

BUILDING
BLOCKS
FOR GROWTH
2016

ANNUAL FINANCIAL STATEMENTS



SEPHAKU
HOLDINGS LTD

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Annual financial statements

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

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

Issued 29 June 2016

Audit and risk committee report

The information below constitutes the report of the audit and risk committee (the committee) for the 2016 financial year of Sephaku Holdings Limited (SepHold) and its subsidiaries. This report is in compliance with the Companies Act and the King Report on Governance for South Africa (King III) recommendations.

1. MANDATE AND TERMS OF REFERENCE

The committee acts according to a formal mandate and terms of reference that have been approved by the board of directors of SepHold. The committee has executed its duties during the past financial year according to the 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 are independent non-executive directors. 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 report.

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 Johannesburg Partnership as the external auditors of SepHold, and noted Mr J Barradas as the responsible individual. Grant Thornton Johannesburg Partnership is, in the opinion of the committee, independent of the company;
- reviewed and agreed to 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 Johannesburg Partnership, were 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 2016. 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 2016. This will be presented at the annual general meeting.

SepHold has satisfied itself that Grant Thornton Johannesburg Partnership and J Barradas appear on the Johannesburg Stock Exchange's (JSE) list of accredited auditors.

Audit and risk committee report continued

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 report – this culminates in a recommendation to the board to approve them. The annual financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), the JSE Limited Listings Requirements (JSE Listings Requirements) and the requirements of the Companies Act.

7. GOING CONCERN

The committee reviewed a documented assessment by management of the going concern premise of SepHold. Based on this assessment, the committee agrees with management's assessment that SepHold will be a going concern in the foreseeable future.

8. EXPERTISE AND EXPERIENCE OF FINANCIAL DIRECTOR AND THE FINANCE FUNCTION

The committee has satisfied itself that the financial director of SepHold, Mr NR 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.

9. 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 integrated report 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.

10. 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 should 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. On an operational level, Dangote Cement South Africa Proprietary Limited (CEMENT) has a functional internal audit department that reports to the CEMENT audit committee on which SepHold is also represented. The internal audit function for Métier Mixed Concrete Proprietary Limited (Métier) is performed by SepHold's financial director.

11. 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.

12. RECOMMENDATION OF THE ANNUAL FINANCIAL STATEMENTS FOR APPROVAL BY THE BOARD

The audit and risk committee held a meeting on 20 June 2016, at which time they reviewed and recommended the annual financial statements for approval by the board of directors.

On behalf of the audit and risk committee



MG Mahlare
Chairman
20 June 2016

Independent auditor's report

to the shareholders of Sephaku Holdings Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the consolidated and separate financial statements of Sephaku Holdings Limited, as set out on pages 12 to 60, which comprise the statements of financial position as at 31 March 2016, 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 FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and requirements of the Companies Act of South Africa and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 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 entity'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 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 financial statements present fairly, in all material respects, the consolidated and separate financial position of Sephaku Holdings Limited as at 31 March 2016, 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 of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate financial statements for the year ended 31 March 2016, 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 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 financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette 39475 dated 4 December 2015, we report that Grant Thornton Johannesburg Partnership has been the auditor of Sephaku Holdings Limited for nine years.

Grant Thornton

GRANT THORNTON JOHANNESBURG PARTNERSHIP

Registered Auditors

J Barradas

Partner

Registered Auditor

Chartered Accountant (SA)

27 June 2016

@Grant Thornton

Wanderers Office Park

52 Corlett Drive

Illovo, 2196

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 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 2017 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 financial statements. The 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 12 to 60 were approved by the board on 27 June 2016, and were signed on their behalf by:



NR Crafford-Lazarus
Financial director

Centurion, South Africa
27 June 2016



Dr L Mohuba
Chief executive officer

Certificate by company secretary

In terms of section 88(2)(e) of the Companies Act as amended (the Act), I declare that to the best of my knowledge, for the year ended 31 March 2016, 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.



Acorim Proprietary Limited
Company secretary

Centurion, South Africa
27 June 2016

Directors' report

The directors submit their report for the year ended 31 March 2016.

1. REVIEW OF ACTIVITIES

Main business and operations

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

While the 2015 financial year saw the commissioning of both CEMENT plants at Delmas and Aganang as well as the establishment of Métier's eleventh plant, the 2016 financial year was always going to be one with a focus on earnings growth and quality.

Revenue for the group increased from R775 million to R874 million and for CEMENT, our associate, revenue increased from R919 million to R2,3 billion due to the fact that a steady state of production was achieved in May and maintained for the rest of the year.

The final commissioning at Aganang resulted in Kiln downtime during the first half of the financial year that impacted on earnings and margins, and in the case of Métier we experienced increased price competition as the construction industry remained constrained and inconsistent payment of a key customer resulted in a six-week stoppage of one plant.

Due to the above, margins in both companies were under pressure with Métier returning an operating profit of R102 million and CEMENT an earnings before interest, tax, depreciation and amortisation (EBITDA) of R506 million. Financing cost for CEMENT totalled R266 million and the after tax profit amounted to R50 million, of which SepHold accounted for R18 million as equity earnings.

Group profit after tax increased from R47 million to R60 million year-on-year or by 28%. It must further be pointed out that the 2015 financial year included non-cash IFRS adjustments with a net effect of R27 million that would have put the comparative number at R20 million on a normalised earnings basis.

Refer to note 8 for more details regarding CEMENT's financial results for the year ended 31 December 2015.

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 integrated report.

2. GOING CONCERN

The 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. AUTHORISED AND ISSUED STATED CAPITAL

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

684 146 shares were issued during the year.

All the authorised and issued shares have no par value.

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

5. 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.

Directors' report continued

6. SHARE INCENTIVE SCHEME

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

7. 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 R36 589 743 (2015: R30 437 943). Refer to note 4 for further details.

8. DIVIDENDS

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

9. DIRECTORS

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

Name	Position
B Williams	Chairman and 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 Matjju	Executive director
KJ Capes	Executive director
PF Fourie	Non-executive director
J Pitt	Alternate director to MM Ngoasheng

There have been no changes to the board of directors during the current financial period or up to the date of issue of the financial results.

10. SECRETARY

J Bennete resigned as secretary of the company on 31 August 2015, and Acorim Proprietary Limited was appointed in her stead on 1 September 2015.

The secretary of the company is Acorim Proprietary Limited of:

Business address	Postal address
2nd Floor, North Block, Hyde Park Office Towers	PO Box 41480
Hyde Park Corner Mall	Craighall
Corner 6th Road and Jan Smuts Avenue	2024
Hyde Park, Johannesburg	

11. SUBSIDIARIES

Name of subsidiary	Net income after tax R
Métier Mixed Concrete Proprietary Limited	58 234 411
Sephaku Cement Investment Holdings Limited	-

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

12. 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.

13. AUDITORS

Grant Thornton Johannesburg Partnership 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 Johannesburg Partnership as auditors of the group.

14. SHAREHOLDERS' INFORMATION

An analysis of shareholders and the respective percentage shareholdings appear in the shareholders' analysis section.

Beneficial shareholdings of directors, directors' associates and prescribed officers

Director/prescribed officer	2016			2015		
	Direct	Indirect	Associates	Direct	Indirect	Associates
MG Mahlare	23 000	-	-	105 878	-	-
Dr L Mohuba	87 202	9 263 767	340 000	887 202	9 263 767	340 000
NR Crafford-Lazarus	2 262 728	-	-	2 262 728	-	-
RR Matjiu	2 085 923	-	-	2 085 923	-	-
K Capes	5 558 271	-	-	5 558 271	-	-
PF Fourie	-	5 433 559	-	-	5 433 559	-
Dr D Twist ¹	-	-	-	7 354 333	-	1 895 000
CRDW de Bruin ²	-	-	-	457 833	-	800 331
RS Thompson ^{*3}	5 351 867	-	-	5 351 867	-	-
WM Witherspoon ^{*3}	5 351 867	-	-	5 351 867	-	-
	20 720 858	14 697 326	340 000	29 415 902	14 697 326	3 035 331

* Other prescribed officer and director of Métier.

¹ Resigned on 21 August 2014.

² Resigned on 21 April 2014.

³ Resigned on 15 March 2016.

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.

Directors' report continued

14. SHAREHOLDERS' INFORMATION (CONTINUED)

Directors' interest in share options

2016	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
Dr L Mohuba								
Granted								
15/10/2010	715 000	R2,68	-	-	-	715 000	715 000	-
Granted								
29/06/2012	750 000	R1,90	-	-	-	250 000	750 000	-
Granted								
10/12/2014	400 000	R6,80	-	-	-	-	400 000	-
Granted								
31/03/2016	400 000	R4,40	-	-	-	-	400 000	-
NR Crafford-Lazarus								
Granted								
15/10/2010	715 000	R2,68	-	-	-	715 000	715 000	-
Granted								
29/06/2012	750 000	R1,90	-	-	-	250 000	750 000	-
Granted								
31/08/2012	750 000	R1,90	-	-	-	250 000	750 000	-
Granted								
10/12/2014	375 000	R6,80	-	-	-	-	375 000	-
Granted								
31/03/2016	400 000	R4,40	-	-	-	-	400 000	-
RR Matjui								
Granted								
15/10/2010	200 000	R2,68	-	-	-	200 000	200 000	-
Granted								
29/06/2012	300 000	R1,90	-	-	-	100 000	300 000	-
Granted								
10/12/2014	125 000	R6,80	-	-	-	-	125 000	-
Granted								
31/03/2016	100 000	R4,40	-	-	-	-	100 000	-
PF Fourie								
Granted								
15/10/2010	715 000	R2,68					715 000	
		R2,68	(162 983)	18/12/2015	R5,25		(162 983)	R418 866
		R2,68	(613)	18/12/2015	R5,30		(613)	R1 606
		R2,68	(877)	18/12/2015	R5,31		(877)	R2 307
	715 000	R2,68	(164 473)			550 527	550 527	R422 779
	6 695 000		(164 473)			3 030 527	6 530 527	R422 779

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
2015								
Dr L Mohuba								
Granted								
31/03/2008	1 000 000	R2,50	(1 000 000)	03/02/2015	R8,59	-	-	R6 090 000
Granted								
15/10/2010	715 000	R2,68	-		-	476 667	715 000	-
Granted								
29/06/2012	750 000	R1,90	-		-	-	750 000	-
Granted								
10/12/2014	400 000	R6,80	-		-	-	400 000	-
NR Crafford-Lazarus								
Granted								
15/10/2010	715 000	R2,68	-		-	476 667	715 000	-
Granted								
29/06/2012	750 000	R1,90	-		-	-	750 000	-
Granted								
31/08/2012	750 000	R1,90	-		-	-	750 000	-
Granted								
10/12/2014	375 000	R6,80	-		-	-	375 000	-
RR Matjiu								
Granted								
31/03/2008	300 000	R2,50	(300 000)	03/02/2015	R8,59	-	-	R1 827 000
Granted								
15/10/2010	200 000	R2,68	-		-	133 333	200 000	
Granted								
29/06/2012	300 000	R1,90	-		-	-	300 000	-
Granted								
10/12/2014	125 000	R6,80	-		-	-	125 000	-
PF Fourie								
Granted								
15/10/2010	715 000	R2,68	-		-	476 667	715 000	-
Dr D Twist*								
Granted								
31/03/2008	150 000	R2,50	(150 000)	06/01/2015	R7,40	-	-	R735 000
CRDW de Bruin*								
Granted								
15/10/2010	500 000	R2,68	(333 333)	20/01/2015	R8,59	-	166 667	R1 969 998
	7 745 000		(1 783 333)			1 563 334	5 961 667	R10 621 998

* Share options were not forfeited at resignation during the 2015 period, due to continued involvement at interrelated companies as the share incentive scheme rules provide.

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

Statement of financial position

as at 31 March 2016

	Notes	GROUP		COMPANY	
		2016 R	2015 R	2016 R	2015 R
Assets					
Non-current assets					
Investment property	3	-	-	17 525 129	4 542 326
Property, plant and equipment	4	134 180 789	128 787 297	198 366	208 290
Goodwill	5	223 421 981	223 421 981	-	-
Intangible assets	6	7 455 631	10 896 692	-	-
Investments in subsidiaries	7	-	-	209 967 288	209 967 288
Investment in associate	8	670 467 278	652 313 212	635 117 284	635 117 284
Operating lease asset	13	-	-	603 747	380 236
		1 035 525 679	1 015 419 182	863 411 814	850 215 424
Current assets					
Inventories	14	12 244 871	8 965 203	-	-
Loans to group companies	9	-	-	4 149	4 149
Other financial assets	10	12 987 551	12 504 391	12 987 551	12 504 391
Current tax receivable		-	933 668	-	-
Trade and other receivables	15	110 971 487	110 752 506	1 688 533	302 183
Cash and cash equivalents	16	91 231 432	70 914 266	6 282 682	15 238 092
		227 435 341	204 070 034	20 962 915	28 048 815
Total assets		1 262 961 020	1 219 489 216	884 374 729	878 264 239
Equity and liabilities					
Equity					
Stated capital	17	632 950 155	631 127 028	632 950 155	631 127 028
Reserves		18 910 771	15 685 391	20 118 434	16 893 054
Retained income		258 730 837	197 907 280	90 034 225	103 121 581
		910 591 763	844 719 699	743 102 814	751 141 663
Liabilities					
Non-current liabilities					
Loans from group companies	9	-	-	12 540 678	-
Other financial liabilities	19	231 309 499	248 672 308	-	-
Deferred income	20	1 866 813	2 379 952	-	-
Deferred taxation	12	15 978 858	14 778 323	-	-
		249 155 170	265 830 583	12 540 678	-
Current liabilities					
Loans from group companies	9	-	-	127 256 696	125 000 000
Other financial liabilities	19	18 208 333	24 750 000	-	-
Current taxation payable		1 283 129	-	-	-
Operating lease liability	13	2 756 653	1 806 319	-	-
Trade and other payables	21	80 452 834	81 869 477	1 474 541	2 122 576
Deferred income	20	513 138	513 138	-	-
		103 214 087	108 938 934	128 731 237	127 122 576
Total liabilities		352 369 257	374 769 517	141 271 915	127 122 576
Total equity and liabilities		1 262 961 020	1 219 489 216	884 374 729	878 264 239
Net asset value per share (cents)	37	450,99	419,79		
Tangible net asset value per share (cents)	37	337,68	304,86		

Statement of comprehensive income

for the year ended 31 March 2016

	Notes	GROUP		COMPANY	
		2016 R	2015 R	2016 R	2015 R
Revenue	23	874 253 138	775 425 242	-	-
Cost of sales	24	(523 460 452)	(434 430 692)	-	-
Gross profit		350 792 686	340 994 550	-	-
Other income		15 593 937	9 999 177	20 135 719	5 628 274
Operating expenses		(282 137 148)	(291 705 645)	(34 188 053)	(51 774 480)
Operating profit/(loss)	25	84 249 475	59 288 082	(14 052 334)	(46 146 206)
Investment income	26	8 127 000	2 167 996	562 461	41 924
Profit from equity-accounted investment	8	18 154 066	35 924 506	-	-
Finance costs	27	(28 270 848)	(25 321 027)	(565)	(4 843 760)
Profit/(loss) before taxation		82 259 693	72 059 557	(13 490 438)	(50 948 042)
Taxation	28	(21 839 218)	(24 898 186)	-	-
Profit/(loss) for the year		60 420 475	47 161 371	(13 490 438)	(50 948 042)
Total comprehensive income/(loss) for the year		60 420 475	47 161 371	(13 490 438)	(50 948 042)
Total comprehensive income/(loss) attributable to:					
Equity holders of the parent		60 420 475	47 161 371	(13 490 438)	(50 948 042)
Non-controlling interest		-	-	-	-
		60 420 475	47 161 371	(13 490 438)	(50 948 042)
Basic earnings per share (cents)	37	30,00	24,43		
Diluted earnings per share (cents)	37	28,97	23,59		

Statement of changes in equity

for the year ended 31 March 2016

	GROUP					
	Stated capital R	Revaluation reserve (relating to land of associate) R	Equity-based share option reserve R	Total reserves R	Retained income R	Total equity R
Balance at 31 March 2014	585 573 235	(1 207 663)	18 832 199	17 624 536	144 525 951	747 723 722
Profit for the year	-	-	-	-	47 161 371	47 161 371
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	47 161 371	47 161 371
Issue of shares	45 553 793	-	-	-	-	45 553 793
Employees' share option scheme	-	-	(1 939 145)	(1 939 145)	6 219 958	4 280 813
Balance at 31 March 2015	631 127 028	(1 207 663)	16 893 054	15 685 391	197 907 280	844 719 699
Profit for the year	-	-	-	-	60 420 475	60 420 475
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	60 420 475	60 420 475
Issue of shares	1 823 127	-	-	-	-	1 823 127
Employees' share option scheme	-	-	3 225 380	3 225 380	403 082	3 628 462
Balance at 31 March 2016	632 950 155	(1 207 663)	20 118 434	18 910 771	258 730 837	910 591 763
Notes	17		18			

	COMPANY				
	Stated capital R	Equity-based share option reserve R	Total reserves R	Retained income R	Total equity R
Balance at 31 March 2014	585 573 235	18 832 199	18 832 199	147 849 665	752 255 099
Loss for the year	-	-	-	(50 948 042)	(50 948 042)
Other comprehensive loss for the year	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(50 948 042)	(50 948 042)
Issue of shares	45 553 793	-	-	-	45 553 793
Employees' share option scheme	-	(1 939 145)	(1 939 145)	6 219 958	4 280 813
Balance at 31 March 2015	631 127 028	16 893 054	16 893 054	103 121 581	751 141 663
Loss for the year	-	-	-	(13 490 438)	(13 490 438)
Total comprehensive loss for the year	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(13 490 438)	(13 490 438)
Issue of shares	1 823 127	-	-	-	1 823 127
Employees' share option scheme	-	3 225 380	3 225 380	403 082	3 628 462
Balance at 31 March 2016	632 950 155	20 118 434	20 118 434	90 034 225	743 102 814
Notes	17	18			

Statement of cash flow

for the year ended 31 March 2016

	Notes	GROUP		COMPANY	
		2016 R	2015 R	2016 R	2015 R
Cash flows from operating activities					
Cash generated from/(utilised in) operations	29	117 037 155	114 192 061	(10 809 577)	(13 232 469)
Interest income		8 127 000	2 167 996	562 461	41 924
Finance costs		(28 270 848)	(19 632 742)	(565)	(1 000)
Taxation paid	30	(18 421 887)	(25 802 273)	-	-
Net cash from/(utilised in) operating activities		78 471 420	70 925 042	(10 247 681)	(13 191 545)
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(36 589 744)	(30 437 943)	(47 696)	(221 272)
Disposal of property, plant and equipment	4	999 999	618 158	-	-
Purchase of investment property	3	-	-	-	(491 191)
Net loans advanced		514 320	1 606 002	514 320	1 606 002
Government grant received		-	1 436 787	-	-
Net cash (utilised in)/from investing activities		(35 075 425)	(26 776 996)	466 624	893 539
Cash flows from financing activities					
Proceeds on share issue	17	825 647	16 514 952	825 647	16 514 952
Proceeds from other financial liabilities		28 237 894	130 000 000	-	-
Repayment of other financial liabilities		(52 142 370)	(28 750 000)	-	-
Settlement of deferred vendor loan		-	(117 000 000)	-	-
Decrease in loans with group companies		-	-	-	8 000 000
Net cash (utilised in)/from financing activities		(23 078 829)	764 952	825 647	24 514 952
Total cash and cash equivalents movement for the year					
		20 317 166	44 912 998	(8 955 410)	12 216 946
Cash and cash equivalents at the beginning of the year		70 914 266	26 001 268	15 238 092	3 021 146
Total cash and cash equivalents at end of the year	16	91 231 432	70 914 266	6 282 682	15 238 092

Accounting policies

for the year ended 31 March 2016

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), the Companies Act, the JSE Listings Requirements, and the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. The annual financial statements have been prepared on the historical cost basis, except for the measurement of investment property/land which are 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.

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. Refer to note 2.1 for details of standards adopted in the current period.

The accounting policies are consistent with the previous year, except for the new or revised accounting standards and interpretations of those standards that were adopted.

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 the subsidiaries are included for the duration of the period in which the group exercised control over the subsidiaries.

Business combinations are accounted for using the acquisition method as the acquisition date – i.e. when control is transferred to SepHold. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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 affected 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.

Accounting policies

for the year ended 31 March 2016 **continued**

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.1 Consolidation (continued)

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.

The group's share of unrealised intra-company gains are eliminated upon consolidation and the group's share of intra-company losses are 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.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

Options granted

Management used the Black Scholes model and the binomial valuation model as specified in note 18 to determine the fair value of the options at issue date. Additional details regarding the estimates are included in note 18, share-based payments.

Impairment testing of goodwill and investment in subsidiary

The recoverable amount of the cash-generating unit (Métier) has been determined on a value-in-use calculation, using cash flow projections which cover a two-year period.

The following assumptions have been applied when reviewing goodwill impairment:

- a growth rate of 5% was applied and cash flows were discounted at a rate of 18,50%, which is the estimated cost of capital as it relates to Métier;
- asset values were based on the carrying amounts for the financial period;
- future profits were estimated using historical information and approved two-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.

Estimation of useful lives and residual values

The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires a significant degree of judgement to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes. 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 of the useful life of the intangible asset is based on the remaining customer contractual period of the asset of seven years.

1.3 Investment property

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

Fair value

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

The fair value of the investment property is assessed based on the value of similar properties in the area.

1.4 Property, plant and equipment

Major spare parts and standby equipment which are expected to be used for more than one year are included in property, plant and equipment.

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.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value. Depreciation of an asset commences when the asset is available for use as intended by management.

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
Office equipment	5 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. Construction of the new building was only completed after year-end. The fair value and useful life of this asset has therefore not yet been assessed at year-end.

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

Accounting policies

for the year ended 31 March 2016 **continued**

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.4 Property, plant and equipment (continued)

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.

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 assets

Intangible assets acquired in a business combination are initially recognised at fair value.

The amortisation period and the amortisation method for intangible assets is reviewed at every year-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 contractual period of seven years. 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.

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

Financial instruments are classified as financial assets, financial liabilities and equity instruments. The group classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

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.

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is reassessed on an annual basis.

Initial recognition and measurement

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

Financial instruments are measured initially at fair value.

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.

Financial liabilities 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.

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.

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

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

No discounting is applied for loans at amortised cost where the loan is receivable within one year.

Trade and other receivables

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 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.

Cash and cash equivalents are classified as loans and receivables.

Accounting policies

for the year ended 31 March 2016 **continued**

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.8 Financial instruments (continued)

Bank overdraft and other financial liabilities

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 liability is recognised for all taxable temporary differences, except to the extent that the deferred taxation liability arises from the initial recognition of an asset or liability in a transaction which, at the time of the transaction, affects neither accounting profit nor taxable profit (taxation loss).

Deferred taxation 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 taxation 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 income on a straight-line basis over the lease term. The difference between the amounts recognised as 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.

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 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.

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.

Accounting policies

for the year ended 31 March 2016 **continued**

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.13 Share-based payments

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

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

Since the fair value of 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.

Management assesses the number of options expected to vest at each reporting period for all equity-settled share-based payment transactions until vesting. 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.

1.14 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) are recognised in the period in which the services are rendered and are 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.

1.15 Government grants

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).

1.16 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods (ready-mixed concrete) and services provided in the normal course of business, net of trade discounts and volume rebates, and value-added tax. Revenue is recognised when the significant risks and rewards of ownership of the goods have been transferred.

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

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.17 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.

Capitalisation ceases when 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.

1.18 Operating segments

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

Business segments for management purposes are determined based on the commodities 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 member of the group.

Notes to the annual financial statements

for the year ended 31 March 2016

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 are relevant to its operations:

Standard/Interpretation:	Effective date: Years beginning on or after
• Amendment to IFRS 8 Operating Segments: Annual improvements project	1 July 2014
• Amendment to IAS 24 Related Party Disclosures: Annual improvements project	1 July 2014
• Amendment to IAS 16 Property, Plant and Equipment: Annual improvements project	1 July 2014
• Amendment to IAS 40 Investment Property: Annual improvements project	1 July 2014
• Amendment to IAS 19 Defined Benefit Plans: Employee Contributions	1 July 2014
• Amendment to IFRS 3 Business Combinations: Annual improvements project	1 July 2014
• Amendment to IFRS 2 Share-based Payment: Annual improvements project	1 July 2014
• Amendment to IFRS 13 Fair Value Measurement: Annual improvements project	1 July 2014
• Amendment to IAS 38 Intangible Assets: Annual improvements project	1 July 2014

The impact of all of the above amendments 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 2016 or later periods:

Amendment to IFRS 7 Financial Instruments: Disclosures: Annual improvements project

The amendment provides additional guidance regarding transfers with continuing involvement. Specifically, it provides that cash flows exclude cash collected which must be remitted to a transferee. It also provides that when an entity transfers a financial asset but retains the right to service the asset for a fee, that the entity should apply the existing guidance to consider whether it has continuing involvement in the asset.

The effective date of the amendment for the group is for years beginning on or after 1 January 2016.

The group expects to adopt the amendment for the first time in the 2017 annual financial statements.

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

Disclosure Initiative: Amendment to IAS 1 Presentation of Financial Statements

The amendment provides new requirements when an entity presents subtotals in addition to those required by IAS 1 in its annual financial statements. It also provides amended guidance concerning the order of presentation of the notes in the annual financial statements, as well as guidance for identifying which accounting policies should be included. It further clarifies that an entity's share of comprehensive income of an associate or joint venture under the equity method shall be presented separately into its share of items that a) will not be reclassified subsequently to profit or loss and b) that will be reclassified subsequently to profit or loss.

The effective date of the amendment for the group is for years beginning on or after 1 January 2016.

The group expects to adopt the amendment for the first time in the 2017 annual financial statements.

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

IFRS 9 Financial Instruments

IFRS 9, issued in November 2009, introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010, to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013, to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014, mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a fair value through other comprehensive income (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset that give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment that is not held for trading in other comprehensive income with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an economic relationship. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

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

The group expects to adopt the standard for the first time in the 2019 annual financial statements.

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

Notes to the annual financial statements

for the year ended 31 March 2016 **continued**

2. NEW STANDARDS AND INTERPRETATIONS (CONTINUED)

2.2 Standards and interpretations not yet effective (continued)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the Construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation

IFRS 15 also includes extensive new disclosure requirements.

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

The group expects to adopt the standard for the first time in the 2019 annual financial statements.

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

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendment clarifies that a depreciation or amortisation method based on revenue generated by an activity that includes the use of the asset is not an appropriate method. This requirement can be rebutted for intangible assets in very specific circumstances as set out in the amendments to IAS 38.

The effective date of the amendment is for years beginning on or after 1 January 2016.

The group expects to adopt the amendment for the first time in the 2017 annual financial statements.

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

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parent's profit or loss only to the extent of the unrelated investor's interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parent's profit or loss.

The effective date of the amendment for the group is for years beginning on or after 1 January 2016.

The group expects to adopt the amendment for the first time in the 2017 annual financial statements.

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

Amendment to IAS 27 Equity Method in Separate Financial Statements

The amendment adds the equity method to the methods of accounting for investments in subsidiaries, associates and joint ventures in the separate annual financial statements of an entity.

The effective date of the amendment is for years beginning on or after 1 January 2016.

The group expects to adopt the amendment for the first time in the 2017 annual financial statements.

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

Amendments to IFRS 10, 12 and IAS 28 Investment Entities: Applying the Consolidation Exemption

The amendment clarifies the consolidation exemption for investment entities. It further specifies that an investment entity which measures all of its subsidiaries at fair value is required to comply with the investment entity disclosures provided in IFRS 12. The amendment also specifies that if an entity is itself not an investment entity and it has an investment in an associate or joint venture which is an investment entity, then the entity may retain the fair value measurement applied by such associate or joint venture to any of their subsidiaries.

The effective date of the amendment for the group is for years beginning on or after 1 January 2016.

The group expects to adopt the amendment for the first time in the 2017 annual financial statements.

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

IFRS 16 Leases

IFRS 16 will require lessees to account for leases 'on-balance sheet' by recognising a 'right-of-use' asset and a lease liability.

IFRS 16 also:

- changes the definition of a lease;
- sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and option periods;
- provides exemptions for short-term leases and leases of low value assets;
- changes the accounting for sale and leaseback arrangements;
- largely retains the approach of IAS 17 lessor accounting; and
- introduces new disclosure requirements.

The effective date of the amendment is for years beginning on or after 1 January 2019.

The group expects to adopt the amendment for the first time in the 2020 annual financial statements.

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

Notes to the annual financial statements

for the year ended 31 March 2016 **continued**

3. INVESTMENT PROPERTY

	COMPANY					
	2016			2015		
	Cost R	Accumulated fair value adjustment R	Carrying value R	Cost R	Accumulated fair value adjustment R	Carrying value R
Investment property	17 525 129	-	17 525 129	4 542 326	-	4 542 326

Reconciliation of investment property	Opening balance R	Additions R	Total R
	Company 2016		
Investment property	4 542 326	12 982 803	17 525 129
Company 2015			
Investment property	4 051 135	491 191	4 542 326

Management has assessed that the carrying value of the investment property 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 the investment property 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 was 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 eleven 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		COMPANY	
	2016 R	2015 R	2016 R	2015 R
Total straight-lined rental income from investment property	-	-	955 319	955 319
Details of property				
Erf 398 Randjespark Ext 121				
Purchase price: 10 December 2013	-	-	4 017 750	4 017 750
Capitalised expenditure	-	-	13 507 379	524 576
	-	-	17 525 129	4 542 326

4. PROPERTY, PLANT AND EQUIPMENT

	GROUP					
	2016			2015		
	Cost/ valuation R	Accumulated depreciation R	Carrying value R	Cost/ valuation R	Accumulated depreciation R	Carrying value R
Land and buildings	20 191 438	-	20 191 438	7 208 635	-	7 208 635
Plant and machinery	73 754 767	(27 532 261)	46 222 506	71 608 471	(21 416 424)	50 192 047
Furniture and fixtures	694 051	(405 247)	288 804	624 135	(337 000)	287 135
Motor vehicles	156 914 740	(90 013 365)	66 901 375	138 074 504	(67 476 119)	70 598 385
Office equipment	24 966	(4 299)	20 667	10 495	(1 399)	9 096
Computer equipment	2 583 944	(2 027 945)	555 999	2 233 535	(1 741 536)	491 999
Total	254 163 906	(119 983 117)	134 180 789	219 759 775	(90 972 478)	128 787 297

	COMPANY					
	2016			2015		
	Cost/ valuation R	Accumulated depreciation R	Carrying value R	Cost/ valuation R	Accumulated depreciation R	Carrying value R
Furniture and fixtures	143 177	(33 446)	109 731	143 177	(9 583)	133 594
Office equipment	24 966	(4 299)	20 667	10 495	(1 399)	9 096
IT equipment	100 826	(32 858)	67 968	67 600	(2 000)	65 600
Total	268 969	(70 603)	198 366	221 272	(12 982)	208 290

Reconciliation of property, plant and equipment	GROUP				
	Opening balance R	Additions R	Disposals R	Depreciation R	Total R
2016					
Land and buildings	7 208 635	12 982 803	-	-	20 191 438
Plant and machinery	50 192 047	2 146 295	-	(6 115 836)	46 222 506
Furniture and fixtures	287 135	69 916	-	(68 247)	288 804
Motor vehicles	70 598 385	21 025 850	(575 397)	(24 147 463)	66 901 375
Office equipment	9 096	14 470	-	(2 899)	20 667
Computer equipment	491 999	350 409	-	(286 409)	555 999
	128 787 297	36 589 743	(575 397)	(30 620 854)	134 180 789
2015					
Land and buildings	6 717 444	491 191	-	-	7 208 635
Plant and machinery	48 675 926	7 394 776	-	(5 878 655)	50 192 047
Furniture and fixtures	193 474	156 854	-	(63 193)	287 135
Motor vehicles	73 294 279	21 910 004	(623 583)	(23 982 315)	70 598 385
Office equipment	-	10 495	-	(1 399)	9 096
Computer equipment	298 922	474 623	-	(281 546)	491 999
	129 180 045	30 437 943	(623 583)	(30 207 108)	128 787 297

Notes to the annual financial statements

for the year ended 31 March 2016 **continued**

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of property, plant and equipment	COMPANY			
	Opening balance R	Additions R	Depreciation R	Total R
2016				
Furniture and fixtures	133 594	-	(23 863)	109 731
Office equipment	9 096	14 470	(2 899)	20 667
Computer equipment	65 600	33 226	(30 858)	67 968
	208 290	47 696	(57 620)	198 366
2015				
Furniture and fixtures	-	143 177	(9 583)	133 594
Office equipment	-	10 495	(1 399)	9 096
IT equipment	-	67 600	(2 000)	65 600
	-	221 272	(12 982)	208 290

Construction of the building (for the property included in the financial statements at a carrying value of R17 525 129 as on 31 March 2016) was only completed after year-end. The fair value and useful life of this asset has therefore not yet been assessed at year-end.

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 R17 525 129 (2015: R4 542 326) is pledged as security for the R2 million overdraft facility of SepHold.

Details of land and buildings	GROUP		COMPANY	
	2016 R	2015 R	2016 R	2015 R
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	4 017 750	-	-
Capitalised expenditure	13 507 379	524 576	-	-
	17 525 129	4 542 326	-	-

5. GOODWILL

	GROUP						
	2016			2015			
	Cost R	Accumulated impairment R	Carrying value R	Cost R	Accumulated impairment R	Carrying value R	
Goodwill on acquisition of subsidiary	223 421 981	-	223 421 981	223 421 981	-	223 421 981	
Reconciliation of goodwill							
						Opening balance R	Total R
Group 2016							
Goodwill						223 421 981	223 421 981
Group 2015							
Goodwill						223 421 981	223 421 981

Impairment testing

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.

Based on the results of the impairment test performed, no impairment is required. Refer to accounting policy 1.2: impairment testing of goodwill and investment in subsidiary for inputs used for the impairment test.

6. INTANGIBLE ASSETS

	GROUP							
	2016			2015				
	Cost/ valuation R	Accumulated amortisation R	Carrying value R	Cost/ valuation R	Accumulated amortisation R	Carrying value R		
Customer contact	20 438 713	(12 983 082)	7 455 631	20 438 713	(9 542 021)	10 896 692		
Reconciliation of intangible assets								
						Opening balance R	Amortisation R	Total R
Group 2016								
Customer contract						10 896 692	(3 441 061)	7 455 631
Group 2015								
Customer contract						14 337 752	(3 441 060)	10 896 692

Amortisation and change in accounting estimate

The carrying value of the intangible asset has been amortised over the 53 months remaining of the seven-year extended contract period.

Impairment testing

No indications of impairment were identified and therefore no impairment testing was performed for the current financial year.

Notes to the annual financial statements

for the year ended 31 March 2016 **continued**

7. INVESTMENTS IN SUBSIDIARIES

Name of company	COMPANY			
	% holding 2016	% holding 2015	Carrying amount 2016 R	Carrying amount 2015 R
Sephaku Cement Investment Holdings Limited	100,00	100,00	1	1
Métier Mixed Concrete Proprietary Limited	100,00	100,00	209 967 287	209 967 287
			209 967 288	209 967 288

Subsidiaries are shown at carrying amounts, net of impairment. All the subsidiaries are registered and operate within South Africa. No indicators of impairment or reversal of impairment were identified during the current or prior financial years.

8. INVESTMENT IN ASSOCIATE

SepHold has a 36% ownership interest in CEMENT. The associate is unlisted and is registered and operates within South Africa.

Summary of group's interest in associate	2016 R	2015 R
Company level: Cost of investment in associate	635 117 284	635 117 284
Equity-accounted earnings – prior years	17 195 928	(18 728 578)
Equity-accounted earnings – current year	18 154 066	35 924 506
Group level: Carrying value of investment in associate	670 467 278	652 313 212

No post-acquisition impairment has been recognised against the investment in the current or prior years. The net asset value of the associate is R1 223 178 592 as indicated below.

Summary of group interest in CEMENT and its subsidiaries	2016* R	2015* R
Non-current assets	3 695 986 483	3 844 530 357
Current assets	860 280 952	434 023 077
Total assets	4 556 267 435	4 278 553 434
Total equity	1 223 178 592	1 173 212 824
Non-current liabilities	(2 487 715 316)	(2 712 586 543)
Current liabilities	(845 371 808)	(392 754 067)
Total liabilities	(3 333 087 124)	(3 105 340 610)
Revenue for the period	2 298 566 531	918 978 411
Cost of sales	(1 784 417 193)	(730 273 759)
Gross profit	514 149 338	188 704 652
Operating profit	336 959 243	59 533 480
Investment income	7 424 285	4 929 293
Finance costs	(265 533 881)	(112 903 760)
Profit/(loss) before taxation	78 849 647	(48 440 987)
Taxation (expense)/income (income in 2015 due to deferred tax asset)	(28 421 686)	148 231 283
Profit after taxation for the period	50 427 961	99 790 296
Total comprehensive (loss)/income for the period	50 427 961	99 790 296

* CEMENT 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 CEMENT as at 31 December 2015 have been included in these financial statements.

9. LOANS TO/(FROM) GROUP COMPANIES

	GROUP		COMPANY	
	2016 R	2015 R	2016 R	2015 R
Subsidiary				
Métier Mixed Concrete Proprietary Limited The loan is unsecured, bears interest at a fixed rate of 8% effective 31 March 2016, and will be repaid over the next 10 years.	-	-	(14 797 374)	-
Métier Mixed Concrete Proprietary Limited The loan is unsecured, interest-free and is repayable on demand.	-	-	(125 000 000)	(125 000 000)
Sephaku Cement Investment Holdings Limited The loan is unsecured, bears no interest and is repayable on demand.	-	-	4 149	4 149
	-	-	(139 793 225)	(124 995 851)
The fair values of the loans are substantially the same as the carrying amounts reflected on the statement of financial position.				
Current assets	-	-	4 149	4 149
Non-current liabilities	-	-	(12 540 678)	-
Current liabilities	-	-	(127 256 696)	(125 000 000)
Total	-	-	(139 793 225)	(124 995 851)

10. OTHER FINANCIAL ASSETS

	GROUP		COMPANY	
	2016 R	2015 R	2016 R	2015 R
Loans and receivables				
Miranda Mineral Holdings Proprietary Limited	293 095	-	293 095	-
African Nickel Holdings Proprietary Limited	2 000 000	2 000 000	2 000 000	2 000 000
Cross Company Management Proprietary Limited (net of impairment provision of R6 835 864) The loans are unsecured, bear no interest and are repayable on demand.	10 694 456	10 504 391	10 694 456	10 504 391
	12 987 551	12 504 391	12 987 551	12 504 391
Current assets				
Loans and receivables	12 987 551	12 504 391	12 987 551	12 504 391

Notes to the annual financial statements

for the year ended 31 March 2016 continued

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
2016			
Other financial assets	12 987 551	-	12 987 551
Trade and other receivables	107 639 778	3 331 709	110 971 487
Cash and cash equivalents	91 231 432	-	91 231 432
	211 858 761	3 331 709	215 190 470
2015			
Other financial assets	12 504 391	-	12 504 391
Trade and other receivables	109 175 444	1 577 062	110 752 506
Cash and cash equivalents	70 914 266	-	70 914 266
	192 594 101	1 577 062	194 171 163

	COMPANY		
	Loans and receivables R	Non-financial instruments R	Total R
2016			
Loans to group companies	4 149	-	4 149
Other financial assets	12 987 551	-	12 987 551
Trade and other receivables	50 000	1 638 533	1 688 533
Cash and cash equivalents	6 282 682	-	6 282 682
	19 324 382	1 638 533	20 962 915
2015			
Loans to group companies	4 149	-	4 149
Other financial assets	12 504 391	-	12 504 391
Trade and other receivables	-	302 183	302 183
Cash and cash equivalents	15 238 092	-	15 238 092
	27 746 632	302 183	28 048 815

12. DEFERRED TAXATION

	GROUP		COMPANY	
	2016 R	2015 R	2016 R	2015 R
Deferred taxation asset/(liability)				
Property, plant and equipment	(17 463 697)	(15 086 256)	-	-
Income received in advance and S24C allowances	322 074	338 800	-	-
Prepayments	(93 466)	-	-	-
Doubtful debt allowance	210 000	210 000	-	-
Provision for leave pay	212 195	207 257	-	-
Prepaid expenses	(18 454)	(18 454)	-	-
Provision for management bonus	1 999 155	2 009 168	-	-
Intangible assets	(2 087 577)	(3 051 074)	-	-
Operating lease accrual	940 912	612 236	-	-
Total deferred taxation liability	(15 978 858)	(14 778 323)	-	-
Reconciliation of deferred taxation asset/(liability)				
At beginning of the year	(14 778 323)	(13 555 933)	-	-
Originating temporary difference on property, plant and equipment	(2 377 441)	(2 973 233)	-	-
(Reversing)/originating temporary difference on income received in advance and S24C allowance	(16 726)	338 800	-	-
Originating temporary difference on accrual for leave pay	4 938	36 726	-	-
Originating temporary difference on prepayments	(93 466)	-	-	-
(Reversing)/originating temporary difference on provision for management bonus	(10 013)	386 103	-	-
Originating temporary difference on intangible assets	963 497	963 497	-	-
Originating temporary difference on operating lease accrual	328 676	25 717	-	-
	(15 978 858)	(14 778 323)	-	-
Unrecognised deferred taxation asset				
Relating to unrecognised taxation losses	88 379 367	78 431 113	88 379 367	78 431 113

Notes to the annual financial statements

for the year ended 31 March 2016 **continued**

13. OPERATING LEASE (ACCRUAL)/ASSET

	GROUP		COMPANY	
	2016 R	2015 R	2016 R	2015 R
Non-current assets	-	-	603 747	380 236
Current liabilities	(2 756 653)	(1 806 319)	-	-
	(2 756 653)	(1 806 319)	603 747	380 236

Refer to note 3 and note 31 for the terms of the operating lease asset and liability respective

14. INVENTORIES

Raw materials	8 235 327	7 064 735	-	-
Diesel	4 009 544	1 900 468	-	-
	12 244 871	8 965 203	-	-

Inventory pledged as security

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

15. TRADE AND OTHER RECEIVABLES

Trade receivables	107 639 778	109 175 444	50 000	-
Prepayments	399 709	106 640	-	40 730
Deposits	1 340 005	1 255 507	46 538	46 538
Value-added tax	1 591 995	214 915	1 591 995	214 915
	110 971 487	110 752 506	1 688 533	302 183

Trade and other receivables pledged as security

Trade and other receivables of Métier of R109 282 953 (2015: R110 450 322) 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

Trade and other receivables which are less than three months past due are not considered to be impaired.

At 31 March 2016, R28 545 132 (2015: R34 966 605) were past due but not impaired.

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

	GROUP		COMPANY	
	2016 R	2015 R	2016 R	2015 R
1 month past due	24 666 881	21 388 845	-	-
2 months past due	678 435	6 493 859	-	-
3 months past due	3 199 816	7 083 901	-	-

Trade and other receivables – provision for impairment

As of 31 March 2016, trade and other receivables of R1 000 000 (2015: 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 allowance for impairment of trade and other receivables

	GROUP		COMPANY	
	2016 R	2015 R	2016 R	2015 R
Opening balance	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 instrument mentioned above. The company does not hold any collateral as security.

16. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2016 R	2015 R	2016 R	2015 R
Cash and cash equivalents consist of:				
Cash on hand	84 000	73 000	-	-
Bank balances	91 147 432	70 841 266	6 282 682	15 238 092
	91 231 432	70 914 266	6 282 682	15 238 092

The fair values of cash and cash equivalents are considered to be equal to the carrying value.

SepHold has an available Absa overdraft facility of R2 000 000. Métier has an available Standard Bank overdraft facility and a general short-term banking facility of R23 990 000 in total.

	GROUP		COMPANY	
	2016 R	2015 R	2016 R	2015 R
The total amount of undrawn overdraft and term loan facilities available for future operating activities and commitments	25 990 000	25 990 000	2 000 000	2 000 000

Credit facilities are secured as per note 19.

Notes to the annual financial statements

for the year ended 31 March 2016 **continued**

17. STATED CAPITAL

	GROUP		COMPANY	
	2016 R	2015 R	2016 R	2015 R
Authorised 1 000 000 000 ordinary shares with no par value				
Issued – Ordinary shares with no par value				
201 224 508 (2015: 189 872 979) shares at beginning of period	631 127 028	585 573 235	631 127 028	585 573 235
684 146 (2015: 11 351 529) shares issued during the period	1 823 127	45 553 793	1 823 127	45 553 793
201 908 654 (2015: 201 224 508) shares at end of period	632 950 155	631 127 028	632 950 155	631 127 028

A total amount of 311 952 (2015: 6 707 333) shares issued during the year for a cash amount of R825 647 (2015: R16 514 952) relates to share options that were exercised by employees and directors (refer to note 18).

372 194 (2015: 215 000) shares were issued at a value of R2,68 (2015: R2,50) for no cash consideration as a float to administer the share incentive scheme on behalf of SepHold.

4 429 196 shares were issued during the 2015 reporting period, in terms of a specific authority to the sellers of Métier at a 60-day VWAP of 643,488 cents for no cash consideration as final settlement for the Métier acquisition (refer to note 25). The additional consideration shares were issued to the following directors and public officers: 1 018 715 shares to KJ Capes, 974 423 shares to MW Witherspoon and 974 423 shares to RS Thompson.

The unissued ordinary shares are under the control of the directors.

18. SHARE-BASED PAYMENTS

	Number	Weighted exercise price R	Total value R
Share options granted during 2008 year (30 June 2008 to 30 June 2011)	200 000	1,50	300 000
Exercised in prior periods	(200 000)		
Outstanding at 31 March 2015	-		
Outstanding at 31 March 2016	-		
Share options granted on 31 March 2008	5 740 000	2,50	14 350 000
Exercised and expired during prior period	(316 530)		
Exercised in 2014	(1 666 803)		
Exercised in 2015	(3 756 667)		
Outstanding at 31 March 2015	-		
Outstanding at 31 March 2016	-		
Share options granted on 15 October 2010	10 000 000	3,50	35 000 000
Exercised in 2014	(304 333)		
Exercised in 2015	(1 950 666)		
Outstanding at 31 March 2015	7 745 001		
Exercised in 2016	(298 639)		
Outstanding at 31 March 2016	7 446 362		
Share options granted on 29 June 2012	3 500 000	1,90	6 650 000
Exercised in 2014	-		
Exercised in 2015	(750 000)		
Outstanding at 31 March 2015	2 750 000		
Exercised in 2016	(13 313)		
Outstanding at 31 March 2016	2 736 687		
Share options granted on 31 August 2012	1 500 000	1,90	2 850 000
Exercised in 2014	-		
Exercised in 2015	(250 000)		
Outstanding at 31 March 2015	1 250 000		
Outstanding at 31 March 2016	1 250 000		
Share options granted on 10 December 2014	1 565 000	6,80	10 642 00
Exercised in 2014	-		
Exercised in 2015	-		
Outstanding at 31 March 2015	1 565 000		
Outstanding at 31 March 2016	1 565 000		
Share options granted on 31 March 2016	1 630 000	4,40	7 172 000
Exercised in 2016	-		
Outstanding at 31 March 2016	1 630 000		
Total outstanding at 31 March 2015	13 310 001		
Total outstanding at 31 March 2016	14 628 049		
Total exercisable at 31 March 2015	4 411 668		
Total exercisable at 31 March 2016	8 099 716		

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18. SHARE-BASED PAYMENTS (CONTINUED)

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 all the options were exercised by the expiry date of 31 March 2015. The options vested over a three-year period on the anniversary of the grant.

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 (SepFluor) shares were sold to Cross Company Management Proprietary Limited for R0,58875 per share, to be held for the benefit of the holders of certain vested options over SepHold shares. SepHold has acquired the shares at R0,58875 from Cross Company Management Proprietary Limited after year-end.

Information on options granted on 15 October 2010

On 15 October 2010, 10 000 000 American-style share options were granted with an exercise price of R3,50, of which 7 446 362 (2015: 7 745 001) were 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 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 R675 277 related to equity-settled share-based payment transactions was recognised in 2016 (2015: R2 000 487), of which R158 352 (2015: R469 114) relates to directors and key management personnel.

Expected volatility is based on share price history. 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 on the grant date of 15 October 2010, so as to ensure that participants are placed in no worse position with the SepFluor 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 share at a strike price of R0,82 at the date of exercise.

Information on options granted on 29 June 2012

On 29 June 2012, 3 500 000 American-style share options with an exercise price of R1,90 were granted, of which 2 736 687 (2015: 2 750 000) were 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 R841 412 related to equity-settled share-based payment transactions was recognised in 2016 (2015: R1 112 241), of which R432 726 (2015: R572 010) 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, 1 500 000 American-style share options with an exercise price of R1,90 were granted, of which 1 250 000 were 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 R592 619 related to equity-settled share-based payment transactions was recognised in 2016 (2015: R788 296), of which R296 310 (2015: R394 148) 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 10 December 2014

On 10 December 2014, 1 565 000 American-style share options with an exercise price of R6,80 were granted, all of which were 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 10 December 2021. 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: R6,80
- Expected volatility: 36,4%
- Contractual life: 7 years
- Expected dividends: Nil
- The risk-free interest rate: 7,90%

Total staff cost of R1 519 154 related to equity-settled share-based payment transactions was recognised in 2016 (2015: R379 789) of which R873 635 (2015: R218 409) relates to directors and key management personnel.

Expected volatility is based on share price history and 36,4% was considered to be reasonable for future volatility.

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for the year ended 31 March 2016 **continued**

18. SHARE-BASED PAYMENTS (CONTINUED)

Information on options granted on 31 March 2016

On 31 March 2016, 1 630 000 American-style share options with an exercise price of R4,40 were granted, all of which were 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 March 2023. No option premium was paid on the date of the grant.

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

- Exercise price: R4,40
- Expected volatility: 42%
- Contractual life: 7 years
- Expected dividends: Nil
- The risk-free interest rate: 8,78%

No staff cost related to equity-settled share-based payment transactions was recognised in the current or prior period.

Expected volatility is based on share price history and 42% was considered to be reasonable for future volatility.

At the start of the 2015 financial year, 5 000 000 share options were available for distribution under the share option scheme. 1 565 000 share options were granted on 10 December 2014 and 1 630 000 share options were granted on 31 March 2016, resulting in a balance of 1 805 000 share options still being available at 31 March 2016.

Refer to the directors' report for directors' interest in share options.

19. OTHER FINANCIAL LIABILITIES

	GROUP		COMPANY	
	2016 R	2015 R	2016 R	2015 R
Held at amortised cost				
Standard Bank – Facility B This loan bears interest at the variable JIBAR rate, currently 7,23% plus a margin of 3,75%, therefore 10,98% (2015: 9,86%). Capital and interest are repayable quarterly in arrears. This loan facility amounts to R150 million with a maximum final draw-down on 1 December 2014 of R125 million. Capital payments based on estimated free cash flow have been estimated as follows: – R6 million on 30 June 2016 – R6 million on 30 September 2016 – R6 million on 31 December 2016 – R208 333 on 31 March 2017 The balance will be paid in periods thereafter and has been included in the non-current portion of the other financial liabilities disclosed.	110 916 668	135 666 668	-	-
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 the variable JIBAR rate plus a margin of 4,25%, therefore currently 11,48% (2015: 10,36%) and is repayable in February 2018, with interest payments made quarterly in arrears.	77 000 000	77 000 000	-	-
Capitalised transaction costs Transaction costs of the above loans are capitalised and released to operating expenses over the term of the loan.	(1 620 589)	(2 466 113)	-	-
	249 517 832	273 422 308	-	-

The Standard Bank loans (Facilities 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 (2015: R260 000 000).

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for the year ended 31 March 2016 **continued**

19. OTHER FINANCIAL LIABILITIES (CONTINUED)

	GROUP		COMPANY	
	2016 R	2015 R	2016 R	2015 R
Non-current liabilities				
At amortised cost	231 309 499	248 672 308	-	-
Current liabilities				
At amortised cost	18 208 333	24 750 000	-	-
	249 517 832	273 422 308	-	-

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

There were no government grants received during the year. In 2015, R1 436 797 worth of government grants relating to assets were received. 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 2016 amounts to R513 138 (2015: R428 813).

	GROUP		COMPANY	
	2016 R	2015 R	2016 R	2015 R
Movement for the period:				
Opening balance	2 893 090	1 885 115	-	-
Received during the year	-	1 436 787	-	-
Amortisation	(513 139)	(428 813)	-	-
Closing balance	2 379 951	2 893 090	-	-
Non-current liabilities	1 866 813	2 379 952	-	-
Current liabilities	513 138	513 138	-	-
	2 379 951	2 893 090	-	-

21. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2016 R	2015 R	2016 R	2015 R
Trade payables	66 211 213	66 071 338	155 537	128 814
Value-added tax	1 574 682	2 158 447	-	-
Credit cards	28 347	-	28 347	-
Accrued expenses	1 109 842	2 260 003	59 482	677 312
Accrued bonus	7 139 841	7 175 601	-	-
Accrual for salary-related expenses	869 175	599 144	869 175	599 144
Accrued audit fees	362 000	345 000	362 000	345 000
Sundry suppliers	3 157 734	3 259 944	-	372 306
	80 452 834	81 869 477	1 474 541	2 122 576

Fair value of trade and other payables

The fair value 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
2016			
Other financial liabilities	249 517 832	-	249 517 832
Trade and other payables	71 738 311	8 714 523	80 452 834
	321 256 143	8 714 523	329 970 666
2015			
Other financial liabilities	273 422 308	-	273 422 308
Trade and other payables	72 535 429	9 334 048	81 869 477
	345 957 737	9 334 048	355 291 785

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for the year ended 31 March 2016 **continued**

22. FINANCIAL LIABILITIES BY CATEGORY (CONTINUED)

	COMPANY	
	Financial liabilities at amortised cost R	Total R
2016		
Trade and other payables	1 474 541	1 474 541
2015		
Trade and other payables	2 122 576	2 122 576

	GROUP		COMPANY	
	2016 R	2015 R	2016 R	2015 R
23. REVENUE				
Sale of goods	874 253 138	775 425 242	-	-
24. COST OF SALES				
Cost of goods/Inventory sold	523 460 452	434 430 692	-	-

25. OPERATING PROFIT/(LOSS)

Operating profit/(loss) for the period is stated after accounting for the following:

	GROUP		COMPANY	
	2016 R	2015 R	2016 R	2015 R
Operating lease charges				
Lease rentals on operating lease	(11 356 638)	(9 038 532)	-	-
Profit/(loss) on sale of property, plant and equipment	424 602	(5 425)	-	-
Profit on disposal of other financial assets	6 250	-	6 250	-
Straight-lined operating rent received from related party on investment property	-	-	955 319	955 319
Straight-lined operating rent paid to related party	-	(341 348)	-	(341 348)
Loss on contingent consideration*	-	(28 501 340)	-	(28 501 340)
Amortisation on intangible assets	(3 441 061)	(3 441 061)	-	-
Depreciation on property, plant and equipment	(30 620 853)	(30 207 107)	(57 620)	(12 982)
Employee costs	(81 466 823)	(51 793 499)	(29 320 201)	(6 587 377)
Management fees paid to Cross Company Management relating to employee costs	-	(24 931 354)	-	(12 190 994)
Management fee received from Métier Mixed Concrete, by Sephaku Holdings, relating to employee costs	-	-	15 520 290	672 570
Auditor's remuneration	(844 835)	(809 650)	(393 000)	(400 900)

* Loss on contingent consideration recognised during 2015

On 28 February 2013, the group acquired 100% of the shares in Métier from KJ Capes, the JTR Trust, RS Thompson and WM Witherspoon (collectively, the sellers).

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

On 1 December 2014, SepHold settled the remaining consideration owing and accordingly made the following payments:

- i) a cash payment of R117 million (being R125 million less R8 million relating to an uncollected debtor) to the sellers in settlement of the final cash payments; and
- ii) 4 429 196 additional consideration shares have been allotted to the sellers at the 60-day VWAP of 643,488 cents (note 17) (calculated as the difference between the minimum required payment of R100 million, and the 11 111 111 consideration shares multiplied by the 60-day VWAP of 643,488 cents).

The resulting loss on the contingent consideration of R28 501 340 was recognised in the statement of comprehensive income for 2015.

Notes to the annual financial statements

for the year ended 31 March 2016 continued

26. INVESTMENT INCOME

	GROUP		COMPANY	
	2016 R	2015 R	2016 R	2015 R
Interest revenue				
Bank	5 795 767	1 512 395	562 461	41 924
Interest on customer accounts	2 331 233	655 601	-	-
	8 127 000	2 167 996	562 461	41 924

27. FINANCE COSTS

Bank	565	270	565	270
Other financial liabilities	27 424 758	19 632 472	-	730
Imputed interest charge on deferred vendor loan	-	4 842 760	-	4 842 760
Capitalised transaction costs	845 525	845 525	-	-
	28 270 848	25 321 027	565	4 843 760

28. TAXATION

Major components of the taxation expense				
Current				
Local income taxation – current period	20 638 684	23 675 796	-	-
Deferred				
Originating and reversing temporary differences	1 200 534	1 222 390	-	-
	21 839 218	24 898 186	-	-
Reconciliation of the taxation expense				
Reconciliation between accounting profit and taxation expense.				
Profit/(loss) before taxation	82 259 693	72 059 557	(13 490 438)	(50 948 042)
Taxation at the applicable taxation rate of 28%	23 032 714	20 176 676	(3 777 323)	(14 265 452)
Taxation effect of adjustments on taxable income				
Taxable temporary difference not recognised as deferred tax liability	(61 569)	(57 758)	(61 569)	(57 758)
Deferred taxation not raised on assessed taxation loss	2 789 322	3 788 234	2 789 322	3 788 234
Profit from equity-accounted investments	(5 083 138)	(10 058 862)	-	-
Fines	1 913	14 096	-	-
Donations	50 938	1 774	33 601	-
Government grant	(143 678)	(120 068)	-	-
Loss on contingent consideration	-	7 980 375	-	7 980 375
Share options	1 015 969	1 198 628	1 015 969	1 198 628
Capitalised finance and transaction costs	236 747	619 118	-	-
Imputed interest charge on deferred vendor loan	-	1 355 973	-	1 355 973
	21 839 218	24 898 186	-	-

28. TAXATION (CONTINUED)

No provision has been made by the company for 2016 or 2015 taxation as the company has no taxable income. The estimated taxation loss available for set-off against future taxable income for the company and group is R88 599 257 (2015: R78 431 113).

	GROUP		COMPANY	
	2016 R	2015 R	2016 R	2015 R
29. CASH GENERATED FROM/(UTILISED IN) OPERATIONS				
Profit/(loss) for the year/period	82 259 693	72 059 557	(13 490 438)	(50 948 042)
Adjustments for:				
Depreciation and amortisation	34 061 914	33 648 168	57 620	12 982
(Profit)/loss on sale of non-current assets	(424 602)	5 425	-	-
Loss on contingent consideration	-	28 501 340	-	28 501 340
Profit from equity-accounted investments	(18 154 066)	(35 924 506)	-	-
Interest received – investment	(8 127 000)	(2 167 996)	(562 461)	(41 924)
Finance costs	28 270 848	25 321 027	565	4 843 760
Movements in operating lease assets and accruals	950 334	(170 292)	(223 511)	(262 139)
Deferred income	(513 137)	(428 813)	-	-
Share options recorded against salary expense	3 628 462	4 280 814	3 628 462	4 280 814
Changes in working capital:				
Inventories	(3 279 668)	(992 085)	-	-
Trade and other receivables	(218 985)	(34 815 844)	428 220	(74 701)
Trade and other payables	(1 416 638)	24 875 266	(648 034)	455 441
	117 037 155	114 192 061	(10 809 577)	(13 232 469)
30. TAX PAID				
Balance at beginning of the year	933 668	(1 192 809)	-	-
Current taxation for the period recognised in profit or loss	(20 638 684)	(23 675 796)	-	-
Balance at end of the period	1 283 129	(933 668)	-	-
	(18 421 887)	(25 802 273)	-	-

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31. COMMITMENTS

Operating leases – as lessee (expense)

	GROUP		COMPANY	
	2016 R	2015 R	2016 R	2015 R
Minimum lease payments due by Métier Mixed Concrete Proprietary Limited				
- within one year	9 237 203	9 909 793	-	-
- in second to fifth year inclusive	47 959 028	42 020 629	-	-
- later than five years	17 107 715	30 063 054	-	-
	74 303 946	81 993 476	-	-
Operating lease payments represent rentals payable by Métier 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.				
Minimum lease payments due by Sephaku Holdings Limited to Dangote Cement South Africa Proprietary Limited				
- within one year	204 768	591 036	204 768	591 036
- in second to fifth year inclusive	-	204 768	-	204 768
- later than five years	-	-	-	-
	204 768	795 804	204 768	795 804
Operating lease payments represent rentals payable by Sephaku Holdings Limited for its offices. Leases are negotiated for an average term of two years per lease. The average escalation rate per lease is 10% per annum. No contingent rent is payable.				
Operating leases – as lessor (income)				
Minimum lease payments due				
- within one year	-	-	(790 353)	(731 808)
- in second to fifth year inclusive	-	-	(5 007 618)	(4 636 684)
- later than five years	-	-	(2 046 203)	(3 207 491)
	-	-	(7 844 174)	(8 575 983)

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 eleven 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.

32. 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 J Pitt
Other prescribed officers (also executive directors of Métier Mixed Concrete Proprietary Limited)	RS Thompson WM Witherspoon (Both other prescribed officers resigned 15 March 2016)
Key management personnel of the group	Refer to directors as listed above. Also includes two* prescribed officers.
Companies with common directors	Plazatique Corp 27 CC Meadowland Estates Proprietary Limited WKR Properties Proprietary Limited (Formerly Métier Aggregates Proprietary Limited) Metransport Proprietary Limited Met X Concrete Products Proprietary Limited (previously Métier Concrete Products Proprietary Limited) Cross Company Management Proprietary Limited African Nickel Limited

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32. RELATED PARTIES (CONTINUED)

	GROUP		COMPANY	
	2016 R	2015 R	2016 R	2015 R
Related party balances				
Loan accounts – Owning by/(to) related parties				
African Nickel Limited	2 000 000	2 000 000	2 000 000	2 000 000
Métier Mixed Concrete Proprietary Limited	-	-	(139 797 374)	(125 000 000)
Cross Company Management Proprietary Limited	10 694 456	10 504 391	10 694 456	10 504 391
Sephaku Cement Investment Holdings Limited	-	-	4 149	4 149
Amounts included in trade receivables/(trade payables) regarding related parties				
Cross Company Management Proprietary Limited	-	(5 394)	-	(5 394)
Meadowland Estates Proprietary Limited	-	565 377	-	-
Dangote Cement South Africa Proprietary Limited	-	1 380 099	-	-
Mettransport Proprietary Limited	(1 757 890)	(12 449 270)	-	-
Dangote Cement South Africa Proprietary Limited	(9 920 460)	(109 279 370)	-	-
Provision for rent (payable to) related party				
Dangote Cement South Africa Proprietary Limited	-	(372 306)	-	(372 306)
Related party transactions				
Sales to related parties				
Met X Concrete Products Proprietary Limited	626 467	-	-	-
Meadowland Estates Proprietary Limited	-	565 377	-	-
Mettransport Proprietary Limited	5 534 192	5 019 465	-	-
Dangote Cement South Africa Proprietary Limited	6 546	1 210 613	-	-
Purchases from related parties				
Met X Concrete Products Proprietary Limited	1 875	-	-	-
Dangote Cement South Africa Proprietary Limited	113 696 966	95 859 095	-	-
Mettransport Proprietary Limited	24 599 594	17 545 031	-	-
Rent paid to/(received from) related parties				
Plazatique Corp 27 CC	893 182	819 433	-	-
WKR Properties Proprietary Limited	6 818 550	5 542 976	-	-
Métier Mixed Concrete Proprietary Limited	-	-	(955 319)	(955 319)
Dangote Cement South Africa Proprietary Limited	558 459	341 348	558 459	341 348
Fees paid to/(received from) related parties for management services, overheads and salaries				
Métier Mixed Concrete Proprietary Limited	-	-	(19 090 290)	(4 672 570)
Cross Company Management Proprietary Limited	167 443	25 230 969	167 443	12 490 609
Utilities paid to related parties				
Plazatique Corp 27 CC	506 946	412 690	-	-
WKR Properties Proprietary Limited	2 461 929	1 415 370	-	-
Other general expenses paid to/(received from) related parties				
Métier Mixed Concrete Proprietary Limited	-	-	(3 000)	-
Mettransport Proprietary Limited	199 391	-	-	-

33. DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS

Executive	Remuneration R	Performance bonuses R	Travel allowances R	Allowances IFRS 2 Staff cost relating to share-based payments vesting expense (non-cash) R	Total R
Dr L Mohuba	3 020 000	250 000	-	616 867	3 886 867
NR Crafford-Lazarus	2 875 040	250 000	144 960	888 909	4 158 909
RR Matjiu*	-	-	-	206 965	206 965
KJ Capes	2 728 550	2 391 867	-	-	5 120 417
	8 623 590	2 891 867	144 960	1 712 741	13 373 158

	Remuneration R	Transaction bonuses R	Performance bonuses R	Travel allowances R	Allowances IFRS 2 Staff cost relating to share-based payments vesting expense (non-cash) R	Total R
Dr L Mohuba	2 547 028	-	234 360	-	478 443	3 259 831
NR Crafford-Lazarus	2 711 111	1 500 000	234 360	144 000	866 524	5 455 995
RR Matjiu*	82 039	-	-	10 005	165 679	257 723
KJ Capes	2 480 500	-	1 932 221	-	-	4 412 721
	7 820 678	1 500 000	2 400 941	154 005	1 510 646	13 386 270

* Remuneration is paid by SepFluor who is no longer an associate.

Non-executive	Fees for services as director R	Remuneration R	Performance bonus R	Medical aid R	Allowances R	Allowances IFRS 2 Staff cost relating to share-based payments vesting expense (non-cash) R	Total R
B Williams	350 000	-	-	-	-	-	350 000
MG Mahlare	262 500	-	-	-	-	-	262 500
PM Makwana	262 500	-	-	-	-	-	262 500
MM Ngoasheng	262 500	-	-	-	-	-	262 500
PF Fourie	-	2 734 307	606 267	150 031	189 578	48 282	3 728 465
	1 137 500	2 734 307	606 267	150 031	189 578	48 282	4 865 965

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for the year ended 31 March 2016 **continued**

33. DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS (CONTINUED)

	Fees for services as director R	Remune- ration R	Transaction bonus R	Pension Fund R	Allowances R	Allowances IFRS 2 Staff cost relating to share-based payments vesting expense (non-cash) R	Total R
Non-executive							
2015							
B Williams	320 000	-	-	-	-	-	320 000
MG Mahlare	240 000	-	-	-	-	-	240 000
PM Makwana	240 000	-	-	-	-	-	240 000
MM Ngoasheng	240 000	-	-	-	-	-	240 000
PF Fourie	-	2 436 839	1 500 000	213 516	270 793	143 035	4 564 183
	1 040 000	2 436 839	1 500 000	213 516	270 793	143 035	5 604 183

Refer to shareholders' information in the directors' report for directors' interest in share options.

PF Fourie is a non-executive director of SepHold and an executive director of CEMENT. All remuneration paid to him by the associate company, CEMENT, 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.

Other prescribed officers	Remuneration R	Performance bonuses R	Travel allowances R	Total R
2016				
RS Thompson*	2 728 550	2 391 867	-	5 120 417
WM Witherspoon*	2 541 216	2 391 867	187 334	5 120 417
	5 269 766	4 783 734	187 334	10 240 834
2015				
RS Thompson	2 480 500	1 932 221	-	4 412 721
WM Witherspoon	2 293 165	1 932 221	187 334	4 412 720
	4 773 665	3 864 442	187 334	8 825 441

* Both other prescribed officers resigned on 15 March 2016.

34. 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 shareholders 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 analyse 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.

	GROUP		
	Less than 1 year R	Between 1 and 2 years R	Between 2 and 5 years R
2016			
Other financial liabilities	18 208 333	92 708 335	140 221 753
Trade and other payables	71 738 311	-	-
2015			
Other financial liabilities	37 834 720	31 275 178	267 954 120
Trade and other payables	72 535 429	-	-
	COMPANY		
	Less than 1 year R	Between 1 and 2 years R	Between 2 and 5 years R
2016			
Loans from group companies	127 256 696	4 513 387	8 027 291
Trade and other payables	1 474 541	-	-
2015			
Loans from group companies	125 000 000	-	-
Trade and other payables	2 122 576	-	-

Notes to the annual financial statements

for the year ended 31 March 2016 **continued**

34. RISK MANAGEMENT (CONTINUED)

Interest rate risk

The company and the group are exposed to interest rate risk through their variable rate cash balances, as well as 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 2016, 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 R112 488 (2015: R302 479) 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 2016, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, pre-tax profit of the group would have been R2 827 028 (2015: R2 047 800) lower/higher, as a result of higher/lower interest expense on floating rate borrowings. The resulting taxation effect would have been R791 568 (2015: R573 384).

Any changes in the fair value of the Liberty Investments would be considered to be insignificant.

Cash flow interest rate risk

Financial instruments	Current interest rate	Due in less than a year	Due in 1 to 2 years	Due in 2 to 5 years	Due in 3 to 4 years
	%	R	R	R	R
Cash in current banking institutions	5,00	64 277 891	-	-	-
Fixed rate financial liabilities	10,32	-	-	63 221 752	-
Floating rate financial liabilities – Facility B	10,98	18 208 333	92 708 335	-	-
Floating rate financial liabilities – Facility D	11,48	-	-	77 000 000	-

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:

Financial instruments	GROUP		COMPANY	
	2016 R	2015 R	2016 R	2015 R
Loans to group companies	-	-	4 149	4 149
Other financial assets	12 987 551	12 504 391	12 987 551	12 504 391
Trade and other receivables	107 639 778	109 175 444	50 000	-
Cash and cash equivalents	91 231 432	70 914 266	6 282 682	15 238 092

35. GOING CONCERN

The 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.

36. 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.

37. NET ASSET VALUE PER SHARE AND EARNINGS PER SHARE

	GROUP	
	2016 R	2015 R
Net asset value and tangible net asset value per share		
Total assets	1 262 961 020	1 219 489 216
Total liabilities	(352 369 257)	(374 769 517)
Net asset value attributable to equity holders of parent	910 591 763	844 719 699
Goodwill	(223 421 981)	(223 421 981)
Intangible assets	(7 455 631)	(10 896 692)
Deferred tax raised on intangible assets	2 087 577	3 051 074
Tangible net asset value	681 801 728	613 452 100
Shares in issue	201 908 654	201 224 508
Net asset value per share (cents)	450,99	419,79
Tangible net asset value per share (cents)	337,68	304,86
Earnings, diluted earnings and headline earnings per share		
Reconciliation of basic earnings to diluted earnings and headline earnings:		
Basic profit and diluted profit from total operations attributable to equity holders of parent	60 420 475	47 161 371
(Profit)/loss on sale of non-current assets	(430 852)	5 425
Total taxation effect of adjustments	120 639	(1 519)
Headline earnings and diluted headline earnings attributable to equity holders of parent	60 110 262	47 165 277
Basic weighted average number of shares	201 426 940	193 050 707
Dilutive effect of share options	7 139 452	6 849 198
Diluted weighted average number of shares	208 566 392	199 899 905
Basic earnings per share (cents)	30,00	24,43
Diluted earnings per share (cents)	28,97	23,59
Headline earnings per share (cents)	29,84	24,43
Diluted headline earnings per share (cents)	28,82	23,59

Notes to the annual financial statements

for the year ended 31 March 2016 **continued**

38. SEGMENT INFORMATION

	Ready-mixed concrete R	Head office R	Group totals R
2016			
Segment revenue – external revenue	874 253 138	-	874 253 138
Segment cost of sales	(523 460 452)	-	(523 460 452)
Segment expenses	(264 553 643)	(17 583 505)	(282 137 148)
Profit from equity-accounted investment	-	18 154 066	18 154 066
Profit on sale of property, plant and equipment	424 602	-	424 602
Segment profit after taxation	58 234 411	2 186 064	60 420 475
Taxation	(22 802 715)	963 497	(21 839 218)
Interest received	7 564 539	562 461	8 127 000
Interest paid	(28 270 283)	(565)	(28 270 848)
Depreciation and amortisation	(30 563 233)	(3 498 681)	(34 061 914)
Segment assets	462 731 242	800 229 778	1 262 961 020
Investment in associate included in the above total segment assets	-	670 467 278	670 467 278
Capital expenditure included in segment assets	23 559 244	13 030 499	36 589 743
Segment liabilities	(349 410 897)	(2 958 360)	(352 369 257)
2015			
Segment revenue – external revenue	775 425 242	-	775 425 242
Segment cost of sales	(434 430 692)	-	(434 430 692)
Segment expenses	(242 117 993)	(49 587 652)	(291 705 645)
Profit from equity-accounted investment	-	35 924 506	35 924 506
Loss on sale of property, plant and equipment	(5 425)	-	(5 425)
Loss on contingent consideration	-	(28 501 340)	(28 501 340)
Segment profit/(loss) after taxation	64 662 471	(17 501 100)	47 161 371
Taxation	(25 861 683)	963 497	(24 898 186)
Interest received	2 126 072	41 924	2 167 996
Interest paid	(20 478 723)	(4 842 304)	(25 321 027)
Depreciation and amortisation	(30 194 125)	(3 454 043)	(33 648 168)
Segment assets	425 062 048	794 427 168	1 219 489 216
Investment in associate included in above total segment assets	-	652 313 212	652 313 212
Capital expenditure included in segment assets	29 725 480	712 463	30 437 943
Segment liabilities	(369 976 119)	(4 793 398)	(374 769 517)

The only commodity actively managed by Métier is ready-mixed 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.

CEMENT is an associate of SepHold. No segment report has been presented for cement (the commodity) as the amounts attributable to cement (the commodity) have been included in the head office segment.

Shareholders' analysis

SEPHAKU HOLDINGS LIMITED

Ordinary shares as at 31 March 2016

Number of ordinary shares issued during the financial year: 684 146

Total holders: 2 321

ISSUED CAPITAL

Type of shares	Number of shareholders	% of shareholders	Number of shares
Certificated shares	149	6,42	27 659 342
Dematerialised shares	2 172	93,58	174 249 312
Total issued capital	2 321	100,00	201 908 654

Shareholders holding greater than 5% of the issued share capital at year-end

	Number of shares	%
Safika Resources Proprietary Limited Nominees	15 580 823	7,72%

RANGE OF SHAREHOLDINGS

Share range	Number of shareholders	% of shareholders	Number of shares
1 - 1 000	715	30,81	304 793
1 001 - 10 000	999	43,04	4 140 202
10 001 - 50 000	346	14,91	8 659 008
50 001 - 100 000	92	3,96	6 588 465
100 001 - 500 000	106	4,57	27 543 900
500 001 - 1 000 000	21	0,90	13 867 008
1 000 001 shares and over	42	1,81	140 805 278
Total	2 321	100,00	201 908 654

BREAKDOWN BY DOMICILE

Domicile	Number of shareholders	% of shareholders	Number of shares
Resident shareholders	2 283	98,36	187 921 908
Non-resident shareholders	38	1,64	13 986 746
Total	2 321	100,00	201 908 654

Public and non-public shareholders	Shares held	%	Number of shareholders
Public	166 150 470	79,97	2 311
Non-public	35 758 184	20,03	10
- Directors' direct holdings	10 017 124	7,28	5
- Directors' indirect holdings	14 697 326	7,28	2
- Directors' associates	340 000	0,17	1
- Directors of a subsidiary's direct holdings	10 703 734	5,30	2
	201 908 654	100,00	2 321

Corporate information

DIRECTORS

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

COMPANY SECRETARY

Acorim Proprietary Limited
Email: sephaku@acorim.co.za
Telephone: +27 11 325 6363

REGISTERED OFFICE

Southdowns Office Park
First Floor, Block A
Cnr Karee and John Vorster Streets
Irene, X54
0062
PO Box 7651
Centurion
0046
Website: www.sephakuholdings.com

TRANSFER SECRETARIES

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

JSE SPONSOR

Questco Proprietary Limited
Telephone: +27 11 011 9200

AUDITORS

Grant Thornton Johannesburg Partnership
Chartered Accountants (SA)
Registered auditors

BANKERS

Nedbank

MÉTIER MIXED CONCRETE (WHOLLY OWNED SUBSIDIARY)

Physical address: Romead Business Park, 23 Malone Road,
Maxmead, Durban 3610
Postal address: Postnet Suite #546, Private Bag x4, Kloof, 3640
Telephone: +27 31 716 3600/086 163 8437
Website: www.metiersa.co.za

DANGOTE CEMENT SOUTH AFRICA PROPRIETARY LIMITED (CEMENT) (ASSOCIATE)

(Previously Sephaku Cement Proprietary Limited)
Physical address: Southdowns Office Park, Block A, Ground Floor
Cnr Karee and John Vorster Streets, Irene, X54, 0062
Postal address: PO Box 68149, Highveld, 0169
Telephone: +27 12 684 6300
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