2018

BUILDING BLOCKS FOR GROWTH

PROVISIONAL FINANCIAL RESULTS

for the year ended 31 March

SEPHAKU HOLDINGS LTD

(Incorporated in the Republic of South Africa)
(Registration number: 2005/003306/06)
Share code: SEP ISIN: ZAE000138459
("SepHold" or "the group")

SALIENT POINTS

GROUP

CEMENT equity accounted earnings
R20,8 million

Basic earnings per share
21,6 cents

Operating earnings
R54,3 million
at margin of 6.5%

Headline earnings per share
20,9 cents

Net profit
R44,2 million

Net asset value
501.8 cents

MÉTIER

Sales revenue
R830,7 million

EBITDA margin
10.9 %
(R91,2 million)

Operating profit margin
9.6%
(R79,6 million)

Net earnings
R48,0 million

CEMENT[1]

Sales revenue
R2,4 billion

EBITDA margin
21.3%
(R504,2 million)

Operating profit margin
14.1%
(R333,3 million)

Net earnings
R57,8 million

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[1] *CEMENT has a December year-end as a subsidiary of Dangote Cement PLC*

PROVISIONAL FINANCIAL RESULTS
for the year ended 31 March 2018

Remarking on the results, Chief Executive Officer, Dr Lelau Mohuba said,

"We experienced a challenging operating year as competition in the ready-mix concrete segment intensified characterised by lower volumes and marginal improvement in pricing. We responded by optimising overall capacity utilisation in terms of production and transport between the different plants to minimise the downward pressure on profitability.

The scenario was much more positive on the cement front with improved industry annual pricing per tonne of 3 – 5% for the 12 months ended December 2017. I am pleased to confirm that CEMENT was successful in implementing an average increase of 5% per tonne that sustained during the year. This positive trend in pricing has continued in 2018 calendar year with increases implemented by all producers in most markets during the first quarter. CEMENT's strong relationships with all major national and regional chain stores, independent hardware retailers and users of bulk cement has been instrumental in our ability to maintain sales volumes.

Looking ahead, the economy is likely to remain under pressure for the next 12 – 18 months but we are optimistic that the enhanced business sentiment following the perceived political stability will provide impetus for an improved macro-economic landscape for our industry."

SEPHAKU
HOLDINGS LTD

COMMENTARY

Improved trading environment for CEMENT while Métier experiences increased competitive forces

Sephaku Holdings Limited ("SepHold" or "the company") hereby reports on the group's provisional financial results for the year ended 31 March 2018. SepHold, Métier Mixed Concrete (Pty) Ltd ("Métier" or "the subsidiary") and Dangote Cement SA (Pty) Ltd ("CEMENT" or "the associate") are collectively referred to as the group.

GROUP

The group net profit decreased from R68,1 million to R44,2 million resulting in headline earnings per share of 20.92 cents (2017: 33.37 cents).

MÉTIER

Métier implemented marginal price increase of 1.8% per cubic metre but had a 1.1% decrease in revenue to R830,7 million (2017:R839,9 million) due to a 3% decline in sales volumes. The twelfth plant that commenced production in March 2017 contributed 7% to the sales volumes with commensurate increase in production cost of 8.5%. The increases in costs on lower volumes resulted in comparatively lower EBITDA and EBIT margins of 10.9% (R91,2 million) and 9.6% (R79,6 million) respectively. To support margins, the subsidiary focused on improving the sourcing of raw materials to minimise the cost increases without compromising the quality of the concrete. Métier's net profit was R48,0 million against R67,4 million achieved in the previous year.

The tough operating environment was also challenging for Métier's customer base, which mainly constitutes small to medium building contractors, who were severely impacted by the turmoil in the construction industry. Consequently, Métier experienced a high incidence of payments beyond the agreed trading terms thereby increasing credit default risk. The subsidiary management assessed the level of risk for all its customers and increased its provision for bad debts by R5 million. To continue to mitigate the risk, Métier will strengthen the credit management process for all new customers to ensure that profitability is protected and there is full compliance with the credit terms.

CEMENT[1]

CEMENT achieved a 3.7% increase in revenue to R2,4 billion (2016: R2,3 billion) for the 12 months ended 31 December 2017. The price increases implemented in February and August 2017 were sustained in most markets resulting in an effective annual increase of 5%. The associate's second half R90 million increase in net profit to R73,9 million was driven by increased sales volumes, higher pricing and improvements in operational efficiencies. The quarterly EBITDA margins recorded for the second half were 23% in Q3 and 25% in Q4. The improvement in the second six months significantly reduced the negative impact of the weak performance in the first six months caused by excessive rainfall and low demand resulting in a loss of R16,1 million for the interim period.

The annual EBITDA margin at 21.3% (R504,2 million) and net profit of R57,8 million were lower than the figures recorded in 2016 of 23.1% (R527,0 million) and R68,9 million, respectively. The previous year's results included the once – off income from the closure agreement with Sinoma on the final handover of the plants of R138 million. The equity accounted income translated to the Company income statement is R20,8 million (2016: R24,8 million).

Following the Dangote Cement PLC results announcement on 24 April 2018 for their first quarter period ended 31 March 2018, CEMENT's first quarter revenue increased by 13% to R566 million (Q1 2017: R501 million). The quarterly sales volumes increased by 7% year on year mainly due to the suppressed performance of the comparative period. The associate increased pricing by 5% per tonne on both bagged and bulk cement during the quarter that sustained in most markets except Gauteng where price competition continues to be high. These CEMENT quarterly results will be accounted for in the SepHold interim financial results for the six months ending 30 September 2018.

INVESTOR RESULTS PRESENTATION

A results presentation will be hosted at the Johannesburg Stock Exchange and simultaneously webcast on Thursday, 29 June 2018 at 1000hs. The results presentation can be downloaded from the Company website www.sephakuholdings.com

The link to access the webcast is: http://sephakuholdings-2018-financial-results-webcast

[1] *CEMENT has a December year-end as a subsidiary of Dangote Cement PLC.*

SUMMARISED STATEMENTS OF COMPREHENSIVE INCOME

as at 31 March 2018

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

SEPHAKU HOLDINGS LTD

SUMMARISED STATEMENTS OF FINANCIAL POSITION
as at 31 March 2018

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

SUMMARISED STATEMENTS OF CASH FLOWS

for the year ended 31 March 2018

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

SEPHAKU
HOLDINGS LTD

SUMMARISED STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 March 2018

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

NOTES TO THE SUMMARISED ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

1. BASIS OF PREPARATION

The summarised consolidated provisional financial results are prepared in accordance with the requirements of the JSE Limited Listings Requirements ("Listings Requirements") for abridged reports and the requirements of the Companies Act of South Africa No 71 of 2008. The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts, the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") of the International Accounting Standards Board ("IASB"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council and must also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements, from which these summarised consolidated financial statements were derived, are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous consolidated annual financial statements, except for the change in accounting policy as set out in note 2 and the new or revised accounting standards and interpretations of those standards that were adopted.

2. CHANGES IN ACCOUNTING POLICY

The annual financial statements from which these results were extracted have been prepared in accordance with IFRS on a basis consistent with the prior year, except for land and buildings which are now carried at cost.

Change in accounting policy of land and buildings

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

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

	GROUP	
	2018 **R**	2017 R
Statement of financial position		
Assets – Investment in associate		
Previously stated	(1 207 663)	–
Adjustment	1 207 663	–
	–	–
Equity – Reserves		
Previously stated	(1 207 663)	–
Adjustment	1 207 663	–
	–	–
Statement of changes in equity		
Revaluation reserve (relating to land of associate)		
Previously stated	(1 207 663)	–
Adjustment	1 207 663	–
	–	–

The impact in the change in accounting policy has been accounted for in the current year as the impact was not considered material.

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NOTES TO THE SUMMARISED ANNUAL FINANCIAL STATEMENTS
CONTINUED

for the year ended 31 March 2018

3. NET ASSET VALUE PER SHARE AND EARNINGS PER SHARE

Net asset value and tangible net asset value per share

	GROUP	
	2018 R	2017 R
Total assets	**1 307 075 597**	1 311 205 665
Total liabilities	**(271 677 211)**	(327 326 057)
Net asset value attributable to equity holders of parent	**1 035 398 386**	983 879 608
Goodwill	**(223 421 981)**	(223 421 981)
Intangible assets	**(2 867 551)**	(5 161 591)
Deferred tax raised on intangible assets	**802 914**	1 445 246
Tangible net asset value	**809 911 769**	756 741 281
Shares in issue	**206 342 821**	202 969 487
Net asset value per share (cents)	**501,79**	484,74
Tangible net asset value per share (cents)	**392,51**	372,83
Earnings, diluted earnings and headline earnings per share		
Reconciliation of basic earnings to diluted earnings and headline earnings:		
Basic profit and diluted profit from total operations attributable to equity holders of parent	**44 167 022**	68 138 391
Profit on sale of property, plant and equipment	**(1 930 319)**	(743 181)
Total taxation effect of adjustments	**540 489**	208 090
Headline earnings and diluted headline earnings attributable to equity holders of parent	**42 777 192**	67 603 300
Basic weighted average number of shares	**204 431 259**	202 609 094
Dilutive effect of share options	**1 089 107**	1 641 560
Diluted weighted average number of shares	**205 520 366**	204 250 654
Basic earnings per share (cents)	**21,60**	33,63
Diluted earnings per share (cents)	**21,49**	33,36
Headline earnings per share (cents)	**20,92**	33,37
Diluted headline earnings per share (cents)	**20,81**	33,10

4. SEGMENT INFORMATION

	Ready-mixed concrete	Head office	Group totals
2018			
Segment revenue – external revenue	830 686 042	–	830 686 042
Segment cost of sales	(488 756 744)	–	(488 756 744)
Segment expenses	(267 054 964)	(25 279 345)	(292 334 309)
Profit from equity-accounted investment	–	20 819 672	20 819 672
Profit on sale of property, plant and equipment	1 930 319	–	1 930 319
Segment profit/(loss) after taxation	48 013 015	(3 845 993)	44 167 022
Taxation	(14 339 915)	642 331	(13 697 584)
Interest received	4 747 855	1 336	4 749 191
Interest paid	(22 002 128)	(29 987)	(22 032 115)
Depreciation and amortisation	(11 591 223)	(2 366 354)	(13 957 577)
Segment assets	285 141 373	1 021 934 222	1 307 075 597
Investment in associate included in the above total segment assets	–	765 870 275	765 870 275
Capital expenditure included in segment assets	14 891 968	23 390	14 915 358
Segment liabilities	(267 423 681)	(4 253 527)	(271 677 211)
2017			
Segment revenue – external revenue	839 984 931	–	839 984 931
Segment cost of sales	(483 668 229)	–	(483 668 229)
Segment expenses	(250 388 987)	(23 607 037)	(273 996 024)
Profit from equity-accounted investment	–	24 803 788	24 803 788
Profit/(loss) on sale of property, plant and equipment	749 292	(6 111)	743 181
Segment profit after taxation	67 385 969	752 422	68 138 391
Taxation	(22 534 615)	642 331	(21 892 284)
Interest received	7 113 680	58 450	7 172 130
Interest paid	(26 694 874)	(203)	(26 695 077)
Depreciation and amortisation	(18 740 477)	(2 362 767)	(21 103 244)
Segment assets	445 845 703	865 359 962	1 311 205 665
Investment in associate included in above total segment assets	–	743 842 941	743 842 941
Capital expenditure included in segment assets	27 604 211	930 890	28 535 101
Segment liabilities	(325 083 711)	(2 242 346)	(327 326 057)

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

The group does not rely on any single external customer or group of entities under common control for 10% or more of the group's revenue.

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

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NOTES TO THE SUMMARISED ANNUAL FINANCIAL STATEMENTS
CONTINUED
for the year ended 31 March 2018

5. INVESTMENT IN ASSOCIATE

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

Summary of group's interest in associate	2018 R	2017 R
Company level: 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 years	60 153 782	35 349 994
Equity-accounted earnings – current year	20 819 672	24 803 788
Revaluation reserve relating to land of associate – written back due to change in accounting policy	1 207 663	–
Group level: Carrying value of investment in associate	765 870 276	743 842 941

During the current year, the group decided to change the accounting policy for land and buildings to the historical cost basis. This is in line with CEMENT, who adopted this change in the prior year. The result of this is the write-back of the revaluation reserve of R1 207 663 relating the land of associate arising during the 2012 financial year.

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

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

Impairment testing

No indications of impairment were identified and therefore no impairment testing was performed for the current financial year. The net asset value of the associate is R1 496 269 041 (2017: R1 341 970 774) as indicated overleaf.

5. INVESTMENT IN ASSOCIATE (continued)

Summary of group interest in Dangote Cement South Africa Proprietary Limited and its subsidiaries	2018 R	2017 R
Non-current assets	3 295 208 712	3 463 892 648
Current assets	819 849 860	749 053 952
Total assets	4 115 058 572	4 212 946 600
Total equity	1 496 269 042	1 341 970 774
Non-current liabilities	(2 108 266 538)	(2 152 594 106)
Current liabilities	(510 522 992)	(718 381 720)
Total liabilities	(2 618 789 530)	(2 870 975 826)
Revenue for the period	2 365 548 412	2 281 395 559
Cost of sales	(1 853 935 209)	(1 855 433 510)
Gross profit	511 613 203	425 962 049
Operating profit	333 294 740	358 435 454
Investment income	13 988 113	16 274 555
Finance costs	(268 462 161)	(291 349 372)
Profit/(loss) before taxation	78 820 692	83 360 637
Taxation (expense)/income	(20 988 270)	(14 461 227)
Profit after taxation for the period	57 832 422	68 899 410
Total comprehensive income for the period	57 832 422	68 899 410

** Dangote Cement South Africa Proprietary Limited has a December year-end, so as to agree with Dangote Cement PLC's year-end. In line with the requirements of IAS 28, the year-end, results of Dangote Cement South Africa Proprietary Limited as at 31 December 2017 have been included in these financial statements.*

6. FINANCIAL ASSETS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	GROUP		
	Loans and receivables R	Non-financial instruments* R	Total R
2018			
Other financial assets	8 459 008	–	8 459 008
Trade and other receivables	130 888 707	2 442 807	133 331 514
Cash and cash equivalents	10 510 169	–	10 510 169
Long-term loans	2 000 000	–	2 000 000
	151 857 884	2 442 807	154 300 691
2017			
Other financial assets	10 638 527	–	10 638 527
Trade and other receivables	119 397 335	2 216 548	121 613 883
Cash and cash equivalents	44 756 833	–	44 756 833
Long-term loans	2 000 000	–	2 000 000
	176 792 695	2 216 548	179 009 243

** Non-financial instruments of the group consists of prepayments: R648 797 (2017: R585 020); deposits: R1 742 749 (2017: R1 631 528); and value added taxation: R51 261 (2017: Rnil).*

SEPHAKU HOLDINGS LTD

NOTES TO THE SUMMARISED ANNUAL FINANCIAL STATEMENTS
CONTINUED

for the year ended 31 March 2018

7. DEFERRED TAXATION

	GROUP	
	2018	2017
	R	R
Deferred taxation asset/(liability)		
Property, plant and equipment	**(24 243 629)**	(20 947 616)
Income received in advance and S24C allowances	**586 075**	497 829
Prepayments	**–**	(101 540)
Doubtful debt allowance	**1 260 000**	210 000
Provision for leave pay	**423 797**	323 377
Prepaid expenses	**–**	(18 454)
Provision for management bonus	**300 491**	469 477
Intangible assets	**(802 914)**	(1 445 246)
Operating lease accrual	**1 453 341**	1 315 727
Total deferred taxation liability	**(21 022 839)**	(19 696 446)
Reconciliation of deferred taxation asset/(liability)		
At the beginning of the year	**(19 696 446)**	(15 978 858)
Originating temporary difference on property, plant and equipment	**(3 296 014)**	(3 483 916)
Originating temporary difference on income received in advance and S24C allowance	**88 247**	175 755
Originating temporary difference on accrual for leave pay	**100 420**	111 182
Originating temporary difference on provision for doubtful debts	**1 050 000**	–
Originating/(reversing) temporary difference on prepayments	**119 997**	(8 077)
Reversing temporary difference on provision for management bonus	**(168 986)**	(1 529 678)
Originating temporary difference on intangible assets	**642 332**	642 331
Originating temporary difference on operating lease accrual	**137 611**	374 815
	(21 022 839)	(19 696 446)
Unrecognised deferred taxation asset		
Relating to unrecognised taxation losses	**108 155 414**	98 286 060

8. TRADE AND OTHER RECEIVABLES

	GROUP	
	2018 R	2017 R
Trade receivables	**130 888 707**	119 397 335
Prepayments	**648 797**	585 020
Deposits	**1 742 749**	1 631 528
Value added taxation	**51 261**	–
	133 331 514	121 613 883

Trade and other receivables pledged as security

Trade and other receivables of Métier of R133 005 263 (2017: R121 360 888) are pledged as security for other financial liabilities as per note 10.

Credit quality of trade and other receivables

Management has made an assessment of the debts neither past due nor impaired and are satisfied with the credit quality of these debtors, as all such debts are expected to be recovered without default.

Fair value of trade and other receivables

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

Trade and other receivables past due but not impaired

Trade and other receivables which are less than three months past due are not considered to be impaired. At 31 March 2018, R15 320 496 (2017: R7 034 700) was past due but not impaired.

	GROUP	
	2018 R	2017 R
The ageing of amounts past due but not impaired is as follows:		
One month past due	**6 895 340**	882 681
Two months past due	**4 035 728**	1 219 098
Three months past due	**3 049 649**	4 932 921
More than three months past due	**1 339 779**	–

Subsequent to the reporting date, R6 452 191 of the amounts one month past due, R2 686 762 of the amounts two months past due, R761 749 of the amounts three months past due and R364 602 of the amounts more than three months past due have been collected.

After taking the subsequent receipts into account, R5 055 192 is still outstanding in the past due not impaired category. These amounts have not been impaired as management has received sufficient security from debtors in the form of personal sureties, cessions of book debt, cessions of retentions, company cross-guarantees and surety bond over a property.

Trade and other receivables – allowance for impairment

As at 31 March 2018, trade and other receivables of R6 000 000 (2017: R1 000 000) were provided for. The following factors were considered in determining the amounts of the impairment:

- each account was assessed based on past credit history; and
- any knowledge of particular insolvency or other risk.

180 days overdue amounts are considered indicators that the trade receivable is impaired.

SEPHAKU HOLDINGS LTD

NOTES TO THE SUMMARISED ANNUAL FINANCIAL STATEMENTS
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for the year ended 31 March 2018

8. TRADE AND OTHER RECEIVABLES (continued)

Reconciliation of allowance for impairment of trade and other receivables	GROUP 2018 R	GROUP 2017 R
Opening balance	1 000 000	1 000 000
Provisional impairment	5 000 000	–
Closing balance	6 000 000	1 000 000

Exposure to credit risk

The maximum exposure to credit risk at the reporting date is the fair value of each class of instrument mentioned above. The company does not hold any collateral as security.

9. CASH AND CASH EQUIVALENTS

	GROUP 2018 R	GROUP 2017 R
Cash and cash equivalents consist of:		
Cash on hand	101 500	86 500
Bank balances	10 408 669	44 670 333
Bank overdraft	(6 695 456)	–
	3 814 713	44 756 833
Current assets	10 510 169	44 756 833
Current liabilities	(6 695 456)	–
	3 814 713	44 756 833

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

SepHold has an available Absa overdraft facility of R2 000 000. Métier has an available Standard Bank overdraft facility and a general short-term banking facility of R21 990 000 in total.

	GROUP 2018 R	GROUP 2017 R
The total amount of undrawn overdraft and term loan facilities available for future operating activities and commitments	17 294 544	23 990 000

10. OTHER FINANCIAL LIABILITIES

	GROUP	
	2018 **R**	2017 R
Held at amortised cost		
Standard Bank – Facility A This loan bears interest at the variable JIBAR rate plus a margin of 4%, which is currently 11,13% and is repayable in varying instalments with the final payment being made in February 2020. Interest payments are made quarterly in arrears.	**81 720 277**	101 529 094
Standard Bank – Facility B This loan bears interest at the variable JIBAR rate plus a margin of 3,49%, which is currently 10,39% and is repayable in equal instalments of R3 747 422 with the final payment being made in February 2020. The instalments are repayable monthly over a period of three years and include payments of the interest and capital portions.	**80 408 582**	115 943 076
Capitalised transaction costs Transaction costs of the above loans are capitalised and released to operating expenses over the term of the loan.	**(993 838)**	(1 535 931)
	161 135 021	215 936 239

The Standard Bank loans are secured as follows:

- General notarial bond granted by Métier in favour of the debt guarantor over all its movable assets, including inventory
- Pledge and cession by SepHold Limited in favour of the debt guarantor, in which SepHold *inter alia* pledges and cedes *in securitatem debiti* to the debt guarantor all its shares in and claims against the borrower
- Cession of insurances by Métier in favour of the debt guarantor, in terms of which Métier cedes *in securitatem debiti* to the debt guarantor all of its right, title and interest in and to all insurances over its assets
- Cession of debts by Métier in favour of the debt guarantor, in terms of which Métier cedes *in securitatem debiti* to the debt guarantor, all of its rights, title and interest in and to all of its debtors
- Special notarial bond by Métier in favour of the debt guarantor over specified movable assets
- The deed of security over the domain name www.metiersa.co.za entered into between Métier (as cedent) and the debt guarantor (as cessionary) and any notices or acknowledgements required thereunder, in terms of which Métier cedes *in securitatem debiti* to the debt guarantor all of its rights, title and interest in and to the domain name.

Total term lending facilities are R180 408 582 (2017: R221 000 000).

	GROUP	
	2018 R	2017 R
Non-current liabilities		
At amortised cost	**121 353 224**	180 132 807
Current liabilities		
At amortised cost	**39 781 797**	35 803 432
	161 135 021	215 936 239

The fair values of these financial liabilities are substantially the same as the carrying amounts reflected on the statement of financial position as they bear interest at market-related rates.

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NOTES TO THE SUMMARISED ANNUAL FINANCIAL STATEMENTS
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11. TRADE AND OTHER PAYABLES

	GROUP	
	2018 R	2017 R
Trade payables	**62 100 899**	70 034 299
Value added taxation	**1 684 706**	1 722 319
Credit cards	**9 370**	16 792
Accrued expenses	**4 106 961**	3 954 064
Accrued bonus	**1 648 121**	1 676 711
Accrual for salary-related expenses	**341 359**	646 946
Accrued audit fees	**405 000**	382 000
Deposits received	**5 249 379**	4 378 169
Sundry suppliers	**646 436**	1 461 172
	76 192 231	84 272 472

Fair value of trade and other payables

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

12. OPERATING PROFIT/(LOSS)

	GROUP	
	2018 R	2017 R
Operating profit/(loss) for the period is stated after accounting for the following:		
Operating lease charges		
Lease rentals on operating lease	**(15 057 414)**	(12 819 527)
Profit on sale of property, plant and equipment	**1 930 319**	749 292
Loss on disposal of other financial assets	**–**	(6 111)
Amortisation on intangible assets	**(2 294 040)**	(2 294 040)
Depreciation on property, plant and equipment	**(11 663 536)**	(18 809 203)
Employee costs	**(91 326 086)**	(90 752 203)
Auditor’s remuneration	**(816 003)**	(805 540)

13. TAXATION

	GROUP	
	2018 **R**	2017 R
Major components of the taxation expense		
Current		
Local income taxation – current period	12 371 189	18 048 616
Local income taxation – recognised in current tax for prior periods	–	126 080
	12 371 189	18 174 696
Deferred		
Originating and reversing temporary differences	1 326 395	3 809 348
Under provision of deferred taxation for prior periods	–	(91 760)
	1 326 395	3 717 588
	13 697 584	21 892 284
Reconciliation of the taxation expense		
Reconciliation between accounting profit and taxation expense		
Profit/(loss) before taxation	57 864 606	90 030 675
Taxation at the applicable taxation rate of 28%	16 202 090	25 208 589
Taxation effect of adjustments on taxable income		
Income taxation – prior period	–	126 080
Deferred taxation – prior period	–	(91 760)
Non-deductible items and exempt income	10 677	–
Taxable temporary difference not recognised as deferred tax liability	(173 872)	(242 731)
Deferred taxation not raised on assessed taxation loss	2 694 588	2 956 716
Profit from equity-accounted investments	(5 829 508)	(6 945 061)
Fines	3 345	4 618
Donations	30 448	56 529
Government grant	(189 808)	(174 152)
Loss on disposal of assets	–	1 711
Share options	797 838	754 997
Capitalised finance and transaction costs	151 786	236 747
	13 697 584	21 892 283

NOTES TO THE SUMMARISED ANNUAL FINANCIAL STATEMENTS
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for the year ended 31 March 2018

14. CASH GENERATED FROM/(USED IN) OPERATIONS

	GROUP	
	2018 R	2017 R
Profit/(loss) for the year	**57 864 606**	90 030 675
Adjustments for:		
Depreciation and amortisation	**13 957 576**	21 103 243
(Profit)/loss on sale of non-current assets	**(1 930 319)**	(743 181)
Profit from equity-accounted investments	**(20 819 672)**	(24 803 788)
Interest received – investment	**(4 749 191)**	(7 172 130)
Finance costs	**22 032 115**	26 695 077
Movements in operating lease assets and accruals	**(10 226)**	1 344 415
Bad debts written off	**50 000**	–
Deferred income	**(677 887)**	(621 974)
Share options recorded against salary expense	**2 849 424**	2 696 417
Changes in working capital:		
Inventories	**142 643**	(4 727 209)
Trade and other receivables	**(11 778 377)**	(10 642 409)
Trade and other payables	**(9 475 341)**	3 819 660
	47 455 351	96 978 796

15. TAXATION PAID

Balance at the beginning of the year	**(408 615)**	(1 283 129)
Current taxation for the period recognised in profit or loss	**(12 371 189)**	(18 174 696)
Balance at the end of the period	**307 491**	408 615
	(12 472 313)	(19 049 210)

16. 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	Opening balance	Imputed and accrued interest	Total non-cash movements	Cash flows	Closing balance
2018					
Other financial liabilities measured at amortised cost	**215 936 239**	**733 276**	**733 276**	**(55 534 494)**	**161 135 021**
2017					
Other financial liabilities measured at amortised cost	249 517 832	2 374 619	2 374 619	(35 956 212)	215 936 239

17. RISK MANAGEMENT

Risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure.

The capital structure of the group consists of cash and cash equivalents disclosed in note 9, borrowings disclosed in note 10 and equity as disclosed in the statement of financial position.

There are no externally imposed capital requirements.

There have been no changes to what the group manages as capital, the strategy for capital maintenance, or externally imposed capital requirements from the previous year.

Liquidity risk

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The tables 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 amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	GROUP		
	Less than 1 year R	Between 1 and 2 years R	Between 2 and 5 years R
2018			
Other financial liabilities	55 471 999	131 328 293	–
Trade and other payables	67 268 666	–	–
Bank overdraft	6 695 456	–	–
2017			
Other financial liabilities	57 415 092	57 726 050	154 272 338
Trade and other payables	80 873 442	–	–

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. Surplus cash flows exposed to interest rate risk are placed with institutions and facilities which yield the highest rate of return.

An interest rate sensitivity analysis is set out below. The analysis indicates the financial assets and liabilities are sensitive to interest rate fluctuations and the profit or loss and taxation effects of possible changes in interest rates to which the financial assets are linked.

At 31 March 2018, if interest rates on cash and cash equivalents had been 1% higher/lower with all other variables held constant, pretaxation profit of the group for the year would have been R614 617 (2017: R831 558) higher/lower, mainly as a result of higher/lower interest income on funds invested on call. The resulting taxation effect would have been Rnil.

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NOTES TO THE SUMMARISED ANNUAL FINANCIAL STATEMENTS
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for the year ended 31 March 2018

17. RISK MANAGEMENT (continued)

At 31 March 2018, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, pretaxation profit of the group for the year would have been R2 199 985 (2017: R2 669 487) lower/higher, as a result of higher/lower interest expense on floating rate borrowings. The resulting taxation effect would have been R615 996 (2017: R747 456).

Cash flow interest rate risk

Financial instrument	Current interest rate %	Due in less than a year R	Due in one to two years R
Cash in current banking institutions	5.00	10 408 669	–
Overdraft facilities used	10.60	6 695 456	–
Floating rate financial liabilities – Facility A	11.13	–	80 000 000
Floating rate financial liabilities – Facility B	10.39	39 781 797	40 626 785

Credit risk

Credit risk is managed on a group basis. Credit risk consists of cash deposits, cash equivalents, other financial assets, trade and loans receivable. The company only deposits cash with major banks with a high-quality credit standing and limits exposure to any one counterparty.

Trade and other receivables relate mainly to the subsidiary's customers. The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the standard payment terms and conditions are offered which include, in the majority of cases, the provision of a deposit for significant contracts. When available, the review includes external ratings.

The carrying amount of financial assets represents the maximum exposure to credit risk. Financial assets exposed to credit risk are as follows:

	GROUP	
Financial instrument	**2018** R	2017 R
Other financial assets	8 459 008	10 638 527
Trade and other receivables	130 888 707	119 397 335
Cash and cash equivalents	10 510 169	44 756 833
Long-term loans	2 000 000	2 000 000

18. STATED CAPITAL

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

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

19. 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.

20. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any material fact or circumstance arising between the end of the financial year and the date of this report that would require adjustments to or disclosure in the annual financial statements.

21. CHANGES TO THE BOARD

Due to added executive responsibilities at African Bank, B Maluleke resigned on 30 October 2017 from the audit and risk committee and the board. B Bulo was appointed to the board and the audit and risk committee at the board meeting held on 26 March 2018.

22. COMPANY SECRETARY

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

AUDITORS' REPORT

The summarised financial information included in this announcement is extracted from audited information but is not itself audited.

The directors take full responsibility for the preparation of the summarised financial information and that it has been correctly extracted from the underlying annual financial statements.

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

Any reference to operational or future financial performance included in this announcement, has not been reviewed or reported on by the company's auditors.

The auditors' report does not necessarily cover all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditors' work, they should obtain a copy of that report together with the accompanying financial information from the registered office of the company.

By order of the board

Chief Executive Officer
Dr. Lelau Mohuba

Financial Director
Neil Crafford Lazarus

28 June 2018

Enquiries contact: Sakhile Ndlovu Sephaku Holdings Investor Relations 012 612 0210

Sponsor to Sephaku Holdings: Questco Corporate Advisory (Pty) Ltd

SEPHAKU
HOLDINGS LTD

CORPORATE INFORMATION

Country of incorporation and domicile	South Africa	
Nature of business and principal activities	Construction materials company	
Directors	B Williams	Chairman independent Non-executive director
	PM Makwana	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	Chief executive officer
	NR Crafford–Lazarus	Financial director
	RR Matjiu	Non-executive director
	KJ Capes	Executive director
	PF Fourie	Non-executive director
	J Pitt	Alternate director

Registered office	Southdowns Office Park First floor, Block A Cnr Karee and John Vorster Streets, Irene X54, 0062
Website	www.sephakuholdings.com
Postal address	PO Box 7651, Centurion, 0046
Bankers	Nedbank
Auditors	Grant Thornton Johannesburg Partnership, Chartered Accountants (SA) Registered Auditors
Company secretary	Acorim Proprietary Limited Telephone: +27 11 325 6363 Email: sephaku@acorim.co.za
Company registration number	2005/003306/06
Transfer secretaries	Computershare Investor Services Proprietary Limited Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 PO Box 61051, Marshalltown, 2107, South Africa Telephone: +27 11 370 5000
JSE sponsor	Questco Corporate Advisory Proprietary Limited Telephone: +27 11 011 9200
Investor Relations Officer	Sakhile Ndlovu Email: info@sepman.co.za or sakhile@sephold.co.za Telephone: +27 12 612 0210
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

www.sephakuholdings.com

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