2023

BUILDING BLOCKS FOR GROWTH

ANNUAL FINANCIAL STATEMENTS

SEPHAKU
HOLDINGS LTD

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Construction materials company
Directors	B Williams – Chairperson – independent non-executive director MM Ngoasheng – Independent non-executive director MJ Janse van Rensburg – Independent non-executive director B Bulo – Independent non-executive director Dr. L Mohuba – Non-executive director NR Crafford-Lazarus – Financial director and outgoing SepHold chief executive officer KJ Capes – Executive director incoming SepHold chief executive officer
Registered office	Southdowns Office Park First floor, Block A Cnr Karee and John Vorster Streets Irene X54, Pretoria 0062
Postal address	PO Box 7651 Centurion 0046
Bankers	Nedbank
Company secretary	Acorim Proprietary Limited Telephone: +27 11 325 6363 Email: sephaku@acorim.co.za
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 (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
Company registration number	2005/003306/06
Preparer	The annual financial statements were internally compiled under the supervision of: Neil Crafford-Lazarus CA(SA)
Transfer secretaries	Computershare Investor Services Proprietary Limited Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg 2196 Private Bag X9000, Saxonwold, 2132 Telephone: +27 11 370 5000
JSE sponsor	QuestCo Corporate Advisory Proprietary Limited Telephone: +27 11 011 9200
Investor relations officer	Neil Crafford-Lazarus Email: info@sepman.co.za Telephone: +27 12 684 6300

INDEX

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

Statement of compliance by Audit and Risk committee 02

Independent auditor's report 05

Statement of responsibility by the board 08

Chief Executive Officer and Financial Director responsibility statement 08

Statement of Compliance by the Company Secretary 08

Directors' Report 09

Statements of Financial Position 14

Statements of Profit or Loss and Other Comprehensive Income 15

Statements of Changes in Equity 16

Statements of Cash Flows 17

Material Accounting Policies 18

Notes to the Financial Statements 26

Shareholders' analysis 56

The financial statements have been audited by BDO South Africa Incorporated in compliance with the applicable requirements of the Companies Act of South Africa and have been prepared under the supervision of NR Crafford-Lazarus, CA(SA).

Issued

26 June 2023

STATEMENT OF COMPLIANCE BY AUDIT AND RISK COMMITTEE

1. MANDATE AND TERMS OF REFERENCE

The audit committee has executed its duties and responsibilities in accordance with its terms of reference which are inferred by the Companies Act of South Africa, paragraph 3.84(g) of the JSE listing requirements and King IV and are approved by the board of directors ("the board"). In addition, the audit committee ensured compliance with JSE listing requirements paragraph 7.F.6. dealing with compliance with the laws of establishment and the memorandum of incorporation (MOI) of the Group.

The members of the audit committee are all independent non-executive directors of the Group and consist of:

Name
MJ Janse van Rensburg (chairperson)
B Bulo
B Williams

The committee is satisfied that the members thereof have the required knowledge and experience as set out in Section 94(5) of the Companies Act and Regulation 42 of the Companies Regulation, 2011.

2. COMPOSITION AND ATTENDANCE AT MEETINGS

There was no change to the committee members during the year under review. In addition, the chief executive officer (CEO) and financial director (FD) are permanent invitees to meetings. The committee performs the duties laid upon it by section 94(7) of the Companies Act by holding meetings at least three times per annum and special committee meetings are convened as required.

The external auditors attended and reported at all meetings of the committee. The external auditors have unrestricted access to the committee.

Full details of the attendance and dates of the meetings are disclosed in the corporate governance section of the integrated annual 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, which are reviewed annually.

The committee has performed the following statutory duties:

- Nominated and recommended the appointment of BDO South Africa Incorporated as the external auditor of SepHold, with J Barradas as the lead engagement partner. BDO South Africa Incorporated is, in the opinion of the committee, independent of the Group.
- Reviewed and agreed to the fees to be paid to the external auditor and their terms of engagement in consultation with executive management.
- Ensured that the appointment of the external auditor complies with the Companies Act and any other legislation relating to the appointment of auditor.
- Determined the nature and extent of allowable non-audit services and pre-approved any proposed agreement with the external auditor for the provision of non-audit services to SepHold.
- Attend to any complaints relating to the accounting practices, the auditing or content of annual financial statements, and the internal financial controls of SepHold.
- Considered and, when appropriate, made recommendations to the board on internal financial controls, accounting policies, records and reporting.
- Ensure on an annual basis, that the financial director has the appropriate expertise and experience.
- Ensure that the Group and the Company has established appropriate financial reporting procedures and that those procedures are operating.
- Ensured suitability of the appointment of external auditors and the designated individual partner, specifically taking into account any information pursuant to paragraph 22.15(h) of the JSE Limited Listings Requirements (JSE Listings Requirements).

4. EXTERNAL AUDITOR

The committee has satisfied itself that the external auditor, BDO South Africa Incorporated, is independent of the Group, as defined by the Companies Act and other relevant legislation. Requisite assurance was sought and provided by the auditor that internal governance processes within the audit firm support and demonstrate its claim to independence. Further, the approval of all non-audit-related services are 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 2023. This was done after consultation with executive management taking into consideration such factors as the timing of the audit, the extent of work required and the scope.

The external auditor is invited to and attends all committee meetings. Findings by the external auditor arising from his annual statutory audit are tabled and presented at a committee meeting following the audit. The external auditor has expressed an unqualified opinion on the financial statements for the year ended 31 March 2023. This will be presented at the annual general meeting.

SepHold has satisfied itself that BDO South Africa Incorporated and J Barradas appear on the JSE's list of accredited auditors and their advisors. The committee also acted according to the section 22 requirements of the JSE Listings Requirements and the auditor approval process per 3.84(g) (iii) in requesting from the audit firm (and if necessary consulting with the audit firm on) the information detailed in paragraph 22.15(h) in their assessment of the suitability for appointment of their current or a prospective audit firm and designated individual partner both when they are appointed for the first time and thereafter annually for every re-appointment as well as for an applicant issuer prior to listing.

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 internal financial controls are effective and form a sound 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 annual 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 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 the Group and the Company. Based on this assessment, the committee agrees with management's assessment that the Group and the Company will be a going concern in the foreseeable future. Refer note 39 for further details.

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 committee's terms of reference which are approved by the board. The committee fulfils an oversight role regarding SepHold's integrated annual 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, which includes consideration of the JSE's findings contained in the latest monitoring report when preparing the annual financial statements for the year under review.

10. INTERNAL AUDIT

Due to the nature and size of the 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 (SepCem) has a functional internal audit department that reports to the SepCem audit committee on which SepHold is also represented. The internal audit reports for Métier Mixed Concrete Proprietary Limited (Métier) that were previously received were incorporated in the current period and an internal review will be conducted during the new financial year.

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
- 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. IT GOVERNANCE

The committee considered and reviewed the IT Policy and Governance framework approved in the previous financial year and recommended to the board that no changes were required. While business continuity is not at risk the committee further reviewed the need for system upgrades for the Subsidiary.

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

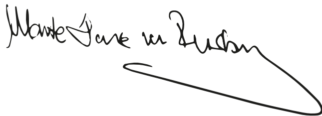
The committee met with BDO South Africa Incorporated prior to the commencement of the audit to discuss the potential key audit matters. The independent auditor's report on pages 5 to 7 details the following key audit matters:

- Goodwill impairment (group)
- Investment in associate impairment (group)
- Investment in subsidiary impairment (company)

The committee is satisfied that the key audit matters were adequately and appropriately addressed in the content of the audit and appropriately disclosed in the notes to the financial statements.

The committee held a meeting on 21 June 2023 at which time they reviewed and recommended the annual financial statements for approval by the board. Issues discussed during this meeting apart from the key audit matters included the valuation of Other Financial Assets and the ECL application to loans associated companies (note 11), as well as the impairment of Other Investments (note 12).

On behalf of the audit committee



MJ Janse van Rensburg
Chairperson

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SEPHAKU HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of Sephaku Holdings Limited (the Group and the Company) set out on pages 14 to 55, which comprise the consolidated and separate statements of financial position as at 31 March 2023, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

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 2023, 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of Consolidated and Separate Financial Statements* section of our report. We are independent of the Group and the Company in accordance with the Independent Regulatory Board of Auditors' Code of *Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The following key audit matter relates to the consolidated and separate financial statements.

Key audit matter

Consolidated financial statements:
Assessment of Goodwill for impairment

At 31 March 2023, the Group has goodwill with a carrying value of R223 million (2022: R223 million) recognised on the acquisition of the cash generating unit, Métier Mixed Concrete Proprietary Limited, in previous periods.

In terms of IAS 36 – *Impairment of Assets*, management is required to perform an impairment test on goodwill at least annually and is furthermore required to perform an impairment test if indicators of impairment are identified.

As disclosed in Note 1.2 and Note 5 to the consolidated financial statements, goodwill is assessed using a discounted cash flow model, which includes a number of key judgements and estimates. The most significant being the growth rate and discount rate applied to forecasted cash flows.

Based on the significance of the balance, as well as management judgements and estimates involved and the sensitivity of the balance for changes to the inputs, the assessment of goodwill for impairment was concluded to be a matter of most significance in our audit of the consolidated financial statements of the current year.

How our audit addressed the key audit matter

In considering the appropriateness of management's judgement and estimates used in the testing of goodwill for impairment, we performed the following audit procedures with the assistance of our internal valuation expertise:

- Assessed the discounted cash flow model for compliance with ISA 36 *Impairment of Assets*;
- Verified the mathematical accuracy and methodology appropriateness of the underlying model and calculations;
- Verified the reasonableness and relevance of the input data provided by management based on our knowledge of the business and the ready-mix cement industry;
- Assessed the key growth and discount rates used as assumptions by comparing them to historical results, economic and industry forecasts, and assessing the discount rate by reference to the cost of capital of the Group;
- Evaluated the cash flow projections and the process by which they were developed, compared the cash flows to the latest Board approved budgets, and assessed the historical accuracy and reasonableness of the budgeting process, through performing a retrospective assessment on prior year budget; and
- Performed a sensitivity analysis of the key assumptions in the model and considered the potential impact of reasonably possible downside changes in these key assumptions.

As part of our audit we also considered the adequacy of the Group's disclosures in Note 1.2 and Note 5 in terms of IFRS, about those assumptions to which the outcome of the impairment test is most sensitive to the determination of the recoverable amount.

Key audit matter	How our audit addressed the key audit matter
Consolidated financial statements: ***Investment in associate (Note 1.2 and Note 8)*** At 31 March 2023, the Group has an investment in an associate. The equity-accounted value of the investment amounts to R836 million (2022: R838 million).The investment in associate at cost in the separate financial statements is R684 million (2022: R684 million). In accordance with IFRS, IAS 36 – *Impairment of assets*, the Group shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indicator exists the entity shall assess the recoverable amount. As disclosed in note 8 to the consolidated and separate financial statements, reduced profitability and general economic downturn in the construction industry were identified as indicators of impairment in the current financial period. However, no impairment was necessary. We have determined this to be a matter of most significance in the audit of the current year consolidated and separate financial statements, due to the significance of the balance and the judgement required by management in preparing a 'value-in-use' calculation to perform the impairment test. Forecasting future cash flows and applying an appropriate discount rate, inherently involves a high degree of estimation and judgement by management.	In considering the appropriateness of management's judgement used in the testing of the investment in associate for impairment, we performed the following audit procedures with the assistance of internal valuation expertise: • Assessed the indicators of impairment identified by management. • Assessed the discounted cash flow model for compliance with ISA 36 *Impairment of assets*. • Verified the mathematical accuracy and methodology appropriateness of the underlying model and calculations. • Verified the reasonableness and relevance of the input data provided by management based on our knowledge of the business and industry. • Evaluated the cash flow projections and the process by which they were developed, compared the cash flows to the latest Board approved budgets, and assessed the historical accuracy and reasonableness of the budgeting process. • Assessed the key growth and discount rate used as assumptions by comparing them to historical results, economic and industry forecasts, and assessing the discount rate by reference to the cost of capital of the Group; and • Performed a sensitivity analysis of the key assumptions in the model, considered the potential impact of reasonably possible downside changes in these key assumptions. We furthermore assessed the adequacy of the disclosures in the financial statements in accordance with International Financial Reporting Standards.
Separate financial statements: ***Investment in subsidiary (Note 1.2 and Note 6)*** At 31 March 2023, the Company has an investment in a subsidiary with a cost amounting to R299 million (2022: R299 million). In accordance with IFRS, IAS 36 – *Impairments of assets*, the Company shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indicator exists the entity shall assess the recoverable amount. As disclosed in note 6 to the financial statements, reduced profitability and general economic downturn in the construction industry were identified as indicators of impairment in the current financial period. However, no impairment was necessary. We have determined this to be a matter of most significance to the current year audit of the separate financial statements due to the significance of the balance and the judgement required by management in preparing a 'value-in-use' calculation to perform the impairment test. Forecasting future cash flows. Applying an appropriate discount rate, inherently involves a high degree of estimation and judgement by management.	In considering the appropriateness of management's judgement used in the testing of the investment of subsidiary for impairment, we performed the following audit procedures with the assistance of our internal valuation expertise: • Assessed the indicators of impairment identified by management. • Assessed the model for compliance with ISA 36 – *Impairment of Assets*. • Verified the mathematical accuracy and methodology appropriateness of the underlying model and calculations. • Verified the reasonableness and relevance of the input data provided by management based on our knowledge of the business and industry. • Evaluated the cash flow projections and the process by which they were developed, compared the cash flows to the latest Board approved budgets, and assessed the historical accuracy and reasonableness of the budgeting process. • Assessed the key growth and discount rates used as assumptions by comparing them to historical results, economic and industry forecasts, and assessing the discount rate by reference to the cost of capital of the Group; and • Performed a sensitivity analysis of the key assumptions in the model, considered the potential impact of reasonably possible downside changes in these key assumptions. We furthermore assessed the adequacy of the disclosures in the financial statements in accordance with International Financial Reporting Standards.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Sephaku Holdings Limited Annual Financial Statements for the year ended 31 March 2023", which includes the Directors' Report, the Statement of compliance by Audit and Risk committee and the Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the 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 misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that BDO South Africa Incorporated has been the auditor of Sephaku Holdings Limited for 15 years.

BDO South Africa Inc.

BDO South Africa Incorporated
Registered Auditors

Jacques Barradas
Director
Registered Auditor

26 June 2023

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

STATEMENT OF RESPONSIBILITY BY THE BOARD

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 financial statements fairly present the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditor is engaged to express an independent opinion on the financial statements.

The 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 and the Company's cash flow forecast for the year to 31 March 2024 and, in light of this review and the current financial position, they are satisfied that the Group and the Company has or had 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 auditor is responsible for independently auditing and reporting on the Group's and the Company's financial statements. The financial statements have been examined by the Group's and the Company's external auditor and their report is presented on pages 5 to 7.

The financial statements, set out on pages 14 to 55, were approved by the board on 21 June 2023 and were signed on their behalf by:

NR Crafford-Lazarus
Chief executive officer and financial director

B Williams
Chairperson – non-executive director

Centurion, South Africa

Friday, 23 June 2023

CHIEF EXECUTIVE OFFICER AND FINANCIAL DIRECTOR RESPONSIBILITY STATEMENT

The CEO and the financial director, whose names are stated below, hereby confirm that:

a) the financial statements, set out on pages 14 to 55, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
b) to the best of their knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;
d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
e) where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal controls and any fraud that involve directors, and have taken the necessary remedial action; and
f) we are not aware of any fraud involving directors.

NR Crafford-Lazarus
Chief executive officer and financial director

KJ Capes
Incoming chief executive officer

Centurion, South Africa

23 June 2023

STATEMENT OF COMPLIANCE BY THE COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act of South Africa (the Companies Act), I declare that to the best of my knowledge, for the year ended 31 March 2023, Sephaku Holdings Limited has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Companies Act and that such returns are true, correct and up to date.

Acorim Proprietary Limited
Company secretary

Centurion, South Africa

23 June 2023

DIRECTORS' REPORT

The directors submit their report for the year ended 31 March 2023.

1. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

Main business and operations

SepHold ("the Company") offers investors a portfolio of assets focused on the construction materials value chain. SepHold's active investment portfolio comprises the 100% owned subsidiary, Métier ("the Subsidiary") and the 36% owned associate, SepCem ("the Associate"), which are collectively referred to as the Group. As a subsidiary of Dangote Cement PLC (DCP), SepCem has a 31 December year-end, therefore the equity-accounted profit included in this report relates to SepCem's results in the period 1 January 2022 to 31 December 2022.

Group

The salient features of the Group for the reporting period was as follows:

Group consolidated revenue: R981 million (FY 2022: R786 million)

Net profit after tax: R26 million (FY 2022: R45 million)

Basic earnings per share: 10.05 cents (FY 2022: 17.52 cents)

Headline earnings per share: 9.98 cents (FY 2022: 17.67 cents)

Normalised headline earnings per share: 10.53 (FY 2022: 17.67 cents)

SepHold

Over the last three calendar years the audit and risk committee (ARC) successfully motivated to the JSE for Neil Crafford-Lazarus to assume dual CEO and FD roles. In November 2022 SepHold announced that Kenneth Capes would assume the role of CEO from 1 April 2023 and that Neil Crafford-Lazarus would resume his former position as FD.

Métier

Sales volumes

Total sales volume increased by 14% year-on-year (YoY), after the 25% increase in FY 2022 subsequent to the related pandemic restrictions from a year earlier. These volumes saw a return to pre-pandemic levels last seen in FY 2018 and FY 2019.

Métier overcame challenges in its operating environment to deliver pleasing growth in sales volumes and revenue. This was primarily attributable to a significant project in Gauteng, Métier's expansion into the Western Cape which gained traction during the year, and growth in technical specialised product sales. The KZN operations held their ground in difficult trading conditions.

In a competitive market with limited market data, Métier estimates it retained market share in its established Gauteng and KZN markets, and made headway in securing market share in the Western Cape by leveraging its reputation as a trusted, consistently reliable supplier of choice to customers.

Revenue and profitability

Métier's revenue increased by 25% YoY to R981 million (FY 2022: R786 million) due to increased sales volumes and pricing. Increasing inflation-related input costs in the quarter ended 31 March 2023 resulted in all major mixed concrete producers, including the Subsidiary implementing significant price increases. Consequently, the EBITDA increased by 31% to R98 million (FY 2022: R75 million), and EBIT increased by 33% from R48 million to R64 million. Net profit after tax increased by 43%, from R30 million to R43 million, due to the high revenue and the lower finance expense resulting from a decreasing debt balance.

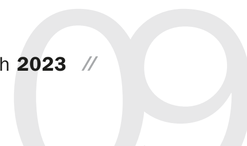
Price increases applied in March 2023 were sustained, and Métier intends to continue tight cost controls and grow its specialised concrete offerings. The team at Métier are committed to growing profitability in FY 2024 without being naïve at the construction headwinds the country is experiencing.

Bank debt management

During the current financial year Métier repaid their term loan due in FY 2024 and replaced it with an overdraft facility. The total term loan at the beginning of the year was R48 million while the overdraft at year-end was R18 million.

This movement from long-term liabilities to short-term liabilities and the increase in turnover with resulting increase in trade receivables created a position where current assets and liabilities are close to each other but will widen again as current year profits increases the bank balance. The unutilised portion of the overdraft leaves enough headroom for servicing of all debts during this period.

During the year the vehicle financing facility was increased from R31 million to R47 million.



1. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES (CONTINUED)

SepCem

Sales volumes

Sales volumes decreased by 12% during the year to 31 December 2022 (CY 2021: 1% decrease) inline with SepCem's estimates for overall market performance. The reduction in SepCem's sales volumes was primarily due to lower sales of bagged cement in urban and rural areas that account for 70% to 80% of total sales. Sales of bulk cement to construction projects account for the balance of volumes. These were relatively flat year-on-year, reflecting an industry in decline for over four years.

Revenue and profitability

SepCem's revenue only decreased by 4% to R2,5 billion (CY 2021: R2,6 billion) due to price increases in February 2022 and August 2022, resulting in a higher net selling price YoY. The resultant EBITDA was 25% lower at R278,5 million (CY 2021: R373,9 million) at a margin of 11.1% (CY 2021: 14.6%).

Net profit after tax decreased from R81,9 million in CY 2021 to a loss of R4,2 million in CY 2022. The SepCem 36% equity-accounted loss in the Group FY 2023 profit and loss statement is R2,0 million compared to R28,9 million profit in FY 2022.

Debt management

Management concluded negotiations with the lenders to convert the project loan bullet instalment of R377 million due in November 2022 into a three-year term loan of R400 million at a rate of JIBAR plus 3.25% from August 2022. In addition, SepCem secured a R200 million revolving working capital facility at a rate of prime minus 0.5% from one of the original major lenders. The DCP shareholder loan that accrues interest at JIBAR plus 4% capitalised against the loan had a balance of R685 million by year-end.

Group focus

The Group will focus on cost management to ensure that the gains achieved from the numerous initiatives during FY 2023 are sustained. SepCem and Métier will continue to focus on strengthening their balance sheets by reducing debt while seeking diversification opportunities within the construction value chain.

2. SHARE CAPITAL

There have been no changes to the authorised or issued share capital during the prior year and the year under review.

All the authorised and issued shares have no par value.

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

3. DIVIDENDS

No dividends were declared or paid to shareholders during the current year (2022: Rnil).

4. SHARE INCENTIVE SCHEME

There were no share options issued during the year. Refer to note 18 of the consolidated annual financial statements for details of the Group share incentive scheme.

5. DIRECTORATE

The directors in office at the date of this report are as follows:

Directors	Office	Designation
B Williams	Chairperson – Board	Non-executive independent
MM Ngoasheng	Chairperson – Remuneration and nomination committee	Non-executive independent
MJ Janse van Rensburg	Chairperson – Audit committee	Non-executive independent
B Bulo	Member – Audit committee	Non-executive independent
Dr. L Mohuba	Chairperson – Social and ethics committee	Non-executive
NR Crafford-Lazarus	Chief executive officer (until 31 March 2023) and financial director	Executive
KJ Capes	Chief executive officer – Métier & SepHold (from 1 April 2023)	Executive

Resignations/deaths/retirements of directors

Directors	Cause of change	Designation	Date
PF Fourie	Passed away	Non-executive	19 May 2021

PF Fourie's position as non-executive director was not replaced to the date of this report.

6. SHAREHOLDERS' INFORMATION

An analysis of shareholders and the respective percentage shareholdings appear in the shareholders' analysis section on page 56.

As at 31 March 2023, the directors of the Company held direct and indirect beneficial interests of 14% (2022: 14%) of its issued ordinary shares, as set out below.

Beneficial shareholdings of directors, directors' associates and prescribed officer:

	2023			2022		
Director/prescribed officer	**Direct**	**Indirect**	**Associates**	Direct	Indirect	Associates
Dr. L Mohuba	**87 202**	**8 363 767**	**40 000**	87 202	8 363 767	40 000
NR Crafford-Lazarus	**2 986 984**	**–**	**–**	2 986 984	–	–
KJ Capes	**10 600 000**	**–**	**–**	10 600 000	–	–
MM Ngoasheng*		**12 515 569**			12 515 569	
	13 674 186	**20 879 336**	**40 000**	13 674 186	20 879 336	40 000

* *He holds his indirect beneficial interest through an indirect beneficial interest in Safika Resources Proprietary Limited ("Safika"), who holds 19.56% SepHold shares. Safika is however not an associate of the director as defined in the JSE Listings Requirements.*

There have been no changes in the beneficial interests of the directors, directors' associates and prescribed officers in the stated capital between the end of the financial year and the date of approval of these annual financial statements.

Directors' interest in share options:

2023	Opening balance number of share options	Exercise price	Options expired	Date expired	Market price on exercise date	Options vested at year-end	Closing balance number of share options
Dr. L Mohuba							
Granted 31/03/2016	**400 000**	**R4.40**	**(400 000)**	**31/03/2023**	**–**	**–**	**–**
Granted 01/07/2017	**475 000**	**R3.00**	**–**	**–**	**–**	**475 000**	**475 000**
NR Crafford-Lazarus							
Granted 31/03/2016	**400 000**	**R4.40**	**(400 000)**	**31/03/2023**	**–**	**–**	**–**
Granted 01/07/2017	**475 000**	**R3.00**	**–**	**–**	**–**	**475 000**	**475 000**
	1 750 000		**(800 000)**			**950 000**	**950 000**

6. SHAREHOLDERS INFORMATION (CONTINUED)

Directors' interest in share options (continued)

2022	Opening balance number of share options	Exercise price	Options expired	Date expired	Market price on exercise date	Options vested at year-end	Closing balance number of share options
Dr. L Mohuba							
Granted 10/12/2014	400 000	R6.80	(400 000)	10/12/2021	–	–	–
Granted 31/03/2016	400 000	R4.40	–	–	–	400 000	400 000
Granted 01/07/2017	475 000	R3.00	–	–	–	475 000	475 000
NR Crafford-Lazarus							
Granted 10/12/2014	375 000	R6.80	(375 000)	10/12/2021	–	–	–
Granted 31/03/2016	400 000	R4.40	–	–	–	400 000	400 000
Granted 01/07/2017	475 000	R3.00	–	–	–	475 000	475 000
	2 525 000		(775 000)			1 750 000	1 750 000

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

The register of interests of directors and others in shares of the Company is available to the shareholder on request.

There have been no changes in beneficial interest that occurred between the end of the reporting period and the date of this report.

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 of R47 158 965 (2022: R48 252 851) and disposals of R3 819 051 (2022: R1 413 847) on property, plant and equipment of the Group.

Refer to note 3 of the annual financial statements for further details.

8. BORROWING POWERS

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.

9. EVENTS AFTER THE REPORTING PERIOD

Chief executive officer appointment

Shareholders are referred to the SENS announcement dated 25 November 2022 advising the appointment of Mr Kenneth Capes as the new CEO of SepHold. The board is pleased to announce that Mr Capes has been formally appointed as the CEO from 1 April 2023. He will continue to be CEO of Metier and an executive director on the SepHold board.

Q1 2023 performance

Following the DCP first-quarter results announcement for the three months ended 31 March 2023, released on 28 April 2023, SepCem's revenue increased by 5.4% to R583 million (Q1 2022: R553 million) mainly due to price increases implemented in February 2023. SepCem's quarterly EBITDA decreased significantly to R31,3 million (Q1 2022: R89,7 million) mainly due to comparative inventory depletion typical during planned kiln outages for an extended maintenance period.

10. 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.

The directors believe that the Group and the Company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the Group and the Company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The Company's current liabilities exceed the current assets, however if the loan from group company is required to be repaid, the board will approve Métier to pay a dividend to SepHold. The dividend received will be utilised to repay the loan in full. The directors are not aware of any new material changes that may adversely impact the Group and the Company.

As mentioned under the debt management portion of Métier, the current liabilities exceeded the current assets at year-end. This is mainly due to the fact that the long-term portion of financing was repaid during FY 2023 and replaced with a bank overdraft. Long-term debt reduced by R48 million while the bank overdraft at year-end was R18 million. The overdraft is only utilised over month end and is repaid in the first half of the month. This position will further improve during the current year and as cash is generated from profits, the current assets will again exceed the current liabilities. During the period that these timing differences occur the R80 million overdraft facility provides enough headroom to ensure that all foreseeable cash requirements will be met.

The refinancing of the SepCem Nedbank and consortium loan of R376 714 000 was granted by Nedbank and Standard Bank during the financial year.

The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group and the Company.

11. SECRETARY

The company secretary is Acorim Proprietary Limited (Acorim) of:

Postal address: PO Box 41480
Craighall
2024

Business address: 13th Floor, Illovo Point
68 Melville Road
Illovo
Sandton
2196

The company secretary provides the board with guidance in respect of the discharge of directors' duties and their responsibilities, and regarding legislation, regulatory and governance procedures and requirements. The board has access to, and is aware of, the responsibilities and duties of the company secretary and has committed itself to ensure that the company secretary is afforded the support required to perform its duties.

The company secretary acts as secretary to board-appointed committees. The board is satisfied that Acorim, represented by Nikita Hunter, has the required knowledge, skill and discipline to perform the functions and duties of the company secretary. The board has concluded that Acorim maintains an arm's length relationship with the Company and its board.

No Acorim employees are directors of the Company, nor do they have any other interests or relations that may affect independence. In making this assessment, the board considered the independence of Acorim directors, shareholders and employees, as well as Acorim's collective qualifications and track record.

12. SUBSIDIARIES

Name of subsidiary	Net profit after tax 2023	Net profit/(loss) after tax 2022
Métier Mixed Concrete Proprietary Limited	**27 901 234**	22 719 605
Sephaku Investment Holdings Proprietary Limited	**–**	(850)

Details of the Company's investment in subsidiaries are set out in note 6 to the annual financial statements.

13. SPECIAL RESOLUTIONS

No special resolutions of material interest or of a substantive nature were passed by the Company's subsidiaries during the reporting period.

STATEMENTS OF FINANCIAL POSITION

as at 31 March 2023

	Notes	Group 2023 R	Group 2022 R	Company 2023 R	Company 2022 R
ASSETS					
Non-Current Assets					
Property, plant and equipment	3	**160 270 076**	136 616 822	**15 895**	23 867
Right-of-use assets	4	**49 271 670**	53 535 740	**–**	–
Goodwill	5	**223 421 981**	223 421 981	**–**	–
Investments in subsidiaries	6	**–**	–	**299 378 029**	299 378 029
Investment in joint venture	7	**1**	1	**–**	–
Investment in associate	8	**836 320 473**	838 361 313	**683 689 159**	683 689 159
Loans receivable	14	**–**	961 173	**–**	–
Other financial assets	11	**10 337 990**	8 702 890	**10 337 990**	8 702 890
Other investments	12	**1 000 000**	2 000 000	**1 000 000**	2 000 000
		1 280 622 191	1 263 599 920	**994 421 073**	993 793 945
Current Assets					
Inventories	13	**20 504 893**	18 076 838	**–**	–
Loans to group companies	9	**–**	–	**11 379**	11 379
Loans receivable	14	**961 173**	3 658 670	**–**	–
Trade and other receivables	15	**121 929 846**	87 190 895	**145 990**	130 662
Cash and cash equivalents	16	**4 348 011**	29 476 556	**1 572 207**	4 054 819
		147 743 923	138 402 959	**1 729 576**	4 196 860
Total Assets		**1 428 366 114**	1 402 002 879	**996 150 649**	997 990 805
EQUITY AND LIABILITIES					
Equity					
Share capital	17	**682 965 910**	682 965 910	**682 965 910**	682 965 910
Reserves	18	**2 738 696**	5 903 868	**2 738 696**	5 903 868
Retained income		**487 201 495**	458 410 976	**195 999 062**	193 068 938
		1 172 906 101	1 147 280 754	**881 703 668**	881 938 716
Liabilities					
Non-Current Liabilities					
Instalment sale liabilities	20	**36 435 398**	25 384 965	**–**	–
Other financial liabilities	22	**–**	34 863 130	**–**	–
Lease liabilities	4 & 23	**48 454 562**	54 897 551	**–**	–
Deferred income	25	**–**	–	**–**	–
Deferred tax	10	**19 432 371**	17 584 930	**–**	–
		104 322 331	132 730 576	**–**	–
Current Liabilities					
Trade and other payables	24	**105 590 717**	90 047 921	**1 575 661**	3 177 769
Loans from group companies	19	**–**	–	**112 871 320**	112 874 320
Instalment sale liabilities	20	**10 300 021**	6 026 405	**–**	–
Other financial liabilities	22	**–**	13 410 551	**–**	–
Lease liabilities	4 & 23	**15 054 190**	12 178 585	**–**	–
Current tax payable		**2 277 547**	328 087	**–**	–
Bank overdraft	16	**17 915 207**	–	**–**	–
		151 137 682	121 991 549	**114 446 981**	116 052 089
Total Liabilities		**255 460 013**	254 722 125	**114 446 981**	116 052 089
Total Equity and Liabilities		**1 428 366 114**	1 402 002 879	**996 150 649**	997 990 805

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2023

		Group		Company	
	Notes	**2023 R**	2022 R	**2023 R**	2022 R
Revenue	26	**980 710 786**	785 791 090	**20 000 000**	11 300 000
Cost of sales	27	**(615 819 604)**	(484 062 792)	**–**	–
Gross profit		**364 891 182**	301 728 298	**20 000 000**	11 300 000
Other operating income	28	**3 564 049**	4 322 893	**–**	–
Other operating gains (losses)	29	**(768 879)**	–	**(1 000 026)**	–
Movement in loss allowances	11 & 30	**(400 000)**	–	**(400 000)**	–
Operating expenses	30	**(318 274 963)**	(271 819 556)	**(18 893 396)**	(18 433 775)
Operating profit/(loss)	30	**49 011 389**	34 231 635	**(293 422)**	(7 133 775)
Investment income	31	**2 231 302**	2 037 346	**184**	331
Finance costs	32	**(13 321 210)**	(12 851 844)	**–**	(6)
(Loss)/Income from equity accounted investments	8	**(2 040 840)**	28 992 240	**–**	–
Profit/(loss) before taxation		**35 880 641**	52 409 377	**(293 238)**	(7 133 450)
Taxation	33	**(10 313 484)**	(7 831 832)	**–**	–
Profit/(loss) for the year		**25 567 157**	44 577 545	**(293 238)**	(7 133 450)
Other comprehensive income		**–**	–	**–**	–
Total comprehensive income/(loss) for the year		**25 567 157**	44 577 545	**(293 238)**	(7 133 450)
Basic earnings per share (cents)	41	**10.05**	17.52		
Diluted earnings per share (cents)	41	**10.05**	17.52		

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2023

Group	Share capital R	Equity-based share option reserve R	Retained income R	Total equity R
Balance at 01 April 2021	682 965 910	11 052 071	408 387 152	1 102 405 133
Profit for the year	–	–	44 577 545	44 577 545
Other comprehensive income	–	–	–	–
Total comprehensive income for the year	–	–	44 577 545	44 577 545
Employees share option scheme	–	(5 148 203)	5 446 279	298 076
Total contributions by and distributions to owners of group recognised directly in equity	–	(5 148 203)	5 446 279	298 076
Balance at 01 April 2022	682 965 910	5 903 868	458 410 976	1 147 280 754
Profit for the year	**–**	**–**	**25 567 157**	**25 567 157**
Other comprehensive income	**–**	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**–**	**25 567 157**	**25 567 157**
Employees share option scheme	**–**	**(3 165 172)**	**3 223 362**	**58 190**
Total contributions by and distributions to owners of group recognised directly in equity	**–**	**(3 165 172)**	**3 223 362**	**58 190**
Balance at 31 March 2023	**682 965 910**	**2 738 696**	**487 201 495**	**1 172 906 101**
Note(s)	17	18		

Company	Share capital R	Equity-based share option reserve R	Retained income R	Total equity R
Balance at 01 April 2021	682 965 910	11 052 071	194 756 109	888 774 090
Loss for the year	–	–	(7 133 450)	(7 133 450)
Other comprehensive income	–	–	–	–
Total comprehensive Loss for the year	–	–	(7 133 450)	(7 133 450)
Employees' share option scheme	–	(5 148 203)	5 446 279	298 076
Total contributions by and distributions to owners of company recognised directly in equity	–	(5 148 203)	5 446 279	298 076
Balance at 01 April 2022	682 965 910	5 903 868	193 068 938	881 938 716
Loss for the year	**–**	**–**	**(293 238)**	**(293 238)**
Other comprehensive income	**–**	**–**	**–**	**–**
Total comprehensive Loss for the year	**–**	**–**	**(293 238)**	**(293 238)**
Employees' share option scheme	**–**	**(3 165 172)**	**3 223 362**	**58 190**
Total contributions by and distributions to owners of company recognised directly in equity	**–**	**(3 165 172)**	**3 223 362**	**58 190**
Balance at 31 March 2023	**682 965 910**	**2 738 696**	**195 999 062**	**881 703 668**
Note(s)	17	18		

STATEMENTS OF CASH FLOWS

for the year ended 31 March 2023

	Notes	Group 2023 R	Group 2022 R	Company 2023 R	Company 2022 R
Cash flows from operating activities					
Cash generated from/(used in) operations	34	**64 828 440**	66 022 736	**(444 696)**	(4 744 040)
Interest income received	31	**1 994 865**	1 519 584	**184**	331
Tax paid	35	**(6 516 582)**	(9 028 544)	**–**	–
Net cash generated from/(used in) operating activities		**60 306 723**	58 513 776	**(444 512)**	(4 743 709)
Cash flows from investing activities					
Purchase of property, plant and equipment	3	**(28 223 234)**	(14 359 181)	**–**	(23 839)
Proceeds on disposal of property, plant and equipment	3	**5 701 922**	1 023 903	**–**	–
Proceeds from repayment of loans	11	**–**	2 058 946	**–**	2 058 946
Loans advanced	9	**(2 035 100)**	–	**(2 035 100)**	(850)
Net cash (used in)/generated from investing activities		**(24 556 412)**	(11 276 332)	**(2 035 100)**	2 034 257
Cash flows from financing activities					
Repayment of loans from group companies	19	**–**	–	**(3 000)**	–
Repayment of principal on instalment sales	20	**(3 611 680)**	(2 487 183)	**–**	–
Repayment of interest on instalment sales	21	**(4 233 275)**	(1 411 613)	**–**	–
Finance costs – other	32	**–**	(1 316)	**–**	(6)
Repayment of principal on other financial liabilities	21	**(48 546 408)**	(23 311 072)	**–**	–
Repayment of interest on other financial liabilities	32	**(2 789 022)**	(4 859 481)	**–**	–
Payments of principal on leases	23	**(13 587 491)**	(12 135 444)	**–**	–
Payments of interest on leases	23	**(6 026 186)**	(6 307 253)	**–**	–
Net cash (used in)/generated from financing activities		**(78 794 062)**	(50 513 362)	**(3 000)**	(6)
Total cash movement for the year		**(43 043 751)**	(3 275 918)	**(2 482 612)**	(2 709 458)
Cash at the beginning of the year		**29 476 556**	32 752 474	**4 054 819**	6 764 277
Total cash at end of the year	16	**(13 567 195)**	29 476 556	**1 572 207**	4 054 819

MATERIAL ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with IFRS of the International Accounting Standards Board (IASB), the Companies Act, the JSE Listings Requirements 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 certain financial assets and the equity method of accounting for investments in associate. They incorporate the principal accounting policies set out below and are presented in South African rand. Accounting policies that refer to "consolidated or group", apply equally to the Company financial statements where relevant.

The accounting policies are consistent with the previous year, except for the change in the new or revised accounting standards and interpretations of those standards that were adopted. Refer to note 2.1 for details of standards adopted and their impact on the current period.

1.1 Consolidation

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all subsidiaries. Accounting policies are applied consistently in all group companies.

The results of subsidiaries are included in the consolidated financial statements 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 inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, are highlighted below with more detail provided in the specific notes to which they relate:

Estimation uncertainty:

Impairment testing of goodwill

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 three-year period and a terminal value calculation. This was also tested against projected EBITDA multiples as a control. Refer note 5 for the assumptions applied when reviewing goodwill.

Impairment of investment in subsidiaries and associate

The indicators and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of investment in subsidiaries and associate are highlighted in note 6 and 8.

Trade and other receivables

The Group makes use of a simplified approach in accounting for trade receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. Refer to note 15 Trade receivables for more details. The approach remained consistent with the prior year.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.3 Property, plant and equipment

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets, where appropriate.

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using the straight-line method. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

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.

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of plant and machinery, motor vehicles, furniture and fixtures and computer equipment are determined based on group replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements. When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land	*
Plant and machinery	10 – 20 years
Furniture and fixtures	6 – 8 years
Motor vehicles	5 – 10 years
Computer equipment	2 – 6 years

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

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 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.

1.5 Investments in joint ventures

Group annual financial statements

In the Group financial statements, an investment in a joint venture is accounted for using the equity method.

1.6 Investments in associates

In the financial statements, investments in associates are carried at cost less any accumulated impairment losses.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.7 Financial instruments

Financial instruments held by the Group are classified in accordance with IFRS 9 *Financial Instruments*.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Group are presented below:

Classification and initial measurement of financial assets

Other than for financial assets classified as at fair value through profit and loss, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

- Amortised cost
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income (FVOCI)

During the period the financial assets consisted of trade and other receivables, loans receivable, cash and cash equivalents, other financial assets and other investments. In the periods presented the Group does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method.

The Group's cash and cash equivalents, trade and loan receivables and the Company's loans to group companies fall into this category of financial instruments.

Trade and other receivables

The Group makes use of a simplified approach in accounting for trade receivables, as well as, contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and they have been grouped based on the days past due. Refer to note 15 for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The Group measures the loss allowance for trade and other receivables which do not contain a significant financing component at an amount equal to lifetime expected credit losses (lifetime ECL). The loss allowance for all other trade and other receivables is measured at lifetime ECL when there has been a significant increase in credit risk since initial recognition. If the credit risk on these receivables has not increased significantly since initial recognition, then the loss allowance for those receivables is measured at 12-month expected credit losses (12-month ECL).

The impairment requirements use more forward-looking information to recognise expected credit losses – the expected credit loss (ECL) model.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (Stage 1);
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (Stage 2); and
- Stage 3 would cover financial assets that have objective evidence of impairment at the reporting date. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.7 Financial instruments (continued)

Impairment of financial assets (continued)
In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on trade receivables that are possible within 12 months after the reporting date.

Significant increase in credit risk
In assessing whether the credit risk on a receivable or group of receivables has increased significantly since initial recognition, the Group compares the risk of a default occurring as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The Group considers qualitative information by reference to the customers' cash flow and liquid asset position, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

By contrast, if a receivable is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Definition of default
For purposes of internal credit risk management purposes, the Group consider that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account). This is assessed based on a number of factors including various liquidity and solvency ratios.

Measurement and recognition of expected credit losses
The Group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade receivables in totality. Details of the provision matrix is presented in note 15.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in operating expenses in profit or loss as a movement in credit loss allowance (note 30).

Write off policy
The Group writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the Group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Loans receivable
Loans receivable are subject to the impairment provisions of IFRS 9 *Financial Instruments*, which requires a loss allowance to be recognised for all exposures to credit risk. The loss allowance for loans receivable is calculated based on 12-month expected losses if the credit risk has not increased significantly since initial recognition. In cases where the credit risk has increased significantly since initial recognition, the loss allowance is calculated based on lifetime expected credit losses. The loss allowance is updated to either 12-month or lifetime expected credit losses at each reporting date based on changes in the credit risk since initial recognition. If a loan is considered to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition. On the other hand, if a loan is in arrears more than 90 days, then it is assumed that there has been a significant increase in credit risk since initial recognition.

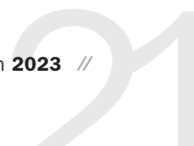
Classification and measurement of financial liabilities
Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs.

Trade and other payables (note 24), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

The Group's financial liabilities include trade and other payables, bank overdraft, loans from group companies, lease obligations, instalment sales and other financial liabilities.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges are included within finance costs or finance income.



1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.7 Financial instruments (continued)

Trade and other payables

Trade and other payables are classified as financial liabilities at amortised cost.

Cash and cash equivalents

Cash and cash equivalents are initially stated at fair value, and subsequently carried at amortised cost which is deemed to be fair value.

Cash and cash equivalents comprise of 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.

Other financial liabilities

Other financial liabilities, such as the term loan, are classified as financial liabilities at amortised cost.

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.

Derecognition

Financial liabilities

The Group derecognises financial liabilities when, and only when, the Group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

1.8 Taxation

Current taxation assets and liabilities

Current tax 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 tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxation assets and liabilities

A deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset of liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and joint ventures where the Group is able to control timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference cam be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

When there is uncertainty concerning the Group's filing position regarding the tax bases of assets or liabilities, the taxability of certain transactions or other tax-related assumptions, then the Group:

- Considers whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
- Determines if it is probable that the tax authorities will accept the uncertain tax treatment; and
- If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. This measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.8 Taxation (continued)

Taxation expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income; or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

1.9 Leases

Group as lessee

The Group assesses whether a contract is, or contains a lease, at the inception of the contract.

The Group recognises right-of-use assets and lease liabilities at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Right-of-use assets in respect of land and buildings are depreciated over the lease term with an average useful life of six and eight years. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable under a residual value guarantee

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's and the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group or the Company change their assessment of whether if will exercise a purchase, extension or terminate option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including computer and office equipment. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

1.10 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 entity.

Slow-moving stock assessed where the net realised value is lower than the cost 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. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.11 Impairment of non-financial assets

The Group assesses at each end of the reporting period whether there is any indication that goodwill and property, plant and equipment may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

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 an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Irrespective of whether there is any indication of impairment, the Group also tests goodwill acquired in a business combination for impairment annually.

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, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

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.

1.12 Share-based payments

Services received or acquired in a share-based payment transaction are recognised when the services are received. When the services received or acquired in a share-based payment transaction they are recognised as expenses.

Vesting conditions which are not market related (i.e service conditions and non-market-related performance conditions) are not taken into consideration when determining the fair value of the equity instruments granted. Instead they are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for goods or services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest. Market conditions, such as a target share price, are taken into account when estimating the fair value of the equity instruments granted. The number of equity instruments are not adjusted to reflect equity instruments which are not expected to vest or do not vest because the market condition is not achieved.

Share-based payments are limited to a short-term incentive scheme for employees which will terminate on 30 June 2024. Since the fair values 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.

For all equity-settled share-based payment transactions, management assesses, at each reporting period, the number of options expected to vest until vesting. Changes in the estimated number of options expected to vest are 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 values of the options are determined on grant date and are not subsequently adjusted.

1.13 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 and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is 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. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.14 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 in 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.

Grants related to income are presented as a credit in profit or loss.

1.15 Revenue from contracts with customers

The Group recognises revenue from the following major sources:

- Sales of ready-mix concrete (group)
- Concrete pumping services (group)
- Management fees to customer (company)

Revenue arises mainly from the sale of a variety of standard and specialised high-value concrete products to the construction industry. To determine whether to recognise revenue, the Group follows a five-step process:

- identifying the contract with a customer;
- identifying the performance obligations;
- determining the transaction price;
- allocating the transaction price to the performance obligations; and
- recognising revenue when the obligation performance is satisfied.

The Group often enters into transactions involving a range of the Group's products and services. The main source of revenue being the manufacture and supply of quality ready-mix concrete products for the residential, commercial and industrial markets in South Africa.

In all cases, the total transaction price for a contract is allocated among the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position.

Sale of ready-mix concrete

Revenue from the sale of ready-mix concrete for a fixed fee per quantity supplied is recognised when or as the Group transfers control of the asset to the customer. Invoices for goods transferred are due within 30 days from statement date or cash before delivery for cash customers.

For sales of ready-mix concrete, control transfers at the point in time when the customer takes undisputed delivery of the goods. The transaction price is based on a price per cubic metre sold for concrete.

Concrete pumping services

The Group recognises revenue from providing services in the accounting period at the point in time the services are rendered to the customer. The transaction price is based on set rates for pump establishments and varies based on the quantity pumped.

Management fees

The Company recognises revenue from management fees over the time the services are rendered. The fees are invoiced as per the agreement and is payable upon presentation of the invoice.

1.16 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. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.17 Operating segments

Operating segments are reported on in a manner consistent with internal reporting provided to the chief operating decision maker. The business manages and report on one segment. No specific segments are identified.

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 members of the Group.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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 that are relevant to its operations:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Annual Improvement to IFRS Standards 2018 – 2020: Amendments to IFRS 1	01 January 2022	The impact of the amendments is not material.
• Reference to the Conceptual Framework: Amendments to IFRS 3	01 January 2022	The impact of the amendments is not material.
• Annual Improvement to IFRS Standards 2018 – 2020: Amendments to IFRS 9	01 January 2022	The adoption of this standard has not had a material impact on the results of the Group, but has resulted in more disclosure than would have previously been provided in the financial statements.
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01 January 2022	When applicable, the impact of the standard will be set out in note 3.
• Onerous Contracts – Cost of Fulfilling a Contract: Amendments to IAS 37	01 January 2022	The adoption of this standard has not had a material impact on the results of the Group, but has resulted in more disclosure than would have previously been provided in the financial statements.

2.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the Group's accounting periods beginning on or after 01 April 2023 or later periods but are not relevant to its operations:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2	01 January 2023	Not expected to impact results but may result in additional disclosure
• Definition of accounting estimates: Amendments to IAS 8	01 January 2023	Not expected to impact results but may result in additional disclosure
• Classification of Liabilities as Current or Non-Current – Amendment to IAS 1	01 January 2024	Possible additional disclosure

3. PROPERTY, PLANT AND EQUIPMENT

	2023			2022		
Group	**Cost R**	**Accumulated depreciation R**	**Carrying value R**	Cost R	Accumulated depreciation R	Carrying value R
Land	**2 666 309**	**–**	**2 666 309**	2 666 309	–	2 666 309
Plant and machinery	**115 477 725**	**(63 251 356)**	**52 226 369**	115 392 773	(56 742 226)	58 650 547
Furniture and fixtures	**1 014 957**	**(842 010)**	**172 947**	1 122 256	(899 813)	222 443
Motor vehicles	**175 215 456**	**(70 530 015)**	**104 685 441**	146 562 609	(72 208 531)	74 354 078
Office equipment	**–**	**–**	**–**	24 966	(24 963)	3
Computer equipment	**4 271 314**	**(3 752 304)**	**519 010**	4 111 815	(3 388 373)	723 442
Total	**298 645 761**	**(138 375 685)**	**160 270 076**	269 880 728	(133 263 906)	136 616 822

	2023			2022		
Company	**Cost R**	**Accumulated depreciation R**	**Carrying value R**	Cost R	Accumulated depreciation R	Carrying value R
Furniture and fixtures	**–**	**–**	**–**	143 177	(143 157)	20
Office equipment	**–**	**–**	**–**	24 966	(24 963)	3
Computer equipment	**155 255**	**(139 360)**	**15 895**	207 139	(183 295)	23 844
Total	**155 255**	**(139 360)**	**15 895**	375 282	(351 415)	23 867

Reconciliation of property, plant and equipment

Group	**Opening balance R**	**Additions – cash R**	**Additions – non-cash R**	**Disposals R**	**Depreciation R**	**Total R**
2023						
Land	**2 666 309**	**–**	**–**	**–**	**–**	**2 666 309**
Plant and machinery	**58 650 547**	**267 464**	**–**	**(46 987)**	**(6 644 655)**	**52 226 369**
Furniture and fixtures	**222 443**	**35 883**	**–**	**(20)**	**(85 359)**	**172 947**
Motor vehicles	**74 354 078**	**27 620 754**	**18 935 731**	**(3 768 642)**	**(12 456 480)**	**104 685 441**
Office equipment	**3**	**–**	**–**	**(3)**	**–**	**–**
Computer equipment	**723 442**	**299 133**	**–**	**(3 399)**	**(500 166)**	**519 010**
	136 616 822	**28 223 234**	**18 935 731**	**(3 819 051)**	**(19 686 660)**	**160 270 076**
2022						
Land	2 666 309	–	–	–	–	2 666 309
Plant and machinery	54 346 281	9 362 258	–	(2 905)	(5 055 087)	58 650 547
Furniture and fixtures	152 129	126 119	–	–	(55 805)	222 443
Motor vehicles	44 986 638	4 494 547	33 893 670	(1 387 600)	(7 633 177)	74 354 078
Office equipment	3	–	–	–	–	3
Computer equipment	597 118	376 257	–	(23 342)	(226 591)	723 442
	102 748 478	14 359 181	33 893 670	(1 413 847)	(12 970 660)	136 616 822

The current and prior year additions – non-cash relates to the purchase of motor vehicles through instalment sale agreements. Refer note 20 Instalment sale liabilities for further details.

Assets that have been in use for longer than their useful lives include plant and motor vehicles that have a cost of R7 686 827 (2022: R30 449 637).

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of property, plant and equipment (continued)

Company	Opening balance R	Disposals R	Depreciation R	Total R
2023				
Furniture and fixtures	**20**	**(20)**	**–**	**–**
Office equipment	**3**	**(3)**	**–**	**–**
Computer equipment	**23 844**	**(3)**	**(7 946)**	**15 895**
	23 867	**(26)**	**(7 946)**	**15 895**

	Opening balance R	Additions – cash R	Total R
2022			
Furniture and fixtures	20	–	20
Office equipment	3	–	3
Computer equipment	5	23 839	23 844
	28	23 839	23 867

Details of land

	Group		Company	
	2023 R	2022 R	**2023 R**	2022 R
Property 10 of Erf 233, Phoenix Industrial Park				
Terms and conditions				
– Purchase price: 12 June 2009	**2 400 000**	2 400 000	**–**	–
– Additions since purchase	**266 309**	266 309	**–**	–
	2 666 309	2 666 309	**–**	–

Pledged as security

Refer to note 16 Cash and cash equivalents and note 20 Instalment sale liabilities for details of property, plant and equipment encumbered as security for borrowings.

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the Company and its respective subsidiaries.

4. RIGHT-OF-USE ASSETS

The Group entered into leasing arrangements for certain of its assets, including land, buildings, motor vehicles and equipment. The average lease terms are seven years and the incremental borrowing rate is prime lending rate (2022: average effective borrowing rate was prime lending rate).

For the disclosure on interest expenses and the maturity analysis of the lease liabilities, refer to note 23.

Details pertaining to leasing arrangements, where the Group is lessee are presented below:

Net carrying amounts of right-of-use assets by class of asset

The carrying amounts of right-of-use assets are included in the following line items:

	Group		Company	
	2023 R	2022 R	**2023 R**	2022 R
Land	**30 203 349**	29 997 923	**–**	–
Buildings	**19 068 321**	23 532 143	**–**	–
Motor vehicles	**–**	5 674	**–**	–
	49 271 670	53 535 740	**–**	–

Additions to right-of-use assets

During the current year, the Group entered into two new lease agreements. The average lease term for these new agreements are four years. The leases entered into do not provide flexibility in the form of termination options but there are options to renew the leases. There are no specific restrictions or covenants imposed by the leases, no variable lease payments and no residual value guarantees. There are no leases that have not yet commenced to which the Group is committed.

	Group		Company	
	2023 R	2022 R	**2023 R**	2022 R
Land	**8 278 030**	3 630 036	**–**	–

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 30).

	Group		Company	
	2023 R	2022 R	**2023 R**	2022 R
Land	**9 715 448**	9 050 307	**–**	–
Buildings	**4 788 563**	4 583 000	**–**	–
Motor vehicles	**–**	114 767	**–**	–
	14 504 011	13 748 074	**–**	–
Other disclosures				
Interest expense on lease liabilities	**6 026 186**	6 307 253	**–**	–

Lease liabilities

Lease liabilities have been included in the lease liabilities line item on the statement of financial position. Refer to note 23 Lease liabilities for the maturity analysis and the reconciliation of lease liabilities.

	Group		Company	
	2023 R	2022 R	**2023 R**	2022 R
Non-current liabilities	**48 454 562**	54 897 551	**–**	–
Current liabilities	**15 054 190**	12 178 585	**–**	–
	63 508 752	67 076 136	**–**	–

5. GOODWILL

Group	2023 Cost R	2023 Accumulated impairment R	2023 Carrying value R	2022 Cost R	2022 Accumulated impairment R	2022 Carrying value R
Goodwill on acquisition of the Subsidiary	**223 421 981**	**–**	**223 421 981**	223 421 981	–	223 421 981

Reconciliation of goodwill

Group	2023 Opening balance R	2023 Total R	2022 Opening balance R	2022 Total R
Goodwill on acquisition of the Subsidiary	**223 421 981**	**223 421 981**	223 421 981	223 421 981

Impairment testing

In accordance with IAS 36 *Impairment of Assets*, goodwill is reviewed annually for impairment, or more frequently if there is an indication that goodwill might be impaired.

The following assumptions were applied when reviewing goodwill impairment in calculating the terminal value, as specific budget numbers were used for the three-year forecast. This consisted of an improvement over FY 2024 compared to FY 2023. FY 2023 already saw a return to 2019 volume levels in the calculation:

- A growth rate of 4.6% (2022: 3.6%) was applied and cash flows were discounted at a pre-tax rate of 16.86% (2022: 17.25%), which is the estimated cost of capital as it relates to Métier. The rate is higher than last year due to an increase in borrowing rates towards the end of the financial year.
- Asset values were based on the carrying amounts for the financial period.
- Future profits were estimated using historical information and approved three-year budgets.
- Sales growth/gross margins were based on historical achievement and future prospects remaining volatile in the recovery of a post-COVID-19 economy, although some recovery has been seen, specifically in the road infrastructure sector.
- Costs were assumed to grow in line with expansion and expected inflation.
- 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.

The model is most sensitive to changes in the terminal growth rate and discount rate.

- If all assumptions remained unchanged, a 1% decrease in the terminal growth rate results in a decrease of R51.2 million (2022: R20.2 million) in the recoverable amount and no impairment needed, as the recoverable amount is still higher than the carrying amount; and
- If all assumptions remained unchanged, a 1% increase in discount rate results in a decrease of R17.7 million (2022: R25.3 million) in the recoverable amount and no impairment needed, as the recoverable amount is still higher than the carrying amount.

A turnaround strategy with substantial cost cutting and restructuring across the operations has seen three consecutive years of strong improved results and management believes that trading results are representative of the recovery to levels seen before.

Based on the impairment test performed, no impairment is required.

6. INVESTMENTS IN SUBSIDIARIES

The following table lists the entities which are controlled by the Group, either directly or indirectly through subsidiaries.

Company

Name of company	**% voting power 2023**	% voting power 2022	**Carrying amount 2023 R**	Carrying amount 2022 R
Sephaku Investment Holdings Proprietary Holdings	**100**	100	**1**	1
Métier Mixed Concrete Proprietary Holdings	**100**	100	**299 378 028**	299 378 028
			299 378 029	299 378 029

Impairment testing

Subsidiaries are shown at carrying amounts, net of impairment.

Refer to note 5 on the previous page for the full details on the assumptions applied by management when reviewing investment in subsidiaries for impairment.

All the subsidiaries are registered and operate within South Africa. Reduced profitability and general economic downturn in the construction industry were identified as indicators of impairment. The same assumptions were applied as with the test for goodwill impairment in the performance of an impairment test on the investment. The success of the turnaround strategy over the last two years supports management's view that this could respond well if infrastructure spend picked up and good results were seen in the financial year. Bearing in mind that the term loan reduced to below R50 million and the finance cost is reducing accordingly, no impairment was necessary.

7. JOINT ARRANGEMENTS

Joint ventures

The following table lists all of the joint ventures in the Group:

Group

Name of company	**% ownership interest 2023**	% ownership interest 2022	**Carrying amount 2023 R**	Carrying amount 2022 R
Cato Ridge Quarry Proprietary Limited	**50.00**	50.00	**1**	1

SepHold, on behalf of the Group, entered into a joint venture agreement during 2019. Umhlali Quarry Proprietary Limited transferred 50% of their interest in Cato Ridge Quarry Proprietary Limited as per the signed quarry agreement. Continuous objections on environmental grounds has hampered progress of obtaining rights for the quarry and it was decided to transfer ownership back to Umhlali Quarry. The costs incurred on the investment to date has been impaired in the prior year.

8. INVESTMENT IN ASSOCIATE

Sephaku Holdings Limited has 36% ownership interest in Dangote Cement South Africa Proprietary Limited. The Associate is unlisted and is registered and operates within South Africa.

Group

Summary of group's interest in associate	Carrying amount 2023 R	Carrying amount 2022 R
Cost of investment in associate	**635 117 284**	635 117 284
Proportional increase in investment	**48 571 875**	48 571 875
Equity-accounted earnings – prior year	**154 672 154**	125 679 914
Group level: Opening balance of carrying value	**838 361 313**	809 369 073
Equity-accounted earnings – current year	**(2 040 840)**	28 992 240
Group level: Carrying value of investment in associate	**836 320 473**	838 361 313

Due to the fact that the debt service ratio was 1.225 during the 2017 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. DCP made this contribution and in terms of the relationship agreement; SepHold will have to contribute 36% of this on demand or face dilution of approximately 1.2 percentage points. The shareholders are still in agreement with regards to the postponement of the timing of the repayment or dilution. SepHold has a potential liability of R34,2 million or a dilution in investment. SepCem started the previous financial year with a cash balance of R500 million and was in the process of agreeing a pre-payment of R200 million on its bank debt in order to get relief of R25 million per payment on the next eight scheduled payments. Just before the payment was made, the government-enforced lockdown due to COVID-19 commenced and the overhead costs during this period required all these excess funds. It was envisaged that the impact of COVID-19 on SepCem could be a reduction of in EBITDA levels that would not be able to service debt for the current year. The lenders were approached to waive capital payments for the balance of 2020 and receive interest only, but this was only to be considered if shareholders made a contribution of R125 million. DCP undertook to make this contribution in August 2020 and shareholders have agreed to treat this as a shareholders' loan.

Impairment testing

The following assumptions have been applied when reviewing investment of associate impairment in calculating the terminal value, as specific budget numbers were used for the three-year forecast:

- A growth rate of 4.6% (2022: 4.6%) was applied and cash flows were discounted at a pre-tax rate of 17.7% (2022: 16.9%), which is the estimated cost of capital as it relates to SepCem.
- Asset values were based on the carrying amounts for the financial period.
- Future profits were estimated using historical information and approved three-year budgets.
- Sales growth/gross margins were based on historical achievement and future prospects remaining volatile in the recovery of a post-COVID-19 economy.
- Costs were assumed to grow in line with expansion and expected inflation.
- 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.

The model is most sensitive to changes in the terminal growth rate and discount rate.

- If all assumptions remained unchanged, a 1% decrease in the terminal growth rate results in a decrease of R86 million (2022: R89 million) in the recoverable amount and no impairment needed, as the recoverable amount is still higher than the carrying amount; and
- If all assumptions remained unchanged, a 1% increase in discount rate results in a decrease of R117 million (2022: R115 million) in the recoverable amount and no impairment needed, as the recoverable amount is still higher than the carrying amount.

8. INVESTMENT IN ASSOCIATE (CONTINUED)

The net asset value of the Associate is R1 811 822 000 (2022: R1 816 004 000) as indicated below.

Summarised financial information of Dangote Cement South Africa Proprietary Limited and its subsidiaries

	2023* R'000	2022* R'000
Non-current assets	**2 680 016**	2 787 478
Current assets	**679 626**	870 093
Total assets	**3 359 642**	3 657 571
Total equity	**1 811 823**	1 816 004
Non-current liabilities	**(1 016 010)**	(716 306)
Current liabilities	**(531 809)**	(1 125 261)
Total liabilities	**(1 547 819)**	(1 841 567)

	2023* R'000	2022* R'000
Revenue for the period	**2 454 678**	2 564 262
Cost of sales	**(2 209 680)**	(2 180 328)
Gross profit	**244 998**	383 934
Operating profit	**104 459**	219 393
Investment income	**8 486**	11 593
Finance costs	**(112 459)**	(119 502)
Profit before taxation	**486**	111 484
Taxation (expense)	**(4 667)**	(29 573)
(Loss)/Profit after taxation for the period	**(4 181)**	81 911
Total comprehensive (loss)/income for the period	**(4 181)**	81 911
Total comprehensive (loss)/income attributable to owners of the parent	**(5 669)**	80 534

* *SepCem has a December year-end so as to agree with DCP's year-end. In line with the requirements of IAS 28, the year-end results of SepCem as at 31 December 2022 have been included in these financial statements.*

	Group		Company	
	2023 R	2022 R	**2023 R**	2022 R

9. LOANS TO GROUP COMPANIES

	2023 R	2022 R	**2023 R**	2022 R
Subsidiaries				
Sephaku Investment Holdings Proprietary Limited	**–**	–	**11 379**	11 379

The loan is unsecured, interest free and is repayable on demand. If there is an expected credit loss allowance it is assumed immaterial.

The fair values of the loan is substantially the same as the carrying amounts reflected on the statement of financial position.

	2023 R	2022 R	**2023 R**	2022 R
Split between non-current and current portions				
Current assets	**–**	–	**11 379**	11 379

Exposure to credit risk

Loans receivable inherently expose the Group to credit risk, being the risk that the Group will incur financial loss if counterparties fail to make payments as they fall due.

Loans receivable are subject to the impairment allowances of IFRS 9 *Financial Instruments*, which requires a loss allowance to be recognised for all exposures to credit risk.

In determining the amount of expected credit losses, the Group has taken into account any historic default experience, the financial positions of the counterparties as well as the future prospects in the industries in which the counterparties operate.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period. The credit risk of the loan has not changed and no allowance has been made for ECL as it is deemed insignificant.

10. DEFERRED TAX

	Group		Company	
	2023 R	2022 R	**2023 R**	2023 R
Deferred taxation (liability)/asset				
Property, plant and equipment	**(24 856 894)**	(23 813 215)	**–**	–
Income received in advance and section 24C allowances	**457 931**	1 555 270	**–**	–
Lease liabilities	**17 147 363**	18 110 557	**–**	–
Expected credit loss allowance	**128 156**	128 156	**–**	–
Accrual for leave pay	**440 652**	356 856	**–**	–
Right-of-use assets	**(13 303 351)**	(14 454 650)	**–**	–
Bonus accrual	**567 000**	539 759	**–**	–
Prepayments	**(13 229)**	(7 663)	**–**	–
Total deferred taxation liability	**(19 432 372)**	(17 584 930)	**–**	–
Deferred taxation liability	**(19 432 372)**	(17 584 930)	**–**	–
Reconciliation of deferred taxation asset/(liability)				
At beginning of year	**(17 584 930)**	(18 028 323)	**–**	–
Property, plant and equipment	**(1 043 679)**	(504 968)	**–**	–
Income received advance and section 24C allowance	**(1 097 339)**	348 027	**–**	–
Accrual for leave pay	**83 796**	(61 217)	**–**	–
Expected credit loss allowance	**–**	(186 678)	**–**	–
Right-of-use assets	**1 151 299**	1 079 788	**–**	–
Lease liability	**(963 194)**	(763 655)	**–**	–
Pre-payments	**(5 566)**	(7 663)	**–**	–
Bonus accrual	**27 241**	539 759	**–**	–
	(19 432 372)	(17 584 930)	**–**	–
Unrecognised deferred taxation asset				
Deductible temporary differences not recognised as deferred tax assets	**133 419 522**	134 664 722	**133 419 522**	134 664 722

	Group		Company	
	2023 **R**	2022 R	**2023** **R**	2022 R

11. OTHER FINANCIAL ASSETS

	2023 R	2022 R	**2023 R**	2022 R
Other long-term financial assets				
Union Atlantic Minerals Limited (UAM) (stage 3)	**1 073 054**	1 073 054	**1 073 054**	1 073 054
Cross Company Management Proprietary Limited (CCM) (stage 2)	**9 664 936**	7 629 836	**9 664 936**	7 629 836
	10 737 990	8 702 890	**10 737 990**	8 702 890
Less: Loss allowance	**(400 000)**	–	**(400 000)**	–
Carrying amounts	**10 337 990**	8 702 890	**10 337 990**	8 702 890

These loans are unsecured, bear no interest and are repayable on demand.

The UAM loan is in default, however, management is continuously involved in a process of raising finance to advance the prospecting assets that the company has. There was a firm commitment that the loan would be repaid from the first tranche of funding raised. An updated UAM SENS announcement from them (UAM) was released on 12 October 2022 indicating yet another postponement of the first funding received. As a result management did not receive payment as the other items were crucial to the continuance of the process. Management was hopeful that funds would be raised and that payment would be received, but with this further postponement management believes that an expected credit loss (ECL) should be provided for a portion of the loan unlikely to be recovered until such time that funding has been received and exploration can commence. Management reviewed the impairment of the loan and decided to recognise a R400 000 loss allowance. UAM Management is continuing to look for investors to progress the exploration projects and unlock further value in the company. New investors are being targeted and SepHold management are of the opinion that the adjustments made in the current year reflects a value that could be realised should funding for the project be obtained. If not, the maximum exposure for the Group is immaterial at about 0.1% of non-current assets.

Technically the CCM loan is in default as there is not sufficient cash in the company to repay the loan on demand. However, the loan is supported by shares in companies that were funded through the application of funds made available. Management has assessed the value of these underlying shares and are satisfied that the loan would be recoverable in full in the foreseeable future. While the individual loans might not match the specific investments in value the total value of the shares held reflect a range of between 97% and 108% of the loan. Based on this it was decided not to recognise a loss allowance on this loan.

Non-current assets				
At amortised cost	**10 337 990**	8 702 890	**10 337 990**	8 702 890

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

It is not managements' intention to call for the loans in the next 12 months.

12. OTHER INVESTMENT

	Group		Company	
	2023 **R**	2022 R	**2023** **R**	2022 R
Union Atlantic Minerals Limited	**2 000 000**	2 000 000	**2 000 000**	2 000 000
Less: Loss allowance	**(1 000 000)**	–	**(1 000 000)**	–
Carrying amount	**1 000 000**	2 000 000	**1 000 000**	2 000 000
Level 3				
Union Atlantic Minerals Limited	**1 000 000**	2 000 000	**1 000 000**	2 000 000

During FY 2019 Union Atlantic Minerals Limited issued 50 000 000 shares at R0.04 per share to CCM on behalf of SepHold. This was due to the delegation agreement on 28 April 2016 with African Nickel Holdings Proprietary Limited and Incubex Minerals Limited to settle the African Nickel Holdings Proprietary Limited debt of R2 000 000. SepHold uses the CCM stockbrokers' account as a nominee account for its shareholding.

The last price before suspension of trade on the stock exchange of 4 cps.

During the current financial year management reviewed the value of the investment in UAM. Although the mining right application has been advanced for the asset and funds are being raised to complete the project, management decided to adjust the suspended price to 4 cps as a starting point by applying the equity raise dilution to the value of the company. The impairment raised on these principles resulted in a 50% (R1 000 000) reduction or 2 cps in the current value to R1 million.

The original fundraising was not concluded on time and this resulted in the provision against the corresponding loan as well. UAM management issued a quarterly update on SENS in May 2023 indicating that "in pursuit of an application for a Mining Right at the Rozynenbosch project situated in the Northern Cape Province of South Africa, the DMRE has granted an integrated environmental authorisation in terms of Section 24L of the National Environmental Management Act" and "an additional loan of around R2.6 million will be advanced to the Company on a similar basis and a revival agreement will be signed in relation to the Subscription Shares, which transaction will require shareholder approval in the General Meeting.

The maximum exposure to market risk at the reporting date is the carrying amount of the financial assets.

13. INVENTORIES

	Group		Company	
	2023 R	2022 R	**2023 R**	2022 R
Raw materials, components	**12 059 179**	10 362 465	**–**	–
Diesel	**4 131 351**	3 299 290	**–**	–
Production supplies	**–**	184 168	**–**	–
Spare parts	**4 314 363**	4 230 915	**–**	–
	20 504 893	18 076 838	**–**	–

Inventory pledged as security

Inventory is pledged as security for the bank overdraft facility as per note 16.

14. LOANS RECEIVABLE

Loans receivable are presented at amortised cost at Stage 1 with no loss allowance, as follows:

	Group		Company	
	2023 R	2022 R	**2023 R**	2022 R
Loans receivable: KM Truckers	**32 374**	155 581	**–**	–
The above loan is unsecured, bears interest at 8% per annum and is repayable in 36 equal instalments of R10 933.				
Loans receivable: PAMA Services	**68 556**	329 515	**–**	–
The above loan is unsecured, bears interest at 8% per annum and is repayable in 36 equal instalments of R23 158.				
Loans receivable: Navin's Transport	**77 466**	372 325	**–**	–
The above loan is unsecured, bears interest at 8% per annum and is repayable in 36 equal instalments of R26 166.				
Loans receivable: Actebis	**97 103**	466 719	**–**	–
The above loan is unsecured, bears interest at 8% per annum and is repayable in 36 equal instalments of R32 800.				
Loans receivable: NTS Transport	**263 751**	1 267 726	**–**	–
The above loan is unsecured, bears interest at 8% per annum and is repayable in 36 equal instalments of R89 092.				
Loans receivable: Umgeni Multi sands	**421 923**	2 027 977	**–**	–
The above loan is unsecured, bears interest at 8% per annum and is repayable in 36 equal instalments of R142 521.				
	961 173	4 619 843	**–**	–
Split between non-current and current portions				
Non-current assets	**–**	961 173	**–**	–
Current assets	**961 173**	3 658 670	**–**	–
	961 173	4 619 843	**–**	–

Exposure to credit risk

Loans receivable inherently exposes the Group to credit risk, being the risk that the Group will incur financial loss if counterparties fail to make payments as they fall due. Refer to accounting policy 1.7 and note 38 Financial instruments and risk management for more details on credit risk.

The credit risks are not significant as the loans are with suppliers of the Group who earn revenue from contracts with the Group which reduces the loan balance. The majority of these loans are part of the Group's enterprise development. As such, no loss allowance has been recognised for ECL as it is deemed insignificant.

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 **R**	2022 R	**2023** **R**	2022 R
Financial instruments:				
Trade receivables	**120 348 893**	85 297 740	**–**	–
Deposits	**932 868**	1 336 754	**–**	–
Sundry customers	**449 410**	–	**–**	–
Non-financial instruments:				
Prepayments	**198 675**	556 401	**145 990**	130 662
Total trade and other receivables	**121 929 846**	87 190 895	**145 990**	130 662

Trade and other receivables pledged as security

Trade and other receivables of R121 783 856 (2022: R87 060 233) were pledged as security for the bank overdraft facility as per note 16.

Exposure to credit risk

Trade receivables inherently expose the Group to credit risk, being the risk that the Group will incur financial loss if customers fail to make payments as they fall due.

In order to mitigate the risk of financial loss from defaults, the Group only deals with reputable customers with consistent payment histories. Sufficient collateral or guarantees are also obtained when appropriate. Each customer is analysed individually for creditworthiness before terms and conditions are offered. Statistical credit scoring models are used to analyse customers. These models make use of information submitted by the customers as well as external bureau data (where available). Customer credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of customers, is continuously monitored.

In recent years, the directors and management embarked on strict cost cutting measures and various turnaround strategies which has had a positive impact on profitability and cash flow of the Group. The implementation of more stringent controls and policies with respect to our credit risk management has resulted in well managed collection of debts from customers with limited losses. Insurance of debtors is obtained from Santam through a Credit Risk Contingency Policy (effective 01 March 2021). The insurance policy is a general cover of R2 981 446 that is available when any customer defaults on payment and is not limited to a specific customer or age bracket. This contributed favourably in the assessment of credit risk exposure under IFRS 9.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 *Financial Instruments*, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The Group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward-looking information and general economic conditions of the industry as at the reporting date. This includes the performance of the country's economy, changes in interest rates and inflation. Prevailing credit risk attitudes were more risk adverse due to the National COVID-19 Lockdown. As a result of the credit restrictions and increased risk, management reacted differently to prior years and were stricter on credit controls with customer credit limits being in place, reviewed and approved by credit management committees. Defaulting customers were converted to cash customers and credit limits for new customers were limited. More upfront payments are required prior to commencing orders. As a result of these measurements and policies in place the expected credit loss rate reduced. The exposure to credit risk and the creditworthiness of customers are continuously monitored.

Based on the improvement in the construction industry and in the recovery and management of debtors, credit risk policies have been adjusted accordingly and therefore the expected credit loss rate has been adjusted downwards to account for this. There have been no other significant changes in the credit risk management policies and processes since the prior reporting period.

The Group's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles.

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

Exposure to credit risk (continued)

The loss allowance is determined as follows:

Group	Current R	More than 30 days past due R	More than 60 days past due R	More than 90 days past due R	More than 120 days past due R	Total R
At 31 March 2023 the lifetime expected credit loss provision for trade receivables is as follows:						
Gross carrying amount	**110 243 605**	**10 480 257**	**203 064**	**101 546**	**111 508**	**121 139 980**
Less: Insured debtors	**–**	**–**	**–**	**–**	**–**	**–**
Gross carrying value uninsured trade receivables	**110 243 605**	**10 480 257**	**203 064**	**101 546**	**111 508**	**121 139 980**
Expected credit loss rate	**0.01%**	**3.11%**	**100.00%**	**100.00%**	**100.00%**	
Lifetime expected credit loss (excluding value added taxation)	**(6 208)**	**(326 373)**	**(203 064)**	**(101 546)**	**(111 508)**	**(748 699)**
Contingency provision for expected credit loss						**(42 388)**
Total expected credit loss (including contingency provision)						**(791 087)**

	Current R	More than 30 days past due R	More than 60 days past due R	More than 90 days past due R	More than 120 days past due R	Total R
At 31 March 2022 the lifetime expected credit loss provision for trade receivables is as follows:						
Gross carrying amount	66 041 500	17 338 612	273 464	397 260	2 037 631	86 088 827
Less: Insured debtors	–	–	–	–	(1 309 181)	(1 309 181)
Gross carrying value uninsured trade receivables	66 041 500	17 338 612	273 464	397 260	998 030	85 049 226
Less: Specific allowance	–	–	–	(920)	(104 186)	(105 106)
	66 041 500	17 338 612	273 464	396 700	893 844	84 944 120
Expected credit loss rate	0.44%	2.10%	1.96%	2.04%	2.15%	
Lifetime expected credit loss (excluding value added taxation)	(289 408)	(363 934)	(5 347)	(8 105)	(19 187)	(685 981)
Total expected credit loss (including specific allowance)						(791 087)

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade receivables:

	Group		Company	
	2023 R	2022 R	**2023 R**	2022 R
Opening balance in accordance with IFRS 9	**791 087**	1 874 009	**–**	–
Provision raised on new trade receivables	**1 113 629**	1 745 070	**–**	–
Provisions reversed on settled trade receivables	**–**	(1 082 922)	**–**	–
Amounts written off as uncollectable	**(1 113 629)**	(1 745 070)	**–**	–
Closing balance	**791 087**	791 087	**–**	–

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023 R	2022 R	**2023 R**	2022 R
Cash and cash equivalents consist of:				
Cash on hand	**121 646**	101 500	**–**	–
Bank balances	**4 226 366**	29 375 056	**1 572 207**	4 054 819
Bank overdraft	**(17 915 207)**	–	**–**	–
	(13 567 195)	29 476 556	**1 572 207**	4 054 819
Current assets	**4 348 012**	29 476 556	**1 572 207**	4 054 819
Current liabilities	**(17 915 207)**	–	**–**	–
	(13 567 195)	29 476 556	**1 572 207**	4 054 819

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

Métier secured an overdraft facility with First National Bank of R80 000 000 during the year (2022: Standard Bank of R10 000 000). Refer note 38 for credit risk disclosure.

	Group 2023 R	Group 2022 R	Company 2023 R	Company 2022 R
The total amount of undrawn facilities available for future operating activities and commitments	**62 084 793**	10 000 000	**–**	–

Security

The First National Bank (the debt guarantor) overdraft facility is secured as follows:

- General notarial bond to be granted by Métier in favour of the debt guarantor over all its movable assets (including inventory) to the value of R40 000 000.
- Suretyship by SepHold in favour of the debt guarantor for the obligations of Métier to the value of R140 000 000.
- Cession of short-term insurance policies 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 short-term 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.

Métier will ensure that the Interest-bearing debt to earnings before EBITDA will not exceed 2.5 times operating income before interest, tax, depreciation and amortisation of any intangibles (excluding extraordinary items), during any period.

The fair values of the 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.

17. SHARE CAPITAL

	Group		Company	
	2023 R	2022 R	**2023 R**	2022 R
Authorised				
1 000 000 000 ordinary shares with no par value				
Issued				
254 486 436 (2022: 254 486 436) shares at beginning of period	**682 965 910**	682 965 910	**682 965 910**	682 965 910

No new shares were issued during the current or prior period.

The unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

18. SHARE-BASED PAYMENTS

	Number	Weighted exercise price R	Total value R
Share options granted on 10 December 2014	1 565 000	6.80	10 642 000
Outstanding at 1 April 2021	1 465 000		
Expired in 2022	(1 465 000)		
Outstanding at 31 March 2022	–		
Outstanding at 31 March 2023	–		
Share options granted on 31 March 2016	1 630 000	4.40	7 172 000
Outstanding at 1 April 2021	1 630 000		
Cancelled in 2021 due to resignation	(41 667)		
Outstanding at 31 March 2022	1 588 333		
Expired in 2023	(1 588 333)		
Outstanding at 31 March 2023	–		
Share options granted on 30 June 2017	1 905 000	3.00	5 715 000
Outstanding at 1 April 2021	1 905 000		
Cancelled in 2021 due to resignation	(200 000)		
Outstanding at 31 March 2022	1 705 000		
Outstanding at 31 March 2023	1 705 000		
Total share options outstanding and exercisable at 31 March 2023	1 705 000		
Total share options outstanding and exercisable at 31 March 2022	3 293 333		

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. The remainder of these outstanding share options (1 465 000) all expired during December 2021.

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. During the prior year 41 667 share options were cancelled due to a resignation. The remainder, 1 588 333 options, expired on 31 March 2023.

Information on options granted on 1 July 2017

On 1 July 2017, 1 905 000 American-style share options with an exercise price of R3,00 were granted. During the prior year 200 000 share options were cancelled due to a resignation. The remaining share options of 1 705 000 are still outstanding at year-end. These options vested over a five-year period on the anniversary of the grant of the third, fourth and fifth year and expire on 1 July 2024. No option premium was paid on the date of the grant.

General share options information

At the start of the 2015 financial year, five million share options were available for distribution under the share option scheme. These share options were distributed as follows:

- 1 565 000 share options granted on 10 December 2014
- 1 630 000 share options granted on 31 March 2016
- (100 000) share options returned due to resignation during 2017
- 1 905 000 share options granted on 1 July 2017
- (241 667) share options returned due to resignation during 2021
- (3 053 335) share options expired during 2022 and 2023

A total staff cost of R58 190 (2022: R298 076) were recognised in 2023 which related to equity-settled share-based payments transactions. An amount of R32 818 (2022: R166 084) relates to directors and key management personnel (refer note 37). During the year there was R3 223 362 (2022: R5 446 279) transferred from the reserve account directly to retained income as a result of the R4.40 (2022: R6.80) options which expired on 31 March 2023 (2022: 10 December 2021).

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

	Group		Company	
	2023 R	2022 R	**2023 R**	2022 R
19. LOANS FROM GROUP COMPANIES				
Subsidiaries				
Métier Mixed Concrete Proprietary Limited	**–**	–	**112 874 320**	112 874 320
The loan is unsecured, interest free and is repayable on demand.				
Reconciliation of loan from subsidiary				
The following table shows the movement in the loan from subsidiary:				
Opening balance in accordance with IAS 7	**–**	–	**112 874 320**	112 874 320
Repayment of loan	**–**	–	**(3 000)**	–
Closing balance	**–**	–	**112 871 320**	112 874 320

The loan from group company will be settled through a dividend payment from the Subsidiary's retained income of R214 538 428.

	Group		Company	
	2023 R	2022 R	**2023 R**	2022 R
20. INSTALMENT SALE LIABILITIES				
Held at amortised cost				
Mercedes – Benz Financial Services	**46 735 419**	31 411 370	**–**	–
During the year, the Group entered into 12 instalment sale agreements with Mercedes-Benz Financial Services. The liability is secured by motor vehicles with a carrying amount of R51 298 828 (2022: R32 838 562). It bears interest at rates linked to prime and is repayable over a term of 60 months with an average monthly repayment of R40 817 per vehicle (2022: R34 697). Refer note 3 Property, plant and equipment and note 21 below for further details.				
Split between non-current and current portions				
Non-current liabilities	**36 435 398**	25 384 965	**–**	–
Current liabilities	**10 300 021**	6 026 405	**–**	–
	46 735 419	31 411 370	**–**	–

21. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The changes in the Group's liabilities arising from financing activities can be classified as follows:

Reconciliation of liabilities arising from financing activities – 2023	Opening balance R	Finance costs R	Total non-cash movement* R	Cash flows principal and interest R	Closing balance R
Other financial liabilities measured at amortised cost	**48 273 681**	**2 737 524**	**272 727**	**(51 283 932)**	**–**
Instalment sale liabilities	**31 411 370**	**4 233 275**	**18 935 731**	**(7 844 957)**	**46 735 419**
	79 685 051	**6 970 799**	**19 208 458**	**(59 128 889)**	**46 735 419**
Reconciliation of liabilities arising from financing activities – 2022					
Other financial liabilities measured at amortised cost	71 317 459	5 126 775	267 294	(28 170 553)	48 273 681
Instalment sale liabilities	33 898 553	1 411 613	–	(3 898 796)	(31 411 370)
	105 216 012	6 538 388	267 294	(32 069 349)	79 685 051

Lease liabilities also form part of financing activities. For the reconciliation refer note 23.

* *Total non-cash movements of R272 727 (2022: R267 294) are included in finance costs and R19 935 729 (2022: Rnil) are additions to instalment sale liabilities.*

	Group		Company	
	2023 R	2022 R	**2023 R**	2022 R

22. OTHER FINANCIAL LIABILITIES

At fair value through profit/(loss)				
Standard Bank – Facility B	**–**	48 273 681	**–**	–

This loan bears interest at the three-month JIBAR plus a margin of 4.25%. The loan was repaid in full during the financial year under review.

Split between non-current and current portions				
Non-current liabilities	**–**	34 863 130	**–**	–
Current liabilities	**–**	13 410 551	**–**	–
	–	48 273 681	**–**	–

23. LEASE LIABILITIES

	Group		Company	
	2023 R	2022 R	**2023 R**	2022 R
Minimum lease payments due				
– within one year	**19 941 583**	17 563 701	**–**	–
– in second to fifth year inclusive	**54 335 550**	58 693 160	**–**	–
– later than five to seven years	**–**	5 310 856	**–**	–
	74 277 133	81 567 717	**–**	–
Less: future finance charges	**(10 768 381)**	(14 491 581)	**–**	–
Present value of lease payments	**63 508 752**	67 076 136	**–**	–

Reconciliation of lease liabilities – Group	Opening balance R	Additions R	Finance costs R	IFRS 16 Modification/ remeasure-ment R	Repayments – principal element on leases R	Repayments – interest element on leases R	Total R
2023							
Lease liabilities	**67 076 136**	**8 278 029**	**6 026 186**	**1 742 078**	**(13 587 491)**	**(6 026 186)**	**63 508 752**
2022							
Lease liabilities	67 407 901	3 630 035	6 307 253	8 173 644	(12 135 444)	(6 307 253)	67 076 136

	Group		Company	
	2023 R	2022 R	**2023 R**	2022 R
Non-current liabilities	**48 454 562**	54 897 551	**–**	–
Current liabilities	**15 054 190**	12 178 585	**–**	–
	63 508 752	67 076 136	**–**	–

It is the Group's policy to lease certain assets, including land, buildings, motor vehicles and equipment.

The average lease term is seven years (2022: seven years).

The Group's obligations under leases are secured by the lessor's charge over the leased assets. Refer note 4 Right-of-use assets.

	Group		Company	
	2023 R	2022 R	**2023 R**	2022 R
24. TRADE AND OTHER PAYABLES				
Financial instruments:				
Trade payables	**86 427 035**	61 450 044	**131 245**	52 517
Credit cards liabilities	**3 042**	2 913	**3 042**	2 913
Accrued expenses	**2 781 221**	4 047 628	**41 615**	254 539
Accrued audit fees	**500 000**	455 000	**500 000**	455 000
Sundry suppliers	**3 882 668**	3 043 977	**–**	–
Non-financial instruments:				
Accrual for salary-related expenses	**4 156 328**	4 141 893	**424 284**	2 142 788
Income received in advance	**4 240 101**	15 001 448	**–**	–
Value added taxation	**3 600 322**	1 905 018	**475 475**	270 012
	105 590 717	90 047 921	**1 575 661**	3 177 769

Fair value of trade and other payables

The fair value of trade and other payables is substantially the same as the carrying amounts reflected on the statement of financial position, as the financial instruments are short-term in nature.

25. DEFERRED INCOME

No government grants relating to assets were received during the current and prior year. 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 2023 amounts to Rnil (2022: R316 677).

	Group		Company	
	2023 R	2022 R	**2023 R**	2022 R
Movement for the period:				
Opening balance	**–**	316 677	**–**	–
Amortisation	**–**	(316 667)	**–**	–
Closing balance	**–**	–	**–**	–
26. REVENUE				
Revenue from contracts with customers				
Sales of ready-mix concrete and concrete pumping services transferred at a point in time	**980 710 786**	785 791 090	**–**	–
Management fees transferred over time	**–**	–	**20 000 000**	11 300 000
	980 710 786	785 791 090	**20 000 000**	11 300 000

All the revenue is generated in South Africa. Refer Accounting policy 1.15 for further details.

	Group		Company	
	2023 R	2022 R	**2023 R**	2022 R
27. COST OF SALES				
Raw materials consumed	**615 819 604**	484 062 792	**–**	–
28. OTHER OPERATING INCOME				
Bad debts recovered	**423 679**	149 186	**–**	–
Other sundry income	**938 413**	282 799	**–**	–
Supplier balances written off	**–**	38 845	**–**	–
Rent received	**329 440**	429 423	**–**	–
Profit on sale of property, plant and equipment	**1 872 518**	–	**–**	–
Concrete claims	**–**	2 965 963	**–**	–
Utilities recovered	**–**	140 000	**–**	–
Government grants	**–**	316 677	**–**	–
	3 564 050	4 322 893	**–**	–

	Notes	Group 2023 R	Group 2022 R	Company 2023 R	Company 2022 R

29. OTHER OPERATING GAINS/(LOSSES)

	Notes	Group 2023 R	Group 2022 R	Company 2023 R	Company 2022 R
Gains/(losses) on disposals, scrappings and settlements					
Property, plant and equipment	3	**(26)**	–	**(26)**	–
Right-of-use assets	4	**231 147**	(389 942)	**–**	–
		231 121	–	**(26)**	–
Fair value losses					
Financial assets at fair value through profit or loss	12	**(1 000 000)**	–	**(1 000 000)**	–
Total other operating losses		**(768 879)**	–	**(1 000 026)**	–

30. OPERATING PROFIT/(LOSS)

Operating profit/(loss) for the year is stated after charging (crediting) the following, among others:

	Notes	Group 2023 R	Group 2022 R	Company 2023 R	Company 2022 R
Auditor's remuneration – external					
Audit fees		**1 008 500**	455 000	**500 000**	455 000
Income from subsidiaries (other than investment income)					
Administration and management fees		**–**	–	**20 000 000**	11 300 000
Fees, other than to employees					
Administrative and managerial services		**72 728**	66 154	**–**	–
Consulting and professional services		**2 084 030**	1 486 151	**647 209**	691 506
Secretarial services		**223 855**	209 248	**223 855**	208 398
		2 380 613	1 761 553	**871 064**	899 904
Employee costs					
Salaries, wages, bonuses and other benefits		**88 847 637**	84 173 428	**15 286 688**	15 410 241
Retirement benefit plans: defined contribution expense		**567 000**	158 166	**567 000**	158 166
Share-based compensation expense		**58 190**	298 076	**58 190**	298 076
Total employee costs		**89 472 827**	84 629 670	**15 911 878**	15 866 483
Leases					
Low value lease expenses		**506 210**	49 361	**12 392**	49 361
Total lease expenses		**506 210**	49 361	**12 392**	49 361
Depreciation					
Depreciation of property, plant and equipment		**19 686 660**	12 970 660	**7 946**	–
Depreciation of right-of-use assets		**14 504 011**	13 748 074	**–**	–
Total depreciation		**34 190 671**	26 718 734	**7 946**	–
Movement in credit loss allowances					
Loans receivables at amortised cost	11	**400 000**	–	**400 000**	–
Other					
Vehicle, fuel and delivery costs		**143 253 257**	118 618 517	**–**	–
Utilities		**11 394 622**	10 236 501	**–**	–
Repairs & maintenance		**10 012 068**	7 423 718	**–**	–

	Notes	Group 2023 R	Group 2022 R	Company 2023 R	Company 2022 R
31. INVESTMENT INCOME					
Interest income					
Investments in financial assets					
Bank		**1 994 866**	1 161 350	**184**	331
Trade and other receivables		**236 436**	875 996	**–**	–
Total interest income		**2 231 302**	2 037 346	**184**	331
32. FINANCE COSTS					
Lease liabilities	23	**6 026 186**	6 307 253	**–**	–
Bank overdraft		**–**	6	**–**	6
Current borrowings – transaction cost amortised		**272 727**	272 727	**–**	–
Other financial liabilities	22	**2 789 022**	4 860 244	**–**	–
Instalment sale liabilities	20	**4 233 275**	1 411 614	**–**	–
Total finance costs		**13 321 210**	12 851 844	**–**	6
33. TAXATION					
Major components of the taxation expense					
Current					
Local income tax – current period		**8 466 042**	8 275 226	**–**	–
Deferred					
Originating and reversing temporary differences		**1 847 442**	207 903	**–**	–
Changes in tax rates		**–**	(651 296)	**–**	–
		1 847 442	(443 393)	**–**	–
		10 313 484	7 831 833	**–**	–
Reconciliation of the taxation expense					
Reconciliation between accounting profit and tax expense:					
Profit/(loss) before taxation		**35 880 641**	52 409 377	**(293 238)**	(7 133 450)
Tax at the applicable tax rate of 27% (2022: 28%)		**9 687 773**	14 674 626	**(79 175)**	(1 997 366)
Tax effect of adjustments on taxable income					
Other grants and incentives		**(31 175)**	–	**–**	–
Loss on disposal of assets		**107 992**	–	**7**	–
Fair value adjustment		**270 000**	–	**270 000**	–
(Utilisation of assessed loss)/deferred taxation not raised on assessed taxation loss		**(334 333)**	1 914 143	**(334 333)**	1 913 905
Change in tax rate		**–**	(651 294)	**–**	–
Loss/(profit) from equity-accounted investments		**551 027**	(8 117 827)	**–**	–
Fines and penalties		**1 008**	953	**–**	–
Donations		**38 455**	7 124	**–**	–
Government grants – exempt income		**–**	(88 670)	**–**	–
Interest and penalties relating to taxes		**19 790**	–	**19 790**	–
Share options		**15 711**	83 461	**15 711**	83 461
Impairment of loan		**108 000**	33 754	**108 000**	–
Transaction costs		**73 636**	76 363	**–**	–
Learnership allowance		**(194 400)**	(100 800)	**–**	–
		10 313 484	7 831 833	**–**	–

No provision has been made by the Company for 2023 and 2022 tax as the Company has no taxable income. The estimated tax loss available for set off against future taxable income is R133 419 522 (2022: R134 664 722).

	Notes	Group 2023 R	Group 2022 R	Company 2023 R	Company 2022 R

34. CASH GENERATED FROM/(USED IN) OPERATIONS

	Notes	Group 2023 R	Group 2022 R	Company 2023 R	Company 2022 R
Profit/(loss) before taxation		**35 880 641**	52 409 377	**(293 238)**	(7 133 450)
Adjustments for					
Depreciation	3 & 4	**34 190 671**	26 718 734	**7 946**	–
Gains on disposals and remeasurement of assets	29	**(231 147)**	–	**–**	–
(Loss)/profit from equity-accounted investments	8	**2 040 840**	(28 992 240)	**–**	–
Interest income	31	**(2 231 302)**	(2 037 346)	**(184)**	(331)
Finance costs	32	**13 321 210**	12 851 844	**–**	6
Fair value losses	12	**1 000 000**	–	**1 000 000**	–
Net impairments and movements in credit loss allowances	11	**400 000**	120 551	**400 000**	–
Loss/(profit) on sale of property, plant and equipment	3	**(1 872 492)**	389 942	**26**	–
Deferred income	25	**–**	(316 671)	**–**	–
Share options recorded against salary expense	18	**58 190**	298 076	**58 190**	298 076
Changes in working capital:					
Inventories	13	**(2 428 055)**	(1 040 632)	**–**	–
Trade and other receivables	15	**(34 738 950)**	3 103 151	**(15 327)**	26 047
Trade and other payables	24	**15 542 796**	(1 378 090)	**(1 602 109)**	2 065 612
Other financial assets	11	**3 896 038**	3 896 040	**–**	–
		64 828 440	66 022 736	**(444 696)**	(4 744 040)

35. TAXATION PAID

	Notes	Group 2023 R	Group 2022 R	Company 2023 R	Company 2022 R
Balance at the beginning of the year		**(328 087)**	(1 081 405)	**–**	–
Current taxation for the period recognised in profit or loss		**(8 466 042)**	(8 275 226)	**–**	–
Balance at end of the period		**2 277 547**	328 087	**–**	–
		(6 516 582)	(9 028 544)	**–**	–

36. RELATED PARTIES

Relationships

Subsidiaries	Refer to note 6
Associate	Refer to note 8
Shareholder with significant influence	Dangote Industries Limited
Companies with common shareholders	Incubex Minerals Limited SepFluor Limited
Key management personnel of the Group	Refer to directors as listed below.
Companies with common directors	Cross Company Management Proprietary Limited Cato Ridge Quarry Proprietary Limited Union Atlantic Minerals Limited WKRD Properties Proprietary Limited Plazatique Corp 27 CC
Directors	B Williams MM Ngoasheng MJ Janse van Rensburg B Bulo Dr. L Mohuba NR Crafford-Lazarus KJ Capes
Prescribed officers	G Tolmage G Hollins B Peter

36. RELATED PARTIES (CONTINUED)

	Group		Company	
	2023 R	2022 R	**2023 R**	2022 R
Related party balances				
Loan accounts – Owing (to)/by related parties				
Métier Mixed Concrete Proprietary Limited	**–**	–	**(112 871 320)**	(112 874 320)
Union Atlantic Minerals Proprietary Limited	**673 054**	1 073 054	**673 054**	1 073 054
Cross Company Management Proprietary Limited	**9 664 936**	7 629 836	**9 664 936**	7 629 836
Sephaku Cement Investment Holdings Proprietary Limited	**–**	–	**11 379**	11 379
Amounts included in (Trade Payable) regarding related parties				
Dangote Cement South Africa Proprietary Limited	**(11 563 576)**	(10 925 479)	**–**	–
Related party transactions				
Purchases from related parties				
Dangote Cement South Africa Proprietary Limited	**142 322 380**	75 826 136	**–**	–
Rent paid to related parties				
Plazatique Corp 27 CC^	**1 202 067**	1 139 400	**–**	–
WKRD Properties Proprietary Limited^	**1 067 507**	982 153	**–**	–
Administration fees (received from) related parties for management services, overheads and salaries				
Métier Mixed Concrete Proprietary Limited	**–**	–	**(20 003 000)**	(11 300 000)
Dangote Cement South Africa Proprietary Limited	**–**	–	**(999 560)**	(1 037 943)
Utilities paid to related parties				
Plazatique Corp 27 CC	**777 861**	708 583	**–**	–
WKRD Properties Proprietary Limited	**408 806**	–	**–**	–

^ *The amounts included represent the actual transactions as per the lease agreements. The IFRS 16 treatment for these form part of note 23.*

37. DIRECTORS' EMOLUMENTS

Executive

Directors' emoluments	**Basic salary R**	**Prior year performance bonuses* R**	**Travel allowances R**	**Pension fund R**	**IFRS 2 share-based payments expense (note 18) R**	**Total R**
2023						
Services as director						
NR Crafford-Lazarus	**4 143 800**	**2 000 000**	**142 500**	**326 700**	**16 409**	**6 629 409**
KJ Capes	**2 908 506**	**2 000 000**	**–**	**240 300**	**–**	**5 148 806**
	7 052 306	**4 000 000**	**142 500**	**567 000**	**16 409**	**11 778 215**

Directors' emoluments	Basic salary R	Prior year performance bonuses* R	Travel allowances R	Pension fund R	IFRS 2 share-based payments expense (note 18) R	Total R
2022						
Services as director						
NR Crafford-Lazarus	4 312 334	2 000 000	142 500	158 166	83 042	6 696 042
KJ Capes	2 740 500	1 700 000	–	–	–	4 440 500
	7 052 834	3 700 000	142 500	158 166	83 042	11 136 542

* *The bonus paid in FY 2023 relates to the FY 2022 performance.*

37. DIRECTORS' EMOLUMENTS (CONTINUED)

Non-executive

Directors' emoluments	Fees for services as director R	IFRS 2 share-based payments expense (note 18) R	Total R
2023			
Services as director			
B Williams	**475 000**	**–**	**475 000**
MM Ngoasheng	**360 000**	**–**	**360 000**
MJ Janse van Rensburg	**360 000**	**–**	**360 000**
B Bulo	**360 000**	**–**	**360 000**
Dr L Mohuba	**360 000**	**16 409**	**376 409**
	1 915 000	**16 409**	**1 931 409**

Directors' emoluments	Remuneration R	Performance bonus R	Fees for services as director R	IFRS 2 share-based payments expense (note 18) R	Total R
2022					
Services as director					
B Williams	–	–	440 000	–	440 000
MM Ngoasheng	–	–	335 000	–	335 000
MJ Janse van Rensburg	–	–	335 000	–	335 000
B Bulo	–	–	335 000	–	335 000
Dr L Mohuba	–	–	335 000	83 042	418 042
PF Fourie**	3 373 781	738 204	–	–	4 111 985
	3 373 781	738 204	1 780 000	83 042	5 975 027

** *PF Fourie (deceased 19 May 2021) was a non-executive director of SepHold and an executive director of SepCem. All remuneration paid to him by the Associate has therefore also been disclosed above.*

38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial instruments

Group	Notes	Assets at fair value (level 3) R	Amortised cost R	Non-financial instruments R	Total R
Categories of financial assets					
2023					
Loans receivable	14	**–**	**961 173**	**–**	**961 173**
Trade and other receivables	15	**–**	**121 731 171**	**198 675**	**121 929 846**
Cash and cash equivalents	16	**–**	**4 348 011**	**–**	**4 348 011**
Other investments	12	**1 000 000**	**–**	**–**	**1 000 000**
Other financial assets	11	**–**	**10 337 990**	**–**	**10 337 990**
		1 000 000	**137 378 345**	**198 675**	**138 577 020**
2022					
Loans receivable	14	–	4 619 843	–	4 619 843
Trade and other receivables	15	–	86 634 494	556 401	87 190 895
Cash and cash equivalents	16	–	29 476 556	–	29 476 556
Other investments	12	2 000 000	–	–	2 000 000
Other financial assets	11	–	8 702 890	–	8 702 890
		2 000 000	129 433 783	556 401	131 990 184

38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Categories of financial instruments (continued)

Company	Notes	Assets at fair value (level 3) R	Amortised cost R	Non-financial instruments R	Total R
Categories of financial assets					
2023					
Loans to group companies	9	**–**	**11 379**	**–**	**11 379**
Trade and other receivables	15	**–**	**–**	**145 990**	**145 990**
Cash and cash equivalents	16	**–**	**1 572 207**	**–**	**1 572 207**
Other investments	12	**1 000 000**	**–**	**–**	**1 000 000**
Other financial assets	11	**–**	**10 337 990**	**–**	**10 337 990**
		1 000 000	**11 921 576**	**145 990**	**13 067 566**
2022					
Loans to group companies	9	–	11 379	–	11 379
Trade and other receivables	15	–	–	130 662	130 662
Cash and cash equivalents	16	–	4 054 819	–	4 054 819
Other investments	12	2 000 000	–	–	2 000 000
Other financial assets	11	–	8 702 890	–	8 702 890
		2 000 000	12 769 088	130 662	14 899 750

Group	Notes	Leases R	Amortised cost R	Non-financial instruments R	Total R
Categories of financial liabilities					
2023					
Trade and other payables	24	**–**	**93 593 966**	**11 996 751**	**105 590 717**
Instalment sale liabilities	20	**–**	**46 735 419**	**–**	**46 735 419**
Lease liabilities	4 & 23	**63 508 752**	**–**	**–**	**63 508 752**
Other financial liabilities	22	**–**	**–**	**–**	**–**
Bank overdraft	16	**–**	**17 915 207**	**–**	**17 915 207**
		63 508 752	**158 244 593**	**11 996 751**	**233 750 096**
2022					
Trade and other payables	24	–	68 999 562	21 048 359	90 047 921
Instalment sale liabilities	20	–	31 411 370	–	31 411 370
Lease liabilities	4 & 23	67 076 136	–	–	67 076 136
Other financial liabilities	22	–	48 273 681	–	48 273 681
		67 076 136	148 684 613	21 048 359	236 809 108

Company	Notes	Amortised cost R	Non-financial instruments R	Total R
Categories of financial liabilities				
2023				
Trade and other payables	24	**675 902**	**899 759**	**1 575 661**
Loans from group companies	19	**112 871 320**	**–**	**112 871 320**
		113 547 222	**899 759**	**114 446 981**
2022				
Trade and other payables	24	764 969	2 412 800	3 177 769
Loans from group companies	19	112 874 320	–	112 874 320
		113 639 289	2 412 800	116 052 089

38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Capital risk management

The Group's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the Group's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The Group monitors capital utilising a number of measures, including the gearing ratio. The gearing ratio is calculated as net borrowings (total borrowings less cash) divided by shareholders' equity. The Group's gearing ratio of 20% is well below the Group comfort ratio of 25%.

The capital structure and gearing ratio of the Group at the reporting date was as follows:

		Group		Company	
	Notes	**2023 R**	2022 R	**2023 R**	2022 R
Loans from group companies	19	**–**	–	**112 871 320**	112 874 320
Other financial liabilities	22	**–**	48 273 681	**–**	–
Instalment sale liabilities	20	**46 735 419**	31 411 370	**–**	–
Lease liabilities	23	**63 508 752**	67 076 136	**–**	–
Trade and other payables	24	**105 590 717**	90 047 934	**1 575 662**	3 177 768
Total borrowings		**215 834 889**	236 809 121	**114 446 982**	116 052 088
Bank overdraft (cash and cash equivalents)	16	**17 915 207**	(29 476 556)	**(1 572 207)**	(4 054 819)
Net borrowings		**233 750 096**	207 332 565	**112 874 775**	111 997 269
Equity		**1 172 906 083**	1 147 281 591	**881 703 668**	881 938 716
Gearing ratio		**20%**	18%	**13%**	13%

Financial risk management

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is exposed to credit risk on loans receivable, trade and other receivables, cash and cash equivalents and loan commitments.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The Group only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Credit risk exposure arising on cash and cash equivalents is managed by the Group through dealing with well-established financial institutions with high credit ratings.

Credit loss allowances for expected credit losses are recognised for all debt instrument.

Trade receivables

Trade receivables consist of a large number of customers mainly in the construction industry. Due to a number of hardships experienced in the construction industry over the past year management increased its risk management efforts on trade receivables by obtaining general risk cover from Santam for non-specific customers. The Group applies the IFRS 9 simplified approach in measuring expected credit losses ECL which uses a lifetime expected loss allowance for all trade receivables. These lifetime ECL are estimated using a provision matrix. The provision matrix has been developed by making use of historical default experience of debtors but also incorporates forward-looking information and general economic conditions of the industry as at the reporting date. In order to mitigate the risk of financial loss from defaults, management has reacted differently to prior years and were stricter on credit controls with customer credit limits being in place, reviewed and approved by credit management committees. Defaulting customers were converted to cash customers and credit limits for new customers were limited. More upfront payments are required prior to commencing orders. The exposure to credit risk and the creditworthiness of customers are continuously monitored.

Loans receivable

The Group recognises a loss allowance for ECL on all loans receivable measured at amortised cost in accordance with IFRS 9. The amount of ECL is updated at each reporting date to reflect the changes in credit risk since initial recognition of the respective loans. The Group measures the loss allowance at an amount equal lifetime ECL when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, the loss allowance for that loan is measured at 12-month expected credit losses (12-month ECL).

For trade receivables and contract assets which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments.

38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial risk management (continued)

Loans receivable (continued)

The maximum exposure to credit risk is presented in the table below:

		2023			2022		
Group	Notes	**Gross carrying amount R**	**Credit loss allowance R**	**Amortised cost /fair value R**	Gross carrying amount R	Credit loss allowance R	Amortised cost /fair value R
Loans receivable	14	**961 173**	**–**	**961 173**	4 619 843	–	4 619 843
Trade and other receivables	15	**122 522 258**	**(791 087)**	**121 731 171**	86 634 494	(791 087)	85 843 407
Cash and cash equivalents	16	**4 348 012**	**–**	**4 348 012**	29 476 556	–	29 476 556
		127 831 443	**(791 087)**	**127 040 356**	120 730 893	(791 087)	119 939 806

		2023			2022		
Company	Notes	**Gross carrying amount R**	**Credit loss allowance R**	**Amortised cost /fair value R**	Gross carrying amount R	Credit loss allowance R	Amortised cost /fair value R
Loans to group companies	9	**11 379**	**–**	**11 379**	11 379	–	11 379
Trade and other receivables	15	**145 990**	**–**	**145 990**	130 662	–	130 662
Cash and cash equivalents	16	**1 572 207**	**–**	**1 572 207**	4 054 819	–	4 054 819
		1 729 576	**–**	**1 729 576**	4 196 860	–	4 196 860

The carrying amount of financial assets represents the maximum exposure to credit risk.

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 that follow 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 cash flows are undiscounted contractual amounts.

Group	Notes	**Less than 1 year R**	**1 to 2 years R**	**2 to 3 years R**	**3 to 5 years R**	**Total R**	**Carrying amount R**
2023							
Non-current liabilities							
Instalment sale liabilities	20	**–**	**15 098 685**	**14 816 621**	**13 000 776**	**42 916 082**	**36 435 398**
Lease liabilities	23	**–**	**21 276 504**	**19 114 043**	**13 954 003**	**54 344 550**	**48 454 562**
Current liabilities							
Trade and other payables	24	**93 593 966**	**–**	**–**	**–**	**93 593 966**	**93 593 966**
Instalment sale liabilities	20	**14 816 621**	**–**	**–**	**–**	**14 816 621**	**10 300 021**
Lease liabilities	23	**15 054 190**	**–**	**–**	**–**	**15 054 190**	**15 054 190**
Bank overdraft	16	**17 915 207**	**–**	**–**	**–**	**17 915 207**	**17 915 207**
		(141 379 984)	**(36 375 189)**	**(33 930 664)**	**(26 954 779)**	**(238 640 616)**	**(221 753 344)**

38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial risk management (continued)

Liquidity risk (continued)

Group	Notes	Less than 1 year R	1 to 2 years R	2 to 3 years R	3 to 5 years R	Total R	Carrying amount R
2022							
Non-current liabilities							
Instalment sale liabilities	20	–	8 256 384	8 256 384	12 650 341	29 163 109	25 384 965
Other financial liabilities	22	–	35 178 558	–	–	35 178 558	34 863 130
Lease liabilities	23	–	17 898 056	19 028 252	21 147 971	58 074 279	54 897 551
Current liabilities							
Trade and other payables	24	68 993 482	–	–	–	68 993 482	68 993 482
Instalment sale liabilities	20	8 256 384	–	–	–	8 256 384	6 026 405
Other financial liabilities	22	14 980 273	–	–	–	14 980 273	13 410 551
Lease liabilities		17 563 701	–	–	–	17 563 701	12 178 585
		(109 793 840)	(61 332 998)	(27 284 636)	(33 798 312)	(232 209 786)	(215 754 669)

Company	Notes	**Less than 1 year R**	**Total R**	**Carrying amount R**
2023				
Non-current liabilities				
Current liabilities				
Trade and other payables	24	**1 100 187**	**1 100 187**	**1 100 187**
Loans from group companies	19	**112 871 320**	**112 871 320**	**112 871 320**
		(113 971 507)	**(113 971 507)**	**(113 971 507)**
2022				
Non-current liabilities				
Current liabilities				
Trade and other payables	24	2 907 756	2 907 756	2 907 756
Loans from group companies	19	112 874 320	112 874 320	112 874 320
		(115 782 076)	(115 782 076)	(115 782 076)

Without the Subsidiary loan the Company does not face any liquidity risk and are able to settle their current obligations as they become due. In the Group the current liabilities exceeded the current assets at year-end. This is mainly due to the fact that the long-term portion of financing was repaid during FY 2023 and replaced with a bank overdraft. Long-term debt reduced by R48 million while the bank overdraft at year-end was R18 million. The overdraft is only utilised over month end and is repaid in the first half of the month. This position will further improve during the current year and as cash is generated from profits, the current assets will again exceed the current liabilities. During the period that these timing differences occur the R80 million overdraft facility provides enough headroom to ensure that all foreseeable cash requirements will be met.

Market risk

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Market risk arises from the Group's use of interest-bearing and tradable financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk) or other market factors (other price risk). The Group is not exposed to any currency risk as there are no foreign currency transactions.

Interest rate risk

The Company and the Group are exposed to interest rate risk through their variable rate cash balances, as well as their other financial liabilities and instalment sale liabilities. Surplus cash flows exposed to interest rate risk are placed with institutions and facilities which yield the highest rate of return.

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Group

At 31 March 2023, if the interest rates on cash and cash equivalents had been 1% (2022: 1%) higher or lower during the period, with all other variables held constant, pre-taxation profit for the year would have been R446 260 (2022: R407 469) higher or lower, mainly as a result of higher or lower interest income on funds invested on call. The resulting taxation effect would have been R120 490 (2022: R114 091).

At 31 March 2023, if the interest rates on borrowings had been 1% per annum (2022: 1%) higher or lower during the period, with all other variables held constant, pre-taxation profit for the year would have been R1 332 121 (2022: R1 285 184) higher or lower, as a result of higher or lower interest expense on floating rate borrowings. The resulting taxation effect would have been R359 673 (2022: R359 852).

Company

At 31 March 2023,if the interest rates on cash and cash equivalents had been 1% (2022: 1%) higher or lower during the period, with all other variables held constant, pre-taxation profit for the year would have been R37 (2022: R1) higher or lower, mainly as a result of higher or lower interest income on funds invested on call. The resulting taxation effect would have been Rnil.

At 31 March 2023,if the interest rates on borrowings had been 1% per annum (2022: 1%) higher or lower during the period, with all other variables held constant, pre-taxation profit for the year would have been Rnil (2022: R40) higher or lower, as a result of higher or lower interest expense on floating rate borrowings. The resulting taxation effect would have been Rnil.

Price risk

The Group is exposed to price risk because of its investments in equity instruments which are measured at fair value.

There have been no significant changes in the price risk management policies and processes since the prior reporting period.

39. 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.

The directors believe that the Company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the Company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The Group and the Company's current liabilities exceeds the current assets, however if the loan from group company is required to be repaid, the board will approve Métier to pay a dividend to SepHold. The dividend received will be utilised to repay the loan in full. The directors are not aware of any new material changes that may adversely impact the Company.

As mentioned under the debt management portion of Métier, the current liabilities exceeded the current assets at year-end. This is mainly due to the fact that the long-term portion of financing was repaid during FY 2023 and replaced with a bank overdraft. Long-term debt reduced by R48 million while the bank overdraft at year-end was R18 million. The overdraft is only utilised over month end and is repaid in the first half of the month. This position will further improve during the current year and as cash is generated from profits, the current assets will again exceed the current liabilities. During the period that these timing differences occur the R80 million overdraft facility provides enough headroom to ensure that all foreseeable cash requirements will be met.

The refinancing of the SepCem Nedbank and consortium loan of R376 714 000 was granted by Nedbank and Standard Bank during the financial year.

The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Company.

40. EVENTS AFTER THE REPORTING PERIOD

Chief executive officer appointment

Shareholders are referred to the SENS announcement dated 25 November 2022 advising the appointment of Mr Kenneth Capes as the new CEO of SepHold. The board is pleased to announce that Mr Capes has been formally appointed as the CEO from 1 April 2023. He will continue to be CEO of Metier and an executive director on the SepHold board.

Q1 2023 performance

Following the DCP first-quarter results announcement for the three months ended 31 March 2023, released on 28 April 2023, SepCem's revenue increased by 5.4% to R583 million (Q1 2022: R553 million) mainly due to price increases implemented in February 2023. SepCem's quarterly EBITDA decreased significantly to R31,3 million (Q1 2022: R89,7 million) mainly due to comparative inventory depletion typical during planned kiln outages for an extended maintenance period.

41. NET ASSET VALUE PER SHARE AND EARNINGS PER SHARE

	Group	
	2023 R	2022 R
Net asset value and tangible net asset value per share		
Total assets	**1 428 366 114**	1 402 002 879
Total liabilities	**(255 460 013)**	(254 722 125)
Net asset value attributable to equity holders of parent	**1 172 906 101**	1 147 280 754
Goodwill	**(223 421 981)**	(223 421 981)
Tangible net asset value	**949 484 120**	923 858 773
Shares in issue	**254 486 436**	254 486 436
Net asset value per share (cents)	**460.89**	450.82
Tangible net asset value per share (cents)	**373.10**	363.03

	Group			
	2023 Gross R	**2023 Net R**	2022 Gross R	2022 Net R
Reconciliation of basic earnings to diluted earnings, headline earnings and normalised earnings:				
Profit attributable to ordinary equity holders of the parent entity		**25 567 156**		44 577 544
IAS 33 earnings		**25 567 156**		44 577 544
Add/Less IAS 16 losses/(gains) on the disposal of plant and equipment (note 29)	**(231 121)**	**(168 718)**	389 942	280 758
Add IAS 36 impairment of investment (note 7)		**–**		120 551
Headline earnings and diluted headline earnings attributable to equity holders of parent		**25 398 438**		44 978 853
Add IFRS 9 equity investment measured at fair value through profit or loss		**1 000 000**		–
Add IFRS 9 loan receivable at amortised cost		**400 000**		–
Normalised headline earnings attributable to equity holders of parent		**26 798 438**		44 978 853
Basic weighted average number of shares		**254 486 436**		254 486 436
Diluted weighted average number of shares		**254 486 436**		254 486 436
Basic earnings per share (cents)		**10.05**		17.52
Diluted earnings per share (cents)		**10.05**		17.52
Headline earnings per share (cents)		**9.98**		17.67
Normalised headline earnings per share (cents)		**10.53**		17.67
Diluted headline earnings per share (cents)		**9.98**		17.67

42. SEGMENT INFORMATION

	Ready-mix concrete R	Head office R	Group totals R
2023			
Segment revenue – external revenue	**980 710 786**	**–**	**980 710 786**
Segment cost of sales	**(615 819 604)**	**–**	**(615 819 604)**
Segment expenses	**(304 530 375)**	**(13 744 588)**	**(318 274 963)**
Loss from equity-accounted investment	**–**	**(2 040 840)**	**(2 040 840)**
Profit/(Loss) on sale of property, plant and equipment	**231 147**	**(26)**	**231 121**
Segment profit/(loss) after taxation	**42 752 427**	**(17 185 270)**	**25 567 157**
Taxation	**(10 313 484)**	**–**	**(10 313 484)**
Interest received	**2 231 118**	**184**	**2 231 302**
Interest paid	**(13 321 210)**	**–**	**(13 321 210)**
Depreciation and amortisation	**(34 182 725)**	**(7 946)**	**(34 190 671)**
Segment assets	**355 548 562**	**1 072 817 552**	**1 428 366 114**
Investment in associate included in the above total segment assets	**–**	**836 320 473**	**836 320 473**
Capital expenditure included in segment assets	**47 158 965**	**–**	**47 158 965**
Segment liabilities	**(255 884 352)**	**(1 575 661)**	**(255 460 013)**
2022			
Segment revenue – external revenue	785 791 090	–	785 791 090
Segment cost of sales	(484 062 792)	–	(484 062 792)
Segment expenses	(257 825 431)	(13 994 125)	(271 819 556)
Profit from equity-accounted investment	–	28 992 240	28 992 240
Loss on sale of property, plant and equipment	(389 942)	–	(389 942)
Segment profit after taxation	29 579 105	14 998 440	44 577 545
Taxation	(7 831 832)	–	(7 831 832)
Interest received	2 037 015	331	2 037 346
Interest paid	(12 851 838)	(6)	(12 851 844)
Depreciation and amortisation	(26 718 733)	–	(26 718 733)
Segment assets	325 307 335	1 076 695 544	1 402 002 879
Investment in associate included in above total segment assets*	–	838 361 313	838 361 313
Capital expenditure included in segment assets	48 229 012	–	48 229 012
Segment liabilities	(251 544 361)	(3 177 764)	(254 722 125)

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

SepCem 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 2023

Number of ordinary shares issued during the financial year:	**254 486 436**
Total holders:	**8 490**

Issued capital

Type of shares	Number of shareholders	% of shareholders	Number of shares
Certificated shares	127	1.50	27 611 171
Dematerialised shares	8 363	98.50	226 875 265
Total issued capital	8 490	100.00	254 486 436

Shareholders holding greater than 5% of the issued share capital at year-end	Number of shares	%
Citiclient Nominees No8 NY GW	36 171 173	14.21
Safika Resources Proprietary Limited (Dematerialised)	30 734 981	12.08
Safika Resources Proprietary Limited (Certificated)	19 043 228	7.48

Range of shareholdings

Share range	Number of shareholders	% of shareholders	Number of shares
1 – 1 000	6 787	79.94	861 053
1 001 – 10 000	1057	12.45	3 952 897
10 001 – 50 000	406	4.78	9 777 869
50 001 – 100 000	100	1.18	7 048 073
100 001 – 500 000	88	1.04	19 082 521
500 001 – 1 000 000	18	0.21	11 844 476
1 000 001 shares and over	34	0.40	201 919 547
Total	8 490	100.00	254 486 436

Breakdown by domicile

Domicile	Number of shareholders	% of shareholders	Number of shares
Resident shareholders	52	0.61	49 143 651
Non-resident shareholders	8 438	99.39	205 342 785
Total	8 490	100.00	254 486 436

Public and non-public shareholders	Shares held	%	Number of shareholders
Public	219 892 914	91.32	8 484
Non-public	34 593 522	13.59	6
– Directors' direct holdings	13 674 186	5.37	3
– Directors' indirect holdings	20 879 336	8.20	2
– Directors' associates	40 000	0.02	1
	254 486 436	100.00	8 490

16815

SEPHAKU
HOLDINGS LTD

www.sephakuholdings.com