

CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS

for the six months ended 31 December 2010



SEPHAKU HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 2005/003306/06)
Share code: SEP ISIN: ZAE000138459
("Sephaku Holdings" or "the Company" or "the Group")

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 December 2010 Unaudited R'000	31 December 2009 Unaudited R'000	30 June 2010 Audited R'000
Assets			
Non-current assets	695 084	341 000	507 314
Current assets	76 796	150 065	105 276
Non-current assets held for sale	20 000	–	–
Total assets	791 880	491 065	612 590
Equity and liabilities			
Equity attributable to equity holders of the parent	774 134	342 164	406 415
Non-controlling interest	–	63 044	71 674
Non-current liabilities	–	2 991	32 249
Current liabilities	17 746	82 866	102 252
Total equity and liabilities	791 880	491 065	612 590
Net asset value per share (cents)	466,65	219,61	260,85
Tangible net asset value per share (cents)	434,03	189,71	203,25
Ordinary shares in issue	165 892 298	155 805 362	155 805 362

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 31 December 2010 Unaudited R'000	31 December 2009 Unaudited R'000	Sixteen months ended 30 June 2010 Audited R'000
Cash flows from operating activities	(10 017)	(53 488)	(112 866)
Cash flows from investing activities	(4 914)	(70 493)	(172 283)
Cash flows from financing activities	33 707	(27 666)	28 370
Total cash movement for the period	18 776	(151 647)	(256 779)
Cash at beginning of the period	14 898	199 532	271 678
Cash at end of the period	33 674	47 885	14 899

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Total share capital R'000	Total reserves R'000	Retained earnings R'000	Attributable to equity holders of the group R'000	Non- controlling interests R'000	Total equity R'000
Balance at 30 June 2009	223 379	3 655	205 046	432 080	82 282	514 362
Total comprehensive loss for the period	–	(42 442)	(49 813)	(92 255)	(19 238)	(111 493)
Issue of shares	1 836	–	–	1 836	–	372 191
Employees share option scheme	–	503	–	503	–	503
Balance at 31 December 2009 – Unaudited	225 215	(38 284)	155 233	342 164	63 044	405 208
Balance at 30 June 2010 – Audited	225 215	31 991	149 209	406 415	71 674	478 089
Total comprehensive loss for the period	–	–	372 191	372 191	–	372 191
Issue of shares	35 829	–	–	35 829	–	35 829
Dilution of control in Sephaku Cement (Pty) Limited	–	(27 466)	–	(27 466)	(71 674)	(99 140)
Employees share option scheme	629	101	–	730	–	730
Dividend paid	–	–	(13 565)	(13 565)	–	(13 565)
Balance at 31 December 2010 – Unaudited	261 673	4 626	507 835	774 134	–	774 134
Dividend paid per share (cents)		8,71				

COMPANY INFORMATION

Directors:

L Mohuba (*Chairman*), NR Crafford-Lazarus* (*Chief Executive Officer*), RR Matjiu*, CR de Bruin, MG Mahlare, GS Mahlati, MM Ngoasheng, PF Fourie, J Bennette*, D Twist*, JW Wessels*
*Executive *Alternate

Company secretary: Sephaku Management (Pty) Limited

Registered office: Suite 4A, Manhattan Office Park, 16 Pieter Road, Highveld Technopark, Centurion, 0169

Sponsor to Sephaku Holdings: QuestCo Sponsors (Pty) Limited

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 31 December 2010 Unaudited R'000	31 December 2009 Unaudited R'000	Sixteen months ended 30 June 2010 Audited R'000
Operating profit/(loss)	(14 372)	(11 223)	(135 739)
Profit on dilution/disposal of interest in companies	409 998	–	31 124
Investment revenue	562	183	16 630
Loss from equity accounted investments	(2 992)	(543)	(2 615)
Finance costs	(605)	(6)	(481)
Profit/(loss) before taxation	392 591	(11 589)	(91 081)
Taxation	(1 558)	–	907
Profit/(loss) from continuing operations	391 033	(11 589)	(90 174)
Loss for the period from discontinued operations	(18 842)	(46 998)	–
Profit/(loss) for the period	372 191	(58 587)	(90 174)
Other comprehensive loss for the period	–	(52 906)	34 239
Total comprehensive income/(loss) for the period	372 191	(111 493)	(55 935)
Profit/(loss) attributable to:			
Equity holders of the parent	372 191	(49 814)	(71 497)
Non-controlling interest	–	(8 773)	(18 677)
Total comprehensive income/(loss) attributable to:			
Equity holders of the parent	372 191	(92 255)	(44 030)
Non-controlling interest	–	(19 238)	(11 905)
Ordinary shares:			
– weighted average number of shares	156 280 785	155 805 362	154 896 985
– diluted weighted average number of shares	162 220 785	160 027 237	160 836 985
Attributable profit/(loss) per share:			
– basic earnings/(loss) from continuing operations (cents)	250,21 (12,06)	(1,81)	(46,16)
– basic (loss) from discontinued operations (cents)	(12,06)	(30,16)	–
– basic earnings/(loss) from total operations (cents)	238,16	(31,97)	(46,16)
– diluted earnings/(loss) from continuing operations (cents)	241,05 (11,61)	(1,76)	(44,45)
– diluted (loss) from discontinued operations (cents)	(11,61)	(29,37)	–
– diluted earnings/(loss) from total operations (cents)	229,43	(31,13)	(44,45)
– headline (loss) (cents)	(24,18)	(30,84)	(63,23)
– diluted headline (loss) (cents)	(23,30)	(30,03)	(60,89)
Reconciliation of basic loss to diluted loss and headline loss:			
Basic earnings/(loss) and diluted earnings/(loss)	372 191	(49 813)	(71 497)
Profit on sale of non-current assets	(409 998)	–	(31 124)
Impairments	18	1 757	4 684
Headline loss attributable to owners of the parent	(37 789)	(48 056)	(97 937)
Reconciliation of weighted average number of shares:			
Basic weighted average number of shares	156 280 785	155 805 362	154 896 985
Diluted effect of share options	5 940 000	4 221 875	5 940 000
Diluted weighted average number of shares	162 220 785	160 027 237	160 836 985

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Segmental reporting	Cement R'000	Fluorspar R'000	Other R'000	Consolida- tion R'000	Total R'000
Segment information for the Group – 31 December 2010					
Segment (profit)/loss from continuing operations	–	7 846	(398 246)	(633)	(391 033)
Segment (profit)/loss from discontinued operations	16 772	–	2 070	–	18 842
Total segment (profit)/loss	16 772	7 846	(396 176)	(633)	(372 191)
Segment assets	–	69 104	800 303	(77 527)	791 880
Segment liability	–	(11 604)	(6 142)	–	(17 746)
Segment information for the Group – 31 December 2009					
Segment (profit)/loss from continuing operations	–	2 484	(19 632)	28 737	11 589
Segment (profit)/loss from discontinued operations	44 432	–	2 551	15	46 998
Total segment (profit)/loss	44 432	2 484	(17 081)	28 752	58 587
Segment assets	328 051	30 264	189 698	(56 948)	491 065
Segment liability	(49 957)	(35 908)	(71 749)	71 757	(85 857)

Basis of preparation

The condensed consolidated interim financial results for the six months ended 31 December 2010 ("interim reporting period") have been prepared in accordance with IAS 34: Interim Financial Reporting, as well as the AC500 standards as issued by the Accounting Practices Board, on a historical cost basis and conform to International Financial Reporting Standards ("IFRS").

The accounting policies adopted for the interim reporting period are consistent with those applied in the financial statements for the Group for the period ended 30 June 2010.

The interim reporting period announcement has been prepared in accordance with the disclosure requirements of the JSE Limited Listings Requirements and the Companies Act of South Africa.

The comparative interim reporting period figures for the six months ended 30 December 2009 have not been previously published due to the change in the Company's financial year-end from 28 February to 30 June, as decided at the shareholders' meeting held on 29 January 2009.

The financial information on which these interim period results are based has not been reviewed or reported on by Sephaku Holdings' auditors.

Statement on going concern

The financial statements for the interim reporting period have been prepared on the going-concern basis as the directors have every reason to believe that the Company has adequate resources in place to continue in operation for the foreseeable future.

Overview and comments

The Company is an HDSA-controlled mineral exploration, development and investment company with two key projects in the cement and fluorspar sectors.

Restructuring

The Group was restructured during the interim reporting period in order to represent a more defined and focused investment opportunity to the market. Sephaku Holdings has disposed of all of the shares that it held in its subsidiaries to Incubex Minerals Limited ("Incubex"), save for its cement and fluorspar interests.

Subsequently, Sephaku Holdings distributed all of the issued shares in Incubex to its shareholders in the form of a dividend in specie of R13.6 million in the ratio of one Incubex share for every ten Sephaku Holdings shares held.

The impact of the restructuring on the interim period results is the removal of the Incubex subsidiaries' assets and liabilities from the Sephaku Holdings consolidation. The total loss for the Incubex subsidiaries for the interim period up to the unbundling on 31 October 2010, is included in the Statement of Comprehensive Income as a R2 million loss from discontinued operations.

Dilution of interest in Cement

Sephaku Cement (Pty) Limited ("Sephaku Cement") issued shares for cash to Dangote Industries Limited ("Dangote Industries") during the interim reporting period in order to settle a loan of R75,6 million. Dangote Industries also subscribed for shares in an amount of R703,4 million resulting in Dangote Industries increasing its interest in Sephaku Cement from 19,76% to 64% with Sephaku Holdings retaining a 35,994% interest. The finalisation of the Dangote Industries transaction places Sephaku Cement firmly on track to develop its Aganang and Delmas projects with sufficient equity funding and the necessary guarantees provided by Dangote Industries to secure the required debt financing.

Sephaku Cement's assets and liabilities are no longer consolidated in Sephaku Holdings but are shown as an equity accounted investment in associate of R635 million. Profit on the dilution of interest in Sephaku Cement of R408 million is included in the Statement of Comprehensive Income as well as a loss of R16,7 million for the interim period to 15 October 2010, which is classified as loss from discontinued operations, as a result of the change in Sephaku Holdings' interest in Sephaku Cement from a subsidiary to an associate.

Fluorspar

The Company's key objectives relating to fluorspar include the funding of Sephaku Fluoride (Pty) Limited's ("Sephaku Fluoride") Nokeng Fluorspar Project in order to bring it into production, the development of other fluorspar exploration assets up the value curve and the introduction of new downstream beneficiation opportunities into the Group. Sephaku Fluoride's principal project, the Nokeng Fluorspar Mine, is on track, with the first phase of the plant's definitive feasibility study complete and production planned for 2013.

Limestone

Sephaku Cement purchased Sephaku Holdings' 51% interest in Sephaku Limestone and Exploration (Pty) Limited ("Sephaku Limestone") and also acquired a further 29% interest in Sephaku Limestone from Golden Pond Trading 483 (Pty) Limited ("Golden Pond"). Both transactions were settled through the issue of Sephaku Holdings shares. The transfer of shares from Sephaku Cement to Golden Pond is, however, subject to the consent of the Minister of Mineral Resources for the transfer of prospecting rights in terms of section 11 of the Mineral and Petroleum Resources Development Act.

African Nickel Holdings

Sephaku Holdings' investment in African Nickel Holdings (Pty) Limited is carried at fair value of R20 million and is disclosed as an asset held for sale, as management is committed to a plan to dispose of the nickel assets in the near future.

There have been no material changes to the Company's mineral resource and mineral reserve statements as compared to those presented in the financial results for the sixteen months ended 30 June 2010.

Changes to the board

Mr Morrison Smit resigned as the financial director of the Company with effect from 28 February 2011 and Mr Steven Steyn was appointed as acting chief financial officer. There have been no further changes to the board of directors.

On behalf of the board

Neil Crafford-Lazarus CEO
Pretoria

Lelau Mohuba Chairman

31 March 2011