

## | TOP PERFORMERS |

SHARE PRICE MOVEMENT		
Rank	Company	Share price % change from Apr 1 '10 to Mar 31 '11
1	SacOil Holdings .....	1 000,0
2	Capricorn Investment Holdings ..	-58,6
3	Assore .....	40,6
4	Labat Africa .....	-23,1
5	Bonatla Property Holdings .....	-22,2
6	Palabora Mining Company .....	7,5
7	Capitec Bank Holdings .....	72,5
8	Kumba Iron Ore .....	32,8
9	Ingenuity Property Investments ..	9,8
10	Shoprite Holdings .....	39,7
11	African Rainbow Minerals .....	13,8
12	Howden Africa Holdings .....	-9,8
13	Decillion .....	—
14	FoneWorx Holdings .....	-5,0
15	Clicks Group .....	44,3
16	Village Main Reef .....	-31,9
17	Pinnacle Technology Holdings ..	75,9
18	Coronation Fund Managers .....	83,5
19	ConvergeNet Holdings .....	-24,2
20	Transpaco .....	22,7

Top 20 Performers — share price movement Source: I-Net Bridge

#### Top Performers.

Founded in 1993, it was listed on the JSE's Venture Capital Market (VCM) in 1994 as SA Minerals & Resources Corp and its name was changed to SacOil in December 2008. It is now listed on the main board of the JSE.

This is the type of company that speculators dream about. It is high risk and is unlikely to show any positive earnings or pay a dividend in the immediate future. But it has that rare ability to get the speculative blood flowing. Will it end up being a 10-bagger-again? Only time will tell.

But it does have a lot going for it, at least on the surface. It has great BEE credentials and its base of exploration — the greater African continent — will, in all likelihood, be an outstanding area for new and profound growth in oil exploration and development in the next few decades. In its publicity handouts, SacOil cites a PwC study that highlights that Africa will likely surpass North America as an oil producer and become the world's third-largest producer after the Middle East and eastern/central Europe (mainly Russia).

Also, by 2020, it is likely that Africa will account for 20% of world oil and gas production. Recent discoveries of oil and gas reserves in

Uganda and Ghana may well lead to a flurry of exploration activity in Africa. And though SA has declining gas resources and no proven oil reserves, it is well positioned as a portal to develop African opportunities because of its geopolitical considerations and established financial markets. Indigenisation laws and the majors retreating from discovered but undeveloped oilfields in Africa (such as Shell's current divestment programme in Nigeria) provide great opportunities to SacOil, given its strong indigenous partnerships.

With all these feel-good factors, it's hard not to get enthusiastic about a company like SacOil. And its recent listing on London's Alternative Investment Market (AIM) gives it further credence. But prospective investors need to understand the nature of companies such as SacOil and realise that it could be a long haul to profitability, even if all the positive factors going for it materialise into tangible earnings and dividend growth.

Capricorn, at number two, is now just a cash shell, having changed its name from Cenmag Holdings earlier this year.

Number three is Assore, a mining holding company that has been around for more than 50 years in various guises. Assore derives most of its revenue and profit from its 50% holding in Assmang, the other 50% being owned by African Rainbow Minerals (ARM). Assmang's main mined products are chrome, manganese and iron ore. Demand for these basic commodities has been strong for some time, leading to the Assore share price's exponential rise. In April 2006, the share price was trading at just under R20/share. Today it is over R200 — another 10-bagger.

Labat is another statistical aberration. It showed significant promise some years ago, but never really managed to come close to exploiting that potential.

Bonatla, a listed property company, has a chequered share price history. Five years ago, it was trading at 1c, three years ago at 40c and one year ago at 9c. It really only makes an appearance in Top Performers due to its high internal rate of return (IRR) based on what happened to the share price a few years ago.

Palamin, Rio Tinto's copper mining subsidiary which mines the copper ore body at Phalaborwa, has enjoyed the fruits of an ever-improving copper price in recent years. Trading at R28 five years ago, the share price hit a peak of just under R140 in the speculative commodity boom of 2008 before plunging to about R40 in early 2009. Since then, tracking the international copper price which keeps on reaching new highs, the Palamin share price surpassed its previous peak this year. Though looking decidedly toppy from a technical perspective, the share doesn't seem to want to come back.

| TOP PERFORMERS |

And then there was Capitec. This company has steamed back up the rankings from last year's 16th spot to this year's 7th position. But it's not just the five-year IRR that is impressive – look at the 39% five-year compound growth in EPS and the one-year RoE of 32,1%.

This company has it all, even if some detractors doubt whether the momentum can be maintained in the longer term.

Kumba Iron Ore comes in at number eight, from not even being in the Top 20 last year. Though it's embroiled in a protracted legal battle with ArcelorMittal over whether it should continue to supply that company with iron ore at cost plus 3%, Kumba's earnings have soared in the past couple of years and the robust share price reflects this. Kumba has eloquently demonstrated that, in its opinion, the future of the iron ore/steel value chain in SA is more likely to reside upstream than downstream, a view that is at odds with both those of government and ArcelorMittal.

It will be fascinating to see which view prevails in the longer term.

Ingenuity Property Investments is a Western Cape-based property company with a diversified portfolio of property interests. Like Bonatla, its IRR is fairly high but its other metrics are less impressive.

Shoprite, at number 10, displays all the ingredients one would expect from an established top performer: a reasonably high IRR backed up by very impressive EPS growth and a high RoE. Like Capitec, it ticks all the right boxes in all the right places.

In all likelihood, some or all of these metrics may begin declining gradually during the next few years unless profits from Shoprite's African interests start pumping again.

Companies to watch out for in the remainder of the Top 20 – ones that, like Shoprite and Capitec, tick all the right boxes – are ARM, Howden, Foneworx, Clicks and Pinnacle. **FM staff writer**

200 TOP PERFORMERS

Ranking IRR	Company	IRR 5 yrs to Mar 2011	EPS growth over 5-yr period	Latest return on equity	Latest return on assets	Dividend yield 5-yr ave	Pretax profit growth over 5-yr period
1	SacOil Holdings .....	85,6	N/A	-2,1	-1,9	0,0	N/A
2	Capricorn Inv Holdings .....	64,4	N/A	14,3	11,1	0,0	137,2
3	Assore .....	63,5	27,8	19,7	16,2	2,3	23,2
4	Labat Africa .....	54,2	N/A	102,5	30,4	0,0	N/A
5	Bonatla Property Holdings.....	47,6	N/A	-2,2	-1,3	0,0	N/A
6	Palabora Mining Company ....	42,6	N/A	15,4	4,4	1,9	N/A
7	Capitec Bank Holdings .....	42,0	39,0	32,1	10,1	2,7	50,2
8	Kumba Iron Ore .....	41,4	N/A	102,7	53,6	6,4	N/A
9	Ingenuity Property Investments .	41,3	N/A	1,7	5,0	0,0	11,4
10	Shoprite Holdings.....	39,5	30,5	53,5	14,1	3,1	30,2
11	African Rainbow Minerals .....	37,9	36,4	12,1	9,9	1,0	15,5
12	Howden Africa Holdings .....	37,8	21,2	78,6	13,4	15,1	19,6
13	Decillion .....	36,2	-20,3	-1,2	113,6	0,0	N/A
14	Foneworx Holdings.....	35,6	65,9	29,0	20,5	3,4	75,9
15	Clicks Group .....	34,8	26,6	112,0	17,8	0,3	20,6
16	Village Main Reef .....	32,5	N/A	-117,7	-74,8	0,0	N/A
17	Pinnacle Technology Holdings ..	30,5	40,0	32,1	12,7	3,6	41,5
18	Coronation Fund Managers .....	29,9	23,9	-545,0	1,8	6,0	20,5
19	ConvergeNet Holdings.....	29,0	23,4	8,6	8,2	0,0	134,9
20	Transpaco .....	28,7	19,3	26,7	15,4	5,4	24,9
21	Famous Brands .....	27,8	28,6	-374,3	51,0	3,2	29,0
22	Oceana Group .....	27,4	23,5	28,8	17,6	6,2	22,2
23	Mr Price Group .....	27,3	18,1	33,0	15,3	4,4	16,2
24	EDH Holdings .....	25,5	23,7	244,8	14,7	3,3	31,4
25	Fairvest Property Holdings .....	25,1	N/A	9,0	7,1	0,0	-41,9