2021

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	Chief executive officer and financial director
	KJ Capes	Executive director
	PF Fourie	Non-executive 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	
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	
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	Sakhile Ndlovu 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:

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

Issued

23 June 2021

AUDIT AND RISK COMMITTEE REPORT

1. MANDATE AND TERMS OF REFERENCE

The committee acts according to a formal mandate and terms of reference that have been approved by the board of directors (board) of Sephaku Holdings Limited (SepHold). The committee has executed its duties during the past financial year according to this mandate and terms of reference, and has discharged its responsibilities contained therein. The terms of reference are reviewed each year.

The members of the audit committee are all independent non-executive directors of the group and include:

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 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 have been 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 Inc as the external auditor of SepHold, with J Barradas as the lead engagement partner. BDO South Africa Inc is, in the opinion of the committee, independent of the company
- 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
- Received no 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
- Ensured, on an annual basis, that the financial director has the appropriate expertise and experience
- Ensured that 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 Inc, is independent of SepHold, 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 2021. 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 is tabled and presented at a committee meeting following the audit. The external auditor has expressed an unqualified opinion on the annual financial statements for the year ended 31 March 2021. This will be presented at the annual general meeting.

SepHold has satisfied itself that BDO South Africa Inc 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 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 SepHold. Based on this assessment, the committee agrees with management's assessment that SepHold will be a going concern in the foreseeable future.

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

The committee has satisfied itself that the financial director of SepHold, Mr. NR Crafford-Lazarus, has appropriate expertise and experience to meet his responsibilities in that position as required in terms of the JSE Listings Requirements.

The committee also satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function of the company.

9. DUTIES ASSIGNED BY THE BOARD

The duties and responsibilities of the members of the committee are set out in the 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 external 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

As SepHold does not have a sophisticated IT system, it is reviewed on a bi-annual basis. Recommendations are implemented as and when received.

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

The committee met with BDO South Africa Inc 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 subsidiary (company)

The committee is satisfied that the key audit matters were adequately and appropriately addressed in the content of the audit.

The committee held a meeting on 15 June 2021 at which time they reviewed and recommended the annual financial statements for approval by the board.

On behalf of the audit committee

MJ Janse van Rensburg
Chairperson

15 June 2021

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 company) set out on pages 14 to 57, which comprise the consolidated and separate statements of financial position as at 31 March 2021, 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 2021, 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 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.

Key audit matter	How our audit addressed the key audit matter
Consolidated financial statements: Assessment of Goodwill for impairment At 31 March 2021, the Group has goodwill with a carrying value of R223 421 981 (2020: R223 421 981) recognised on the acquisition of the subsidiary, 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 financial statements, goodwill is assessed using discounted cash flow model which include a number of key judgements and estimates. The most significant being the growth rates and discount rates applied to forecasted cash flows. This model is required to calculate recoverable amounts of Cash Generating Unit that the goodwill relate to as well as Forecasting future cash flows and applying an appropriate discount rate, inherently involves a high degree of estimation and judgement by management. We have determined this to be a key audit matter 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.	In considering the appropriateness of management's judgement used in the testing of goodwill for impairment, we performed the following audit procedures with the assistance of our internal valuation specialists: • Reviewed the design and implementation of key controls around the assessment of Goodwill for impairment. • 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 accuracy and relevance of the input data provided by management based on our knowledge of the business and industry. • Challenged the key growth rate assumptions by comparing them to historical results taking the continuing impact of COVID-19 into account, 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 taking the continuing impact of COVID-19 into account, and assessed the historical accuracy and reasonableness of the budgeting process. • Performed a sensitivity analysis of the key assumptions in the model, considered the potential impact of reasonably possible downside changes in these key assumptions. As part of our audit we also considered the adequacy and completeness 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
Separate financial statements: **Investment in subsidiary (Note 1.2 and Note 7)** At 31 March 2021, the Company has an investment in a subsidiary. The cost of the investment amounts to R299 378 028 (2020: R299 378 028) In accordance with IFRS, IAS36 – 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 7 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 key audit matter 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 of subsidiary for impairment, we performed the following audit procedures with the assistance of internal valuation specialists: • Reviewed the design and implementation of key controls around the assessment of the investment in subsidiary for impairment. • Assessed the indicators of impairment identified by management. • Critically assessed the model for compliance with ISA 36 Impairment of Assets. • Verified the mathematical accuracy and methodology appropriateness of the underlying model and calculations. • Checked the accuracy 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 taking the continuing impact of COVID-19 into account, and assessed the historical accuracy and reasonableness of the budgeting process. • Assessed the key growth rate 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. • Performed a sensitivity analysis of the key assumptions in the model, considered the potential impact of reasonably possible downside changes in these key assumptions. Assessed the adequacy and completeness 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 2021", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate 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 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 3 years.

BDO South Africa Inc.

BDO South Africa Incorporated
Registered Auditors

Jacques Barradas
Director
Registered Auditor

23 June 2021

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the group 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 IFRS. The external auditor is engaged to express an independent opinion on the financial statements.

The annual financial statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the year to 31 March 2022 and, in light of this review and the current financial position, they are satisfied that the group 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 company's annual financial statements. The annual financial statements have been examined by the group's external auditor and their report is presented on pages 5 to 7.

The annual financial statements, set out on pages 14 to 57, were approved by the board on 23 June 2021 and were signed on their behalf by:

NR Crafford-Lazarus
Chief executive officer and financial director

B Williams
Chairperson

Centurion, South Africa

23 June 2021

DIRECTOR RESPONSIBILITIES STATEMENT

The directors, whose names are stated below, hereby confirm that:

a) The annual financial statements, set out on pages 14 to 57, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;

b) 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; and

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 within the combined assurance model pursuant to principle 15 of the King Code. 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.

NR Crafford-Lazarus
Chief executive officer and financial director

Centurion, South Africa

23 June 2021

CERTIFICATE BY COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act, I declare that to the best of my knowledge, for the year ended 31 March 2021, 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

Acorim Proprietary Limited
Company secretary

Centurion, South Africa

23 June 2021

DIRECTORS' REPORT

The directors submit their report for the year ended 31 March 2021.

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 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 for the period 1 January 2020 to 31 December 2020.

SepHold

Cost management

The company head office expenses were 24% lower year-on-year (y-o-y) at R12,6 million from R16,6 million, mainly due to a 60% reduction in non-cash costs related to the vesting expenses and full depreciation of an intangible asset. The balance was due to a reduction and suspension of salary increases as well as bonuses to mitigate the impact of the COVID-19 pandemic on the group profitability. The real expenses are anticipated to remain at this level for the medium term as the group continues with austerity measures to support profitability.

Update on the dual executive role

SepHold successfully applied for a further extension for the special dispensation from the JSE to allow SepHold's financial director (FD), NR Crafford-Lazarus, the dual CEO and FD roles. The extension was granted for an additional period of 24 months until 31 December 2022. The extension is subject to the audit and risk committee providing an assessment report on the prevailing economic conditions by 4 January 2022, motivating if it warrants the continuation of the dual role for a further year.

Métier

Sales volumes

The total sales volumes decreased by 15% y-o-y mainly due to the Level 5 lockdown restrictions. Sales volumes post the Level 4 lockdown had recovered to 2019 levels by December 2020 as customers accelerated delayed projects.

Revenue and profitability

Consequently, Métier's revenue decreased by 13% to R634 million (FY 2020: R727 million) mainly due to the combined effect of lower volumes and below inflation price increases. The subsidiary's timely turnaround programme supported profitability, as shown by the EBITDA margin increasing from 4.8% to 8.7% and operating margin from 1.7% to 5.2%. Métier's net profit after tax was R16,6 million compared to the net loss of R0,6 million for the 12 months ended 31 March 2020. The improved profitability resulted from the combination of lower costs and the income from the disposal of excess assets as part of the restructuring process.

Management of customer credit risk

The exposure to credit risk and the creditworthiness of customers are continuously monitored at Métier. The COVID-19 pandemic resulted in a marginally higher application for credit and or payment extension. To mitigate the risk of financial loss from defaults, the subsidiary was selective in transacting with customers with consistent late payment history and ceased supply for late payment were appropriate. Insurance was obtained to hedge against potential bad debts partially.

Bank debt management

Due to the COVID-19 impact on profitability, the lender agreed for Métier to pay the interest portion of the monthly instalments from April 2020 until December 2020, subject to a R15 million lump-sum payment to reduce the facility capital balance to R75 million in August 2020. The subsidiary resumed monthly repayments of both capital and interest in January 2021. The total interest payments for the 12 months ended 31 March 2021 were approximately R7,2 million.

The amortising facility balance was R71 million on 31 March 2021 (FY 2020: R92 million). The facility bears an interest rate of three-month Johannesburg Inter-bank Average Rate (JIBAR) plus 5%, which was 8.508% at year-end. The facility is repayable in varying instalments, with the final payment on 31 March 2023.

1. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES (CONTINUED)

SepCem

Sales volume

The sales volume for the 12 months ended 31 December 2020 was 9% higher y-o-y. In the six months to June 2020, the volume was 8.5% lower due to the persistently weak demand during SepCem's first quarter ended 31 March 2020 and the impact of the COVID-19-related national lockdown in the second quarter. The significant increase in the second half (H2) sales volume was mainly due to the third quarter performance during which SepCem recorded its highest quarterly volume to date. As a result, the H2 sales volume contributed 62% to the associate's total annual volume. The associate's ability to ramp up its operations in response to increasing demand is credited for the exceptional performance during the second half of the year.

For the 12 months ended 31 December 2020, imported cement volume decreased by approximately 5% y-o-y to approximately 990Kt due to the restrictive global lockdown conditions to limit the spread of the COVID-19 virus. The cement industry's application for a safeguard tariff from the International Trade Administration Commission of South Africa progressed well, but the COVID-19 pandemic unfortunately delayed the decision timeline. If approved, the application will result in a non-country-specific flat tariff on all imported cement.

Revenue and profitability

SepCem's after-tax profit for the 12 months ended 31 December 2020 was R44,4 million compared to R1,3 million in 2019. The revenue increased by 9.8% to R2,40 billion (FY 2020: R2,18 billion) due to the relative increase in sales volume. The EBITDA increased to R381,4 million compared to R359,0 million in FY 2020, but the margin was flat at approximately 16% due to the weak H1 performance compared to the 21% margin achieved in H2 2020. SepCem implemented various cost-saving initiatives to mitigate the negative impact of lockdown restrictions and achieved savings of approximately 10%.

Debt management

In August 2020, DCP contributed R125 million capital into SepCem's debt service reserve account (DSRA), increasing the balance to approximately R152 million. The funds in the DSRA were then applied as prepayment in August 2020 to reduce the six capital instalments as of February 2021 on a straight-line basis. The capital contribution is currently defined as a deposit for equity to be converted into a shareholders' loan on the same terms as the existing DCP loan. The capital repayments due in August and November 2020 were deferred to the final loan instalment in November 2022. The debt service cover and debt to EBITDA ratios were revised to align with the prevailing trading environment.

By 31 December 2020, the bank loan capital balance was R1,03 billion following the repayment of R450 million. The interest rate is the preceding three-month JIBAR plus 4.5%, equating to 7.8% by December 2020 which is lower than the 11.3% in 2019 due to the lower interest rate regime. The DCP quasi-equity at an interest rate of JIBAR plus 4% had a loan balance of R581 million, interest accrued and capitalised by 31 December 2020. SepCem bank debt repayments are current, and the associate is in full compliance with the loan covenants.

Group focus

The group will focus on cost management to ensure that the gains achieved from the numerous initiatives during FY 2021 are sustained. The mitigation measures instituted to reduce the spread of the COVID-19 virus in the workplace will be maintained until such a period that the risk has been eliminated through vaccination.

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 year under review.

In total, 46 270 261 shares were issued during the prior year.

All the authorised and issued shares have no par value.

Refer to note 20 to the annual financial statements for further details on authorised and issued stated capital.

3. DIVIDENDS

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

4. SHARE INCENTIVE SCHEME

There were no share options issued during the year. Refer to note 21 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	Changes
B Williams	Chairperson – Board	Non-executive independent	
MM Ngoasheng	Chairperson – Remuneration committee	Non-executive independent	
MJ Janse van Rensburg	Chairperson – Audit committee	Non-executive independent	
B Bulo		Non-executive independent	
Dr. L Mohuba	Chairperson – Social and ethics committee	Non-executive	
NR Crafford-Lazarus	Chief executive officer	Executive	
KJ Capes	Chief executive officer – Métier	Executive	Appointed 1 April 2020
PF Fourie	Chief executive officer – SepCem	Non-executive	Deceased 19 May 2021

6. SHAREHOLDERS' INFORMATION

An analysis of shareholders and the respective percentage shareholdings appear in the shareholders' analysis section on page 58.

As at 31 March 2021, the directors of the company held direct and indirect beneficial interests of 11% (2020: 11%) of its issued ordinary shares, as set out below.

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

	2021			2020		
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	–	–
PF Fourie**	**–**	**5 203 059**	**–**	–	5 203 059	–
	13 674 186	**13 566 826**	**40 000**	13 674 186	13 566 826	40 000

* *After his appointment as CEO of Métier, he was re-appointed as executive director on 1 April 2020.*

** *These shares are pledged as security.*

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:

2021	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**	**400 000**
Granted 31/03/2016	**400 000**	**R4.40**	**–**		**–**	**400 000**	**400 000**
Granted 01/07/2017	**475 000**	**R3.00**	**–**		**–**	**316 667**	**475 000**
NR Crafford-Lazarus							
Granted 10/12/2014	**375 000**	**R6.80**	**–**		**–**	**375 000**	**375 000**
Granted 31/03/2016	**400 000**	**R4.40**	**–**		**–**	**400 000**	**400 000**
Granted 01/07/2017	**475 000**	**R3.00**	**–**		**–**	**316 667**	**475 000**
	2 525 000		**–**		**–**	**2 208 334**	**2 525 000**

6. SHAREHOLDERS INFORMATION (CONTINUED)

Directors' interest in share options: (continued)

2020	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 29/06/2012	750 000	R 1.90	(750 000)	29/06/2019	–	–	–
Granted 10/12/2014	400 000	R 6.80	–		–	400 000	400 000
Granted 31/03/2016	400 000	R 4.40	–		–	266 667	400 000
Granted 01/07/2017	475 000	R 3.00	–		–	157 333	475 000
NR Crafford-Lazarus							
Granted 29/06/2012	750 000	R 1.90	(750 000)	29/06/2019	–	–	–
Granted 31/08/2012	750 000	R 1.90	(750 000)	31/08/2019	–	–	–
Granted 10/12/2014	375 000	R 6.80	–		–	375 000	375 000
Granted 31/03/2016	400 000	R 4.40	–		–	266 667	400 000
Granted 01/07/2017	475 000	R 3.00	–		–	157 333	475 000
	4 775 000		(2 250 000)			1 623 000	2 525 000

Refer to note 21 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 interests 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 R3 038 118 (2020: R12 373 058) and disposals of R13 291 989 (2020: R2 901 150) on property, plant and equipment of the group
- The land and building under asset held for sale was sold during the year for R18 500 000

Refer to notes 3 and 19 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

While operations are currently at normal levels of output, the COVID-19 pandemic had an impact on group performance for the year. The group entities continue to comply fully with the government directives applicable to the level of lockdown. The directors are not aware of any material fact or circumstance arising between the end of the reporting period and the date of this report that would require adjustments to or disclosure in the financial results.

SepCem's chief executive officer, PF Fourie, was admitted to a hospital on 9 May 2021 after suffering a stroke and sadly passed away on 19 May 2021. He became CEO of SepCem in May 2007, and he was subsequently appointed a SepHold board director on 20 November 2009 following the JSE listing.

10. GOING CONCERN

The directors believe that the group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

The directors are not aware of any new material changes that may adversely impact the group. 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.

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/(loss) after tax 2021	Net (loss) after tax 2020
Métier Mixed Concrete Proprietary Limited	**13 056 364**	(11 223 299)
Sephaku Investment Holdings Proprietary Limited	**(150)**	(130)

Details of the company's investment in subsidiaries are set out in note 7 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 2021

	Notes	Group 2021 R	Group 2020 R	Company 2021 R	Company 2020 R
ASSETS					
Non-Current Assets					
Property, plant and equipment	3	**102 748 478**	124 271 483	**28**	27 394
Right-of-use assets	4	**55 480 134**	42 138 008	**–**	–
Goodwill	5	**223 421 981**	223 421 981	**–**	–
Intangible assets	6	**–**	–	**–**	–
Investments in subsidiaries	7	**–**	–	**299 378 029**	299 378 029
Investment in joint ventures	8	**120 552**	120 552	**–**	–
Investments in associates	9	**828 648 873**	812 678 672	**683 689 159**	683 689 159
Loans receivable	16	**4 619 849**	–	**–**	–
Other financial assets	11	**10 761 835**	10 761 735	**10 761 835**	10 761 735
Other investments	14	**2 000 000**	2 000 000	**2 000 000**	2 000 000
		1 227 801 702	1 215 392 431	**995 829 051**	995 856 317
Current Assets					
Inventories	15	**17 036 206**	16 763 507	**–**	–
Loans to group companies	10	**–**	–	**10 529**	10 379
Loans receivable	16	**3 378 272**	–	**–**	–
Trade and other receivables	17	**90 294 047**	79 070 855	**156 708**	520 191
Current tax receivable		**–**	1 643 331	**–**	–
Cash and cash equivalents	18	**32 752 474**	6 381 459	**6 764 277**	4 380 684
		143 460 999	103 859 152	**6 931 514**	4 911 254
Non-current assets held for sale	19	**–**	18 503 897	**–**	20 205 192
Total Assets		**1 371 262 701**	1 337 755 480	**1 002 760 565**	1 020 972 763
EQUITY AND LIABILITIES					
Equity					
Stated capital	20	**682 965 910**	682 782 720	**682 965 910**	682 782 720
Reserves		**11 052 071**	10 643 889	**11 052 071**	10 643 889
Retained income		**427 666 953**	407 339 227	**194 756 109**	201 563 489
		1 121 684 934	1 100 765 836	**888 774 090**	894 990 098
Liabilities					
Non-Current Liabilities					
Other financial liabilities	23	**58 006 387**	71 846 168	**–**	–
Lease obligation	4 & 24	**56 046 957**	45 497 397	**–**	–
Deferred income	27	**–**	199 670	**–**	–
Deferred taxation	13	**18 028 323**	15 848 539	**–**	–
		132 081 667	133 391 774	**–**	–
Current Liabilities					
Trade and other payables	25	**91 426 002**	71 672 558	**1 112 155**	1 940 791
Loans from group companies	22	**–**	–	**112 874 320**	124 041 874
Other financial liabilities	23	**13 311 072**	21 640 732	**–**	–
Lease obligation	4 & 24	**11 360 944**	7 974 561	**–**	–
Deferred income	27	**316 677**	677 887	**–**	–
Current taxation payable		**1 081 405**	–	**–**	–
Bank overdraft	18	**–**	1 632 132	**–**	–
		117 496 100	103 597 870	**113 986 475**	125 982 665
Total Liabilities		**249 577 767**	236 989 644	**113 986 475**	125 982 665
Total Equity and Liabilities		**1 371 262 701**	1 337 755 480	**1 002 760 565**	1 020 972 763
Net asset value per share (cents)	45	**440.74**	432.54		
Tangible net asset value per share (cents)	45	**352.95**	344.75		

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2021

		Group		Company	
	Notes	**2021 R**	2020 R	**2021 R**	2020 R
Revenue	28	**634 252 530**	727 040 453	**8 400 000**	8 400 000
Rental income	28	**–**	–	**1 174 010**	3 673 869
Cost of sales	29	**(390 567 079)**	(448 827 639)	**–**	–
Gross profit		**243 685 451**	278 212 814	**9 574 010**	12 073 869
Operating income	30	**10 336 510**	994 265	**275 167**	682 407
Operating gains (losses)	31	**611 995**	–	**(1 630 852)**	–
Operating expenses		**(234 169 475)**	(283 773 403)	**(15 432 305)**	(17 411 654)
Operating profit/(loss)	32	**20 464 481**	(4 566 324)	**(7 213 980)**	(4 655 378)
Investment income	33	**1 516 826**	882 879	**814**	1 502
Finance costs	34	**(13 817 663)**	(18 712 646)	**(27)**	(1 983 637)
Income from equity-accounted investments	9	**15 970 201**	476 798	**–**	–
Profit/(loss) before taxation		**24 133 845**	(21 919 293)	**(7 213 193)**	(6 637 513)
Taxation	35	**(4 211 933)**	4 546 657	**–**	–
Profit/(loss) for the year		**19 921 912**	(17 372 636)	**(7 213 193)**	(6 637 513)
Other comprehensive income		**–**	–	**–**	–
Total comprehensive income/(loss) for the year		**19 921 912**	(17 372 636)	**(7 213 193)**	(6 637 513)
Basic earnings/(loss) per share (cents)	45	**7.83**	(8.12)		
Diluted earnings/(loss) per share (cents)	45	**7.83**	(8.12)		

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2021

Group	Stated capital R	Equity-based share option reserve R	Retained income R	Total equity R
Balance at 31 March 2019	648 003 095	14 351 157	419 428 025	1 081 782 277
Loss for the year	–	–	(17 372 636)	(17 372 636)
Total comprehensive income for the year	–	–	(17 372 636)	(17 372 636)
Issue of shares	37 478 911	–	–	37 478 911
Rights issue expenses capitalised	(2 699 286)	–	–	(2 699 286)
Employees' share option scheme	–	(3 707 268)	5 283 838	1 576 570
Total contributions by and distributions to owners of company recognised directly in equity	34 779 625	(3 707 268)	5 283 838	36 356 195
Balance at 31 March 2020	682 782 720	10 643 889	407 339 227	1 100 765 836
Profit for the year	**–**	**–**	**19 921 912**	**19 921 912**
Other comprehensive income for the year	**–**	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**–**	**19 921 912**	**19 921 912**
Rights issue expenses refunded	**183 190**	**–**	**–**	**183 190**
Employees' share option scheme	**–**	**408 182**	**405 814**	**813 996**
Total contributions by and distributions to owners of company recognised directly in equity	**183 190**	**408 182**	**405 814**	**997 186**
Balance at 31 March 2021	**682 965 910**	**11 052 071**	**427 666 953**	**1 121 684 934**
Notes	20	21		

Company	Stated capital R	Equity-based share option reserve R	Retained income R	Total equity R
Balance at 31 March 2019	648 003 095	14 351 157	202 917 164	865 271 416
Loss for the year	–	–	(6 637 513)	(6 637 513)
Other comprehensive loss for the year	–	–	–	–
Total comprehensive profit for the year	–	–	(6 637 513)	(6 637 513)
Issue of shares	37 478 911	–	–	37 478 911
Rights issue expenses capitalised	(2 699 286)	–	–	(2 699 286)
Employees' share option scheme	–	(3 707 268)	5 283 838	1 576 570
Total contributions by and distributions to owners of company recognised directly in equity	34 779 625	(3 707 268)	5 283 838	36 356 195
Balance at 31 March 2020	682 782 720	10 643 889	201 563 489	894 990 098
Loss for the year	**–**	**–**	**(7 213 193)**	**(7 213 193)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**
Total comprehensive loss for the year	**–**	**–**	**(7 213 193)**	**(7 213 193)**
Rights issue expenses refunded	**183 190**	**–**	**–**	**183 190**
Employees' share option scheme	**–**	**408 182**	**405 813**	**813 995**
Total contributions by and distributions to owners of company recognised directly in equity	**183 190**	**408 182**	**405 813**	**997 185**
Balance at 31 March 2021	**682 965 910**	**11 052 071**	**194 756 109**	**888 774 090**
Notes	20	21		

STATEMENTS OF CASH FLOWS

for the year ended 31 March 2021

	Notes	Group 2021 R	Group 2020 R	Company 2021 R	Company 2020 R
Cash flows from operating activities					
Cash generated from/(used in) operations	36	**47 336 451**	34 647 822	**(7 736 505)**	(5 056 268)
Interest income		**957 476**	882 879	**814**	1 502
Finance costs		**(7 173 455)**	(10 831 740)	**(27)**	(1 983 637)
Taxation paid/(received)	37	**692 588**	(467 600)	**–**	–
Net cash from/(used in) operating activities		**41 813 060**	24 231 361	**(7 735 718)**	(7 038 403)
Cash flows from investing activities					
Purchase of property, plant and equipment	3	**(2 746 725)**	(12 373 063)	**–**	–
Sale of property, plant and equipment	3	**8 771 346**	2 459 119	**–**	–
Sale of non-current assets held for sale		**18 500 000**	–	**18 500 000**	–
Loans (advance)/repaid		**(100)**	156 645	**(100)**	156 645
Net cash from/(used in) investing activities		**24 524 521**	(9 757 299)	**18 499 900**	156 645
Cash flows from financing activities					
Proceeds on share issue	20	**–**	34 779 624	**–**	34 779 624
Rights issue expenses refunded	20	**119 561**	–	**119 561**	–
Repayment of loans from group companies		**–**	–	**(8 500 150)**	(18 786 750)
Repayment of other financial liabilities	38	**(22 405 161)**	(30 286 588)	**–**	–
Payments of principal on leases	24	**(9 270 664)**	(6 468 123)	**–**	–
Payments of interest on leases	24	**(6 778 170)**	(5 843 084)	**–**	–
Net cash (used in)/from financing activities		**(38 334 434)**	(7 818 171)	**(8 380 589)**	15 992 874
Total cash and cash equivalents movement for the year		**28 003 147**	6 655 891	**2 383 593**	9 111 116
Cash and cash equivalents at the beginning of the year		**4 749 327**	(1 906 564)	**4 380 684**	(4 730 432)
Total cash and cash equivalents at end of the year	18	**32 752 474**	4 749 327	**6 764 277**	4 380 684

ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with IFRS of the International Accounting Standards Board (IASB), the Companies Act, the JSE Listings Requirements and the South African Institute for Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African rand. Accounting policies that refer to "consolidated or group", apply equally to the company financial statements where relevant.

The accounting policies are in terms of IFRS and 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 annual financial statements incorporate the annual financial statements of the company and all subsidiaries. The group's interest in its associate is accounted for using the equity method of accounting. Accounting policies are applied consistently in all group companies.

The results of subsidiaries are included in the consolidated annual 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 – ie, 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 annual 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.

Significant judgements include:

Trade and other receivables

The group makes use of a simplified approach in accounting for trade and other 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 17 Trade receivables for more details.

Options granted

Management used the Black-Scholes model and the Binomial valuation model as specified in note 21 to determine the fair value of the options at issue date. Additional details regarding the estimates are included in note 21. No new options were granted during the current period.

Impairment testing of goodwill and investment in subsidiaries

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.

The following assumptions have been applied when reviewing goodwill impairment in calculating the terminal value, as specific budget numbers were used for the three-year forecast. This consisted of a slight improvement over FY 2022 compared to FY 2021 not expecting lockdown restrictions as experienced under level 4 or 5. FY 2023 will see a return to 2019 volume levels in the calculation:

- A growth rate of 5.24% (2020: 5.24%) was applied and cash flows were discounted at a pre-tax rate of 16.89% (2020: 16.50%), which is the estimated cost of capital as it relates to Métier. The rate is lower than last year due to an improvement in the SA risk free rate over the year while borrowing rates remained low since dropping 175 basis points from the beginning of the financial year. This was off-set by the lowering of the SA borrowing costs on the other hand.
- Asset values were based on the carrying amounts for the financial period.
- Future profits were estimated using historical information and approved three-year budgets.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.2 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing of goodwill and investment in subsidiaries (continued)

- Sales growth/gross margins were based on historical achievement and future prospects being extremely 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 0.5% decrease in the terminal growth rate results in a decrease of R16,7 million in the recoverable amount and no impairment needed, as the recoverable amount is still higher than the carrying amount;
- If all assumptions remained unchanged, a 0.5% increase in discount rate results in a decrease of R17,1 million in the recoverable amount and no impairment needed, as the recoverable amount is still higher than the carrying amount.

Estimation of useful lives and residual values

The estimation of the useful lives of assets is based on historic performance as well as expectations about future use, and therefore requires a significant degree of judgement to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes (refer accounting policy 1.3 Property, plant and equipment).

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 company 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.

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 and adjustments in respect of hedge accounting, where appropriate.

The initial estimate of the costs of dismantling and removing an item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the group is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses, except for land and buildings which are stated at revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and 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 useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land	*
Buildings	30 years
Plant and machinery	10 – 15 years
Furniture and fixtures	6 – 8 years
Motor vehicles	5 – 10 years
Office equipment	5 years
Computer equipment	2 – 6 years

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

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.3 Property, plant and equipment (continued)

Right-of-use assets in respect of land and buildings are depreciated over the lease term with an average useful life of 6 and 8 years respectively.

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.

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

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 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

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

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Due to the Métier Mixed Concrete Proprietary Limited acquisition during the 2013 period the Vulindlela Development Association customer contract was signed for a five-year period. This contract was extended on 31 December 2013 to a seven-year period. On 25 June 2016, the contract was further extended to an eight-year contract period, this resulted in a change in accounting estimate. Amortisation is provided to write down the Vulindlela Development Association customer contract classified as an intangible asset on a straight-line basis over the contractual period. Any amendments to the contract period are accounted for as a change in accounting estimate in line with IAS 8. The residual value for the contract is nil. During the prior year the contract came to an end.

1.5 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.

1.6 Investments in joint ventures

Company annual financial statements

In the company's separate annual financial statements, an investment in a joint venture is carried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

1.7 Investments in associates

Company annual financial statements

In the company's separate annual financial statements, an investments in associates is carried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

1.8 Financial instruments

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 *Financial Instruments*.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.8 Financial instruments (continued)

Classification and initial measurement of financial assets (continued)
Financial assets are classified into the following categories:

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

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.

Discounting is omitted where the effect of discounting is immaterial. The group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Fair value determination
If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Trade and other receivables
The group makes use of a simplified approach in accounting for trade and other 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 17 for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

Classification and measurement of financial liabilities
The group's financial liabilities include borrowings and trade and other payables. Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs.

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.

Impairment of financial assets

Loans receivable

Definition of default
The loans are considered to be in default when there is evidence that the borrower is in significant financial difficulty such that it will have insufficient funds to repay the loan on demand. This is assessed based on a number of factors including various liquidity and solvency ratios.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.8 Financial instruments (continued)

Impairment of financial assets (continued)

Loans receivable *(continued)*

Significant increase in credit risk (SICR) assessment
This assessment is performed qualitatively by reference to the borrower's cash flow and liquid asset position. The risk that the borrower will default on a demand loan depends on whether the borrower has sufficient cash or other liquid assets to repay the loan immediately (meaning that the risk of default is very low, possibly close to 0%) or it will not (meaning that the risk of default is very high, possibly close to 100%).

Credit impaired indicators
The loans are considered to be credit impaired if they meet the definition of a defaulted loan. 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. 12-month expected credit losses are recognised for the first category while lifetime expected credit losses are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. For amounts due to the group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are considered indicators of impairment.

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

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Cash and cash equivalents are classified as financial instruments at carrying amount which is deemed to be fair value.

Bank overdrafts and other financial liabilities
Other financial liabilities 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.

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

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.9 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.

1.10 Leases

At inception of a contract, the group and company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive right, then the asset is not identified;
- the group and company have the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the group and company have the right to direct the use of the asset. The group and company have this right when it have the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the group and company have the right to direct the use of the asset if either:
  - the group and company have the right to operate the asset; or
  - the group and company designed the asset in a way that predetermines how and for what purpose it will be used.

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. The estimated useful lives of the right-to-use assets are determined on the same basis as those of property and equipment. 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 prime interest rate as published by the South African Reserve Bank on date of contract closure. Looking forward, if the group were to seek funding it is anticipated that it will be at a rate equal to the prime interest 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 exercise price under a purchase option that the group and company are reasonably certain to exercise, lease payments in an optional renewal period if the group and company are reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the group and company are reasonably certain not to terminate early

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 company's estimate of the amount expected to be payable under a residual value guarantee, or if the group or company change their assessment of whether it 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 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 IT and office equipment. The group and company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Operating leases – lessor

Operating lease income is recognised as income on a straight-line basis over the lease term. The difference between the amounts recognised as income and the contractual payments are recognised as an operating lease asset. This asset is not discounted.

Income for leases is disclosed under other income in profit or loss.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.11 Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

Slow-moving stock assessed to be impaired or obsolete is written down. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.12 Impairment of assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

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

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is 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.

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. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.13 Share-based payments

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

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

For equity-settled share-based payment transactions the services received and the corresponding increase in equity are measured, directly, at the fair value of the services received provided that the fair value can be estimated reliably.

Vesting conditions which are not market related (ie service conditions and non-market-related performance conditions) are not taken into consideration when determining the fair value of the equity instruments granted. Instead, vesting conditions which are not market-related shall be 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 shall be 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.

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.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.13 Share-based payments (continued)

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 will be accounted for as part of the cost recognised in each period with the corresponding adjustment taken to equity.

For equity-settled share-based payment transactions, the fair values of the options are determined on grant date and are not subsequently adjusted.

1.14 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave 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.

1.15 Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

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

1.16 Revenue from contracts with customers

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-mixed 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.

Sale of concrete products is recognised at a point in time and management services are recognised over time.

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.

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

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.17 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. 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.

1.18 Operating segments

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

Business segments for management purposes are determined based on the commodities regarded as key to the company's business model and which are actively managed by the company.

The chief operating decision maker, who is responsible for allocating resources and assessing performance of the reportable operating segment, has been identified as the executive board 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
• Definition of a business – Amendments to IFRS 3	1 January 2020
• IAS 1 *Presentation of Financial Statements*: Disclosure initiative	1 January 2020
• IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*: Disclosure initiative	1 January 2020
• IFRS 16 *Leases* COVID-19-Related Rent Concessions	1 June 2020

Effects of changes in accounting policies

IFRS 3 Business Combinations (Amendment – Definition of Business)

As a result of the post-implementation review of IFRS 3, these amendments modify the definition of a business. These changes will result in fewer acquisitions being accounted for as a business combination within the scope of IFRS 3. The amendments also introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is a business.

These amendments in IFRS 3 did not have any impact on the amounts recognised in the group's current and prior periods.

IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative

Definition of material: The amendments clarify and align the definition of material and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS standards.

The impact of this amendment was not material on the group.

IFRS 16 Leases COVID-19-Related Rent Concessions

In response to the COVID-19 pandemic, in May 2020 the IASB issued amendments to IFRS 16, which permits lessees not to assess whether a rent concession received meets the definition of a lease modification, if certain criteria are satisfied. Instead, lessees apply other applicable IFRS standards, which will often result in a rent concession being recorded as a negative variable payment (eg DR lease liability, CR profit or loss).

The amendments were adopted during the financial year under review. This resulted in other operating gains of R553 438 that was recorded in the statement of profit and loss and other comprehensive income in the current period. Refer notes 4 and 31 for further details.

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 April 2021 or later periods:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* (Amendment: Onerous contracts – cost of fulfilling a contract)	1 January 2022	Low impact/no impact
IAS 16 *Property, Plant and Equipment* (Amendment: Proceeds before intended use)	1 January 2022	Unlikely there will be a material impact
IAS 1 *Presentation of Financial Statements* (Amendment: Classification of liabilities as current or non-current)	1 January 2023	Possible additional disclosure
Conceptual framework for financial reporting (Amendments to IFRS 3)	1 January 2022	No impact
IFRS 16 *Leases* (Amendment: Extension of practical expedient)	1 April 2021	Unlikely there will be a material impact

3. PROPERTY, PLANT AND EQUIPMENT

Group	2021 Cost or revaluation R	2021 Accumulated depreciation R	2021 Carrying value R	2020 Cost or revaluation R	2020 Accumulated depreciation R	2020 Carrying value R
Land	**2 666 309**	**–**	**2 666 309**	2 666 309	–	2 666 309
Plant and machinery	**106 040 845**	**(51 694 564)**	**54 346 281**	106 040 845	(46 872 987)	59 167 858
Furniture and fixtures	**996 137**	**(844 008)**	**152 129**	1 004 537	(788 416)	216 121
Motor vehicles	**113 171 251**	**(68 184 613)**	**44 986 638**	160 629 860	(99 137 250)	61 492 610
Office equipment	**24 966**	**(24 963)**	**3**	24 966	(22 872)	2 094
Computer equipment	**3 885 970**	**(3 288 852)**	**597 118**	4 140 123	(3 413 632)	726 491
Total	**226 785 478**	**(124 037 000)**	**102 748 478**	274 506 640	(150 235 157)	124 271 483

Company	2021 Cost or revaluation R	2021 Accumulated depreciation R	2021 Carrying value R	2020 Cost or revaluation R	2020 Accumulated depreciation R	2020 Carrying value R
Furniture and fixtures	**143 177**	**(143 157)**	**20**	143 177	(128 897)	14 280
Office equipment	**24 966**	**(24 963)**	**3**	24 966	(22 872)	2 094
Computer equipment	**183 300**	**(183 295)**	**5**	183 300	(172 280)	11 020
Total	**351 443**	**(351 415)**	**28**	351 443	(324 049)	27 394

Reconciliation of property, plant and equipment

Group	Opening balance R	Additions R	Disposals R	Classified as held for sale R	Depreciation R	Total R
2021						
Land	**2 666 309**	**–**	**–**	**–**	**–**	**2 666 309**
Plant and machinery	**59 167 858**	**–**	**–**	**–**	**(4 821 577)**	**54 346 281**
Furniture and fixtures	**216 121**	**–**	**–**	**–**	**(63 992)**	**152 129**
Motor vehicles	**61 492 610**	**2 968 794**	**(13 283 223)**	**–**	**(6 191 543)**	**44 986 638**
Office equipment	**2 094**	**–**	**–**	**–**	**(2 091)**	**3**
Computer equipment	**726 491**	**69 324**	**(8 766)**	**–**	**(189 931)**	**597 118**
	124 271 483	**3 038 118**	**(13 291 989)**	**–**	**(11 269 134)**	**102 748 478**
2020						
Land	6 736 296	–	–	(4 069 987)	–	2 666 309
Buildings	14 433 910	–	–	(14 433 910)	–	–
Plant and machinery	61 212 061	3 644 778	(505 437)	–	(5 183 544)	59 167 858
Furniture and fixtures	305 697	–	–	–	(89 576)	216 121
Motor vehicles	63 369 916	8 469 750	(2 381 178)	–	(7 965 878)	61 492 610
Office equipment	5 688	–	–	–	(3 594)	2 094
Computer equipment	996 223	258 530	(14 535)	–	(513 727)	726 491
	147 059 791	12 373 058	(2 901 150)	(18 503 897)	(13 756 319)	124 271 483

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of property, plant and equipment (continued)

Company	Opening balance R	Additions R	Depreciation R	Total R
2021				
Furniture and fixtures	**14 280**	**–**	**(14 260)**	**20**
Office equipment	**2 094**	**–**	**(2 091)**	**3**
Computer equipment	**11 020**	**1**	**(11 016)**	**5**
	27 394	**1**	**(27 367)**	**28**
2020				
Furniture and fixtures	38 143	–	(23 863)	14 280
Office equipment	5 688	–	(3 594)	2 094
Computer equipment	47 335	–	(36 315)	11 020
	91 166	–	(63 772)	27 394

Details of land

	Group		Company	
	2021 R	2020 R	**2021 R**	2020 R
Portion 0 of Erf 233, Phoenix Industrial Park				
Terms and conditions				
– Purchase price: 12 June 2009	**2 400 000**	2 400 000	**–**	–
– Capitalised expenditure	**266 309**	266 309	**–**	–
	2 666 309	2 666 309	**–**	–

Pledged as security

All movable assets are pledged as security for other financial liabilities as per note 23.

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 average effective borrowing rate was 10.25% per annum.

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

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are as follows:

	Group		Company	
	2021 R	2020 R	**2021 R**	2020 R
Land	**27 244 550**	29 295 015	**–**	–
Buildings	**28 115 143**	12 495 035	**–**	–
Motor vehicles	**120 441**	347 958	**–**	–
	55 480 135	42 138 008	**–**	–

Additions to right-of-use assets

During the current year, the group entered into three new lease agreements. The average lease term for these new agreements is five 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	
	2021 R	2020 R	**2021 R**	2020 R
Land	**5 626 969**	950 374	**–**	–
Buildings	**18 489 402**	–	**–**	–
Motor vehicles	**–**	678 641	**–**	–
	24 116 371	1 629 015	**–**	–

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 32), as well as depreciation which has been capitalised to the cost of other assets.

	Group		Company	
	2021 R	2020 R	**2021 R**	2020 R
Land	**7 678 905**	6 307 547	**–**	–
Buildings	**2 869 294**	2 271 824	**–**	–
Motor vehicles	**227 518**	330 683	**–**	–
	10 775 717	8 910 054	**–**	–
Other disclosures				
Interest expense on lease liabilities	**6 408 486**	5 843 084	**–**	–

Lease obligation

Lease liabilities have been included in the borrowings line item on the statement of financial position. Refer to note 24 Lease obligation for more details.

The maturity analysis of lease liabilities is as follows:

	Group		Company	
	2021 R	2020 R	**2021 R**	2020 R
Non-current liabilities	**56 046 957**	45 497 397	**–**	–
Current liabilities	**11 360 944**	7 974 561	**–**	–
	67 407 901	53 471 958	**–**	–

5. GOODWILL

	2021			2020		
Group	**Cost R**	**Accumulated impairment R**	**Carrying value R**	Cost R	Accumulated impairment R	Carrying value R
Goodwill on acquisition of subsidiary	**223 421 981**	**–**	**223 421 981**	223 421 981	–	223 421 981

Reconciliation of goodwill

	2021		2020	
Group	**Opening balance R**	**Total R**	Opening balance R	Total R
Goodwill	**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 decline in profitability of Métier over the previous two to three years focused the attention on the goodwill assessment during the previous financial year. However, with the re-appointment of the previous CEO came a turnaround strategy with substantial cost cutting and restructuring across the operations and management believes that trading results are representative of the recovery to levels seen before. The results for the past financial year that includes two months of lockdown for Métier and the outlook for the next year together with the equity contribution from the rights offer at the end of the previous year to reduce debt levels provides comfort that the company assets and key employees are all well positioned to return to prior levels of turnover and profitability once the cycle recovers.

Based on the impairment test performed, no impairment is required. Refer to accounting policy 1.2 Impairment testing of goodwill and investments in subsidiaries for inputs used for the impairment test.

6. INTANGIBLE ASSETS

	2021			2020		
Group	**Cost/valuation R**	**Accumulated amortisation R**	**Carrying value R**	Cost/valuation R	Accumulated amortisation R	Carrying value R
Customer contract	**20 438 713**	**(20 438 713)**	**–**	20 438 713	(20 438 713)	–

Reconciliation of intangible asset

	2020		
Group	Opening balance R	Amortisation R	Total R
Customer contract	573 510	(573 510)	–

The intangible asset was fully amortised during the prior year.

7. 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	% holding 2021	% holding 2020	Carrying amount 2021 R	Carrying amount 2020 R
Sephaku Investment Holdings Proprietary Limited	**100.00**	100.00	**1**	1
Métier Mixed Concrete Proprietary Limited	**100.00**	100.00	**299 378 028**	299 378 028
			299 378 029	299 378 029

Subsidiaries are shown at carrying amounts, net of 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. During the implementation of the government-enforced lockdown levels 5 and 4, Métier concluded a substantial restructuring of the business cutting costs on all levels, including employees and reducing fleet to improve transport utilisation. The post-level 4 structure supported management's view that this could quickly be turned around if infrastructure spend picked up and good results were seen in the last 10 months of the financial year. Bearing in mind that debt reduced to below R75 million and the interest cost is reducing accordingly, no impairment was necessary.

8. JOINT ARRANGEMENTS

Joint ventures

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

Group

Name of company	% ownership interest 2021	% ownership interest 2020	Carrying amount 2021 R	Carrying amount 2020 R
Cato Ridge Quarry Proprietary Limited	**50.00**	50.00	**120 552**	120 552

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. The percentage ownership interest is equal to the percentage voting rights in this case. There were no additional costs incurred during the year under review. There is no equity interest since the company is dormant. There was no change by year-end.

9. INVESTMENT IN ASSOCIATES

Sephaku Holdings Limited has a 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 2021 R	Carrying amount 2020 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	**127 781 850**	127 305 052
Equity-accounted earnings – current year	**15 970 201**	476 798
Revaluation reserve relating to land of associate – written back due to change in accounting policy	**1 207 663**	1 207 663
Group level: Carrying value of investment in associate	**828 648 873**	812 678 672

9. INVESTMENT IN ASSOCIATES (CONTINUED)

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 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

In 2020 SepCem was affected by the COVID-19 lockdown during level 5. For the last six months of the year SepCem benefited from demand for bags of cement and achieved good volumes for the period under review. Overall there was an increase in turnover and profit over the previous year and with reduction in debt levels no impairment would be required.

The net asset value of the associate is R1 787 647 578 (2020: R1 619 823 998) as indicated below.

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

	2021* R	2020* R
Non-current assets	**2 975 354 023**	3 137 728 002
Current assets	**975 153 973**	985 419 948
Total assets	**3 950 507 996**	4 123 147 950
Total equity	**1 787 647 578**	1 619 823 998
Non-current liabilities	**(1 355 774 834)**	(1 544 718 955)
Current liabilities	**(807 085 584)**	(958 604 997)
Total liabilities	**(2 162 860 418)**	(2 503 323 952)
Revenue for the period	**2 400 546 294**	2 184 713 377
Cost of sales	**(2 018 365 098)**	(1 838 460 514)
Gross profit	**382 181 196**	346 252 863
Operating profit	**219 412 872**	178 680 758
Investment income	**13 322 396**	26 641 729
Finance costs	**(163 770 554)**	(234 675 157)
Profit/(loss) before taxation	**68 964 714**	(29 352 670)
Taxation (expense)/income	**(24 602 045)**	30 677 092
Profit after taxation for the period	**44 362 669**	1 324 422
Total comprehensive income for the period	**44 362 669**	1 324 422

* *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 2020 have been included in these financial statements.*

	Group		Company	
	2021 R	2020 R	**2021 R**	2020 R

10. LOANS TO GROUP COMPANIES

Subsidiaries				
Sephaku Investment Holdings Proprietary Limited	**–**	–	**10 529**	10 379
The loan is unsecured, interest free and is repayable on demand with a 12-month notice period. If there is an expected credit loss allowance it is assumed immaterial.				
The fair values of the loans are substantially the same as the carrying amounts reflected on the statement of financial position.				
Current assets	**–**	–	**10 529**	10 379
Total	**–**	–	**10 529**	10 379

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 provisions 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.

	Group		Company	
	2021 R	2020 R	**2021 R**	2020 R

11. OTHER FINANCIAL ASSETS

Other long-term financial assets				
Union Atlantic Minerals Limited	**1 073 054**	1 073 054	**1 073 054**	1 073 054
Cross Company Management Proprietary Limited (CCM)	**9 688 781**	9 688 681	**9 688 781**	9 688 681
These loans are unsecured, bear no interest and are repayable on demand.				
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.				
	10 761 835	10 761 735	**10 761 835**	10 761 735
Non-current assets				
At amortised cost	**10 761 835**	10 761 735	**10 761 835**	10 761 735

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

12. FINANCIAL ASSETS BY CATEGORY

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

Group	Assets at amortised cost R	Assets at fair value R	Non-financial instruments* R	Total R
2021				
Other financial assets	**10 761 835**	**–**	**–**	**10 761 835**
Trade and other receivables	**89 739 982**	**–**	**554 065**	**90 294 047**
Loans receivable	**7 998 121**	**–**	**–**	**7 998 121**
Cash and cash equivalents	**32 752 474**	**–**	**–**	**32 752 474**
Other investments	**–**	**2 000 000**	**–**	**2 000 000**
	141 252 412	**2 000 000**	**554 065**	**143 806 477**
2020				
Other financial assets	10 761 735	–	–	10 761 735
Trade and other receivables	78 265 448	–	805 407	79 070 855
Cash and cash equivalents	6 381 459	–	–	6 381 459
Other investments	–	2 000 000	–	2 000 000
	95 408 642	2 000 000	805 407	98 214 049

* *Non-financial instruments of the group consist of pre-payments R519 787 (2020: R637 599) and value added taxation R34 278 (2020: R167 808).*

Company	Assets at amortised cost R	Assets at fair value R	Non-financial instruments R	Total R
2021				
Loans to group companies	**10 529**	**–**	**–**	**10 529**
Other financial assets	**10 761 835**	**–**	**–**	**10 761 835**
Trade and other receivables	**–**	**–**	**156 708**	**156 708**
Cash and cash equivalents	**6 764 277**	**–**	**–**	**6 764 277**
Other investments	**–**	**2 000 000**	**–**	**2 000 000**
	17 536 641	**2 000 000**	**156 708**	**19 693 349**
2020				
Loans to group companies	10 379	–	–	10 379
Other financial assets	10 761 735	–	–	10 761 735
Trade and other receivables	–	–	520 191	520 191
Cash and cash equivalents	4 380 684	–	–	4 380 684
Other investments	–	2 000 000	–	2 000 000
	15 152 798	2 000 000	520 191	17 672 989

	Group		Company	
	2021 **R**	2020 R	**2021** **R**	2020 R

13. DEFERRED TAXATION

Deferred taxation asset/(liability)

	Group 2021 R	Group 2020 R	Company 2021 R	Company 2020 R
Property, plant and equipment	**(23 308 249)**	(26 797 978)	**–**	–
Income received in advance and section 24C allowances	**1 207 244**	959 098	**–**	–
Lease liabilities	**18 874 212**	14 534 609	**–**	–
Expected credit loss allowance	**314 834**	481 130	**–**	–
Accrual for leave pay	**418 073**	448 224	**–**	–
Right-of-use assets	**(15 534 437)**	(10 765 895)	**–**	–
Provision for voluntary severance package	**–**	62 806	**–**	–
Total deferred taxation liability	**(18 028 323)**	(21 078 006)	**–**	–
Deferred taxation liability	**(18 028 323)**	(21 078 006)	**–**	–
Tax loss available for set-off against future expenses	**–**	5 229 467	**–**	
Total net deferred taxation liability	**(18 028 323)**	(15 848 539)	**–**	–

Reconciliation of deferred taxation asset/(liability)

	Group 2021 R	Group 2020 R	Company 2021 R	Company 2020 R
At beginning of the year	**(15 848 539)**	(21 772 407)	**–**	–
Originating temporary difference on property, plant and equipment	**3 489 730**	(1 392 199)	**–**	–
Originating temporary difference on income received in advance and section 24C allowance	**248 146**	(145 552)	**–**	–
Originating temporary difference on accrual for leave pay	**(30 150)**	(2 275)	**–**	–
Originating temporary difference on expected credit loss allowance	**(166 297)**	135 665	**–**	–
Right-of-use assets	**(4 768 543)**	2 500 875	**–**	–
Lease liability	**4 339 603**	(1 811 073)	**–**	–
(Decrease)/increase in tax loss available for set-off against future taxable income	**(5 229 467)**	5 229 467	**–**	–
Reversing temporary difference on accrual for management bonus	**–**	(338 034)	**–**	–
Originating temporary difference on intangible assets	**–**	160 583	**–**	–
Originating temporary difference on operating lease accrual	**–**	1 523 605	**–**	–
Provision for voluntary severance package	**(62 806)**	62 806	**–**	–
	(18 028 323)	(15 848 539)	**–**	–

Unrecognised deferred taxation asset

	Group 2021 R	Group 2020 R	Company 2021 R	Company 2020 R
Relating to unrecognised taxation losses	**127 868 672**	123 381 434	**127 868 672**	123 381 434

	Group		Company	
	2021 R	2020 R	**2021 R**	2020 R
14. OTHER INVESTMENT				
Union Atlantic Minerals Limited	**2 000 000**	2 000 000	**2 000 000**	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 table below analyses assets carried at fair value. The different levels are defined as follows:

Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).

Level 3 applies inputs which are not based on observable market data.

	Group		Company	
	2021 R	2020 R	**2021 R**	2020 R
Level 3				
Union Atlantic Minerals Limited	**2 000 000**	2 000 000	**2 000 000**	2 000 000

There is no available information regarding the share price of the shares in Union Atlantic Minerals Limited. The last price before suspension of trade on the stock exchange of R0.04 per share was used as the fair value. The company still owns prospecting rights on which prospecting was done and is in a position to extract value from these. Until the suspension is lifted, which is the focus of current management, it remains difficult to assess what value the market will place on these shares.

	Group		Company	
	2021 R	2020 R	**2021 R**	2020 R
15. INVENTORIES				
Raw materials, components	**9 043 990**	9 021 741	**–**	–
Diesel	**2 800 634**	2 330 735	**–**	–
Production supplies	**144 879**	182 886	**–**	–
Spare parts	**5 046 703**	5 228 145	**–**	–
	17 036 206	16 763 507	**–**	–

Inventory pledged as security

Inventory is pledged as security for other financial liabilities as per note 23.

16. LOANS RECEIVABLE

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

	Group		Company	
	2021 R	2020 R	**2021 R**	2020 R
Loans receivable: KM Truckers	**269 341**	–	**–**	–
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	**570 481**	–	**–**	–
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	**644 589**	–	**–**	–
The above loan is unsecured, bears interest at 8% per annum and is repayable in 36 equal instalments of R26 166.				
Loans receivable: Actebis	**808 012**	–	**–**	–
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	**2 194 752**	–	**–**	–
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	**3 510 946**	–	**–**	–
The above loan is unsecured, bears interest at 8% per annum and is repayable in 36 equal instalments of R142 521.				
	7 998 121	–	**–**	–
Split between non-current and current portions				
Non-current assets	**4 619 849**	–	**–**	–
Current assets	**3 378 272**	–	**–**	–
	7 998 121	–	**–**	–

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. Refer to note 42 for more details on credit risk.

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.

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

	Group		Company	
	2021 R	2020 R	**2021 R**	2020 R
17. TRADE AND OTHER RECEIVABLES				
Financial instruments:				
Trade receivables	**87 950 201**	76 544 544	**–**	23 753
Deposits	**1 789 781**	1 720 904	**–**	46 538
Non-financial instruments:				
Value added taxation	**34 278**	167 808	**34 278**	167 808
Prepayments	**519 787**	637 599	**122 430**	282 092
Total trade and other receivables	**90 294 047**	79 070 855	**156 708**	520 191

All amounts are short term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

Trade and other receivables pledged as security

Trade and other receivables of R90 137 339 (2020: R78 550 664) were pledged as security for other financial liabilities as per note 23.

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.

Due to the impact of COVID-19, there have been significant changes in the credit risk management policies and processes since the prior reporting period. As a result, we have endeavoured to implement more stringent controls and policies with respect to our credit risk management. This still permitted our customers to initiate plans to remedy the cash flow issues. We are furthermore insistent on surety or security from our customers when transacting and have implemented stringent and stricter requirements when opening new accounts.

Insurance of debtors was obtained from Santam through a credit risk contingency policy (effective 1 March 2021) and from CGIC (from prior year until 31 August 2020 in the current year). The new insurance policy is a general cover of R1 380 000 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.

There has been no change in the estimation techniques or significant assumptions made during the current 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.

17. TRADE AND OTHER RECEIVABLES (CONTINUED)

The loss allowance provision is determined as follows:

	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 2021 the lifetime expected loss provision for trade receivables is as follows:						
Gross carrying amount	**68 480 898**	**16 806 595**	**173 083**	**748 569**	**3 948 713**	**90 157 858**
Less: Insured debtors	**–**	**–**	**–**	**–**	**1 309 181**	**1 309 181**
Gross carrying value uninsured trade receivables	**68 480 898**	**16 806 595**	**173 083**	**748 569**	**2 639 532**	**88 848 677**
Less: Specific allowance	**6 693**	**10 997**	**23 694**	**416 064**	**88 574**	**546 022**
	68 474 205	**16 795 598**	**149 389**	**332 505**	**2 550 958**	**88 302 655**
Expected credit loss rate	**0.87%**	**3.41%**	**4.69%**	**4.97%**	**5.33%**	
Lifetime expected credit loss (excluding value added taxation)	**595 290**	**573 214**	**7 010**	**16 524**	**135 949**	**1 327 987**
Total expected credit loss (including specific allowance)						**1 874 009**
At 31 March 2020 the lifetime expected credit loss provision for trade receivables is as follows:						
Gross carrying amount	48 141 295	25 389 702	1 444 185	1 068 288	2 532 561	78 576 031
Less: Insured debtors	36 076 066	20 142 504	1 012 428	804 449	1 521 959	59 557 406
Gross carrying value uninsured trade receivables	12 065 229	5 247 198	431 757	263 839	1 010 603	19 018 656
Less: Specific allowance	714 083	862 047	314 789	195 625	548 222	2 634 766
	11 351 146	4 385 151	116 968	68 244	462 380	16 383 860
Expected credit loss rate	0.70%	2.83%	3.66%	3.91%	4.19%	
Lifetime expected credit loss (excluding value added taxation)	78 917	123 892	4 276	2 669	19 351	229 105
Total expected credit loss (including specific allowance)						2 863 871

Management assessed the recoverability of trade receivables at year-end and concluded that the outstanding uninsured amount is substantially less than the expected credit loss allowance as at year-end.

Reconciliation of loss allowances

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

	Group		Company	
	2021 R	2020 R	**2021 R**	2020 R
Opening balance in accordance with IFRS 9	**2 863 871**	1 679 260	**–**	–
Provision raised on new trade receivables	**620 659**	–	**–**	–
Provisions reversed on settled trade receivables	**(1 038 448)**	–	**–**	–
Amounts written off as uncollectible	**(572 073)**	(2 039 751)	**–**	–
Provision for impairment	**–**	3 224 362	**–**	–
Closing balance	**1 874 009**	2 863 871	**–**	–

Fair value of trade and other receivables

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

18. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 R	2020 R	**2021 R**	2020 R
Cash and cash equivalents consist of:				
Cash on hand	**94 500**	120 500	**–**	–
Bank balances	**32 657 974**	6 260 959	**6 764 277**	4 380 684
Bank overdraft	**–**	(1 632 132)	**–**	–
	32 752 474	4 749 327	**6 764 277**	4 380 684

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

Métier has an available Standard Bank overdraft facility of R12 000 000 (2020: R20 357 868) in total.

The total amount of undrawn overdraft and term loan facilities available for future operating activities and commitments	**12 000 000**	20 357 868	**–**	–

19. ASSETS HELD FOR SALE

SepHold entered into an agreement for the sale of the leasing property on 29 July 2019 with Ikarus Investments Proprietary Limited (Ikarus) which included the immovable property Erf 398 Randjespark Ext 121 for a purchase price of R18 500 000. The property is situated at 332 Roan Crescent, Randjespark, Midrand 1685 with a land extent measuring 4 870 square metres and the building extent measuring 1 138,59 square metres. It is sold as a going concern consisting of the property and the tenants in occupation in terms of a lease agreement and by virtue of the lease. The enterprise will be an income-earning activity on the date of transfer. This agreement was conditional and subject to the conclusion by the purchaser of a due diligence, investigation into the property, the physical condition and the leases and other contracts that may be relevant. After the successful completion of the due diligence Ikarus notified SepHold in writing, within the required 14 days, of its intention to proceed with the agreement. As such, the written lease between SepHold and Métier terminated and was replaced with the written lease between Ikarus and Métier which commenced on the date of transfer, 29 July 2020. The lease has a term of eight years with an option to extend for a further four years. In accounting for the lease, management has assumed that it is probable that the lease will be extended.

SepHold signed the lease as surety and co-principal debtor with Métier in favour of Ikarus on 19 March 2020. All guarantees and suretyships, including the board resolution approving the sale, were submitted to the transfer attorneys. Due to COVID-19 the lodging of the transfer documents was delayed. However, these were submitted at the opening of level 3 to the Deeds office. The purchaser was granted loan finance to be secured by a mortgage loan over the property. The transaction was registered on 29 July 2020 and finalised two days later.

This resulted in a profit on the sale of R70 443 at group level and a loss of R1 630 852 at company level which was recorded during the current period. The main driver for the sale of the property was to improve and maintain cash flow requirements. In terms of the JSE Listings Requirements, the transaction was a Category 2 transaction at the time.

Assets and liabilities

	Group		Company	
	2021 R	2020 R	**2021 R**	2020 R
Non-current assets held for sale				
Property, plant and equipment	**–**	18 503 897	**–**	–
Investment property	**–**	–	**–**	18 503 897
Operating lease asset	**–**	–	**–**	1 701 295
	–	18 503 897	**–**	20 205 192

	Group		Company	
	2021 R	2020 R	**2021 R**	2020 R
20. STATED CAPITAL				
Authorised				
1 000 000 000 ordinary shares with no par value				
Issued – Ordinary shares with no par value				
254 486 436 (2020: 208 216 175) shares at beginning of period	**682 782 720**	648 003 095	**682 782 720**	648 003 095
nil (2020: 46 270 261) shares issued during the period	**–**	37 478 911	**–**	37 478 911
Rights issue expenses refunded/(capitalised)	**183 190**	(2 699 286)	**183 190**	(2 699 286)
254 486 436 (2020: 254 486 436) shares at the end of the period	**682 965 910**	682 782 720	**682 965 910**	682 782 720

The total number of 46 270 261 shares for a value of R0.81 per share, issued during the prior year related to the rights offer. The company distributed a circular to the company's shareholders dated 27 January 2020 relating to the partially underwritten, renounceable rights offer to raise funds. The rights offer closed on Friday, 14 February 2020 and the directors announced that 43% of the rights offer shares, as well as excess applications for 4%, were subscribed for. The remainder of the shares were allocated to the underwriter as per the underwriting agreement (53%). This resulted in an amount of R37 478 911 being raised and R2 699 287 worth of expenses incurred were capitalised. During the current year R183 190 of the capitalised expenses were refunded.

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.

	Number	Weighted exercise price R	Total value R
21. SHARE-BASED PAYMENTS			
Share options granted on 29 June 2012	3 500 000	1.90	6 650 000
Outstanding at 31 March 2019	2 623 354		
Expired in 2020	(2 623 354)		
Outstanding at 31 March 2021	–		
Share options granted on 31 August 2012	1 500 000	1.90	2 850 000
Outstanding at 31 March 2019	750 000		
Expired in 2020	(750 000)		
Outstanding at 31 March 2021	–		
Share options granted on 10 December 2014	1 565 000	6.80	10 642 000
Outstanding at 31 March 2020	1 465 000		
Exercised in 2021	–		
Outstanding at 31 March 2021	1 465 000		
Share options granted on 31 March 2016	1 630 000	4.40	7 172 000
Outstanding at 31 March 2020	1 630 000		
Cancelled in 2021 due to resignation	(41 667)		
Outstanding at 31 March 2021	1 588 333		
Share options granted on 30 June 2017	1 905 000	3.00	5 715 000
Outstanding at 31 March 2020	1 905 000		
Cancelled in 2021 due to resignation	(200 000)		
Outstanding at 31 March 2021	1 705 000		
Total share options outstanding at 31 March 2020	5 000 000		
Total share options outstanding at 31 March 2021	4 758 333		
Total share options exercisable at 31 March 2020	3 186 667		
Total share options exercisable at 31 March 2021	4 122 333		

21. SHARE-BASED PAYMENTS (CONTINUED)

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, of which 1 465 000 are still outstanding at year-end. These options vest over a five-year period on the anniversary of the grant of the third, fourth and fifth year and expire on 10 December 2021. No option premium was paid on the date of the grant.

Information on options granted on 31 March 2016

On 31 March 2016, 1 630 000 American-style share options with an exercise price of R4.40 were granted all of which, apart from 41 667 share options that were cancelled due to a resignation, are still outstanding at year-end. These options vest over a five-year period on the anniversary of the grant of the third, fourth and fifth year and expire on 31 March 2023. No option premium was paid on the date of the grant.

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 all of which, apart from 200 000 share options that were cancelled due to a resignation, are still outstanding at year-end. These options vest over a five-year period on the anniversary of the grant of the third, fourth and fifth year and expire on 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

A total staff cost of R813 996 (2020: R1 576 570) was recognised in 2021 of which R408 182 related to equity-settled share-based payments transactions and R405 814 was transferred directly to retained income due to share options being cancelled on resignation. An amount of R453 285 (2020: R912 348) relates to directors and key management personnel.

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

	Group		Company	
	2021 R	2020 R	**2021 R**	2020 R
22. LOANS FROM GROUP COMPANIES				
Subsidiaries				
Métier Mixed Concrete Proprietary Limited The loan is unsecured, interest free and is repayable on demand. SepHold plans to settle a variable amount on a monthly basis during the new financial year.	**–**	–	**112 874 320**	124 041 874

	Group		Company	
	2021 R	2020 R	**2021 R**	2020 R

23. OTHER FINANCIAL LIABILITIES

	Group 2021 R	Group 2020 R	Company 2021 R	Company 2020 R
Held at amortised cost				
Standard Bank – Facility A	**–**	1 898 861	**–**	–
This loan was repaid during the year. (2020: This loan bears interest at the variable JIBAR plus a margin of 3.49%, which is currently 10.475% and is repayable in variable instalments with the final payment made 15 April 2020. The instalments are repayable monthly over a period of three years and include payments of the interest and capital portions).				
Standard Bank – Facility B	**71 317 459**	91 588 039	**–**	–
This loan bears interest at the three-month JIBAR plus a margin of 5% and was 8.508% on 31 March 2021. The loan is repayable in varying instalments with the final payment being made 31 March 2023. The lenders agreed to suspend the capital repayment until December 2020. Interest payments were serviced through to December 2020. From January 2021 both capital and interest were paid on a monthly basis. (2020: The loan was subject to interest at the variable JIBAR plus a margin of 4% at the end of FY 2020. The loan was subsequently converted to a R90 million amortising facility bearing interest at the three-month JIBAR plus a margin of 5.25% which was 9.16%.)				
	71 317 459	93 486 900	**–**	–
Split between non-current and current portions				
Non-current liabilities	**58 006 387**	71 846 168	**–**	–
Current liabilities	**13 311 072**	21 640 732	**–**	–
	71 317 459	93 486 900	**–**	–

Security

The Standard Bank loans and facilities are secured as follows:

- General notarial bond to be granted by Métier Mixed Concrete Proprietary Limited in favour of the debt guarantor over all its movable assets (including inventory).
- Pledge and cession by Sephaku Holdings Limited in favour of the debt guarantor, in which Sephaku Holdings Limited *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 Mixed Concrete Proprietary Limited in favour of the debt guarantor, in terms of which Métier Mixed Concrete Proprietary Limited 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 Mixed Concrete Proprietary Limited in favour of the debt guarantor, in terms of which Métier Mixed Concrete Proprietary Limited cedes *in securitatem debiti* to the debt guarantor, all of its right, title and interest in and to all of its debtors.
- Special notarial bond to be granted by Métier Mixed Concrete Proprietary Limited 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 Mixed Concrete Proprietary Limited (as cedent) and the debt guarantor (as cessionary) and any notices or acknowledgements requested thereunder, in terms of which Métier Mixed Concrete Proprietary Limited cedes *in securitatem debiti* to the debt guarantor all of its right, title and interest in and to the domain name.

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.

Exposure to liquidity risk

Refer to note 42 Financial instruments and financial risk management for details of liquidity risk exposure and management.

Exposure to interest rate risk

Refer to note 42 Financial instruments and financial risk management for details of interest rate risk management for financial liabilities at fair value.

24. LEASE OBLIGATION

	Group 2021 R	Group 2020 R	Company 2021 R	Company 2020 R
Leases maturity analysis				
– within one year	**17 080 604**	13 109 039	**–**	–
– in second to fifth year inclusive	**58 401 768**	57 003 207	**–**	–
– later than five years	**10 525 687**	1 165 500	**–**	–
	86 008 059	71 277 746	**–**	–
Less: Future finance costs	**(18 600 158)**	(17 805 788)	**–**	–
Present value of minimum lease payments	**67 407 901**	53 471 958	**–**	–

Reconciliation of lease liabilities	Opening balance R	New lease liabilities R	Finance costs R	IFRS 16 Modification/ remeasure-ment R	Repayments R	Closing balance R
2021						
Lease obligation	**53 471 958**	**24 116 371**	**6 408 486**	**541 552**	**(16 047 362)**	**67 407 901**
2020						
Lease obligation	58 309 595	1 630 486	5 843 084	–	(12 311 207)	53 471 958

	Group 2021 R	Group 2020 R	Company 2021 R	Company 2020 R
Non-current liabilities	**56 046 957**	45 497 397	**–**	–
Current liabilities	**11 360 944**	7 974 561	**–**	–
	67 407 901	53 471 958	**–**	–

It is group policy to lease certain assets, including land, buildings, motor vehicles and equipment.

The average lease term is seven years (2020: seven years).

The group's obligations under leases are secured by the lessor's charge over the leased assets. Refer note 4.

25. TRADE AND OTHER PAYABLES

	Group 2021 R	Group 2020 R	Company 2021 R	Company 2020 R
Financial instruments:				
Trade payables	**71 096 614**	56 282 955	**97 780**	800 112
Credit cards	**2 816**	5 218	**2 816**	5 218
Accrued expenses	**3 664 387**	2 041 792	**233 717**	365 484
Accrued audit fees	**455 000**	490 300	**455 000**	490 300
Sundry suppliers	**2 932 496**	2 637 636	**–**	–
Non-financial instruments:				
Accrual for salary-related expenses	**322 842**	279 677	**322 842**	279 677
Deposits received	**11 160 018**	8 951 054	**–**	–
Value added taxation	**1 791 829**	983 926	**–**	–
	91 426 002	71 672 558	**1 112 155**	1 940 791

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.

26. FINANCIAL LIABILITIES BY CATEGORY

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

Group	Financial liabilities at amortised cost R	Non-financial instruments* R	Total R
2021			
Other financial liabilities	**71 317 459**	**–**	**71 317 459**
Trade and other payables	**78 151 313**	**13 274 689**	**91 426 002**
Lease obligation	**67 407 901**	**–**	**67 407 901**
	216 876 673	**13 274 689**	**230 151 362**
2020			
Other financial liabilities	93 486 900	–	93 486 900
Trade and other payables	61 457 902	10 214 657	71 672 559
Bank overdraft	1 632 132	–	1 632 132
Lease obligation	53 471 958	–	53 471 958
	210 048 892	10 214 657	220 263 549

* *Non-financial instruments for the group consists of value added taxation R1 791 829 (2020: R983 926), deposits received R11 160 018 (2020: R8 951 054) and accrual for salary-related expenses R322 842 (2020: R279 677).*

Company	Financial liabilities at amortised cost R	Non-financial instruments R	Total R
2021			
Loans from group companies	**112 874 320**	**–**	**112 874 320**
Trade and other payables	**789 313**	**322 842**	**1 112 155**
	113 663 633	**322 842**	**113 986 475**
2020			
Loans from group companies	124 041 874	–	124 041 874
Trade and other payables	1 661 114	279 677	1 940 791
	125 702 988	279 677	125 982 665

27. 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 2021 amounts to R560 880 (2020: R677 887).

	Group		Company	
	2021 R	2020 R	**2021 R**	2020 R
Movement for the period:				
Opening balance	**877 557**	1 555 444	**–**	–
Received during the year	**–**	–	**–**	–
Amortisation	**(560 880)**	(677 887)	**–**	–
Closing balance	**316 677**	877 557	**–**	–
Non-current liabilities	**–**	199 670	**–**	–
Current liabilities	**316 677**	677 887	**–**	–
	316 677	877 557	**–**	–

28. REVENUE

	Group		Company	
	2021 R	2020 R	**2021 R**	2020 R
Revenue from contracts with customers				
Goods transferred at a point in time	**634 252 530**	727 040 453	**–**	–
Services transferred over time	**–**	–	**8 400 000**	8 400 000
	634 252 530	727 040 453	**8 400 000**	8 400 000
Revenue other than from contracts with customers				
Rental income	**–**	–	**1 174 010**	3 673 869
	634 252 530	727 040 453	**9 574 010**	12 073 869

29. COST OF SALES

	Group		Company	
	2021 R	2020 R	**2021 R**	2020 R
Raw materials consumed net of rebates	**390 567 079**	448 827 639	**–**	–

30. OTHER OPERATING INCOME

	Group		Company	
	2021 R	2020 R	**2021 R**	2020 R
Bad debts recovered	**216 992**	188 226	**–**	–
Recoveries from subsidiary	**–**	–	**275 167**	682 407
Other sundry income	**497 190**	196 586	**–**	–
Discount received	**2 543 622**	7 650	**–**	–
Rent received	**386 279**	365 948	**–**	–
Profit/(loss) on sale of assets	**6 131 547**	(442 032)	**–**	–
Government grants	**560 880**	677 887	**–**	–
	10 336 510	994 265	**275 167**	682 407

31. OTHER OPERATING GAINS/(LOSSES)

	Group		Company	
	2021 R	2020 R	**2021 R**	2020 R
Gains/(losses) on disposals, scrapings and settlements				
Non-current asset held for sale	**70 443**	–	**(1 630 852)**	–
Right-of-use assets (Note 4)	**541 552**	–	**–**	–
	611 995	–	**(1 630 852)**	–

32. OPERATING PROFIT/(LOSS)

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

	Group		Company	
	2021 R	2020 R	**2021 R**	2020 R
Auditor's remuneration – external				
Audit fees	**937 000**	1 377 850	**455 000**	469 650
Other consultation services	**(33 500)**	38 500	**(33 500)**	38 500
Tax and secretarial services	**–**	(20 000)	**–**	(20 000)
	903 500	1 396 350	**421 500**	488 150
Income from subsidiaries (other than investment income)				
Administration and management fees	**–**	–	**8 400 000**	8 400 000
Remuneration, other than to employees				
Administrative and managerial services	**56 540**	32 446	**–**	–
Consulting and professional services	**1 868 772**	2 278 587	**577 409**	842 729
Secretarial services	**199 724**	263 798	**199 574**	263 668
	2 125 036	2 574 831	**776 983**	1 106 397
Employee costs				
Salaries, wages, bonuses and other benefits	**67 635 078**	91 398 884	**11 472 224**	11 821 704
Retirement benefit plans: defined contribution expense	**184**	2 213	**184**	2 213
Share-based compensation expense	**813 995**	1 576 571	**813 995**	1 576 571
Total employee costs	**68 449 257**	92 977 668	**12 286 403**	13 400 488
Leases				
Lease expenses on short-term and low-value leases				
Premises	**336 033**	312 945	**336 033**	312 945
Equipment	**49 320**	49 320	**49 320**	49 320
	385 353	362 265	**385 353**	362 265
Depreciation and amortisation				
Depreciation of property, plant and equipment	**11 269 134**	13 756 319	**27 367**	63 772
Depreciation of right-of-use assets	**10 775 717**	8 910 054	**–**	–
Amortisation of intangible assets	**–**	573 510	**–**	–
Total depreciation and amortisation	**22 044 851**	23 239 883	**27 367**	63 772

33. INVESTMENT INCOME

Interest income				
Investments in financial assets:				
Bank	**620 265**	457 661	**814**	1 502
Trade and other receivables	**896 561**	425 218	**–**	–
Total interest income	**1 516 826**	882 879	**814**	1 502

34. FINANCE COSTS

Group companies	**–**	–	**–**	1 207 380
Shareholders	**–**	211 316	**–**	211 316
Leases	**6 408 486**	5 843 084	**–**	–
Bank	**27**	564 941	**27**	564 941
Current borrowings	**204 545**	–	**–**	–
Other financial liabilities	**7 000 060**	11 641 560	**–**	–
Capitalised transaction costs	**204 545**	451 745	**–**	–
Total finance costs	**13 817 663**	18 712 646	**27**	1 983 637

	Group 2021 R	Group 2020 R	Company 2021 R	Company 2020 R
35. TAXATION				
Major components of the taxation expense				
Current				
Local income taxation – current period	**2 032 148**	–	**–**	–
Deferred				
Originating and reversing temporary differences	**2 179 785**	(4 546 657)	**–**	–
	4 211 933	(4 546 657)	**–**	–
Reconciliation of the taxation expense				
Reconciliation between accounting profit and tax expense:				
Profit/(loss) before taxation	**24 133 845**	(21 919 293)	**(7 213 193)**	(6 637 513)
Taxation at the applicable taxation rate of 28%	**6 757 477**	(6 137 402)	**(2 019 694)**	(1 858 504)
Taxation effect of adjustments on taxable income				
Deferred taxation – prior period	**(81 591)**	9 726	**–**	–
IFRS 16 movement	**595 207**	(183 743)	**–**	–
Non-deductible items and exempt income	**–**	–	**476 362**	–
Deferred taxation not raised on assessed taxation loss	**1 315 453**	1 408 894	**1 315 413**	1 408 858
Interest and penalties in respect of taxes	**–**	8 206	**–**	8 206
Profit from equity-accounted investments	**(4 471 656)**	(133 502)	**–**	–
Fines	**3 303**	2 537	**–**	–
Donations	**7 514**	35 607	**–**	–
Government grant	**(157 046)**	(189 808)	**–**	–
Capitalised finance and transaction costs	**16 880**	126 488	**–**	–
Share options	**227 919**	441 440	**227 919**	441 440
Prior year lease accrual	**–**	64 900	**–**	–
Legal fees not deductible	**57 273**	–	**–**	–
Learnership allowance	**(58 800)**	–	**–**	–
	4 211 933	(4 546 657)	**–**	–

No provision has been made by the company for 2021 and 2020 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is R127 868 672 (2020: R123 381 434).

	Group 2021 R	Group 2020 R	Company 2021 R	Company 2020 R
36. CASH GENERATED FROM/(USED IN) OPERATIONS				
Profit/(loss) before taxation	**24 133 845**	(21 919 293)	**(7 213 193)**	(6 637 513)
Adjustments for:				
Depreciation and amortisation	**22 044 851**	23 239 883	**27 367**	63 772
(Gains)/losses on disposals and remeasurement of assets	**(611 995)**	442 032	**–**	–
Profit from equity-accounted investments	**(15 970 201)**	(476 798)	**–**	–
Interest income	**(1 516 826)**	(882 879)	**(814)**	(1 502)
Finance costs	**13 817 663**	18 712 646	**27**	1 983 637
Movements in operating lease assets and accruals	**–**	(111 748)	**–**	(231 785)
Administration fees non-cash	**–**	–	**(2 667 555)**	–
(Profit)/loss on sale of property, plant and equipment	**(6 131 547)**	–	**–**	–
Loss on disposal of asset held for sale	**–**	–	**1 630 852**	–
Deferred income	**(560 880)**	(677 887)	**–**	–
Share options recorded against salary expense	**813 995**	1 576 571	**813 995**	1 576 571
Changes in working capital:				
Inventories	**(272 699)**	1 625 045	**–**	–
Trade and other receivables	**(11 223 194)**	21 701 344	**363 483**	(306 982)
Trade and other payables	**19 891 412**	(8 581 094)	**(690 667)**	(1 502 466)
Other financial assets	**2 922 027**	–	**–**	–
	47 336 451	34 647 822	**(7 736 505)**	(5 056 268)

	Group		Company	
	2021 R	2020 R	**2021 R**	2020 R

37. TAXATION PAID

	Group 2021 R	Group 2020 R	Company 2021 R	Company 2020 R
Balance at the beginning of the year	**1 643 331**	1 175 731	**–**	–
Current taxation for the period recognised in profit or loss	**(2 032 148)**	–	**–**	–
Balance at end of the period	**1 081 405**	(1 643 331)	**–**	–
	692 588	(467 600)	**–**	–

38. 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 R	Imputed and accrued interest R	Total non-cash movements R	Cash flows R	Closing balance R
2021					
Other financial liabilities measured at amortised cost	**93 486 900**	**235 720**	**235 720**	**(22 405 161)**	**71 317 459**
2020					
Other financial liabilities measured at amortised cost	121 735 666	2 037 822	2 037 822	(30 286 588)	93 486 900

39. COMMITMENTS

Operating leases – as lessor (income)

Maturity analysis of lease payments receivable

	Group 2021 R	Group 2020 R	Company 2021 R	Company 2020 R
– Within one year	**–**	–	**–**	(3 579 767)
– In second to fifth year inclusive	**–**	–	**–**	(15 809 407)
– Later than five years	**–**	–	**–**	(4 355 334)
	–	–	**–**	(23 744 508)

The investment property has been acquired by SepHold and is leased out under an operating lease to Métier. The property was reclassified to non-current assets held for sale during the prior year. At the end of June 2020 the sale on the property concluded and the operating lease contract transferred to the new owners on that date.

40. RELATED PARTIES

Relationships

Subsidiaries	Refer to note 7
Associate	Refer to note 9
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 African Nickel 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 PF Fourie KJ Capes
Prescribed officer (also executive director of Métier Mixed Concrete Proprietary Limited)	WJ du Toit (resigned 31 May 2020)

	Group		Company	
	2021 R	2020 R	**2021 R**	2020 R
Related party balances				
Loan accounts – Owing by/(to) related parties				
Métier Mixed Concrete Proprietary Limited	**–**	–	**(112 874 320)**	(124 041 874)
Union Atlantic Minerals Limited	**1 073 054**	1 073 054	**1 073 054**	1 073 054
Cross Company Management Proprietary Limited	**9 688 781**	9 688 681	**9 688 781**	9 688 681
Sephaku Investment Holdings Proprietary Limited	**–**	–	**10 529**	10 379
Amounts included in trade receivables/(trade payables) regarding related parties				
Dangote Cement South Africa Proprietary Limited	**(8 686 676)**	(10 027 849)	**–**	25 966
Related party transactions				
Purchases from related parties				
Dangote Cement South Africa Proprietary Limited	**76 416 321**	74 966 979	**–**	–
Rent paid to/(received from) related parties				
Plazatique Corp 27 CC	**1 080 000**	–	**–**	–
WKRD Properties Proprietary Limited	**892 867**	–	**–**	–
Métier Mixed Concrete Proprietary Limited	**–**	–	**(1 174 009)**	(3 442 084)
Dangote Cement South Africa Proprietary Limited	**336 033**	312 945	**336 033**	312 945
Fees paid to/(received from) related parties for management services, overheads and salaries				
Métier Mixed Concrete Proprietary Limited	**–**	–	**(8 400 000)**	(8 400 000)
Dangote Cement South Africa Proprietary Limited	**–**	–	**(689 000)**	(472 231)
Utilities paid to/(received from) related parties				
WKRD Properties Proprietary Limited	**708 699**	–	**–**	–
Dangote Cement South Africa Proprietary Limited	**–**	–	**27 701**	45 500
Métier Mixed Concrete Proprietary Limited	**–**	–	**(275 819)**	(682 407)
Interest paid to related parties				
Métier Mixed Concrete Proprietary Limited	**–**	–	**–**	1 207 380

41. DIRECTORS' AND PRESCRIBED OFFICER'S EMOLUMENTS

Executive

	Emoluments R	Prior year performance bonuses** R	Travel allowances R	Pension fund R	IFRS 2 share-based payments expense R	Total R
2021						
NR Crafford-Lazarus	**4 094 812**	**–**	**150 000**	**150 188**	**220 110**	**4 615 110**
KJ Capes*	**2 520 000**	**–**	**–**	**–**	**–**	**2 520 000**
	6 614 812	**–**	**150 000**	**150 188**	**220 110**	**7 135 110**
2020						
Dr. L Mohuba***	2 157 148	300 000	–	92 852	298 112	2 848 112
NR Crafford-Lazarus	4 012 017	418 000	150 000	147 151	392 836	5 120 004
	6 169 165	718 000	150 000	240 003	690 948	7 968 116

* *KJ Capes was re-appointed as CEO of Métier and executive director of SepHold on 1 April 2020.*

** *The bonus paid in FY 2020 relates to the FY 2019 performance.*

*** *Dr. L Mohuba retired during the prior year as CEO of SepHold and was appointed as a non-executive director on 1 January 2020.*

Non-executive

	Fees for services as director R	Remuneration R	Performance bonus R	IFRS 2 share-based payments expense R	Total R
2021					
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**	**–**	**–**	**220 110**	**555 110**
PF Fourie	**–**	**5 742 921**	**1 810 120**	**–**	**7 553 041**
	1 780 000	**5 742 921**	**1 810 120**	**220 110**	**9 553 151**
2020					
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*	83 750	–	–	99 371	183 121
PF Fourie	–	5 594 213	1 947 514	–	7 541 727
	1 528 750	5 594 213	1 947 514	99 371	9 169 848

* *Dr. L Mohuba retired during the prior year as CEO of SepHold and was appointed as a non-executive director on 1 January 2020.*

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

41. DIRECTORS' AND PRESCRIBED OFFICER'S EMOLUMENTS (CONTINUED)

Other prescribed officer

	Emoluments R	Performance bonus R	Travel allowance R	Pension fund R	IFRS 2 share-based payments expense R	Total R
2021						
WJ du Toit^	**216 468**	**–**	**2 520**	**4 390**	**13 066**	**236 444**
2020						
WJ du Toit	1 873 758	230 046	25 200	177 223	122 029	2 428 256

^ *WJ du Toit resigned during the financial year as managing director of Métier. All remuneration paid to him by the subsidiary company has been disclosed.*

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for 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 18, borrowings disclosed in note 23 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.

Financial risk management

The group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

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).

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
2021			
Other financial liabilities	**18 750 489**	**62 839 948**	**–**
Lease obligation	**17 080 604**	**14 619 367**	**54 308 087**
Trade and other payables	**78 151 313**	**–**	**–**
2020			
Other financial liabilities	21 640 732	19 068 259	62 522 178
Lease obligation	12 477 047	12 663 422	44 936 940
Trade and other payables	60 423 545	–	–
Bank overdraft	1 632 132	–	–

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

Company	Less than 1 year R	Between 1 and 2 years R	Between 2 and 5 years R	Over 5 years R
2021				
Loans from group company	**112 874 320**	**–**	**–**	**–**
Trade and other payables	**1 112 155**	**–**	**–**	**–**
2020				
Loans from group companies	124 041 874	–	–	–
Trade and other payables	1 940 791	–	–	–

Without the subsidiary loan the company does not face any liquidity risk and are able to settle their current obligations as they become due.

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 2021, if interest rates on cash and cash equivalents had been 1% higher/lower with all other variables held constant, pre-taxation profit of the group, for the year would have been R123 890 (2020: R91 532) higher/lower, mainly as a result of higher/lower interest income on funds invested on call. The resulting taxation effect would have been R34 689 (2020: R25 629).

At 31 March 2021, if interest rates on cash and cash equivalents had been 1% higher/lower with all other variables held constant, pre-taxation profit of the company, for the year would have been R163 (2020: R300) higher/lower, mainly as a result of higher/lower interest income on funds invested on call. The resulting taxation effect would have been Rnil.

At 31 March 2021, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, pre-taxation profit of the group would have been R1 417 768 (2020: R1 933 104) lower/higher, as a result of higher/lower interest expense on floating rate borrowings. The resulting taxation effect would have been R396 975 (2020: R541 269).

At 31 March 2021, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, pre-taxation profit of the company would have been R3 (2020: R198 364) lower/higher, as a result of higher/lower interest expense on floating rate borrowings. The resulting taxation effect would have been Rnil.

Cash flow interest rate risk

Financial instrument	Current interest rate %	Due in less than a year R	Due in one to five years R
Floating rate financial liabilities – Facility B	8.51	13 311 072	58 006 387

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 and loan commitments. The company only deposits cash with major banks with high-quality credit standing and limits exposure to any one counterparty.

The credit risk is managed on a group basis based on the group's credit risk management policies and procedures. Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

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 company 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.

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.

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

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 instruments, but excluding those measured at fair value through profit or loss. Credit loss allowances are also recognised for loan commitments and financial guarantee contracts.

In order to calculate credit loss allowances, management determines whether the loss allowances should be calculated on a 12-month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12-month expected credit losses. This determination is made at the end of each financial period. Thus the basis of the loss allowance for a specific financial asset could change year-on-year.

Management applies the principle that if a financial asset's credit risk is low at year-end, then, by implication, the credit risk has not increased significantly since initial recognition. In all such cases, the loss allowance is based on 12-month expected credit losses. Credit risk is assessed as low if there is a low risk of default (where default is defined as occurring when amounts are 90 days past due). When determining the risk of default, management considers information such as payment history to date, industry in which the customer is employed, period for which the customer has been employed, external credit references etc.

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.

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

	2021			2020		
	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
Trade and other receivables	**89 739 982**	**(1 874 009)**	**87 865 973**	82 215 398	(2 863 871)	79 351 527
Cash and cash equivalents	**32 752 474**	**–**	**32 752 474**	6 381 459	–	6 381 459
	122 492 456	**(1 874 009)**	**120 618 447**	88 596 857	(2 863 871)	86 917 597

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

Financial assets exposed to credit risk are as follows:

		Group		Company	
	ECL stages	**2021 R**	2020 R	**2021 R**	2020 R
Financial instrument					
Loans to group companies	1	**–**	–	**10 529**	10 379
Other financial assets	1	**10 761 835**	10 761 735	**10 761 835**	10 761 735
Trade and other receivables	1	**87 950 021**	76 544 544	**–**	23 753
Cash and cash equivalents	1	**32 752 474**	6 381 459	**6 764 277**	4 380 684
Loans receivable	1	**7 998 121**	–	**–**	–
Other investments	1	**2 000 000**	2 000 000	**2 000 000**	2 000 000

43. 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.

Various cost-saving initiatives have been identified and implemented by both operating companies. This ranged from reduction in fleet and employment costs across all the operating plants to negotiations with all suppliers of premises and raw materials. With the impact of COVID-19 on the cash resources of both operating companies where overheads were incurred during periods of total lockdown and when operating at 50% during alert levels 5 and 4 respectively, both companies concluded negotiations with the banks to service interest, but not capital, for the second half of the 2020 calendar year. These savings enabled the group companies to fulfil their bank debt commitments and managed to build up sufficient cash reserves to cover the payments of the following years commitments. The repayment profile agreed for Métier's outstanding debt is substantially reduced from what was paid over the last five years and will be achieved with relative ease.

44. EVENTS AFTER THE REPORTING PERIOD

While operations are currently at normal levels of output, the COVID-19 pandemic had an impact on group performance for the year ended 31 March 2021 as reported and seen in Q2 of the calendar year. The group entities continue to comply fully with the government directives applicable to the level of lockdown. The directors are not aware of any material fact or circumstance arising between the end of the reporting period and the date of this report that would require adjustments to or disclosure in the financial results.

SepCem's chief executive officer, PF Fourie, was admitted to a hospital on 9 May 2021 after suffering a stroke and sadly passed away on 19 May 2021. He became CEO of SepCem in May 2007, and he was subsequently appointed a SepHold board director on 20 November 2009 following the JSE listing.

45. NET ASSET VALUE PER SHARE AND EARNINGS PER SHARE

Net asset value and tangible net asset value per share

	Group 2021 R	Group 2020 R
Total assets	**1 371 262 701**	1 337 755 480
Total liabilities	**(249 577 767)**	(236 989 644)
Net asset value attributable to equity holders of parent	**1 121 684 934**	1 100 765 836
Goodwill	**(223 421 981)**	(223 421 981)
Tangible net asset value	**898 262 953**	877 343 855
Shares in issue	**254 486 436**	254 486 436
Net asset value per share (cents)	**440.76**	432.54
Tangible net asset value per share (cents)	**352.97**	344.75

Earnings, diluted earnings and headline earnings per share

Reconciliation of basic earnings/(loss) to diluted earnings/(loss) and headline earnings/(loss):

	Group 2021 Gross R	Group 2021 Net R	Group 2020 Gross R	Group 2020 Net R
Profit attributable to ordinary equity holders of the parent entity		**19 921 912**		(17 372 636)
Less undeclared cumulative preference share dividend and related taxation		**–**		–
IAS 33 earnings		**19 921 912**		(17 372 636)
Less IAS 16 gains on the disposal of plant and equipment	**(6 131 547)**	**(4 414 714)**	442 042	318 273
Headline earnings/(loss) and diluted headline earnings attributable to equity holders of parent		**15 507 198**		(17 054 373)
Basic weighted average number of shares		**254 486 436**		214 047 496
Diluted weighted average number of shares		**254 486 436**		214 047 496
Basic earnings/(loss) per share (cents)		**7.83**		(8.12)
Diluted earnings/(loss) per share (cents)		**7.83**		(8.12)
Headline earnings/(loss) per share (cents)		**6.09**		(7.97)
Diluted headline earnings/(loss) per share (cents)		**6.09**		(7.97)

46. SEGMENT INFORMATION

	Ready-mixed concrete R	Head office R	Group totals R
2021			
Segment revenue – external revenue	**634 252 530**	**–**	**634 252 530**
Segment cost of sales	**(390 567 079)**	**–**	**(390 567 079)**
Segment expenses	**(221 532 189)**	**(12 637 288)**	**(234 169 477)**
Profit from equity-accounted investment	**–**	**15 970 201**	**15 970 201**
Profit on sale of property, plant and equipment	**6 131 547**	**–**	**6 131 547**
Segment profit after taxation	**16 588 212**	**3 333 700**	**19 921 912**
Taxation	**(4 211 933)**	**–**	**(4 211 933)**
Interest received	**1 516 012**	**814**	**1 516 826**
Interest paid	**(13 817 635)**	**(27)**	**(13 817 662)**
Depreciation and amortisation	**(22 017 484)**	**(27 366)**	**(22 044 850)**
Segment assets	**299 388 479**	**1 071 874 222**	**1 371 262 701**
Investment in associate included in the above total segment assets	**–**	**828 648 873**	**828 648 873**
Capital expenditure included in segment assets	**3 038 118**	**–**	**3 038 118**
Segment liabilities	**(248 465 612)**	**(1 112 155)**	**(249 577 767)**
2020			
Segment revenue – external revenue	727 040 453	–	727 040 453
Segment cost of sales	(448 827 639)	–	(448 827 639)
Segment expenses	(267 152 926)	(16 620 477)	(283 773 403)
Profit from equity-accounted investment	–	476 798	476 798
(Loss) on sale of property, plant and equipment	(442 032)	–	(442 032)
Segment (loss) after taxation	(614 783)	(16 757 853)	(17 372 636)
Taxation	4 386 074	160 583	4 546 657
Interest received	881 377	1 502	882 879
Interest paid	(17 936 389)	(776 257)	(18 712 646)
Depreciation and amortisation	(22 602 601)	(673 282)	(23 239 883)
Segment assets	265 340 375	1 072 415 105	1 337 755 480
Investment in associate included in above total segment assets	–	812 678 672	812 678 672
Capital expenditure included in segment assets	12 373 063	–	12 373 063
Segment liabilities	(235 048 871)	(1 940 773)	(236 989 644)

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.

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 2021

Number of ordinary shares issued during the financial year:	**254 486 436**
Total holders:	**3 471**

Issued capital

Type of shares	Number of shareholders	% of shareholders	Number of shares
Certificated shares	131	3.77	27 823 035
Dematerialised shares	3 340	96.23	226 663 401
Total issued capital	**3 471**	**100.00**	**254 486 436**

Shareholders holding greater than 5% of the issued share capital at year-end	Number of shares	%
Safika Resources Proprietary Limited (Dematerialised)	30 734 981	12.08
Citiclient Nominees No8 NY GW	27 061 078	10.63
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	2 135	61.51	407 762
1 001 – 10 000	711	20.48	2 733 443
10 001 – 50 000	339	9.77	8 656 970
50 001 – 100 000	99	2.85	6 989 805
100 001 – 500 000	126	3.63	27 859 079
500 001 – 1 000 000	27	0.78	18 905 531
1 000 001 shares and over	34	0.98	188 933 846
Total	**3 471**	**100.00**	**254 486 436**

Breakdown by domicile

Domicile	Number of shareholders	% of shareholders	Number of shares
Non-resident shareholders	36	1.04	41 992 406
Resident shareholders	3 435	98.96	212 494 030
Total	**3 471**	**100.00**	**254 486 436**

Public and non-public shareholders	Shares held	%	Number of shareholders
Public	227 205 424	89.28	3 465
Non-public	27 281 012	10.72	6
– Directors' direct holdings	13 674 186	5.37	3
– Directors' indirect holdings	13 566 826	5.33	2
– Directors' associates	40 000	0.02	1
	254 486 436	100.00	3 471

NOTES

NOTES

SEPHAKU
HOLDINGS LTD

www.sephakuholdings.com