	459 917	4 174	688 364	**238 083**
54 740	70 164	82 343	142 233	279 825	204 436	459 917	4 179	688 364	**237 928**
118,8	153,0	178,1	308,4	607,9	444,7	1 003,9	9,2	1 517,3	**530,9**
139,1	154,0	176,6	308,6	607,9	445,0	1 003,9	9,2	1 517,3	**531,3**
–	–	–	–	100,0	100,0	–	–	–	**100,0**
14,0	17,0	24,0	32,0	40,0	43,0	50,0	55,0	61,0	**68,0**
825	922	1 120	1 855	2 358	2 683	3 719	3 646	5 085	**5 852**
1 094	1 230	1 563	–	–	–	–	–	–	**–**
45 968	46 320	46 172	46 061	46 015	45 960	45 748	45 513	45 306	**41 802**
46 078	45 869	46 236	46 126	46 031	45 975	45 815	45 600	45 368	**44 813**

AUDITED ANNUAL FINANCIAL STATEMENTS

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Audited annual financial statements

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DIRECTORS' APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

To the shareholders of Sabvest Limited

The directors are responsible for selecting and adopting sound accounting practices, for maintaining an adequate and effective system of accounting records, for the safeguarding of assets and for developing and maintaining a system of internal control that, among other things, will ensure the preparation of financial statements that achieve fair presentation. After conducting appropriate procedures the directors are satisfied that the Company will be a going concern for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

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. 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 41 of the annual financial statements. 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 Officer

R Pleaner
Chief Financial Officer

Sandton
13 March 2019

DECLARATION BY COMPANY SECRETARY

The Secretary certifies that the Company has lodged with the Companies and Intellectual Property Registration Office all such returns as are required of a public company, in terms of the Companies Act, No 71 of 2008, and that all such returns are true, correct and up to date.

Levitt Kirson Business Services (Pty) Ltd
Company Secretary

Sandton
13 March 2019

Audited annual financial statements

continued

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT

for the year ended 31 December 2018

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, Ethics and Transformation Committee in terms of the Companies Act, No. 71 of 2008, ("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 2018 Integrated Report dealing with ethics and social initiatives.

Nigel Hughes
Social, Ethics and Transformation Committee Chairman

Sandton
13 March 2019

Audited annual financial statements

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of Sabvest Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Sabvest Limited (the Group), set out on pages 51 to 83 which comprise the statements of financial position as at 31 December 2018, and the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 31 December 2018, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. No key audit matters were identified for the separate financial statements.

Audited annual financial statements

continued

INDEPENDENT AUDITOR'S REPORT

continued

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Valuation of unlisted investments	
By nature the assumptions used in the valuation of unlisted investments requires significant judgement and therefore the valuation of unlisted investments is considered a key audit matter. In respect of the unlisted investments, the executive directors prepare valuation workings based on their selected valuation model of Earnings before interest, tax, depreciation and amortisation (EBITDA) multiplied by the determined earnings multiple. These valuations incorporated a number of assumptions, the primary assumptions in notes 2 and 21 to the consolidated financial statements being: 1. Determination of maintainable earnings; and 2. Earnings multiple. Maintainable earnings are derived from the management account information and budgets of the underlying investments and earnings multiples are derived from market data and analysis of comparable companies.	The consolidated financial statements provide details of the valuation method. The requirements of IFRS 13: Fair value measurements has been considered. We assessed the appropriateness of the valuation methodology applied and the valuations prepared by the executive directors. Where appropriate, we involved our valuation experts and we completed the procedures below: 1. assessed the application of the fair value principles of the valuation method; 2. assessed the reasonability of the earnings multiple; 3. assessed the reasonability of the maintainable earnings with reference to the latest management accounts available for investee companies; 4. performed procedures to ensure that the management information used in the prior period, agreed materially to the audited financial statements for the investee companies; and 5. assessed whether adjustments processed by management to the maintainable earnings calculation are appropriate and consistent. We concluded that the valuation method is widely applied and appropriate for valuing unlisted investments. We assessed the earnings and earnings multiples used and found the basis of determination appropriate and consistent resulting in a conservative fair value. In notes 2 and 21 to the consolidated financial statements details are provided of the valuation method and key assumptions for the level 3 fair value measurements. We assessed the adequacy of the Group's disclosures in relation to the judgement and estimation applied to investments. We found the overall valuation and disclosure of investments to be appropriate.

Audited annual financial statements

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INDEPENDENT AUDITOR'S REPORT

continued

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit and Risk Committee's Report, Social, Ethics and Transformation and Transformation Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and / or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Audited annual financial statements

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INDEPENDENT AUDITOR'S REPORT

continued

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Sabvest Limited for 18 years.

Deloitte & Touche
Registered Auditor
per André Dennis
Partner

13 March 2019

Deloitte Place, Building 1, The Woodlands, Woodlands Drive, Woodmead, Sandton

Audited annual financial statements

continued

DIRECTORS' REPORT

at 31 December 2018

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 2018 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 Group and Company will be a going concern in the year ahead.

Investments

Details of the Group's investments are set out on pages 6 and 7 and in note 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 2018 were as follows:

	2018			
	Ordinary shares 000's	**'N' ordinary shares 000's**	**Total 000's**	2017 Total 000's
Executive				
L Rood [1]	**0,5**	**90**	**90,5**	–
CS Seabrooke [2]	**11 895**	**4 105**	**16 000**	15 000
R Pleaner	**21**	**1 032**	**1 053**	1 053
Non-executive				
NSH Hughes	**–**	**–**	**–**	–
DNM Mokhobo	**–**	**30**	**30**	–
L Mthimunye	**–**	**–**	**–**	–
BJT Shongwe	**–**	**30**	**30**	–
	11 916,5	**5 287**	**17 203,5**	16 053

[1] *Mr L Rood was appointed as an executive director on 1 January 2019. As at 31 December 2018, Mr L Rood held the above shares.*

[2] *The increase in Mr CS Seabrooke's holding is the result of the purchase of 1m 'N' ordinary shares during the year.*

Since the end of the financial year to the date of this report, the interests of the directors remained unchanged, with the exception of 17 224 'N' ordinary shares, as per the SENS announcement of 10 January 2019.

Audited annual financial statements

continued

DIRECTORS' REPORT

at 31 December 2018

continued

Insurance and directors' indemnity

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

Dividends

An interim dividend of 32 cents per share (2017: 26 cents) was declared during the year and a final dividend of 36 cents per share (2017: 35 cents) has been declared subsequent to the year-end.

A special dividend of 100 cents per share was declared during the year.

Share capital

The Company repurchased 1 271 ordinary shares and 3 502 602 'N' ordinary shares reducing the number of shares in issue to 16 975 293 ordinary shares and 24 826 919 'N' ordinary shares.

Changes in investment holdings

During the year the Group acquired a 30% interest in Mandarin Industries Limited (BVI); a 34% holding in Mandarin Holdings (Pty) Ltd; a 35,72% interest in JAA Holdings (Pty) Ltd; and purchased 1 000 preference shares in Mandarin Holdings (Pty) Ltd; 3,2m shares in Brait; 21,5m shares in Metrofile Holdings (Pty) Ltd; 250 000 shares in Net1 UEPS Technologies Inc; 17m shares in Rolfes Holdings Ltd; and 6m shares in Corero Network Securities Plc.

The Group increased its holding in Flexo Line Products (Pty) Ltd to 47,5% and in Sunspray Food Ingredients (Pty) Ltd to 28%.

The Group disposed of its offshore general equity portfolio and increased its listed bond portfolio.

Directors and secretary

Details of the present Board of Directors and the Secretary appear on pages 13 and 17.

Messrs L Rood, CS Seabrooke, BJT Shongwe and Ms L Mthimunye retire at the forthcoming annual general meeting but, being eligible, offer themselves for re-election.

On 5 June 2018, Ms L Mthimunye was appointed as an independent non-executive director. On 1 January 2019, Mr L Rood was appointed as an executive director of the Company.

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 84.

Subsequent events

The Group purchased a 10% interest in Masimong Group Holdings Limited, increased its effective investment in DNI to 9,92% and disposed of its listed bond portfolio.

Audited annual financial statements

continued

DIRECTORS' REPORT

at 31 December 2018

continued

Special resolutions

The following is a summary of the special resolutions that were passed at the annual general meeting held on 16 May 2018:

Special resolution number 1

Approval of proposed non-executive directors' remuneration for the year ending 31 December 2018

"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 2018 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 Committees; and

(iii) stated excluding VAT and before PAYE (where applicable):

	Year ending 2018 R
Chairman	320 000
Deputy Chairman	240 000
Non-executive directors	220 000
Chairman of the Audit and Risk Committee	150 000
Chairman of the Remuneration Committee	80 000
Chairman of the Nominations Committee	80 000
Chairman of the Social, Ethics and Transformation Committee	75 000
Committee members/invitees	45 000
Non-executive members of the ad hoc Investment Committee *	250 000
Directorships of investees by non-executive directors for Sabvest	140 000
Lead Independent Director	additional 32 000"

** This Committee is constituted when required by investment activities. It was constituted for calender years 2017 and 2018 and the annual fee to be approved, as above, is applicable to each of those years.*

The resolution was passed on 16 May 2018.

Audited annual financial statements

continued

DIRECTORS' REPORT

at 31 December 2018

continued

Special resolution number 2

Authority to provide financial assistance in terms of Section 45 of the Companies Act to any Group company

"RESOLVED that the Board may, subject to compliance with the Company's MOI and the requirements of the Companies Act (including but not limited to the Board being satisfied that immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test (as contemplated in Section 4 of the Companies Act) and that the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company) authorise the Company to provide at any time and from time to time during the 2 (two) years commencing on the date of adoption of this special resolution, direct or indirect financial assistance including without limitation by way of lending money, guaranteeing a loan or other obligation, securing any debt obligation or otherwise, as envisaged in Section 45 of the Companies Act, to related or inter-related company (on such terms as defined in Section 2 of the Companies Act) or to a member of the related or inter-related corporation, or to a person related to any such company or corporation (subject to the provisions of Section 45 of the Companies Act) provided that such financial assistance may be granted up to a limit of R2 billion. This authority shall not extend beyond 2 (two) years from the date of this annual general meeting."

The resolution was passed on 16 May 2018.

Special resolution number 3

Authority to provide financial assistance in terms of section 44 of the Companies Act

"RESOLVED that the Board may, subject to compliance with the Company's MOI and the requirements of the Companies Act (including but not limited to the Board being satisfied that immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test (as contemplated in Section 4 of the Companies Act) and that the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company) authorise the Company to provide at any time and from time to time during the 2 (two) years commencing on the date of adoption of this special resolution, direct or indirect financial assistance including without limitation by way of lending money, guaranteeing a loan or other obligation, securing any debt obligation or otherwise, as envisaged in Section 45 of the Companies Act, to related or inter-related company (on such terms as defined in Section 2 of the Companies Act) or to a member of the related or inter-related corporation, or to a person related to any such company or corporation (subject to the provisions of Section 45 of the Companies Act) provided that such financial assistance may be granted up to a limit of R2 billion. This authority shall not extend beyond 2 (two) years from the date of this annual general meeting."

The resolution was passed on 16 May 2018.

Special resolution number 4

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 4;
- an announcement will be published as soon as the Company or any of its subsidiaries have acquired ordinary or 'N' ordinary shares constituting, on a cumulative basis, 3% of the number of ordinary or 'N' 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;

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DIRECTORS' REPORT

at 31 December 2018

continued

- 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;
- the Company has been given authority to repurchase shares by its MOI;
- the board of directors authorise the repurchase, the Group and 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 repurchase;
- 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 (not subject to any variation) and have been submitted to the JSE in writing. The Company and/or its subsidiaries will entrust an independent third party prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE; and
- 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)."

The resolution was passed on 16 May 2018.

The following is a summary of the resolutions that were passed at the general meeting held on 29 October 2018:

Special resolution number 1

Approval of the Specific Repurchase

"RESOLVED that the Company be and is hereby authorised, by way of a specific authority in accordance with the applicable provisions of the Companies Act, the Listings Requirements and its Memorandum of Incorporation, to repurchase 3,471,602 Sabvest 'N' Shares from Rand Merchant Bank at the price of R34.60 per Sabvest 'N' Share for an aggregate Specific Repurchase Consideration of R120,117,429.20."

Once the Specific Repurchase has been implemented, the Specific Repurchase Shares will be cancelled and restored to the authorised, but unissued, share capital of Sabvest and will be delisted from the JSE.

The resolution was passed on 29 October 2018.

Ordinary resolution number 1

Amendment to the Company's Investment Policy

"RESOLVED that the Shareholders approve the Company's proposed amendments to the Company's Investment Policy as set out in the Circular to which this notice is attached and that this policy is hereby amended and approved."

The resolution was passed on 29 October 2018.

Preparation of financial statements

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

Audited annual financial statements

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AUDIT AND RISK COMMITTEE REPORT

for the year ended 31 December 2018

The Audit and Risk Committee met twice during the year and the external auditors and internal 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. The Committee reports as follows:

>> The scope, independence and objectivity of the external auditors were reviewed, having consideration of the current debate around manditory audit firm rotation, auditor independence and tenure.

>> The Committee has continued with performing their own rigorous assessment of the independence of the auditor, as required by the current governance requirements covered by the Companies Act. This assessment included consideration of the tenure of the audit engagement and the regularity of audit partner notation; the extent and nature of non-audit services provided and the competence and expertise of the partner and the team.

>> We have reviewed the policies and processes in place between the company and Deloitte to ensure that independence is maintained. These include, *inter alia*, the assessment and pre-approval processes for engaging on non-audit services, audit firm tenure of 18 years and partner rotation after a 5-year period, in line with the requirements of the Companies Act. Our conclusion following the above assessment is that the policies and processes are in place to ensure independence and that Deloitte is independent of the company. We, therefore, propose the audit firm Deloitte & Touche, and the audit partner, André Dennis, to be the Group's auditor and audit partner for the 2018 financial year.

>> The expertise and experience of the Finance Function and the Financial Director were assessed and approved.

>> The Group's Corporate Governance procedures were reviewed and approved.

>> On an ongoing basis, the Committee reviews and approves the fees payable to the external auditors, such fees are disclosed in note 9 to the annual financial statements.

>> The appointment of the external auditor complies with the Companies Act, Section 3.84 and 22.15(h) of the JSE Listings Requirements 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.

>> The Committee has received and reviewed reports from the auditors concerning the Internal Control Environment Systems and Processes.

>> The Committee reviewed and recommended the adoption by the Board of such financial information which is publically disclosed and included in the annual financial statements, including accounting policies.

Nigel Hughes
Audit and Risk Committee Chairman

Sandton
13 March 2019

Audited annual financial statements

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2018

	Notes	2018 R'000	2017 R'000
Non-current assets		**2 367 060**	1 135 885
Property, plant and equipment	1	**2 688**	1 050
Investment holdings	2	**2 364 372**	1 134 835
Unlisted equity investments		**1 707 546**	652 547
Listed investments		**566 699**	332 279
Listed investments held indirectly		**90 127**	150 009
Current assets		**452 538**	1 514 928
Finance advances and receivables	3	**34 987**	1 388 447
Listed investments held indirectly (held-for-sale)	4	**65 985**	–
Listed equity portfolio	4	**–**	101 556
Equity investment	4	**–**	24 867
Listed bond portfolio	4	**101 993**	–
Cash balances		**249 573**	58
Total assets		**2 819 598**	2 650 813
Ordinary shareholders' equity		**2 446 148**	2 303 945
Share capital and premium	5	**851**	29 288
Non-distributable reserves	6.1	**143 818**	42 295
Accumulated profit	6.2	**2 301 479**	2 232 362
Non-current liabilities		**277 109**	235 807
Interest-bearing debt	7.1	**100 000**	110 000
Deferred tax liabilities	10.3	**177 109**	125 807
Current liabilities		**96 341**	111 061
Interest-bearing debt		**66 176**	70 897
Current portion of interest-bearing debt	7.2	**40 000**	30 000
Equity portfolio finance	7.2	**–**	7 685
Interest-bearing debt	7.2	**26 176**	33 212
Accounts payable	8	**12 654**	10 728
Provisions	8	**17 511**	29 436
Total equity and liabilities		**2 819 598**	2 650 813

Audited annual financial statements

continued

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2018

	Notes	**2018 R'000**	Restated *** 2017 R'000
Gross income from operations and investments		**364 351**	570 934
Dividends received	15	**53 557**	94 273
Interest received	15	**27 758**	7 117
Forex gain		**21 681**	–
Income/(loss) on financial instruments and shares	15	**68 405**	(22 558)
Fees and sundry income	15	**2 047**	1 362
Fair value adjustments to investments		**190 903**	490 740
– Listed		**(89 653)**	(44 022)
– Listed held indirectly		**6 103**	(67 091)
– Unlisted		**274 453**	601 853
Transactional costs		**(11 877)**	(633)
Net reversal of impairment/(impairments)		**851**	(1 506)
Fair value loss on initial recognition of interest-free loans		**(3 907)**	–
Interest paid		**(16 752)**	(15 839)
Net income before operating expenses		**332 666**	552 956
Less: Expenditure		**(43 281)**	(62 474)
Operating costs – fixed		**(27 222)**	(26 323)
Operating costs – variable		**(15 487)**	(35 785)
Depreciation		**(572)**	(366)
Net income before taxation	9	**289 385**	490 482
Taxation	10	**(51 302)**	197 882
– current year		**(51 302)**	197 882
Net income for the year attributable to equity shareholders		**238 083**	688 364
Translation of foreign subsidiary *	16	**101 523**	(12 217)
Total comprehensive income for the year attributable to equity shareholders		**339 606**	676 147
Earnings per share – cents **		**531,3**	1 517,3

** This item may subsequently be classified to profit and loss.*

*** There are no diluting instruments.*

**** Refer to note 17.*

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COMPANY STATEMENT OF FINANCIAL POSITION

at 31 December 2018

	Notes	**2018 R'000**	2017 R'000
Non-current assets		**5 015**	5 015
Investment in subsidiaries	2	**5 015**	5 015
Current assets		**1 586 332**	351 401
Loans to subsidiaries (Annexure A)		**1 586 266**	351 382
Cash balances		**66**	19
Total assets		**1 591 347**	356 416
Ordinary share capital and premium	5	**851**	31 547
Accumulated profit	6	**1 587 260**	322 279
Ordinary shareholders' equity		**1 588 111**	353 826
Current liabilities		**3 236**	2 590
Accounts payable	8	**3 236**	2 590
Total equity and liabilities		**1 591 347**	356 416

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2018

	Notes	**2018 R'000**	2017 R'000
Dividends received	15	**1 411 100**	83 250
Gross income		**1 411 100**	83 250
Transactional costs		**(1 710)**	–
Reversal of impairment/(impairment)		**52 941**	(53 644)
Expenditure		**(4 682)**	(4 220)
Total comprehensive income for the year attributable to equity shareholders		**1 457 649**	25 386

Audited annual financial statements

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CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS

for the year ended 31 December 2018

	GROUP		COMPANY	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
Cash flows (utilised in)/from operating activities	**(52 477)**	20 766	**1 329 704**	53 300
Net income for the year	**238 083**	688 364	**1 457 649**	25 386
Adjustments for:				
Depreciation	**572**	366	**–**	–
Fair value adjustments to investments	**(190 903)**	(490 740)	**–**	–
Fair value loss on initial recognition of interest-free loans	**3 907**	–	**–**	–
Interest received	**(377)**	–	**–**	–
Deferred taxation	**51 302**	(197 882)	**–**	–
(Net reversal of impairments)/impairment	**(851)**	1 506	**(52 941)**	53 644
Other (loss)/income on financial instruments and shares	**(68 405)**	22 591	**–**	–
Loss on sale of property, plant and equipment	**(155)**	–	**–**	–
Provisions	**(13 253)**	17 199	**–**	–
Increase in accounts payable	**3 254**	5 706	**647**	614
Cash flows from operations	**23 174**	47 110	**1 405 355**	79 644
Dividends paid – ordinary	**(30 345)**	(26 344)	**(30 345)**	(26 344)
Dividends paid – special	**(45 306)**	–	**(45 306)**	–
Cash flows from investing activities	**438 465**	(31 848)	**(1 181 944)**	(53 314)
Purchase of property, plant and equipment	**(2 355)**	(51)	**–**	–
Purchase of investment holdings and offshore portfolios	**(1 557 661)**	(240 877)	**–**	–
Proceeds from sale of investment holdings and offshore portfolios	**643 431**	207 675	**–**	–
Proceeds from sale of fixed assets	**300**	–	**–**	–
Increase in loans to subsidiaries	**–**	–	**(1 181 944)**	(53 314)
Proceeds of special dividend	**1 387 500**	–	**–**	–
Decrease in finance advances and receivables	**(32 750)**	1 405	**–**	–
Cash effects of financing activities	**(136 473)**	8 053	**(147 713)**	2
Increase in long-term loan	**–**	20 000	**–**	–
(Decrease)/increase in other interest-bearing debt	**(7 036)**	22 057	**–**	–
Purchase of company shares held in treasury	**(1 143)**	(5 112)	**–**	–
Repurchase of company shares	**(120 609)**	–	**(147 713)**	–
Distribution received from share trust	**–**	–	**–**	9 566
Decrease in loan from share trust	**–**	–	**–**	(9 564)
Decrease in equity portfolio finance	**(7 685)**	(28 892)	**–**	–
Change in cash and cash equivalents	**249 515**	(3 029)	**47**	(12)
Cash and cash equivalents at beginning of year	**58**	3 087	**19**	31
Cash and cash equivalents at end of year	**249 573**	58	**66**	19

Audited annual financial statements

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CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2018

GROUP	Share capital R'000	Share premium R'000	Non-distributable reserves R'000	Accumulated profit R'000	Total R'000
Balance as at 1 January 2017	855	33 545	54 513	1 570 342	1 659 255
Total comprehensive (loss)/income for the year	–	–	(12 217)	688 364	676 147
Accumulated loss in share trust	–	–	(1)	–	(1)
Shares held in treasury – written back	1	12 203	–	–	12 204
Shares held in treasury	(5)	(17 311)	–	–	(17 316)
Dividends paid	–	–	–	(26 344)	(26 344)
Balance as at 1 January 2018	**851**	**28 437**	**42 295**	**2 232 362**	**2 303 945**
Total comprehensive (loss)/income for the year	**–**	**–**	**101 523**	**238 083**	**339 606**
Shares held in treasury – written back	**5**	**17 311**	**–**	**–**	**17 316**
Shares cancelled	**(5)**	**(45 748)**	**–**	**(93 315)**	**(139 068)**
Dividends paid	**–**	**–**	**–**	**(75 651)**	**(75 651)**
Balance as at 31 December 2018	**851**	**–**	**143 818**	**2 301 479**	**2 446 148**
COMPANY					
Balance as at 1 January 2017	856	30 691	–	313 671	345 218
Total comprehensive income for the year	–	–	–	25 386	25 386
Distribution received from share trust	–	–	–	9 566	9 566
Dividends paid	–	–	–	(26 344)	(26 344)
Balance as at 1 January 2018	**856**	**30 691**	**–**	**322 279**	**353 826**
Total comprehensive income for the year	**–**	**–**	**–**	**1 457 649**	**1 457 649**
Shares cancelled	**(5)**	**(30 691)**	**–**	**(117 017)**	**(147 713)**
Dividends paid	**–**	**–**	**–**	**(75 651)**	**(75 651)**
Balance as at 31 December 2018	**851**	**–**	**–**	**1 587 260**	**1 588 111**

Audited annual financial statements

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ACCOUNTING POLICIES

for the year ended 31 December 2018

Accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the requirements of the Companies Act, No. 71 of 2008, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council. 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, other than the standards which were adopted in the current year.

The group has adopted the revised or amended accounting standards which includes IFRS 9 and IFRS 15, 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 2018. In the current year, the Group has applied IFRS 9 *Financial Instruments* (as revised in July 2014) that is effective for an annual period that begins on or after 1 January 2018. No adjustments were required on adoption of this standard and there has been no impact on financial instruments that have previously been reported. In the current year, the Group has applied IFRS 15 *Revenue from Contracts with Customers* (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition. The application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Group.

The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) made up to 31 December each year. Control is achieved when the company has the power over the investee, is exposed or has rights to variable returns from its involvement with the investee, and has the ability to use its power to affects its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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.

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 Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) 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 Discounted Cash Flow (DCF) valuations.

For other unlisted investments fair value is determined using an appropriate valuation model.

Audited annual financial statements

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ACCOUNTING POLICIES

for the year ended 31 December 2018

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.

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.

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.

Audited annual financial statements

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ACCOUNTING POLICIES

for the year ended 31 December 2018

continued

Treasury shares

Ordinary and 'N' ordinary shares in Sabvest Limited held by any subsidiary 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 2018

continued

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.

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.

Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a service to a customer.

Revenue also includes dividends which are recorded in accordance with IFRS 9. Dividends are recognised in profit or loss when:

(a) the entity's right to receive payment of the dividend is established;

(b) it is probable that the economic benefits associated with the dividend will flow to the entity; and

(c) the amount of the dividend can be measured reliably.

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.

Audited annual financial statements

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ACCOUNTING POLICIES

for the year ended 31 December 2018

continued

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, in the normal course of business. Refer to note 22.

Retirement benefits and medical aid schemes

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

Taxation

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

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

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

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.

Borrowing costs

Borrowing costs are recognised in profit and loss in the period in which they are earned.

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ACCOUNTING POLICIES

for the year ended 31 December 2018

continued

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 21.

With regard to investments held through other entities or instruments, critical judgement is used to consider the underlying investments of the entity/instrument to ensure the appropriate classification of the investment in the group is attained.

New/Revised International Financial Reporting Standards Issued

		Effective date
IFRS 16	Leases *Original issue*	1 January 2019
IAS 28	Investments in Associates and Joint Ventures *Amendments regarding long-term interests in Associates and Joint Ventures*	1 January 2019
IFRIC 23	Uncertainty of Income Tax Treatment *Original issue*	1 January 2019

The group does not expect these new or revised accounting standards to have a material impact on the results or financial position. In respect of IFRS 16, the group anticipates the recognition of an use asset and corresponding liability not exceeding R5,5m. Our investee companies results may be impacted in the future.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2018

1. Property, plant and equipment

	Motor vehicles R'000	Office furniture, equipment, computers and leasehold improvements R'000	Total R'000
2018 GROUP			
Beginning of year			
Cost	**1 015**	**3 690**	**4 705**
Accumulated depreciation	**(831)**	**(2 824)**	**(3 655)**
Net book value	**184**	**866**	**1 050**
Current year movements			
Additions	**1 105**	**1 250**	**2 355**
Disposals cost	**(790)**	**–**	**(790)**
Disposal – accumulated depreciation	**645**	**–**	**645**
Depreciation	**(205)**	**(367)**	**(572)**
Total movement	**755**	**883**	**1 638**
End of year			
Cost	**1 330**	**4 940**	**6 270**
Accumulated depreciation	**(391)**	**(3 191)**	**(3 582)**
Net book value	**939**	**1 749**	**2 688**
2017 GROUP			
Beginning of year			
Cost	1 015	3 639	4 654
Accumulated depreciation	(654)	(2 635)	(3 289)
Net book value	361	1 004	1 365
Current year movements			
Additions	–	51	51
Depreciation	(177)	(189)	(366)
Total movement	(177)	(138)	(315)
End of year			
Cost	1 015	3 690	4 705
Accumulated depreciation	(831)	(2 824)	(3 655)
Net book value	184	866	1 050

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 2018

continued

	GROUP		COMPANY	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
2. Investment holdings				
2.1 Investment in subsidiaries				
Shares at cost less impairments (refer Annexure A)	–	–	**5 015**	5 015
2.2 Investment holdings				
Unlisted				
At cost	**822 514**	49 154	–	–
Fair value adjustment	**885 032**	603 393	–	–
Opening balance	**603 393**	1 373 946	–	–
Realisation	–	(1 372 406)	–	–
Currency fluctuations	**7 186**	–	–	
Movement for the year	**274 453**	601 853	–	–
Directors' value	**1 707 546**	652 547	–	–
Listed				
At cost	**500 678**	167 274	–	–
Fair value adjustments	**66 021**	165 005	–	–
Opening balance	**165 005**	115 105	–	–
Transfer from equity investment	**12 414**	–	–	–
Realisation	–	106 112	–	–
Movement for the year	**(111 398)**	(56 212)	–	–
Market value	**566 699**	332 279	–	–
Listed held indirectly				
At cost	**88 518**	173 568	–	–
Fair value adjustments	**1 609**	(23 559)	–	–
Opening balance	**(23 559)**	43 532	–	–
Transfer to held-for-sale	**22 207**	–	–	–
Movement for the year	**2 961**	(67 091)	–	–
Market value	**90 127**	150 009	–	–
Balance sheet value	**2 364 372**	1 134 835	–	–

2.3 Impairment of investments

The group tests investments annually for impairment, or more frequently if there are indications that they might be impaired.

Audited annual financial statements

continued

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2018

continued

Where interest-free loans are discounted, the adjustment is recognised in the opening retained income, as IFRS 9 was first adopted in the current year.

	GROUP		COMPANY	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
3. Finance advances and receivables				
Dividends receivable	**–**	1 387 406	**–**	–
Finance advance	**34 865**	1 041	**–**	–
Sundry receivables	**122**	–	**–**	–
	34 987	1 388 447	**–**	–
Interest-free loans				
Gross amount advances	**15 166**	–	**–**	–
Fair value loss on initial recognition	**(3 907)**	–	**–**	–
Interest earned	**377**	–	**–**	–
Currency fluctuations	**(31)**	–	**–**	–
	11 605	–	**–**	–
No finance advances and receivables are past due. Therefore no provisions have been raised. The finance advances and receivables which approximate fair value are measured at amortised cost.				

		GROUP		COMPANY	
4. Listed equity and investments held indirectly (held-for-sale) portfolios					
4.1	**Listed investments held indirectly (held-for-sale) ***				
	At cost	**85 050**	–	**–**	–
	Fair value adjustments	**(19 065)**	–	**–**	–
	Opening balance	**(22 207)**	–	**–**	–
	Movement for the year	**3 142**	–	**–**	–
	Market value	**65 985**	–	**–**	–
4.2	**Bond portfolio**				
	At cost	**107 770**	–	**–**	–
	Fair value adjustments	**(5 777)**	–	**–**	–
	Opening balance	**–**	1 603	**–**	–
	Realisation	**–**	(1 603)	**–**	–
	Movement for the year	**(5 777)**	–	**–**	–
	Currency fluctuations/variations	**–**	–	**–**	–
	Market value	**101 993**	–	**–**	–

** Torre shares held indirectly in ordinary shares in Newshelf 1400 (Pty) Ltd intended to be sold within the next 12 months.*

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4. Listed equity and investments held indirectly (held-for-sale) portfolios

continued

	GROUP		COMPANY	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
4.3 Listed equity portfolio				
At cost	–	85 003	–	–
Fair value adjustments	–	16 553	–	–
Opening balance	**16 553**	–	–	–
Movement for the year	–	17 767	–	–
Realisation	**(18 207)**	–	–	
Currency fluctuations/variations	**1 654**	(1 214)	–	–
Market value	–	101 556	–	–
4.4 Equity investment				
At cost	–	39 840	–	–
Fair value adjustments	–	(14 973)	–	–
Opening balance	**(14 973)**	(10 818)	–	–
Transfer to non-current listed investments	**(12 414)**	–	–	
Movement for the year	**27 522**	(5 577)	–	–
Currency fluctuations/variations	**(135)**	1 422	–	–
Market value	–	24 867	–	–

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	GROUP		COMPANY	
	2018 R'000	2017 R'000	**2018 R'000**	2017 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				
16 975 293 (2017: 17 076 804) ordinary shares of 5 cents each	**848**	853	**848**	853
24 826 919 (2017: 28 883 000) 'N' ordinary shares of 0,01 cent each	**3**	3	**3**	3
	851	856	**851**	856

Issued, net of shares held in share trust and treasury

16 975 293 (2017: 16 976 564) ordinary shares 24 826 919 (2017: 28 329 521) 'N' ordinary shares.

One million of the unissued ordinary shares and all the 'N' ordinary shares are under the control of the directors until the forthcoming annual general meeting.

	GROUP 2018 R'000	GROUP 2017 R'000	COMPANY 2018 R'000	COMPANY 2017 R'000
5.2 Reconciliation of number of shares in issue				
Ordinary shares				
At beginning of year	**17 076 804**	17 076 804	**17 076 804**	17 076 804
Repurchased and cancelled	**(101 511)**	–	**–**	
	16 975 293	17 076 804	**17 076 804**	17 076 804
'N' ordinary shares				
At beginning of year	**28 883 000**	28 883 000	**28 883 000**	28 883 000
Repurchased and cancelled	**(4 056 081)**	–	**(4 056 081)**	
	24 826 919	28 883 000	**24 826 919**	28 883 000
5.3 Share premium				
Share premium at beginning of year	**45 748**	45 748	**30 691**	30 691
Repurchased and cancelled	**(45 748)**	–	**(30 691)**	
Share premium at end of year	**–**	45 748	**–**	30 691
Share capital and premium before shares held in treasury	**29 288**	46 604	**31 547**	31 547
Nil ordinary shares (2017: 100 240) and Nil 'N' ordinary shares (2017: 553 479)	**17 316**	(17 316)	**–**	–
Repurchased and cancelled	**(45 753)**	–	**(30 696)**	
Share capital and premium	**851**	29 288	**851**	31 547

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		GROUP		COMPANY	
		2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
6.	**Reserves**				
6.1	**Non-distributable reserves**				
	On translation of foreign subsidiary				
	– prior years	**37 229**	49 446	**–**	–
	– current year	**101 523**	(12 217)	**–**	–
	Accumulated loss in share trust				
	– prior years	**(640)**	(639)	**–**	–
	– current year	**–**	(1)	**–**	–
	Variation of interest in subsidiary				
	– prior years	**5 144**	5 144	**–**	–
	Capital redemption reserve fund	**562**	562	**–**	–
		143 818	42 295	**–**	–
6.2	**Accumulated profit**				
	Accumulated profit at beginning of year	**2 232 362**	1 570 342	**322 279**	313 671
	Shares repurchased and cancelled	**(93 315)**	–	**(117 017)**	
	Accumulated profit less dividend paid for the year	**162 432**	662 020	**1 381 998**	8 608
	Accumulated profit at end of year	**2 301 479**	2 232 362	**1 587 260**	322 279
	Total reserves		2 274 657	**1 587 260**	322 279
7.	**Interest-bearing debt**				
7.1	**Long-term**				
	RSA borrowings	**140 000**	140 000	**–**	–
	Less: Payable within one year	**(40 000)**	(30 000)	**–**	–
		100 000	110 000	**–**	–

The loans bear interest at between JIBAR plus 3,20% and JIBAR plus 3,50% payable quarterly on 31 March, 30 June, 30 September and 31 December of each financial year.

The loans are repayable as to R40 million on 30 October 2019, R20 million on 1 August 2020, R10 million on 30 June 2021, R40 million on 29 September 2021 and R30 million on 30 June 2022.

The group complies with the covenants required as per the bank facility agreements. Both agreements require a ratio of value of investments to total value of interest-bearing debt.

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7. Interest-bearing debt *continued*

	GROUP 2018 R'000	GROUP 2017 R'000	COMPANY 2018 R'000	COMPANY 2017 R'000
7.2 Short-term				
RSA borrowings				
Bank borrowings current portion of interest-bearing debt	**40 000**	30 000	**–**	–
Other interest-bearing debt including related parties (refer note 22)	**26 176**	33 212	**–**	–
Equity portfolio finance	**–**	7 685	**–**	–
	66 176	70 897	**–**	–

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. None of the South African assets are encumbered.

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

The offshore portfolio loan is secured by the offshore bond, cash and share portfolios. The loan bears interest at between libor plus 0,9% and 1,59% per annum and has no fixed terms of repayment.

8. Accounts payable and provisions

	GROUP 2018 R'000	GROUP 2017 R'000	COMPANY 2018 R'000	COMPANY 2017 R'000
Provision for long-term incentive plan *	**14 288**	14 490	**–**	–
Other provisions	**3 223**	14 946	**–**	–
Accounts payable	**12 654**	10 728	**3 236**	2 590
	30 165	40 164	**3 236**	2 590
Provision for long-term incentive plan				
Opening balance	**14 490**	8 700	**–**	–
Utilised during the year	**(5 464)**	(4 146)	**–**	–
Increase in provision for the year	**5 262**	9 936	**–**	–
Closing balance	**14 288**	14 490	**–**	–
Other provisions				
Opening balance	**14 946**	3 215	**–**	–
Utilised during the year	**(14 338)**	(2 631)	**–**	–
Increase in provision for the year	**2 615**	14 362	**–**	–
Closing balance	**3 223**	14 946	**–**	–

* *Refer to remuneration policy on page 27 and note 14.*

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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	GROUP		COMPANY	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
9. Net income before taxation				
This is stated after taking into account:				
Loss on sale of property, plant and equipment	**155**	–	**–**	–
Auditors' remuneration – audit fees	**1 084**	1 124	**–**	–
– other fees	**134**	273	**–**	–
Consulting fees	**213**	179	**–**	–
Depreciation (refer to note 1)	**572**	366	**–**	–
Operating lease – offices	**1 686**	1 692	**–**	–
Payroll costs	**27 123**	47 933	**–**	–
10. Taxation				
10.1 Charged for the year				
South African normal taxation				
– CGT arising from charge inclusion rate		–	**–**	–
Deferred taxation – current year	**51 302**	(197 882)	**–**	–
	51 302	(197 882)	**–**	–
10.2 Movement in deferred tax				
Provision for capital gains tax on fair value adjustments current and non-current investment holdings	**51 302**	(197 882)	**–**	–
	51 302	(197 882)	**–**	–
Two of the group's subsidiaries have assessed losses for taxation purposes. The unutilised estimated losses of the subsidiaries amount to R11 million (2017: R92,8 million). The deferred tax asset has not been accounted for as this tax loss has been taken into account in assessing the exposure for taxation on fair value measurements recorded.				
10.3 Deferred tax liabilities				
Leases		–	**–**	–
Provision for capital gains tax on fair value adjustments to investments after use of assessed losses	**(177 109)**	(125 807)	**–**	–
	(177 109)	(125 807)	**–**	–

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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	GROUP		COMPANY	
	2018 %	2017 %	**2018 %**	2017 %
10. Taxation *continued*				
10.4 Taxation rate reconciliation				
Standard rate of taxation	**28**	28	**28**	28
Rate of taxation for the year affected by non-taxable income	**(10)**	(68)	**(28)**	(28)
Effective rate of taxation	**18**	(40)	**–**	–

10.5 Capital gains tax on investments

Cumulative deferred tax of R177 million (2017: R126 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. Full deferred CGT has been raised on all fair value gains tax through CGT and not be incurred if investees' foreign subsidiaries were to be sold to foreign buyers or if any investees sold their businesses and incurred CGT themselves.

	GROUP	
	2018 R'000	2017 R'000
11. Earnings per share		
Earnings per share represents the profits in cents attributable to each share and comprises net income for the year attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year.		
Earnings per share	**531,3**	1 517,3
The weighted average number of shares used in the calculation for the current year is 44 813 260 (2017: 45 368 120). There are no potentially dilutive shares or options.		
12. Headline earnings per share		
Headline earnings per share comprise attributable income adjusted by certain exceptional losses attributable to ordinary shareholders divided by the weighted average number of shares in issue as follows:		
Net income for the year attributable to equity shareholders	**238 083**	688 364
Loss on sale of property, plant and equipment	**(155)**	–
Headline earnings for the year	**237 928**	688 364
Headline earnings per share (cents)	**530,9**	1 517,3
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 44 813 260 (2017: 45 368 120).		
13. Dividends per share		
Dividends per share (final of 36 cents proposed after year-end) (cents)	**68**	61

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14. Directors' emoluments

	CS Seabrooke		R Pleaner		Total	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000	**2018 R'000**	2017 R'000
Executive directors						
Salaries	**2 407**	2 249	**2 032**	1 899	**4 439**	4 148
Retirement and medical	**346**	322	**311**	289	**657**	611
Other benefits	**1 437**	1 388	**538**	515	**1 975**	1 903
Basic remuneration	**4 190**	3 959	**2 881**	2 703	**7 071**	6 662
Incentive bonuses						
– Short-term	**6 047**	9 900	**2 720**	4 100	**8 767**	14 000
– Provision *[1]	**1 057**	8 923	**529**	3 709	**1 586**	12 632
– LTIP *[2]	**3 598**	2 533	**1 487**	1 290	**5 085**	3 823
Total remuneration	**14 892**	25 315	**7 617**	11 802	**22 509**	37 117
Non-executive directors			**Ad hoc**	**Normal**		
Fees as directors			1 500	1 962	**3 462**	1 870
L Bakoro			–	310	**310**	–
C Coutts-Trotter			–	–	**–**	200
P Coutts-Trotter			–	–	**–**	200
NSH Hughes			500	567	**1 067**	520
DNM Mokhobo			500	490	**990**	450
BJT Shongwe			500	595	**1 095**	500
					25 971	38 987

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. Directors' interest in the equities of the group are set out on page 45.

*[1] *As per the remuneration policy set out on page 27, 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 accrual is created for the estimated balance and this is paid in the following year once the final PAT figure is calculated.*

*[2] *Paid in 2018 relative to 2017 financial year.*

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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	GROUP		COMPANY	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
15. Revenue				
Revenue comprises of dividends, fees, interest, sundry income and other income on financial services and shares	**151 767**	80 194	**1 411 100**	83 250

	GROUP	
	2018 R'000	2017 R'000
16. Comprehensive income		
Items that may subsequently be classified in profit and loss		
Translation of foreign subsidiary	**101 523**	(12 217)

17. Restatement of comparative information

The group has enhanced its disclosure of total operating costs by separating fixed and variable costs to enable shareholders to assess the variability of costs. This has not resulted in any changes to the total amounts reflected in the statements of financial position and of comprehensive income.

	2017 Restated R'000	2017 Previously presented R'000
Consolidated statement of comprehensive income		
Operating costs	62 108	62 108
– Fixed	26 323	–
– Variable	35 785	–

	GROUP	
	2018 R'000	2017 R'000
18. Net asset value per share		
Net asset value per share – cents	**5 852**	5 085
Number of shares in issue (less held in treasury) – 000's	**41 802**	45 306

Net asset value per share is calculated after raising a deferred capital gains tax liability on all fair value gains.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2018

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19. Contingent liabilities and commitments

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

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

	2018 R'000	2017 R'000
Year 1	**1 102**	1 014
Year 2	**475**	1 102

19.3 A subsidiary has issued guarantees of R165,8m for the bank borrowings of two investees and which were utilised at year-end in the amounts totalling R134,2m.

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

20. Hypothecations

20.1 The offshore listed 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.

20.2 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.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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21. Financial instruments

21.1 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 21.6.

		GROUP	
		2018 R'000	2017 R'000
21.2	**Categories of financial instruments**		
	Financial assets		
	Fair value through profit or loss		
	Held for trading – investment holdings	**2 364 372**	1 134 835
	– equity investment	**–**	24 867
	– investment held-for-sale	**65 985**	–
	– listed bond portfolio	**101 993**	–
	– listed equity portfolio	**–**	101 556
	Finance advances and receivables	**34 987**	1 388 447
	Cash at bank	**249 573**	58
	Financial liabilities		
	Interest-bearing debt – medium-term	**100 000**	110 000
	– current portion of interest-bearing debt	**40 000**	30 000
	– equity portfolio finance	**–**	7 685
	– interest-bearing debt	**26 176**	33 212
	Accounts payable	**12 654**	29 436

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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21. Financial instruments *continued*

Original measurement category under IAS 39	New Measurement category under IFRS 9	Original carrying amount under IAS 39 R'000	Additional loss allowance recognised under IFRS 9 R'000	New carrying amount under IFRS 9 R'000
31 December 2018				
Financial assets	***Financial assets***			
Fair value through profit or loss	Fair value through profit or loss			
Held for trading:				
– investment holdings		2 364 372	–	2 364 372
– equity investment		–	–	–
– investment held-for-sale		65 985	–	65 985
– listed bond portfolio		101 993	–	101 993
– listed equity portfolio		–	–	–
Loans and receivables	At amortised cost			
Finance advances and receivables		34 987	–	34 987
Cash at bank		249 573	–	249 573
Financial liabilities	***Financial liabilities***			
At amortised cost	At amortised cost			
Interest-bearing debt:				
– medium-term		100 000	–	100 000
– current portion of interest-bearing debt		40 000	–	40 000
– equity portfolio finance		–	–	–
– interest-bearing debt		26 176	–	26 176
Accounts payable		12 654	–	12 654
31 December 2017				
Financial assets	***Financial assets***			
Fair value through profit or loss	Fair value through profit or loss			
Held for trading:				
– investment holdings		1 134 835	–	1 134 835
– equity investment		–	–	–
– listed bond portfolio		–	–	–
– listed equity portfolio		101 556	–	101 556
Loans and receivables	At amortised cost			
Finance advances and receivables		34 987	–	34 987
Cash at bank		58	–	58
Financial liabilities	***Financial liabilities***			
At amortised cost	At amortised cost			
Interest-bearing debt:				
– medium-term		110 000	–	110 000
– current portion of interest-bearing debt		30 000	–	30 000
– equity portfolio finance		7 685	–	7 685
– interest-bearing debt		33 212	–	33 212
Accounts payable		29 436	–	29 436

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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21. Financial instruments *continued*

21.3 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 2018 and 31 December 2017 the group's South African operations had no foreign exchange exposure.

21.4 Interest rate risk

The group has long-term borrowings from third parties in the amount of R100 million (2017: R110 million). The current portion of the long-term borrowings is R40 million (2017: R30 million). The short-term interest-bearing borrowings are mainly those from related parties (refer note 22) in the amount of R21,1 million (2017: R11,5 million) and from third parties in the amount of R5,1 million (2017: R40,9 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 loss for the year would increase/decrease by R1,8 million (2017: R1,8 million).

21.5 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.

21.6 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 or current liquidity profiles of financial assets and liabilities and listed investments.

At 31 December 2018 the group had R90 million of undrawn facilities (2017: R48,3 million) and R249 423 000 cash at bank (2017: R58 000) at its disposal to further reduce liquidity risk.

The liabilities other than the long-term borrowings are payable within the next year.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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21. Financial instruments *continued*

21.7 Fair value investments

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

Financial assets	**Fair value as at** 31 December 2018	**Fair value as at** 31 December 2017	Valuation technique Fair value hierarchy	Significant and key inputs	Relationship of unobservable inputs	Relationship of unobservable inputs to fair value
Listed investments	Listed equity shares R566,7 million	Listed equity shares R332,3 million	Level 1	Quoted share prices on the Johannesburg Stock Exchange.	N/A	N/A
Listed investments held indirectly	Listed equity shares and mutual fund R90,1 million Held-for-sale R65,9m	Listed equity shares and mutual fund R150,0 million	Level 2	Quoted share prices on the Johannesburg Stock Exchange.	N/A	N/A
Unlisted Investments	22% 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. 59,99% of SA Bias, an international industrial and investment group. 47,5% of Flexo Line Products, a manufacturing business specialising in high quality injection moulded plastic products primarily for the spice industry locally and internationally. 25% of Classic Food Brands, a manufacturer of meat products. 7,6% of DNI-4PL Contracts, a company providing technology, logistics and distribution services to the telecommunications and financial industries. 30% of ITL Holdings Group, a designer, manufacturer and distributor of apparel, labelling and identification products and supply chain solutions. R1 707,5 million	22% 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. 59,99% of SA Bias, an international industrial and investment group. 25% of Flexo Line Products, a manufacturing business specialising in high quality injection moulded plastic products primarily for the spice industry locally and internationally. 30% of Classic Food Brands, a food manufacturer specialising in chicken based products. Provides technology, logistics and distribution services to the telecommunications industries. The ITL Group is a designer manufacturer and distributor of apparel labelling and identification products and supply main management solutions. R652,5 million	Level 3	Maintainable earnings model.	EBITDA multiples of 4 – 6. The ITL Group is at a higher multiple of 9,25. Level of maintainable earnings based on historic and future protections and normalisation of earnings where appropriate.	The higher the multiples the higher the value.
Listed equity portfolio	–	R126,0 million	Level 1	Quoted prices on various stock exchanges.	N/A	N/A
Listed bond portfolio	R101,9 million	–	Level 1	Quoted prices on various stock exchanges.	N/A	N/A

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21. Financial instruments *continued*

21.7 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 10% Rm	Decrease by 10% Rm
Increase/(decrease) in fair value 31 December 2018	**170,7**	**(170,7)**	**170,7**	**(170,7)**
Increase/(decrease) in fair value 31 December 2017	94,6	(94,6)	94,6	(94,6)

Should the market price of both the listed investments held directly and indirectly and the offshore listed shares have been 10% higher or lower at 31 December 2018, the value of shares would have increased or decreased by R65,6 million (2017: R60,9 million).

Should the market price of foreign bonds have been higher or lower at 31 December 2018, the value of bonds would have increased or decreased by R10,2 (2017: Rnil).

21.7.2 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 2018		31 December 2017	
	Carrying amount R'000	**Fair value R'000**	Carrying amount R'000	Fair value R'000
Financial assets				
Loans and receivables	**34 987**	**34 987**	1 388 447	1 388 447
Finance advances and receivables	**34 987**	**34 987**	1 388 447	1 388 447
Financial liabilities				
Financial liabilities held at amortised cost	**178 830**	**178 830**	196 625	196 625
Interest-bearing debt – long-term	**100 000**	**100 000**	110 000	110 000
Current portion – interest-bearing debt	**40 000**	**40 000**	30 000	30 000
Equity investment portfolio finance	–	–	7 685	7 685
Interest-bearing debt	**26 176**	**26 176**	33 212	33 212
Accounts payable	**12 654**	**12 654**	10 728	10 728

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21. Financial instruments *continued*

21.7 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:

	Financial fair value hierarchy as at 31 December 2018			
	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Financial assets				
Fair value through profit and loss				
Listed investments	**566 699**	–	–	**566 699**
Listed investments held indirectly	–	**90 127**	–	**90 127**
Listed investments held indirectly (held-for-sale)	–	**65 985**	–	**65 985**
Unlisted investments	–	–	**1 707 546**	**1 707 546**
Listed bond portfolio	**101 993**	–	–	**101 993**
Loans and receivables				
Finance advances and receivables	–	–	**34 987**	**34 987**
Total	**668 692**	**156 112**	**1 742 533**	**2 567 337**
Financial liabilities				
Financial liabilities held at amortised cost				
Interest-bearing debt – long-term	–	–	**100 000**	**100 000**
Current portion of interest-bearing debt	–	–	**40 000**	**40 000**
Interest-bearing debt	–	–	**26 176**	**26 176**
Accounts payable	–	–	**12 654**	**12 654**
Total	–	–	**178 830**	**178 830**

Audited annual financial statements

continued

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2018

continued

21. Financial instruments *continued*

21.7 Fair value investments *continued*

	Financial fair value hierarchy as at 31 December 2017			
	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Financial assets				
Fair value through profit and loss				
Listed investments	332 279	–	–	332 279
Listed investments held indirectly	–	150 009	–	150 009
Unlisted investments	–	–	652 547	652 547
Offshore equity investment	24 867	–	–	24 867
Offshore equity portfolio	101 556	–	–	101 556
Loans and receivables				
Finance advances and receivables	–	–	1 388 447	1 388 447
Total	458 702	150 009	2 040 994	2 649 705
Financial liabilities				
Financial liabilities held at amortised cost				
Interest-bearing debt – long-term	–	–	110 000	110 000
Current portion of interest-bearing debt	–	–	30 000	30 000
Offshore portfolio finance	–	–	7 685	7 685
Other interest-bearing debt	–	–	33 212	33 212
Accounts payable	–	–	10 728	10 728
Total	–	–	191 625	191 625

Audited annual financial statements

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2018

continued

22. 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 83.

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 debt (refer note 7) in the statement of financial position.

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

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

31 December 2018	Fees received R'000	Fees paid R'000	Dividends received R'000	Interest received R'000	Interest paid R'000	Amounts owed by related parties R'000	Amounts owed to related parties R'000
NSH Hughes and family					**28**		**635**
Company					**83**		**559**
R Pleaner and family							
Individual					**83**		**1 115**
CS Seabrooke and family							
Individual					**422**		**18 679**
Company	**125**	**279**	**–**	**–**	**17**	**232**	**121**
Investees	**1 742**		**36 895**	**4 650**			
Amount owed by related parties						**7 547**	
31 December 2017							
NSH Hughes and family							
Company	–	–	–	–	143	–	1 391
R Pleaner and family							
Individual	–	–	–	–	74	–	802
CS Seabrooke and family							
Individual	–	–	–	–	224	–	9 309
Company	120	258	–	–	6	199	23
Investees	1 218	–	80 861	2 683	–	–	–
SA Bias special dividend	–	–	1 387 406	–	–	–	–

Audited annual financial statements

continued

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2018

continued

23. 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, which amounted to R623 298 (2017: R640 038).

The group has no post-retirement medical aid commitments.

24. Capital commitments

There are no capital commitments.

25. Borrowing powers

The borrowing powers of the group are not limited.

26. Subsequent events

26.1 Effective on 1 March 2019, a subsidiary purchased a 10% interest in Masimong Group Holdings (Pty) Ltd.

26.2 Disposed of its offshore bond portfolio.

26.3 Dividend of 36 cents per ordinary share and 'N' ordinary share is payable to shareholders on 8 April 2019.

The above were all non-adjusting.

27. Operating segments

No operating segments have been disclosed in the annual financial statements as management view the business as one segment.

Audited annual financial statements

continued

SCHEDULE OF CONSOLIDATED SUBSIDIARIES

ANNEXURE A

	Nature of business	Amount of issued capital R	Held directly or indirectly 2018 %	Held directly or indirectly 2017 %	Book value of interest shares 2018 R'000	Book value of interest shares 2017 R'000	Indebtedness * 2018 R'000	Indebtedness * 2017 R'000
Subsidiaries of Sabvest Limited								
Sabvest Investments (Pty) Limited	Investment holding company	4 000	**100**	100	**4**	4	**3 382**	3 322
Sabvest Financial Services (Pty) Limited	Corporate services	5 000	**100**	100	**1**	1	**204 685**	6 292
	Gross						**213 162**	18 526
	Impairment						**(8 477)**	(12 234)
Sabvest Finance and Guarantee Corporation (Pty) Limited	Finance investments and guarantees	6 000	**100**	100	**5 000**	5 000	**1 378 199**	341 768
	Gross						**1 378 199**	390 953
	Impairment						**–**	(49 185)
Sabvest Securities (Pty) Limited	Dormant	10 000	**100**	100	**10**	10	**–**	–
SD Nominees (Pty) Limited	Nominee company	100	**100**	100	**–**	–	**–**	–
Investment in subsidiaries					**5 015**	5 015		
Indebtedness included in the company's assets							**1 586 266**	351 382
Subsidiaries of Sabvest Finance and Guarantee (Pty) Ltd								
Sabvest Capital Holdings Limited (BVI)	Investment holding company and corporate financier	US$2	**100**	100	**424 617**	8 287	**–**	–
Aggregate net (loss)/income after taxation, attributable to Sabvest Limited's interest in its subsidiaries							**236 127**	692 584

** Refer note 22 – Related party transactions.*

Integrated Report to stakeholders

continued

ANNEXURE B

SHARES AND SHAREHOLDERS

Shareholder analysis at 31 December 2018

	Ordinary shares			'N' ordinary shares		
Category	**Number of share-holders**	**% of total of share-holders**	**Number of shares held**	**Number of share-holders**	**% of total of share-holders**	**Number of shares held**
Banks and nominee companies	5	2,5	373 766	7	0,8	1 293 072
Investment and trust companies	17	8,7	12 057 571	117	13,5	13 621 650
Other corporate bodies	18	9,2	4 063 380	87	10,0	5 362 661
Individuals	156	79,6	480 576	658	75,7	4 549 536
	196	**100,0**	**16 975 293**	**869**	**100,0**	**24 826 919**

Major shareholders

Shareholders whose holdings of ordinary and 'N' ordinary shares in the company total more than 2 000 000 shares:

	Ordinary shares		'N' ordinary shares		Overall	
Category	**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	70,1	4 105 000	16,5	38,3	69,9
BNP Paribas (Suisse) SA – client accounts*	2 915 498	17,2	–	–	7,0	17,1
Eric Ellerine Trust	–	–	2 900 000	11,7	6,9	–
SBSA ITF Funds	–	–	2 265 587	9,1	5,4	–
	14 810 498	**87,3**	**9 270 587**	**37,3**	**57,6**	**87,0**
** Held for the following clients:*						
Valderoma Investments SA	2 915 498	17,2	–	–	7,0	17,1

Shareholder spread *[1]

	Ordinary shares			'N' ordinary shares			Overall shares	
Category	**Number ordinary share-holders**	**Number ordinary shares in issue**	**% ordinary shares in issue**	**Number 'N' ordinary 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	11 916 500	70,2	5	5 286 917	21,3	17 203 417	41,2
Total non-public shareholders	3	11 916 500	70,2	5	5 286 917	21,3	17 203 417	41,2
Public shareholders	193	5 058 793	29,8	864	19 540 002	78,7	24 598 795	58,8
	196	**16 975 293**	**100,0**	**869**	**24 826 919**	**100,0**	**41 802 212**	**100,0**

Note: Directors' holdings are set out on page 45.

Stock exchange performance

	Ordinary shares		'N' ordinary shares	
Category	**2018**	2017	**2018**	2017
Closing price (cents)	**4 750**	2 300	**4 000**	2 750
Highest price (cents)	**5 250**	3 000	**4 100**	3 000
Lowest price (cents)	**2 850**	2 300	**2 750**	2 000
Total number of shares traded ('000)	**58**	452	**33 877**	309
Total value of shares traded (R'000)	**2 248**	12 031	**1 175 361**	7 633
Total number of transactions recorded	**118**	200	**477**	124
Total volume of shares traded as a percentage of total issued shares (%)	**0,3**	2,7	**117,3**	1,1

Audited annual financial statements

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SHAREHOLDERS' DIARY

Announcement of 2018 results	13 March 2019
Publication of 2018 annual report	29 March 2019
Annual general meeting	14 May 2019
Financial year-end	31 December

NOTICE OF 2019 ANNUAL GENERAL MEETING

CONTENTS

Notice of 2019 annual general meeting

continued

Sabvest Limited
("the Company") or ("the Group")
Registration number 1987/003753/06
ISIN: ZAE000006417 – ordinary shares • Share code: SBV – ordinary shares
ISIN: ZAE000012043 – 'N' ordinary shares • Share code: SVN – 'N' ordinary shares

Notice is hereby given that the annual general meeting ("AGM") of shareholders of Sabvest Limited will be held at Ground floor, Commerce Square, Building 4, 39 Rivonia Road, Sandhurst, Sandton at 10:00 on Tuesday, 14 May 2019 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, No 71 of 2008 ("Companies Act"). The purpose of the annual general meeting is for the following business to be transacted (and if deemed it, passing with or without modification) the ordinary and special resolutions contained in the notice in the manner required by the Companies Act and subject to the JSE Listings Requirements.

a. ***Audited financial statements***

To present the audited financial statements of the Group and the Company as envisaged in section 30 of the Companies Act, including the directors' report, external auditors' report and the Audit, Risk and Compliance Committee report for the year ended 31 December 2018.

b. ***Integrated Report, including King IV™ compliance report***

This report is contained on pages 2 to 30 of the annual financial statements.

c. ***Report relating to the Social, Ethics and Transformation Committee to the annual general meeting***

This report is contained on page 40 of the annual financial statements.

d. ***Shareholders' agreements with unlisted investee companies***

In terms of paragraph 6.2 of Sabvest's approved Investment Policy, the shareholders' agreements and addenda relating to the following unlisted investee companies are available for inspection at the registered office of the Company until and at the AGM scheduled for 10:00 on Tuesday, 14 May 2019.

- Mandarin Industries Limited
- Mandarin Holdings (Pty) Limited
- Masimong Holdings (Pty) Limited
- JAA Holdings (Pty) Limited
- Classic Food Brands (Pty) Limited

As all the original transactions giving rise to these investments fall within the approved Investment Policy, this constitutes an advice to shareholders as required by paragraph 6.2 of the Investment Policy.

e. ***Ordinary and special resolutions***

To consider and, if deemed fit, to pass with or without modification the following ordinary and special resolutions:

1. Ordinary resolution number one

Re-election of director

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

Please refer to page 14 of this annual report for Mr BJT Shongwe'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.

Explanation and effect of the resolution

The reason for proposing ordinary resolution number one is to elect Mr BJT Shongwe for appointment as a director of the Company and the effect of the resolution is that Mr BJT Shongwe will be elected as a director of the Company.

Notice of 2019 annual general meeting

continued

2. Ordinary resolution number two

Election of director

"RESOLVED that Ms L Mthimunye who retires as a non-executive director in terms of the Company's MOI and who offers herself for election, be and is hereby re-elected as a director of the Company."

Please refer to page 14 of this annual report for Ms L Mthimunye'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.

Explanation and effect of the resolution

The reason for proposing ordinary resolution number two is to elect Ms L Mthimunye for appointment as a director of the Company and the effect of the resolution is that Ms L Mthimunye will be elected as a director of the Company.

3. Ordinary resolution number three

Re-election of director

"RESOLVED that Mr CS Seabrooke who retires as a director in terms of the Company's MOI and who offers himself for re-election, be and is hereby re-elected as a director of the Company."

Please refer to page 14 of this annual report for Mr 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.

Explanation and effect of the resolution

The reason for proposing ordinary resolution number three is to elect Mr CS Seabrooke for appointment as a director of the Company and the effect of the resolution is that Mr CS Seabrooke will be elected as a director of the Company.

4. Ordinary resolution number four

Election of director

"RESOLVED that Mr L Rood who retires as a director in terms of the Company's MOI and who offers himself for election, be and is hereby elected as a director of the Company."

Please refer to page 14 of this annual report for Mr Rood'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.

Explanation and effect of the resolution

The reason for proposing ordinary resolution number four is to elect Mr L Rood for appointment as a director of the Company and the effect of the resolution is that Mr L Rood will be elected as a director of the Company.

5. Ordinary resolution number five

Re-appointment of independent external auditors

"RESOLVED that on the recommendation of the Audit Committee and as envisaged in Section 94(7)(a) of the Companies Act, Deloitte & Touche be re-appointed as independent registered auditors of the company, currently with Mr André Dennis as the lead audit partner."

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.

Explanation and effect of the resolution

The reason for proposing ordinary resolution number five is to appoint Deloitte & Touche as the Company's independent registered auditors and Mr André Dennis as the individual registered auditor and the effect of the resolution is that Deloitte & Touche will be appointed as the Company's independent registered auditors and Mr André Dennis as the independent registered auditor.

Notice of 2019 annual general meeting

continued

6. Ordinary resolution number six

"RESOLVED that NSH Hughes, as an independent non-executive director of the Company, who meets the required criteria for a member of the Audit Committee stipulated in the MOI of the Company and the Companies Act, be re-elected as a member of the Audit Committee, until the next annual general meeting of the shareholders of the Company, subject to the provisions of the MOI of the Company and the Companies Act."

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.

7. Ordinary resolution number seven

"RESOLVED that DNM Mokhobo, as an independent non-executive director of the Company, who meets the required criteria for a member of the Audit Committee stipulated in the MOI of the Company and the Companies Act, be re-elected as a member of the Audit Committee, until the next annual general meeting of the shareholders of the Company, subject to the provisions of the MOI of the Company and the Companies Act."

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.

8. Ordinary resolution number eight

"RESOLVED that subject to the passing of Ordinary Resolution Number Two, L Mthimunye, as an independent non-executive director of the Company, who meets the required criteria for a member of the Audit Committee stipulated in the MOI of the Company and the Companies Act, be elected as a member of the Audit Committee, until the next annual general meeting of the shareholders of the Company, subject to the provisions of the MOI of the Company and the Companies Act."

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.

9. Ordinary resolution number nine

"RESOLVED that, subject to the passing of Ordinary Resolution Number One, BJT Shongwe, as an independent non-executive director of the Company, who meets the required criteria for a member of the Audit Committee stipulated in the MOI of the Company and the Companies Act, be re-elected as a member of the Audit Committee, until the next annual general meeting of the shareholders of the Company, subject to the provisions of the MOI of the Company and the Companies Act."

Explanation and effect of resolutions six to nine

All public companies are required to have an Audit Committee comprising at least three persons who are independent non-executive directors and eligible in terms of Section 94 of the Companies Act. In terms of Section 94(2) of the Companies Act, an Audit Committee must be elected annually at the annual general meeting of a public company. The Section 94 requirements of the Companies Act are fulfilled by the Audit Committee. The effect is that the three aforesaid persons will be appointed as members of the Audit Committee of the Company.

Notice of 2019 annual general meeting

continued

10. Ordinary resolution number ten

Non-binding 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 27 in the annual report.

Explanation and effect of the resolution

The Company is required in terms of the King Code of Corporate Governance for South Africa, as well as the JSE Listings Requirements, to put the company's Remuneration Policy to shareholders who can vote thereon in a non-binding advisory capacity. The effect of the resolution is that a Remuneration Policy will be approved which shall be applicable to the Company for the following financial year.

11. Ordinary resolution number eleven

Non-binding advisory vote on Remuneration Implementation Report

"RESOLVED that the Company's Remuneration Implementation Report be and is hereby endorsed by way of 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 Implementation Report appears on page 29 in the annual report.

Explanation and effect of the resolution

In accordance with the recommendations of the King Code of Corporate Governance for South Africa as well as the JSE Listings Requirements, it is recommended that the Board of the Company put the Remuneration Implementation Report to shareholders who can vote thereon in a non-binding advisory capacity.

Notice of 2019 annual general meeting

continued

12. Ordinary resolution number twelve

Placing 1 million ordinary shares and all unissued 'N' ordinary shares under the control of the directors and general authority to allot and issue

"RESOLVED that 1 million of the ordinary shares and all 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, including but without limitation Section 41(1) and Section 41(3) 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.
- Notwithstanding the aforegoing, the issue of 'N' ordinary shares authorised under this resolution will be limited to 30% of the 24 826 919 in total issued 'N' ordinary shares as at the date of this notice, i.e. 7 448 075 'N' ordinary shares."

In order for this 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.

Explanation and effect of the resolution

For listed entities wishing to issue securities for acquisitions, it is necessary for the Board not only to obtain the prior authority of the shareholders as may be required in terms of the MOI of the Company, but it is also necessary to obtain the prior authority of shareholders in accordance with the JSE Listings Requirements. This resolution is accordingly to obtain authority from shareholders authorising the directors to issue authorised (but unissued) 1 million ordinary shares and all the 'N' ordinary shares and to authorise and approve the Company's allotment and issue of authorised (but unissued) 1 million ordinary shares and all the 'N' ordinary shares by the Board upon such terms and conditions and to such persons as they in their discretion may determine subject to limitations and other provisions contained herein, in the Companies Act, the MOI of the Company and the JSE Listings Requirements.

13. Ordinary resolution number thirteen

Authority to sign all documents required

"RESOLVED that, subject to the passing of ordinary resolutions 1 to 12 and special resolutions 1 to 5, 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 12 and special resolutions 1 to 5 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.

Explanation and effect of the resolution

The resolution grants authority to any director or the Company Secretary, all with the power of substitution, to carry out, execute all documents and do all such things as he may in his discretion consider necessary or appropriate in connection with and to implement and give effect to the ordinary resolutions above and special resolutions below.

Notice of 2019 annual general meeting

continued

14. Special resolution number one

Approval of proposed non-executive directors' remuneration for the year ending 31 December 2019

"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 2019 be authorised and determined on the basis and the amounts set out below.

Fees are:

(i) paid to non-executive directors bi-annually as recommended by the Sabvest Remuneration Committee;

(ii) determined by the Board on a market-related basis as recommended by the Sabvest Remuneration and Nominations Committee; and

(iii) stated excluding VAT and before PAYE (where applicable):

	Year ending 2019 R
Chairman	340 000
Deputy Chairman	255 000
Non-executive directors	235 000
Chairman of the Audit and Risk Committee	160 000
Chairman of the Remuneration Committee	85 000
Chairman of the Nominations Committee	85 000
Chairman of the Social, Ethics and Transformation Committee	80 000
Committee members/invitees	50 000
Directorships of investees by non-executive directors for Sabvest	145 000
Lead Independent Director	additional 35 000"

Explanation and effect of the special resolution

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 Committee and are regarded as fair for the level and quality of services provided by the non-executive 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.

The passing of this special resolution will have the effect of approving the remuneration and the basis therefor, of each of the non-executive directors of the Company for the financial year ending 31 December 2019 in accordance with section 66(9) of the Companies Act. For the avoidance of doubt, the above fee structure for non-executive directors will replace any fee structure which may have been agreed by a special resolution of the shareholders at a previous meeting of shareholders.

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 2019 annual general meeting

continued

15. Special resolution number two

Authority to provide financial assistance in terms of Section 45 of the Companies Act to any Group company

"RESOLVED that the Board may, subject to compliance with the Company's MOI and the requirements of the Companies Act (including but not limited to the Board being satisfied that immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test (as contemplated in Section 4 of the Companies Act) and that the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company) authorise the Company to provide at any time and from time to time during the 2 (two) years commencing on the date of adoption of this special resolution, direct or indirect financial assistance including without limitation by way of lending money, guaranteeing a loan or other obligation, securing any debt obligation or otherwise, as envisaged in Section 45 of the Companies Act, to related or inter-related company (on such terms as defined in Section 2 of the Companies Act) or to a member of the related or inter-related corporation, or to a person related to any such company or corporation (subject to the provisions of Section 45 of the Companies Act) provided that such financial assistance may be granted up to a limit of R5bn (five billion rand). This authority shall not extend beyond 2 (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 R5bn 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.

16. Special resolution number three

Authority to provide financial assistance in terms of section 44 of the Companies Act

"RESOLVED that the Board may, subject to compliance with the Company's MOI and the requirements of the Companies Act (including but not limited to the Board being satisfied that immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test (as contemplated in Section 4 of the Companies Act) and that the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company) authorise the Company to provide at any time and from time to time during the 2 (two) years commencing on the date of adoption of this special resolution, direct or indirect financial assistance including without limitation by way of lending money, guaranteeing a loan or other obligation, securing any debt obligation or otherwise, as envisaged in Section 44 of the Companies Act, to related or inter-related company (on such terms as defined in Section 2 of the Companies Act) or to a member of the related or inter-related corporation, or to a person related to any such company or corporation (subject to the provisions of Section 44 of the Companies Act) provided that such financial assistance may be granted up to a limit of R5bn (five billion rand). This authority shall not extend beyond 2 (two) years from the date of this annual general meeting."

Notice of 2019 annual general meeting

continued

Reason for and effect of the special resolution

The reason for special resolution number three is to obtain the mandatory approvals from the shareholders to enable the Company to provide any financial assistance (to the extent that it is construed to be financial assistance for the purposes of section 44 of the Companies Act) to any person/s for the purpose of or in connection with the subscription of any shares, option, or any securities issued or to be issued by the Company or a related or inter-related Company as such term is defined in section 2 of the Companies Act) or for the purchase of any securities of the Company or a related or inter-related Company in accordance with the provisions of section 44 of the Companies Act. The effect of special resolution number four, if approved, is that the Company will have the necessary authority to provide financial assistance, as envisaged in section 44 of the Companies Act, provided that the board will not approve a resolution to authorise such financial assistance unless the board is satisfied that:

- immediately after providing such financial assistance, the Company would satisfy the solvency and liquidity tests as contemplated in section 4 of the Companies Act;
- the terms under which such financial assistance is proposed to be given in terms of section 44 of the Companies Act are fair and reasonable to the Company; and
- it has ensured that any conditions and restrictions respecting the granting of financial assistance set out in the Company's MOI have been satisfied.

The authority from the shareholders in this special resolution number three will allow the Company to give effect to the provision by the Company of any financial assistance (to the extent that such assistance constitutes financial assistance for the purposes of section 44 of the Companies Act).

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.

17. Special resolution number four

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 4;
- an announcement will be published as soon as the Company or any of its subsidiaries have acquired ordinary or 'N' ordinary shares constituting, on a cumulative basis, 3% of the number of ordinary or 'N' 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;
- such general repurchase will be subject to the applicable provisions of the Companies Act (including Sections 114 and 115) to the extent that Section 48(b) is applicable in relation to that particular repurchase;
- 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;
- the Company has been given authority to repurchase shares by its MOI;
- the Board of Directors authorise the repurchase, the Group and 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 Group and the Company;

Notice of 2019 annual general meeting

continued

- at any point in time, the Company and/or its subsidiaries may only appoint one agent to effect any such repurchase;
- 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 (not subject to any variation) and have been submitted to the JSE in writing. The Company and/or its subsidiaries will entrust an independent third party prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE; and
- 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)."
- that this general authority be valid only until the next annual general meeting or for fifteen months from the date of the passing of this resolution, whichever is the earlier date;
- the board must pass a resolution that they authorised the repurchase and that the Company and the Group have passed the solvency and liquidity test as set out in section 4 of the Companies Act, and that since the test was done there have been no material changes to the financial position of the Group; and
- any general repurchase is subject to exchange control regulations and approvals in place at that point in time.

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

Shareholders are referred to page 97 of this notice of annual general meeting for further disclosure pertaining to this special resolution four in accordance with the JSE Listings Requirements.

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 Group and 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 repurchase 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 four 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 four.

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.

18. Special resolution number five

General authority to allot and issue authorised but unissued securities for cash

"RESOLVED that subject to the passing of ordinary resolution number 12, the directors are hereby authorised as a general authority, to allot and issue the authorised but unissued securities for cash, upon such terms and conditions and to such persons as they in their discretion may determine, subject to the provisions of the Companies Act, the MOI of the Company and the JSE Listings Requirements, provided that:

- the securities of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- securities may only be issued to public shareholders as defined in the JSE Listings Requirements, and not to related parties, unless the JSE agrees otherwise;

Notice of 2019 annual general meeting

continued

- the securities which are the subject of general issues for cash:
  - in the aggregate may not exceed 1 million ordinary shares and 7 448 075 'N' ordinary shares, provided that such authorisation be valid only until the next annual general meeting or fifteen months from the date of passing the resolution, whichever is the earlier date; and
  - in the event of a sub-division or consolidation of the issued equity securities during the period contemplated in the first bullet above, the existing authority must be adjusted accordingly to represent the same allocation ratio.
- any equity securities issued under this authority during the period must be deducted from the number above;
- the calculation of the listed equity securities is a factual assessment of the listed equity securities as at the date of the annual general meeting, and excludes treasury shares;
- the maximum discount at which such securities may be issued is 10% of the weighted average traded price of such securities on the JSE over the 30 business days preceding the date that the price of the issue is agreed between the Company and the party subscribing for the securities. The JSE will be consulted for a ruling if the Company's securities have not traded in such 30 business day period;
- any such general issues are subject to exchange control regulations and approval at that point in time;
- an announcement giving full details, including the impact on net asset value, net tangible asset value, earnings and headline earnings per security (and if applicable, diluted earnings and diluted headline earnings per security) will be published at the time of any issue representing, on a cumulative basis within a financial year, 5% of the number of securities in issue prior to the issue, in accordance with section 11.22 of the JSE Listings Requirements; and
- this authority includes any options/convertible securities that are convertible into an existing class of equity securities.

f. ***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:

- Major shareholders of the Company – page 84; and
- Share capital of the Company – page 66.

Directors' responsibility statement

The directors, whose names are given on page 14 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this disclosure 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.

Notice of 2019 annual general meeting

continued

Additional disclosure required in terms of the Companies Act and the JSE Listings Requirements relating to special resolution number 4

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 4 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, as fairly valued, equal to or exceed the liabilities of the Company, as fairly valued, 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, 3 May 2019, it being recorded that the last day to trade for that purpose is Tuesday, 30 April 2019, the record date on which shareholders must be recorded to receive the notice of annual general meeting is Friday, 22 March 2019.

The quorum necessary for the commencement of a shareholders' meeting shall be sufficient persons present at the meeting to exercise, in aggregate, at least 30% (thirty per cent) of all the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the shareholders meeting but the shareholders' meeting may not begin unless in addition at least 3 (three) persons entitled to vote are present at the meeting.

A matter to be decided at the shareholders' meeting may not begin to be considered unless those who fulfilled the quorum requirements of clause 22 of the MOI, continue to be present. If a resolution is proposed to meet the requirements of the JSE, notwithstanding that the holders of securities not listed on the JSE shall be entitled to be counted in the quorum as a matter of law, they shall not be taken into account for the purposes of determining whether or not the quorum requirements of the JSE have been attained. Voting shall be on a poll and not by a show of hands. On a poll every shareholder present in person or represented by proxy shall have 500 votes for every ordinary share held by such shareholder and one vote for every 'N' ordinary share held by such shareholder.

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 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, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107). The form of proxy must be received by the transfer secretaries by no later than 10:00 on Friday, 10 May 2019, 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.

Notice of 2019 annual general meeting

continued

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 wendy@lkg.co.za by no later than 10:00 on Monday, 13 May 2019, 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

Levitt Kirson Business Services (Pty) Ltd
Company Secretary

22 March 2019
Sandhurst

FORM OF PROXY

Sabvest Limited
(Incorporated in the Republic of South Africa)
Registration number: 1987/003753/06
ISIN: ZAE000006417 – ordinary shares • Share code: SBV – ordinary shares
ISIN: 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 Tuesday, 14 May 2019, or at any adjournment or postponement thereof.

Holders of dematerialised shares who have not selected own-name registration may not complete this form of proxy and must inform their CSDP or broker timeously of their intention to attend and vote at the shareholder meeting or be represented by proxy thereat in order for the CSDP or broker to issue them with the necessary letter of representation to do so or provide the CSDP or broker timeously with their voting instruction should they not wish to attend the shareholder meetings in order for the CSDP or broker to vote in accordance with their instructions at the shareholders' meetings.

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** *Re-election of Mr BJT Shongwe as director*			
2.	**Ordinary resolution number two** *Election of Ms L Mthimunye as director*			
3.	**Ordinary resolution number three** *Re-election of Mr CS Seabrooke as director*			
4.	**Ordinary resolution number four** *Election of Mr L Rood as director*			
5.	**Ordinary resolution number five** *Re-appointment of independent external auditors*			
6.	**Ordinary resolution number six** *Re-election of Audit Committee member – Mr NSH Hughes*			
7.	**Ordinary resolution number seven** *Re-election of Audit Committee member – Mrs DNM Mokhobo*			
8.	**Ordinary resolution number eight** *Election of Audit Committee member – Ms L Mthimunye*			
9.	**Ordinary resolution number nine** *Re-election of Audit Committee member – Mr BJT Shongwe*			
10.	**Ordinary resolution number ten** *Non-binding advisory vote on Remuneration Policy*			
11.	**Ordinary resolution number eleven** *Non-binding advisory vote on Remuneration Implementation Report*			
12.	**Ordinary resolution number twelve** *Placement of 1 million ordinary shares and all unissued 'N' ordinary shares under the control of the directors and general authority to allot and issue*			
13.	**Ordinary resolution number thirteen** *Authority to sign all documents required*			
14.	**Special resolution number one** *Approval of proposed non-executive directors' remuneration for the year ending 31 December 2019*			
15.	**Special resolution number two** *Authority to provide financial assistance to any Group company in terms of section 45 of the Companies Act*			
16.	**Special resolution number three** *Authority to provide financial assistance in terms of section 44 of the Companies Act*			
17.	**Special resolution number four** *General authority to repurchase shares*			
18.	**Special resolution number five** *General authority to allot and issue authorised but unissued securities for cash*			

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 2019

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 to the form of proxy

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

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

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

A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the Chairman of the annual general meeting of shareholders", but any such deletion must be initialed 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 or on a poll, 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) Ltd 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, Wendy Miller, 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 initialed 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 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.
8. To be valid, the completed form of proxy must be lodged with the transfer secretaries of the Company, Computershare Investor Services (Pty) Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 or posted to the transfer secretaries at PO Box 61051, Marshalltown, 2107, South Africa, to be received by no later than 10:00 on Monday, 13 May 2019, (or preferably no later than 24 hours before any adjournment of the shareholder meeting, excluding Saturdays, Sundays and official public holidays). Any form of proxy not handed to the transfer secretaries by this time may be handed to the Chairman of the shareholder meeting at any time before the proxy exercises any rights of the shareholder at the shareholder meeting.

9. 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 wendy@lkg.co.za by no later than 10:00 on Monday, 13 May 2019 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

Levitt Kirson Business Services (Pty) Ltd
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

DNM Mokhobo (Chairman)
BJT Shongwe (Deputy Chairman)
CS Seabrooke (Chief Executive Officer)
R Pleaner (Chief Financial Officer)
NSH Hughes
L Mthimunye
L Rood (appointed 1 January 2019)

Secretary

Levitt Kirson Business Services (Pty) Limited

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 Boulevard 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

Bankers

ABSA Bank
FirstRand Bank
Standard Bank
UBS

Attorneys and legal advisors

Edward Nathan Sonnenbergs Inc, Sandton
Slaughter and May, London

Auditors

Deloitte & Touche, Johannesburg

GRAPHICULTURE

www.sabvest.com