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# BUILDING BLOCKS FOR GROWTH

NOTICE OF ANNUAL  
GENERAL MEETING



SEPHAKU  
HOLDINGS LTD



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# NOTICE OF ANNUAL GENERAL MEETING

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# LETTER TO SHAREHOLDERS

We invite you to attend Sephaku Holdings' annual general meeting, which will be held at The Oval conference room, Centurion Lake Hotel, 1001 Lenchen Avenue North, Centurion on Thursday, 6 September 2018 at 11:00. For the summary of shareholders' rights in respect of proxy appointments as contained in section 58 of the Companies Act, 71 of 2008 (Companies Act), refer to note 15 on the proxy form.

We encourage you to attend and vote at the AGM as this is your opportunity to meet and question members of the board regarding the group's performance for the year ended 31 March 2018.

The integrated report will not be mailed to all shareholders, as part of our strategy to contain costs. However, all the information that you may require for the purposes of voting at the AGM is included in this booklet, including the detailed notice of the AGM, the summarised consolidated financial statements and other supporting documentation.

If you are not able to attend the AGM, you may vote by proxy according to the instructions in the AGM notice and form of proxy.

The integrated annual review and annual financial statements that collectively constitute the integrated report are available on [www.sephakuholdings.com/investor-centre/results-and-reports](http://www.sephakuholdings.com/investor-centre/results-and-reports). If you would prefer a printed copy, please contact Acorim Proprietary Limited, group company secretary, at [sephaku@acorim.co.za](mailto:sephaku@acorim.co.za) or +27 11 325 6363. Printed copies of the integrated annual review and annual financial statements will also be available at the AGM.

Yours sincerely

The logo for Acorim, featuring the word "Acorim" in a stylized, cursive script font.

**Acorim Proprietary Limited**  
*Group company secretary*

30 July 2018

# NOTICE OF ANNUAL GENERAL MEETING



**Sephaku Holdings Limited**  
Incorporated in the Republic of South Africa  
Registration number: 2005/003306/06  
JSE share code: SEP  
ISIN: ZAE000138459

## NOTICE OF ANNUAL GENERAL MEETING

In terms of section 59(1) of the Companies Act, notice is hereby given of the annual general meeting (“AGM”) of the shareholders of Sephaku Holdings Limited (“Sephaku” or the “Company”) to be held at The Oval conference room, Centurion Lake Hotel, 1001 Lenchen Avenue North, Centurion on Thursday, 6 September 2018 at 11:00 (“AGM”) to consider and, if deemed fit, approve the resolutions referred to below, with or without modification. This notice is available in English only.

## RECORD DATES

In terms of section 59(1) of the Companies Act, the following dates apply to the AGM:

	2018
Record date for determining those shareholders entitled to receive the notice of AGM	Friday, 20 July
Last day to trade in order to be eligible to participate and vote at the AGM	Tuesday, 28 August
Record date (for voting purposes)	Friday, 31 August

## ACTION BY SHAREHOLDERS

Shareholders entitled to attend and vote at the AGM may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a shareholder or member of the board of directors (“the Board”). Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder’s proxy) at the AGM.

Proxy forms must be completed by certificated shareholders or “own name” registered dematerialised shareholders who wish to be represented at the AGM. Dematerialised shareholders (not with “own-name” registration) must notify their Central Securities Depository Participant (“CSDP”) or broker of their intention to attend the AGM in order for such CSDP or broker to be able to issue them with the necessary letter of representation to enable them to attend the AGM, or, alternatively, should the dematerialised shareholder not wish to attend the AGM, they should provide their CSDP or broker with their voting instructions.

Forms of proxy should reach the Company’s transfer secretaries, Computershare Investor Services Proprietary Limited, at Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196, South Africa or be posted to PO Box 61051, Marshalltown, 2107, South Africa, by no later than 11:00 on Tuesday, 4 September 2018 (or 48 hours before any adjournments of the AGM, which date, if necessary, will be notified on SENS). Thereafter, forms of proxy may be handed to the Chairperson of the AGM, at the AGM, before voting on a particular resolution commences.

AGM participants must provide identification to the reasonable satisfaction of the Chairperson of the AGM. An official identification document issued by the South African Department of Home Affairs, a driver's license or a valid passport will be accepted as sufficient identification.

Shareholders who have any doubt as to the action they are required to take in respect of the following resolutions should consult their CSDP, broker, banker, attorney, accountant or other professional adviser immediately.

### **Electronic participation**

In terms of section 61(10) of the Companies Act, every shareholders' meeting of a public company must be reasonably accessible within South Africa for electronic participation by shareholders. Therefore, shareholders or their proxies may participate in a meeting by way of a teleconference call if they wish to do so. In this event:

- written notice to participate via electronic communication must be sent to Sephaku's Company Secretary, Acorim Proprietary Limited, 2nd Floor, North Block, Hyde Park Office Tower, Corner of 6th Road and Jan Smuts Avenue, Sandton, Johannesburg, to be received by no later than 11:00 on Tuesday, 4 September 2018;
- a pin number and dial-in details for the conference call will be provided;
- shareholders will be billed separately by their own telephone service providers for the teleconference call to participate in the AGM; and
- valid identification will be required:
  - a) if the shareholder is an individual, a certified copy of their identity document and/or passport;
  - b) if the shareholder is not an individual, a certified copy of a resolution by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution, specifying the name of the individual that is authorised to represent the relevant entity at the AGM by way of teleconference call; and
  - c) a valid email address and/or facsimile number.

### **Purpose**

The purpose of the AGM is to:

- a) Present and consider the annual financial statements of Sephaku for the financial year ended 31 March 2018, including the reports of the auditors, the directors and the Audit and Risk Committee;
- b) Consider and, if deemed fit, to pass, with or without modification, the ordinary and special resolutions ("resolutions") set out hereunder in accordance with the requirements of the Companies Act and the Listings Requirements of JSE Limited ("JSE Listings Requirements"); and
- c) Consider any and all matters of Sephaku as may lawfully be dealt with at the AGM.

# NOTICE OF ANNUAL GENERAL MEETING (continued)

## AGENDA

### Presentation of annual financial statements

The summarised consolidated financial statements of the Company (as approved by the board of directors) for the year ended 31 March 2018 have been distributed and accompany this notice of AGM (refer to Annexure 1) as required and will be presented to shareholders at the AGM together with the reports of the directors, the auditors and the Audit and Risk Committee. The Letter to shareholders accompanying this notice of AGM contains details of where copies of the integrated annual review and annual financial statements, that collectively constitute the integrated report, are available.

### Report from the social and ethics committee

In accordance with Regulation 43(5)(c) of the Companies Act, the chairperson of the Social and Ethics Committee or, in his absence, any member of the committee, will present the committee's report to shareholders at the AGM.

### Ordinary resolutions

To consider and, if deemed fit, to pass, with or without modification, all of the ordinary resolutions relating to the business set out below.

With the exception of ordinary resolution number 6, the minimum percentage of voting rights required for each of the ordinary resolutions set out below to be adopted is more than 50% (fifty percent) of the voting rights exercised on each of the resolutions by shareholders present or represented by proxy at the AGM.

In terms of the JSE Listings Requirements, ordinary resolution number 6 must be passed by a 75% (seventy-five percent) majority of the votes cast in favour of the resolution by shareholders present or represented by proxy at the AGM.

## 1. ORDINARY RESOLUTION NUMBER 1

### Re-appointment of independent external auditors

**Resolved that** Grant Thornton Johannesburg Partnership be reappointed, on the recommendation of the current Audit and Risk Committee, as independent registered auditors of Sephaku. The individual designated registered auditor who will undertake the audit during the financial year ending 31 March 2019 is R Huiskamp."

At the Sephaku Audit and Risk Committee meeting held on 18 June 2018, the Committee considered the independence of Grant Thornton Johannesburg Partnership and has satisfied itself of their independence.

*Rationale: In terms of the Companies Act, Sephaku as a public company must have its financial results audited and such an auditor must be appointed or reappointed each year at the AGM of Sephaku.*

## 2. ORDINARY RESOLUTION NUMBER 2

### Re-election and appointment of directors

**Resolved to** individually re-elect or appoint the following directors (ordinary resolutions 2.1 to 2.3). The Board recommends the re-election or appointment (as applicable) of these directors."

**2.1 Ordinary resolution 2.1:** **Resolved that** the re-election of Ms RR Matju, as a non-executive director, who retires by rotation at this AGM, but being eligible to do so, offers herself for re-election, is hereby confirmed."

**2.2 Ordinary resolution 2.2:** **Resolved that** the re-election of Mr PM Makwana, as an independent non-executive director, who retires by rotation at this AGM, but being eligible to do so, offers himself for re-election, is hereby confirmed.

**2.3 Ordinary resolution 2.3:** **Resolved that,** the appointment of Ms B Bulo as an independent non-executive director, effective from 26 March 2018, be and is hereby confirmed."

*Rationale: The MOI of Sephaku and, to the extent applicable, the Companies Act, require that one third of Sephaku's non-executive directors rotate at the AGM and can be eligible for re-election and that a director appointed during the year be ratified at the AGM.*

Abbreviated curricula vitae in respect of each director offering himself/herself for re-election or for appointment as a director, appears in Annexure 2 of this notice.

### 3. ORDINARY RESOLUTION NUMBER 3

#### **Appointment of the Chairperson and Members of the Audit and Risk Committee**

**“Resolved to** individually elect the following independent non-executive directors (ordinary resolutions 3.1 to 3.3) of Sephaku as the Chairperson and members of the Audit and Risk Committee until the conclusion of the next AGM of Sephaku. The Board recommends the appointment of these members.”

- 3.1 Ordinary resolution 3.1: “Resolved that,** the appointment of Ms MJ Janse van Rensburg as a member and Chairperson of the Audit and Risk Committee, be and is hereby confirmed.”
- 3.2 Ordinary resolution 3.2: “Resolved that,** subject to the passing of ordinary resolution 2.2, the appointment of Mr PM Makwana as a member of the Audit and Risk Committee, be and is hereby confirmed.”
- 3.3 Ordinary resolution 3.3: “Resolved that,** subject to the passing of ordinary resolution 2.3, the appointment of Ms B Bulo as a member of the Audit and Risk Committee, be and is hereby confirmed.”

*Rationale: In terms of the Companies Act, Sephaku as a public company must appoint an Audit Committee and the members of such Audit Committee must be appointed or reappointed, as the case may be, at each AGM of Sephaku.*

Abbreviated curricula vitae in respect of each member of the Audit and Risk Committee, appears in Annexure 2 of this notice.

### 4. ORDINARY RESOLUTION NUMBER 4

#### **Advisory endorsement of the remuneration policy and implementation report**

- 4.1 Ordinary resolution 4.1: “Resolved that** Sephaku’s remuneration policy, as set out in Annexure 3, be and is hereby endorsed as a non-binding advisory vote of shareholders of the Company in terms of the King Report on Corporate Governance.”
- 4.2 Ordinary resolution 4.2: “Resolved that** the remuneration implementation report, as set out in Annexure 3, be and is hereby endorsed as a non-binding advisory vote of shareholders of the Company in terms of the King Report on Corporate Governance.”

*Note: The King Report on Corporate Governance recommends that the Company’s remuneration policy and implementation report be tabled to shareholders for a non-binding advisory vote at each AGM. Failure to pass this resolution will not have legal consequences relating to existing arrangements. However, the Board will take the outcome of the vote into consideration when assessing Sephaku’s remuneration policy going forward, and will, in the event that either the remuneration policy or the implementation report, or both, have been voted against by 25% or more of the voting rights exercised by shareholders, provide dissenting shareholders with information as to how to engage with the Company in regard to this matter as well as to the timing of such engagement.*

### 5. ORDINARY RESOLUTION NUMBER 5

#### **Signature of documents**

**“Resolved that** each director of Sephaku, or the Company Secretary, be and is hereby individually authorised to sign all such documents and do all such things as may be necessary for, or incidental to, the implementation of those resolutions set out in the notice convening the AGM at which this ordinary resolution is to be considered and approved.”

# NOTICE OF ANNUAL GENERAL MEETING (continued)

## 6. ORDINARY RESOLUTION NUMBER 6

### General authority to issue shares for cash

**“Resolved that**, subject to the Companies Act and the JSE Listings Requirements, the Board be and is hereby given a general authority to allot and issue the unissued ordinary shares in the capital of Sephaku (or options to subscribe for, or securities that are convertible into such ordinary shares) as an issue for cash as and when suitable situations arise and, on such terms, and conditions as they deem fit, subject to the following:

- The authority shall be valid until the date of the next AGM of Sephaku, provided it shall not extend beyond 15 months from the date of this AGM.
- Issues in terms of this authority will not, in any financial year, in aggregate, exceed 15% of the number of ordinary shares in Sephaku’s issued share capital as at the date of this notice of AGM (being 30 951 423 shares) and in the event of a sub-division or consolidation of issued equity securities, this authority must be adjusted accordingly to represent the same allocation ratio.
- The shares, which are the subject of the issue for cash, must be of a class already in issue or, where this is not the case, must be limited to such equity securities or rights that are convertible into a class already in issue.
- The shares must be issued only to public shareholders (as defined in the JSE Listings Requirements) and not to related parties.
- The maximum discount at which such shares may be issued is 10% of the weighted average traded price of the Company’s shares over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the securities.
- Upon any issue of shares for cash which, on a cumulative basis within the validity period of this general authority, constitute 5% or more of the number of shares of the class in issue as at the date of this AGM, the Company shall by way of an announcement on Stock Exchange News Service (SENS), give full details thereof in compliance with the JSE Listings Requirements.”

This resolution and the restrictions contained herein do not apply to any pro rata rights offer to shareholders. In terms of the JSE Listings Requirements, this resolution requires more than 75% of the voting rights in favour thereof to be adopted.

*Rationale: Subject to the MOI of Sephaku, the requirements of the Companies Act and the JSE Listings Requirements, the Board requires authority from shareholders to issue ordinary shares for cash in Sephaku. Once granted, the general authority allows the Board, from time to time and when appropriate, to issue ordinary shares as may be required, inter alia, in terms of capital-raising exercises, and to maintain a healthy capital adequacy ratio.*

## SPECIAL RESOLUTIONS

To consider and, if deemed fit, to pass, with or without modification, all of the special resolutions relating to the business set out below. More than 75% of the voting rights exercised on each individual resolution must be exercised in favour of those resolutions.

## 7. SPECIAL RESOLUTION NUMBER 1

### General authority to repurchase securities

**“Resolved that**, an acquisition by Sephaku and/or any subsidiary of Sephaku is hereby authorised, by way of a general authority, from time to time, to repurchase any of the shares issued by Sephaku, upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the provisions of sections 46 and 48 of the Companies Act, the MOI of Sephaku and/or the subsidiary company and the JSE Listings Requirements, which may be amended from time to time, and provided that acquisitions by Sephaku of its own shares may not, in the aggregate, exceed in any one financial year 20% of its issued share capital of that class of shares acquired from the date of the grant of this general approval, and in respect of any subsidiary, such acquisition of Sephaku shares may not exceed 10%, provided that:

- The repurchase of securities will be affected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited);



- This general authority shall be valid only until the next AGM or for 15 months from the date of this resolution, whichever period is shorter;
- Repurchases may not be made at a price greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is affected;
- At any point in time, the Company may only appoint one agent to affect any repurchase on the Company's behalf;
- Neither the Company nor its subsidiaries may repurchase securities during a prohibited period, as defined in the JSE Listings Requirements, unless a repurchase programme is in place in terms of which the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of such programme have been submitted to the JSE in writing prior to the commencement of the prohibited period. The Company will instruct an independent third party, which makes its investment decisions in relation to the Company's securities independently of, and uninfluenced by, the Company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;
- The board of directors authorises the repurchase and that it has resolved that the Company has satisfied the solvency and liquidity test as defined in the Companies Act, and that from the time that the test is applied, there have been no material changes to the financial position of the group companies;
- An announcement will be published on SENS as soon as the Company or any of its subsidiary companies have acquired securities constituting, on a cumulative basis, 3% of the number of securities in issue and for each 3% in aggregate of the initial number acquired thereafter."

Although there is no immediate intention to effect a repurchase of the Company's securities, the directors would utilise the general authority to repurchase securities as and when suitable opportunities present themselves, which opportunities may require expeditious and immediate action. The directors undertake that, after considering the maximum effect of securities which may be repurchased and the price at which the repurchases may take place pursuant to the general authority, for a period until the next AGM or 15 months (whichever is shorter), after the date of notice of this AGM:

- The Company and the Group will be able to repay their debts in the ordinary course of business;
- The consolidated assets of Sephaku fairly valued in accordance with International Financial Reporting Standards (IFRS) and on a basis consistent with the last financial year of the Company, will exceed the consolidated liabilities of Sephaku;
- The working capital, stated capital and reserves of Sephaku will be adequate for the ordinary business purpose of Sephaku and its subsidiaries; and
- A resolution by the Board will be passed that it has authorised the repurchase, that the Company and its subsidiaries have passed the solvency and liquidity test and, since the test was performed, there have been no material changes to the financial position of the Group.

The following additional information is provided in terms of the JSE Listings Requirements for purposes of this general authority:

- Shareholders holding more than 5% of the issued stated capital – Annexure 4
- Stated capital of Sephaku – Annexure 5
- Directors' responsibility statement – Annexure 6
- Material changes statement – Annexure 6

*Rationale: The reason and effect of this special resolution number 1 is to grant the directors of Sephaku and/or any subsidiary of Sephaku a general authority in terms of its MOI and the JSE Listings Requirements for the acquisition by Sephaku and/or its subsidiary companies of shares issued by it on the basis reflected in the special resolution.*

# NOTICE OF ANNUAL GENERAL MEETING (continued)

## 8. SPECIAL RESOLUTION NUMBER 2

### Directors' remuneration

**"Resolved that,** to the extent applicable in terms of section 66(9) of the Companies Act, the payment by Sephaku of remuneration to its directors for their services as directors of Sephaku during the financial year ending 31 March 2019 be approved." (The scale of remuneration is set out in Annexure 2).

*Rationale: The Companies Act requires that fees paid to directors for their services as directors be authorised by shareholders by way of special resolution. The passing of this special resolution will have the effect of approving the directors' fees payable by Sephaku for the year ending 31 March 2019, in accordance with section 66(9) of the Companies Act.*

## 9. SPECIAL RESOLUTION NUMBER 3

### Financial assistance for any beneficiary participating in any Sephaku group incentive scheme

**"Resolved that,** shareholders hereby approve of Sephaku providing any direct or indirect financial assistance, as contemplated as such in section 44 of the Companies Act, as may apply to any beneficiary participating in any Sephaku group share incentive scheme or a person related to any beneficiary.

## 10. SPECIAL RESOLUTION NUMBER 4

### Financial assistance for present or future subsidiaries

**"Resolved that,** shareholders hereby approve, in terms of section 45 of the Companies Act, of the provision by Sephaku of direct or indirect financial assistance to any of its present or future subsidiaries."

Special resolutions 3 and 4 are hereby approved provided that no such financial assistance may be provided at any time in terms of this authority after the expiry of two years from the date of the adoption of the special resolutions (for avoidance of doubt, these special resolutions above will be voted on by the shareholders as separate special resolutions) and provided that:

- The recipient(s) of such financial assistance, the form, nature and extent of such financial assistance, and the terms and conditions under which such financial assistance is provided, are determined by the board of directors of Sephaku from time to time;
- The Board may not authorise Sephaku to provide any financial assistance pursuant to these special resolutions unless the Board meets all those requirements of sections 44 and 45 of the Companies Act, which it is required to meet in order to authorise Sephaku to provide such financial assistance; and
- Such financial assistance to a recipient thereof is, in the opinion of the Board, required for the purpose of meeting all or any of such recipient's operating expenses (including capital expenditure), and/or funding the growth, expansion, reorganisation or restructuring of the businesses or operations of such recipient, and/or funding such recipient for any other purpose which, in the opinion of the board of directors of Sephaku, is directly or indirectly in the interests of Sephaku.

*Rationale: Section 44 of the Companies Act regulates the provision of financial assistance by the company to any person by way of a loan, guarantee, the provision of security or, otherwise, for the purpose of or in connection with (i) the subscription of any option, or any securities, issued or to be issued by the company or related or inter-related company, or (ii) for the purchase of any securities of the company, or a related or inter-related company.*

It may be necessary for the Company to provide financial assistance to directors and employees who participate in the Group share incentive scheme. This assistance is only envisaged under the circumstances where options are exercised and an election is made to sell some or all of these shares to cover the issue price and the resulting income tax liability. On a strict interpretation, financial assistance is provided from the time of exercise of the option until the proceeds of the sale are paid to the Company. This is the only assistance envisaged to directors and employees under this section.

Section 45 of the Companies Act provides, inter alia, that any financial assistance to related or inter-related companies and corporations, including, inter alia, to subsidiaries of the Company, must be provided only pursuant to a special resolution of the shareholders, adopted within the previous two years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category, and the board of directors must be satisfied that:

- Immediately after providing the financial assistance, Sephaku would satisfy the solvency and liquidity test, as defined in section 4 of the Companies Act;
- The terms under which the financial assistance is proposed to be given are fair and reasonable to the Company; and
- Any conditions or restrictions in respect of the granting of financial assistance set out in Sephaku's MOI have been satisfied.

As part of the ordinary conduct of the business of the Group, the Company, where necessary, may provide guarantees and other support undertakings to third parties which enter into financial agreements with its subsidiaries and joint ventures in which the Company or members of the Group have an interest. In the circumstances and in order to, inter alia, ensure that the Company and its subsidiaries and other related and inter-related companies and entities continue to have access to financing for purposes of refinancing existing facilities and funding their corporate and working capital requirements, it is necessary to obtain approval of the shareholders as set out in this special resolution. This will allow the Board, always subject to applicable law, in particular the solvency and liquidity requirements as set out in the Companies Act, to provide financial assistance to any person for the purposes envisaged in section 44(2) of the Companies Act.

#### **Other business**

To transact such other business as may be transacted at an AGM or raised by shareholders with or without advance notice to Sephaku.

By order of the Board  
30 July 2018

# STATEMENT OF FINANCIAL POSITION

as at 31 March 2018

	GROUP	
	2018 audited R	2017 audited R
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	143 665 110	142 797 829
Goodwill	223 421 981	223 421 981
Intangible assets	2 867 551	5 161 591
Investment in joint ventures	120 552	-
Investment in associate	765 870 275	743 842 941
Other financial assets	8 459 008	10 638 527
Long-term loans	2 000 000	2 000 000
	<b>1 146 404 477</b>	<b>1 127 862 869</b>
<b>Current assets</b>		
Inventories	16 829 437	16 972 080
Trade and other receivables	133 331 514	121 613 883
Cash and cash equivalents	10 510 169	44 756 833
	<b>160 671 120</b>	<b>183 342 796</b>
<b>Total assets</b>	<b>1 307 075 597</b>	<b>1 311 205 665</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Stated capital	644 443 723	635 403 188
Reserves	12 025 844	19 262 087
Retained income	378 928 819	329 214 333
	<b>1 035 398 386</b>	<b>983 879 608</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Other financial liabilities	121 353 224	180 132 807
Deferred income	1 555 444	2 233 359
Deferred taxation	21 022 839	19 696 446
	<b>143 931 507</b>	<b>202 062 612</b>
<b>Current liabilities</b>		
Other financial liabilities	39 781 797	35 803 432
Current taxation payable	307 491	408 615
Operating lease liability	4 090 842	4 101 068
Trade and other payables	76 192 231	84 272 472
Deferred income	677 887	677 858
Bank overdraft	6 695 456	-
	<b>127 745 704</b>	<b>125 263 445</b>
<b>Total liabilities</b>	<b>271 677 211</b>	<b>327 326 057</b>
<b>Total equity and liabilities</b>	<b>1 307 075 597</b>	<b>1 311 205 665</b>
Net asset value per share (cents)	501,79	484,74
Tangible net asset value per share (cents)	392,51	372,83
Ordinary shares in issue	206 342 821	202 969 487

# STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2018

	GROUP	
	2018 audited R	2017 audited R
Revenue	830 686 042	839 984 931
Cost of sales	(488 756 744)	(483 668 229)
<b>Gross profit</b>	<b>341 929 298</b>	<b>356 316 702</b>
Other income	4 732 869	2 429 156
Operating expenses	(292 334 309)	(273 996 024)
<b>Operating profit</b>	<b>54 327 858</b>	<b>84 749 834</b>
Investment income	4 749 191	7 172 130
Profit from equity-accounted investment	20 819 672	24 803 788
Finance costs	(22 032 115)	(26 695 077)
<b>Profit before taxation</b>	<b>57 864 606</b>	<b>90 030 675</b>
Taxation	(13 697 584)	(21 892 284)
<b>Profit for the year</b>	<b>44 167 022</b>	<b>68 138 391</b>
<b>Other comprehensive income/(loss)</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Revaluation reserve on land of associate written back	1 207 663	-
<b>Total comprehensive income for the year</b>	<b>42 959 359</b>	<b>68 138 391</b>
<b>Total comprehensive income for the year attributable to:</b>		
Equity holders of the parent	42 959 359	68 138 391
	42 959 359	68 138 391
Basic earnings per share (cents)	21,60	33,63
Diluted earnings per share (cents)	21,49	33,36

# STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2018

	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
<b>Balance at 31 March 2016</b>	632 950 155	(1 207 663)	20 118 434	18 910 771	258 730 837	910 591 763
<b>Profit for the year</b>	-	-	-	-	68 138 391	68 138 391
Issue of shares	2 453 033	-	-	-	-	2 453 033
Employees' share option scheme	-	-	351 316	351 316	2 345 105	2 696 421
<b>Balance at 31 March 2017</b>	<b>635 403 188</b>	<b>(1 207 663)</b>	<b>20 469 750</b>	<b>19 262 087</b>	<b>329 214 333</b>	<b>983 879 608</b>
<b>Profit for the year</b>	-	-	-	-	44 167 022	44 167 022
<b>Other comprehensive income for the year</b>	-	1 207 663	-	1 207 663	-	1 207 663
<b>Total comprehensive income for the year</b>	-	1 207 663	-	-	44 167 022	45 374 685
Issue of shares	9 040 535	-	-	-	-	9 040 535
Employees' share option scheme	-	-	(8 443 906)	(8 443 906)	5 547 464	(2 896 442)
<b>Balance at 31 March 2018</b>	<b>644 443 723</b>	-	<b>12 025 844</b>	<b>12 025 844</b>	<b>378 928 819</b>	<b>1 035 398 386</b>

# STATEMENT OF CASH FLOWS

for the year ended 31 March 2018

	GROUP	
	2018 audited R	2017 audited R
<b>Cash flows from operating activities</b>		
Cash generated from operations	47 455 351	96 978 796
Interest income	4 749 191	7 172 130
Finance costs	(21 298 838)	(24 320 458)
Taxation paid	(12 472 313)	(19 049 210)
<b>Net cash from operating activities</b>	<b>18 433 391</b>	<b>60 781 258</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(14 915 358)	(28 535 101)
Disposal of property, plant and equipment	4 314 861	1 852 035
Net loans advanced	650 837	349 023
Investment increase in joint venture	(40 754)	-
Investment increase in associate	-	(48 571 875)
Government grant received	-	1 153 240
Net cash utilised in investing activities	(9 990 414)	(73 752 678)
<b>Cash flows from financing activities</b>		
Proceeds on share issue	6 149 397	2 453 033
Proceeds from other financial liabilities	-	-
Repayment of other financial liabilities	(55 534 494)	(35 195 345)
Facility raising fee paid	-	(760 867)
<b>Net cash (utilised in)/from financing activities</b>	<b>(49 385 097)</b>	<b>(33 503 179)</b>
<b>Total cash and cash equivalents movement for the year</b>	<b>(40 942 120)</b>	<b>(46 474 599)</b>
Cash and cash equivalents at the beginning of the year	44 756 833	91 231 432
<b>Total cash and cash equivalents at end of the year</b>	<b>3 814 713</b>	<b>44 756 833</b>

# NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

for the year ended 31 March 2018

## **BASIS OF PREPARATION**

The summarised consolidated financial results for the year ended 31 March 2018 (annual reporting period) have been prepared in accordance with the Companies Act, the JSE Listings Requirements, the framework concepts and the measurement and recognition requirements of IFRS, the South African Institute of Chartered Accountants Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by Financial Reporting Standards Council as required by IAS 34 – Interim Financial Reporting.

The results have been prepared on a historical cost basis, except for the measurement of investment property which are carried at fair value.

The accounting policies applied in the preparation of the consolidated financial statements, from which the consolidated financial statements were derived, are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous consolidated annual financial statements, except for the change in accounting policy as set out below. As a result of the adoption of 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. The adoption of IAS 7 resulted in additional disclosure for reconciliation of liabilities arising from financing activities, while IAS 12 amendments and interpretations did not have a material impact on the results for the current period.

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

## **AUDIT OPINION**

The summarised financial information included in this announcement is extracted from audited information but is not itself audited. The directors take full responsibility for the preparation of the summarised financial information and that it has been correctly extracted from the underlying annual financial statements.

The underlying annual financial statements have been audited by the group's external auditors, Grant Thornton Johannesburg Partnership. A copy of their unqualified report, as well as the annual financial statements, is available for inspection at the company's registered office.

## **CHANGE IN ACCOUNTING POLICY**

During the previous year, the associate, Dangote Cement South Africa Proprietary Limited (Sephaku Cement), changed its accounting policy on land from fair value to historical cost basis. As the value in land and buildings is substantial, the company decided to follow the same approach in Sephaku Holdings Ltd (SepHold) in the current financial year in bringing its policy in line with the associate. There is no material effect on the changes in accounting policy on the annual financial statements, as land and buildings with a carrying value of R21 093 833 have not been revalued in previous and current financial years, as management assessed that the fair value was not materially different from the carrying value.



The effect of the changes in accounting policy on the annual financial statements for the year ended 31 March 2018 is as follows:

	GROUP	
	Year ended 31 March 2018 audited R	Year ended 31 March 2017 audited R
<b>Statement of financial position</b>		
<b>Assets - Investment in associate</b>		
Previously stated	(1 207 663)	(1 207 663)
Adjustment	1 207 663	-
	-	(1 207 663)
<b>Equity - Reserves</b>		
Previously stated	(1 207 663)	(1 207 663)
Adjustment	1 207 663	-
	-	(1 207 663)
<b>Statement of changes in equity</b>		
<b>Revaluation reserve (relating to land of associate)</b>		
Previously stated	(1 207 663)	(1 207 663)
Adjustment	1 207 663	-
	-	(1 207 663)

## NET ASSET VALUE PER SHARE AND EARNINGS PER SHARE

	GROUP	
	Year ended 31 March 2018 audited R	Year ended 31 March 2017 audited R
<b>Net asset value and tangible net asset value per share</b>		
Total assets	1 307 075 597	1 311 205 665
Total liabilities	(271 677 211)	(327 326 057)
Net asset value attributable to equity holders of parent	1 035 398 386	983 879 608
Goodwill	(223 421 981)	(223 421 981)
Intangible assets	(2 867 551)	(5 161 591)
Deferred tax raised on intangible assets	802 914	1 445 246
Tangible net asset value	809 911 768	756 741 281
Shares in issue	206 342 821	202 969 487
Net asset value per share (cents)	501,79	484,74
Tangible net asset value per share (cents)	392,51	372,83

**NOTES TO THE SUMMARISED FINANCIAL STATEMENTS** (continued)

for the year ended 31 March 2018

	GROUP	
	Year ended 31 March 2018 audited R	Year ended 31 March 2017 audited R
<b>Reconciliation of basic earnings to diluted earnings and headline earnings:</b>		
Basic profit and diluted profit from total operations attributable to equity holders of parent	44 167 022	68 138 391
(Profit)/loss on sale of property, plant and equipment	(1 930 319)	(743 181)
Total taxation effect of adjustments	540 489	208 090
Headline earnings and diluted headline earnings attributable to equity holders of parent	42 777 192	67 603 300
<b>Reconciliation of weighted average number of shares:</b>		
Basic weighted average number of shares	204 431 259	202 609 094
Dilutive effect of share options	1 089 107	1 641 560
Diluted weighted average number of shares	205 520 366	204 250 654
Basic earnings per share (cents)	21,60	33,63
Diluted earnings per share (cents)	21,49	33,36
Headline earnings per share (cents)	20,92	33,37
Diluted headlines earnings per share (cents)	20,81	33,10

**SEGMENT INFORMATION**

	Ready-mixed concrete R	Head office R	Group totals R
<b>2018</b>			
Segment revenue – external revenue	830 686 042	-	830 686 042
Segment cost of sales	(488 756 744)	-	(488 756 744)
Segment expenses	(267 054 964)	(25 279 345)	(292 334 309)
Profit from equity-accounted investment	-	20 819 672	20 819 672
Profit on sale of property, plant and equipment	1 930 319	-	1 930 319
Segment profit after taxation	48 013 015	(3 845 993)	44 167 022
Taxation	(14 339 915)	642 331	(13 697 584)
Interest received	4 747 855	1 336	4 749 191
Interest paid	(22 002 128)	(29 987)	(22 032 115)
Depreciation and amortisation	(11 591 223)	(2 366 354)	(13 957 577)
Segment assets	285 141 373	1 021 934 224	1 307 075 597
Investment in associate included in the above total segment assets	-	765 870 275	765 870 275
Capital expenditure included in segment assets	14 891 968	23 390	14 915 358
Segment liabilities	(267 423 681)	(4 253 530)	(271 677 211)

## SEGMENT INFORMATION (continued)

	Ready-mixed concrete R	Head office R	Group totals R
<b>2017</b>			
Segment revenue – external revenue	839 984 931	-	839 984 931
Segment cost of sales	(483 668 229)	-	(483 668 229)
Segment expenses	(250 388 987)	(23 607 037)	(273 996 024)
Profit from equity-accounted investment	-	24 803 788	24 803 788
Profit/(loss) on sale of property, plant and equipment	749 292	(6 111)	743 181
Segment profit/(loss) after taxation	67 385 969	752 422	68 138 391
Taxation	(22 534 615)	642 331	(21 892 284)
Interest received	7 113 680	58 450	7 172 130
Interest paid	(26 694 874)	(203)	(26 695 077)
Depreciation and amortisation	(18 740 477)	(2 362 767)	(21 103 244)
Segment assets	445 845 703	865 359 962	1 311 205 665
Investment in associate included in the above total segment assets	-	743 842 941	743 842 941
Capital expenditure included in segment assets	27 604 211	930 890	28 535 101
Segment liabilities	(325 083 711)	(2 242 346)	(327 326 057)

The only commodity actively managed by Métier Mixed Concrete Proprietary Limited (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 as disclosed in the annual financial statements.

Sephaku 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.

## INVESTMENT IN ASSOCIATE

During the prior year, Dangote Cement PLC and Sephaku contributed a total amount of R134 921 875 in equity to relief pressure on the debt covenants. During the current year 6 938 839 shares at R7.00 per share were issued to SepHold, and 12 335 715 shares at R7.00 per share issued to Dangote Cement PLC in regard of the prior year's contribution.

Due to the fact that the debt service ratio was 1,225 during the prior year instead of the required 1,3, negotiations were entered into with Nedbank to reshape the payment profile. This was successfully completed during the second half of 2017 and required a further R95 million contribution by shareholders. Dangote Cement PLC made this contribution and, in terms of the relationship agreement, Sephaku will have to contribute 36% of this on demand or face dilution of approximately 1,2 percentage points. The shareholders are still in discussion with regards to the timing of the repayment or dilution. Sephaku has a potential liability of R34,2 million or a dilution in investment.

**NOTES TO THE SUMMARISED FINANCIAL STATEMENTS (continued)**

for the year ended 31 March 2018

**Summary of group interest in Sephaku Cement and its subsidiaries:**

	Year ended 31 December 2017 R	Year ended 31 December 2016 R
Non-current assets	3 295 208 712	3 463 892 648
Current assets	819 849 860	749 053 952
<b>Total assets</b>	<b>4 115 058 572</b>	<b>4 212 946 600</b>
<b>Total equity</b>	<b>1 496 269 042</b>	<b>1 341 970 774</b>
Non-current liabilities	(2 108 266 538)	(2 152 594 106)
Current liabilities	(510 522 992)	(718 381 720)
<b>Total liabilities</b>	<b>(2 618 789 530)</b>	<b>(2 870 975 826)</b>
Revenue for the period	2 365 548 412	2 281 395 559
Cost of sales	(1 853 935 209)	(1 855 433 510)
<b>Gross profit</b>	<b>511 613 203</b>	<b>425 962 049</b>
Operating profit	333 294 740	358 435 454
Investment income	13 988 113	16 274 555
Finance costs	(268 462 161)	(291 349 372)
<b>Profit/(loss) before taxation</b>	<b>78 820 692</b>	<b>83 360 637</b>
Taxation (expense)/income	(20 988 270)	(14 461 227)
<b>Profit after taxation for the year</b>	<b>57 832 422</b>	<b>68 899 410</b>
<b>Total comprehensive income for the year</b>	<b>57 832 422</b>	<b>68 899 410</b>

**STATED CAPITAL**

A total number of 2 294 551 (2017: 1 060 833) Sephaku shares issued during the year at a value of R2,68 each for a cash amount of R6 149 397 (2017: R2 453 033) relate to share options that were exercised by employees and directors. Of the issued share capital, a number of 1 078 783 shares relate to unsold exercised shares at a value of R2,68 each.

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

**STATEMENT ON GOING CONCERN**

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

### **EVENTS AFTER THE ANNUAL 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 financial results.

### **CHANGES TO THE BOARD**

Due to added executive responsibilities at African Bank, B Maluleke resigned from the Audit and Risk Committee and the Board on 30 October 2017. B Bulu was appointed to the Board and the Audit and Risk Committee at the board meeting held on 26 March 2018.

### **COMPANY SECRETARY**

There were no changes to the Company Secretary during the financial year.

By order of the Board



**Dr Lelau Mohuba**  
*Chief executive officer*



**Neil Crafford-Lazarus**  
*Financial director*

27 June 2018

## DIRECTORS' CURRICULUM VITAE (SUBJECT TO RE-ELECTION AND APPOINTMENT)

### **Martie Jacoba Janse van Rensburg**

Independent non-executive director

*BCompt (University of the Free State), BCompt Hons (University of South Africa), CA(SA), Executive Programme in Strategy and Organisation (Stanford University Business School), TCTA Leadership Development Programme (Gordon Institute of Business Science), AltX Director Programme (JSE & WBS)*

Martie was appointed as a director of SepHold on 22 September 2016. Between 1994 and 2008, she was the CFO (five years) and then CEO (10 years) of the Trans Caledon Tunnel Authority. She has served as non-executive director and member or chairman of audit committees for Bond Exchange of SA, Airports Company South Africa, Johannesburg Water SOC and Denel SOC. She is a non-executive director of the Development Bank of Southern Africa, the Independent Regulatory board of auditors and a non-executive member of the FirstRand Wholesale Credit Committee (International and Specialised Finance) and Ashburton Credit Committee.

### **Paul Mpho Makwana**

Independent non-executive director

*BAdmin (University of Zululand), BAdmin (Hons) (University of Pretoria), PGDip: Retailing Management (University of Stirling Institute of Retail Studies), Kellogg's Executive Development Programme*

Mpho was appointed a director of SepHold on 11 January 2013. He is the chairman of ArcelorMittal, and an independent non-executive director at Adcock Ingram Holdings Limited, Nedbank Group Limited and Nedbank Limited, among others. He also serves on a number of unlisted companies and trustee boards.

### **Rose Raisibe Matjui**

Non-executive director

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

Rose was appointed a director of SepHold on 23 August 2005. She has extensive experience as a professional community and social worker in government and the private sector. She has served in a number of directorate positions and is a member of South African Women in Mining and the Business Women's Association.

### **Bukelwa Bulo**

Independent non-executive director

*BBusSc (Finance) and PGDip in Accounting (University of Cape Town), CFA, Leadership Development Program at Harvard Business School*

Bukelwa was appointed a director of SepHold on 26 October 2018. She has over 10 years' experience in private equity with exposure to a wide spectrum of sectors including industrial services and retail.

Bukelwa has expertise in investment and divestment evaluation, deal structuring, strategic and stakeholder management. She is a co-founder of Jade Capital Partnership Proprietary Limited, an investment holding company focused primarily on the property, industrial, construction and building materials sectors. Her current directorships include non-executive directorships on the boards of directors of Franki Geotechnical Proprietary Limited, Capital Appreciation Limited and Netcare Limited.

# REMUNERATION POLICY AND IMPLEMENTATION REPORT

## REMUNERATION POLICY

The group adopts a total cost to company approach in remunerating all its employees. This ensures that employees are appropriately rewarded and are aware of the terms and conditions under which they are employed.

The remuneration framework ensures that the group companies;

- align remuneration practices with the business strategy, objectives, values and long-term interests of the company;
- appropriately compensate employees for services provided;
- ensure equitable and fair remuneration to facilitate the deployment of people throughout the business;
- ensure variable remuneration is aligned to company performance, at both a divisional and individual level;
- implement a flexible and competitive remuneration structure that:
  - is referenced to appropriate benchmarks;
  - reflects market and industry practices; and
  - is tailored to the specific circumstances of the group
- comply with all relevant legal requirements.

Positioning of the total guaranteed package is based on an employee's level of demonstrated competency, qualifications, experience and performance. The total guaranteed package of employees new to the position are normally at the low end of the salary range. As the employee demonstrates increased experience, learning and performance, the package is adjusted based on the objective outcome of performance reviews.

The following summarises the performance measurement criteria:

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

The table below summarises the main components of the reward package for group employees. As indicated above, Sephaku Cement applies a different reward framework as a subsidiary of Dangote Cement Plc.

Objective and practice	Award size and performance period
<b>Guaranteed pay</b> <ul style="list-style-type: none"> <li>● Remunerate above the market and industry average for key positions</li> <li>● Remunerate market-related salaries for all other positions</li> <li>● Review total guaranteed pay annually on 1 March</li> </ul>	<ul style="list-style-type: none"> <li>● The level of skill and experience, scope of responsibility and the total remuneration package are taken into account when rewarding employees</li> <li>● Appropriate market percentiles based on skills, experience and competitiveness</li> </ul>
<b>Short-term incentive</b> <ul style="list-style-type: none"> <li>● To motivate employees and incentivise delivery of performance over the financial year</li> <li>● The appropriateness of measures and weightings are reviewed annually to ensure ongoing support of the strategy</li> <li>● The exco annual bonus is paid in cash in July each year for performance over the previous financial year</li> </ul>	<ul style="list-style-type: none"> <li>● Performance over the financial year is measured against targets set in the balanced scorecards</li> <li>● Target bonus (30%, 50% and 70%) of the total guaranteed pay aligned with the level achieved as defined in the performance management policy</li> </ul>
<b>Long-term incentive</b> <ul style="list-style-type: none"> <li>● To motivate and incentivise delivery over the long term</li> <li>● Awards relating to total shareholder return and against a framework for determining vesting to ensure continued support of the company strategy</li> </ul>	<ul style="list-style-type: none"> <li>● Performance over three financial years is measured against targets for the performance period with vesting ranging between 0%, 50%, 100% and 200% of the total guaranteed pay. The award will consist of a share award bought in the open market</li> </ul>

# REMUNERATION POLICY AND IMPLEMENTATION REPORT

## (continued)

### SEPHAKU EXECUTIVE MANAGEMENT PERFORMANCE CRITERIA

The board-approved performance indicators to measure executive management's performance are reviewed annually. The indicators are broadly categorised into financial (75%) and non-financial measures (25%). Contrary to the remuneration policy which states that key employees should be remunerated at the upper percentile rate, the executive management has deemed it prudent to receive guaranteed annual packages aligned to the JSE mean for directors of listed companies one year in arrears, since 2014 because of the construction industry downturn. Furthermore, the executive directors have decided not to increase their basic remuneration in the 2019 financial year. This demonstrates the REMCO's consideration of responsible and fair remuneration.

Following consultations with shareholders, the short-term (STI) and long-term incentives (LTI) score card was revised to the one indicated in the table below. The short-term assessment criteria will be applied to the FY 2019 performance to be paid in FY2020 and the long-term criteria will be applied from FY 2021.

#### Short term incentives scorecard

Performance indicator	Weighting (%)	Performance condition detail	Minimum (30%)	Target (50%)	Stretch (70%)
<b>Financial measures</b>					
Real* growth in headline earnings per share (HEPS)	30	HEPS growth over the previous year in excess of inflation.	Real HEPS growth of more than 0%	Real HEPS growth of 4% per annum	Real HEPS growth of 8% per annum or more
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	25	The achievement of SepHold's EBITDA against budget. The EBITDA should reflect the proportionately consolidated EBITDA of the underlying subsidiaries less corporate costs.	80% of budget achieved	100% of budget achieved	120% or more of budget achieved
Gearing/covenants	20	Reduction in the ratio of total debt to EBITDA and improvement in debt service coverage ratio.	2.5 and 1.3	2.25 and 1.4	2.0 and 1.5
<b>Non-financial measures</b>					
Safety, environment and transformation	15	The achievement of safety, environmental and transformation targets as determined by the Company will be measured against a portfolio of evidence.			
Achievement of job specific personal goals	10	The achievement of job specific personal goals as determined by the Company will be measured against a portfolio of evidence.			

The revised long-term incentive scheme replaces the option scheme that ended in FY 2018. To limit dilution of shareholders' interests through the option scheme, the new long term incentives are awarded in cash after a three year vesting period during which the executive's performance is assessed against the key performance indicators. The cash awarded is used to purchase shares in the market to align the executives to shareholder interest. The executives are mandated to hold the shares for a period of two years during which they may benefit from capital appreciation and any dividends paid.

#### Long term incentives scorecard

Performance indicator	Weighting (%)	Performance condition detail	Minimum (30%)	Target (50%)	Stretch (70%)
Total shareholder return (TSR)	75	TSR is measured against a comparable set of 10 companies.	Sixth or seventh position	Fourth or fifth position	First to third position
Achievement of strategic goals	25	The achievement of Sephaku strategic goals as determined by the Company will be measured against a portfolio of evidence.			

\* As measured against CPI.



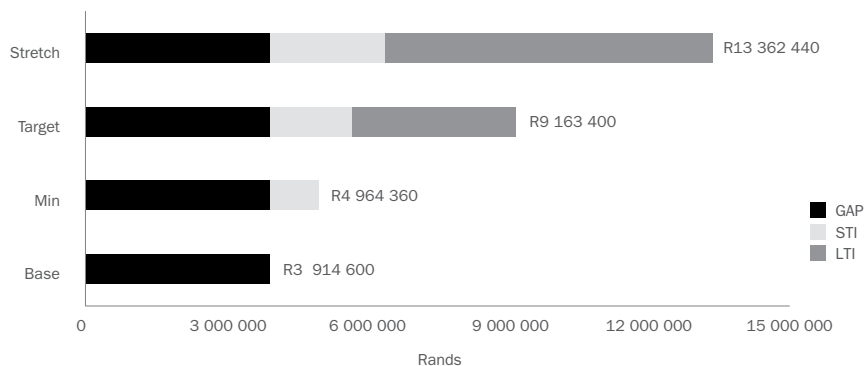
The table below summarises the assumption of the minimum, target and stretch performance achievement on total remuneration of the CEO and FD in a single total figure based on the revised remuneration policy. The figures below apply to the CEO and FD because their remuneration is identical for each measure.

### SUMMARY OF SINGLE TOTAL REMUNERATION FIGURE FOR MINIMUM, TARGET AND STRETCH PERFORMANCE

2019	CEO AND FD			
	Base R	STI R	LTI R	Total R
Base*	3 914 600			3 914 600
Min	3 914 600	1 049 760		4 964 360
Target	3 914 600	1 749 600	3 499 200	9 163 400
Stretch	3 914 600	2 449 440	6 998 400	13 362 440

\* Base includes travel allowance where applicable.

### Illustration of the single figure remuneration



### Non-executive directors' remuneration

#### Elements and purpose

The group aims to attract and retain suitably skilled and experienced non-executive directors. An appropriate level of competitive remuneration is necessary to reward them for their time and expertise. The group non-executive directors are remunerated by way of an annual fee paid in recognition of membership of the Board and its committees. The non-executive directors, including the group chairperson, do not receive any other employment benefits, performance-related remuneration, or any form of compensation for loss of office. The fee structure is reviewed and benchmarked annually to ensure that the proposed fees are aligned to market levels and supports the attraction and retention of high-quality individuals.

#### Service contracts

None of the directors have written service contracts with the company. Directors are employed by the Board and rotate in terms of the memorandum of incorporation.

# REMUNERATION POLICY AND IMPLEMENTATION REPORT

## (continued)

### IMPLEMENTATION REPORT

Below are the details of the implementation of the remuneration policy.

#### Executive directors' and prescribed officer's emoluments

##### Executive

	Remuneration R	Prior year <sup>1</sup> performance bonuses R	Travel allowances R	Pension Fund R	IFRS2 Staff cost relating to share- based payments vesting expense (non-cash) R	Total R
<b>2018</b>						
Dr L Mohuba	3 801 117	972 000	–	123 802	568 555	5 465 474
NR Crafford-Lazarus	3 649 620	972 000	151 497	123 802	870 533	5 767 452
KJ Capes*	1 080 000	–	–	–	–	1 080 000
	<b>8 530 737</b>	<b>1 944 000</b>	<b>151 497</b>	<b>247 604</b>	<b>1 439 088</b>	<b>12 312 926</b>
<b>2017</b>						
Dr L Mohuba	3 531 600	1 500 000	–	115 395	614 597	5 761 592
NR Crafford-Lazarus	3 375 043	1 500 000	156 557	115 395	746 865	5 893 860
KJ Capes	2 158 117	2 379 947	–	–	–	4 538 064
	<b>9 064 760</b>	<b>5 379 947</b>	<b>156 557</b>	<b>230 790</b>	<b>1 361 462</b>	<b>16 193 516</b>

\* KJ Capes has been on a consultancy contract with the group as a business development expert to identify viable expansion opportunities since FY 2017. He is remunerated on a retainer based on agreed terms with the Company. KJ Capes' performance bonus is related to the transactions he successfully concludes during any particular year. To date he has been working on the aggregates joint venture (Cato Ridge).

<sup>1</sup> The bonus paid in FY 2018 relates to the FY 2017 performance and the bonus paid in FY 2017 was based on FY 2016 performance.

The CEO and FD short-term incentive awarded for the FY 2018 performance to be paid in FY 2019 was based on the measures in the table below. The bonus to be paid will therefore be R760,000 representing the 20% weighted score. The decrease of the bonus paid from R1,500,000 in FY 2017 and R972,000 paid in FY 2018 demonstrates the Board's and executives' prudent approach to remuneration that is informed by the prevailing challenging trading environment. The constrained economic environment has resulted in relatively weak financial performance as demonstrated in the table below.

Performance condition	Weighting	Actual performance	Metric %	Weighted %
<b>Financial measures</b>				
HEPS	35%	Down on prior year	0%	0,00%
EBITDA	25%	66% of Budget	0%	0,00%
Total shareholder return	15%	Min threshold	30%	4,5%
<b>Non-financial measures</b>				
Safety, environment & transformation	15%	Better than expected	70%	10,50%
Achievement of personal goals	10%	Met expectations	50%	5,00%
<b>OVERALL %</b>				<b>20,00%</b>

**Prescribed officer**

	Remuneration R	Performance bonus R	Travel allowance R	Pension Fund R	Total R
<b>2018</b>					
WJ du Toit	1 648 350	242 769	25 200	156 081	2 072 400
<b>2017</b>					
WJ du Toit	1 576 146	385 942	25 200	144 178	2 131 466

WJ du Toit is a prescribed officer of SepHold and an executive director of Métier. All remuneration paid to him by the subsidiary company has therefore also been disclosed.

**Non-executive directors' fees**

	R
<b>2018</b>	
Chairman of the board	410 000
Independent non-executive	310 000
<b>Proposed fee structure 2019</b>	
Chairman of the board	440 000
Independent non-executive	335 000

# REMUNERATION POLICY AND IMPLEMENTATION REPORT

(continued)

## Non-executive

	Fees for services as director R	Remuneration R	Performance bonus R	IFRS2 Staff cost relating to share- based payments vesting expense (non-cash) R	Total R
<b>2018</b>					
B Williams	410 000	-	-	-	410 000
PM Makwana	310 000	-	-	-	310 000
MM Ngoasheng	310 000	-	-	-	310 000
MJ Janse van Rensburg	310 000	-	-	-	310 000
B Maluleke	155 000	-	-	-	155 000
RR Matjui	-	-	-	165 028	165 028
PF Fourie	-	3 914 256	805 837	-	4 720 093
	<b>1 495 000</b>	<b>3 914 256</b>	<b>805 837</b>	<b>165 028</b>	<b>6 380 121</b>
<b>2017</b>					
B Williams	380 000	-	-	-	380 000
MG Mahlare	125 000	-	-	-	125 000
PM Makwana	250 000	-	-	-	250 000
MM Ngoasheng	250 000	-	-	-	250 000
MJ Janse van Rensburg	125 000	-	-	-	125 000
B Maluleke	62 500	-	-	-	62 500
RR Matjui	-	-	-	121 426	121 426
PF Fourie	-	3 223 349	1 001 784	-	4 225 133
	<b>1 192 500</b>	<b>3 223 349</b>	<b>1 001 784</b>	<b>121 426</b>	<b>5 539 059</b>

PF Fourie is a non-executive director of both SepHold and an executive director of Sephaku Cement. All remuneration paid to him by the associate company, Sephaku Cement, has therefore also been disclosed above.

A full copy of the remuneration report can be accessed in the integrated review on this URL: [sephakuholdings.com/ir2018/](http://sephakuholdings.com/ir2018/)

# SHAREHOLDERS' ANALYSIS

## SHAREHOLDERS HOLDING GREATER THAN 5% OF THE ISSUED SHARE CAPITAL AT YEAR-END

	Number of shares	%
Safika Resources Proprietary Limited Nominees	15 580 823	7,55

## RANGE OF SHAREHOLDINGS

Share range	Number of shareholders	% of shareholders	Number of shares
1 – 1 000	629	34,71	218 692
1 001 – 10 000	642	35,43	2 620 502
10 001 – 50 000	274	15,12	6 783 398
50 001 – 100 000	83	4,58	5 820 841
100 001 – 500 000	121	6,68	28 205 401
500 001 – 1 000 000	24	1,33	16 976 492
1 000 001 shares and over	39	2,15	145 717 495
<b>Total</b>	<b>1 812</b>	<b>100,00</b>	<b>206 342 821</b>

## PUBLIC AND NON-PUBLIC SHAREHOLDERS

	Shares held	%	Number of shareholders
Public	182 662 021	88,52	1 804
Non-public	23 680 800	11,48	8
– Directors' direct holdings	9 643 474	4,67	5
– Directors' indirect holdings	13 797 326	6,69	2
– Directors' associates	240 000	0,12	1
	<b>206 342 821</b>	<b>100,00</b>	<b>1 812</b>

# STATED CAPITAL AND RELATED-PARTY TRANSACTIONS

## STATED CAPITAL

	GROUP		COMPANY	
	2018 R	2017 R	2018 R	2017 R
<b>Authorised</b> 1 000 000 000 ordinary shares with no par value				
<b>Issued – ordinary shares with no par value</b> 202 969 487 (2017: 201 908 654) shares at beginning of period	<b>635 403 188</b>	632 950 155	<b>635 403 188</b>	632 950 155
3 373 334 (2017: 1 060 833) shares issued during the period	<b>9 040 535</b>	2 453 033	<b>9 040 535</b>	2 453 033
<b>206 342 821 (2017: 202 969 487) shares at end of period</b>	<b>644 443 723</b>	635 403 188	<b>644 443 723</b>	635 403 188

A total number of 2 294 551 (2017: 1 060 833) shares issued during the year at a value of R2,68 each for a cash amount of R6 149 397 (2017: R2 453 033) relate to share options that were exercised by employees and directors. Of the issued share capital, a number of 1 078 783 shares relate to unsold exercised shares at a value of R2,68 each.

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

## SHARE-BASED PAYMENTS

	Number R	Weighted exercise price R	Total value R
<b>Share options granted on 15 October 2010</b>	10 000 000	2,68	26 800 000
Exercised in 2014	(304 333)		
Exercised in 2015	(1 950 666)		
Exercised in 2016	(298 639)		
Exercised in 2017	(1 102 502)		
Outstanding at 31 March 2017	6 343 860		
Exercised and expired in 2018	(6 343 860)		
Outstanding at 31 March 2018	-		
<b>Share options granted on 29 June 2012</b>	3 500 000	1,90	6 650 000
Exercised in 2015	(750 000)		
Exercised in 2016	(13 313)		
Exercised and expired in 2017	(113 333)		
Outstanding at 31 March 2017	2 623 354		
Exercised and expired in 2018	-		
Outstanding at 31 March 2018	2 623 354		
<b>Share options granted on 31 August 2012</b>	1 500 000	1,90	2 850 000
Exercised in 2015	(250 000)		
Exercised in 2016	-		
Exercised in 2017	(500 000)		
Outstanding at 31 March 2017	750 000		
Exercised in 2018	-		
Outstanding at 31 March 2017	750 000		
<b>Share options granted on 10 December 2014</b>	1 565 000	6,80	10 642 000
Exercised in 2016	-		
Resignation prior to vesting in 2017	(100 000)		
Outstanding at 31 March 2017	1 465 000		
Exercised in 2018	-		
Outstanding at 31 March 2018	1 465 000		
<b>Share options granted on 31 March 2016</b>	1 630 000	4,40	7 172 000
Exercised in 2017	-		
Outstanding at 31 March 2017	1 630 000		
Outstanding at 31 March 2018	1 630 000		
<b>Share options granted on 30 June 2017</b>	1 905 000	3,00	5 715 000
Exercised in 2018	-		
Outstanding at 31 March 2018	1 905 000		
Total outstanding at 31 March 2017	12 812 214		
Total outstanding at 31 March 2018	8 373 354		
Total exercisable at 31 March 2017	8 050 547		
Total exercisable at 31 March 2018	3 861 687		

# STATED CAPITAL AND RELATED-PARTY TRANSACTIONS

(continued)

## RELATED PARTIES

	GROUP		COMPANY	
	2018 R	2017 R	2018 R	2017 R
<b>Related-party balances</b>				
<b>Loan accounts – Owning by/(to)</b>				
Métier Mixed Concrete Proprietary Limited	-	-	(140 903 628)	(139 762 925)
Cross Company Management Proprietary Limited	7 385 954	9 599 973	7 385 954	9 599 973
Sephaku Investment Holdings Proprietary Limited	-	-	10 249	10 149
Incubex Minerals Limited	2 000 000	2 000 000	2 000 000	2 000 000
Miranda Mineral Holdings Limited	1 073 054	1 038 554	1 073 054	1 038 554
<b>Amounts included in trade receivables/(trade payables) regarding related parties</b>				
WKRD Proprietary Limited	(92 668)	-	-	-
Plazatique Corp 27 CC	(51 619)	-	-	-
Dangote Cement South Africa Proprietary Limited	(8 508 007)	(7 028 929)	-	-
Cato Ridge Quarry Proprietary Limited	-	79 799	-	-
<b>Related-party transactions</b>				
<b>Purchases from related parties</b>				
Dangote Cement South Africa Proprietary Limited	87 857 887	105 268 928	-	-
<b>Rent paid to/(received from) related parties</b>				
Plazatique Corp 27 CC	1 061 189	973 568	-	-
WKRD Properties Proprietary Limited	5 533 289	6 672 585	-	-
Métier Mixed Concrete Proprietary Limited	-	-	(3 182 400)	(3 060 000)
Dangote Cement South Africa Proprietary Limited	296 081	360 813	296 081	360 813



	GROUP		COMPANY	
	2018 R	2017 R	2018 R	2017 R
<b>Fees paid to/(received from) related parties for management services, overheads and salaries</b>				
Plazatique Corp 27 CC	-	750	-	-
Métier Mixed Concrete Proprietary Limited	-	-	(8 400 000)	(16 187 737)
<b>Utilities paid to/(received from) related parties</b>				
WKR D Properties Proprietary Limited	6 717 753	2 671 921	-	-
Plazatique Corp 27 CC	527 854	507 698	-	-
Métier Mixed Concrete Proprietary Limited	-	-	(205 307)	(157 496)
<b>Recoveries received from related parties</b>				
Cato Ridge Quarry Proprietary Limited	40 754	79 799	-	-
Dangote Cement South Africa Proprietary Limited	5 000	-	-	-
<b>Interest paid to related parties</b>				
Métier Mixed Concrete Proprietary Limited	-	-	1 140 703	1 201 876
<b>Dividends received from related parties</b>				
Métier Mixed Concrete Proprietary Limited	-	-	-	(50 000 000)

# DIRECTORS' RESPONSIBILITY STATEMENT AND MATERIAL CHANGES STATEMENT

## DIRECTORS' RESPONSIBILITY STATEMENT

Directors, whose names appear in the Corporate Information Section of this notice, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 1 and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required in terms of the JSE Listings Requirements.

## MATERIAL CHANGES STATEMENT

Other than the facts and developments reported on in the integrated report, there have been no material changes in the affairs or financial position of Sephaku and its subsidiaries since the company's year-end as at 31 March 2018 up to the date of this notice.

# CORPORATE INFORMATION

## DIRECTORS

B Williams\* (chairman)  
MJ Janse van Rensburg\*  
PM Makwana\*  
B Bulu\*  
MM Ngoasheng\*  
J Pitt\*#  
Dr L Mohuba° (chief executive officer)  
NR Crafford-Lazarus° (financial director)  
RR Matjju  
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  
Rosebank Towers, 15 Biermann Avenue, Rosebank,  
Johannesburg, 2196  
PO Box 61051, Marshalltown, 2107  
Telephone: +27 11 370 5000

## JSE SPONSOR

Questco Corporate Advisory 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, 3610  
Postal address: Postnet Suite #546,  
Private Bag x4, Kloof, 3640  
Telephone: +27 31 716 3600/0861 638437  
Website: www.metiersa.co.za

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

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  
Website: www.sephakucement.co.za

## INVESTOR RELATIONS

Sakhile Ndllovu  
Email: info@sepman.co.za  
Telephone: +27 12 612 0210



SEPHAKU  
HOLDINGS LTD

[www.sephakuholdings.com](http://www.sephakuholdings.com)