

# CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS

for the six months ended 31 December 2011



**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 2011 Unaudited R'000	31 December 2010 Unaudited R'000	30 June 2011 Audited R'000
<b>Assets</b>			
Non-current assets	655 609	695 084	691 771
Current assets	26 046	76 796	38 773
Assets of disposal group held for distribution to owners and non-current assets held for sale	158 197	20 000	21 164
<b>Total assets</b>	<b>839 852</b>	<b>791 880</b>	<b>751 708</b>
<b>Equity and liabilities</b>			
Equity attributable to equity holders of parent	764 992	774 134	746 784
Non-current liabilities	–	–	–
Current liabilities	516	17 746	4 924
Liabilities of disposal group held for distribution to owners	74 344	–	–
<b>Total equity and liabilities</b>	<b>839 852</b>	<b>791 880</b>	<b>751 708</b>
Net asset value per share (cents)	445,30	446,65	441,13
Tangible net asset value per share (cents)	445,30	434,03	406,16
Ordinary shares in issue	171 790 732	165 892 298	169 290 732

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 31 December 2011 Unaudited R'000	31 December 2010 Unaudited R'000	Twelve months ended 30 June 2011 Audited R'000
Cash flows from operating activities	(13 570)	(10 017)	(51 780)
Cash flows from investing activities	(18 091)	(4 914)	(3 927)
Cash flows from financing activities	73 582	33 707	46 644
<b>Total cash movement for the period</b>	<b>41 921</b>	<b>18 776</b>	<b>(9 063)</b>
<b>Cash at beginning of the period</b>	<b>5 835</b>	<b>14 898</b>	<b>14 898</b>
<b>Cash at end of the period</b>	<b>47 756</b>	<b>33 674</b>	<b>5 835</b>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 31 December 2011 Unaudited R'000	31 December 2010 Unaudited R'000	Twelve months ended 30 June 2011 Audited R'000
Operating loss	(6 876)	(14 372)	(37 277)
Profit on dilution/disposal of interest in companies	–	409 998	409 998
Investment revenue	64	562	1 163
Profit/(loss) from equity accounted investments	8 347	(2 992)	(8 859)
Finance costs	–	(605)	(926)
<b>Profit before taxation</b>	<b>1 535</b>	<b>392 591</b>	<b>364 099</b>
Taxation	–	(1 558)	(1 558)
Profit from continuing operations	1 535	391 033	362 541
Loss for the period from discontinued operations	(7 135)	(18 842)	(18 842)
<b>(Loss)/profit for the period</b>	<b>(5 600)</b>	<b>372 191</b>	<b>343 699</b>
<b>Other comprehensive income/(loss) for the period</b>	<b>12 683</b>	<b>–</b>	<b>(46 921)</b>
<b>Total comprehensive income for the period</b>	<b>7 083</b>	<b>372 191</b>	<b>296 778</b>
<b>(Loss)/profit attributable to:</b>			
Equity holders of the parent	(5 600)	372 191	343 699
Non-controlling interest	–	–	–
<b>Total comprehensive income/(loss) attributable to:</b>			
Equity holders of the parent	7 083	372 191	303 550
Non-controlling interest	–	–	(6 772)
Ordinary shares:			
– weighted average number of shares	170 377 689	156 280 785	161 305 112
– diluted weighted average number of shares	185 751 159	162 220 785	176 788 582
Attributable profit/(loss) per share:			
– basic earnings from continuing operations (cents)	0,90	250,21	224,75
– basic (loss)/earnings from total operations (cents)	(3,29)	238,16	213,07
– diluted earnings from continuing operations (cents)	0,83	241,05	205,07
– diluted (loss)/earnings from total operations (cents)	(3,01)	229,43	194,41
– headline loss (cents)	(3,29)	(24,18)	(39,63)
– diluted headline loss (cents)	(3,01)	(23,30)	(36,16)
<b>Reconciliation of basic loss to diluted loss and headline loss:</b>			
Basic (loss)/earnings and diluted (loss)/earnings from total operations attributable to equity holders of the parent	(5 600)	372 191	343 699
Profit on sale of non-current assets	–	(409 998)	(409 997)
Impairments	–	18	2 366
Headline loss attributable to equity holders of the parent	(5 600)	(37 789)	(63 932)
<b>Reconciliation of weighted average number of shares:</b>			
Basic weighted average number of shares	170 377 689	156 280 785	161 305 112
Diluted effect of share options	15 373 470	5 940 000	15 483 470
Diluted weighted average number of shares	185 751 159	162 220 785	176 788 582

## 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
<b>Balance at 1 July 2010 – Audited</b>	225 215	31 991	149 209	406 415	71 674	478 089
Total comprehensive income 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)
<b>Balance at 1 January 2011 – Unaudited</b>	261 673	4 626	507 835	774 134	–	774 134
Total comprehensive loss for the period	–	(40 149)	(28 492)	(68 641)	(6 772)	(75 413)
Issue of shares	11 225	–	–	11 225	–	11 225
Dilution of control in Sephaku Cement (Pty) Limited	319 859	27 466	(319 859)	27 466	6 772	34 238
Employees share option scheme	(629)	1 447	1 782	2 600	–	2 600
<b>Balance at 30 June 2011 – Audited</b>	592 128	(6 610)	161 266	746 784	–	746 784
Total comprehensive income/(loss) for the period	–	12 683	(5 600)	7 083	–	7 083
Issue of shares	9 000	–	–	9 000	–	9 000
Employees share option scheme	–	2 091	34	2 125	–	2 125
<b>Balance at 31 December 2011 – Unaudited</b>	<b>601 128</b>	<b>8 164</b>	<b>155 700</b>	<b>764 992</b>	<b>–</b>	<b>764 992</b>

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL RESULTS

### Segment information

As the only reportable segment is Sephaku Fluoride, no segment reporting has been presented.

### Basis of preparation

The condensed consolidated interim financial statements for the six months ended 31 December 2011 ("interim reporting period") have been prepared in accordance with IAS 34: Interim Financial Reporting, as well as the AC 500 statements and interpretations, 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 annual financial statements for the Group for the year ended 30 June 2011.

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

The preparation of the financial statements have been supervised by NR Crafford-Lazarus, CA(SA).

The financial information on which these interim reporting 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.

### Significant events and transactions

#### Restructuring:

The Group has restructured after the interim reporting period in order to represent a more defined and focused investment opportunity to the market. Sephaku Holdings has distributed all of the shares that it holds in Sephaku Fluoride to its shareholders as a dividend *in specie* on 26 March 2012.

The Sephaku Fluoride distribution has resulted in the creation of two separate entities: Sephaku Fluoride, which will focus on fluorspar assets, and Sephaku Holdings, which will focus on the acquisition, exploration and development of various mineral interests, with a particular current focus on the development of limestone-related assets. Subsequent to the restructuring, Sephaku Holdings will retain its 36% interest in Sephaku Cement which is recognised as an equity accounted investment in an associate.

The impact of the restructuring on the interim period results is the recognition of the Sephaku Fluoride Group's assets and liabilities as held for distribution to owners. The total loss for the Fluoride Group for the interim reporting period is included in the Statement of Comprehensive Income as a R7 million loss from discontinued operations.

#### Events subsequent to 31 December 2011:

Prior to the implementation of the Sephaku Fluoride distribution, and in terms of the Sephaku Fluoride subscription agreement, Sephaku Holdings has subscribed for an additional 177 064 202 Sephaku Fluoride shares, of which 5 373 470 Sephaku Fluoride shares were transferred to a trust to be held for the benefit of the holders of certain vested options over Sephaku Holdings shares, which options were issued in terms of a share scheme prior to the listing.

Shareholder approval was obtained on 7 March 2012 for the distribution of all the remaining Sephaku Fluoride shares held by Sephaku Holdings to Sephaku Holdings shareholders by way of a dividend *in specie*, as a *pro rata* payment to shareholders, in the ratio of 1 Sephaku Fluoride share, valued at R0,59 per share, for every 1 Sephaku Holdings share held on the Sephaku Fluoride distribution record date.

#### Changes to the board

Subsequent to the interim reporting period and the unbundling of Sephaku Fluoride, the Company will replace Dr Lelau Mohuba as Chairman with an Independent Non-Executive Chairman, appoint Dr Lelau Mohuba as Chief Executive Officer and appoint Mr Neil Crafford-Lazarus as the Financial Director of the Company.

On behalf of the board

Neil Crafford-Lazarus  
CEO

Pretoria  
28 March 2012

Lelau Mohuba  
Chairman

### Company information:

#### Directors

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

#### Company secretary

Cross Company Management (Pty) Limited

#### Registered office

1st Floor, Hennops House  
Riverside Office Park  
1303 Heuwel Avenue  
Centurion, 0157

#### Transfer secretaries

Computershare Investor Services (Proprietary) Limited  
70 Marshall Street  
Johannesburg, 2001

#### Sponsor

QuestCo (Pty) Ltd