



Sabvest Limited

Incorporated in the Republic of South Africa
 Registration number 1987/003753/06
 "Sabvest" or "the group" or "the company"
 ISIN: ZAE000006417 – ordinary shares
 ISIN: ZAE 000012043 – "N" ordinary shares
 Share code: SBV – ordinary shares
 Share code: SVN – "N" ordinary shares

HIGHLIGHTS

Headline Earnings per share	Dividends per share	Net Asset Value per share
120,7 cents	18 cents	1 978 cents
increased by 1,0%	increased by 50,0%	increased by 19,0%

UNAUDITED INTERIM RESULTS for the six months ended 30 June 2013 and cash dividend declaration

Consolidated Condensed Statement of Financial Position

as at 30 June 2013

	Unaudited 30 June 2013 R'000	Unaudited 30 June 2012 R'000	Restated 31 Dec 2012 R'000
Non-current assets	1 017 076	931 664	975 780
Property, plant and equipment	943	1 005	971
Deferred tax asset	–	–	–
Share trust receivables	2 886	4 445	2 759
Investment holdings	1 013 247	926 214	972 050
Unlisted investments	752 700	729 500	741 600
Listed investments	260 547	196 714	230 450
Current assets	143 205	30 139	64 304
Finance advances and receivables	10 122	5 230	22 061
Other financial instruments	–	9 040	–
Short-term investments	120 449	12 600	38 489
Cash balances	12 634	3 269	3 754
Total assets	1 160 281	961 803	1 040 084
Ordinary shareholders' equity	910 418	767 386	854 652
Non-current liabilities	174 008	157 965	168 776
Interest-bearing debt	40 000	40 000	40 000
Deferred tax liability	134 008	117 965	128 776
Current liabilities	75 855	36 452	16 656
Interest-bearing debt	68 780	29 497	8 697
Portfolio finance	59 921	–	–
Other	8 859	29 497	8 697
Accounts payable	7 075	6 955	7 959
Total equity and liabilities	1 160 281	961 803	1 040 048
Net asset value per share – cents	1 978	1 662	1 855
Number of shares in issue less held in share trust/ treasury – 000's	46 023	46 160	46 061

Consolidated Condensed Statement of Cash Flows

for the six months ended 30 June 2013

	Unaudited 6 months ended 30 June 2013 R'000	Unaudited 6 months ended 30 June 2012 R'000	Restated 12 months ended 31 Dec 2012 R'000
Cash generated by operating activities	6 799	6 040	14 806
Cash (utilised in)/generated by investing activities	(48 123)	(17 310)	1 900
Cash effects of financing activities *	59 251	(161)	(1 323)
Cash utilised for the payment of dividends	(9 209)	(9 234)	(14 763)
Change in cash and cash equivalents	8 718	(20 665)	620
Cash balances, less current interest-bearing debt excluding portfolio finance, at beginning of period	(4 943)	(5 563)	(5 563)
Cash balances, less current interest-bearing debt excluding portfolio finance, at end of period	3 775	(26 228)	(4 943)

* Financing activities comprise movements in long-term debt and portfolio finance.

Consolidated Condensed Statement of Comprehensive Income

for the six months ended 30 June 2013

	Unaudited 6 months ended 30 June 2013 R'000	Unaudited 6 months ended 30 June 2012 R'000	Restated 12 months ended 31 Dec 2012 R'000
Gross income from operations and investments	75 339	106 683	220 180
Dividends received	20 456	18 185	37 788
Interest received	924	365	739
Income on financial instruments and shares	5 075	1 150	26 335
Fees and sundry income	632	1 356	2 730
Fair value adjustment to investments	48 252	85 627	152 588
Direct transactional costs	706	–	1 284
Impairments	(31)	(57)	(1 279)
Interest paid	2 490	2 606	5 275
Net income before expenses and exceptional items	72 174	104 134	214 900
Less: Expenditure	11 357	10 784	22 385
Operating costs	11 283	10 735	22 263
Depreciation	74	49	122
Net income before taxation	60 817	93 350	192 515
Taxation – deferred	5 232	38 173	50 164
Net income for the period attributable to equity shareholders	55 585	55 177	142 351
Translation of foreign subsidiary/associates	10 061	418	6 868
Total comprehensive income attributable to equity shareholders	65 646	55 595	149 219
Earnings per share – cents	120,8	119,5	308,6
Dividends per share (proposed after interim/year-end) – cents	18,0	12,0	32,0
Weighted average number of shares in issue – 000's	46 033	46 165	46 126
Headline earnings per share – cents *	120,7	119,5	308,4
Reconciliation of headline earnings			
Net income for the period (Profit)/loss on sale of property, plant and equipment	55 585	55 177	142 351
	(2)	4	(118)
Headline earnings for the period	55 583	55 181	142 233

* There are no diluting instruments.

Consolidated Condensed Statement of Changes in Equity

as at 30 June 2013

	Share capital R'000	Share premium R'000	Non-distributable reserves R'000	Distributable reserves R'000	Total R'000
Balance as at 1 January 2012	857	49 296	4 489	666 878	721 520
Total comprehensive income for the year	–	–	6 868	142 351	149 219
Loss in share trust	–	–	(2)	–	(2)
Shares held in treasury	(7)	(2 577)	–	–	(2 584)
Shares held in treasury – written back	7	1 255	–	–	1 262
Shares held in share trust	(3)	(2 778)	–	–	(2 781)
Shares held in share trust – written back	3	2 778	–	–	2 781
Dividends paid	–	–	–	(14 763)	(14 763)
Balance as at 31 December 2012	857	47 974	11 355	794 466	854 652
Total comprehensive income for the period	–	–	10 061	55 585	65 646
Loss in share trust – written back	–	–	2	–	2
Loss in share trust	–	–	(2)	–	(2)
Shares held in treasury	(7)	(3 248)	–	–	(3 255)
Shares held in treasury – written back	7	2 577	–	–	2 584
Shares held in share trust	(3)	(2 778)	–	–	(2 781)
Shares held in share trust – written back	3	2 778	–	–	2 781
Dividends paid	–	–	–	(9 209)	(9 209)
Balance as at 30 June 2013	857	47 303	21 416	840 842	910 418

Contingent liabilities

- The group has rights and obligations in terms of shareholder and purchase and sale agreements relating to its present and former investments.
- Commitments for the lease of premises are as follows:

Year 1	R897 000
Year 2	R978 000
Years 3 to 4	R2 122 000

Investment holdings

as at 30 June 2013

	Economic interest %	Fair value R'000
Unlisted Industrial Investments		
SA Bias Industries (Pty) Ltd*	57,3	
Set Point Group (Pty) Ltd	49,9	
Sunspray Food Ingredients (Pty) Ltd	46,1	
		752 700

* Voting interest 48,5%

Listed Long-term Investments

	Ordinary shares	
Brait S.E.	1 513 654	62 665
Corero Network Security Plc	2 500 000	5 286
Datatec Limited	700 000	38 563
Metrofile Holdings Limited	27 571 496	130 965
Net1 UEPS Technologies Inc	211 884	15 256
Transaction Capital Limited	1 200 000	7 812
		260 547
Long-term Investment Holdings		1 031 247
Short-term Foreign Portfolio		
– shares		68 256
– bonds		52 193
		120 449
TOTAL HOLDINGS		1 133 696

Commentary

Profile

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

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

Changes in Investment Holdings during the Period

Sabvest:

- acquired 2,5m shares in Corero Network Security Plc for R5,3m (GBP373 000);
- increased its foreign share and bond portfolio from R38,5m to R120,5m (\$12,6m);
- bought back 20 235 Sabvest ordinary shares and 17 785 Sabvest "N" ordinary shares for R670 000 through a subsidiary; and
- decreased its investment in Datatec Limited by 0,3m shares to 0,7m shares realising an amount of R16,9m.

Change in Accounting Policy

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

Financial Results

One of the results of the introduction of fair value accounting for the full investment portfolio and also due to the increased size of the listed share holdings, Sabvest's six monthly earnings will be more volatile than previously.

Sabvest's PAT and HEPS for the period increased marginally to R55,6m and 120,7 cents respectively. The results were aided by a lower deferred tax rate relative to the high level of the previous period which arose from charges relating to previous periods due to an increase in the CGT rate.

Fair value adjustments were lower due to the exceptional increase in listed share prices in the prior period and a reduction in the current valuation of one of the group's unlisted investments.

Gains on financial instruments of R5,075m arose from share disposals locally and portfolio realisations internationally.

Shareholders' funds increased by 18,6% to R910,4m and net asset value per share by 19,0% to 1 978 cents per share.

The group's debt levels remain conservative. In South Africa the group has no net short-term debt and has only a medium-term loan of R40m. Internationally, borrowings amounted to R59,9m which are directly utilised to fund the foreign portfolio.

Unlisted Investments

On a look-through basis the unaudited combined revenue of the three unlisted groups for the six months increased by 24,1% to R990,6m (2012: R798,3m, which includes the revenue of Flowmax for the full period) and the PAT for the six months increased by 20,1% to R88,1m (2012: R72,9m, which includes the PAT for Flowmax for the full period).

With regard to each unlisted investment:

- The international operations of SA Bias Industries through its International Trimmings and Labels (ITL) and Flowmax Group divisions performed satisfactorily. Their results were also enhanced by the weak rand. Its South African operations were affected by the weak domestic economy;
- Set Point Group experienced difficult trading conditions and reported lower results due to the disruptions and weaker levels of activity in the mining and related industries; and
- Sunspray Food Ingredients performed satisfactorily and in line with expectations.

Unlisted investments are fair valued using the maintainable earnings (NOPAT) model, multiples of NOPAT between 7 and 7,5 and adjusting for net cash/investments and interest-bearing debt.

Listed Investments

The five JSE listed investments performed according to expectations with particularly strong operating performances from Brait, Metrofile and Transaction Capital. Datatec experienced weakness in some of its markets but is projecting a return to profit growth in the current year. Net1's current results are affected by one-off costs associated with the implementation of the SASSA tender. The share prices of all five grew during the period.

Sabvest has made an initial purchase of 2,5m shares in Corero Network Security Plc which is listed on the AIM market of the LSE. Subsequent to the reporting date, Sabvest has increased its holding to 4m shares representing an interest of 4,7% in Corero.

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

Corero is a developer of network security solutions against distributed denial of service attacks and cyber threats at the points of connectivity to the internet for

cloud data centres and virtual machine environments. Its next generation product roadmap targets the integration of key features for competitive leadership in First Line of Defence solutions including ten gigabit packet capture and forensics, SSL decryption and inspection, advanced traffic monitoring and real time behaviour analysis.

The foreign portfolio is held through a ring-fenced vehicle capitalised to the extent of \$7m and geared only on the security of the underlying portfolio. Sabvest regards it as a managed fund and is itself the manager. At the reporting date it comprised a spread of 16 shares and 8 redeemable or callable reset bonds. Full details of the portfolio are available on Sabvest's website.

Dividends

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

Dividends are considered twice annually. The level of cash generation from the group's investee companies continues to increase and the group is in a short-term net cash position in South Africa. Accordingly the dividend for the interim period has been increased by 50% to 18 cents per share.

As referred to in the dividend declaration, the group has used STC credits to an extent sufficient for no withholding tax on dividends to be deducted for any shareholders. After the use of these credits the company still has credits equal to 312 cents per share. The ability to use these credits expires on 31 March 2015.

Related Parties

Related party transactions exist between subsidiaries and the holding company, fellow subsidiaries and associated companies, and comprise fees, dividends and interest.

Transactions with directors relate to fees and monies lent to the group by individuals and companies controlled by the directors.

Accounting Policies

The unaudited condensed interim financial statements have been prepared in terms of International Financial Reporting Standards (IFRS) and comply with IAS 34, Interim Financial Reporting, the SAICA Financial Reporting Guides issued by the Accounting Practices Committee and Financial Pronouncements issued by the Financial Reporting Standards Council, the JSE Limited Listings Requirements as well as the requirements of the Companies Act of South Africa and have been supervised by the CFO, Mr R Pleaner. The accounting policies used are consistent with those applied to the audited financial statements for the year ended 31 December 2012, except for the change in accounting policy described earlier.

Prospects

The group's unlisted investments have sound growth prospects but in the current period those with South African operations are under trading pressure in the weak economic climate that persists. A further negative has been the continued disruption and the low levels of activity in the mining and associated industries.

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

Overall, we anticipate a satisfactory year for the group.

The above forecast information has not been reviewed and reported on by the group's external auditors.

For and on behalf of the Board

Haron Habib **Christopher Seabrooke**
Chairman *Chief executive*

Raymond Pleaner

CFO

Sandton
30 July 2013

Cash Dividend Declaration

Notice is hereby given that an interim gross cash dividend of 18 cents (2012: 12 cents) per ordinary and "N" ordinary share, out of income reserves, for the six months ended 30 June 2013 has been declared.

The issued share capital of the company at the declaration date is 17 295 984 ordinary and 29 479 854 "N" ordinary shares. The income tax number of the company is 9375/105/716.

The company has utilised STC credits amounting to 18 cents per share. As a result there will be no dividend withholding tax from the interim dividend for any Sabvest shareholders including those who are not exempt by definition.

Last date to trade "CUM" dividend Friday, 16 August 2013
Trading "EX" dividend commences Monday, 19 August 2013
Record date Friday, 23 August 2013
Dividend payment date Monday, 26 August 2013

No dematerialisation or rematerialisation of share certificates will be allowed during the period Monday, 19 August 2013 to Friday, 23 August 2013, both days inclusive.

Registered address: 4 Commerce Square, 39 Rivonia Road, Sandhurst, Sandton 2196 • **Communications:** Postal address: PO Box 78677, Sandton 2146, Republic of South Africa
Telephone: (011) 268 2400 • Fax: (011) 268 2422 • e-mail: ho@sabvest.com

Transfer secretaries: Computershare Investor Services (Pty) Ltd, 70 Marshall Street, Marshalltown 2001 • (PO Box 61051, Marshalltown 2107)

Directors: H Habib* (*Chairman*), P Coutts-Trotter (*Deputy Chairman*), CS Seabrooke* (*Chief Executive*), CP Coutts-Trotter, NSH Hughes*, DNM Mokhobo*, GE Nel, R Pleaner*, BJT Shongwe*

*Executive *Independent

Sponsor: Rand Merchant Bank (A division of FirstRand Bank Limited)