



UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

Sephaku Holdings is a building and construction materials company with a portfolio of investments in the cement sector in South Africa. The company's core investments are a 36% stake in Sephaku Cement (Pty) Ltd (“SepCem” or “the associate”) and 100% in the recently acquired Métier Mixed Concrete (Pty) Ltd (“Métier” or “the subsidiary”). The strategy of Sephaku Holdings is to generate growth and realise value for shareholders through the production of cement and ready mixed concrete in Southern Africa.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 September 2013 Unaudited R'000	31 December 2012 Unaudited R'000	31 March 2013 Audited R'000
Assets			
Non-current assets	996 316	643 230	995 956
Current assets	125 132	21 985	98 594
Total assets	1 121 448	665 215	1 094 550
Equity and liabilities			
Equity attributable to equity holders of the parent	752 605	664 313	740 525
Non-current liabilities	208 685	902	260 379
Current liabilities	160 158	-	93 646
Total equity and liabilities	1 121 448	665 215	1 094 550
Net asset value per share (cents)	398,21	386,70	394,10
Tangible net asset value per share (cents)	272,21	386,70	267,37
Ordinary shares in issue	188 998 646	171 790 732	187 901 843

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 months ended 30 September 2013 Unaudited R'000	6 months ended 31 December 2012 Unaudited R'000	9 months ended 31 March 2013 Audited R'000
Revenue	301 569	-	37 195
Cost of sales	(167 744)	-	(21 574)
Gross profit	133 825	-	15 621
Other income	6 511	-	356
Operating expenses	(106 575)	(10 067)	(35 825)
Operating profit/(loss)	33 761	(10 067)	(19 848)
Investment income	855	510	820
(Loss)/profit from equity accounted investments	(5 703)	(226)	6 191
Finance costs	(12 589)	-	(1 949)
Profit/(loss) before taxation	16 324	(9 783)	(14 786)
Taxation	(10 061)	-	(1 141)
Profit/(loss) for the period attributable to equity holders of the parent	6 263	(9 783)	(15 927)
Other comprehensive loss for the period	-	(1 207)	(1 208)
Total comprehensive income/(loss) for the period	6 263	(10 990)	(17 135)
Total comprehensive income/(loss) attributable to:			
Equity holders of the parent	6 263	(10 990)	(17 135)
Basic earnings/(loss) per share (cents)	3,32	(5,69)	(9,17)
Diluted earnings/(loss) per share (cents)	3,16	(5,13)	(8,93)
Headline earnings/(loss) per share (cents)	2,78	(5,69)	(9,20)
Diluted headline earnings/(loss) per share (cents)	2,64	(5,13)	(8,96)
Reconciliation of basic earnings/(loss) to diluted earnings/(loss) and headline earnings/(loss):			
Basic earnings/(loss) and diluted earnings/(loss) from total operations attributable to equity holders of the parent	6 263	(9 783)	(15 927)
Profit on sale of non-current assets	(1 031)	-	(50)
Headline earnings/(loss) attributable to equity holders of the parent	5 232	(9 783)	(15 977)
Reconciliation of weighted average number of shares:			
Basic weighted average number of shares	188 456 030	171 790 732	173 613 522
Diluted effect of share options	9 589 283	18 923 470	4 646 656
Diluted weighted average number of shares	198 045 313	190 714 202	178 260 178

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 30 September 2013 Unaudited R'000	6 months ended 31 December 2012 Unaudited R'000	9 months ended 31 March 2013 Audited R'000
Cash flows from operating activities	17 667	(8 468)	(22 089)
Cash flows from investing activities	(15 815)	156	(96 972)
Cash flows from financing activities	11 948	591	116 770
Total cash movement for the period	13 800	(7 721)	(2 291)
Cash at beginning of the period	22 338	24 629	24 629
Cash at end of the period	36 138	16 908	22 338

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Total share capital R'000	Total reserves R'000	Retained earnings R'000	Total equity R'000
Balance at 30 June 2012 – Audited	500 035	10 295	162 293	672 623
Total comprehensive loss for the period	-	(1 207)	(9 784)	(10 991)
Employees share option scheme	-	2 681	-	2 681
Balance at 31 December 2012 – Unaudited	500 035	11 769	152 509	664 313
Total comprehensive loss for the period	-	-	(6 144)	(6 144)
Issue of shares	80 556	-	-	80 556
Employees share option scheme	-	1 800	-	1 800
Balance at 31 March 2013 – Audited	580 591	13 569	146 365	740 525
Total comprehensive income for the period	-	-	6 263	6 263
Issue of shares	2 742	-	-	2 742
Employees share option scheme	-	2 487	588	3 075
Balance at 31 September 2013 – Unaudited	583 333	16 056	153 216	752 605

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS

Segment information for the 6 months ended 30 September 2013	Ready mixed concrete R'000	Head office and consolidation R'000	Group totals R'000
Segment revenue – external revenue	301 569	-	301 569
Segment operating expenses	(97 250)	(9 325)	(106 575)
Loss from equity accounted investment	-	(5 703)	(5 703)
Segment profit/(loss) after taxation	24 483	(18 220)	6 263
Taxation	(10 061)	-	(10 061)
Interest received	655	200	855
Interest paid	(9 198)	(3 391)	(12 589)
Depreciation	(11 383)	-	(11 383)
Segment assets	233 090	888 358	1 121 448
Capital expenditure included in segment assets	26 571	-	26 571
Segment liabilities	(259 483)	(109 360)	(368 843)
for the 9 months ended 31 March 2013			
Segment revenue – external revenue	37 195	-	37 195
Segment operating expenses	(11 614)	(24 211)	(35 825)
Profit from equity accounted investment	-	6 191	6 191
Segment profit/(loss) after taxation	1 995	(17 922)	(15 927)
Taxation	(1 141)	-	(1 141)
Interest received	168	652	820
Interest paid	(1 394)	(555)	(1 949)
Depreciation	(1 691)	-	(1 691)
Segment assets	197 356	897 194	1 094 550
Capital expenditure included in segment assets	5 145	-	5 154
Segment liabilities	(248 232)	(105 793)	(354 025)



SEPHAKU HOLDINGS LTD

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")

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

KEY HIGHLIGHTS

- Earnings before interest, taxation, depreciation and amortisation ("EBITDA") of R40,3 million compared to the loss before interest, taxation, depreciation and amortisation of R9,8 million for 2012
- Headline earnings per share of 2,78 cents compared to headline loss per share of 5,69 cents for 2012
- Earnings of R6,3 million compared to the loss of R9,8 million for 2012
- Operating profit of R33,8 million compared to the operating loss of R10,1 million for 2012

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS *continued*

Due to the acquisition of Métier on 28 February 2013, the segment report for the current period would not be comparable with the other period presented.

The only commodity actively managed by Métier is ready mixed concrete. SepCem is an associate of Sephaku Holdings. No segment report has been presented for cement as the amounts attributable to cement have been included in the "Head office" segment.

Due to the dilution of Sephaku Holdings' interest in SepCem and the unbundling of Sephaku Fluoride Ltd during prior reporting periods, no segment reporting has been presented for the six months ended 31 December 2012.

Basis of preparation

The condensed consolidated interim financial results for the six months ended 30 September 2013 ("interim reporting period") have been prepared in accordance with IAS 34: Interim Financial Reporting, the disclosure requirements of the JSE Limited Listings Requirements, the Companies Act No 71 of 2008, the SAICA financial reporting guides as issued by the Accounting Practices Board and the Financial Pronouncements as issued by the Financial Reporting Standards Council and conform to International Financial Reporting Standards ("IFRS").

The results have been prepared on a historical cost basis, except for the measurement of property at revalued amounts.

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 31 March 2013.

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

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

Change of financial year end

Shareholders are referred to the group's annual financial statements as contained in the annual report posted to shareholders on 30 August 2013, wherein the group disclosed that, following the approval of shareholders on 11 January 2013, it had changed its financial year end from 30 June to 31 March. As such the comparative interim reporting period is dated 31 December 2012.

Statement on going concern

The financial statements for the interim reporting period 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.

Stated capital

1 096 803 ordinary shares were issued during the reporting period, resulting in the total number of ordinary shares issued at period end of 188 998 646 and total stated capital of R583 332 623.

Acquisition of Métier

On 28 February 2013 the group acquired 100% of Métier Mixed Concrete (Pty) Ltd as announced in the group's 2013 integrated report. As was previously reported and is still the case as at interim reporting date, the final purchase price allocation has not yet been finalised, resulting in goodwill amounting to R238 137 854. It is management's intention to complete this purchase price allocation within the measurement period of 12 months as permitted by IFRS 3. As part of the purchase agreement, an element of the purchase consideration comprises a contingent consideration where the company will have a potential liability for the issue of additional Sephaku Holdings shares to the sellers of Métier if the share price is below R9 per share on 1 December 2014. The additional shares to be issued would be calculated by dividing R100 million by the share price. Management have, in conjunction with external valuers, assessed the likelihood and estimated that the share price at measurement date of 1 December 2014 will be in excess of R9 per share, and therefore no further liability has been recorded on initial recognition or as at 30 September 2013.

Events after the interim reporting period

The directors are not aware of any material fact or circumstance arising between the end of the financial period and the date of this announcement that would require adjustments to or disclosure in the interim financial results.

COMMENTARY

Strategic Métier acquisition propels Sephaku Holdings to profitability

Commenting on the period under review, Dr Lelau Mohuba, chief executive officer said, "I am pleased with the results indicating our initial reporting period of positive earnings and revenue as a result of the strategic acquisition of Métier. The group achieved revenue of R301,6 million from no revenue for the comparative period in 2012. Métier is set to expand its market share in the lucrative Gauteng province in the next 12 to 18 months.

The significant construction progress at our associate company SepCem's plants has firmly positioned the company as a new entrant into the cement manufacturing industry in South Africa since 1934. I would like to commend our highly experienced operational team for attaining to date the key milestones towards starting cement production in January 2014."

Financial review

The group attained its initial revenue of R301,6 million attributable to the consolidation of the financial results of the recently acquired Métier for the full six-month period. Commensurately the group's operating profit increased by

R43,8 million over the last nine months to R33,8 million with the resultant EBITDA of R40,3 million compared to the R9,8 million loss for the six months ended 31 December 2012.

During the reporting period, the headline earnings per share increased from a loss of 5,69 cents for the six months ended 31 December 2012 to earnings of 2,78 cents for the six months ended 30 September 2013. The wholly owned subsidiary, Métier, achieved an EBITDA of R55,1 million and earnings before interest and taxation of R43,7 million resulting in an overall profit for the group. The subsidiary accrued finance charges of R5 million on the acquisition debt and R4,2 million on the refinancing and expansion debt resulting in a profit after taxation of R24,5 million. Métier achieved a 2,4% increase in gross profit percentage for the six-month reporting period.

SepCem had a loss of R15,8 million for the six-month period January to June 2013, of which R5,7 million (36%) was equity accounted for in the group results. The loss is essentially due to non-capitalised expenditure including non-project overheads and marketing development costs as the associate completes the construction phase. The corporate office had a loss of R12,5 million, of which R6,5 million were non-cash charges including the imputed interest charge on the R125 million Métier obligation due in December 2014. The resultant group profit after taxation for the interim period was R6,3 million.

Operational review

Métier Mixed Concrete

In the period under review the subsidiary increased its concrete mixer fleet size and acquired another concrete boom pump in order to improve the value offer to its clients. Concrete sales increased by 35% during the period with specialised concrete sales contributing 5%.

The subsidiary's core business is the manufacture and supply of quality ready mixed concrete to all market segments in South Africa. With its plant network in KwaZulu-Natal and Gauteng, Métier is strategically positioned to capitalise on numerous opportunities in the next 12 months. Métier's product offering, which includes high value concretes such as fibre reinforced, coloured, polished and durability concretes, has enabled the subsidiary to achieve above average margins. Métier's fleet size, concrete pumping division and advanced production technology have enabled Métier to be efficient whilst offering unique value-added service to its clients.

Sephaku Cement

The associate has made significant progress in attaining its goal to produce cement in the first quarter of 2014. The construction of the Delmas cement grinding plant ("Delmas"), located in Mpumalanga with an expected production of 1,4 Mtpa, was 85% complete by the end of the reporting period.

Post period

Delmas has been successfully connected to the Eskom substation on site. The electricity was connected to the Delmas primary electrical room in October 2013. The distribution to the entire plant is expected to be completed by the end of November 2013. Delmas is still firmly on schedule and within budget to complete the construction phase and is currently commissioning the plant as the final process before commercial production.

Outlook

Construction at the integrated cement manufacturing plant, Aganang, close to Lichtenburg, is well advanced with initial production targeted for the second quarter of the 2014 calendar year. Cement production at Delmas is targeted for January 2014.

Changes to the board

On 29 July 2013 Kenneth John Capes was appointed as an executive director of the company. Jennifer Bennette has resigned as an alternate director to Rose Raisibe Matjiu with effect from 21 August 2013, in order to maintain an arm's-length relationship between herself as company secretary and the board of directors.

On behalf of the board

Neil Crafford-Lazarus
Financial director

Pretoria
20 November 2013

Lelau Mohuba
Chief executive officer

COMPANY INFORMATION

Directors

B Williams (Independent chairman),
Dr L Mohuba* (Chief executive officer)
NR Crafford-Lazarus* (Financial director)
RR Matjiu*, KJ Capes*, CRDW de Bruin,
Dr D Twist, MM Ngoasheng, PF Fourie,
MG Mahlare (Independent), PM Makwana
(Independent), JW Wessels*
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