2014

BUILDING BLOCKS FOR GROWTH

SEPHAKU HOLDINGS LTD

INTEGRATED ANNUAL REVIEW

AGANANG INTEGRATED PLANT – SEPHAKU CEMENT

LIMESTONE QUARRY AND CEMENT PLANT

The Aganang plant consists of a limestone open cast quarry, a clinker and cement production plant which will mine the limestone raw material, process it to clinker, grind approximately 45% of the clinker and blend it with other components to produce the finished cement product in bag and bulk form. Aganang has the capacity to produce 1,8 million tonnes per annum of clinker and 1,1 million tonnes per annum of cement when fully commissioned.

A

SEPHAKU HOLDINGS INVESTMENTS

D

MÉTIER MIXED CONCRETE

The core business of Métier is the manufacture and supply of quality ready-mixed concrete products for the residential, commercial and industrial markets in South Africa. Métier has achieved significant growth by positioning its business in markets that offer strong and growing demand for its products.

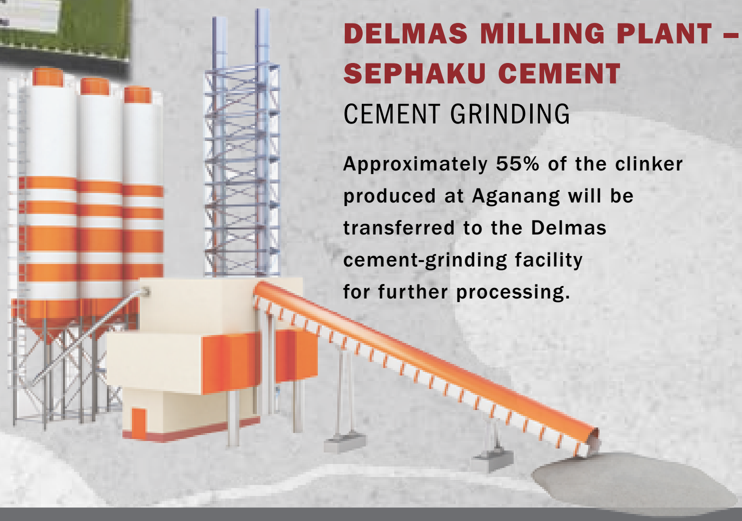
DWAALBOOM PROJECT – SEPHAKU CEMENT

LIMESTONE PROJECT

The company announced in April 2011 the establishment of a second major 3 000-tonne-per-day clinker and cement production facility near Dwaalboom, in Limpopo. Construction of the plant still to be determined.

DELMAS MILLING PLANT – SEPHAKU CEMENT

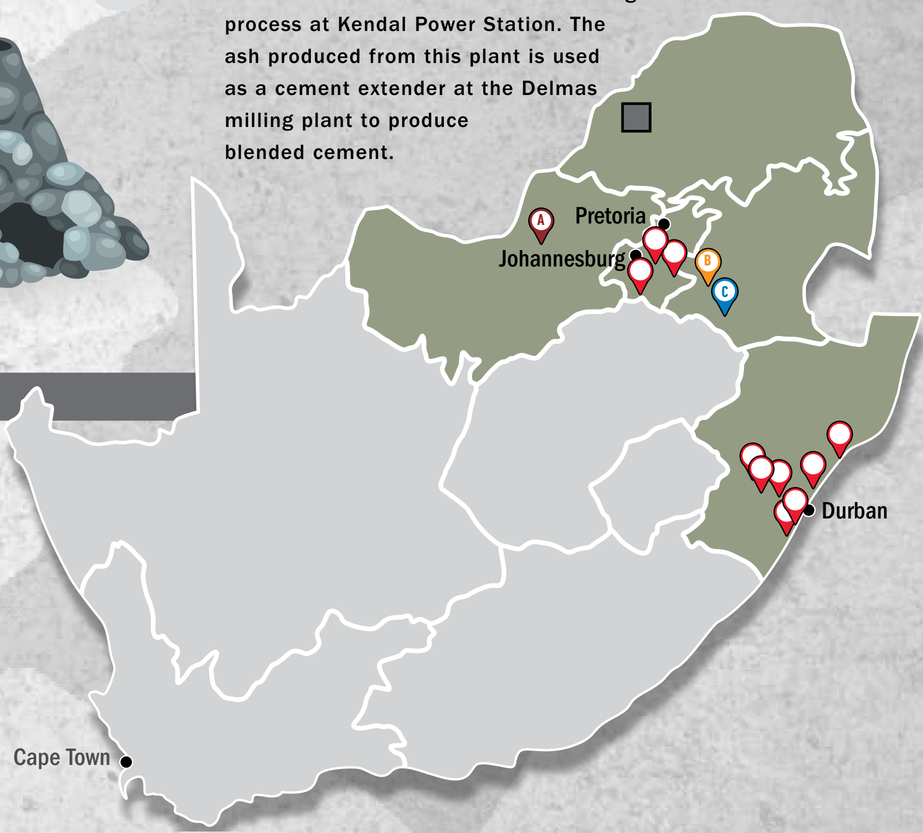
CEMENT GRINDING



Approximately 55% of the clinker produced at Aganang will be transferred to the Delmas cement-grinding facility for further processing.

SEPHAKU ASH

Sephaku Cement has a nine-year contract with Eskom to acquire and remove waste ash from the coal-burning process at Kendal Power Station. The ash produced from this plant is used as a cement extender at the Delmas milling plant to produce blended cement.



Sephaku Holdings Limited (SepHold) is a JSE-listed company with investments in the construction and building materials sector in South Africa.

SepHold's strategy is to generate income from its portfolio of investments in the production of cement and ready-mixed concrete, and realise value for shareholders.

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view this report online: **www.sephakuholdings.co.za**

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CORPORATE GOVERNANCE

ABOUT THIS REPORT

The 2014 integrated report of Sephaku Holdings Limited (SepHold) consists of two volumes covering the period 1 April 2013 to 31 March 2014. The reporting period for the previous integrated report was 1 July 2012 to 31 March 2013 following the change in year-end from June to March in 2013. It is important to note that the financial results are therefore not comparable due to the different reporting periods.

The integrated report reflects the transformation of SepHold from an exploration and development company into an income-generating business. It reports on the core assets which comprise 100%-owned subsidiary Métier Mixed Concrete Proprietary Limited (Métier) and 36%-held associate Sephaku Cement Proprietary Limited (SepCem) which collectively with SepHold, will be referred to as the group. It is important to note that SepCem has a December year-end as a subsidiary of Dangote Cement Plc (Dangote). The equity-accounted loss of SepCem that has been included in these results therefore relates to SepCem's 2013 financial year. The report provides an overview of the environment in which the group operates, its business strategy and the material risks and opportunities that drive the strategy. It discusses operational, financial, environmental and social performance of the group, and how these contribute to value creation.

SepHold identifies material issues by analysing stakeholder concerns, business risks and opportunities, and how these impact the long-term sustainability of the group.

This integrated report represents the progress made in aligning the group with the King Report on Governance for South Africa 2009 (King III).

The group is also guided by standards and codes that govern specific areas, including the Department of Trade and Industry's Broad-based Black Economic Empowerment (B-BBEE) Codes of Good Practice.

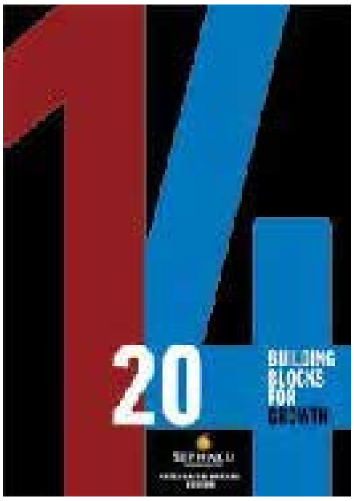
APPROVAL OF THE INTEGRATED REPORT

The board acknowledges its responsibility to ensure the integrity of the integrated report and confirms that it has reviewed the content of this report. The board believes that the report addresses the material issues and that it is a fair representation of the performance of the group.

FEEDBACK

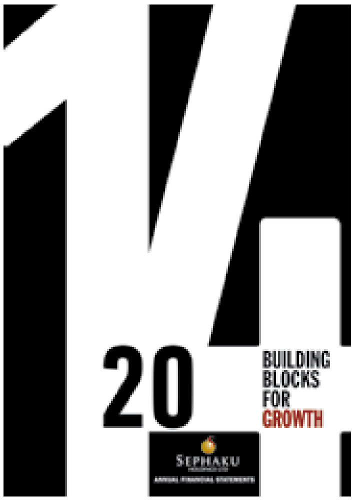
Any comments, queries and suggestions on the content and form of the integrated report may be directed to Sakhile Ndlovu, investor relations officer: info@sepman.co.za.

SepHold's 2014 integrated report consists of two volumes;



Integrated annual review

The integrated annual review as the initial volume provides an overview of the group highlighting key operational matters and performance reviews. The structure of this year's report is also different in that each of the issues relevant to the two major investments have been integrated in the relevant sections within the business review.



Annual financial statements

The statutory annual financial statements in the second volume have been prepared in accordance with:

- the International Financial Reporting Standards (IFRS);
- the requirements of the South African Companies Act, 71 of 2008 (Companies Act), as amended;
- JSE Listings Requirements; and
- recommendations of King III.

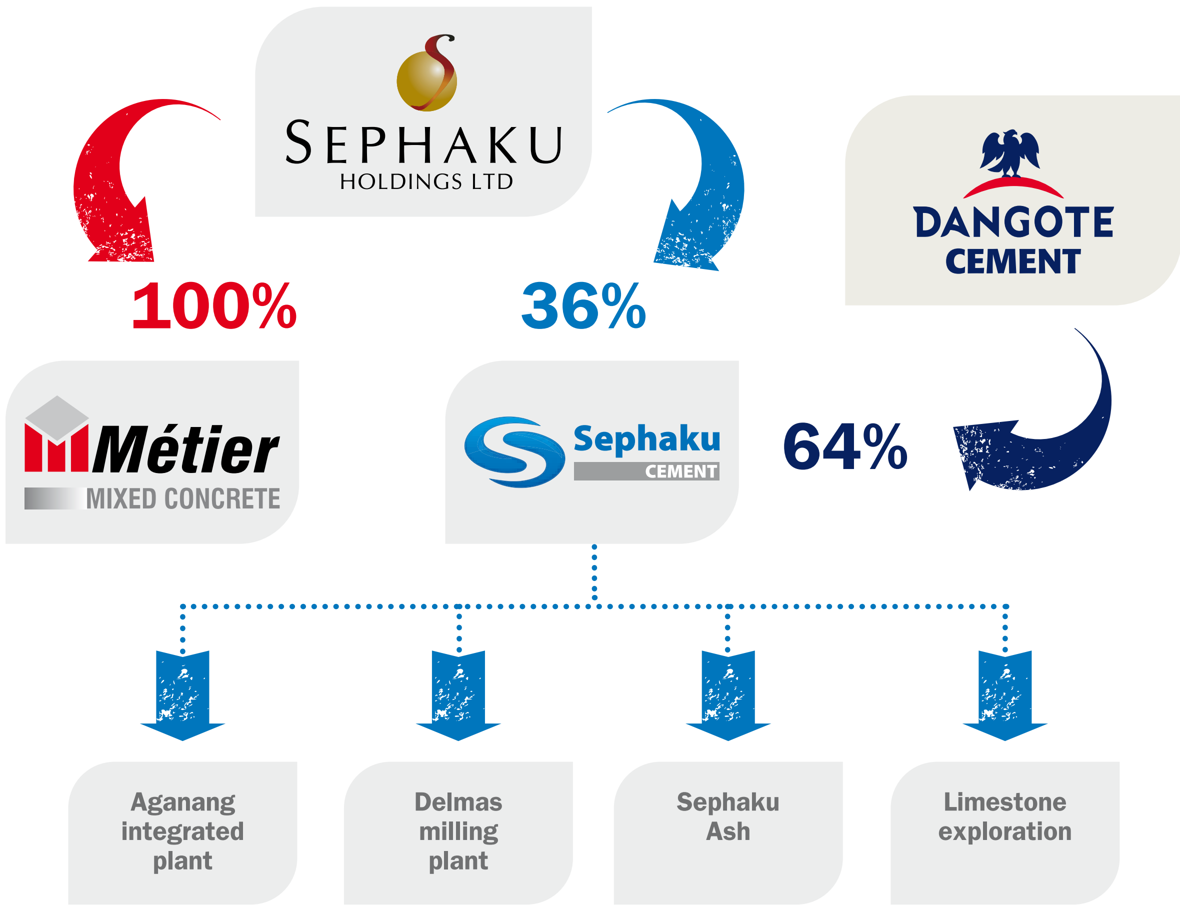
COMPANY PROFILE

SepHold is a JSE-listed holding company for investments in construction and building materials companies based in South Africa. The group has a valuable portfolio of assets in the cement and associated products sector. Presently, the principal business of SepHold's investments is the production of cement and ready-mixed concrete.

The core investments of SepHold are:

- 36% of SepCem, which has commenced production at its cement milling plant in the Mpumalanga province. The remaining 64% of SepCem is held by Dangote Cement Plc; and
- 100% of Métier, a mixed concrete producer, acquired in February 2013.

OPERATIONAL STRUCTURE



MÉTIER

Métier was acquired by SepHold on 28 February 2013 and is a supplier of ready-mixed concrete and related products. Métier is renowned as a specialist in the manufacture of premium high value concrete products that are customised to meet unique customer requirements.

SEPHAKU CEMENT

SepCem is the first new producer to enter the South African cement market since 1934 and comprises four components:

- Aganang integrated plant consists of a limestone quarry, a clinker production as well as cement milling plant;
- Delmas milling plant which started production of cement in January 2014;
- Sephaku Ash acquires and removes waste ash from the coal-burning process at Kendal Power Station. The ash produced by this plant is currently being used as a cement extender at Delmas; and
- Limestone exploration which focuses on developing the resource pipeline.

DANGOTE CEMENT

Dangote is Africa's leading cement producer with three plants in Nigeria and plans to expand into 13 other African countries. Dangote is a fully integrated quarry-to-customer producer with production capacity of 20,25 million tonnes in Nigeria and new operations beginning to come on-stream across the rest of sub-Saharan Africa. Dangote plans to have around 60 million tonnes of production, grinding and import capacity in sub-Saharan Africa by 2016.

Dangote is investing several billion dollars to build manufacturing plants and import terminals across Africa. Current plans are for integrated or milling plants in Cameroon, Ethiopia, Republic of Congo, Liberia, Senegal, South Africa, Tanzania, Kenya and Zambia, as well as Ivory Coast and Ghana, and import/packing facilities in Ghana and Sierra Leone.

Dangote was listed on the Nigerian Stock Exchange in October 2010.

GEOGRAPHIC FOOTPRINT

Operations

- Aganang cement plant
- Delmas milling plant
- Sephaku Ash
- Dwaalboom project
- Métier Mixed Concrete

Eastern region – KwaZulu-Natal

- Head Office
- Phoenix plant
- Canelands plant
- Mkondeni plant
- Umhlali plant
- Taylors Halt plant
- Mobeni plant
- Cato Ridge plant

Northern region – Gauteng

- Johannesburg Office
- OR Tambo plant
- Sandton plant
- Chloorkop plant

STRATEGIC SUMMARY

The group strategy is to generate income from its assets towards a goal of growth and to realise best value for shareholders through the production of cement and ready-mixed concrete in South Africa.

In recent years, the group has unbundled its investments in non-core assets and strengthened its focus on the building and construction materials industry, which it has identified as a long-term growth market in South Africa.

New cement production facilities developed by SepCem to serve the construction industry commenced production in 2014 in the Mpumalanga province of South Africa. SepCem is the only new cement producer to enter the domestic industry since 1934; as such, it has invested in the latest technology to ensure that its manufacturing facilities are competitive in an established industry by being more cost efficient and environmentally compliant.

The acquisition of Métier in February 2013 enables SepHold to benefit from current and potential synergies between Métier and SepCem.

BUSINESS MODEL

EXPLORATION

SepHold commenced business in 2006 as an HDSA-owned, mineral exploration company seeking opportunities brought about by changes in the Minerals and Petroleum Resources Development Act, 2002 (MPRDA). Limestone and fluorspar resources were quickly identified and proven as the most viable reserves in SepHold's portfolio. This resulted in SepHold unbundling all its non-core exploration assets into Incubex Limited in 2010.

DEVELOPMENT

The development of limestone into an integrated cement business progressed faster than the fluorspar project and a decision was made to unbundle fluorspar in order to create a focused cement business which would develop into a unique income-generating opportunity for its shareholders. The development phase consisted of recruiting an experienced leadership team, proving the viability, obtaining statutory approvals, raising the funding for the project and constructing the most efficient cement plant in South Africa. This phase is coming to an end during the 2014 calendar year when the cement plants come into operation.

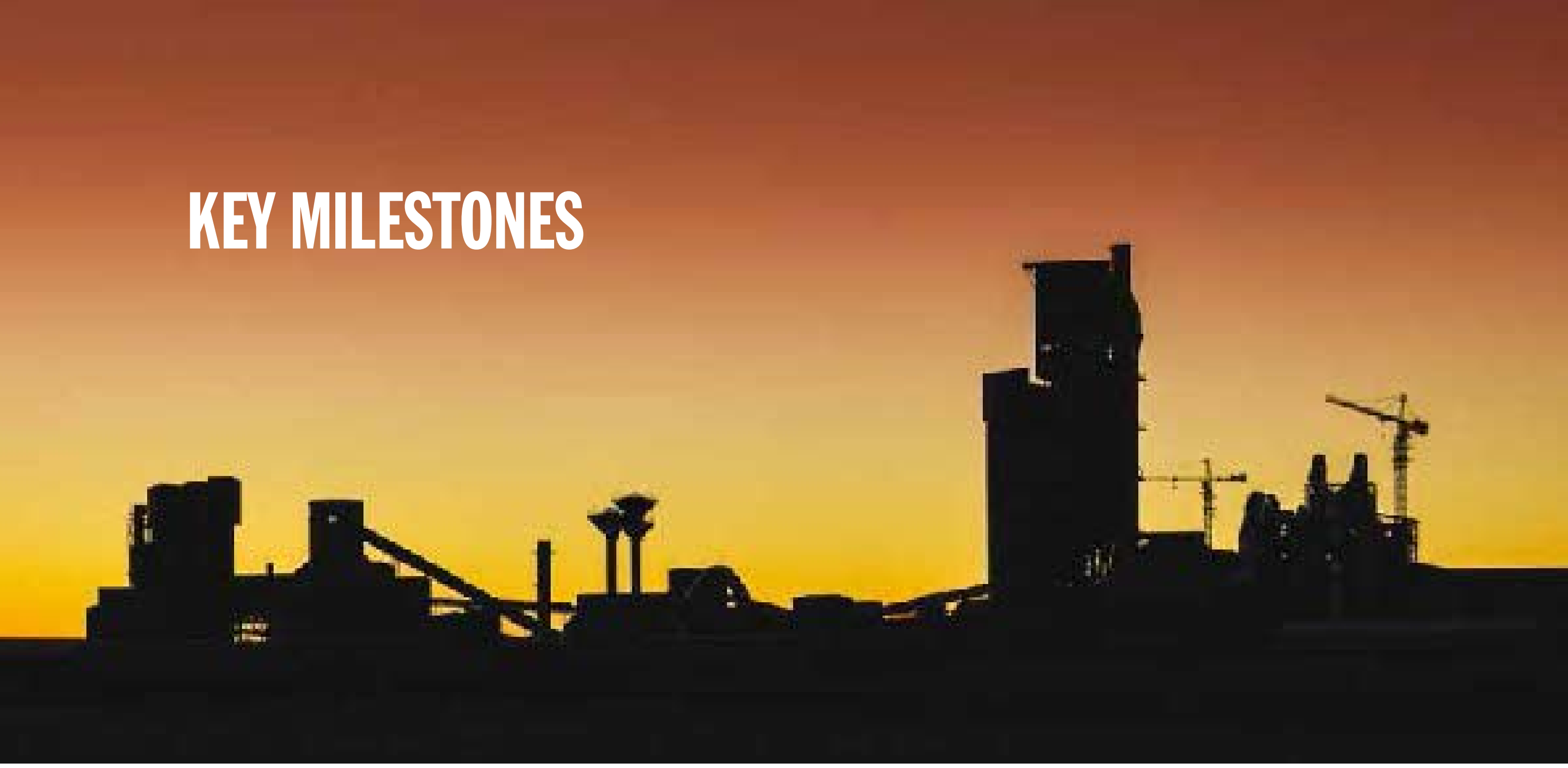
GROWTH

Southern Africa is set to enter an exciting new growth cycle, strongly underpinned by infrastructure development. The core investments of SepHold will form the strong foundation for growth, focused on primary construction materials.

INCOME

The acquisition of Métier in 2013 started the new era for SepHold where the focus moved from development to income generation. Maximising income from SepHold's core investments in cement and ready-mixed concrete will be the sole focus over the next few years to ensure repayment of development debt as well as a dividend stream to its shareholders.

KEY MILESTONES



’09

- Listing on the Johannesburg Stock Exchange
- 155 805 362 shares issued

’10

- Unbundling of Incubex
- Sephaku Gold Holdings sold

’11

’12

- African Nickel Holdings 26% sold
- Unbundling of SepFluor

’13

- Acquisition of Métier Mixed Concrete

’14

- Production of cement
- Growth in concrete market share

INVESTMENT CASE

The group offers investors a valuable portfolio of assets focused on the building and construction materials industry. The group has invested in significant new capacity in the cement and related products sector in South Africa. SepHold is well positioned to generate earnings growth and create value for shareholders from opportunities in these sectors that are key contributors to infrastructure development.

SepHold's subsidiary and associate have a unique set of competitive advantages that will facilitate sustainable long-term growth:

- Advanced production technology at the new SepCem plants supports this growth potential by allowing for more efficient and environmentally sustainable operations;
- A profitable and strategically aligned investment in the ready-mixed concrete sector through Métier contributes solid earnings and positive cash flow;
- A focused strategy on the cement production sector offers increasing opportunity for growth; and
- An experienced key operational management team that has 250 years of combined experience in cement production and 80 years in mixed concrete provides sound and knowledgeable leadership.

STAKEHOLDERS

SepHold recognises the role of stakeholders and the responsibility of the group towards those individuals or communities that are affected by the operations of SepCem and Métier. SepHold owes its existence to its founding stakeholders, who conceptualised and mobilised resources, and contributed financial, human and other capital to establish the company. The successful existence of the group requires the continued cooperation and support of all its stakeholders. It is therefore critically important that stakeholders have trust and confidence in the group. It is on this ethos that SepHold regularly engages with groups that can potentially have an impact on or be impacted by its business activities.

SepHold actively evaluates the group's engagement programmes and encourages a deliberate, consistent and systematic approach to dealing with all stakeholders.

The table below highlights the key stakeholder issues in the reporting period that relate to the group:

Stakeholder	Issues	Engagement	Frequency
• Regulatory authorities (national, provincial and local) • Traditional authorities	• Project development status • General compliance • Health and safety during the construction phase	• Meetings • Written submissions	• Quarterly • Ad hoc
• Neighbouring communities • Landowners	• Project development status • Employment opportunities • Access to jobs • Need for support in managing agricultural activities likely to be impacted by mining activities • Implementation of community development initiatives	• Meetings • Focus group sessions • Written submissions	• Monthly • Ad hoc
• Business associates • Service providers • NGOs • Bargaining councils	• General community development initiatives such as skills development, small, medium and micro enterprise (SMME) development and support • Local procurement opportunities • Compliance with labour laws	• Meetings • Written submissions	• Quarterly • Ad hoc • On request
• Customers	• Compliance with Consumer Protection Act • Commitment to excellence in product quality and customer service	• Market research • Development of strategies per client	• Regular engagement
• Investors	• Cement market penetration rate being hampered by competitors • Protection of minority rights in the SepCem investment	• Roadshows • One on one meetings • Reporting	• Quarterly • On request

OPERATIONAL PERFORMANCE

- Construction of one additional Métier Mixed Concrete plant in Gauteng
- Completion of the construction of SepCem plants, on budget and in time
- Commencement of cement production at Delmas milling plant

SHARE PRICE PERFORMANCE

NUMBER OF SHARES IN ISSUE 189 872 979	**SHARE PRICE HIGH (CENTS)** 721
NUMBER OF SHAREHOLDERS 1 967	**SHARE PRICE LOW (CENTS)** 520
AVERAGE VOLUME PER MONTH 3 million	**SHARE PRICE AT YEAR-END (CENTS)** 673
AVERAGE VALUE TRADED PER MONTH (R) 18 million	**MARKET CAPITALISATION AT YEAR-END (R)** 1,3 billion
NET ASSET VALUE PER SHARE (CENTS) 393,8	

FINANCIAL PERFORMANCE

REVENUE
R571,5 million

EBITDA
R66,5 million

OPERATING PROFIT
R51,1 million

NET LOSS AFTER TAX
R2,8 million

HEADLINE LOSS PER SHARE
2,36 cents

TOTAL ASSETS
R1,1 billion

BOARD OF DIRECTORS

Brent Williams (50) Chairman – Independent non-executive director

BA (University of Cape Town), BProc (University of Western Cape), LLM (Harvard University Law School), DLA Piper Harvard Leadership Program (Harvard Business School)

Brent was appointed a director and chairman of SepHold on 3 March 2012.

Brent was admitted as an attorney in 1992 and has held a number of key positions. He is currently the chief executive officer of Cliffe Dekker Hofmeyr.

Modilati Gustav Mahlare (58) Independent non-executive director and chairman of the audit committee and risk committee

BCom (Accounting) (University of Fort Hare), BCompt (Hons) (University of South Africa)

Gustav was appointed a director of SepHold on 29 January 2009.

Gustav has held a number of positions at companies such as PricewaterhouseCoopers. He is currently a director at SEMA Integrated Risk Solutions, where he specialises in internal audit, corporate governance, risk management and management consulting.

Paul Mpho Makwana (43) Independent non-executive director

BAdmin (University of Zululand), BAdmin (Hons) (University of Pretoria), Postgraduate Diploma: Retailing Management (University of Stirling Institute of Retail Studies), Kellogg Executive Development Programme

Mpho was appointed a director of SepHold on 11 January 2013.

Mpho is the chairman of ArcelorMittal, an independent non-executive director at Adcock Ingram Holdings Limited, Nedbank Group Limited and Nedbank Limited, among others. He also serves on a number of unlisted companies' and trustee boards.

Moses Modidima Ngoasheng (57) Independent non-executive director

BA (Economics and International Politics) (University of South Africa), BSocSci (Hons) (University of Natal), MPhil (University of Sussex)

Moss was appointed a director of SepHold on 1 February 2008.

Moss was instrumental in developing the industrial policy of the African National Congress and was economic advisor to President Thabo Mbeki from 1995 to 2000. He serves on a number of boards including SA Breweries and Dimension Data.

Dr Lelau Mohuba (57) Chief executive officer – executive director

MBChB (Nelson Mandela School of Medicine, former University of Natal)

Lelau was appointed a director and founding Chairman of SepHold on 3 February 2005 and became CEO on 28 March 2012.

Lelau retired as a medical practitioner in 2001 after a 22-year career. His commercial career began in 2002 and since then, he has served in various capacities in several entrepreneurial endeavours.

Neil Robus Crafford-Lazarus (54) Financial director – executive director

BCompt (University of the Free State), BCompt (Hons) (University of South Africa), CA(SA)

Neil was appointed a director and CEO of SepHold on 1 June 2007 and became financial director on 28 March 2012.

Neil started his career in mining finance in 1988. Since then, he has held various senior positions in taxation, business development and corporate finance with companies such as Anglo American Corporation, Gencor and BHP Billiton. He also served as financial director of Xstrata SA Proprietary Limited between 1998 and 2005.

BOARD OF DIRECTORS CONTINUED

Rose Raisibe Matjiu (53) Executive director, corporate and social development

BA (Hons) (Social Work) (University of the North), MA (Medical Social Work) (University of Pretoria), Certification in Mining and Minerals (University of the Witwatersrand)

Shibe was appointed a director of SepHold on 23 August 2005.

Shibe has extensive experience as a professional community and social worker in government and the private sector. She has served in a number of directorate positions and is also a member of South African Women in Mining and the Business Women's Association.

Kenneth John Capes (45) Executive director, managing director – Métier

Kenneth was appointed a director of SepHold on 29 July 2013.

Kenneth has extensive experience in the ready-mixed concrete and aggregates industry. Kenneth spent 20 years at Lafarge South Africa holding various management positions. He was in charge of all aspects of the quarry and ready-mixed concrete operations. Kenneth established Métier within KwaZulu-Natal in 2007, before expanding operations into Gauteng.

Pieter Frederick Fourie (58) Non-executive director, chief executive officer – Sephaku Cement

BCom (Accounting), Executive Development Programme (PRISM) for Global Leaders (IMD, Switzerland)

Pieter was appointed a director of SepHold on 20 November 2009.

Pieter has extensive experience in the cement industry and assumed the position of chief executive officer of SepCem in May 2007.

Dr David Twist (60) Non-executive director

BSc (Hons) (Geology) (University of Reading), PhD (Geology) (University of Newcastle)

David was appointed a director of SepHold on 29 March 2011.

David completed his PhD in geology in 1980, whereafter he joined Impala Platinum Holdings Limited. He was a founding member of Platmin with Rudolph de Bruin, and is one of the founders of SepHold.

Christiaan Rudolph De Wet De Bruin (61) Non-executive director
(Resigned 21 April 2014)

BCom (University of the Free State), LLB (Rand Afrikaans University)

Rudolph was appointed a director of SepHold on 19 June 2006 and resigned on 21 April 2014.

Rudolph practised as an advocate from 1977 to 1989. Since then he has concentrated on finding, acquiring and developing mineral exploration and mining projects in various African countries and was a founding member of the Platmin group. Rudolph left Platmin in 2006 and is one of the founders of SepHold.

COMPANY SECRETARY

Jennifer Bennette (51)

Jennifer was appointed an alternate director to Shibe on 3 February 2005 and resigned on 21 August 2013.

She was appointed company secretary of SepHold in 2008 and SepCem in 2010. Jennifer was previously employed by various legal practices as a paralegal including company secretary for the Platmin group.

JOINT CHAIRMAN AND CEO'S REPORT

Brent Williams
Chairman

Dr Lelau Mohuba
Chief executive officer

CREATING VALUE FOR SHAREHOLDERS IS AT THE HEART OF SEPHOLD'S STRATEGY AND THE GROUP ENSURES THAT IT UNDERSTANDS ITS SHAREHOLDERS' INVESTMENT REQUIREMENTS

The 2013 financial year has been a watershed year in the history of the SepHold group, marking its transition from an exploration and development organisation into an income-generating business in the construction materials industry. The group achieved the important milestone of income generation from its ready-mixed concrete business acquired in 2013, and its focus in the year ahead will be maximising the financial performance of its core assets in cement and ready-mixed concrete.

SepHold established a number of key objectives in 2013 and it is pleasing to report to stakeholders that these were all successfully achieved:

- commencement of cement production at the Delmas plant in January 2014;
- commencement of commissioning of the Aganang plant;
- expansion of Métier into Gauteng; and
- consolidation of Métier's first full-year contribution, which constituted 100% of the group's revenue in the year under review.

We are confident that the Delmas plant is achieving its specified level of performance and that SepCem has entered a competitive market with significant comparative advantages that will sustain the achievement of its long-term growth objectives.

It is particularly gratifying to note that neither Delmas nor Métier had any fatalities during the 2014 financial year. Regrettably, there were two lost-time injuries at Aganang, though the plant's overall safety performance was still satisfactory, as reflected by its lost-time injury frequency rate of 0,109.

BUSINESS ENVIRONMENT

The sustained global economic downturn and challenges unique to the South African economy have a continuous impact on the domestic construction industry. The highly anticipated infrastructure investment by government has not materialised in any significant way and this has placed additional pressure on an already competitive industry.

While supply continues to exceed demand in the prevailing economic environment, we maintain our view that this position will begin to reverse in the next three to four years due to increasing demand for cement by both the private and public sectors. The domestic industry, like other developing economies with high levels of demand for infrastructure investment, tracks a growth trend marginally above GDP growth. In 2013, demand for cement grew by 5,3% compared to 3,1% compound growth in the period from 2010 to 2012.

STRATEGY

SepHold's strategy is to generate income and realise value for shareholders from investments in the construction materials industry.

The group's business model has evolved over the years as SepHold transformed from a historically disadvantaged South African (HDSA)-owned mineral exploration company that invested in a portfolio of industrial mineral assets to a focused cement business complemented by an established ready-mixed concrete producer, thereby generating immediate and future value for shareholders. The cement production business, SepCem, is the first new producer in the domestic cement industry in 80 years.

We are proud to be one of the numerous business successes of our 20-year democracy. We are particularly indebted to the compatriots whose unyielding sacrifice resulted in a new South Africa which is built on a foundation of freedom and democracy. We pay a special tribute to one of the greatest statesmen of our generation, Nelson Mandela, whose values culminated in a nation in which companies such as SepHold, that boast of diversity and empowerment, can exist.

Having identified cement as a growth market and unbundled its non-cement assets in 2010 and 2012, SepHold moved into the development phase of its strategy, investing in new capacity with advanced technology to ensure that its manufacturing facilities are able to compete successfully against established producers in a mature industry. A compelling investment rationale for cement, other than its growth prospects, is that cement plants, while capital intensive in the development stage, are robust and highly cash generative once operational. Margins are attractive and cash flow is healthy because SepCem owns its main raw material input, which is its limestone mines.

The acquisition of Métier in 2013 marked the beginning of the income and growth phases of SepHold's strategy. As a producer of quality ready-mixed concrete products for the residential, commercial and industrial markets in South Africa, Métier is a valuable complementary asset, offering a range of synergistic benefits, not least of which are a broader revenue base, earlier cash flows and the consequent generation of shareholder value. Métier also offers regional diversification in Gauteng and KwaZulu-Natal, and vertical integration as a consumer of cement and fly ash. In return, SepHold offers critical mass and capital to fund Métier's geographic expansion into Gauteng. Métier still operates as an independent, separately branded business, thereby ensuring that it maintains the competitive edge that motivated SepHold's decision to acquire it. Nonetheless, it benefits from the company-wide operating systems with which SepHold endows its businesses, including health, safety and environmental management. It also receives the significant benefit of the group's access to experienced industry leaders.

Creating value for shareholders is at the heart of SepHold's strategy and the group ensures that it understands its shareholders' investment requirements. An analysis of SepHold's shareholders indicated two distinct categories: firstly, those who identified a growth opportunity, invested early, and are likely to exit at an increased share price. The second category includes investors with a deeper insight into the cement industry and a longer-term view on its ability to deliver value. These investors support the bedding down and efficient management of existing assets, the repayment of debt, and the commencement of dividend payments that reflect the realisation of anticipated value.

In line with shareholders requirements, SepHold's main focus over the next few years will be maximising income from its core investments in cement and ready-mixed concrete to ensure a healthy dividend stream to shareholders.

EXECUTION OF STRATEGY

Cement plants commence operations

The Delmas cement producing plant in Mpumalanga dispatched its first delivery of SABS-specified bagged cement to customers on 13 January 2014 and the first bulk cement was dispatched on 16 January 2014. The Aganang plant, located between Lichtenburg and Mahikeng in the North West province, is SepCem's primary operation and consists of a

JOINT CHAIRMAN AND CEO'S REPORT CONTINUED

limestone open cast quarry, as well as a clinker and cement producing plant, which will mine the limestone raw material, process it to form clinker and blend approximately 45% of the clinker with other components to produce the finished cement product in bag and bulk form. The remaining 55% of clinker will be transferred to the Delmas plant for further processing.

When fully operational, Aganang has the capacity to produce approximately 1,8 million tonnes per annum (Mtpa) of clinker and 1,1Mtpa of cement. The Delmas plant has the capacity to supply 1,4Mtpa of cement. Aganang is targeted to produce clinker in July 2014 and the supply of own clinker will result in a significant reduction in production costs. Production volumes at both plants will be ramped up to maximum capacity in line with customer demand by mid-2015.

SepCem is well positioned with unique competitive advantages to compete successfully in the domestic cement market. The advantages include:

- efficient energy use of 95kWh per tonne compared to the industry average of 145kWh;
- the largest single kiln in the country (6 000 tonnes per day) ensuring consistent cement quality, particularly for bulk (technical) users;
- strategically positioned plants in relation to the source of raw materials providing a logistics cost advantage. The Delmas plant is located 34km from the extender source and the clinker from Aganang to Delmas is transported on the back haul of the coal supply from Mpumalanga; and
- inland pricing with better margins than coastal materials.

Market entry

As SepCem entered the final phase of construction in 2013, it intensified its market readiness campaign, conducting product testing, research and embarking on a client engagement drive in its targeted bag and bulk markets. To ensure that SepCem was able to fulfil its offering of consistent quality products and service excellence, an operational preparedness team was tasked with identifying the specific needs of key customers.

An important objective was to ensure a smooth entry into an established and competitive cement market. This required a determined effort to avoid undue price competition. While SepCem enjoys significant cost advantages as a result of its new state-of-the-art plants, it prices its products responsibly, placing a great deal of emphasis on technical and support service as a means of attracting and retaining customers in the long term.

SepCem targets 20% to 25% of the inland cement market, which would translate to a national market share of between 13% and 17%. The company's distribution networks include the major retailers that absorb a projected 60% of the bag market sales volumes with products already available in three of these retailers' outlets in Gauteng, Limpopo, North West and Mpumalanga. SepCem also focuses on a broader spectrum of second-and third-tier retailers. The initial focus in the bulk market was on existing customers of Sephaku Ash, to establish a base load of cement sales in this segment. As one of SepCem's ash and cement customers, Métier has also provided a valuable strategic partnership for in-application testing of SepCem's products.

By the end of February 2014, SepCem had achieved its projected sales targets, and while heavy rains in March all but halted sales, the trend was restored in April.

Geographically, with the Delmas plant strategically located close to its fly ash source and coal supply, and 50km from Gauteng, SepCem targets the Gauteng and surrounding North West, Limpopo, Free State and Mpumalanga provinces. SepCem transports its cement by road and the successful development of an efficient outsourced delivery function is a major element of the market readiness plan.

Métier enters expansionary growth phase

Métier delivered on its initial key objectives of its three-year growth plan, expanding into Gauteng and achieving a strong financial performance in its first full year as a subsidiary of SepHold. The company commenced operations at its third plant in Gauteng during this period and expanded its concrete transport and pumping capacity in line with increased volumes. Much of Métier's sales growth was attributable to its expansion into the lucrative Gauteng market, which now accounts for approximately 40% of its total sales.

MATERIAL ISSUES

SepHold defines material issues as threats or opportunities with the potential to have a fundamental impact on the group and its ability to generate sustainable value for shareholders.

Material issue	Mitigating/enhancing actions

Competitor reaction to new producers in the market
SepCem has entered an established and mature market with excess capacity and incumbents who have been preparing for a newcomer with significant financial and human capital.
 	
Métier has experienced increased competitiveness associated with its entry into the Gauteng market.
	- Comparatively higher levels of cost efficiency strengthen SepCem's competitive position
	- All areas of its business prepared to go to market and meet customer expectations
	  • Leveraging track record of excellent customer service to develop customer relationships
	- Strategy of responsible market entry to avoid aggressive reaction by competitors and develop a long-term sustainable presence.
	  • Maintaining price levels and avoiding engaging in a price war

Ensuring a competent skills base
The focus has shifted from construction to operationalisation; it has become necessary for SepCem to ensure it has adequate skills to operate the cement plants efficiently.
	- Specialist skills retained in executive team
	  • Succession plan still to be finalised
	- Local workforce recruited and trained in extensive skills to operate cement plant, including a deliberate skills transfer programme from Sinoma
	  • Additional 200 lower-skilled workers currently in training for Aganang
	- 50 Chinese engineers employed by Sinoma remain involved in final stages of commissioning and testing at Aganang

Delays in government infrastructure investment programme The 18 strategic integrated projects (SIPs) identified by the Presidential Infrastructure Coordinating Commission represent a significant opportunity to the construction and building material sectors. However, delays in the substantial implementation of the programme and limitations in the ability of the public sector to implement the programme present a threat to businesses that have invested in capacity to meet the increased demands.	- SepHold has not factored the infrastructure investment programme into its cement industry growth projections • However, implementation of the SIPs would provide significant growth impetus to the construction industry - SepHold supports calls for government commitment to the programme and the establishment of a combined government/construction initiative to facilitate implementation

CORPORATE GOVERNANCE

The board of directors of SepHold provides ethical leadership and oversees the overall process and structure of corporate governance. Each business area and every employee of SepHold, SepCem and Métier is responsible for acting in accordance with sound corporate governance practices.

The group is committed to the principles of good corporate governance, by applying the highest ethical standards in conducting business, being a good corporate citizen and generating sustainable levels of performance and returns on shareholders' investments.

SepHold constantly strives to integrate the key concepts of King III into its business processes and to adjust structures to comply with the provisions of the Companies Act.

BOARD OF DIRECTORS

It was with great sadness that we bade farewell to our friend and colleague Johannes Wilhelm (Wes) Wessels, who succumbed to a cardiovascular complication and passed away on 23 March 2014 at the age of 63. Wes served as an alternate director to Rudolph de Bruin and his contribution during his seven-year history with our group was vast – overseeing all legal transactions and business development matters, playing an instrumental role in the group's journey from exploration to income generation, and always willing to go the extra mile. We will miss this exceptional man dearly.

Kenneth Capes was appointed an executive director of SepHold on 29 July 2013, Jennifer Bennette resigned as an alternate director to Rose Matjiu on 21 August 2013 to maintain an arm's length relationship between herself as company secretary and the directors. Rudolph de Bruin resigned as director on 21 April 2014 having been a director of the company since inception as a co-founder. Mr De Bruin decided to retire so as to focus on the unbundled assets to which he wishes to dedicate his attention.

A board evaluation was performed by an independent third-party provider during the third quarter of 2013. The recommendations will be considered by the board and, where necessary, actioned through the office of the company secretary.

JOINT CHAIRMAN AND CEO'S REPORT CONTINUED

IN THE YEAR AHEAD, SEPCEM WILL FOCUS ON DELIVERING CONSISTENT QUALITY CEMENT PRODUCTS FROM THE AGANANG AND DELMAS PLANTS, OFFERING EXCELLENT SERVICE TO THE MARKET AND RAMPING UP CEMENT VOLUMES IN LINE WITH MARKET DEMAND

ACKNOWLEDGEMENTS

The significant milestones achieved in the past year have required an extraordinary commitment from all the people in the SepHold group and would not have been possible without them. We sincerely thank our colleagues on the board for their wise counsel, our leadership teams for the dedicated application of their experience and expertise, and all of our people for their significant contributions to our operational businesses and the corporate office.

We would also like to extend our appreciation to the communities with whom we share a mutually beneficial bond, our suppliers who are growing our business in partnership with us and our customers, without whom we would not exist. We look forward to developing valuable and enduring relationships with all our stakeholders in the years ahead.

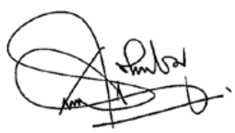
OUTLOOK

The outlook for the domestic cement market remains consistent with our projections and we maintain our view that there is significant future opportunity for the group in a growing cement market. The long-term sustainable growth rate for the cement industry is forecast at 4,5% per annum. Demand is expected to surpass potential supply by 2018.

SepHold enters this growing market with new, technologically advanced cement plants and a valuable business in the complementary ready-mixed concrete market. In the year ahead, SepCem will focus on delivering consistent quality cement products from the Aganang and Delmas plants, offering excellent service to the market and ramping up cement volumes in line with market demand. SepCem is expected to become profitable during the 2014 calendar year.

Métier will focus on maintaining its operational efficiency and strong financial performance in order to grow earnings.

Brent Williams
Chairman



Dr Lelau Mohuba
Chief executive officer

FINANCIAL DIRECTOR'S REPORT

Neil Crafford-Lazarus
Financial director

MÉTIER'S EBITDA AND OPERATING PROFIT INCREASED AS THE SUBSIDIARY SUCCESSFULLY EXPANDED ITS FOOTPRINT IN THE GAUTENG MARKET

The 2014 financial period saw the first full-year results since the change of year-end during the previous nine-month period and also included the Métier results for a full year, as opposed to a single month, at the end of the last financial year. SepCem's pre-production expenditure was also substantially higher as the company prepared itself to enter the market in January 2014. Comparative analysis with the previous financial period is therefore not meaningful at this stage of SepHold's reporting.

The strike at the world's top three platinum producers, already the longest in South Africa's history, together with the highest rainfall recorded in over 15 years in the Gauteng province did not contribute favourably to the launch of our new cement product in the region. The completion of the construction of the SepCem plants and expansion of Métier were the key highlights in the 12-month expansion period.

GROUP FINANCIAL REVIEW FOR THE YEAR

The group earned revenue of R571,5 million and EBITDA of R66,5 million for the year. SepHold incurred an operating loss of R18,7 million, of which R5,4 million relates to the IFRS 2 non-cash expenditure on the vesting of share options. Group finance costs amounted to R25,7 million, including a non-cash present value adjustment by SepHold of R6,9 million on the R125 million Métier purchase price payable on 1 December 2014. The balance of finance costs were incurred on the Métier acquisition debt and asset finance. Interest income for the group amounted to R2,7 million for the financial year. SepHold annually incurs overhead expenditure to ensure project funding and head-office support for ongoing projects. These have to date been funded by income from exploration assets that were disposed of in the past few years.

Métier earned revenue of R414,3 million and profit before taxation of R63,4 million for the 12 months ended 28 February 2013, based on its audited annual financial statements. For the 12 months ended 31 March 2014, their revenue increased to R571,5 million and profit before interest and taxation amounted to R75,5 million. This includes a once-off transaction cost amounting to R4 million, paid by Métier.

The operating profit from Métier was reduced by the SepHold operating loss of R18,7 million, the group net financing cost of R23 million, a R14,7 million loss attributable to SepCem and amortisation for the year of R5,6 million, resulting in a profit before taxation for the group of R13,4 million. Taxation for the group of R16,2 million includes Métier's taxation of R17,8 million and the reversal of deferred taxation on the amortisation of intangible assets of R1,6 million, resulting in a total group loss for the 2014 financial year of R2,8 million compared to the R16,3 million loss for the 2013 reporting period.

The total group profit for the year, before the non-cash IFRS adjustments for the expense on the vesting of the share options of R5,4 million, the amortisation of intangible assets net of deferred taxation of R4 million and finance charges on the present value adjustments of acquisition debt of R6,9 million were passed, is R13,5 million.

CONSTRUCTION OF SEPHAKU CEMENT PLANTS

The major milestone for SepCem at the end of the previous financial year was the closure of the debt and commencement of the loan drawdown. This resulted in the completion of the construction of the milling plant at Delmas and substantial progress made in the commissioning of the integrated cement manufacturing plant at Lichtenburg (Aganang) in the reporting period.

As anticipated, SepCem incurred a loss of R41 million for its year ended 31 December 2013 due to non-capital-related expenditure incurred in preparation for market entry and preparation to become a significant competitor in the wholesale and retail cement trade. SepHold's 36% equity-accounted loss amounted to R14,7 million. During SepCem's financial year plant assets to the value of R1,5 billion were capitalised, bringing the investment in the project to R3 billion. The Delmas plant that commenced production early in January 2014 was completed at a cost of R823 million and at year-end the investment in the Aganang project amounted to R1,97 billion, with production of clinker targeted for July 2014.

Standard Bank and Nedbank have jointly funded the debt requirements of SepCem through a 10-year deal which was signed in October 2012 with a capital portion of R1,95 billion. The facility allows for a payment holiday of three years and a resultant rolled-up interest during this period into a total facility of R2,4 billion. At the end of SepCem's financial year the utilised amount was R1,96 billion, with the initial payment to be made in the first quarter of 2016.

SepHold continues to believe that, through the new plants in Mpumalanga and the North West province and resulting local job creation, the investment benefits will extend to provincial and community development. The group will contribute particularly to the growing national housing and infrastructure requirements.

MÉTIER MIXED CONCRETE

Métier's first year as part of the Sephaku group

Métier continued operating from its seven plants in KwaZulu-Natal and completed the establishment of the second and third plants in Gauteng. The expansion resulted in additional concrete mixing trucks to the value of R32 million and increased plant infrastructure of R4,5 million. The additional capacity facilitated a growth in revenue of R157,2 million compared to Métier's prior 12-month results as at 28 February 2013 of R414,3 million. Métier's asset financing debt facility amounted to R94,2 million outstanding at year-end, while the acquisition debt facility of R150 million was drawn down to R80,4 million.

Purchase consideration and contingent liability

The total nominal purchase consideration payable for Métier was R365 million and consisted of a combination of cash payments and the issue of fully paid SepHold shares. The settlement of the purchase consideration was structured as follows:

On the closing date of 28 February 2013, a cash payment of R110 million was made and five million SepHold shares at R6 and 11 111 111 SepHold shares at R9 per share were issued to the sellers of Métier. A final payment is due on 1 December 2014 and includes:

(i) a further cash payment of R125 million, which will be funded through acquisition finance; and
(ii) to the extent that the 11 111 111 shares issued, based on a 60-day volume-weighted average share price on 1 December 2014, are less than R100 million, SepHold shall issue additional consideration shares, to be calculated by dividing the shortfall by the future volume-weighted average share price.

Although the final date of payment has not yet been reached and the shortfall (if any) is unknown, IFRS requires that a contingency be disclosed for the potential liability. It is furthermore required that the fully diluted earnings per share based on the number of shares that would be issued at the year-end share price be expressed to compute the potential

FINANCIAL DIRECTOR'S REPORT CONTINUED

shortfall. These calculations are reflected in the financial statements and indicate a potential dilution on the total amount of shares in issue of 1,9%.

Métier acquisition, goodwill allocation and retrospective adjustment

Métier was acquired at the beginning of the final month of the 2013 financial year. Therefore, in accordance with IFRS 3 requirements, SepHold has a maximum period of 12 months from date of acquisition to complete the acquisition accounting of Métier. As a result, the previously recorded goodwill of R238 million has been retrospectively adjusted for the allocation of the purchase consideration to the identifiable intangible assets of R20,4 million and the consequential deferred taxation liability of R5,7 million. The remaining goodwill balance of R223 million relates to synergistic benefits including Métier's future revenue base, its management's expertise obtained and the vertical integration possibilities between Métier and SepCem. The statement of comprehensive income has been retrospectively adjusted at group level for amortisation net of deferred taxation of R377 330 for the single month following the acquisition.

PERFORMANCE OF SHARE PRICE

At the beginning of the previous financial year, the SepHold share price was at a historic low level after the unbundling of the SepFluor Limited shares in 2012. Subsequent to the unbundling, the share was trading between 260 cents and 300 cents per share. The SepFluor dividend *in specie* was valued at 59 cents per share and during the three months after unbundling the SepHold share price declined to 190 cents per share. Management embarked on an investor relations campaign to communicate the final phase in focusing the company, the finalisation of the debt funding for SepCem and the progress update on the construction process. Several visits to the plant sites were also undertaken.

This communication drive enhanced interest in the company, mainly because SepCem was approaching production with prospects of generating its first income in the foreseeable future. The share price improved from 190 cents to 700 cents within nine months, mainly due to higher volumes becoming available. This price movement placed SepHold within the top JSE performers during the first three months of the calendar year 2013. Following confirmation by the group in November 2013 that production at Delmas was to start in January 2014, the share price increased to 700 cents and settled between 650 and 680 cents per share for the remainder of the reporting period. Subsequently, the share price softened as the market considered typical risks for a developing company. The recent price levels of between 600 and 650 cents appear to be the range for the first half of the current financial year. The group ended the financial year with improved headline loss per share of 2,36 cents as compared to the restated loss of 9,42 cents at the 2013 financial year-end.

Neil Crafford-Lazarus
Financial director

CONDENSED CONSOLIDATED FINANCIAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2014

Statements of comprehensive income, financial position and cash flows were extracted directly from the audited annual financial statements, as included on pages 10, 11, 13 and 52 of the second volume of the integrated annual report.

STATEMENT OF COMPREHENSIVE INCOME

	GROUP	
	12 months ended 31 March 2014 (Audited) R	9 months ended 31 March 2013 (Restated) (Audited) R
Revenue	**571 544 796**	37 195 338
Cost of sales	**(319 156 121)**	(21 574 848)
Gross profit	**252 388 675**	15 620 490
Other income	**13 945 386**	356 081
Operating expenses	**(215 181 485)**	(36 349 368)
Operating profit/(loss)	**51 152 576**	(20 372 797)
Investment income	**2 693 264**	820 287
(Loss)/profit from equity-accounted investment	**(14 745 655)**	6 191 410
Finance costs	**(25 675 522)**	(1 949 268)
Profit/(loss) before taxation	**13 424 663**	(15 310 368)
Taxation	**(16 242 442)**	(994 461)
Loss for the year/period	**(2 817 779)**	(16 304 829)
Other comprehensive income/(loss)		
Items that will not be reclassified to profit or loss:		
Share of other comprehensive loss of associate	**–**	(1 207 663)
Other comprehensive loss for the period net of taxation	**–**	(1 207 663)
Total comprehensive loss for the year/period	**(2 817 779)**	(17 512 492)
Basic loss per share (cents)	**(1,49)**	(9,39)
Diluted loss per share (cents)	**(1,39)**	(8,93)
Headline loss per share (cents)	**(2,36)**	(9,42)
Diluted headline loss per share (cents)	**(2,20)**	(8,96)
Reconciliation of basic earnings to diluted earnings and headline earnings:		
Basic loss and diluted loss attributable to equity holders of the parent	**(2 817 779)**	(16 304 829)
Profit on sale of non-current assets	**(1 076 760)**	(50 029)
Profit on disposal of other financial assets held for sale	**(860 000)**	–
Total taxation effect of adjustments	**301 493**	–
Headline loss and diluted headline loss attributable to equity holders of parent	**(4 453 046)**	(16 354 858)
Reconciliation of weighted average number of shares:		
Basic weighted average number of shares	**188 987 697**	173 613 522
Dilutive effect of share options	**9 556 129**	4 646 656
Contingent issuable shares	**3 747 730**	4 297 210
Diluted weighted average number of shares	**202 291 556**	182 557 388

FINANCIAL DIRECTOR'S REPORT CONTINUED

CONDENSED CONSOLIDATED FINANCIAL RESULTS
AS AT 31 MARCH 2014

STATEMENT OF FINANCIAL POSITION

	GROUP	
	2014 Audited R	2013 (Restated) Audited R
Assets		
Non-current assets		
Property, plant and equipment	**129 180 045**	116 878 108
Goodwill	**223 421 981**	223 421 981
Intangible asset	**14 337 752**	19 914 643
Investment in associate	**616 388 706**	631 134 362
Other financial assets	**6 924 311**	9 805 298
	990 252 795	1 001 154 392
Current assets		
Inventories	**7 973 118**	6 730 225
Loans to group companies	**–**	337 058
Other financial assets	**6 648 582**	8 588 729
Trade and other receivables	**75 936 662**	60 600 275
Cash and cash equivalents	**26 001 268**	22 337 824
	116 559 630	98 594 111
Total assets	**1 106 812 425**	1 099 748 503
Equity and liabilities		
Equity		
Stated capital	**585 573 235**	580 590 616
Reserves	**17 624 536**	13 568 918
Retained income	**144 525 951**	145 987 793
	747 723 722	740 147 327
Liabilities		
Non-current liabilities		
Other financial liabilities	**142 576 783**	249 390 922
Operating lease liability	**1 640 263**	–
Deferred income	**1 577 232**	1 102 738
Deferred taxation	**13 555 933**	15 461 556
	159 350 211	265 955 216
Current liabilities		
Other financial liabilities	**140 907 240**	39 583 332
Current taxation payable	**1 192 809**	11 402 043
Operating lease liability	**336 348**	–
Trade and other payables	**56 994 212**	42 471 544
Deferred income	**307 883**	189 041
	199 738 492	93 645 960
Total liabilities	**359 088 703**	359 601 176
Total equity and liabilities	**1 106 812 425**	1 099 748 503
Net asset value per share (cents)	**393,80**	393,90
Tangible net asset value per share (cents)	**270,70**	267,37
Ordinary shares in issue	**189 872 979**	187 901 843

CONDENSED CONSOLIDATED FINANCIAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2014

STATEMENT OF CASH FLOWS

	GROUP	
	12 months ended 31 March 2014 Audited R	9 months ended 31 March 2013 Audited R
Cash flows from operating activities		
Cash generated from/(utilised in) operations	**84 437 984**	(21 570 600)
Interest income	**2 693 264**	820 287
Finance costs	**(17 939 091)**	(1 394 506)
Taxation (paid)/received	**(28 357 299)**	55 518
Net cash from operating activities	**40 834 858**	(22 089 301)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(40 706 776)**	(5 145 027)
Sale of property, plant and equipment	**4 929 319**	87 719
Acquisition of shares in wholly owned subsidiary	**–**	(89 200 006)
Acquisition costs	**–**	(4 110 902)
Proceeds on disposal of other financial assets	**5 760 244**	–
Net loans advanced	**1 932 773**	1 396 508
Government grant received	**831 895**	–
Net cash from investing activities	**(27 252 545)**	(96 971 708)
Cash flows from financing activities		
Proceeds on share issue	**2 970 737**	–
Proceeds from other financial liabilities	**123 848 444**	116 178 705
Repayment of other financial liabilities	**(137 075 108)**	–
Decrease in loans with group companies	**337 058**	590 992
Net cash from financing activities	**(9 918 869)**	116 769 697
Total cash and cash equivalents movement for the year/period	**3 663 444**	(2 291 312)
Cash and cash equivalents at the beginning of the year/period	**22 337 824**	24 629 136
Total cash and cash equivalents at the end of the year/period	**26 001 268**	22 337 824

Métier
MIXED CONCRETE

SERVICE
QUALITY
RELIABILITY

7 plants in KwaZulu-Natal

3 plants in Gauteng

The core business of Métier is the manufacture and supply of quality ready-mixed concrete products for the residential, commercial and industrial markets in South Africa.

Métier's initial geographic focus was in Durban and Pietermaritzburg, KwaZulu-Natal, where it secured a fair market share, but the company has recently extended its footprint to the Gauteng market where it has established three operations. Métier supplies a varied range of products and is well positioned to supply a variety of standard and specialised concretes to the construction industry.

BUSINESS REVIEW MÉTIER MIXED CONCRETE

MISSION

Innovative service, quality and reliability – RIGHT NOW

VISION

- **IMPRESS our customers by offering superior service and products**
- **INSPIRE our staff through our passion for concrete**
- **SUPPORT our suppliers to actively contribute to the Métier Way**
- **RESPECT our shareholders by offering value for their investment**

Métier performed commendably in the 2014 financial year, reporting solid growth in sales in its new Gauteng markets and delivering on key objectives of its expansionary growth plan, which formed the basis of its acquisition by SepHold in 2013.

Reporting for the first full year as a 100% subsidiary of SepHold, Métier achieved revenue growth of 38% to R571,5 million largely as a result of the growing acceptance and expansion of its market share in Gauteng. Sales volumes accelerated in the final quarter of the financial year as demand for cement strengthened. High-value concrete sales contributed 29% to revenue. Sales volumes in KwaZulu-Natal remained static and there was a shift in the market from industrial warehousing to commercial developments, with the bulk of Métier's order book in the province attributable to private sector customers.

Despite increasing price competition, operating profits grew by 18% to R75,5 million, reflecting the contributions of high-value concretes, which enable Métier to achieve above-average margins, and excellent customer service backed by high levels of operational efficiency.

Maintaining the gross profit margin at its 2013 level without reducing prices to gain market share was an important focus area during the year, and it was achieved. Another key performance indicator that Métier monitors is margin over materials and delivery, which unlike the gross profit margin measures performance after delivery. A small decline in this margin was largely offset by increased volumes.

Métier supplying concrete at a construction site in Durban

KEY MANAGEMENT

Kenneth Capes (45) Managing director

Kenneth has extensive experience in the ready-mixed concrete and aggregates industry. Kenneth spent 20 years at Lafarge South Africa, holding various management positions. He co-founded Métier in KwaZulu-Natal in 2007.

Richard Thompson (46) Finance director

South African Institute of Professional Accountants (SAIPA)

Richard spent 15 years with Stock Owners Co-operative Limited where he ultimately became a member of the executive committee. Richard was then appointed as the managing director of Meadow Meats Proprietary Limited and spent the following several years consulting and marketing the products within the wildlife industry. Richard co-founded Métier in 2004. He is responsible for administrative and financial aspects of the business.

Wayne Witherspoon (47) Operations director

BCom (University of Natal, Durban), LDP (University of South Africa School of Business Leadership)

Wayne spent 14 years with Barloworld Equipment Company in various leadership positions. Wayne is a founding member of Métier and has been responsible for the operational aspect of the business, including production, maintenance and logistics facilities.

Glen Talmage (43) Commercial manager, Northern Region

Glen has extensive experience in the ready-mixed concrete and aggregates industry and has held various senior positions in the technical, production and commercial sectors of Lafarge South Africa for 16 years. He joined Métier in 2011 to contribute to the expansion and establishment of Métier's footprint in Gauteng.

Gregg Hollins (43) Commercial manager, Eastern Region

NDip (Civil Engineering) (Technikon Natal)

Gregg has extensive experience in the ready-mixed concrete and aggregates industry. He held various management positions in the technical, production and commercial departments of Lafarge South Africa for 10 years. Gregg is a civil technician and concrete technologist and joined Métier in 2007.

Ceri Rayne (33) Human resources manager, Eastern Region

BSocSci (Hons) (University of KwaZulu-Natal) BCom (University of Natal, Durban), LDP (University of South Africa – School of Business Leadership)

Ceri has extensive experience in human resources gained from eight years with the Foschini Retail Group. She joined Métier with a key focus on training and development, as well as performance and talent management.

MAINTAINING THE GROSS PROFIT MARGIN AT ITS 2013 LEVEL WITHOUT REDUCING PRICES TO GAIN MARKET SHARE WAS AN IMPORTANT FOCUS AREA DURING THE YEAR, AND IT WAS ACHIEVED

OPERATIONAL HIGHLIGHTS FOR THE YEAR

- Expansion into Gauteng
  - Métier commenced supplies to Gauteng customers from its new Chloorkop concrete mixing plant on time and within budget in April 2013, adding increased capacity and the ability to service customers effectively
  - This follows the opening of plants in Sandton in 2011 and OR Tambo in 2012 and increases the company's total number of plants to ten, including seven in KwaZulu-Natal. Métier's sales in Gauteng now account for 40% of its total sales, reflecting the extent to which Métier has grown its Gauteng market from a zero base
- Expansion of concrete mixer fleet size by 18% to transport additional volumes and acquisition of an additional concrete boom pump
  - Métier supplies product to customers with a fleet of branded concrete mixers, 55% of which are owned and the balance outsourced
- Major contract awards include the supply of 50 000m³ of concrete for the new Watercrest shopping mall in Waterfall (KwaZulu-Natal), the supply of 20 000m³ for the new regional FNB head office in Ridgeside (KwaZulu-Natal) and 15 000m³ for the Atterbury office development at Waterfall Estate (Gauteng)
- A growing number of higher-margin projects and repeat orders contributed to growth in the Gauteng market

STRATEGY

Métier has achieved significant growth by positioning its business in markets that offer strong and growing demand for its products. The key elements that contribute to Métier's ability to achieve margin growth are excellent solutions-driven customer service, a product mix that combines standard with premium specialised concrete products that can be customised to meet specific requirements. Métier is also a respected and visible brand. Customer service remains Métier's key differentiator and is supported by operational processes that enable it to achieve one of its most critical functions of on-time delivery.

In 2015, Métier will enter the final year of a three-year growth plan to expand aggressively within South Africa, while maintaining the strong historic presence in KwaZulu-Natal. Métier's expansion in Gauteng has proceeded according to plan and the business is considering opportunities for further expansion in the province. Although expansion beyond KwaZulu-Natal and Gauteng is not yet a strategic priority, Métier tenders for contracts in other provinces in South Africa by setting up batching operations at its clients' construction sites where mutual value is created.

BUSINESS REVIEW MÉTIER MIXED CONCRETE CONTINUED

Accountability for delivery of strategy

Métier ensures accountability for the delivery of its strategic objectives by granting managers access to budgeting processes and rewarding performance against set targets. These are limited to a maximum of three, namely profitability, growth in manufacturing and delivery capacity, and employee development. These targets ensure that the management team focuses on the broad strategy, rather than just those elements that are subject to performance management.

To also ensure alignment to the group's objectives, SepHold is represented by four of its executives on the Métier board of directors.

RISK MANAGEMENT

Métier has identified the following key potential risks to the delivery of its growth strategy and the measures to mitigate them:

Risk	Measures to mitigate the risk
Competitive environment A change in the behaviour of competitors in response to constrained economic conditions and new producer in the market is exacerbating price competition.	• Build customer relationships by leveraging track record of quality product offering and customer service excellence • Focus on maintaining gross profit margins by balancing high-margin and high-volume workload • Maintain pricing model and make every attempt to avoid engaging in price wars
Cash flow constraints Vulnerability in the construction industry has increased the risk of bad debts.	• Strengthen credit management policy • Tightening of credit terms • Provision for bad debt

HUMAN CAPITAL

Employees

Métier's managing director and key employees have more than 80 years' combined experience within the ready-mixed concrete market. During the financial year, Métier had an employee complement of 216, including a relatively significant representation of concrete technologists within a full-service technical division that collaborates with a commercial team to deliver solutions to clients. Other key business functions include operations, maintenance and administration.

Métier workforce profile (February 2014)

	2013			New employees			Employees resigned			Current		
	Male	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
White	22	10	32	–	–	–	–	1	1	22	9	31
African	133	5	138	11	1	12	3	–	3	141	6	147
Coloured	3	1	4	–	–	–	–	–	–	3	1	4
Indian	29	6	35	–	–	–	1	–	1	28	6	34
Total	**187**	**22**	**209**	**11**	**1**	**12**	**4**	**1**	**5**	**194**	**22**	**216**

BUSINESS REVIEW MÉTIER MIXED CONCRETE CONTINUED

Headcount	Male				Female				Total
Employee category	**Black**	**Indian**	**Coloured**	**White**	**Black**	**Indian**	**Coloured**	**White**	
Executive management	–	–	–	2	–	–	–	1	3
Senior management	–	2	1	15	–	–	–	–	18
Middle management	4	12	2	4	–	–	1	4	27
Junior management	13	10	–	1	5	6	–	4	39
Semi-skilled labour	73	4	–	–	1	–	–	–	78
Unskilled labour	51	–	–	–	–	–	–	–	51
Total permanent employees	**141**	**28**	**3**	**22**	**6**	**6**	**1**	**9**	**216**
Total employees	**141**	**28**	**3**	**22**	**6**	**6**	**1**	**9**	**216**

Métier's employee complement has grown significantly in recent years to accommodate the expansion strategy and while this has placed pressure on a relatively small business, it has been carefully managed. Plans to retain key employees are being developed.

To ensure that it has the skills required to support growth, Métier has developed a personal development plan, which identifies training needs. Métier invested R472 000 (2013: R292 000) in training during the year and has budgeted expenditure of R840 000 on skills development in the 2015 financial year. Apart from legislated training in the areas of safety and environmental management, the company identifies individuals for development and promotion and relies on the Cement and Concrete Institute to train the majority of its employees.

Métier complies with the Employment Equity Act, 35 of 1998 (EE Act) and the Broad-Based Black Economic Empowerment Act, 53 of 2003 (B-BBEE Act). Métier received level 5 B-BBEE contributor certification in July 2013. However, the company faces the risk of reverting to a level 7 certification when amendments to the Codes of Good Practice are changed in 2015.

Community upliftment programmes

Beneficiary	Description	Value of donation
Lungisisa Inlela Village	Donation of concrete for the development of a new village in Verulam Aimed at placing vulnerable children in a family environment	R195 390
Restoration of Hope Ministries – Ingane Yami Children's Village, Shongweni	Construction of 25 homes for 150 abandoned children, living with a carefully selected house mother. Other buildings include a hall, crèche and plan is ultimately to build a school	R86 518
The Domino Foundation	Empowers the neediest communities with feeding, skills development, childcare and infant early development	R75 000
Highbury/Thuthukisa Early Childhood Development Teachers' Training Initiative	Early childhood development (ECD) teacher training initiative for young student teachers from local disadvantaged ECD schools and crèches	R70 000

Lungisisa Inlela Village beneficiaries

Highbury/Thuthukisa Early Childhood Development Teachers' Programme

The Domino Foundation beneficiaries

HEALTH, SAFETY AND ENVIRONMENTAL MANAGEMENT

Métier reported no fatalities or any lost-time safety incidents during the year. All Métier operations conduct a quarterly environmental, health and safety audit. Results are recorded and action plans developed.

Métier complies with the Occupational Health and Safety Act, 85 of 1993. Safety teams are appointed to promote a safe working environment and enforce safety rules and procedures at the operations. All employees are trained in safety procedures and attend regular toolbox talks to reinforce key safety messages. Safety training is conducted at all project sites.

Delivery vehicles represent a peculiar potential safety risk of tipping over due to the high centre of gravity of the mixer unit and the nature of construction sites. An extensive programme has been introduced to mitigate this risk based upon driver training called 'King of the Road' which utilises a live tracking system to monitor and measure driver performance. This system is used for real-time delivery monitoring with additional benefits such as safety features, on-time delivery and reduction of fuel costs.

Métier believes that good stewardship avoids, minimises and mitigates the negative environmental impact of its operations. Any environmental concerns raised by communities are addressed immediately by the executive management. Testing has been done at specific operations to ensure compliance and to address any community concerns regarding specific operations. A comprehensive study was undertaken by SRK Consulting to assess Métier's compliance with standard environmental requirements in South Africa. An environmental management plan was developed for each operation based on the findings of the study and is currently used by each operation.

ANY ENVIRONMENTAL CONCERNS RAISED BY COMMUNITIES ARE ADDRESSED IMMEDIATELY BY THE EXECUTIVE MANAGEMENT

Noise, dust and slimes pollution was identified as the most material environmental concerns at Métier plants. Systems to filter dust are installed in silos while water and slimes are recycled at all operations.

Métier has had no environmental infringements during the financial year and has not incurred any fines.

LOOKING AHEAD

Métier will focus on maintaining its operational efficiency and financial performance in order to grow revenue.

BORN IN THE NEW SA

1,1 million tonnes of cement per annum to be produced at Aganang

1,4 million tonnes of cement per annum to be produced at Delmas

Sephaku Cement is a 64% owned subsidiary of Dangote Cement Plc and an associate company of JSE-listed Sephaku Holdings.

This South African integrated clinker and cement producer has an operational cement milling plant in Delmas, Mpumalanga and a 6 000-tonnes-per-day clinker facility near Lichtenburg in the North West province. Competitiveness and cost efficiency lies in the state-of-the-art technology which underpins the Sephaku Cement plants.

BUSINESS REVIEW SEPHAKU CEMENT

THROUGHOUT THE CONSTRUCTION PHASE, A DEDICATED OPERATIONAL PREPAREDNESS TEAM HAS ENSURED THAT SEPCEM MEETS ITS TARGETS FOR COMPLETION AND MARKET READINESS

The 2014 financial year marked the successful completion, commissioning and entrance of the Delmas milling plant into the domestic cement market. The Aganang clinker plant was successfully commissioned and clinker production is targeted for July 2014.

SepCem focused on completing the construction phase of the two plants and this was achieved on schedule and within budget. Critical elements in the construction phase included the factory acceptance testing, delivery and installation of imported mechanical equipment, and the installation and connection of electricity supply from the national grid.

The focus then shifted to the commissioning of the plants and the commencement of commercial production. Throughout the construction phase, a dedicated operational preparedness team has ensured that SepCem meets its targets for completion and market readiness.

STRATEGY

The SepCem strategy is to stabilise and optimise its production capacity to ensure the low cost advantage offered by new plants with advanced technology. SepCem intends to penetrate the domestic cement market in a responsible manner that enables it to fulfil its promises of:

- high product quality, exceptional service and first-class technical support to customers; and
- sustainable growth in profitability to shareholders.

SepCem has made significant progress in the operationalisation and execution of its strategy during the financial year.

KEY MANAGEMENT

Pieter Frederick Fourie (58) CEO – Sephaku Cement

BCom (Accounting), Executive Development Programme (PRISM) for Global Leaders (Switzerland)

Pieter has extensive experience in the cement industry and assumed his position as chief executive officer of SepCem in May 2007.

Duncan Leith (48) Executive manager commercial

BCom (University of South Africa), Young Managers Programme (INSEAD, France), MBA (GIBS)

Duncan has experience in the commercial aspects of the cement industry, having worked for Lafarge for 10 years. He also spent three years with the Imperial group before joining SepCem in 2007.

Duan Claassen (46) Executive manager operations

BEng (Metallurgical Engineering) (University of Pretoria), Young Managers Programme (INSEAD, France), MDP (Duke University, USA)

Duan completed his graduate engineer training at De Beers before joining Blue Circle Cement. He was involved with Blue Circle Cement's integration into Lafarge in 1996. He subsequently worked for PPC before joining SepCem in 2008.

Heinrich de Beer (47) Executive manager projects

BEng Mechanical (PUCHE), MDP (PUCHE), LDP (GIBS)

Heinrich started his career as a project engineer and maintenance manager at Mittal (Iscor) before joining Lafarge, where he held various positions. Heinrich joined SepCem in 2008.

Gay de Witt (45) Chief financial officer

BCom (Hons) (University of Pretoria), CTA (University of South Africa), CA(SA) (SAICA)

Gay has experience in a number of fields, ranging from finance and operations to risk management. She previously worked for Clover Danone before joining SepCem in 2009.

Puseletso Makhubo (41) Executive manager organisational performance

BAdmin (Hons) (Industrial Psychology), MDP (University of KwaZulu-Natal, formerly University of Durban Westville), Master in Business Leadership (University of South Africa)

Puseletso has experience in human resource management in the financial and manufacturing sectors. She previously held key positions in Nedcor Electronic Banking and Lafarge Gypsum before joining SepCem in 2008.

Jennifer Bennette (51) Company secretary

Jennifer has been employed by various legal practices as a paralegal. She was previously company secretary for the Platmin group, joined SepHold in 2008 and SepCem in 2010 as company secretary.

BUSINESS REVIEW SEPHAKU CEMENT CONTINUED

In the 2013 integrated report SepCem identified the following key strategic objectives:

Strategic objective	Delivery against strategy
Completion of the construction of Delmas and Aganang plants on time and within budget	Achieved
Becoming the lowest-cost producer in South Africa in the short to medium term by leveraging plant, logistics and energy efficiency	Significant progress
Preparing for market entry post-production and ramp-up	Achieved
Achieving a national market share of 13 – 17% at targeted margins	Not yet measurable

Detailed performance achieved against these key strategic objectives is described below:

Completion of the construction of Delmas and Aganang plants on time and within budget

Delmas

Electricity supply was installed and connected to the Eskom substation on site at the Delmas cement milling plant in Mpumalanga in October 2013, signalling the start of cold commissioning, which is a process in which all sections of the plant are started and operated without material. In November 2013, the clinker was delivered to site and hot commissioning commenced. The first test cement batch was produced in December 2013, and on 6 January 2014, production of SABS-specified cement commenced. The first delivery of SABS-specified bagged cement was dispatched to customers on 13 January 2014, and the first bulk cement on 16 January 2014.

The cement mill exceeded the required levels of performance against guaranteed performance criteria in the production testing conducted in February 2014.

The Delmas plant has the capacity to supply 1,4Mtpa of cement and has cement silo storage capacity for 22 000 tonnes of bulk product. Production volumes will be ramped up in line with customer demand.

Aganang

The Aganang plant located between Lichtenburg and Mahikeng in North West is SepCem's primary operation. This operation consists of a limestone open cast quarry and an integrated cement production plant to mine the limestone and process it to form clinker. Approximately 45% of the clinker produced will be blended with other raw materials to produce the finished cement product in bag and bulk form. The remaining 55% of clinker will be transferred to the Delmas plant for further processing into the different strengths of cement.

Electrical power was connected in December 2013, followed by cold commissioning in February 2014 and hot commissioning commenced in March 2014. The plant is targeted to produce clinker in July 2014. Aganang has the capacity to produce approximately 1,8Mtpa of clinker and 1,1Mtpa of cement when fully commissioned. It has a kiln that is almost double the average size of the incumbents, its silo offers storage capacity for 50 000 tonnes of clinker and its pre-blended stockpiles cover 2,5 hectares, the equivalent size of five rugby fields.

Mining activities commenced at the limestone quarry in November 2013, with the preparation of the initial mining area, construction of the haul roads and the stockpiling of limestone.

Sephaku Ash

Sephaku Ash, a division of SepCem, focused on preparing its operation, during the financial year, to supply increased volumes of fly ash as an extender to various blenders including the Delmas plant and achieved a 20% improvement in its operational efficiencies. Sephaku Ash was established in 2009 following the successful conclusion of a nine-year supply agreement with Eskom to acquire and remove ash from Eskom's Kendal Power Station. Negotiations with Eskom to extend the ash contract by another five years are at an advanced stage and a positive decision is expected in due course. Sephaku Ash is located at the power station and has the capacity to produce 800 000 tonnes of ash per annum, which sells under two brands – HardAsh and SmartAsh.

Delivering within budget

The plants were funded by investments totalling R3,2 billion. The investments included equity funding of R1,2 billion from SepHold and Dangote and debt funding of approximately R2 billion from Standard Bank and Nedbank. In addition, Dangote provided a standby facility of R265 million, which was used during the year and by the end of the SepCem financial year had been drawn down to R147 million. The plants were completed within budget and did not require any additional funding. Repayment of the debt funding will commence in January 2016.

SepCem incurred a loss of R40,9 million relating to overhead costs and marketing development costs. A penalty clause, was enforced against Sinoma due to a delay at Aganang as reported in the past financial year. SepCem is expected to contribute profit to the group in the 2014 calendar year.

Becoming the lowest-cost producer In South Africa in the short to medium term by leveraging plant, logistics and energy efficiency

The new plants have been designed using German-engineered Loesche mills and other key equipment from European suppliers to maximise operational efficiency and competitiveness, while limiting the environmental impact.

The following design output has been guaranteed and achieved at Delmas:

	Guaranteed	Achieved
Cement mill throughput (t/h OPC @ 3200 Blaine)	155	213
Cement mill power cons (kWht @ 3200 Blaine)	22,6	20,03

Other salient technical efficiencies of SepCem plants include:

- Water management
  - Aganang plant is located in a water scarce region. The kiln line has been uniquely designed to use ambient air instead of the traditional gas conditioning tower for cooling of the preheater exhaust gases
  - Water consumption will be at 151 litres/tonne of cement-in-bin, compared to similar plants that consume >250 litres/tonne
- Energy consumption:
  - Vertical milling technology (cement, raw meal and coal) will reduce power consumption
  - High levels of energy efficiency at 95kWh/tonne compared to industry average of approximately 145kWh/tonne
  - Heat consumption at 755kcal/kg clinker compared to industry average of above 900kcal/kg clinker
- Environmental management
  - Low dust emissions of 30mg/Nm³ compared to up to 100mg/Nm³ for older plants
  - Lowest carbon footprint due to optimal coal consumption and high extension ratio

The table below further illustrates SepCem's efficiency advantages relative to incumbents

	Aganang	Delmas	Sephaku Cement Total	Competitor A	Competitor B
Tonnes of clinker per day	6 000	–	6 000	5 700	7 400
Kiln lines	1	–	1	2	3
Cement per hour (I OPC @ 3200 Blaine)	155	155	310	–	–
Employees	195	70	195	230	460
Tonnes of clinker per employee	31	–	31	25	16
Tonnes of clinker per line	6 000	–	6 000	2 850	2 467

Preparing for market entry post-production and ramp-up

In the period leading up to market entry, the operational readiness team focused on product testing, market positioning, pricing and brand building.

One of the main focus areas was to ensure that SepCem was able to offer customers products of consistent and higher quality to those already available in the market. SepCem entered the bagged cement market with two strengths, namely Sephaku 32,5R and Sephaku 42,5R, both of which have a higher early strength, than similar products currently supplied by most competitors. The technical bulk market is supplied with the 42,5R and 52,5N with the latter aimed at the higher end of the technical market, specifically where rapid times and high early strength are required.

Market research was conducted and informed a client engagement drive, which targeted customers in the bag and bulk markets, as follows:

Bag (retail) market – is expected to account for up to 60% of sales in line with the industry norm. SepCem has engaged at the highest levels with the large merchant retailers, and has successfully negotiated significant presence within their branches. To this end, SepCem's products are widely available in the retailers' various stores. Progress was also made with the second tier of the bag market, which includes mid-size resellers and a number of large independent groups.

Bulk (technical) market – initial entry has been with existing customers of Sephaku Ash to establish a base load of cement sales in this segment. Furthermore, Métier, also one of SepCem's largest ash customers, will potentially absorb a portion of SepCem's capacity. With product acceptance a critical factor in market entry, Métier also provides a valuable strategic partnership for in-application testing of SepCem's products.

To ensure that customers achieve the best value from their cement, SepCem offers a value-driven approach backed by product testing and special mix design support provided by the technical laboratory at the Delmas plant. This approach has raised SepCem's profile and succeeded in translating a number of its ash customers to its cement database. Unfortunately, the good progress in securing initial base load sales was hampered by the heaviest South African rainfall season in 15 years during February and March 2014.

BUSINESS REVIEW SEPHAKU CEMENT CONTINUED

Geographically, with the Delmas plant strategically located close to its fly ash source and coal supply, and 50km from Gauteng, SepCem targets the Gauteng, North West, Limpopo and Mpumalanga provinces. SepCem transports its cement by road and therefore, the development of an efficient outsourced delivery function has been a major element of the operational preparedness plan. SepCem has contracted with five major transporters to provide this critical service. Several systems and plans have been developed to increase loading efficiency at the plants, which will contribute significantly to the efficient customer service promise.

The competitive environment has changed over the past year, with existing producers adjusting their product ranges and prices, and introducing competitive new products in response to SepCem's anticipated entrance. SepCem enjoys significant cost advantages as a result of its new state-of-the-art plants and has priced its products competitively; notwithstanding competitive pricing, the focus is biased towards delivery and technical service as a means to retain customers in the long term.

Achieving an inland market share of 13 – 17% at targeted margins

SepCem targets a market share of 20% to 25% in its inland markets, resulting in 13% to 17% nationally. Its performance in this regard will only be measurable towards the end of the 2014 calendar year as it ramps up volumes.

HUMAN CAPITAL

Developing an adequately skilled workforce to build and operate cement plants has been and will continue to be a significant challenge in an environment where there is a severe shortage of skills and experience, particularly in cement and process or heavy engineering.

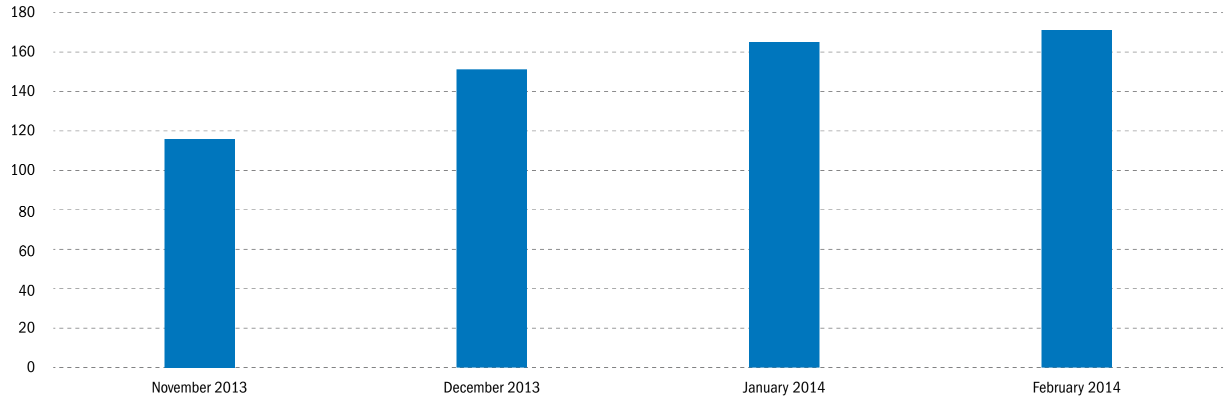
Nevertheless, SepCem has, over the past three years, assembled a specialist and experienced executive team to guide it through its planning, system development, construction, commissioning and market development phases. The executive team's focus and function has now shifted to the ongoing operation maintenance of the plants and market penetration.

Owing to the skills shortages in South Africa, an agreement was concluded with Sinoma – the Chinese contractor that designed, built and commissioned Aganang and Delmas – to employ its own skilled workforce on the condition that Sinoma would further employ and transfer skills to a minimum ratio of three Chinese workers to one local worker. The agreement also stipulated that the Chinese workers must be repatriated as soon as the specific stage of the project involving their particular discipline was completed. A total of 1 760 Chinese workers were employed at different stages of the project and to date 1 000 workers have returned to China while 760 are still employed between the two sites. During the reporting period, there were 108 Chinese workers at Delmas for the final project stage and 652 workers at Aganang for the final construction activities and commissioning of the plant. More than 50% of the South African workforce was recruited from the local community with the majority of these people being first-time employees at the beginning of the project. They subsequently acquired basic construction skills at respective sites and received commensurate certification.

SepCem has consistently recruited and trained local workers, and has an employee complement of 201 adequately skilled permanent employees to operate the cement plants, and a fixed-term contractor complement of 27 for the construction of the Aganang plant. Of the 201 permanent jobs, 50% are from the Victor Khanyi and Ditsobotla local communities. Approximately 600 indirect jobs will be sustained by subcontractors and suppliers to the plants.

Furthermore, SepCem has embarked on a one-year programme to train an additional 200 lower-skilled workers in anticipation of increasing workloads as volumes ramp up. The average age of the company's employees is 34,6 years.

SepCem employee complement (2014)



BUSINESS REVIEW SEPHAKU CEMENT CONTINUED

Skills development

In its past financial year, SepCem spent R1,6 million on employee training and development, equivalent to approximately 2,5% of the total SepCem payroll. The company's expenditure targets for training and development over the next four years are based on an estimated 3% of annual payroll.

SepCem's extensive skills development programme ranges from adult basic education and training (ABET) to improved literacy and numeracy, learnerships, internships and mentorships. Portable skills plans for workplace qualifications are also in place, as are bursary schemes to support talented individuals at a tertiary education level.

EMPLOYMENT EQUITY (EE)

SepCem complies with the EE Act. An EE policy is in place to ensure compliance with applicable legal requirements. The existing EE committee established in 2012 is regularly reviewed to align it with the requirements of the EE Act and the current members of the EE committee will be trained in July 2014. Details of the EE status of SepCem are outlined in the table below:

Employment equity (EE) and black representation (BR) as at February 2014

Occupational levels	Target %	Actual EE %	Actual BR %	African			Coloured			Indian			White			Total		
				M	F	T	M	F	T	M	F	T	M	F	T	M	F	T
Executive management	60	43	14	–	1	1	–	–	–	–	–	–	4	2	6	4	3	7
Senior management	60	43	26	4	1	5	–	1	1	–	1	1	13	3	16	17	6	23
Professional/middle management	75	79	66	9	3	12	–	–	–	3	1	4	5	3	8	17	7	24
Skilled (junior management)	80	90	83	27	16	43	–	2	2	1	2	3	6	4	10	34	24	58
Semi-skilled	100	100	100	13	10	23	–	–	–	1	–	1	–	–	–	14	10	24
Unskilled	100	100	100	25	9	34	–	–	–	1	–	1	–	–	–	26	9	35
Total				**78**	**40**	**118**	**–**	**3**	**3**	**6**	**4**	**10**	**28**	**12**	**40**	**112**	**59**	**171**
Fixed-term contractors				3	1	4	–	–	–	–	–	–	15	1	16	18	2	20
Learnerships				6	–	6	–	–	–	–	–	–	–	–	–	6	–	6
Total				**87**	**41**	**128**	**–**	**3**	**3**	**6**	**4**	**10**	**43**	**13**	**56**	**136**	**61**	**197**

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE)

SepCem's board approved a proposal to establish a B-BBEE non-profit company (NPC) called Torosesha for the benefit of the communities adjacent to the Aganang plant and resolved to issue 15% of the shareholding of Sephaku Development Proprietary Limited (Sephaku Development) to this NPC. Torosesha was registered and incorporated with the following directors representing SepCem: Pieter Fourie, Rose Matjiu, Puseletso Makhubo and Robert Matye. The next step will involve the election of community representatives. Torosesha will ensure SepCem's compliance with the Minerals and Petroleum Resources Development Act, 28 of 2002, (MPRDA) for 2014.

SepCem achieved level 2 B-BBEE contributor certification in November 2013.

HEALTH, SAFETY AND ENVIRONMENTAL MANAGEMENT

Statutory requirements for health, safety and environmental management and community engagement are strictly complied with on operational sites.

Safety and health

Safety management at the operations is underpinned by rigorous risk management systems led by a safety specialist. Daily inspections are conducted to monitor compliance with standards and procedures and a full safety management team is assigned to each site.

There were no major incidents and the lost-time injury frequency rate for SepCem's operations for the year ended 31 December was 0,109 at Aganang, 0,53 at Delmas and zero at Sephaku Ash.

SepCem applies a wellness framework to promote a healthy lifestyle for all employees and to assist those who experience personal or work-related difficulties to ensure optimal performance of each individual.

Environmental management

SepCem's business strategy takes into account water and energy efficiency and the mitigation of carbon emissions. The Aganang and Delmas plants have been designed to limit their environmental impact.

SEPCEM'S BUSINESS STRATEGY TAKES INTO ACCOUNT WATER AND ENERGY EFFICIENCY AND THE MITIGATION OF CARBON EMISSIONS

However, in instances where there are specific environmental risks to any of its operations, mitigation measures are outlined in the related environmental management programme, which has been approved by the Department of Mineral Resources (DMR).

Through extensive stakeholder engagement, a database has been established of the potential environmental risks and concerns. Dust and noise pollution, water consumption and waste management were identified as the main environmental concerns at both plants.

Technologically advanced production processes at the SepCem plants

BUSINESS REVIEW SEPHAKU CEMENT CONTINUED

Project-specific environmental concerns raised and mitigation measures

Aganang integrated cement plant

Concern	Potential sources	Mitigation measures
Dust		
Reduced air quality	Vehicle dust from unpaved roads	Environmentally friendly dust suppression measures employed.
	Fine dust particles from crushers and materials handling transfer points throughout process	Dust extraction points installed.
	Drilling and blasting	Dust monitoring conducted by environmental control officer.
	Stack emissions	Bag houses installed at all stacks. Continuous monitoring of particulate matter.
	Fall-out dust buckets	Dust monitoring conducted monthly, PM10 monitoring on a quarterly basis, dust suppression daily.
Noise		
Increased overall noise levels around the mine and the plant during construction and operation	General construction and processing activities	Noise mufflers and silencers implemented wherever possible. Engagement channel opened for residents to give specific feedback.
Visual presence		
Although SepCem acknowledges the adverse aesthetic impact of the plant, the light and activity generated by the plant's presence is likely to contribute positively to security in the area. Furthermore, the Aganang plant is one of three in the area.		
Water consumption		
Water requirements may reduce available supply for local farmers and residents	Borehole	The dry process will be employed at the operations. Kiln exhaust gas will be cooled with ambient air, and the mine and plant will use 750 m^3/day, considerably less than the industry norm for plants of a similar size. Mine and plant supply to be sourced from boreholes, drilled on the property for this purpose. Water monitoring conducted monthly and report submitted to Department of Water Affairs.
Biodiversity		
There is no material risk to any areas of high or sensitive biodiversity within the mine or processing plant area. It has historically been used for cattle grazing and has been severely overgrazed. A thorough study of the area was conducted and reported in the Environmental Management Plan. While threats to biodiversity are not considered material for this operation, SepCem remains committed to regular environmental audits by a suitably qualified person. Should any red-listed species be identified, SepCem will endeavour to relocate such species appropriately. A biodiversity action plan will be developed within two years of full production.		
Surface water quality		
Studies have confirmed that, due to the absence of any well-defined or perennial drainage lines or water courses within the project area, the limestone mine and cement factory will not have a direct impact on the quality of surface water run-off.		
Excess run-off of dirty water from plant	Storm water flooding	Storm water berms and control structures constructed to prevent storm water run-off.
	Flatness of area and single drainage catchment body: Springbok Pan	Dirty water emanating from plant footprint will be channelled into dedicated dams and reservoirs that will prevent contact with clean water.
		Regular monitoring by environmental control officer.
Waste management		
Management and disposal of waste	Hydrocarbons from wash bays Diesel dispensing station Laboratory effluent Alternative raw material	Waste disposal certificates available. Waste management plan in place. Waste manifests available on record. Waste selection made separately at a waste site. Procedures in place for waste generation, classification and disposal. For the construction phase of the project, a waste site was established where all the necessary sorting was conducted. During operational phase, separation will be done at source.

Delmas cement milling (grinding) plant

Concern	Potential sources	Mitigation measures
Ground water quality and quantity		
Contamination due to leakage	Hydrocarbon effluent from wash bays Diesel dispensing station Fly ash storage	Use of materials, fuels and chemicals will be controlled and stored in a secure facility.
Storm water management		
Contamination of storm water run-off	Hydrocarbons from vehicle wash bays Spillage at fly ash handling facilities Spillage at diesel dispensing station	All spillages from any potential contaminants will be safely and immediately removed and disposed of at an appropriate site.
Waste water		
Disposal of waste water	Dirty water from plant footprint	Discharged to municipal sewage treatment system as interim measure, while water use licence application is in process.
		Water monitoring conducted monthly and report submitted to Department of Water Affairs.
Biodiversity		
Excavation and clearance of site, and building of plant	Dirty water from plant footprint	Development was restricted to the proposed site. Noise was kept to a minimum to reduce the impact of the development on the fauna residing on the site. Natural wetland vegetation left undisturbed where possible. Biodiversity action plan to be developed within two years of full production.
Dust		
Reduced air quality	Dust pollution from vegetation clearance, earthworks and increased traffic	Major haul routes within the operating area paved, where possible. Suppression measures implemented in unpaved areas.
	Fugitive dust emissions from materials-handling operations	Ambient dust deposition rates continuously monitored, with monitoring stations positioned at the nearest industrial and residential receptors, as well as at the source.
	Emissions from the plant	Bag filters.
Waste management		
Management and disposal of waste	Hydrocarbons from wash bays Diesel spillage at dispensing station Laboratory effluent Fly ash	Waste disposal certificates available. Waste management plan in place. Waste manifests available on record. Waste selection made separately at a waste site. Procedures in place for waste generation, classification and disposal. For the construction phase of the project, a waste site was established where all the necessary sorting was conducted. During operational phase, separation will be done at source.

BUSINESS REVIEW SEPHAKU CEMENT CONTINUED

COMMUNITY ENGAGEMENT

SepCem has adopted a community policy on the rights of local communities that is aligned with international best practice relating to resettlement and compensation. By working in partnership with communities, SepCem can develop an understanding of the impact its operations may have on the livelihood of adjacent communities, and how to manage the short-term and long-term risks. This strategy is supported by a number of management systems dealing with impact assessment, community engagement processes, and social investment.

In October 2013, Sephaku Development signed an agreement with the communities of Springbokpan and Verdwaal for access to the mining area to commence with mining operations. Sephaku Development has committed to provide alternative grazing land as a long-term plan to address the loss of access to grazing land due to the mining operations.

In the interim, the company has provided the affected livestock farmers with temporary access to certain portions of the farms Klein Westerford 78 IO and portion 1 and 13 of Bethlehem for grazing purposes.

Community development

Sephaku Development supports a number of community development initiatives in line with the approved social and labour plan for Aganang. The details of the progress achieved to date are contained in the table below.

Community development initiatives – Aganang

Initiative	Planned	Progress to date	Comments
Adult basic education and training (ABET)	Support for ABET facilities at the communities to meet SepHold's minimum entry requirements of matric, ABET Level 4, or NQF1	♦ Supply of learner support materials, furniture, career development to five government ABET centres at local communities ♦ Support to Grade 11 and 12 maths and science learners at the Greater Itsoseng community area	♦ To offer 20 local contract employees ABET training by the end of 2014 based on the outcome of the recognition of prior learning assessment at the construction of the Aganang plant
Learnerships	Learnerships or artisan training opportunities	♦ 12 learners from local communities offered training to become fitters and electricians ♦ 10 learners passed their trade test and are now qualified artisans ♦ Six learners employed in the Aganang engineering department in 2014	♦ Two learners to complete programme by mid 2014 ♦ An intake of two employees from the local communities to be trained as artisans from June 2014 ♦ Expenditure to date: R3,2 million
Core business training	Development of a training programme during operational phase	♦ SepCem and the mining contractor (MCC Group) to offer training and development to 80 community members in mobile machine operation and workshop assistance ♦ MCC will recruit from this pool of learners	♦ Training commenced in January 2014 and will be completed by June 2014 ahead of the recruitment process ♦ Expenditure to date: R450 000
Portable skills	♦ Implementation of portable skills programme: • vehicle operators (10) • leadership and interpersonal skills (25) • small business management skills (25) • personal financial skills (25) • plumbing and brick-laying (50)	♦ 50 trained on Code 10 and Code 14 driver's licence for recruitment at mining operations • 30 obtained driver's licences in 2013 and additional 20 will complete the programme in the 2014 calendar year ♦ 30 trained in leadership development and life skills ♦ 25 trained in basic scaffold (10) and basic engineering (15) in 2012 and 2013. All received SETA accredited certificates. ♦ Eight trainees employed as laboratory technicians and operators at Aganang from February 2014	♦ Portable training to equip young people with skills required at plant or mining operations ♦ Additional 20 people to be trained on pallet manufacturing, business management and baking ♦ 20 people to be recruited by the bakery and pallet and replacement centres by July 2014 ♦ Expenditure to date: R516 000
Bursary and internship plan	Bursaries for four students and internship opportunities	♦ Four students awarded full-time bursaries for engineering at national universities since 2011 ♦ Employed three young community members as trainees in risk management, organisational performance and community development	♦ 2014 bursary programme focused on students doing second year and above ♦ New intake to focus on technical training at FET colleges to create a pool of learners for future artisan-training programme ♦ Expenditure to date: R275 964

Local economic development projects supported by SepCem

Project	Motivation	Implementation status	Budget estimate
Springbokpan clinic	No healthcare facilities at affected communities who have been using a mobile clinic	• Completed refurbishment of the Springbokpan clinic in December 2013 and handed over the facility to the community for use by the Department of Health	R700 000
Verdwaal community centre	No facilities to support community including lack of primary healthcare and other social services	• Project commenced in November 2013 and will be completed in July 2014	R900 000
Bakery	To support job creation and improve food security in the local communities	• Agreement with Butterfield Holdings to supply equipment and manage the project • Project to be operational by August 2014 and will create up to 15 jobs at full production • Employee trust scheme to be established to provide long-term incentive to project beneficiaries	R1 464 000
Pallet repair and replacement	To supply the plant with pallets and create employment and empowerment of local people	• Project aligned with the start of Aganang operations and will create 18 sustainable jobs • Employee trust scheme established to provide long-term incentive to project beneficiaries	R1 600 000

Chief executive officer of SepCem, Mr P Fourie (right), handing over the keys to the Springbokpan clinic in April 2014 to Mr W Pitso, the headman of Springbokpan (left)

BUSINESS REVIEW SEPHAKU CEMENT CONTINUED

RISK MANAGEMENT

SepCem has an oversight process to ensure effective risk management and accountability. Strategic and operational risk matrices are monitored bimonthly.

Strategic risks

Strategic risks are defined as those that have the potential to cause significant financial loss, fundamentally undermine SepCem's competitive position and adversely impact its reputation.

The key potential strategic risks for SepCem, and measures to mitigate them, are:

Risk	Measures to mitigate the risk
Raw materials such as magnetite and bottoms ash reclassified as hazardous waste, requiring licensing under National Environmental Management: Waste Act, 59 of 2008	• Aganang basic assessment in process • Participating in industry discussions with the director general of the Department of Trade and Industry (dti) to establish potential impact and possible mitigation
Unforeseen interest rate increases beyond those built into forecasted plans	• Interest hedging is continually assessed at board meetings
Requirement for specialised transport to deliver product to customers	• Delivery system is 100% outsourced • Contracts have been concluded with five service providers
Eskom's inability to provide dedicated power to plants	• Risk low due to relatively lower industry power consumption • Generators in place to protect equipment
Competitor responses	• Strategy to enter market responsibly to avoid aggressive reaction by incumbents and develop a long-term sustainable presence • Higher levels of cost-efficiency provide a competitive advantage
Regulatory environments: Competition Act, 89 of 1998 (CA), Consumer Protection Act, 68 of 2008 (CPA), and Protection of Personal Information Act, 4 of 2013 (PoPI), these acts affect SepHold as a wholesale supplier of cement	• All executives and customer-facing employees have received CA compliance training and will attend biannual refresher courses; a document is being published to reinforce compliance; and a commercial executive was tasked with overseeing compliance • As a predominantly wholesale supplier, SepCem does not ordinary sell directly to customers, but in the event that this occurs, standard terms and conditions of supply have been redrafted to take the CPA into consideration • SepCem is planning a programme for internal training on PoPI, an institutional compliance audit, development of a privacy policy, and a system of monitoring ongoing compliance
Impact of regulatory uncertainty in mining industry on mining licence	• Remains a potential risk SepCem uses its secured limestone deposits on the Stiglingspan and Verdwaal farms west of Lichtenburg to operate the Aganang and Delmas plants • A revised lease agreement has been submitted to the Minister of Mineral Resources for approval • Conclusion of land access agreements with the Stiglingspan and Verdwaal farm communities, Kopano and the Department of Land Affairs, has enabled SepCem to proceed with mining activities
Obtaining community leader support for operations	• SepCem has adopted a community policy based on partnership and aligned with international best practice on the rights of local communities relating to resettlement and compensation • This approach is supported by a number of management systems dealing with impact assessment, community engagement processes and social investment • New B-BBEE arrangement will benefit the community who will represented as trustees

Operational risks

The key potential operational risks for SepCem, and measures to mitigate them, are:

Risk	Actions to mitigate the risk
Scarcity of water supply to site	• Lower water consumption at 151 litres/tonne of cement-in-bin compared to similar plants which consume over 250 litres/tonne • Kiln line uniquely designed to use ambient air instead of gas conditioning tower for cooling • Mine and plant supply from boreholes

Shortage of technically skilled human resources, particularly with cement processing skills or heavy engineering	• Specialist skills retained in executive team
	  ◦ Succession plan still to be finalised
	• Local workforce recruited and trained in extensive skills to operate cement plant, including a deliberate skills transfer programme from Sinoma
	  ◦ Additional 200 lower-skilled workers currently in training for Aganang.
	• 50 Chinese engineers employed by Sinoma remain involved in final stages of commissioning and testing at Aganang

Retention of key skills	• Executive leaders have been retained as a result of positive working experience • SepCem has implemented a succession plan • A long-term retention plan still to be finalised
The risk of a single power source at Aganang plant	• Planning is underway for Eskom to install a ring network to double the source of power due to be completed in 2016
Regulatory hurdles that may result in licences not being granted or renewed timeously	• Appropriate intervention to provide technical capacity and support in environmental matters at local and provincial levels

LOOKING AHEAD

Based on extensive company research and analysis, the long-term sustainable growth rate for the cement industry is forecast to be 4,5% per annum. The industry sales for 2014 are projected to grow by 3% to 4% based on an assumed GDP rate of 2,4%.

South Africa, excluding Botswana, Lesotho, Namibia and Swaziland (BLNS countries), consumed approximately 12,6 million tonnes of cement in 2013. The estimates for the BLNS countries are circa 0,6 million tonnes, which including South Africa results in a total of 13,2 million tonnes. The capacity of the current producers amounts to approximately 14,5Mtpa based on the active kilns of the incumbents and is expected to increase to approximately 17 million tonnes by 2016 with the introduction of the SepCem production capacity of 2,5 million tonnes. Demand is expected to surpass potential supply by 2018. Once the industry is operating at full capacity, the opportunity will be created for additional capacity to be introduced into the industry.

The main market drivers of growth in the industry include residential housing, backlogs in affordable housing and related bulk infrastructure projects to increase capacity in, among others, water, sanitation and power. There is also a dire need to maintain and upgrade current national transport systems, specifically the secondary road infrastructure network. While an increase in building plans in 2013 confirms growth in the construction industry, the implementation of government's infrastructure development programme, which would introduce additional growth impetus, remains slow.

The commencement of clinker production in Aganang in July 2014 will enable the Aganang and Delmas plants to focus on delivering consistent quality cement products, offer excellent service to the market and ramp up volumes in line with market demand.

CORPORATE GOVERNANCE REPORT

The board of directors of SepHold provides ethical leadership and oversees the overall process and structure of corporate governance. Each business area and every employee of SepHold, SepCem and Métier is committed to the principles of good corporate governance and to applying the highest ethical standards in conducting business, being a good corporate citizen and generating sustainable levels of performance and returns on shareholders' investment.

SepHold constantly strives to integrate the key concepts of King III into its business and to adjust structures and processes to comply with the provisions of the Companies Act to ensure continued good governance.

Shareholders are also referred to the King III compliance register included on the company's website for further information on the group's detailed analysis for the compliance to the King III Code. (www.sephakuholdings.co.za/ourbusiness/corporategovernance).

Summary governance result – overall (current review)

The Summary Governance result based on the Institute of Directors South Africa's (IoDSA) tool, the Governance Assessment Instrument (GAI).

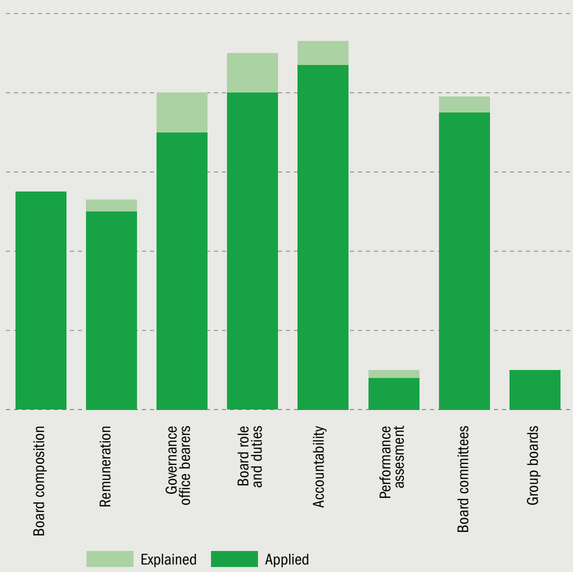
Overall score

AAA

Completeness meter

100%

Weighting graphic



Application meter

Status category	**Score**
Board composition	AAA
Remuneration	AAA
Governance office bearers	AAA
Board role and duties	AA
Accountability	AAA
Performance assessment	AA
Board committees	AAA
Group boards	AAA

AAA – Highest application
AA – High application
BB – Notable application
B – Moderate application
C – Application to be improved
L – Low application

The assessment criteria of the IoDSA web-based tool, the Governance Assessment Instrument, have been based on the practice recommendations of the King III report. These criteria are intended to assess quantitative aspects of corporate governance only, and not qualitative governance. For a detailed assessment of the qualitative criteria, shareholders are referred the register on the company's website. Full disclaimer at www.iodsa-gai.co.za

THE BOARD AND SUBCOMMITTEES

The SepHold board supports the long-term sustainability of corporate capital, balanced economic, social and environmental performance and due consideration of legitimate stakeholder involvement. SepHold has a unilateral board that takes overall responsibility for the success of the group and acts in the best interest of SepHold and its stakeholders.

The board comprises ten directors, four of whom are executive, two non-executive and four independent non-executive directors. The board is satisfied that it has the requisite balance of skills, knowledge, experience and diversity to make it effective.

The board delegates certain functions to various board committees on which independent non-executive, executive and non-executive directors play an active and pivotal role. All committees operate under board-approved terms of reference, which are reviewed and updated regularly to align them with best practice and to take the recommendations set out in King III into consideration. The chairmen of these committees are, in conjunction with the board, elected by the members of each committee.

The audit and risk committee is chaired by an independent non-executive director who attends the annual general meeting (AGM) of SepHold to respond to shareholder queries and who holds office for no longer than five consecutive years, unless the remuneration and nomination committee and the board have sound reason to determine otherwise.

Roles and responsibilities

Committee	Charter or mandate	Roles and responsibilities
Board	Yes	♦ Approval of SepHold's strategy and annual budget ♦ Overseeing operational performance and management ♦ Ensuring that there is adequate succession planning at senior levels ♦ Overseeing director selection, orientation and evaluation ♦ Approval of major capital expenditure or disposals, material contracts, material acquisitions and developments ♦ Reviewing and approving the terms of reference of board committees ♦ Determining policies and processes that seek to ensure the integrity of risk management and internal controls ♦ Maintaining and monitoring the systems of internal control and risk management ♦ Communicating with shareholders, including approval of all circulars, prospectuses and major public announcements ♦ Approving the interim financial results, the integrated report and the annual financial statements (including the review of critical accounting policies and accounting judgements and an assessment of SepHold's position and prospects)
Executive committee	Yes	♦ Developing strategy and policy proposals for consideration by the various boards and implementing the directives of the various boards ♦ Developing and implementing strategy, operational plans, policies, procedures and budgets ♦ Monitoring operational and financial performance ♦ Assessing and controlling risk ♦ Overseeing operational activities ♦ Prioritising and allocating resources ♦ Monitoring competitive forces in each area of operation
Audit and risk	Yes	♦ Nominating a registered and independent auditor and determining fees to be paid and terms of engagement ♦ Determining any non-audit services that the auditor may provide and pre-approving these ♦ Preparing a report for the annual financial statements for that financial year, describing how the audit and risk committee carried out its functions, stating whether the audit and risk committee is satisfied that the auditor was independent of SepHold, and commenting in any way the committee considers appropriate on the financial statements, the accounting practices and the internal financial control of SepHold ♦ Dealing appropriately with any concerns or complaints relating to the accounting practices and audit of SepHold, the content or auditing of SepHold's financial statements, and the internal financial controls of SepHold ♦ Making submissions to the SepHold board on any matters concerning accounting policies, financial control, records and reporting ♦ Performing other functions determined by the SepHold board, including the development and implementation of a policy plan for a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes within SepHold
Remuneration and nomination	Yes	♦ Reviewing the composition of the SepHold board ♦ Identifying and making recommendations to the board regarding the appointment of new directors ♦ Ensuring that appropriate succession plans are in place for the board and senior management ♦ Reviewing the performance of non-executive directors ♦ Approving remuneration policies for executive directors and senior management of Sephaku Holdings
Social and ethics	Yes	Monitoring the group's activities regarding: ♦ Maintaining good relations with consumers ♦ Maintaining good relations with employees and achieving employment equity ♦ Promoting and protecting the environment, health and safety ♦ Preventing and combating bribery and corruption ♦ Being a good corporate citizen, particularly efforts at protecting and advancing human rights, promoting equality and preventing unfair discrimination ♦ Extending the reach and impact of the values and ethics through the business partners and supply chain

CORPORATE GOVERNANCE REPORT CONTINUED

Attendance registers

Board

Name	27 June 2013	21 August 2013	18 November 2013	18 March 2014
B Williams (chairman)	✓	✓	✓	✓
Dr L Mohuba	✓	✓	✓	✓
NR Crafford-Lazarus	✓	✓	✓	✓
RR Matjiu	✓	✓	×	✓
PF Fourie	✓	×	✓	✓
MM Ngoasheng	×	✓	×	✓
CRDW de Bruin (resigned 21 April 2014)	✓	✓	✓	✓
Dr D Twist	✓	✓	✓	✓
MG Mahlare	✓	✓	✓	✓
PM Makwana	✓	✓	✓	×
KJ Capes (appointed 29 July 2013)	–	×	✓	✓
J Bennette (company secretary)	✓	✓	×	✓

Audit and risk committee

Name	Qualification	12 June 2013	13 August 2013	8 November 2013	12 March 2014
MG Mahlare (chairman)	BCom (Accounting), BCom (Hons)	✓	×	✓	✓
B Williams	BA, BProc, LLM, DLA	×	✓	✓	✓
PM Makwana	BAdmin (Hons), EDP	✓	✓	✓	✓
NR Crafford-Lazarus *(ex officio)*	BCom (Hons), CA(SA)	✓	✓	✓	✓
Dr L Mohuba *(ex officio)*	MBChB	✓	✓	✓	✓
J Bennette (company secretary)		✓	✓	✓	✓

Remuneration and nomination committee

Name	14 August 2013	18 March 2014
MM Ngoasheng (chairman)*	✓	✓
PM Makwana	✓	×
CRDW de Bruin (resigned 21 April 2014)	✓	✓
Dr L Mohuba (*ex officio* member)	✓	✓
NR Crafford-Lazarus (*ex officio* member)	✓	✓
J Bennette (company secretary)	✓	✓

** When matters are discussed at this committee which are ordinarily dealt with by a nominations committee (such as board appointments), the chairman of the board, Mr B Williams, chairs that portion of the meeting. It is minuted appropriately that Brent Williams chaired the committee for purposes of nomination matters only.*

Social and ethics committee

Name	27 June 2013	13 August 2013	12 March 2014
B Williams (chairman)	✓	✓	✓
JW Wessels	✓	✓	✓
RR Matjiu	✓	✓	✓
PF Fourie (appointed 13 August 2013)	–	✓	✓
KJ Capes (appointed 13 August 2013)	–	✓	✓
J Bennette (company secretary)	✓	✓	✓

Division of responsibility

There is a clear division between the roles of the chairman and chief executive officer (CEO). The SepHold board is chaired by an independent non-executive director.

- The chairman is responsible for providing leadership to the board, overseeing its efficient operation and ensuring effective corporate governance practices.
- The CEO is responsible for implementing and maintaining the strategic direction of SepHold and ensuring that the day-to-day affairs of the operations are appropriately supervised and controlled.

Induction, training and evaluation

Induction of directors includes a briefing on their fiduciary and statutory duties and responsibilities (including the JSE Listings Requirements). Training of directors includes the provision of ongoing support and resources to enable them to extend and refresh their skills, knowledge and understanding of SepHold. Professional development and training is provided through regular updates on changes and proposed changes to laws and regulations affecting SepHold or its businesses.

A board evaluation was performed by an independent third-party provider during the third quarter of 2013. The recommendations made will be considered by the board and, where necessary, actioned though the office of the company secretary.

Directors' rotation

In accordance with SepHold's memorandum of incorporation (MOI), directors (excluding executive directors) are subject to retirement by rotation and re-election by shareholders at least every three years. Retiring directors can be re-elected immediately by the shareholders at the annual general meeting. Brent Williams and David Twist retire at the next annual general meeting to be held on 21 August 2014. Brent Williams stands for re-election at this meeting.

Conflicts of interest

Board members disclose their interests in material contracts involving SepHold, directorships they hold that may pose potential conflicts of interest, and their shareholding in SepHold. Directors recuse themselves from making decisions that could in any way be affected by vested interests.

Company secretary

All directors have full and timely access to all information that may be relevant to the proper discharge of their duties and obligations. Where appropriate, the directors may also consult with independent professionals and advisors, at SepHold's expense.

The company secretary is responsible for the functions specified in chapter 88 of the Companies Act, including that all meetings of shareholders, directors and board subcommittees are properly recorded. The board confirmed that it has annually considered and satisfied itself with the competence, knowledge, qualifications and experience of the company secretary, who has been evaluated by all the directors.

The board is of the opinion that an arm's length relationship has been maintained between the members of the board and the company secretary. This is supported by the fact that with effect from 21 August 2013, Ms J Bennette resigned as an alternate director and is therefore no longer a director of the company.

Share dealings

Directors, officers, participants and employees who may have access to price-sensitive information are precluded from dealing in SepHold shares during closed periods, which include the lead-up to the release of interim and final results as well as sensitive periods.

Details of share dealings by directors are disclosed to the board and the JSE through the Stock Exchange News Service (SENS). Written requests to trade in SepHold shares by directors and their associates, officers and senior personnel and the requisite approval to trade in SepHold shares, outside of closed periods, are kept on record at the SepHold offices.

Donations to political parties

SepHold did not make any donations to political parties during the financial year.

Communication

The board is committed to honest, open and regular communication with all stakeholders on financial and non-financial matters. SepHold reports formally to shareholders when half-year and full-year results are announced. Shareholders are invited to attend AGMs and to pose questions to the directors.

All executive and non-executive directors are required to attend the meetings. The AGM provides an opportunity for the chairman to present to the shareholders with a report on current operations and developments and enables the shareholders to question and express their views about SepHold's business.

CORPORATE GOVERNANCE REPORT CONTINUED

RISK IDENTIFICATION AND ANALYSIS IS STRUCTURED AROUND SEPCEM AND MÉTIER

RISK REPORT

The board recognises the importance of an effective risk management process and acknowledges that it is responsible and accountable for ensuring that adequate procedures and processes are in place. Both SepCem and Métier have approved a formally documented audit and risk management policy as recommended by King III. This policy clearly sets out: the responsibilities of employees, management, the risk committee and the board; the definition of risk and risk management; risk management objectives; the board's risk approach and philosophy; the risk management process and structures. In terms of the policies, the risk committee serves an oversight role in respect of risk management.

Risk management

To ensure the sustainability of its business and to meet the risk tolerance and risk appetite targets defined by the board, the executive committees of SepHold, SepCem and Métier have developed and implemented a policy and plan for a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, and the related internal control, compliance and governance processes within the companies. To assist it in the discharge of its duties and responsibilities in respect of risk management, the board has appointed an audit and risk committee to review the risk management progress of the companies, the effectiveness of risk management activities, the key risks facing the companies, and the responses to address these key risks.

Risk identification and analysis

The board is satisfied that SepCem and Métier have and maintain an effective ongoing risk assessment process, consisting of risk identification, risk quantification and risk evaluation. This risk assessment process identifies risks and measures their potential impact and likelihood. A systematic, documented, formal risk assessment is conducted at least once a year and is continually reviewed, updated and applied. The output of risk assessments is provided to the audit and risk committee and the board with a realistic perspective of key risks and other material risks that the companies face.

Risk identification and analysis is structured around SepCem and Métier. A follow-up of the main risks selected by SepCem and Métier on the basis of their risk mapping is submitted to the audit and risk committee. An in-depth analysis was performed on the main risk areas identified and action plans have been developed and are progressively implemented. As part of management's cycle, strategic reviews of all operational units are conducted periodically by the heads of the operational units. These strategic reviews include an analysis of the main risks to which the operational entities are exposed.

Material losses

The group incurred no material losses during the financial year.

Risk appetite and tolerance

The board considers risk management as achieving an appropriate balance between realising opportunities for gains while minimising adverse impacts.

The board is satisfied that no member of management within the organisation has exceeded his or her authority or acted contrary to the board's stated risk appetite and in so doing, has exposed the group to unnecessary risk during the financial year and up to the date of this report.

Preparation of the annual financial statements and competency of the financial director

The audit and risk committee has considered and has satisfied itself of the appropriateness of the expertise and experience of the financial director, Mr Neil Crafford-Lazarus, whose *curriculum vitae* appears on page 21.

Furthermore, the audit and risk committee has considered and satisfied itself of the appropriateness of the expertise and adequacy of the resources of SepHold's financial function and the experience of the senior members of management responsible for the financial function.

CORPORATE GOVERNANCE REPORT CONTINUED

REMUNERATION REPORT

SepHold's remuneration practices reflect the dynamics of the market and context in which it operates. Remuneration plays a critical role in attracting and retaining high-performing individuals. Remuneration is also used to reinforce, encourage and promote superior performance and achievement of organisational goals. The group's remuneration management is market-related and market surveys and benchmarks are applied to maintain the system.

The guiding principles of the remuneration policy are:

- Integration with other people management solutions and initiatives
- Flexible and adaptable
- Manages risk and liability
- Fair and equitable
- Reinforces teamwork and culture of belonging and high commitment
- Complies with legislation
- Reinforces an outcome-based reward with current and future focus

The remuneration committee advises the board on remuneration practices, makes recommendations on long-term employee incentives and submits all policy amendments to the board for approval. The board is responsible for making decisions regarding the remuneration of directors and the CEO, in turn, is responsible for decisions relating to total guaranteed remuneration and incentives of all employees.

SepHold adopts a total reward strategy in remunerating all its employees. This is to ensure that all employees are appropriately rewarded and are made aware of the terms and conditions under which they are employed. Key principles of the framework are to ensure that SepHold:

- appropriately compensates employees for services they provide to the company;
- provides a flexible and competitive remuneration structure that:
  - is referenced to appropriate benchmarks;
  - reflects market and industry practices;
  - is tailored to the specific circumstances of SepHold, so as to attract, motivate and retain highly skilled employees;
- aligns remuneration practices with the business strategy, objectives, values and long-term interests of the company;
- ensures equitable remuneration to help facilitate the deployment of people around the business;
- complies with all relevant legal requirements; and
- ensures variable remuneration payment is aligned with the company performance, both on divisional and individual level.

Positioning of the total guaranteed package is based on the individual/or candidates'/employees' level of demonstrated competency, qualification, experience and performance. The total guaranteed package of individuals new to the position will normally be at the point of entry at the low end of the pay range. With increased experience, learning and performance, the total guaranteed package will be adjusted based on the outcomes performance reviews.

Entry point	New to the job or building the skill
Needs improvement	The skill needs enhancing to improve performance
Effective	Meets expectations
Excellent	Exceeds expectations
World-class	Expert and fully competent

The table below summarises the main components of the reward package for all employees.

Objective and practice	Award size and performance
Guaranteed pay • Remunerate above the market and industry average for key positions • Remunerate market-related salaries for all other positions • Review total guarantee annually and set on 1 July	• The level of skill and experience, scope of responsibility and the total remuneration package are taken into account when rewarding employees. • Appropriate market percentiles based on skills, experience and competitiveness
Short-term incentive • To motivate employees and incentivise delivery of performance over the one-year financial year period • The appropriateness of measures and weightings are reviewed annually to ensure ongoing support of the strategy • The annual bonus is paid in cash in March each year for performance over the previous financial year	**Performance period** • Performance over the financial year is measured against targets set in the balanced scorecards • Target bonus is (15%, 20%, 25% or 30%) of total guaranteed pay aligned with the level of a position as defined in the performance management policy
Long-term incentive • To motivate and incentivise delivery over the long term • Award levels and framework for determining vesting to ensure continued support of the company strategy	**Performance period** • Performance over three financial years is measured against targets for the performance period

Directors' and management remuneration

Directors' emoluments are set out in note 37 in the annual financial statements on pages 47 to 48. Beneficial shareholding of directors and associates, and directors' interests in share options are disclosed in the directors' report on pages 8 and 9.

SOCIAL AND ETHICS REPORT

In line with the Companies Act and the regulations, SepHold established a social and ethics committee in 2012.

The committee comprises no fewer than three members who are directors of SepHold and at least one director is a non-executive director.

The social and ethics committee focuses its efforts on the operating companies by:

- maintaining good relations with consumers;
- maintaining good relations with employees and achieving employment equity;
- promoting and protecting the environment, health and safety;
- preventing and combating bribery and corruption;
- being a good corporate citizen, particularly efforts at protecting and advancing human rights, promoting equality and preventing unfair discrimination; and
- extending the reach and impact of the values and ethics through the business partners and supply chain.

The committee also monitors activities of the operating companies regarding:

- social and economic development, including SepHold's standing in terms of the goals and purposes of:
  - the 10 principles set out in the United Nations Global Company Principles;
  - the OECD recommendations regarding corruption;
  - the EE Act;
  - the Broad-Based Black Economic Empowerment Act, 53 of 2003;
- good corporate citizenship, including:
  - promotion of equality, prevention of unfair discrimination, and measures to address corruption;
  - contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed;
  - record of sponsorship, donations and charitable giving;
  - the environment, health and public safety, including the impact of the activities and of its products or services;
  - consumer relationships, including the policies and record relating to advertising, public relations and compliance with consumer protection laws; and
  - labour and employment matters.
- reviewing the adequacy and effectiveness of engagement and interaction with its stakeholders;
- considering substantive national and international regulatory developments, overseeing their operationalisation and practice in the fields of social and ethics management;
- reviewing and approving the policy and strategy pertaining to the programme of corporate social investment;
- determining clearly articulated ethical standards (code of ethics), and ensuring that measures are taken to achieve adherence to these in all aspects of the business, thus achieving a sustainable ethical corporate culture;
- monitoring that management develop and implement programmes, guidelines and practices congruent with the social and ethics policies;
- reviewing the material risks and liabilities relating to the provisions of the code of ethics, and ensuring that such risks are managed as part of the risk management programme; and
- reviewing the performance in implementing the provisions of the code of ethics.

The social and ethics committee reports to shareholders at the AGM. The chairman of the committee will attend the AGM of SepHold to report back to shareholders.

The social and ethics committee held three meetings in 2013 and provided a summary of its meetings to the SepHold board for review. At these meetings, major incidents are reported and performance updates presented to ensure that the group operates in a socially responsible manner.

Community engagement

SepCem and Métier community engagement philosophy is reflected in the community policy which is aligned with international best practices relating to the rights of local communities, resettlement and compensation.

The strategy is to:

- work in partnership with communities;
- understand how the operations will affect the livelihood of adjacent communities and the responsibilities of all parties involved; and
- manage short- and long-term community risks.

This strategy is supported by a number of management systems dealing with impact assessment, community engagement processes and community social investment.

Corporate social investment

A number of engagements have taken place during the financial year by SepCem and Métier. More information on some of these actions can be found in the Business Review on pages 36 to 64.

Employment practices

Non-discrimination

The group complies with the EE Act. The employment equity (EE) committee meetings are held annually with the focus to review the employment equity principles, goals and plans to achieve a representative workforce at all occupational levels. A continuous analysis and assessment of employment practices, policies and procedures is executed to ensure that barriers are identified timeously to ensure progress on adherence to the plan and set targets.

CORPORATE GOVERNANCE REPORT CONTINUED

The EE plan and programme is implemented through the accelerated recruitment, selection, placement, training and promotion of competent persons with potential from designated groups aimed at meeting specific and agreed employment targets.

Labour relations

The group is committed to the labour rights principles in line with national legislation and International Labour Organisation (ILO) core conventions. This includes the right to freedom of association and collective bargaining, the eradication of child and forced labour, and non-discrimination. The companies do not tolerate any form of unfair discrimination, inhumane treatment, forced labour, child labour, harassment or intimidation in the workplace.

Freedom of association and collective bargaining

The group's commitment to respecting the right of employees to associate freely and bargain collectively is articulated in the human resources (HR) management policy. This stipulates that employees are free to form associations for the protection of their interests and to bargain collectively if they meet the threshold of representation.

Anti-corruption

The group adheres to the highest ethical principles in the way it conducts its business. The group supports its employees to ensure that they work consistently in an ethical, honest and legal manner. The following policies and procedures are in place to support this approach:

- Employees have access to a whistleblowing telephone hotline, which is available 24 hours a day throughout the year. The hotline is anonymous and is available in all 11 of South Africa's official languages. Information reported is passed to a designated senior executive who decides how it should be followed up; and
- The ethics policy and code of conduct are personally handed to employees who acknowledge receipt of the ethics policy by signature.

Notices have been placed in public places encouraging employees to report suspicion of fraud, theft and other elements of dishonest acts in the workplace. Employees are also encouraged to report behaviour that includes:

- actions that may result in danger to the health and/or safety of people or damage to the environment;
- criminal offences, including money laundering, fraud, bribery and corruption;
- failure to comply with any legal obligation; and
- unethical accounting practices.

THE GROUP AIMS TO PROMOTE STRONG RELATIONSHIPS WITH THE COMMUNITIES IN WHICH IT OPERATES AND WILL SEEK REGULAR ENGAGEMENT ABOUT ISSUES WHICH MAY AFFECT THEM

Respect for human rights

The group views community engagement as a business imperative and an integral element of its vision and values. The group aims to promote strong relationships with the communities in which it operates and will seek regular engagement about issues which may affect them.

Safety management

The group plans to achieve and maintain the highest standards of safety at its operations as outlined in the health and safety policy and these address the following areas, among others:

- Behavioural safety
- Accidents, incidents and non-conformances
- Emergency preparedness and response
- Training, awareness and competence

Typical hazards associated with the construction of SepCem's cement factory include working at heights, noisy and dusty environments, and the use of heavy machinery and electrical apparatus.

CORPORATE INFORMATION

Directors
B Williams° (chairman)
MG Mahlare°
PM Makwana°
MM Ngoasheng°
Dr L Mohuba* (chief executive officer)
NR Crafford-Lazarus* (financial director)
RR Matjiu*
KJ Capes*
PF Fourie
Dr D Twist
** Executive*
° Independent

Company secretary
Jennifer Bennette
Email: JBennette@sepman.co.za
Telephone: +27 12 684 6300

Registered office
1st Floor, Hennops House
Riverside Office Park
1303 Heuwel Avenue
Centurion, 0157
PO Box 7651
Centurion, 0046
Telephone: +27 12 622 9400
Website: www.sephakuholdings.co.za

Investor relations
Sakhile Ndlovu
Email: info@sepman.co.za
Telephone: +27 12 622 9400

Transfer secretaries
Computershare Investor Services Proprietary Limited
70 Marshall Street
Johannesburg, 2001
PO Box 61051
Marshalltown, 2107
South Africa
Telephone: +27 11 370 5000

JSE sponsor
QuestCo Proprietary Limited
Claudia Adamson
Telephone: +27 11 011 9209
Email: claudia.adamson@questco.co.za

Auditors
Grant Thornton (Jhb) Inc.
Chartered accountants (SA)
Registered auditors

Bankers
Absa Bank

Métier Mixed Concrete (wholly owned subsidiary)
Physical address:	Romead Business Park, 23 Malone Road Maxmead, 3610
Postal address:	Postnet Suite #546, Private Bag X4, Kloof, 3640
Telephone:	+27 31 716 3600/0861 638437
Website:	www.metiersa.co.za

Sephaku Cement (associate)
Physical address:	Southdowns Office Park, Block A, Ground Floor Cnr John Vorster & Karee St Irene X54, 0062
Postal address:	PO Box 68149, Highveld, 0169
Telephone:	+27 12 684 6300
Website:	www.sephakucement.co.za

2014

BUILDING BLOCKS FOR GROWTH

SEPHAKU
HOLDINGS LTD

ANNUAL FINANCIAL STATEMENTS


J.T. ROSS
Métier

FINANCIAL STATEMENTS

The reports and statements set out below comprise the annual financial statements presented to the shareholders:

Index

The annual financial statements have been audited by Grant Thornton (Jhb) Inc. in compliance with the applicable requirements of the Companies Act, 71 of 2008 and have been prepared under the supervision of NR Crafford-Lazarus, CA(SA).

Issued 30 June 2014

AUDIT AND RISK COMMITTEE REPORT

The information below constitutes the report of the audit and risk committee (the committee) for the 2014 financial year of Sephaku Holdings Limited (SepHold) and its subsidiaries. This report is in compliance with the Companies Act, 71 of 2008 (Companies Act) and the King III recommendations.

1. Mandate and terms of reference

The committee acts according to a formal mandate and terms of reference that has been approved by the board of directors of SepHold. The committee has executed its duties during the past financial year according to this mandate and terms of reference, and has discharged its responsibilities contained therein. The terms of reference are reviewed each year.

2. Composition and attendance at meetings

The committee for the year under review comprised MG Mahlare (chairman), B Williams and PM Makwana, each of whom is an independent non-executive director. In addition, the chief executive officer and financial director are permanent invitees to the meeting. The committee meets at least twice per annum and special committee meetings are convened as required.

The external auditors attended and reported at all meetings of the audit and risk committee. The external auditors have unrestricted access to the committee.

Full details of the attendance and dates of the meetings have been disclosed in the corporate governance section of the integrated review on page 68.

3. Statutory duties

The committee's roles and responsibilities include its statutory duties as per the Companies Act and the responsibilities assigned to it by the board.

The committee has performed the following statutory duties:

- Nominated and recommended the re-appointment of Grant Thornton (Jhb) Inc. as the external auditors of SepHold, and noted Mr RM Huiskamp as the responsible individual. Grant Thornton (Jhb) Inc. is, in the opinion of the committee, independent of the company;
- Determined the fees to be paid to the external auditors and their terms of engagement;
- Ensured that the appointment of the external auditors complies with the Companies Act and any other legislation relating to the appointment of auditors;
- Determined the nature and extent of allowable non-audit services and pre-approved any proposed agreement with the external auditors for the provision of non-audit services to SepHold;
- Received no complaints relating to the accounting practices, the auditing or content of annual financial statements, and the internal financial controls of SepHold; and
- Considered and, when appropriate, made recommendations to the board on internal financial controls, accounting policies, records and reporting.

4. External auditors

The committee has satisfied itself that the external auditors, Grant Thornton (Jhb) Inc. was independent of SepHold, as defined by the Companies Act and other relevant legislation. Further, the approval of all non-audit related services is governed by an appropriate approval framework.

The committee agreed to the engagement letter, terms, audit plan and budgeted audit fees for the financial year ended 31 March 2014. This was done after consultation with executive management.

The external auditors are invited to and attend all audit and risk committee meetings. Findings by the external auditors arising from their annual statutory audit are tabled and presented at a committee meeting following the audit. The external auditors have expressed an unqualified opinion on the annual financial statements for the year ended 31 March 2014. This will be presented at the annual general meeting.

SepHold has satisfied itself that Grant Thornton (Jhb) Inc. is accredited to appear on the JSE's list of accredited auditors.

5. Internal financial controls

The committee has reviewed:

- the effectiveness of the risk management, controls and governance processes including receiving assurance from management and external audit;
- significant issues raised by the external audit process; and
- policies and procedures for preventing and detecting fraud.

The committee believes that significant internal financial controls are effective and form a basis for the preparation of reliable annual financial statements. No findings have come to the attention of the committee to indicate that any material breakdown in internal financial controls has occurred during the financial year.

6. Annual financial statements

The committee reviews the annual financial statements, preliminary results announcements, interim financial information and integrated review; this culminates in a recommendation to the board to adopt them. The annual financial statements were prepared in accordance with the International Financial Reporting Standards, the JSE Listings Requirements and the requirements of the Companies Act.

7. Expertise and experience of financial director and the finance function

The committee has satisfied itself that the financial director of SepHold, Mr Neil Crafford-Lazarus, has appropriate expertise and experience to meet his responsibilities in that position as required in terms of the JSE Listings Requirements.

The committee also satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function of the company.

8. Duties assigned by the board

The duties and responsibilities of the members of the committee are set out in the audit and risk committee terms of reference which is approved by the board. The committee fulfils an oversight role regarding SepHold's annual financial statements, integrated review and the reporting process, including the system of internal financial control.

The committee is satisfied that it has complied, in all material respects, with its legal, regulatory and other responsibilities during the year.

9. Internal audit

Due to the nature and size of head office, the accounting function is structured to accommodate current requirements and as such, the committee does not believe that an internal audit function is viable at this stage. The committee believes that new appointments would strengthen the accounting function and improve control through the division of duties. As such, this is better suited to the company's needs than the performance of an internal audit function.

10. Risk management

The committee is responsible for the following:

- Recommending to the board SepHold's risk appetite;
- Monitoring the emerging risk profile of SepHold on a regular basis and reporting its findings to the board;
- Receiving and reviewing reports that assess the nature and extent of the risks facing SepHold;
- Ensuring steps are taken by executive management to embed risk management practices within the day-to-day operations of the business;
- Monitoring the level of available capital and reporting to the board on the adequacy of the available capital relative to the emerging risk profile of SepHold; and
- Ensuring that risk and capital management policies, processes and practices are adopted in SepHold and reviewing the adequacy and effectiveness of the risk-type control frameworks and policies.

11. Recommendation of the annual financial statements for approval by the board

The audit and risk committee held a meeting on 19 June 2014 at which time they reviewed and recommended the annual financial statements and integrated review for approval by the board of directors.

On behalf of the audit committee

MG Mahlare
Chairman

18 June 2014

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Sephaku Holdings Limited

Report on the annual financial statements

We have audited the consolidated and separate annual financial statements of Sephaku Holdings Limited, as set out on pages 10 to 53, which comprise the statements of financial position as at 31 March 2014, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the annual financial statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate annual financial statements in accordance with International Financial Reporting Standards and requirements of the Companies Act, 71 of 2008 and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate annual financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated and separate annual financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and separate annual financial statements present fairly, in all material respects, the consolidated and separate financial position of Sephaku Holdings Limited as at 31 March 2014, 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, and the requirements of the Companies Act.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate annual financial statements for the year ended 31 March 2014, we have read the directors' report, the audit and risk committee report and the certificate of the company secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate annual financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate annual financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Grant Thornton (Jhb) Inc.
Registration number: 1994/001166/21
Chartered Accountants (SA)
Registered Auditors

Director: R Huiskamp
Chartered Accountant (SA)
Registered Auditor

42 Wierda Road West
Wierda Valley
2196

25 June 2014

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the group and company as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the year to 31 March 2015 and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the corporation has adequate resources in place to continue in operation for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group and company's annual financial statements. The annual financial statements have been examined by the group's external auditors and their report is presented on page 4.

The annual financial statements set out on pages 6 to 54 were approved by the board on 25 June 2014 and were signed on its behalf by:

NR Crafford-Lazarus
Financial director

Dr L Mohuba
Chief executive officer

Centurion, South Africa
25 June 2014

CERTIFICATE BY COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act, I declare that to the best of my knowledge, for the year ended 31 March 2014, SepHold has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Act and that such returns are true, correct and up to date.

Jennifer Bennette
Company secretary

Centurion, South Africa
25 June 2014

DIRECTORS' REPORT

The directors submit their report for the year ended 31 March 2014.

1. Review of activities

Main business and operations

The group is engaged as a construction materials company and operates principally in South Africa.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment other than those expressed in other parts of the annual financial statements and the integrated review.

2. Going concern

We draw attention to the fact that the net loss of the group was R2 817 779 (2013: R16 304 829) and that the group's current liabilities exceed its current assets by R83 178 862.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Events after the reporting period

The directors are not aware of any material fact or circumstance arising between the end of the financial year and the date of this report that would require adjustments to or disclosure in the annual financial statements.

4. Accounting policies

As a result of the adoption of the new and amended standards and interpretations in issue that were effective for the first time in the current reporting period, a number of new policies were introduced. However, the adoption of these new and amended standards and interpretations did not have a material impact on the annual financial statements in the current period.

5. Authorised, issued stated capital and dividends

There were no changes in the authorised stated capital of the company during the year under review.

1 971 136 shares were issued during the year, the total amount issued relates to share options that were exercised by employees.

All the authorised and issued shares have no par value.

Refer to note 17 for further details on authorised and issued stated capital.

6. Borrowing limitations

In terms of the memorandum of incorporation of the company, the directors may exercise all the powers of the company to borrow money, as they consider appropriate. The memorandum of incorporation authorises unlimited borrowing powers.

7. Share incentive scheme

Refer to note 18 for details about share-based payments during the current financial year.

8. Non-current assets

Details of major changes in the nature of the non-current assets of the group during the year were as follows:

Additions to property, plant and equipment of the group amounted to R40 706 776 (2013: R113 461 513 through the acquisition of Métier Mixed Concrete Proprietary Limited (Métier) and subsequent additions of R5 145 027 during the month of March 2013) (note 4).

9. Dividends

No dividends were declared or paid to shareholders during the year.

10. Directors

The directors of the company during the year and to the date of this report are as follows:

Name	Position	Changes
B Williams	Chairman – Independent non-executive director	
MG Mahlare	Independent non-executive director	
PM Makwana	Independent non-executive director	
MM Ngoasheng	Independent non-executive director	
Dr L Mohuba	Chief executive officer	
NR Crafford-Lazarus	Financial director	
RR Matjiu	Executive director	
KJ Capes	Executive director	Appointed 29 July 2013
PF Fourie	Non-executive director	
Dr D Twist	Non-executive director	
CRDW de Bruin	Non-executive director	Resigned 21 April 2014
J Bennette	Alternate director to RR Matjiu	Resigned as alternate director on 21 August 2013
JW Wessels	Alternate director to CRDW de Bruin	Passed away 23 March 2014

11. Secretary

The secretary of the company is J Bennette of:

Business address
South Downs Office Park
Block A, Ground Floor
Cnr John Vorster and Karee Street
Irene, X54
0062

Postal address
PO Box 68149
Highveld
0169

12. Interest in subsidiaries

Name of subsidiary	Net income after tax R
Métier Mixed Concrete Proprietary Limited	41 619 763
Sephaku Cement Investment Holdings Limited	–

Details of the company's investment in subsidiaries are set out in note 7.

13. Special resolutions

No special resolutions of material interest or of a substantive nature were passed by the company's subsidiary after the date of acquisition.

14. Auditors

Grant Thornton (Jhb) Inc. was re-appointed as the group's auditors during the financial period in accordance with section 90 of the Companies Act. At the annual general meeting shareholders will be requested to re-appoint Grant Thornton (Jhb) Inc. as auditors of the group.

15. Comparative figures

The 2013 reporting period is for nine months with the inclusion of Métier for one month. The comparative amounts are therefore not comparable to the current balances.

Certain comparative figures have been restated for the allocation of goodwill performed during the current financial year (notes 33 and 38).

DIRECTORS' REPORT CONTINUED

16. Shareholder information

An analysis of shareholders and the respective percentage shareholdings appear in the Shareholders' analysis on page 54.

Beneficial shareholdings of directors, directors' associates and prescribed officers

	2014			2013		
Director/prescribed officer	**Direct**	**Indirect**	**Associates**	Direct	Indirect	Associates
MG Mahlare	**93 172**	**–**	**–**	42 407	–	–
MM Ngoasheng	**–**	**–**	**–**	–	–	720 000
Dr L Mohuba	**487 202**	**9 263 767**	**340 000**	487 202	9 263 767	390 000
NR Crafford-Lazarus	**2 262 728**	**–**	**–**	1 512 728	–	–
RR Matjiu	**2 085 923**	**–**	**–**	3 585 923	–	–
KJ Capes[(1)]	**4 539 556**	**–**	**–**	4 539 556	–	–
PF Fourie	**–**	**6 433 559**	**–**	–	6 533 559	–
Dr D Twist	**8 354 333**	**–**	**1 895 000**	10 654 333	–	1 895 000
CRDW de Bruin[(2)]	**4 621 237**	**–**	**1 272 134**	9 999 908	–	1 272 134
J Bennette[(3)]	**550 000**	**–**		600 000	–	–
JW Wessels[(4)]	**1 348 381**	**–**	**–**	1 265 048	–	–
Dr GS Mahlati[(5)]	**–**	**–**	**–**	1 198 653	–	–
Prescribed officer 1	**4 377 444**	**–**	**–**	4 377 444	–	–
Prescribed officer 2	**4 377 444**	**–**	**–**	4 377 444	–	–
	33 097 420	**15 697 326**	**3 507 134**	42 640 646	15 797 326	4 277 134

[(1)] *Appointed on 29 July 2013*
[(2)] *Resigned on 21 April 2014*
[(3)] *Resigned on 21 August 2013*
[(4)] *Passed away on 23 March 2014*
[(5)] *Resigned on 2 July 2012*

There have been no changes in the beneficial interests of the directors in the stated capital between the end of the financial period and the date of approval of these annual financial statements.

16. Shareholders information (continued)

Directors' interest in share options

	Opening balance number of share options	Exercise price	Options exercised	Date exercised	Market price on exercise date	Options vested at year-end	Closing balance number of share options	Pre-taxation gain
MM Ngoasheng								
Granted 31/03/2008	500 000	R2,50	(500 000)	31/03/2014	R6,50	–	–	R2 000 000
Granted 15/10/2010	200 000	R3,50	–	–	–	66 667	200 000	–
Dr L Mohuba								
Granted 31/03/2008	1 000 000	R2,50	–	–	–	1 000 000	1 000 000	–
Granted 15/10/2010	715 000	R3,50	–	–	–	238 333	715 000	–
Granted 29/06/2012	750 000	R1,90	–	–	–	–	750 000	–
NR Crafford-Lazarus								
Granted 31/03/2008	750 000	R2,50	(750 000)	22/07/2013	R5,04	–	–	R1 905 000
Granted 15/10/2010	715 000	R3,50	–	–	–	238 333	715 000	–
Granted 29/06/2012	750 000	R1,90	–	–	–	–	750 000	–
Granted 31/08/2012	750 000	R1,90	–	–	–	–	750 000	–
RR Matjiu								
Granted 31/08/2008	300 000	R2,50	–	–	–	300 000	300 000	–
Granted 15/10/2010	200 000	R3,50	–	–	–	66 667	200 000	–
Granted 29/06/2012	300 000	R1,90	–	–	–	–	300 000	–
PF Fourie								
Granted 15/10/2010	715 000	R3,50	–	–	–	238 333	715 000	–
Dr D Twist								
Granted 31/03/2008	150 000	R2,50	–	–	–	150 000	150 000	–
CRDW de Bruin								
Granted 15/10/2010	500 000	R3,50	–	–	–	166 667	500 000	–
J Bennette								
Granted 31/03/2008	175 000	R2,50	–	–	–	175 000	175 000	–
Granted 15/10/2010	150 000	R3,50	–	–	–	50 000	150 000	–
Granted 29/06/2012	250 000	R1,90	–	–	–	–	250 000	–
JW Wessels								
Granted 31/03/2008	250 000	R2,50	(83 333)	2/08/2013	R5,32	166 667	166 667	R234 999
Granted 15/10/2010	715 000	R3,50	–	–	–	238 333	715 000	–
Granted 29/06/2012	750 000	R1,90	–	–	–	–	750 000	–
Granted 31/08/2012	750 000	R1,90	–	–	–	–	750 000	–
	11 335 000		(1 333 333)			3 095 000	10 001 667	R4 139 999

Refer to note 18 for more details on share options and the vesting conditions.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2014

	Notes	GROUP 2014 R	GROUP 2013 (Restated) R	COMPANY 2014 R	COMPANY 2013 R
Assets					
Non-current assets					
Investment property	3	**–**	–	**4 051 135**	–
Property, plant and equipment	4	**129 180 045**	116 878 108	**–**	–
Goodwill	5	**223 421 981**	223 421 981	**–**	–
Intangible asset	6	**14 337 752**	19 914 643	**–**	–
Investments in subsidiaries	7	**–**	–	**209 967 288**	209 967 288
Investment in associate	8	**616 388 706**	631 134 362	**635 117 284**	635 117 284
Other financial assets	10	**6 924 311**	9 805 298	**6 924 311**	4 905 054
Operating lease asset	13	**–**	–	**118 097**	–
		990 252 795	1 001 154 392	**856 178 115**	849 989 626
Current assets					
Inventories	14	**7 973 118**	6 730 225	**–**	–
Loans to group companies	9	**–**	337 058	**4 149**	341 207
Other financial assets	10	**6 648 582**	8 588 729	**6 648 582**	8 588 729
Trade and other receivables	15	**75 936 662**	60 600 275	**227 482**	296 566
Cash and cash equivalents	16	**26 001 268**	22 337 824	**3 021 146**	13 793 993
		116 559 630	98 594 111	**9 901 359**	23 020 495
Total assets		**1 106 812 425**	1 099 748 503	**866 079 474**	873 010 121
Equity and liabilities					
Equity					
Stated capital	17	**585 573 235**	580 590 616	**585 573 235**	580 590 616
Reserves		**17 624 536**	13 568 918	**18 832 199**	14 776 581
Retained income		**144 525 951**	145 987 793	**147 849 665**	171 849 898
		747 723 722	740 147 327	**752 255 099**	767 217 095
Liabilities					
Non-current liabilities					
Other financial liabilities	19	**142 576 783**	249 390 922	**–**	105 266 332
Operating lease liability	13	**1 640 263**	–	**–**	–
Deferred income	20	**1 577 232**	1 102 738	**–**	–
Deferred taxation	12	**13 555 933**	15 461 556	**–**	–
		159 350 211	265 955 216	**–**	105 266 332
Current liabilities					
Other financial liabilities	19	**140 907 240**	39 583 332	**112 157 240**	–
Current taxation payable		**1 192 809**	11 402 043	**–**	–
Operating lease liability	13	**336 348**	–	**–**	–
Trade and other payables	21	**56 994 212**	42 471 544	**1 667 135**	526 694
Deferred income	20	**307 883**	189 041	**–**	–
		199 738 492	93 645 960	**113 824 375**	526 694
Total liabilities		**359 088 703**	359 601 176	**113 824 375**	105 793 026
Total equity and liabilities		**1 106 812 425**	1 099 748 503	**866 079 474**	873 010 121
Net asset value per share (cents)	42	**393,80**	393,90		
Tangible net asset value per share (cents)	42	**270,70**	267,37		

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2014

		GROUP		COMPANY	
	Notes	12 months ended 31 March 2014 R	9 months ended 31 March 2013 (Restated) R	12 months ended 31 March 2014 R	9 months ended 31 March 2013 R
Revenue	23	**571 544 796**	37 195 338	**–**	–
Cost of sales	24	**(319 156 121)**	(21 574 848)	**–**	–
Gross profit		**252 388 675**	15 620 490	**–**	–
Other income		**13 945 386**	356 081	**329 250**	–
Operating expenses		**(215 181 485)**	(36 349 368)	**(19 057 804)**	(109 510 821)
Operating profit/(loss)	25	**51 152 576**	(20 372 797)	**(18 728 554)**	(109 510 821)
Investment income	26	**2 693 264**	820 287	**263 308**	110 652 050
(Loss)/profit from equity-accounted investment	8	**(14 745 655)**	6 191 410	**–**	–
Finance costs	27	**(25 675 522)**	(1 949 268)	**(6 890 924)**	(554 762)
Profit/(loss) before taxation		**13 424 663**	(15 310 368)	**(25 356 170)**	586 467
Taxation	28	**(16 242 442)**	(994 461)	**–**	–
(Loss)/profit for the year/period		**(2 817 779)**	(16 304 829)	**(25 356 170)**	586 467
Other comprehensive income/(loss)					
Items that will not be reclassified to profit or loss:					
Share of other comprehensive loss of associate		**–**	(1 207 663)	**–**	–
Other comprehensive loss for the period net of taxation	30	**–**	(1 207 663)	**–**	–
Total comprehensive (loss)/income for the year/period		**(2 817 779)**	(17 512 492)	**(25 356 170)**	586 467
Basic loss per share (cents)	42	**(1,49)**	(9,39)		
Diluted loss per share (cents)	42	**(1,39)**	(8,93)		

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2014

	Notes	Stated capital R	Revaluation reserve (relating to land of associate) R	Equity-based share option reserve	Total reserves R	Retained income R	Total equity R
Group							
Balance at 1 July 2012		500 035 061	–	10 295 477	10 295 477	162 292 622	672 623 160
Loss for the period (restated)		–	–	–	–	(16 304 829)	(16 304 829)
Other comprehensive loss for the period		–	(1 207 663)	–	(1 207 663)	–	(1 207 663)
Total comprehensive loss for the period		–	(1 207 663)	–	(1 207 663)	(16 304 829)	(17 512 492)
Issue of shares	33	80 555 555	–	–	–	–	80 555 555
Employees' share option scheme		–	–	4 481 104	4 481 104	–	4 481 104
Balance at 31 March 2013		**580 590 616**	**(1 207 663)**	**14 776 581**	**13 568 918**	**145 987 793**	**740 147 327**
Loss for the year		**–**	**–**	**–**	**–**	**(2 817 779)**	**(2 817 779)**
Total comprehensive loss for the year		**–**	**–**	**–**	**–**	**(2 817 779)**	**(2 817 779)**
Issue of shares		**4 982 619**	**–**	**–**	**–**	**–**	**4 982 619**
Employees' share option scheme		**–**	**–**	**4 055 618**	**4 055 618**	**1 355 937**	**5 411 555**
Balance at 31 March 2014		**585 573 235**	**(1 207 663)**	**18 832 199**	**17 624 536**	**144 525 951**	**747 723 722**
Notes		17	30	18			

	Notes	Stated capital R	Equity-based share option reserve	Total reserves R	Retained income R	Total equity R
Company						
Balance at 1 July 2012		500 035 061	10 295 477	10 295 477	171 263 431	681 593 969
Profit for the period		–	–	–	586 467	586 467
Other comprehensive income for the period		–	–	–	–	–
Total comprehensive income for the period		–	–	–	586 467	586 467
Issue of shares	33	80 555 555	–	–	–	80 555 555
Employees' share option scheme		–	4 481 104	4 481 104	–	4 481 104
Balance at 31 March 2013		**580 590 616**	**14 776 581**	**14 776 581**	**171 849 898**	**767 217 095**
Loss for the year		**–**	**–**	**–**	**(25 356 170)**	**(25 356 170)**
Total comprehensive loss for the year		**–**	**–**	**–**	**(25 356 170)**	**(25 356 170)**
Issue of shares		**4 982 619**	**–**	**–**	**–**	**4 982 619**
Employees' share option scheme		**–**	**4 055 618**	**4 055 618**	**1 355 937**	**5 411 555**
Balance at 31 March 2014		**585 573 235**	**18 832 199**	**18 832 199**	**147 849 665**	**752 255 099**
Notes		17	18			

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2014

	Notes	GROUP 12 months ended 31 March 2014 R	GROUP 9 months ended 31 March 2013 R	COMPANY 12 months ended 31 March 2014 R	COMPANY 9 months ended 31 March 2013 R
Cash flows from operating activities					
Cash generated from/(utilised in) operations	31	**84 437 984**	(21 570 600)	**(12 225 572)**	(9 508 021)
Interest income		**2 693 264**	820 287	**263 308**	652 050
Dividends received		**–**	–	**–**	110 000 000
Finance costs		**(17 939 091)**	(1 394 506)	**(16)**	–
Taxation (paid)/received	32	**(28 357 299)**	55 518	**–**	–
Net cash from operating activities		**40 834 858**	(22 089 301)	**(11 962 280)**	101 144 029
Cash flows from investing activities					
Purchase of property, plant and equipment	4	**(40 706 776)**	(5 145 027)	**–**	–
Sale of property, plant and equipment	4	**4 929 319**	87 719	**–**	–
Purchase of investment property	3	**–**	–	**(4 051 135)**	–
Acquisition of shares in wholly owned subsidiary	33	**–**	(89 200 006)	**–**	(110 000 000)
Acquisition costs		**–**	(4 110 902)	**–**	(4 110 902)
Proceeds on disposal of other financial assets		**5 760 244**	–	**–**	–
Net loans advanced		**1 932 773**	1 396 508	**1 932 773**	1 540 738
Government grant received		**831 895**	–	**–**	–
Net cash from investing activities		**(27 252 545)**	(96 971 708)	**(2 118 362)**	(112 570 164)
Cash flows from financing activities					
Proceeds on share issue	17	**2 970 737**	–	**2 970 737**	–
Proceeds from other financial liabilities		**123 848 444**	116 178 705	**–**	110 000 000
Repayment of other financial liabilities		**(137 075 108)**	–	**–**	(110 000 000)
Decrease in loans with group companies		**337 058**	590 992	**337 058**	590 992
Net cash from financing activities		**(9 918 869)**	116 769 697	**3 307 795**	590 992
Total cash and cash equivalents movement for the year/period		**3 663 444**	(2 291 312)	**(10 772 847)**	(10 835 143)
Cash and cash equivalents at the beginning of the year/period		**22 337 824**	24 629 136	**13 793 993**	24 629 136
Total cash and cash equivalents at the end of the year/period	16	**26 001 268**	22 337 824	**3 021 146**	13 793 993

ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 2014

1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), the Companies Act, the Listings Requirements of the JSE Limited, and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Standards Council. The annual financial statements have been prepared on the historical cost basis, except for the measurement of investment property/land which is carried at fair value, and incorporate the principal accounting policies set out below. They are presented in South African rand. Accounting policies that refer to “consolidated or group” apply equally to the company financial statements where relevant.

These accounting policies are consistent with the previous year except where the group has adopted new or revised accounting standards and interpretations of those standards.

1.1 Consolidation

Basis of consolidation

The group consolidates its subsidiaries. The group’s interest in its associate is accounted for using the equity method of accounting. Accounting policies are applied consistently in all group companies.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

All intra-group transactions, balances, income and expenses relating to subsidiaries (and not the associate) are eliminated in full on consolidation.

Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt, which are amortised as part of the effective interest, and costs to issue equity, which are included in equity.

Contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liabilities or equity which arise as a result of the contingent consideration are not effected against goodwill, unless they are valid measurement period adjustments.

The acquiree’s identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business Combinations are recognised at their fair values at acquisition date.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill is not amortised but is tested at least annually for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Investment in associate

An investment in associate is accounted for using the equity method. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the group’s share of net assets of the associate, less any impairment losses.

The group recognises its share of losses of the associate to the extent of the group’s net investment in the associate unless the group has incurred legal or constructive obligations or made payments on behalf of the associate, in which case additional losses are provided for.

The group’s share of unrealised intra-company gains is eliminated upon consolidation and the group’s share of intra-company losses is also eliminated provided they do not provide evidence that the asset transferred is impaired.

The group’s share of post-acquisition profits or losses, other comprehensive income and movements in equity of the associate is included in the group’s profit or loss, other comprehensive income and equity reserves respectively.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Loans, trade receivables and other receivables

The group assesses its loans, trade receivables and other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Options granted

Management used the Black Scholes model to determine the fair value of the options at issue date. Additional details regarding the estimates are included in note 18 Share-based payments.

Revaluation of property
Revaluation of property is performed when there is an indication that the fair value of the property is materially different from the carrying amount.

Impairment testing of goodwill and investment in subsidiary
The recoverable amount of the cash-generating units has been determined on a value-in-use calculation, using cash flow projections which cover a three-year period.

The following assumptions have been applied when reviewing goodwill impairment:
- A growth rate of 5,50% was applied and cash flows were discounted at a rate of 18,75%;
- Asset values were based on the carrying amounts for the financial period;
- Future profits were estimated using historical information and approved three-year budgets;
- Sales growth/gross margins were based on historical achievement/known future prospects;
- Costs were assumed to grow in line with expansion and expected inflation; and
- Cash flows have been extended into perpetuity at the growth rates noted above as management has no reason to believe the company will not continue past the budget period.

These assumptions were also used to test the investment in subsidiary for impairment.

Taxation
Judgement is required in determining the provision for income taxation due to the complexity of legislation. There are many transactions and calculations for which the ultimate taxation determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated taxation audit issues based on estimates of whether additional taxations will be due. Where the final taxation outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income taxation and deferred taxation provisions in the period in which such determination is made.

The group recognises the net future taxation benefit related to deferred income taxation assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income taxation assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing taxation laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred taxation assets recorded at the end of the reporting period could be impacted.

Estimation of useful lives and residual values
The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the consolidated statement of comprehensive income.

Residual values and useful lives of property, plant and equipment are assessed at a minimum on an annual basis, or when there are indicators present that there is a change from the previous estimate. Estimates and judgements in this regard are based on historical experience and expectations of the manner in which assets are to be used, together with expected proceeds likely to be realised when assets are disposed of at the end of their useful lives. Such expectations could change over time and therefore impact both depreciation charges and carrying values of property, plant and equipment in the future. Residual value assessments consider issues such as future market conditions, the remaining life of the assets and projected disposal values.

The useful life of the intangible asset is assessed at a minimum on an annual basis, or when there are indicators present that there is a change from the previous estimate. Estimates are based on the remaining customer contractual period of the asset. The useful life has during the current reporting period been adjusted from a five-year to a seven-year amortisation period due to the extension of the contract during December 2013.

Business combinations
Management has, in conjunction with external valuers, assessed the likelihood and estimated that the future share price at measurement date of 1 December 2014 will be in excess of R9 per share. Assumptions regarding certain factors such as future production capacity of Sephaku Cement Proprietary Limited (SepCem), future earnings and profits have been applied in the calculation.

The company will have a potential liability for the additional amount of shares if the share price is below R9 per share on 1 December 2014.

1.3 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably. Land held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or for administrative purposes, is classified as investment property.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

ACCOUNTING POLICIES CONTINUED
FOR THE YEAR ENDED 31 MARCH 2014

1. Presentation of annual financial statements (continued)

Fair value

Subsequent to initial measurement investment property is measured at fair value.

A gain or loss arising from a change in fair value is included in profit or loss for the period in which it arises.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The fair value of the land is assessed based on the value of similar properties in the area.

1.4 Property, plant and equipment

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses, except for land which is carried at revalued amounts being the fair value at the date of revaluation.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The fair value of land is assessed based on the fair value of similar properties in the area.

Any increase in an asset's carrying amount, as a result of a revaluation, is recognised to other comprehensive income and accumulated in the revaluation surplus in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in profit or loss in the current period. The decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in the revaluation surplus in equity.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained income when the asset is derecognised.

Plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	**Average useful life**
Land and buildings	*
Plant and machinery	10 years
Furniture and fixtures	6 years
Motor vehicles	4 years
Computer equipment	3 years

** If the residual value of the building exceeds the carrying value no depreciation is recognised for the period under review.*

Land is not depreciated as it has an indefinite useful life.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.5 Intangible asset

An intangible asset is recognised when:
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets acquired in a business combination are initially recognised at fair value, whilst all other intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at every period-end.

Amortisation is provided to write down the Vulindlela Development Association customer contract classified as an intangible asset on a straight-line basis over the remaining contractual period. The residual value for the contract is nil.

1.6 Investments in subsidiaries

Company annual financial statements

In the company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

1.7 Investment in associate

Company annual financial statements

An investment in an associate is carried at cost less any accumulated impairment.

1.8 Financial instruments

Classification

The group classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments.

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Dividends received on available-for-sale equity instruments are recognised in profit or loss as part of other income when the group's right to receive payment is established.

Financial liabilities (loans payable, trade and other payables and bank overdrafts) are subsequently measured at amortised cost, using the effective interest rate method.

No discounting is applied for instruments at amortised cost where the effects of the time value of money are not considered to be material.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment of financial assets

At each reporting date the group assesses all financial assets to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

ACCOUNTING POLICIES CONTINUED
FOR THE YEAR ENDED 31 MARCH 2014

1. Presentation of annual financial statements (continued)

1.8 Financial instruments (continued)

Reversals of impairment losses are recognised in profit or loss.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write-off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Derecognition

Financial assets are derecognised if the group's contractual rights to the cash flows from the financial assets expire or if the group transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset.

Financial liabilities are derecognised if the group's obligations specified in the contract expire or are discharged or cancelled.

Loans to/(from) group companies

These include loans to and from holding company, subsidiaries and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables and are subsequently measured at amortised cost.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Transaction costs are included in the initial value recognised. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 180 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the assets carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Transaction costs are included in the initial value recognised.

Trade and other payables are classified as financial liabilities at amortised cost.

Cash and cash equivalents

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. These are initially and subsequently recorded at fair value.

Cash and cash equivalents are classified as loans and receivables.

Bank overdraft and other financial liabilities

Bank overdrafts and other financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of other financial liabilities is recognised over the term of the other financial liabilities in accordance with the group's accounting policy for borrowing costs.

Other financial liabilities are classified as financial liabilities at amortised cost.

1.9 Taxation

Current taxation assets and liabilities

Current taxation for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current taxation liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the taxation rates (and taxation laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxation assets and liabilities

A deferred taxation asset is recognised for the carry forward of unused taxation losses to the extent that it is probable that future taxable profit will be available against which the unused taxation losses can be utilised.

Deferred taxation assets and liabilities are measured at the taxation rates that are expected to apply to the period when the asset is realised or the liability is settled, based on taxation rates (and taxation laws) that have been enacted or substantively enacted by the end of the reporting period.

Taxation expenses

Current and deferred taxations are recognised as income or an expense and included in profit or loss for the period, except to the extent that the taxation arises from:

- a transaction or event which is recognised, in the same or a different period, in other comprehensive income; or
- a business combination.

Current taxation and deferred taxations are charged or credited in other comprehensive income if the taxation relates to items that are credited or charged, in the same or a different period, in other comprehensive income.

1.10 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term. The difference between the amounts recognised as an income and the contractual payments are recognised as an operating lease asset. This asset is not discounted.

Income for leases is disclosed under other income in profit or loss.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred and are disclosed under operating expenses in profit or loss.

1.11 Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the group.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. Slow moving stock assessed to be impaired or obsolete is written down. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.12 Impairment of assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed annually; and
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognised as an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. An impairment loss of assets carried at revalued amounts is recorded first against previously recognised revaluation gains in other comprehensive income in respect of that asset and thereafter recognised in profit or loss.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

ACCOUNTING POLICIES CONTINUED
FOR THE YEAR ENDED 31 MARCH 2014

1. Presentation of annual financial statements (continued)

1.12 Impairment of assets (continued)

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash generating unit; and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

The group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.13 Stated capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of taxation, from the proceeds.

1.14 Share-based payments

Goods or services received or acquired in a share-based payment transaction are recognised when the goods or as the services are received. A corresponding increase in equity is recognised if the goods or services were received in an equity-settled share-based payment transaction.

When the goods or services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

For equity-settled share-based payment transactions the goods or services received and the corresponding increase in equity are measured, directly, at the fair value of the goods or services received provided that the fair value can be estimated reliably.

If the fair value of the goods or services received cannot be estimated reliably, or if the services received are employee services, their value and the corresponding increase in equity are measured, indirectly, by reference to the fair value of the equity instruments granted.

If the share-based payments granted do not vest until the counterparty completes a specified period of service, the group accounts for those services as they are rendered by the counterparty during the vesting period (or on a straight-line basis over the vesting period).

If the share-based payments vest immediately the services received are recognised in full in profit or loss.

For all equity-settled share-based payment transactions management assesses, at each reporting period, until vesting the number of options expected to vest. Changes in the estimated number of options expected to vest will be accounted for as part of the cost recognised in each period with the corresponding adjustment taken to equity.

For equity-settled share-based payment transactions the fair value of the options is determined on grant date and is not subsequently adjusted.

1.15 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave, sick leave, bonuses, and non-monetary benefits such as medical care) is recognised in the period in which the services are rendered and is not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.16 Contingencies

Contingent liabilities are not recognised.

1.17 Government grants

Government grants are recognised when there is reasonable assurance that:

- the group will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants related to income are presented as a credit in profit or loss (separately).

1.18 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added taxation.

Interest is recognised, in profit or loss, using the effective interest rate method.

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

1.19 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.20 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs not directly attributable to the acquisition, construction or production of a qualifying asset are expensed.

1.21 Operating segments

Operating segments are reported on in a manner consistent with internal reporting provided to the chief operating decision-maker.

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- whose operating results are regularly reviewed by the entity's chief operating decision-maker to make decisions about resources to be allocated to the segments and assess its performance; and
- for which concrete financial information is available.

Business segments for management purposes are determined based on the minerals regarded as key to the company's business model and which are actively managed by the company.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the reportable operating segment, has been identified as the executive board members of the group.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

IFRS 10 Consolidated Financial Statements

This standard replaces the consolidation sections of IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities. The standard sets out a new definition of control, which exists only when an entity is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to effect those returns through power over the investee.

The effective date of the standard is for years beginning on or after 1 January 2013.

The group has adopted the standard for the first time in the 2014 annual financial statements.

The impact of the standard is not material.

IAS 27 Separate Financial Statements

Consequential amendment as a result of IFRS 10. The amended standard now only deals with separate financial statements.

The effective date of the amendment is for years beginning on or after 1 January 2013.

The group has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

IFRS 12 Disclosure of Interests in Other Entities

The standard sets out disclosure requirements for investments in subsidiaries, associates, joint ventures and unconsolidated structured entities. The disclosures are aimed to provide information about the significance and exposure to risks of such interests. The most significant impact is the disclosure requirement for unconsolidated structured entities or off-balance sheet vehicles.

The effective date of the standard is for years beginning on or after 1 January 2013.

The group has adopted the standard for the first time in the 2014 annual financial statements.

The impact of the standard is not material.

IFRS 13 Fair Value Measurement

This is a new standard setting out guidance on the measurement and disclosure of items measured at fair value or required to be disclosed at fair value in terms of other IFRSs.

The effective date of the standard is for years beginning on or after 1 January 2013.

The group has adopted the standard for the first time in the 2014 annual financial statements.

The impact of the standard is not material.

IAS 1 Presentation of Financial Statements

The amendment now requires items of other comprehensive income to be presented as:

- those which will be reclassified to profit or loss
- those which will not be reclassified to profit or loss.

The related tax disclosures are also required to follow the presentation allocation.

In addition, the amendment changed the name of the statement of comprehensive income to the statement of profit or loss and other comprehensive income.

The effective date of the amendment is for years beginning on or after 1 July 2012.

The group has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

IAS 19 Employee Benefits Revised

- Require recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of remeasurements in other comprehensive income, plan amendments, curtailments and settlement
- Introduce enhanced disclosures about defined benefit plans
- Modify accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits
- Clarification of miscellaneous issues, including the classification of employee benefits, current estimates of mortality rates, taxation and administration costs and risk-sharing and conditional indexation features

The effective date of the amendment is for years beginning on or after 1 January 2013.

The group has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

Amendment requires additional disclosures for financial assets and liabilities which are offset and for financial instruments subject to master netting arrangements.

The effective date of the amendment is for years beginning on or after 1 January 2013.

The group has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

IAS 1 – Annual Improvements for 2009 – 2011 cycle

Clarification is provided on the requirements for comparative information. Specifically, if a retrospective restatement is made, a retrospective change in accounting policy or a reclassification, the statement of financial position at the beginning of the previous period is only required if the impact on the beginning of the previous period is material. Related notes are not required, other than disclosure of specified information.

The effective date of the amendment is for years beginning on or after 1 January 2013.

The group has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

IAS 16 – Annual Improvements for 2009 – 2011 cycle

Spare parts, stand-by equipment and servicing equipment should only be classified as property, plant and equipment if they meet the definition.

The effective date of the amendment is for years beginning on or after 1 January 2013.

The group has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

Clarification of certain aspects concerning the requirements for offsetting financial assets and financial liabilities.

The effective date of the amendment is for years beginning on or after 1 January 2013.

The group has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 April 2014 or later periods and are relevant to the group's operations:

IFRS 9 Financial Instruments

This new standard is the first phase of a three-phase project to replace IAS 39 Financial Instruments: Recognition and Measurement. To date, the standard includes chapters for classification, measurement and derecognition of financial assets and liabilities. The following are main changes from IAS 39:

- Financial assets will be categorised as those subsequently measured at fair value or at amortised cost.
- Financial assets at amortised cost are those financial assets where the business model for managing the assets is to hold the assets to collect contractual cash flows (where the contractual cash flows represent payments of principal and interest only). All other financial assets are to be subsequently measured at fair value.
- Under certain circumstances, financial assets may be designated as at fair value.
- For hybrid contracts, where the host contract is an asset within the scope of IFRS 9, then the whole instrument is classified in accordance with IFRS 9, without separation of the embedded derivative. In other circumstances, the provisions of IAS 39 still apply.
- Voluntary reclassification of financial assets is prohibited. Financial assets shall be reclassified if the entity changes its business model for the management of financial assets. In such circumstances, reclassification takes place prospectively from the beginning of the first reporting period after the date of change of the business model.
- Financial liabilities shall not be reclassified.
- Investments in equity instruments may be measured at fair value through profit or loss. When such an election is made, it may not subsequently be revoked, and gains or losses accumulated in equity are not recycled to profit or loss on derecognition of the investment. The election may be made per individual investment.
- IFRS 9 does not allow for investments in equity instruments to be measured at cost.
- The classification categories for financial liabilities remain unchanged. However, where a financial liability is designated as at fair value through profit or loss, the change in fair value attributable to changes in the liabilities credit risk shall be presented in other comprehensive income. This excludes situations where such presentation will create or enlarge an accounting mismatch, in which case, the full fair value adjustment shall be recognised in profit or loss.

The effective date of the standard is for years beginning on or after 1 January 2018.

The group does not envisage the adoption of the standard until such time as it becomes applicable to the group's operations.

It is unlikely that the standard will have a material impact on the group's annual financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2014

2. New Standards and Interpretations (continued)
2.2 Standards and interpretations not yet effective (continued)

IAS 36 – Recoverable Amount Disclosures for Non-financial Assets
The amendment brings the disclosures for impaired assets whose recoverable amount is fair value less costs to sell in line with the disclosure requirements of IFRS 13 Fair Value Measurements.

The effective date of the amendment is for years beginning on or after 1 January 2014.

The group does not envisage the adoption of the amendment until such time as it becomes applicable to the group's operations.

It is unlikely that the amendment will have a material impact on the company's annual financial statements.

IFRS 2 – Annual Improvements for 2010 – 2012 cycle
Amendments added the definition of performance conditions and service conditions and amended the definitions of vesting conditions and market conditions.

The effective date of the amendment is for years beginning on or after 1 July 2014.

The group does not envisage the adoption of the amendment until such time as it becomes applicable to the group's operations.

It is unlikely that the amendment will have a material impact on the company's annual financial statements.

IFRS 3 – Annual Improvements for 2010 – 2012 cycle
Requires all contingent consideration assets and liabilities including those accounted for under IFRS 9 to be measured at fair value at each reporting date.

The effective date of the amendment is for years beginning on or after 1 July 2014.

The group does not envisage the adoption of the amendment until such time as it becomes applicable to the group's operations.

It is unlikely that the amendment will have a material impact on the group's annual financial statements.

IFRS 8 – Annual Improvements for 2010 – 2012 cycle
Amendments to some disclosure requirements regarding the judgements made by management in applying the aggregation criteria to operating segments and clarify that reconciliations of segment assets are only required if segment assets are reported regularly.

The effective date of the amendment is for years beginning on or after 1 July 2014.

The group does not envisage the adoption of the amendment until such time as it becomes applicable to the group's operations.

It is unlikely that the amendment will have a material impact on the group's annual financial statements.

IFRS 13 – Annual Improvements for 2010 – 2012 cycle
Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends the basis for conclusion only).

The effective date of the amendment is for years beginning on or after 1 July 2014.

The group does not envisage the adoption of the amendment until such time as it becomes applicable to the group's operations.

It is unlikely that the amendment will have a material impact on the group's annual financial statements.

IAS 16 and IAS 38 – Annual Improvements for 2010 – 2012 cycle
Amendments to the revaluation method to include proportionate restatement of accumulated depreciation. The amendments clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.

The effective date of the amendment is for years beginning on or after 1 July 2014.

The group does not envisage the adoption of the amendment until such time as it becomes applicable to the group's operations.

It is unlikely that the amendment will have a material impact on the group's annual financial statements.

IAS 24 Related Party Disclosure
Clarification has been provided of the definition of a related party.

The effective date of the amendment is for years beginning on or after 1 July 2014.

The group does not envisage the adoption of the amendment until such time as it becomes applicable to the group's operations.

It is unlikely that the amendment will have a material impact on the company's annual financial statements.

2.2 Standards and interpretations not yet effective (continued)

IAS 36 Impairment Assets

Amendment to IAS 36 reduces the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarifies the disclosures required, and introduces an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where the recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

The effective date of the amendment is for years beginning on or after 1 January 2014.

The group does not envisage the adoption of the amendment until such time as it becomes applicable to the group's operations.

It is unlikely that the amendment will have a material impact on the group's annual financial statements.

IAS 40 – Annual Improvements for 2011 – 2013 cycle

Amendments to clarify the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner occupied property.

The effective date of the amendment is for years beginning on or after 1 July 2014.

The group does not envisage the adoption of the amendment until such time as it becomes applicable to the group's operations.

It is unlikely that the amendment will have a material impact on the group's annual financial statements.

3. Investment property

COMPANY	2014 Cost R	2014 Accumulated fair value adjustment R	2014 Carrying value R	2013 Cost R	2013 Accumulated fair value adjustment R	2013 Carrying value R
Investment property	**4 051 135**	**–**	**4 051 135**	–	–	–

Reconciliation of investment property – Company – 2014

	Opening balance R	Additions R	Total R
Investment property	**–**	**4 051 135**	**4 051 135**

The land was acquired by SepHold on 10 December 2013 for R4 051 135 in an arm's length transaction from an independent party. Management has assessed that the carrying value of the land is not materially different from the fair value as at acquisition date and that the fair value has not changed from the fair value as at reporting date. Therefore no revaluation of land has been performed.

Pledged as security

The land is pledged as security for the R2 million overdraft facility of SepHold.

Other disclosures

The investment property has been acquired by SepHold and is leased out under an operating lease to Métier. Since the land is owner-occupied on group level, it has been reclassified to property, plant and equipment for consolidation purposes. The initial operating lease contract commenced 10 December 2013 and is for a period of nine years and 11 months which may be renewed for a five-year period. The rentals payable are subject to an increase of 8% per annum or the increase in the Consumer Price Index, whichever is the higher.

	GROUP 2014 R	GROUP 2013 R	COMPANY 2014 R	COMPANY 2013 R
Total straight-lined rental income from investment property	**–**	–	**320 355**	–
Details of property				
Erf 398 Randjespark Ext 121				
– Purchase price: 10 December 2013	**–**	–	**4 017 750**	–
– Capitalised expenditure	**–**	–	**33 385**	–
	–	–	**4 051 135**	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2014

4. Property, plant and equipment

	2014			2013		
GROUP	Cost/ valuation R	Accumulated depreciation R	Carrying value R	Cost/ valuation R	Accumulated depreciation R	Carrying value R
Land and buildings	**6 717 444**	**–**	**6 717 444**	2 666 309	–	2 666 309
Plant and machinery	**64 213 695**	**(15 537 769)**	**48 675 926**	49 892 623	(425 711)	49 466 912
Furniture and fixtures	**467 281**	**(273 807)**	**193 474**	265 449	(5 570)	259 879
Motor vehicles	**118 998 360**	**(45 704 081)**	**73 294 279**	65 403 003	(1 243 234)	64 159 769
Computer equipment	**1 758 912**	**(1 459 990)**	**298 922**	341 466	(16 227)	325 239
Total	**192 155 692**	**(62 975 647)**	**129 180 045**	118 568 850	(1 690 742)	116 878 108

Reconciliation of property, plant and equipment – Group – 2014

	Opening balance R	Additions R	Disposals R	Depreciation R	Total R
Land and buildings	**2 666 309**	**4 051 135**	**–**	**–**	**6 717 444**
Plant and machinery	**49 466 912**	**4 528 888**	**–**	**(5 319 874)**	**48 675 926**
Furniture and fixtures	**259 879**	**–**	**–**	**(66 405)**	**193 474**
Motor vehicles	**64 159 769**	**31 926 163**	**(3 852 559)**	**(18 939 094)**	**73 294 279**
Computer equipment	**325 239**	**200 590**	**–**	**(226 907)**	**298 922**
	116 878 108	**40 706 776**	**(3 852 559)**	**(24 552 280)**	**129 180 045**

Reconciliation of property, plant and equipment – Group – 2013

	Opening balance R	Additions R	Additions through business combinations R	Disposals R	Depreciation R	Total R
Land and buildings	–	–	2 666 309	–	–	2 666 309
Plant and machinery	–	94 458	49 798 165	–	(425 711)	49 466 912
Furniture and fixtures	–	–	265 449	–	(5 570)	259 879
Motor vehicles	–	5 030 194	60 410 499	(37 690)	(1 243 234)	64 159 769
Computer equipment	–	20 375	321 091	–	(16 227)	325 239
	–	5 145 027	113 461 513	(37 690)	(1 690 742)	116 878 108

The land was acquired by SepHold on 10 December 2013 for R4 051 135 in an arm's length transaction from an independent party. Management has assessed that the carrying value of the land is not materially different from the fair value as at acquisition date and that the fair value has not changed from the fair value as at reporting date. Therefore no revaluation of land has been performed.

Land and buildings owned by Métier at a carrying value of R2 666 309 has not been revalued during the financial year as management has assessed that the fair value is not materially different from the fair value determined at the purchase price acquisition performed on 28 February 2013, which fair value was determined to be not materially different from the carrying value at date of acquisition.

Pledged as security

All movable assets are pledged as security for other financial liabilities as per note 19. Land of R4 051 135 is pledged as security for the R2 million overdraft facility of SepHold.

	GROUP		COMPANY	
	2014 R	2013 R	2014 R	2013 R
Details of land and buildings				
Portion 0 of Erf 233, Phoenix Industrial Park				
– Purchase price: 12 June 2009	**2 400 000**	2 400 000	**–**	–
– Capitalised expenditure	**266 309**	266 309	**–**	–
	2 666 309	2 666 309	**–**	–
Erf 398 Randjespark Ext 121				
– Purchase price: 10 December 2013	**4 017 750**	–	**–**	–
– Capitalised expenditure	**33 385**	–	**–**	–
	4 051 135	–	**–**	–

5. Goodwill

GROUP	2014 Cost R	2014 Accumulated impairment R	2014 Carrying value R	2013 Cost R	2013 Accumulated impairment R	2013 Carrying value R
Goodwill on acquisition of subsidiary	**223 421 981**	**–**	**223 421 981**	223 421 981	–	223 421 981

Reconciliation of goodwill – Group – 2014

	Opening balance R	Total R
Goodwill	**223 421 981**	**223 421 981**

Reconciliation of goodwill – Group – 2013

	Opening balance R	Additions through business combinations R	Total R
Goodwill	–	223 421 981	223 421 981

The purchase price allocation relating to the acquisition of Métier was not performed during the prior financial year, which resulted in goodwill amounting to R238 137 854 as on 31 March 2013 based on the net asset value of Métier on 28 February 2013. The initial purchase price allocation has been finalised during the current financial period and an amount of R20 438 713 has been allocated from goodwill to intangible assets retrospectively based on the fair value determined for the Vulindlela Development Association customer contract as on acquisition date. Deferred tax on the customer contract of R5 722 840 has also been retrospectively added to the goodwill balance (notes 33 and 38).

Impairment testing during 2014 financial reporting year

In accordance with IAS 36 Impairment of Assets, goodwill and intangible assets with indefinite useful lives are reviewed annually for impairment, or more frequently if there is an indication that goodwill might be impaired.

The recoverable amount of goodwill relating to the cash-generating unit (Métier at entity level) has been determined on the basis of a value-in-use calculation. The calculation uses cash flow projections based on financial projections, covering a two-year period and a discount rate of 18,75% for the cash-generating unit. Cash flows beyond the two-year period were extrapolated using a steady 5,5% nominal growth rate. Any changes in revenue or costs are based on past predictions and expectations of future changes in the market. Based on the results of the impairment test, no impairment is required.

6. Intangible assets

GROUP	2014 Cost/ valuation R	2014 Accumulated amortisation R	2014 Carrying value R	2013 Cost/ valuation R	2013 Accumulated amortisation R	2013 Carrying value R
Customer contract	**20 438 713**	**(6 100 961)**	**14 337 752**	20 438 713	(524 070)	19 914 643

Reconciliation of intangible assets – Group – 2014

	Opening balance R	Additions R	Amortisation R	Impairment loss R	Total R
Customer contract	**19 914 643**	**–**	**(5 576 891)**	**–**	**14 337 752**

Reconciliation of intangible assets – Group – 2013

	Opening balance R	Additions through business combinations R	Amortisation R	Total R
Customer contract	–	20 438 713	(524 070)	19 914 643

With the exception of the Vulindlela Development Association customer contract, we did not identify any significant long-term contracts with customers which meet the criteria for separate recognition as intangible assets.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2014

6. Intangible assets (continued)

Amortisation and change in accounting estimate

The initial five-year contract stipulated the contract period as 1 June 2011 to 30 June 2016. The 2013 financial statements have been retrospectively adjusted for the one month of amortisation for March 2013 (subsequent to the finalisation of the purchase price allocation of the Métier acquisition on 28 February 2013 (refer to note 33)), based on 39 months remaining of the five-year contract period.

On 31 December 2013 the contract was extended to a seven-year contract period. Amortisation for the 2014 reporting period has been based on the 39 months remaining of the five-year contract up until 31 December 2013 and the carrying value of the intangible asset has thereafter been amortised over the 53 months remaining of the seven-year extended contract period.

The effect of this change in accounting estimate reduced the amortisation expense and increased profit before taxation for the year ended 31 March 2014 by R711 944.

Fair value determination

Under a discounted cash flow approach, the forecast cash flows for the five-year Vulindlela Development Association customer contract period has been discounted back over the remaining period of the contract of three and a half years, at a discount rate of 18,75% and a steady nominal growth rate of 6% generating a net present value at the acquisition date of 28 February 2013 of R20 438 713.

The amount of R20 438 713 has been re-allocated for the 2013 reporting period from goodwill to intangible assets as part of the remeasurement adjustment for the purchase price allocation performed within the annual period after acquisition of Métier as permitted by IFRS 3 (note 33).

Impairment testing performed on 31 March 2014

The extension of the contract period to seven years as detailed above was considered to be a possible indicator of impairment. The recoverable amount of the intangible asset has been re-assessed over the seven-year contract period and at the renegotiated higher selling price per square metre supplied. The discount rate of 18,75% and the growth rate of 6% as stipulated above have been used and the recoverable amount over the new expected useful life has been determined as R17 368 039. As this amount exceeds the carrying value of the intangible assets of R14 337 752, no impairment is required.

7. Investments in subsidiaries

COMPANY	% holding 2014	% holding 2013	Carrying amount 2014 R	Carrying amount 2013 R
Name of company				
Sephaku Cement Investment Holdings Limited	**100,00**	100,00	**1**	1
Métier Mixed Concrete Proprietary Limited	**100,00**	100,00	**209 967 287**	295 267 125
Capitalised costs of acquisition of Métier Mixed Concrete Proprietary Limited			**–**	4 110 902
			209 967 288	299 378 028
Impairment of investment in Métier Mixed Concrete Proprietary Limited			**–**	(89 410 741)
			209 967 288	209 967 287

Subsidiaries are shown at carrying amounts, net of impairment.

All the subsidiaries are registered and operate within South Africa.

Impairment testing

2013

A dividend of R110 million was received by SepHold from Métier shortly after obtaining control. This dividend was an indicator that the investment in Métier may have been impaired. Using the same inputs as detailed under goodwill impairment testing (note 5) an impairment has been performed with the resulting impairment of R89 410 741.

The impairment test results are sensitive to the discount rate applied by management. For every 0,25% change in the discount rate, the amount impaired changes by approximately R7 million.

2014

No indicators of impairment or reversal of impairment were identified during the current financial year.

8. Investment in associate

The following table lists all the associates in the group:

GROUP	% ownership interest 2014	% ownership interest 2013	Carrying amount 2014 R	Carrying amount 2013 R
Name of company				
Sephaku Cement Proprietary Limited	**36,00**	36, 00	**616 388 706**	631 134 362
COMPANY				
Sephaku Cement Proprietary Limited	**36,00**	36,00	**635 117 284**	635 117 284

The associate is unlisted and is registered and operates within South Africa.

On 15 October 2010 the investment in SepCem as an associate was recognised at a fair value of R634 956 656 and on consolidation adjusted using the equity method for the change in SepHold's share of the post-acquisition (loss)/profit of the investee amounting to (R14 745 655) (2013: R6 191 410) and share of the post-acquisition other comprehensive loss of the investee of R1 207 663 for 2013 (note 30). The investment was increased during the 2013 reporting period with the cost of an additional 0,006% interest acquired in the associate from minority shareholders for R160 628.

SepCem has a December year-end so as to agree with Dangote Cement Plc's year-end. In line with the requirements of IAS 28, the year-end results of SepCem as at 31 December 2013 have been included in these financial statements.

	COMPANY 2014 R	COMPANY 2013 R
Summary of group interest in Sephaku Cement Proprietary Limited and its subsidiaries		
Non-current assets	**3 319 954 465**	2 741 931 152
Current assets	**110 351 889**	115 929 285
Total assets	**3 430 306 354**	2 857 860 437
Total equity	**1 073 422 528**	1 114 382 682
Non-current liabilities	**2 148 277 262**	1 642 010 413
Current liabilities	**208 606 564**	101 467 342
Total liabilities	**2 356 883 826**	1 743 477 755
Revenue for the period	**36 889 399**	16 394 882
(Loss)/profit after taxation for the period	**(40 960 154)**	17 198 361
Other comprehensive loss for the period	**–**	(3 354 619)
Total comprehensive (loss)/income for the period	**(40 960 154)**	13 843 742

2013:

The revenue and profit for the 2013 financial period reflected above are based on SepCem's six months ended 31 December 2012 audited results. The loss of SepCem for the six months ended 30 June 2012 has already been equity accounted in SepHold's 2012 results, that consists of the group's share of the loss of SepCem for the 12 months ended 30 June 2012.

There have been no unrecognised losses in the associate for which the group has not accounted.

9. Loans to group companies

	GROUP 2014 R	GROUP 2013 R	COMPANY 2014 R	COMPANY 2013 R
Subsidiary				
Sephaku Cement Investment Holdings Limited	**–**	–	**4 149**	4 149
The loan is unsecured, bears no interest and is repayable by mutual agreement.				
Associate				
Sephaku Cement Proprietary Limited	**–**	337 058	**–**	337 058
The loan is unsecured, bears no interest and is repayable on demand.				
Total	**–**	337 058	**4 149**	341 207

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10. Other financial assets

	GROUP 2014 R	GROUP 2013 R	COMPANY 2014 R	COMPANY 2013 R
Available-for-sale				
Liberty Investment Builder	–	1 081 243	–	–
Métier Mixed Concrete Proprietary Limited made monthly contributions to this investment of R77 232.				
Liberty Endowment Investment	–	3 819 001	–	–
Métier Mixed Concrete Proprietary Limited made monthly contributions to this investment of R67 000.				
	–	4 900 244	–	–
The value of the available-for-sale investments above are based on the premiums paid to date which is considered to be a close approximation of fair value, and were disposed of during the current financial year for a total gain of R860 000. There were no movements accumulated in other comprehensive income in the past that were required to be recycled to profit or loss during the current period.				
Loans and receivables				
African Nickel Holdings Proprietary Limited	**2 000 000**	3 200 000	**2 000 000**	3 200 000
Cross Company Management Proprietary Limited	**11 572 893**	10 293 783	**11 572 893**	10 293 783
The loans are unsecured, bear no interest and are repayable on demand. An impairment of R6 835 864 has been recognised during the 2013 reporting period on the receivable from Cross Company Management Proprietary Limited. No change has been made to this provision in the current year.				
	13 572 893	13 493 783	**13 572 893**	13 493 783
Total other financial assets	**13 572 893**	18 394 027	**13 572 893**	13 493 783
Non-current assets				
Available-for-sale	–	4 900 244	–	–
Loans and receivables	**6 924 311**	4 905 054	**6 924 311**	4 905 054
	6 924 311	9 805 298	**6 924 311**	4 905 054
Current assets				
Loans and receivables	**6 648 582**	8 588 729	**6 648 582**	8 588 729
	13 572 893	18 394 027	**13 572 893**	13 493 783

Fair value information

The carrying amount of the investments is based on premiums paid to date which is considered by management to be a close approximation of the fair value.

Fair value hierarchy of available–for–sale financial assets

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).

Level 3 applies inputs which are not based on observable market data.

	GROUP 2014 R	GROUP 2013 R	COMPANY 2014 R	COMPANY 2013 R
Level 3				
Investment portfolios	–	4 900 244	–	–

The group has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior financial period.

11. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

GROUP	Loans and receivables R	Non-financial instruments R	Total R
2014			
Other financial assets	**13 572 893**	**–**	**13 572 893**
Trade and other receivables	**75 775 645**	**161 017**	**75 936 662**
Cash and cash equivalents	**26 001 268**	**–**	**26 001 268**
	115 349 806	**161 017**	**115 510 823**

	Loans and receivables R	Available-for-sale R	Non-financial instruments R	Total R
2013				
Loans to group companies	337 058	–	–	337 058
Other financial assets	13 493 783	4 900 244	–	18 394 027
Trade and other receivables	60 237 799	–	362 476	60 600 275
Cash and cash equivalents	22 337 824	–	–	22 337 824
	96 406 464	4 900 244	362 476	101 669 184

COMPANY	Loans and receivables R	Non-financial instruments R	Total R
2014			
Loans to group companies	**4 149**	**–**	**4 149**
Other financial assets	**13 572 893**	**–**	**13 572 893**
Trade and other receivables	**132 375**	**95 107**	**227 482**
Cash and cash equivalents	**3 021 146**	**–**	**3 021 146**
	16 730 563	**95 107**	**16 825 670**

	Loans and receivables R	Non-financial instruments R	Total R
2013			
Loans to group companies	341 207	–	341 207
Other financial assets	13 493 783	–	13 493 783
Trade and other receivables	–	296 566	296 566
Cash and cash equivalents	13 793 993	–	13 793 993
	27 628 983	296 566	27 925 549

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12. Deferred taxation

	GROUP		COMPANY	
	2014	2013	**2014**	2013
	R	R	**R**	R
Deferred taxation asset/(liability)				
Property, plant and equipment	**(12 113 023)**	(10 346 246)	**–**	–
Income received in advance	**–**	347 687	**–**	–
S24C allowances	**–**	(201 673)	**–**	–
Doubtful debt allowance	**210 000**	210 000	**–**	–
Provision for leave pay	**170 531**	123 230	**–**	–
Prepaid expenses	**(18 454)**	(18 454)	**–**	–
Provision for management bonus	**1 623 065**	–	**–**	–
Intangible assets	**(4 014 571)**	(5 576 100)	**–**	–
Operating lease accrual	**586 519**	–	**–**	–
Total deferred taxation liability	**(13 555 933)**	(15 461 556)	**–**	–
Reconciliation of deferred taxation asset/(liability)				
Acquired through business combination (note 33)	**(15 461 556)**	(9 680 685)	**–**	–
Originating temporary difference on property, plant and equipment	**(1 766 777)**	(167 713)	**–**	–
Reversing temporary difference on income received in advance	**(347 687)**	(109 929)	**–**	–
Originating temporary difference on accrual for leave pay	**47 301**	21 822	**–**	–
Reversing temporary difference on S24C allowance	**201 673**	51 049	**–**	–
Originating temporary difference on provision for management bonus	**1 623 065**	–	**–**	–
Originating/(reversing) temporary difference on intangible assets	**1 561 529**	(5 576 100)	**–**	–
Originating temporary difference on operating lease accrual	**586 519**	–	**–**	–
	(13 555 933)	(15 461 556)	**–**	–
Unrecognised deferred taxation asset				
Deductible temporary differences not recognised as deferred taxation assets	**64 989 890**	51 936 182	**64 989 890**	51 936 182

13. Operating lease (accrual)/asset

Non-current assets	**–**	–	**118 097**	–
Non-current liabilities	**(1 640 263)**	–	**–**	–
Current liabilities	**(336 348)**	–	**–**	–
	(1 976 611)	–	**118 097**	–

Refer to note 3 and note 34 for the terms of the operating lease asset and liability respectively.

14. Inventories

Raw materials	**6 576 690**	5 508 680	**–**	–
Diesel	**1 396 428**	1 221 545	**–**	–
	7 973 118	6 730 225	**–**	–

Inventory pledged as security

Inventory is pledged as security for other financial liabilities per note 19.

15. Trade and other receivables

	GROUP		COMPANY	
	2014	2013	**2014**	2013
	R	R	**R**	R
Trade receivables	**72 691 521**	58 888 140	**–**	–
Prepayments	**65 910**	65 910	**–**	–
Deposits	**1 136 266**	1 330 754	**–**	–
Value added taxation	**95 107**	296 566	**95 107**	296 566
Other receivables	**1 947 858**	18 905	**132 375**	–
	75 936 662	60 600 275	**227 482**	296 566

Trade and other receivables pledged as security
Trade and other receivables of Métier of R75 709 180 are pledged as security for other financial liabilities as per note 19.

Credit quality of trade and other receivables
Management has made an assessment of the debts neither past due nor impaired and is satisfied with the credit quality of these debtors, as all such debts are expected to be recovered without default.

Fair value of trade and other receivables
The fair values of trade and other receivables are substantially the same as the carrying amounts reflected on the statement of financial position, as the financial instruments are short-term in nature.

Trade and other receivables past due but not impaired
At 31 March 2014, R22 155 961 (2013: R5 748 090) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

	GROUP		COMPANY	
	2014	2013	**2014**	2013
	R	R	**R**	R
1 month past due	**16 299 021**	1 561 305	**–**	–
2 months past due	**1 128 013**	526 029	**–**	–
3 months past due	**4 728 927**	3 660 756	**–**	–

Of the above amounts past due but not impaired, R14,3 million was recovered subsequent to year-end by the end of May 2014.

Trade and other receivables – provision for impairment
As of 31 March 2014, trade and other receivables of R1 000 000 (2013: R1 000 000) were provided for.

The following factors were considered in determining the amounts of the impairment:
- Each account was assessed based on past credit history; and
- Any knowledge of particular insolvency or other risk.

180 days overdue are considered indicators that the trade receivable is impaired.

Reconciliation of provision for impairment of trade and other receivables

	GROUP		COMPANY	
	2014	2013	**2014**	2013
	R	R	**R**	R
Opening balance	**1 000 000**	–	**–**	–
Acquired through business combination	**–**	1 000 000	**–**	–
	1 000 000	1 000 000	**–**	–

Exposure to credit risk
The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The company does not hold any collateral as security.

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16. Cash and cash equivalents

	GROUP		COMPANY	
	2014 R	2013 R	**2014 R**	2013 R
Cash and cash equivalents consist of:				
Cash on hand	**57 000**	53 500	**–**	–
Bank balances	**25 944 268**	22 284 324	**3 021 146**	13 793 993
	26 001 268	22 337 824	**3 021 146**	13 793 993
The fair values of cash and cash equivalents are considered to be equal to the carrying value.				
Sephaku Holdings Limited has an available Absa overdraft facility of R2 000 000 and Métier Mixed Concrete Proprietary Limited has an available Standard Bank overdraft facility of R2 000 000.				
The total amount of undrawn overdraft and term loan facilities available for future operating activities and commitments	**12 778 247**	–	**2 000 000**	–
Credit facilities are secured as per note 19.				
Credit quality of cash at bank and short-term deposits, excluding cash on hand				
The credit quality of cash at bank and short-term deposits, excluding cash on hand, that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:				
Credit rating				
Fitch short-term rating: F1+	**25 944 268**	22 284 324	**3 021 146**	13 793 993

17. Stated capital

	GROUP		COMPANY	
Authorised				
1 000 000 000 ordinary shares with no par value				
Reconciliation of number of shares issued:				
Number of shares at beginning of period	**187 901 843**	171 790 732	**187 901 843**	171 790 732
Number of ordinary shares issued during the period	**1 971 136**	16 111 111	**1 971 136**	16 111 111
Number of ordinary shares at end of period	**189 872 979**	187 901 843	**189 872 979**	187 901 843
The total amount of 1 971 136 shares issued during the year relates to share options that were exercised by employees and directors during the year (note 18). Shares issued for cash amounted to R2 970 737 and an amount of R2 011 883 was still receivable by the company at year-end for shares issued to option holders that were still to trade subsequent to year-end.				
The unissued ordinary shares are under the control of the directors.				
Issued				
Ordinary shares with no par value	**585 573 235**	580 590 616	**585 573 235**	580 590 616

18. Share-based payments

Share Option Group	Number R	Weighted exercise price R	Total value R
2014			
Share options granted during 2008 year (30/06/2008 to 30/06/2011)	**200 000**	**1,50**	**300 000**
Share options granted on 31 March 2008	**5 740 000**	**2,50**	**14 350 000**
Share options granted on 15 October 2010	**10 000 000**	**3,50**	**35 000 000**
Share options granted on 29 June 2012	**3 500 000**	**1,90**	**6 650 000**
Share options granted on 31 August 2012	**1 500 000**	**1,90**	**2 850 000**
Share options granted at R2,50 on 31 March 2008 exercised during the year (note 17)	**(1 666 803)**	**–**	**–**
Share options granted at R3,50 on 15 October 2010 exercised during the year (note 17)	**(304 333)**	**–**	**–**
Exercised and expired during prior periods*	**(516 530)**	**–**	**–**
Outstanding at the end of the financial period	**18 452 334**	**–**	**–**
Exercisable at the end of the financial period	**6 785 667**	**–**	**–**
2013			
Share options granted during 2008 year (30/06/2008 to 30/06/2011)	200 000	1,50	300 000
Share options granted on 31 March 2008	5 740 000	2,50	14 350 000
Share options granted on 15 October 2010	10 000 000	3,50	35 000 000
Share options granted on 29 June 2012	3 500 000	1,90	6 650 000
Share options granted on 31 August 2012	1 500 000	1,90	2 850 000
Exercised and expired during prior periods*	(516 530)	–	–
Outstanding at the end of the financial period	20 423 470	–	–
Exercisable at the end of the financial period	5 423 470	–	–

** relating to share options granted during 2008 year*

Information on options granted on 31 March 2008

On 31 March 2008, 5 740 000 American style share options with an exercise price of R2,50 were granted of which 5 423 470 options are still outstanding at period-end. These options vest over a three-year period on the anniversary of the grant and expire on 31 March 2015.

Fair value was determined by using the Black Scholes method. The following inputs were used:

- Exercise price, R2,50
- Expected volatility, 30%
- Option life: 1,2 and 3 years
- Expected dividends, Nil
- The risk-free interest rate, 6,65%

As the options have vested in full, no staff cost related to equity-settled share-based payments transactions was recognised in the current period.

During 2012, 5 373 470 SepFluor Limited shares were sold to Cross Company Management Proprietary Limited for R0,58875, to be held for the benefit of the holders of certain vested options over SepHold shares. On exercise date SepHold will acquire the shares at R0,58875 from Cross Company Management Proprietary Limited.

Information on options granted on 15 October 2010

On 15 October 2010, 10 million American style share options were granted with an exercise price of R3,50, all of which are still outstanding at period-end. These options vest over a five-year period on the anniversary of the grant of the third, fourth and fifth year and expire on 15 October 2017. No option premium was paid on the date of the grant.

Fair value was determined by using the Black Scholes method. The following inputs were used:

- Exercise price, R3,50
- Expected volatility, 55%
- Option life: 3,4 and 5 years
- Expected dividends, Nil
- The risk-free interest rate, 7,14%

Total staff cost of R3 511 018 related to equity-settled share-based payment transactions was recognised in 2014 (2013: R3 187 083), of which R1 372 808 (2013: R1 246 150) relates to directors and key management personnel.

Expected volatility is based on share price history. Annualised volatility up to grant date was 93%. This dropped significantly to approximately 80% in February 2011, 56% in March 2011 and 52% in June 2011. Therefore 55% was considered to be reasonable for future volatility.

On 9 February 2012, PSG Capital Proprietary Limited prepared a report as an independent expert for the value attributable to SepHold and SepFluor Limited on the grant date of 15 October 2010 so as to ensure that participants are placed in no worse position with the SepFluor Limited unbundling. Based on their report it was concluded that SepHold's strike price changed to R2,68 and an option holder will also receive a SepFluor Limited share at a strike price of R0,82 at the date of exercise.

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18. Share–based payments (continued)

Information on options granted on 29 June 2012

On 29 June 2012, 3,5 million American style share options with an exercise price of R1,90 were granted, all of which are still outstanding at year–end. These options vest over a five–year period on the anniversary of the grant of the third, fourth and fifth year and expire on 29 June 2019. No option premium was paid on the date of the grant.

Fair value was determined by using the binomial valuation method. The following inputs were used:

- Exercise price, R1,90
- Expected volatility, 55%
- Option life: 3,4 and 5 years
- Expected dividends, Nil
- The risk-free interest rate, 6,82%

Total staff cost of R1 112 241 related to equity–settled share–based payment transactions was recognised in 2014 (2013: R834 181), of which R889 793 (2013: R667 345) relates to directors and key management personnel.

Expected volatility is based on share price history and 55% was considered to be reasonable for future volatility.

Information on options granted on 31 August 2012

On 31 August 2012, 1,5 million American style share options with an exercise price of R1,90 were granted, all of which are still outstanding at year-end. These options vest over a five–year period on the anniversary of the grant of the third, fourth and fifth year and expire on 31 August 2019. No option premium was paid on the date of the grant.

Fair value was determined by using the binomial valuation method. The following inputs were used:

- Exercise price, R1,90
- Expected volatility, 55%
- Option life: 3,4 and 5 years
- Expected dividends, Nil
- The risk-free interest rate, 6,82%

Total staff cost of R788 296 related to equity-settled share-based payment transactions was recognised in 2014 (2013: R459 839), of which R788 296 (2013: R459 839) relates to directors and key management personnel.

Expected volatility is based on share price history and 55% was considered to be reasonable for future volatility.

19. Other financial liabilities

	GROUP 2014 R	GROUP 2013 R	COMPANY 2014 R	COMPANY 2013 R
Held at amortised cost				
Deferred vendor loan A final cash payment of R125 million is due on 1 December 2014 to the sellers of Métier Mixed Concrete Proprietary Limited (note 33). The final cash payment has been reduced by an amount of R8 million due to uncertainty whether Métier Mixed Concrete Proprietary Limited can recover this amount from TBP Buildings and Civils Proprietary Limited. The net of the above amounts were discounted over 21 months at a rate of 0,53% per month to the net present value of R104 711 570 and finance charges of R6 890 908 (2013: R554 762 for the one month of March 2013) (note 27) relating to the unwinding of the liability/imputed interest for the financial period have been recognised.	**112 157 240**	105 266 332	**112 157 240**	105 266 332
Standard Bank – Facility A The loan bore interest repaid monthly in arrears at the JIBAR rate. The loan was fully repaid during the financial year.	**–**	77 643 332	**–**	–
Standard Bank – Facility B This loan bears interest at the variable JIBAR rate, currently 9,33%. Capital and interest are repayable quarterly in arrears until 28 December 2018. This loan facility amounts to R150 million with a maximum drawdown on 1 December 2014 of R125 million. Capital payments based on estimated free cash flow have been estimated as follows: – R7,5 million on 30/06/2014 – R7,5 million on 30/09/2014 – R7,5 million on 31/12/2014 – R6,25 million on 31/03/2015 The balance will be paid in periods thereafter and has been included in the non-current portion of the other financial liabilities disclosed.	**80 416 668**	38 000 000	**–**	–
Standard Bank – Facility C This loan bears interest at a fixed rate of 10,32% per annum and is repayable in February 2018, with interest payments made quarterly in arrears.	**63 221 753**	63 221 753	**–**	–
Standard Bank – Facility D This loan bears interest at a fixed rate of 10,32% per annum and is repayable in February 2018, with interest payments made quarterly in arrears.	**31 000 000**	9 000 000	**–**	–
Capitalised transaction costs Transaction costs of the above loans are capitalised and released to operating expenses over the terms of the loans.	**(3 311 638)**	(4 157 163)	**–**	–
	283 484 023	288 974 254	**112 157 240**	105 266 332

The Standard Bank loans ("Facilities A, B, C and D" and facilities as per note 16) are secured as follows:

- General notarial bond by Métier in favour of the debt guarantor over all its movable assets, including inventory;
- Pledge and cession by SepHold in favour of the debt guarantor, in which SepHold *inter alia* pledges and cedes *in securitatem debiti* to the debt guarantor all its shares in and claims against the borrower;
- Cession of insurances by Métier in favour of the debt guarantor, in terms of which Métier cedes *in securitatem debiti* to the debt guarantor all of its right, title and interest in and to all insurances over its assets;
- Cession of debts by Métier in favour of the debt guarantor, in terms of which Métier cedes *in securitatem debiti* to the debt guarantor, all of its right, title and interest in and to all of its debtors;
- Special notarial bond by Métier in favour of the debt guarantor over specified movable assets; and
- The deed of security over the domain name www.metiersa.co.za entered into between Métier (as cedent) and the debt guarantor (as cessionary) and any notices or acknowledgements required thereunder, in terms of which Métier cedes *in securitatem debiti* to the debt guarantor all of its right, title and interest in and to the domain name.

Total term lending facilities are R260 000 000 (2013: R260 000 000).

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19. Other financial liabilities (continued)

	GROUP		COMPANY	
	2014	2013	**2014**	2013
	R	R	**R**	R
Non-current liabilities				
At amortised cost	**142 576 783**	249 390 922	**–**	105 266 332
Current liabilities				
At amortised cost	**140 907 240**	39 583 332	**112 157 240**	–
	283 484 023	288 974 254	**112 157 240**	105 266 332

The fair values of these financial liabilities are substantially the same as the carrying amounts reflected on the statement of financial position as they bear interest at market-related rates.

20. Deferred income

Government grants of R831 894 relating to assets were received during the 2014 financial year (2013: R1 307 532). These grants are recognised as deferred income, and released to operating profit over the average useful lives of the assets, which is seven years. The total recognised in operating profit for 2014 amounts to R238 558 (2013: R15 753).

	GROUP		COMPANY	
	2014	2013	**2014**	2013
	R	R	**R**	R
Movement for the period:				
Opening balance	**1 291 779**	–	**–**	–
Acquired through business combination (note 33)	**–**	1 307 532	**–**	–
Received during the year	**831 894**	–	**–**	–
Amortisation	**(238 558)**	(15 753)	**–**	–
Closing balance	**1 885 115**	1 291 779	**–**	–
Non-current liabilities	**1 577 232**	1 102 738	**–**	–
Current liabilities	**307 883**	189 041	**–**	–
	1 885 115	1 291 779	**–**	–

21. Trade and other payables

Trade payables	**44 120 090**	33 548 454	**677 035**	150 694
Value added taxation	**1 897 654**	539 488	**–**	–
Accrued expenses	**2 028 191**	3 032 325	**670 000**	36 000
Accrued bonus	**5 796 663**	5 011 277	**–**	–
Accrued audit fees	**320 100**	340 000	**320 100**	340 000
Sundry suppliers	**2 831 514**	–	**–**	–
	56 994 212	42 471 544	**1 667 135**	526 694

Fair value of trade and other payables

The fair values of trade and other payables are substantially the same as the carrying amounts reflected on the statement of financial position, as the financial instruments are short-term in nature.

22. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

GROUP	Financial liabilities at amortised cost R	Non-financial instruments R	Total R
2014			
Other financial liabilities	**283 484 023**	**–**	**283 484 023**
Trade and other payables	**47 880 748**	**9 113 464**	**56 994 212**
	331 364 771	**9 113 464**	**340 478 235**

	Financial liabilities at amortised cost R	Non-financial instruments R	Total R
2013			
Other financial liabilities	288 974 254	–	288 974 254
Trade and other payables	36 884 779	5 586 765	42 471 544
	325 859 033	5 586 765	331 445 798

COMPANY	Financial liabilities at amortised cost R	Non-financial instruments R	Total R
2014			
Other financial liabilities	**112 157 240**	**–**	**112 157 240**
Trade and other payables	**997 135**	**670 000**	**1 667 135**
	113 154 375	**670 000**	**113 824 375**

	Financial liabilities at amortised cost R	Non-financial instruments R	Total R
2013			
Other financial liabilities	105 266 332	–	105 266 332
Trade and other payables	490 694	36 000	526 694
	105 757 026	36 000	105 793 026

23. Revenue

	GROUP		COMPANY	
	2014 R	2013 R	**2014 R**	2013 R
Sale of goods	**571 544 796**	37 195 338	**–**	–

24. Cost of sales

	GROUP 2014 R	GROUP 2013 R	COMPANY 2014 R	COMPANY 2013 R
Cost of goods/inventory sold	**319 156 121**	21 574 848	**–**	–

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25. Operating profit/(loss)

	GROUP		COMPANY	
	2014	2013	**2014**	2013
	R	R	**R**	R
Operating profit/(loss) for the period is stated after accounting for the following:				
Operating lease charges				
Lease rentals on operating lease				
– Contractual amounts straight-lined	**(9 879 742)**	(387 266)	**–**	–
Profit on sale of property, plant and equipment	**1 076 760**	50 029	**–**	–
Profit on disposal of other financial assets	**860 000**	–	**–**	–
Straight-lined operating rent received from related party on investment property	**–**	–	**320 355**	–
Impairment of investment in subsidiary	**–**	–	**–**	(89 410 741)
Impairment of loan receivable	**–**	(6 835 864)	**–**	(6 835 864)
Amortisation on intangible assets	**(5 576 891)**	(524 070)	**–**	–
Depreciation on property, plant and equipment	**(24 552 280)**	(1 690 742)	**–**	–
Employee costs	**(40 388 366)**	(9 136 159)	**(8 797 187)**	(7 108 863)
Management fees paid to Cross Company Management Proprietary Limited relating to employee costs	**(17 325 843)**	(2 773 189)	**(5 757 024)**	(2 773 189)
Auditors' remuneration	**(793 001)**	(559 523)	**(337 110)**	(476 610)

26. Investment revenue

	GROUP 2014 R	GROUP 2013 R	COMPANY 2014 R	COMPANY 2013 R
Dividend revenue				
Subsidiaries – Local	**–**	–	**–**	110 000 000
Interest revenue				
Bank	**259 314**	672 558	**259 314**	652 050
Other interest received	**2 433 950**	147 729	**3 994**	–
	2 693 264	820 287	**263 308**	652 050
	2 693 264	820 287	**263 308**	110 652 050

27. Finance costs

	GROUP 2014 R	GROUP 2013 R	COMPANY 2014 R	COMPANY 2013 R
Bank	**16**	55 518	**16**	–
Other financial liabilities	**17 939 073**	1 338 988	**–**	–
Imputed interest charge on deferred vendor loan (note 19)	**6 890 908**	554 762	**6 890 908**	554 762
Capitalised transaction costs (note 19)	**845 525**	–	**–**	–
	25 675 522	1 949 268	**6 890 924**	554 762

28. Taxation

	GROUP 2014 R	GROUP 2013 R	COMPANY 2014 R	COMPANY 2013 R
Major components of the taxation expense				
Current				
Local income taxation – current period	**18 152 375**	929 899	**–**	–
Donations taxation	**(4 310)**	6 530	**–**	–
	18 148 065	936 429	**–**	–
Deferred				
Originating and reversing temporary differences	**(1 905 623)**	58 032	**–**	–
	16 242 442	994 461	**–**	–
Reconciliation of the taxation expense				
Reconciliation between accounting profit and taxation expense.				
(Profit)/loss before taxation	**13 424 663**	(15 310 368)	**(25 356 170)**	586 467
Taxation at the applicable taxation rate of 28%	**3 758 906**	(4 286 903)	**(7 099 728)**	164 211
Taxation effect of adjustments on taxable income				
Non-deductible items and exempt income	**8 799 741**	2 998 137	**3 444 690**	(2 440 908)
Taxable temporary difference not recognised as deferred tax liability	**–**	–	**(33 067)**	–
Deferred taxation not raised on taxation loss	**3 688 105**	2 276 697	**3 688 105**	2 276 697
Donations taxation	**(4 310)**	6 530	**–**	–
	16 242 442	994 461	**–**	–

No provision has been made by the company for 2014 or 2013 taxation as the company has no taxable income. The estimated taxation loss available for set-off against future taxable income for the group is R65 107 985 (2013: R51 936 182) and for the company is R65 107 985 (2013: R51 936 182).

29. Auditor's remuneration

	GROUP 2014 R	GROUP 2013 R	COMPANY 2014 R	COMPANY 2013 R
Fees for audit services	**642 050**	554 523	**332 850**	476 610
Consulting	**86 720**	5 000	**4 260**	–
Tax and secretarial services	**22 235**	–	**–**	–
Disbursements	**41 996**	–	**–**	–
	793 001	559 523	**337 110**	476 610

30. Other comprehensive income

Components of other comprehensive income Group – 2013

	Share of other comprehensive income of associates R	Net of taxation R
Items that will not be reclassified to profit or loss		
Movements on revaluation		
Loss on property revaluation	(1 207 663)	(1 207 663)

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31. Cash generated from/(used in) operations

	GROUP		COMPANY	
	2014	2013	**2014**	2013
	R	R	**R**	R
Profit/(loss) for the year/period	**13 424 663**	(15 310 368)	**(25 356 170)**	586 467
Adjustments for:				
Depreciation and amortisation	**30 129 171**	2 214 812	**–**	–
Profit on sale of non-current assets	**(1 076 760)**	(50 029)	**–**	–
Profit on disposal of other financial assets	**(860 000)**	–	**–**	–
Loss/(profit) from equity-accounted investments	**14 745 655**	(6 191 410)	**–**	–
Dividends received	**–**	–	**–**	(110 000 000)
Interest received – investment	**(2 693 264)**	(820 287)	**(263 308)**	(652 050)
Finance costs	**25 675 522**	1 949 268	**6 890 924**	554 762
Impairment loss	**–**	6 835 864	**–**	96 246 605
Movements in operating lease assets and accruals	**1 976 611**	–	**(118 097)**	–
Acquisition costs	**–**	4 110 902	**–**	–
Deferred income	**(238 558)**	(15 753)	**–**	–
Share options recorded against salary expense	**5 411 555**	4 481 104	**5 411 555**	4 481 104
Changes in working capital:				
Inventories	**(1 242 893)**	(913 370)	**–**	–
Trade and other receivables	**(15 336 387)**	(6 929 848)	**69 084**	(269 676)
Trade and other payables	**14 522 669**	(10 931 485)	**1 140 440**	(455 233)
	84 437 984	(21 570 600)	**(12 225 572)**	(9 508 021)

32. Taxation (paid)/received

Balance at beginning of the year	**(11 402 043)**	–	**–**	–
Current taxation for the period recognised in profit or loss	**(18 148 065)**	(936 429)	**–**	–
Balance acquired on the acquisition of the subsidiary	**–**	(10 410 096)	**–**	–
Balance at end of the period	**1 192 809**	11 402 043	**–**	–
	(28 357 299)	55 518	**–**	–

33. Acquisition of subsidiary

	GROUP 2014 R	GROUP 2013 R	COMPANY 2014 R	COMPANY 2013 R
Business combination				
Property, plant and equipment	–	113 461 513	–	–
Intangible assets (note 6)	–	20 438 713	–	–
Investment in subsidiary (note 7)	–	–	–	295 267 125
Other financial assets	–	4 756 013	–	–
Inventories	–	5 816 855	–	–
Trade and other receivables	–	53 643 537	–	–
Cash and cash equivalents	–	20 799 994	–	–
Other loans and payables	–	(67 529 217)	–	–
Deferred taxation	–	(15 403 525)	–	–
Current taxation payable	–	(10 410 096)	–	–
Trade and other payables	–	(52 421 111)	–	–
Deferred income	–	(1 307 532)	–	–
Net assets acquired at fair values/investment in subsidiary	–	71 845 144	–	295 267 125
Goodwill	–	223 421 981	–	–
	–	295 267 125	–	295 267 125
Consideration paid				
Cash	–	110 000 000	–	110 000 000
Equity instruments	–	80 555 555	–	80 555 555
Deferred vendor loan of R125 million discounted to net present value (note 19)	–	104 711 570	–	104 711 570
	–	295 267 125	–	295 267 125
Net cash outflow on acquisition				
Cash consideration paid	–	(110 000 000)	–	(110 000 000)
Cash acquired	–	20 799 994	–	–
	–	(89 200 006)	–	(110 000 000)

On 28 February 2013, the group acquired 100% of the issued share capital of Métier which resulted in the group obtaining control over Métier.

Métier is a supplier of quality ready-mixed concrete products. The company has a full–service technical division, provides a concrete-pumping service, and has capacity to supply specialised concrete to the higher end of the market.

The acquisition is expected to have synergistic benefits for SepHold and its associate SepCem, currently a new entrant into the cement production industry in South Africa. Synergistic benefits for SepHold include: building a broader revenue base in the construction materials market; providing earlier cash flows; diversification of company assets; regional diversification of SepHold; and the creation of shareholder growth. Further potential exists for vertical integration as Métier is a consumer of cement and fly ash, both of which can potentially be provided by SepCem.

The acquisition is consistent with the stated growth and investment strategy of SepHold to increase its focus on cement and cement-related products and services.

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33. Acquisition of subsidiary (continued)

Purchase consideration

The total nominal purchase consideration consists of R365 million in a combination of acquisition finance and SepHold securities. The total fair value of the purchase consideration amounted to R295 267 125.

On closing the following settlement took place (as per the agreement):

- Cash payment of R110 million;
- Five million SepHold shares were issued at R6 per share amounting to R30 million; and
- 11,1 million SepHold shares were issued at R9 per share amounting to R100 million.

The above share issues were recorded at fair value in terms of IFRS based on the listed share price of SepHold at 28 February 2013 of R5 per share amounting to R80 555 555.

On 1 December 2014 the balance of the purchase consideration will be settled as follows:

- Cash payment of R125 million; and
- Agterskot: if the SepHold share price, based on a 60-day volume weighted average price, is below R9 and above R4 at 1 December 2014, additional shares will be issued to settle the purchase consideration. The additional shares to be issued would be calculated by dividing R100 million by the share price to calculate an amount of shares. This amount less 11 111 111 shares would be the additional shares to be issued.

The company will therefore have a potential liability for the additional amount of shares if the share price is below R9 per share on 1 December 2014. Management has in conjunction with external valuers assessed the likelihood and estimated that the future share price at measurement date of 1 December 2014 will be in excess of R9 per share, and therefore no further liability has been recognised.

Goodwill

In terms of IFRS, goodwill acquired in a business combination should be allocated to each of the acquirer's cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units. This allocation of goodwill should be performed at acquisition date. If the initial allocation cannot be completed before the end of the annual period in which the business combination is effected, that initial allocation should be completed before the end of the first annual period beginning after acquisition date.

The purchase price allocation was not completed during the prior financial year, which resulted in goodwill amounting to R238 137 854 as on 31 March 2013 based on the net asset value of Métier on 28 February 2013. The initial allocation has been completed during the current financial period and an amount of R20 438 713 has been allocated from goodwill to intangible assets retrospectively based on the fair value determined for the Vulindlela Development Association customer contract as on acquisition date. Deferred tax on the customer contract of R5 722 840 has also been adjusted retrospectively against the goodwill balance. Amortisation has been provided on the intangible asset balance retrospectively from the date of acquisition (note 38).

The fair value of the Vulindlela Development Association customer contract was determined based on estimated future cash flows over the contract period as on acquisition date (note 6). The remainder of the goodwill balance of R223 421 981 can not be allocated to a specific asset as this relates to synergistic benefits such as the future revenue base Métier will provide, Métier management's expertise obtained and the possible vertical integration between Métier and SepCem. The remaining goodwill balance is tested annually for impairment (note 5).

Equity issued as part of consideration paid

The fair value of the 5 000 000 and the further 11 111 111 SepHold ordinary shares issued as part of the consideration for the business combination has been based on the listed share price of the company at 28 February 2013 of R5 per share.

Acquisition-related costs

The company incurred acquisition-related costs of R4 110 902 relating to external legal fees, due diligence costs, consulting and competition commission fees. These costs have been capitalised to the investment in subsidiary on company level and have been included in 'operating expenses' in the consolidated statement of comprehensive income on group level.

Group revenue and profit or loss for full financial period (2013)

Revenue of R37 195 338 and profit before taxation of R3 135 986 for the month of March 2013 of Métier has been included in the 2013 reporting period results of SepHold. Had the acquisition been effective at the beginning of the 2013 reporting period, management estimated that Métier would have contributed R292 215 435 to revenue and R38 322 894 to profit before taxation. This estimate has been based on management accounts for the nine-month period. Métier earned revenue of R414 267 766 and profit before taxation of R63 356 713 for the 12 months ended 28 February 2013 based on their audited annual financial statements.

34. Commitments

	GROUP		COMPANY	
	2014	2013	**2014**	2013
	R	R	**R**	R
Authorised capital expenditure				
Operating leases – as lessee (expense)				
Minimum lease payments due				
– within one year	**8 506 241**	18 035 013	**–**	–
– in second to fifth year inclusive	**36 739 506**	35 409 380	**–**	–
– later than five years	**30 636 782**	33 881 879	**–**	–
	75 882 529	87 326 272	**–**	–
Operating lease payments represent rentals payable by the group for certain of its plant sites. Leases are negotiated for an average term of seven years per lease. The average escalation rate per lease is 9% per annum. No contingent rent is payable.				
Operating leases – as lessor (income)				
Minimum lease payments due				
– within one year	**–**	–	**(682 000)**	–
– in second to fifth year inclusive	**–**	–	**(3 319 022)**	–
– later than five years	**–**	–	**(5 309 542)**	–
	–	–	**(9 310 564)**	–

The investment property has been acquired by SepHold and is leased out under an operating lease to Métier. Since the property is owner-occupied on group level, it has been reclassified to property, plant and equipment for consolidation purposes. The initial operating lease contract commenced 10 December 2013 and is for a period of nine years and 11 months which may be renewed for a five-year period. The rentals payable are subject to an increase of 8% per annum or the increase in the Consumer Price Index, whichever is the higher.

35. Contingencies

SepHold has a possible obligation to issue additional shares to the sellers of Métier to settle the purchase consideration should the SepHold share price, based on a 60-day volume weighted average price, be below R9 at 1 December 2014. To the extent that the issue of 11 111 111 SepHold shares multiplied by the future share price be less than R100 million, SepHold shall issue to the sellers a number of additional consideration shares, to be calculated by dividing the shortfall by the future share price.

36. Related parties

Relationships

Subsidiaries	Refer to note 7
Associate	Refer to note 8
Shareholder with significant influence	Dangote Industries Limited
Company with common shareholders	Incubex Minerals Limited SepFluor Limited
Directors	B Williams MG Mahlare PM Makwana MM Ngoasheng Dr L Mohuba NR Crafford-Lazarus RR Matjiu KJ Capes PF Fourie Dr D Twist CRDW de Bruin J Bennette JW Wessels
Key management personnel of the group	Refer to directors as listed above. Also included two prescribed officers.

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36. Related parties (continued)

Relationships (continued)

Companies with common directors	Métier Concrete Products Proprietary Limited Plazatique Corp 27 CC JT Ross Proprietary Limited (2013) JT Ross and Son Proprietary Limited (2013) The JTR Trust Meadowland Estates Proprietary Limited WKRD Properties Proprietary Limited (Formerly Métier Aggregates Proprietary Limited) Cross Company Management Proprietary Limited

	GROUP		COMPANY	
	2014	2013	**2014**	2013
	R	R	**R**	R
Related party balances				
Loan accounts – Owing by related parties				
Sephaku Cement Proprietary Limited	**–**	337 058	**–**	337 058
Cross Company Management Proprietary Limited	**11 572 893**	17 129 647	**11 572 893**	17 129 647
Sephaku Cement Investment Holdings Limited	**–**	–	**4 149**	4 149
Amounts included in trade receivables/(trade payables) regarding related parties				
Cross Company Management Proprietary Limited	**–**	(4 699)	**–**	(4 699)
Métier Concrete Products Proprietary Limited	**137 677**	142 838	**–**	–
Meadowland Estates Proprietary Limited	**112 436**	–	**–**	–
Related party transactions				
Sales to related parties				
Métier Concrete Products Proprietary Limited	**2 738 681**	(142 838)	**–**	–
Meadowland Estates Proprietary)Limited	**642 272**	–	**–**	–
Purchases from related parties				
WKRD Properties Proprietary Limited	**7 184 618**	510 655	**–**	–
Plazatique Corp 27 CC	**1 275 317**	–	**–**	–
Métier Concrete Products Proprietary Limited	**239 800**	–	**–**	–
Rent paid to/(received from) related parties				
Plazatique Corp 27 CC	**751 773**	59 950	**–**	–
WKRD Properties Proprietary Limited	**5 015 662**	27 216	**–**	–
Métier Mixed Concrete Proprietary Limited	**–**	–	**(320 355)**	–
Fees paid to related parties for management services				
Cross Company Management Proprietary Limited	**17 808 951**	3 039 781	**6 203 232**	3 039 781
Utilities paid to related parties				
Plazatique Corp 27 CC	**366 926**	33 751	**–**	–
WKRD Properties Proprietary Limited	**1 199 593**	–	**–**	–

Refer to note 37 for remuneration of directors and prescribed officers.

Refer to note 18 for the share-based payment expense that relates to key management personnel of the group.

37. Directors' and prescribed officers' emoluments

Executive	Remuneration R	Performance bonuses R	Travel allowances R	Pension fund R	Total R
2014					
Dr L Mohuba	**972 594**	**217 000**	**–**	**–**	**1 189 594**
NR Crafford-Lazarus	**1 302 095**	**1 105 083**	**75 204**	**–**	**2 482 382**
RR Matjiu	**299 194**	**84 222**	**40 015**	**–**	**423 431**
KJ Capes[(1)]	**2 255 169**	**1 561 281**	**–**	**–**	**3 816 450**
J Bennette[(2)]	**913 846**	**298 615**	**38 400**	**38 269**	**1 289 130**
JW Wessels[(3)]	**429 709**	**902 999**	**–**	**–**	**1 332 708**
	6 172 607	**4 169 200**	**153 619**	**38 269**	**10 533 695**

	Remuneration R	Performance bonuses R	Travel allowances R	Pension fund R	Total R
2013					
Dr L Mohuba	479 205	189 637	–	–	668 842
NR Crafford-Lazarus	562 234	1 012 994	36 000	–	1 611 228
RR Matjiu	210 784	26 133	30 000	–	266 917
KJ Capes*[(1)]	183 333	–	–	–	183 333
J Bennette[(2)]	930 614	113 288	57 600	48 904	1 155 406
JW Wessels[(3)]	272 938	760 378	–	–	1 033 316
	2 639 108	2 107 430	123 600	48 904	4 919 042

[(1)] Appointed on 29 July 2013.
[(2)] Resigned on 21 August 2013. All remuneration paid by the associate company, SepCem, has been disclosed till date of resignation as director of SepHold.
[(3)] Passed away on 23 March 2014.
** For the one month of March 2013 since date of acquisition of Métier.*

Non-executive	Fees for services as director R	Remuneration R	Committees fees R	Pension fund R	Consulting fees R	Medical aid R	Allowances R	Total R
2014								
B Williams	**167 999**	**–**	**132 000**	**–**	**–**	**–**	**–**	**299 999**
MG Mahlare	**96 000**	**–**	**78 000**	**–**	**–**	**–**	**–**	**174 000**
PM Makwana	**72 000**	**–**	**90 000**	**–**	**–**	**–**	**–**	**162 000**
MM Ngoasheng	**16 000**	**–**	**18 000**	**–**	**–**	**–**	**–**	**34 000**
PF Fourie	**–**	**2 232 318**	**–**	**297 572**	**–**	**107 064**	**261 600**	**2 898 554**
CRDW de Bruin[(1)]	**–**	**–**	**–**	**–**	**554 060**	**–**	**–**	**554 060**
	351 999	**2 232 318**	**318 000**	**297 572**	**554 060**	**107 064**	**261 600**	**4 122 613**

[(1)] Resigned on 21 April 2014

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37. Directors' and prescribed officers' emoluments (continued)

Non-executive	Fees for services as director R	Remune-ration R	Performance bonuses R	Committees fees R	Consulting fees R	Pension fund R	Medical aid R	Allowances R	Total R
2013									
B Williams	132 000	–	–	32 000	–	–	–	–	164 000
MG Mahlare	60 000	–	–	48 000	–	–	–	–	108 000
PM Makwana	20 000	–	–	16 000	–	–	–	–	36 000
MM Ngoasheng	6 600	–	–	16 500	–	–	–	–	23 100
PF Fourie	–	2 006 647	202 154	–	–	134 639	95 736	282 497	2 721 673
CRDW de Bruin[(1)]	–	–	–	–	446 944	–	–	–	446 944
	218 600	2 006 647	202 154	112 500	446 944	134 639	95 736	282 497	3 499 717

[(1)] *Resigned on 21 April 2014*

A management fee is paid to Cross Company Management Proprietary Limited for the services of all executive directors and staff of SepHold. The fees are calculated on the basis of time spent on group activities. The amounts included as directors' emoluments are the amounts paid to Cross Company Management Proprietary Limited for the services rendered by the SepHold directors to the group.

Cross Company Management Proprietary Limited also provides administrative services to Métier and all the executive directors of Métier are paid by Cross Company Management Proprietary Limited and recovered from Métier in the form of a management fee.

PF Fourie is a director of both SepHold and SepCem and all remuneration paid to him by the associate company, SepCem, has therefore also been disclosed above.

Service contracts
None of the directors of the company have written service contracts with the company. Directors are employed by the board and rotate in terms of the memorandum of incorporation.

Prescribed officers	Remuneration R	Performance bonuses R	Travel allowances R	Total R
2014				
Prescribed officer 1	**2 255 169**	**1 561 281**	**–**	**3 816 450**
Prescribed officer 2	**2 067 666**	**1 561 281**	**187 503**	**3 816 450**
	4 322 835	**3 122 562**	**187 503**	**7 632 900**

	Remuneration R	Travel allowances R	Total R
2013*			
Prescribed officer 1	183 333	–	183 333
Prescribed officer 2	167 722	15 611	183 333
	351 055	15 611	366 666

* *For the one month of March 2013*

38. Comparative figures

The 2013 reporting period is for nine months with the inclusion of Métier for one month. The comparative amounts are therefore not comparable to the current balances.

Certain comparative figures have been restated as a result of the purchase price allocation for the Métier acquisition being completed in the current financial year as permitted by IFRS 3 (note 33).

	GROUP		COMPANY	
	2014	2013	**2014**	2013
	R	R	**R**	R
The effects of the restatement on the 2013 results are as follows:				
Statement of financial position				
Intangible assets	–	20 438 713	–	–
Goodwill	–	(14 715 873)	–	–
Deferred taxation liability	–	(5 576 100)	–	–
Accumulated amortisation of intangible assets	–	(524 070)	–	–
Net asset value per share as previously reported (cents)	–	394,10	–	–
Statement of comprehensive income				
Amortisation	–	524 070	–	–
Deferred taxation	–	(146 740)	–	–
Basic loss per share as previously reported (cents)	–	(9,17)	–	–
Diluted loss per share as previously reported (cents)	–	(8,93)	–	–
Headline loss per share as previously reported (cents)	–	(9,20)	–	–

39. Risk management

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure.

The capital structure of the group consists of cash and cash equivalents disclosed in note 16, borrowings disclosed in note 19 and equity as disclosed in the statement of financial position.

There are no externally imposed capital requirements.

There have been no changes to what the group manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Liquidity risk

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The tables below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

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39. Risk management (continued)

Liquidity risk (continued)

GROUP	Less than 1 year R	Between 1 and 2 years R	Between 2 and 5 years R
2014			
Other financial liabilities	**41 847 601**	**162 834 720**	**138 211 423**
Trade and other payables	**47 880 748**	**–**	**–**

	Less than 1 year R	Between 1 and 2 years R	Between 2 and 5 years R
2013			
Other financial liabilities	53 899 559	166 245 185	136 864 434
Trade and other payables	36 884 779	–	–

COMPANY	Less than 1 year R	Between 1 and 2 years R	Between 2 and 5 years R
2014			
Other financial liabilities	**–**	**125 000 000**	**–**
Trade and other payables	**997 135**	**–**	**–**

	Less than 1 year R	Between 1 and 2 years R	Between 2 and 5 years R
2013			
Other financial liabilities	–	125 000 000	–
Trade and other payables	490 694	–	–

Interest rate risk

The company and the group are exposed to interest rate risk through their variable rate cash balances, as well as their other financial liabilities. Surplus cash flows exposed to interest rate risk are placed with institutions and facilities which yield the highest rate of return.

An interest rate sensitivity analysis is set out below. The analysis indicates the financial assets and liabilities sensitive to interest rate fluctuations and the profit or loss and taxation effects of possible changes in interest rates to which the financial assets are linked.

At 31 March 2014, if interest rates on cash and cash equivalents had been 1% higher/lower with all other variables held constant, pre-taxation profit of the company and the group for the year would have been R51 856 (2013: R130 410) higher/lower, mainly as a result of higher/lower interest income on funds invested on call. The resulting taxation effect would have been Rnil.

At 31 March 2014, if interest rates on Rand-denominated borrowings had been 1% higher/lower with all other variables held constant, pre-tax profit of the group would have been R1 878 460 (2013: R133 898) lower/higher, as a result of higher/lower interest expense on floating rate borrowings. The resulting taxation effect would have been R525 969 (2013: R37 491).

Any changes in the fair value of the Liberty Investments would be considered to be insignificant.

Cash flow interest rate risk	Current interest rate %	Due in less than a year R	Due in one to two years R	Due in two to three years R	Due in three to four years R
Financial instrument					
Cash in current banking institutions	**5,00**	**19 382 952**	**–**	**–**	**–**
Fixed rate financial liabilities	**10,32**	**–**	**–**	**–**	**94 221 753**
Floating rate financial liabilities	**5,73**	**28 750 000**	**24 750 000**	**26 911 668**	**–**

39. Risk management (continued)

Credit risk

Credit risk is managed on a group basis.

Credit risk consists of cash deposits, cash equivalents, other financial assets, trade and loans receivable. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Trade and other receivables relate mainly to the subsidiary's customers. The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the standard payment terms and conditions are offered which include, in the majority of cases, the provision of a deposit for significant contracts. When available, the review includes external ratings.

The carrying amount of financial assets represents the maximum exposure to credit risk.

Financial assets exposed to credit risk are as follows:

	GROUP		COMPANY	
Financial instrument	**2014** R	2013 R	**2014** R	2013 R
Loans to group companies	**–**	337 058	**4 149**	341 207
Other financial assets	**13 572 893**	18 394 027	**13 572 893**	13 493 783
Trade and other receivables	**75 775 645**	60 237 799	**132 375**	–
Cash and cash equivalents	**26 001 268**	22 337 824	**3 021 146**	13 793 993

40. Going concern

Refer to the directors' report on page 6.

41. Events after the reporting period

Refer to the directors' report on page 6.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2014

42. Net asset value per share and earnings per share

	GROUP 2014 R	GROUP 2013 (Restated) R
Net asset value and tangible net asset value per share		
Total assets	**1 106 812 425**	1 099 748 503
Total liabilities	**(359 088 703)**	(359 601 176)
Net asset value attributable to equity holders of parent	**747 723 722**	740 147 327
Goodwill	**(223 421 981)**	(223 421 981)
Intangible assets	**(14 337 752)**	(19 914 643)
Deferred tax raised on intangible assets	**4 014 571**	5 576 100
Tangible net asset value	**513 978 560**	502 386 803
Shares in issue	**189 872 979**	187 901 843
Net asset value per share (cents)	**393,80**	393,90
Tangible net asset value per share (cents)	**270,70**	267,37
Earnings, diluted earnings and headline earnings per share		
Reconciliation of basic earnings to diluted earnings and headline earnings:		
Basic loss and diluted loss from total operations attributable to equity holders of parent	**(2 817 779)**	(16 304 829)
Profit on sale of non-current assets	**(1 076 760)**	(50 029)
Profit on disposal of other financial assets held for sale	**(860 000)**	–
Total taxation effect of adjustments	**301 493**	–
Headline loss and diluted headline loss attributable to equity holders of parent	**(4 453 046)**	(16 354 858)
Basic weighted average number of shares	**188 987 697**	173 613 522
Dilutive effect of share options	**9 556 129**	4 646 656
Contingent issuable shares*	**3 747 730**	4 297 210
Diluted weighted average number of shares	**202 291 556**	182 557 388
Basic loss per share (cents)	**(1,49)**	(9,39)
Diluted loss per share (cents)	**(1,39)**	(8,93)
Headline loss per share (cents)	**(2,36)**	(9,42)
Diluted headline loss per share (cents)	**(2,20)**	(8,96)

** Diluted loss per share has been adjusted for 3 747 730 (2013: 4 297 210) contingent issuable shares to the sellers of Métier to provide for the contingency that the SepHold share price, based on a 60-day volume-weighted average price, is below R9 and above R4 at 1 December 2014 (refer to note 33). The contingent issuable shares were calculated based on the SepHold share price at year-end of R6,73 (2013: R6,49) as required by IAS 33.*

The net asset value and earnings for 2013 has also been restated for the purchase price allocation performed during the current financial period (note 33).

43. Segment information

	Ready-mix concrete R	Head office R	Group totals R
2014			
Segment revenue – external revenue	**571 544 796**	**–**	**571 544 796**
Segment expenses	**(190 867 146)**	**(24 314 339)**	**(215 181 485)**
Loss from equity-accounted investment	**–**	**(14 745 655)**	**(14 745 655)**
Profit on sale of property, plant and equipment	**1 076 760**	**–**	**1 076 760**
Profit on disposal of other financial assets	**860 000**	**–**	**860 000**
Segment profit/(loss) after taxation	**41 299 405**	**(44 117 184)**	**(2 817 779)**
Taxation	**(17 803 973)**	**1 561 531**	**(16 242 442)**
Interest received	**2 429 956**	**263 308**	**2 693 264**
Interest paid	**(18 784 598)**	**(6 890 924)**	**(25 675 522)**
Depreciation and amortisation	**(24 552 280)**	**(5 576 891)**	**(30 129 171)**
Segment assets	**231 791 330**	**875 021 095**	**1 106 812 425**
Investment in associate included in the above total segment assets	**–**	**616 388 706**	**616 388 706**
Capital expenditure included in segment assets	**36 655 641**	**4 051 135**	**40 706 776**
Segment liabilities	**(241 367 871)**	**(117 720 832)**	**(359 088 703)**

	Ready-mix concrete R	Head office R	Group totals R
2013			
Segment revenue – external revenue	37 195 338	–	37 195 338
Segment expenses	(11 614 316)	(24 735 052)	(36 349 368)
Profit from equity-accounted investment	–	6 191 410	6 191 410
Profit on sale of property, plant and equipment	50 029	–	50 029
Impairment of loan receivable	–	(6 835 864)	(6 835 864)
Segment profit/(loss) after taxation	1 994 786	(18 299 615)	(16 304 829)
Taxation	(1 141 200)	146 739	(994 461)
Interest received	168 237	652 050	820 287
Interest paid	(1 394 506)	(554 762)	(1 949 268)
Depreciation and amortisation	(1 690 742)	(524 070)	(2 214 812)
Segment assets	197 356 117	902 392 386	1 099 748 503
Investment in associate included in above total segment assets	–	631 134 362	631 134 362
Capital expenditure included in segment assets	5 145 027	–	5 145 027
Segment liabilities	(248 232 064)	(111 369 112)	(359 601 176)

The only commodity actively managed by Métier is ready-mix concrete.

The group does not rely on any single external customer or group of entities under common control for 10% or more of the group's revenue as disclosed in the annual financial statements.

SepCem is an associate of SepHold. No segment report has been presented for Cement as the amounts attributable to Cement have been included in the "Head office segment".

SHAREHOLDERS' ANALYSIS

Sephaku Holdings Limited

Ordinary shares as at 31 March 2013

Number of ordinary shares issued: 189 872 979

Total holders: 1 967

Issued capital

Type of shares	Number of shareholders	% of shareholders	Number of shares
Certificated shares	184	9,35	52 068 853
Dematerialised shares	1 783	90,65	137 804 126
Total issued capital	1 967	100,00	189 872 979

Shareholders holding greater than 5% of the issued share capital at year-end	Number of shares	%
Credit Suisse AG Zurich Nominees	21 585 610	11,37
Safika Resources Proprietary Limited Nominees	15 580 823	8,21

Range of shareholdings

Share range	Number of shareholders	% of shareholders	Number of shares
1 – 1 000	410	20,84	212 853
1 001 – 10 000	938	47,69	4 187 111
10 001 – 50 000	361	18,35	8 982 210
50 001 – 100 000	93	4,73	6 396 451
100 001 – 500 000	100	5,08	25 659 872
500 001 – 1 000 000	30	1,53	21 597 996
1 000 001 shares and over	35	1,78	122 836 486
Total	1 967	100,00	189 872 979

Breakdown by domicile

Domicile	Number of shareholders	% of shareholders	Number of shares
Resident shareholders	1 932	98,22	161 717 588
Non-resident shareholders	35	1,78	28 155 391
Total	1 967	100,00	189 872 979

Public and non-public shareholders	Shares held	%	Number of shareholders
Public	137 571 099	72,45	1 951
Non-public	52 301 880	27,55	16
– Directors' direct holdings	24 342 532	12,82	9
– Directors' indirect holdings	15 697 326	8,27	2
– Directors' associates	3 507 134	1,85	3
– Directors of a subsidiary's direct holdings	8 754 888	4,61	2
	189 872 979	100,00	1 967

CORPORATE INFORMATION

Directors
B Williams° (chairman)
MG Mahlare°
PM Makwana°
MM Ngoasheng°
Dr L Mohuba*(chief executive officer)
NR Crafford-Lazarus*(financial director)
RR Matjiu*
KJ Capes*
PF Fourie
Dr D Twist
**Executive*
° Independent

Company secretary
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Transfer secretaries
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JSE sponsor
QuestCo Proprietary Limited
Claudia Adamson
Telephone: +27 11 011 9209
Email: claudia.adamson@questco.co.za

Auditors
Grant Thornton (Jhb) Inc.
Chartered accountants (SA)
Registered auditors

Bankers
Absa Bank

Métier Mixed Concrete (Wholly owned subsidiary)
Physical address:	Romead Business Park, 23 Malone Road Maxmead, 3610
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Telephone:	+27 31 716 3600/0861 638437
Website:	www.metiersa.co.za

Sephaku Cement (Associate)
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