THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions commencing on page 5 of this Circular apply throughout this Circular, including this cover page.

If you are in any doubt as to the action you should take, please consult your CSDP, broker, attorney, accountant or other professional adviser immediately.

Action required:

- This Circular is important and should be read with particular attention to the "Action required by Sephaku Shareholders" section of this Circular commencing on page 2, which sets out the action required of them with regard to this Circular.
- If you have disposed of all your Sephaku Shares, then this Circular should be forwarded to the purchaser to whom, or the broker, agent or CSDP through whom, you disposed of your Sephaku Shares.

SEPHAKU

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

CIRCULAR TO SEPHAKU SHAREHOLDERS

regarding

- **the acquisition of 100% of the ordinary shares in the issued share capital of Métier Mixed Concrete,**

and incorporating a

- **notice of the Shareholders' meeting; and**
- **Form of Proxy (to be used by Certificated Shareholders and Dematerialised Shareholders with "own name" registration only) *(printed on blue paper).***

Sponsor to Sephaku Holdings

QuestCo Corporate Advisory

Mandated Lead Arranger and Debt Provider

Standard Bank

Corporate Adviser and Transaction Sponsor to Sephaku Holdings

sasfin Capital
(A division of Sasfin Bank Limited)

Legal Advisers to Sephaku Holdings

brinkfalcon hume

Independent Reporting Accountants and Auditors to Sephaku Holdings

MOORE STEPHENS

Corporate Advisers to Métier Mixed Concrete

Deloitte.
Corporate Finance Division
Deloitte & Touche
Registered Auditors

Legal Advisers to Métier Mixed Concrete

COX | YEATS
attorneys

Date of issue: 30 November 2012

Copies of this Circular are available in English only and may be obtained during normal business hours between Friday, 30 November 2012 and Friday, 11 January 2013 from the registered office of Sephaku Holdings and the Transfer Secretaries, the addresses of which are set out in the "Corporate information and Advisers to Sephaku Holdings" section hereof. In addition, this Circular is available in electronic form on the Company's website (www.sephakuholdings.co.za).

CORPORATE INFORMATION AND ADVISERS

Directors

B Williams	*Chairman – Independent Non-Executive Director*
Dr L Mohuba	*Chief Executive Officer*
NR Crafford-Lazarus	*Financial Director*
RR Matjiu	*Executive Director*
CRD de Bruin	*Non-Executive Director*
PF Fourie	*Non-Executive Director*
MM Ngoasheng	*Non-Executive Director*
Dr D Twist	*Non-Executive Director*
MG Mahlare	*Independent Non-Executive Director*
J Bennette	*Alternate director to RR Matjiu*
JW Wessels	*Alternate director to CRD de Bruin*

Registered office

1st Floor, Hennops House
Riverside Office Park
1303 Heuwel Avenue
Centurion, 0157
(PO Box 7651, Centurion, 0046)

Sponsor

QuestCo (Pty) Limited
(Registration number 2002/005616/07)
The Pivot, Entrance D
2nd Floor, No 1 Montecasino Boulevard
Fourways, 2055
(PO Box 98956, Sloane Park, 2152)

Independent Reporting Accountants and Auditors

Moores Stephens BKV
(Registration number 2002/031472/21)
3rd Floor, The Gateway
Century Way
Century City
Cape Town, 7441
(PO Box 1955, Cape Town, 8000)

Métier Mixed Concrete (Pty) Limited

8 Bush Shrike Close
170 Peter Brown Drive
Montrose
Pietermaritzburg, 3201
(PO Box 13383, Cascades, 3202)

Corporate Adviser Métier Mixed Concrete

Deloitte & Touche Corporate Finance
Deloitte & Touche Place
The Woodlands
20 Woodlands Drive
Woodmead, 2195
(Private Bag X6, Gallo Manor, 2052)

Transfer Secretaries

Computershare Investor Services (Pty) Limited
(Registration number 2004/003647/07)
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Corporate Adviser and Transaction Sponsor

Sasfin Capital (a division of Sasfin Bank Limited)
(Registration number 1951/002280/06)
29 Scott Street
Waverley, 2090
(PO Box 95104, Grant Park, 2051)

Legal Advisers

Brink Falcon Hume Inc
(Registration number 2012/089784/21)
Ground Floor
25 Rudd Road
Illovo
Sandton, 2196
(PO Box 55523, Northlands, 2116)

Legal Adviser to Métier Mixed Concrete

Cox Yeats Attorneys
21 Richefond Circle
Ridgeside Office Park
Umhlanga Ridge
Durban, 4320
(PO Box 913, Umhlanga Rocks, 4320)

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ACTION REQUIRED BY SEPHAKU SHAREHOLDERS

If you are in any doubt as to what action to take in regard to this Circular, please consult your CSDP, broker, banker, accountant, attorney or other professional adviser immediately.

This Circular contains information relating to the Acquisition. You should read this Circular carefully and decide how you wish to vote on the Resolutions to be proposed at the Shareholders' Meeting.

The Shareholders' Meeting, convened in terms of the notice incorporated in this Circular, will be held at the Old Trafford room, Centurion Lake Hotel, 1001 Lenchen Avenue North, Centurion at 11:00 (or five minutes after conclusion of the Company's annual general meeting convened to be held at 10:00 on the same day at the same venue, if it is concluded before 11:00) on Friday, 11 January 2013.

ACTION REQUIRED

1. ALL SHAREHOLDERS

If you have disposed of all your Sephaku Shares, this Circular should be handed to the purchaser of such Sephaku Shares, or to the broker, CSDP, banker or other agent through whom you disposed of your Sephaku Shares.

Electronic participation

In terms of section 61(10) of the Act, every shareholders' meeting of a public company must be reasonably accessible within South Africa for electronic participation by shareholders. Sephaku Shareholders wishing to participate electronically in the Shareholders' Meeting are required to deliver written notice to the Company's offices, 1st Floor, Hennops House, Riverside Office Park, Heuwel Avenue, Centurion (marked for the attention of J Bennette) by no later than **11:00 on Wednesday, 9 January 2013,** that they wish to participate via electronic communication at the Shareholders' Meeting (the "Electronic Notice"). In order for the Electronic Notice to be valid it must contain: (a) if such Sephaku Shareholder is an individual, a certified copy of his identity document and/or passport; (b) if such Sephaku Shareholder is not an individual, a certified copy of a resolution by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution. The relevant resolution must set out who from the relevant entity is authorised to represent the relevant entity at the Shareholders' Meeting via electronic communication; (c) a valid e-mail address and/or facsimile number (the "Contact Address/Number"); and (d) if such Sephaku Shareholder wishes to vote via electronic communication, set out that such Sephaku Shareholder wishes to vote via electronic communication. By no later than the Relevant Time the Company shall use its reasonable endeavours to notify, at its Contract Address/ Number, each Sephaku Shareholder who has delivered a valid Electronic Notice of the relevant details through which such Sephaku Shareholder can participate in the Shareholders' Meeting via electronic communication.

2. IF YOU HAVE DEMATERIALISED YOUR SHARES WITHOUT "OWN NAME" REGISTRATION

2.1 Voting at the Shareholders' Meeting

Your CSDP or broker is obliged to contact you in the manner stipulated in the agreement concluded between you and your CSDP or broker to ascertain how you wish to cast your vote at the Shareholders' Meeting and thereafter to cast your vote in accordance with your instructions.

If you have not been contacted by your CSDP or broker, it would be advisable for you to contact your CSDP or broker and furnish them with your voting instructions.

If your CSDP or broker does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the agreement concluded between you and your CSDP or broker.

You must NOT complete the Form of Proxy *(blue)*.

2.2 Attendance and representation at the Shareholders' Meeting

In accordance with the agreement between you and your CSDP or broker, you must advise your CSDP or broker if you wish to attend the Shareholders' Meeting in person, or if you wish to send a proxy to represent you at the Shareholders' Meeting and your CSDP or broker will issue the necessary letter of representation for you or your proxy to attend the Shareholders' Meeting.

3. IF YOU HAVE DEMATERIALISED YOUR SHARES WITH "OWN NAME" REGISTRATION

3.1 Voting, attendance and representation at the Shareholders' Meeting

You may attend and vote at the Shareholders' Meeting in person. Alternatively, you may appoint a proxy to represent you at the Shareholders' Meeting by completing the Form of Proxy (blue) attached to this Circular in accordance with the instructions it contains and lodge it with, or post it, so as to reach the Transfer Secretaries by no later than the Relevant Time. If you are unable to attend the Shareholders' Meeting but wish to be represented and you do not complete and return the Form of Proxy in respect of the Shareholders' Meeting prior to the Relevant Time, you will nevertheless, at any time prior to the commencement of voting on the Resolutions at the Shareholders' Meeting be entitled to lodge the Form of Proxy in respect of the Shareholders' Meeting in accordance with the instructions therein with the chairperson of the Shareholders' Meeting as contemplated by the Act.

4. IF YOU HAVE NOT DEMATERIALISED YOUR SHARES

4.1 Voting, attendance and representation at the Shareholders' Meeting

If you are a Certificated Shareholder and are unable to attend the Shareholders' Meeting but wish to be represented at the Shareholders' Meeting, you must complete and return the Form of Proxy (*blue)* relating to the Shareholders' Meeting, in accordance with the instructions set out in the Form of Proxy, and lodge it with, or post it, so as to reach the Transfer Secretaries by no later than the Relevant Time. If you are a Certificated Shareholder and are unable to attend the Shareholders' Meeting but wish to be represented, and you do not complete and return the Form of Proxy in respect of the Shareholders' Meeting prior to the Relevant Time, you will nevertheless, at any time prior to the commencement of voting on the Resolutions at the Shareholders' Meeting be entitled to lodge the Form of Proxy in respect of the Shareholders' Meeting in accordance with the instructions therein with the chairperson of the Shareholders' Meeting as contemplated by the Act.

SALIENT DATES AND TIMES PERTAINING TO SHAREHOLDERS' MEETING

Circular and notice of Shareholders' Meeting distributed to Sephaku Shareholders	Friday, 30 November 2012
Notice of Shareholders' Meeting released on SENS	Friday, 30 November 2012
Last day to trade to be on the Register to be able to participate and vote at the Shareholders' Meeting	Friday, 28 December 2012
Record date to be able to participate and vote at the Shareholders' Meeting	Friday,4 January 2013
Last day to lodge Forms of Proxy for the Shareholders' Meeting by 11:00 on	Wednesday, 9 January 2013, or they may be handed to the Chairman of the Shareholders' Meeting at any time prior to the commencement of voting on the Resolutions tabled at the Shareholders' Meeting as contemplated by the Act
Shareholders' Meeting of Sephaku to be held at 11:00 (or five minutes after conclusion of the Company's annual general meeting convened to be held at 10:00 on the same day at the same venue, if it is concluded before 11:00) on	Friday, 11 January 2013
Results of Shareholders' Meeting released on SENS	Friday, 11 January 2013

Notes:

1. All times given are South African local times.
2. The dates and times are subject to change. Any changes will be announced on SENS and published in the South African press.

DEFINITIONS AND INTERPRETATIONS

In this Circular, unless otherwise stated or the context otherwise indicates, the words in the first column shall have the meanings stated opposite them in the second column. Words in the singular shall include the plural and *vice versa* and words importing natural persons shall include corporations and associations of persons and an expression denoting any gender shall include the other genders.

"the Act"	the Companies Act 2008, as amended;
"the Acquisition"	the acquisition by Sephaku Holdings of all the ordinary shares in the issued share capital of Métier Mixed Concrete with effect from the Effective Date;
"the Acquisition Agreement"	the sale of shares agreement entered into between the Sellers, Métier Mixed Concrete and Sephaku Holdings, dated 7 November 2012;
"Additional Consideration Shares"	the number of additional Sephaku Shares to be issued to the Sellers in the event that the product of 11 111 111 Sephaku Shares (as issued to the Sellers on the basis contemplated in paragraph 2.3.1 (iii)) multiplied by the Future Share Price is less than R100 000 000, which number of Sephaku Shares will be calculated by dividing the Shortfall by the Future Share Price;
"the Board"	the board of directors of Sephaku Holdings, whose names are set out in the "Corporate Information and Advisers" section of this Circular;
"Business Day"	any day which is not a Saturday, Sunday or official public holiday in South Africa;
"Certificated Shareholders"	Sephaku Shareholders who hold Certificated Shares;
"Certificated Shares"	Sephaku Shares represented by a paper share certificate or other physical Document of Title, which have not been surrendered for Dematerialisation in terms of the requirements of Strate and which may no longer be traded on the JSE;
"CIPC"	the Companies and Intellectual Property Commission, being a division within the Department of Trade and Industry of the Government of South Africa that is tasked with the responsibility of administering, amongst other things, the Act;
"this Circular"	this circular, dated 30 November 2012, including the annexures thereto, the notice of Shareholders' Meeting and the Form of Proxy;
"Competition Commission"	the Competition Commission of South Africa, a statutory body established in terms of section 19 of the Competition Act, 1998;
"Closing Date"	five Business Days after the last of the suspensive conditions as set out in paragraph 2.4 are fulfilled or waived;
"Cross Company Management"	Cross Company Management (Proprietary) Limited (Registration number 1995/013798/07), previously named Sephaku Management (Proprietary) Limited, a private company registered and incorporated in accordance with the laws of South Africa, which provides, *inter alia,* company secretarial services to the Sephaku Group and which was a wholly-owned subsidiary of Sephaku Holdings prior to 28 February 2009 and is currently wholly-owned by the Samet Trust;
"CSDP"	Central Securities Depository Participant as defined in section 1 of the SSA appointed by an individual Sephaku Shareholder for the purposes of, and in regard to the Dematerialisation of Documents of Title for the purposes of incorporation into Strate;

"Dematerialisation"	process by which Certificated Shares and/or Documents of Title are converted to an electronic form as Dematerialised Shares and recorded in the sub-register of Sephaku Shareholders maintained by a CSDP;
"Dematerialised Shareholders"	holders of Dematerialised Shares;
"Dematerialised Shares"	Sephaku Shares which have been incorporated into Strate and which are no longer evidenced by physical Documents of Title, but the evidence of ownership of which is determined electronically and recorded in the sub-register maintained by a CSDP;
"Directors"	the directors of Sephaku Holdings, whose names are set out in the "Corporate Information and Advisers" section of this Circular;
"Documents of Title"	ordinary share certificates and/or certified transfer deeds and/or balance receipts or any other documents of title in respect of Sephaku Shares in certificated form;
"Effective Date"	1 September 2012;
"Final Payment Date"	1 December 2014;
"Form of Proxy"	the form of proxy, which is printed on blue paper and attached to this Circular, for completion and return, in respect of the Acquisition, by Certificated Shareholders and Dematerialised Shareholders with "own name" Registration;
"Future Share Price"	the 60-day VWAP of Sephaku Shares as at: • 30 November 2014; or • if a Market Crash has occurred as at 31 May 2015, subject to a maximum Sephaku Share price of R9.00 and a minimum Sephaku Share price of R4.00;
"Kenneth Capes"	Kenneth John Capes (Identity number 680416 5036 087) in his personal capacity;
"Jibar"	the mid-market rate for deposits in Rand with South African banks for a period of three months published on the Reuters screen, SAFEY page, under the caption "YIELD";
"JSE"	JSE Limited (Registration number 2005/022939/06), a public company duly incorporated with limited liability in terms of the laws of South Africa and licensed as an exchange under the SSA;
"the JTR Trust"	the trustees for the time being of the JTR Trust (Master's Reference Number IT 1071/2006), an *inter vivos* trust duly established in accordance with the Trust Property Control Act, 1998, the beneficiaries of which are Douglas Garth Ross and his descendants;
"Last Practicable Date"	23 November 2012, being the last practicable date prior to the finalisation of this Circular;
"Listings Requirements"	the Listings Requirements of the JSE, as amended from time to time;
"Market Crash"	if the FTSE JSE Africa All Share Index at market close on 28 November 2014 is more than 20% lower than the value of that index at market close on 1 June 2014, then Sephaku Holdings shall be entitled, by written notice delivered to the Sellers on or before the Final Payment Date, to postpone the issue of the Additional Consideration Shares until 1 June 2015, provided that interest in favour of the Sellers on the Shortfall shall accrue at the Prime Interest Rate from 1 December 2014 to 1 June 2015;

"Material Adverse Change"	an event, circumstance or matter or combination of events, circumstances or matters which has or is likely to have a material adverse effect on the ability of Sephaku Holdings or the Sellers or Métier Mixed Concrete to perform their respective obligations in terms of the Acquisition Agreement, and/or the legality, validity and/or enforceability of the Acquisition Agreement or the rights or remedies of any party under the Acquisition Agreement, and/or the business, operations, property, assets, financial or trading position or prospects of the Party concerned;
"Material Adverse Tax Change"	any change in the law or application thereof in relation to taxation which could directly or indirectly cause Sephaku Holdings or the Sellers or Métier Mixed Concrete to experience a Material Adverse Change;
"Métier Mixed Concrete"	Métier Mixed Concrete Proprietary Limited (Registration number 2007/009706/07), a private limited liability company duly incorporated in accordance with the company laws of the South Africa in March 2007 and owned by the Sellers;
"MOI"	the current Memorandum of Incorporation of Sephaku Holdings, comprising the documents previously referred to as the Articles of Association of Sephaku and the Memorandum of Association of Sephaku;
"Pre-Closing Date"	close of business on the Business Day immediately preceding the Closing Date;
"the Prime Interest Rate"	the publicly quoted lending rate at which Standard Bank lends to its best corporate customers on unsecured overdraft, as certified by any general manager of Standard Bank, whose authority or capacity need not be proved, which is, on the Last Practicable Date, 8.5%;
"Rand" or "R"	South African Rand;
"Record Date"	4 January 2013, being the record date established by the Board in terms of section 59 of the Act, by which a Sephaku Shareholder is required to be reflected as such in the Register in order to be able to attend, participate and vote at the Shareholders' Meeting;
"the Register"	the register of Certificated Shareholders maintained by the Transfer Secretaries on behalf of the Company and the sub-register of Dematerialised Shareholders maintained by the relevant CSDPs;
"Relevant Time"	48 hours before the time of commencement of the Shareholders' Meeting;
"Richard Thompson"	Richard Shaun Thompson (Identity number 671110 5158 089) in his personal capacity;
"the Resolutions"	the special and ordinary resolutions relating to the Acquisition, as detailed in the notice of Shareholders' Meeting attached to this Circular;
"the Samet Trust"	Samet Trust, a trust duly registered with the Master of the High Court of South Africa with Master's Reference number IT152/09 and established in order to provide educational support to its beneficiaries, namely historically disadvantaged South Africans identified by the trustees (who are individuals representing the entities to which Cross Company Management, a wholly-owned subsidiary of the Samet Trust, provides certain services including secretarial services) as recipients of bursaries for training in the field of geology;
"the Sellers"	the shareholders of Métier Mixed Concrete, collectively being the JTR Trust, Kenneth Capes, Richard Thompson and Wayne Witherspoon;

"Sephaku Cement"	Sephaku Cement (Proprietary) Limited (Registration number 2004/034277/07), a private company incorporated with limited liability in accordance with the laws of South Africa;
"Sephaku Group"	Sephaku Holdings and its subsidiaries, from time to time;
"Sephaku Holdings" or "the Company"	Sephaku Holdings Limited (Registration number 2005/003306/06), a public company duly incorporated with limited liability in accordance with the laws of South Africa on 3 February 2005 and whose shares are listed on the JSE;
"Sephaku Shareholder"	a holder of Sephaku Shares, registered in the Register;
"Sephaku Shares"	ordinary dematerialised no par value shares in the share capital of Sephaku Holdings;
"SENS"	Stock Exchange News Service of the JSE;
"Shareholders' Meeting"	the shareholders' meeting of Sephaku Shareholders, convened, in terms of the notice incorporated in this Circular, to be held at Old Trafford room, Centurion Lake Hotel, 1001 Lenchen Avenue North, Centurion, on Friday, 11 January 2013 at 11:00 (or five minutes after conclusion of the Company's annual general meeting convened to be held at 10:00 on the same day at the same venue, if it is concluded before 11:00) for the purpose of considering and, if deemed fit, passing the Resolutions, with or without amendment;
"Shortfall"	R100 million less the value of 11 111 111 Sephaku Shares multiplied by the Future Share Price, if this calculation gives rise to a positive value;
"South Africa"	the Republic of South Africa;
"SSA"	Securities Services Act, 2004, as amended;
"Standard Bank"	The Standard Bank of South Africa Limited (Registration number 1962/000738/06), acting through its Corporate and Investment Banking division, or any affiliate of that bank, a public company duly incorporated with limited liability in accordance with the laws of South Africa;
"Standard Bank Term Sheet"	credit committee approved signed term sheet between Standard Bank and Sephaku Holdings (as acquirer) and a new wholly-owned subsidiary of Sephaku Holdings to be formed (to be confirmed upon agreement of the final transaction structure) as borrower, dated 23 November 2012, setting out the terms of the funding, specified in Annexure 1 to this Circular, in respect of the acquisition of the business of Métier Mixed Concrete, as well as an intra-day bridge to fund the Acquisition, to be provided by Standard Bank;
"Strate"	the settlement and clearing system used by the JSE, which is managed by Strate Limited (Registration number 1998/022242/06), a public company duly incorporated with limited liability in accordance with the laws of South Africa and the CSDP registered in terms of the SSA;
"Transfer Secretaries"	Computershare Investor Services (Proprietary) Limited (Registration number 2004/003647/07), a private company duly registered and incorporated in terms of the laws of the South Africa;
"VWAP"	the volume weighted average price traded on the JSE on any day with reference to the aggregate value of all shares traded on that day divided by the aggregate number of all such shares traded on that day; and
"Wayne Witherspoon"	Wayne Moores Witherspoon (Identity number 661010 5022 081) in his personal capacity.

SEPHAKU

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

CIRCULAR TO SEPHAKU SHAREHOLDERS

1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

On 3 October 2012, Sephaku Holdings announced that its Board had approved the principal terms on which the Company would acquire the entire issued share capital of Métier Mixed Concrete from the Sellers and on 7 November 2012 the Board signed the Acquisition Agreement, which was publicly announced on 8 November 2012.

The purpose of this Circular is to furnish Sephaku Shareholders with all the relevant information relating to the Acquisition and to convene the Shareholders' Meeting in order for Sephaku Shareholders to consider and, if deemed fit, approve, with or without amendment, the Resolutions to effect the Acquisition in terms of the notice of Shareholders' Meeting attached to and forming part of this Circular.

2. THE ACQUISITION

2.1 Information relating to Métier Mixed Concrete

Métier Mixed Concrete is a private company which has been in operation since March 2007. Its managing director and key staff cumulatively have more than 50 years of experience within the ready mixed concrete business. The core business of Métier Mixed Concrete is the manufacture and supply of quality ready mixed concrete products for the residential, commercial and industrial market in South Africa. Métier Mixed Concrete is well positioned to supply specialised concretes to the higher end of the market and has a full service technical division. Through its pumping division it also offers a concrete pumping service with a fleet of ready mixed concrete trucks. The company also offers mobile plant operations in conjunction with its fixed plant network which is geared to tendering on work in areas not normally supported by ready mix suppliers. Métier Mixed Concrete has operations in the Durban and Pietermaritzburg regions, and is currently expanding aggressively into Gauteng.

2.2 Rationale for the Acquisition

The Acquisition is expected to have synergistic benefits for Sephaku Holdings and its associate, Sephaku Cement, currently a new entrant into the cement production industry in South Africa. Synergistic benefits for Sephaku Holdings include:

- building a broader revenue base in the construction materials market;
- providing earlier cash flows;
- diversification of company assets;
- regional diversification of Sephaku Holdings; and
- the creation of shareholder growth.

Further potential exists for vertical integration as Métier Mixed Concrete is a consumer of cement and fly ash (which are used as raw input materials in the production of concrete), both of which can potentially be provided by Sephaku Cement.

The Acquisition is consistent with the stated growth and investment strategy of Sephaku Holdings to increase its focus on cement and cement-related products and services.

2.3 Purchase consideration

The total nominal purchase consideration payable to the Sellers for Métier Mixed Concrete is R365 million and will consist of a combination of cash payments and the issue of fully paid Sephaku Shares. The settlement of the purchase consideration will be structured as follows:

2.3.1 On the Closing Date:

(i) a cash payment of R110 million, which will be funded through acquisition finance, as detailed in paragraph 2.8 below and Annexure 1 to this Circular;

(ii) the issue of five million Sephaku Shares at R6 per Sephaku Share, at a total issue price of R30 million; and

(iii) the issue of 11 111 111 Sephaku Shares at R9 per Sephaku Share, at a total issue price of R100 million.

2.3.2 On the Final Payment Date, being 1 December 2014:

(i) a further cash payment of R125 million, which will be funded through acquisition finance, as detailed in paragraph 2.8 below and Annexure 1 to this Circular; and

(ii) to the extent that the 11 111 111 Sephaku Shares issued in terms of paragraph 2.3.1 (iii) above multiplied by the Future Share Price is less than R100 million, Sephaku Holdings shall issue to the Sellers a number of Additional Consideration Shares, to be calculated by dividing the Shortfall by the Future Share Price.

Should a Market Crash occur on 28 November 2014, Sephaku Holdings shall be entitled, by written notice to the Sellers delivered on or before the Final Payment Date to postpone the calculation of the Shortfall and the issue of the Additional Consideration Shares until 1 June 2015, provided that interest in favour of the Sellers shall accrue at the Prime Interest Rate on the Shortfall from the Final Payment Date until the date of issue of the Additional Consideration Shares.

The Future Share Price, as referred to in paragraph 2.3.2 (ii) above will be determined as the 60-day VWAP of Sephaku Shares as at:

- 30 November 2014; or
- if a Market Crash has occurred, as at 31 May 2015,

subject to a maximum Sephaku Share price of R9.00 and a minimum Sephaku Share price of R4.00.

The issue of Sephaku Shares to the Sellers pursuant to 2.3.1 (ii) and 2.3.1 (iii) and if applicable, the issue of Additional Consideration Shares pursuant to 2.3.2 (ii) will be facilitated through the subscription by the Sellers for the required number of Sephaku Shares and if applicable, Additional Consideration Shares in each relevant instance, utilising the proceeds of a new intra-day account to be opened by the Sellers for the specific purpose to fund such subscriptions.

As at the Last Practicable Date, the closing price of Sephaku Shares was R2.85. The issue of Sephaku Shares as part of the purchase consideration will therefore be at a significant premium of 211% and 316%, respectively, to the current share price.

2.4 Suspensive Conditions

The Acquisition is subject to and conditional upon the fulfilment of, *inter alia*, the following Suspensive Conditions, namely that:

2.4.1 by no later than the Pre-Closing Date, Sephaku Holdings and the Sellers have agreed that no Material Adverse Change has occurred between the Effective Date and the day before the Closing Date and have confirmed that no Material Adverse Tax Change affecting them or their business operations has occurred between the Effective Date and the day before the Closing Date;

2.4.2 by no later than 31 January 2013 Sephaku Shareholders pass an ordinary resolution at a general meeting of Sephaku Shareholders approving the implementation of the Acquisition and authorising the Directors to issue Sephaku Shares in accordance with the Acquisition Agreement, as discussed in paragraph 2.3.1 (ii) and (iii) and 2.3.2 (ii) above; and

2.4.3 by no later than close of business on 28 February 2013, and following the joint notification by Sephaku Holdings and the Sellers to the Competition Commission in terms of section 13A of the Competition Act,1998 of the "merger" resulting from the implementation of the provisions of the Acquisition Agreement, that the relevant authorities' approval of such merger is granted in terms of the provisions of the Competition Act, 1998 without any conditions, or if any one or more conditions are imposed, the acceptance of such conditions by Sephaku Holdings, Métier Mixed Concrete and the Sellers in writing.

2.5 Irrevocable undertakings

On 5 September 2012 the Takeover Regulation Panel granted the Company permission to approach more than five Sephaku Shareholders for the purpose of obtaining such written voting undertakings from Sephaku Shareholders, notwithstanding the provisions of paragraph 2.1 of Guideline 2/2012 issued by the Takeover Regulation Panel. Subsequently, Sephaku Holdings has received irrevocable undertakings from Sephaku Shareholders representing 51.22% of the Sephaku Shares in issue to vote in favour of the Acquisition, as set out in the table below.

	Number of Sephaku Shares	Percentage shareholding (%)
Mandra Materials Limited	17 518 503	10.20
Safika Resources (Proprietary) Limited	15 580 823	9.07
D Twist	10 654 333	6.20
CRdW de Bruin	10 493 908	6.11
Lelau Mohuba Trust	7 463 767	4.34
Pieter Fourie Business Trust	6 503 059	3.79
JG Barkhuizen	4 498 630	2.62
JG Erasmus	4 300 000	2.50
RR Matjiu	3 585 923	2.09
Umbono Fluorspar Wallmannsthal (Proprietary) Limited	2 500 000	1.46
S Genis	2 314 794	1.35
NR Crafford-Lazarus	1 512 718	0.88
CH Mulder	1 064 816	0.62
TOTAL	**87 991 274**	**51.22**

2.6 Vendor information

The information pertaining to the Sellers as required by the Listings Requirements is set out in Annexure 2 to this Circular.

2.7 Goodwill arising from the Acquisition

In terms of IFRS, goodwill acquired in a business combination should be allocated to each of the acquirer's 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.

This allocation of goodwill should be performed at acquisition date. If the initial allocation cannot be completed before the end of the annual period in which the business combination is effected, that initial allocation should be completed before the end of the first annual period beginning after acquisition date.

As the allocation of goodwill was not as yet performed as at the Last Practicable Date, goodwill amounting to approximately R213 992 555 will arise as a result of the Acquisition based on the current book value/net asset value of the assets as reflected in the historical financial results for Métier Mixed Concrete as at 29 February 2012. A final allocation of the purchase consideration will be performed as at the Effective Date, in accordance with the provisions of *IFRS3: Business Combinations* and accordingly, the final goodwill amount to be determined on acquisition may differ from that reflected in this Circular.

The Directors considered the payment of goodwill appropriate given the stated synergistic benefits discussed in paragraph 2.2 above and paragraph 6 below.

In terms of the accounting policies of Sephaku Holdings, goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. Goodwill is not amortised but is tested at least annually for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed. Irrespective of whether there is any indication of impairment, the Sephaku Group also tests goodwill acquired in a business combination for impairment annually.

2.8 Funding of the Acquisition and acquisition of the business of Metier Mixed Concrete

On 23 November 2012, Sephaku Holdings signed the Standard Bank Term Sheet, being a credit committee approved term sheet, which sets out the terms of a R150 million five-year term facility to be made available at Jibar plus 3.75%, for the purposes of the acquisition of the business of Métier Mixed Concrete by a wholly-owned subsidiary (still to be established) of Sephaku Holdings, immediately after the Acquisition, as well as for the payment of certain agreed attributable costs and expenses. The term sheet also contemplates bridge funding for the Acquisition.

The acquisition facility by Standard Bank is expected to be repaid through a combination of:

- quarterly repayments, commencing in May 2013; and
- residual free cash flow generated, to be swept quarterly in arrears in repayment of capital.

Annexure 1 sets out further details pertaining to the material loans of Sephaku Holdings and Métier Mixed Concrete.

3. *PRO FORMA* FINANCIAL EFFECTS OF THE ACQUISITION

The unaudited *pro forma* financial effects of the Acquisition are provided for illustrative purposes only, to indicate the effect of the Acquisition on the earnings per share, diluted earnings per share, headline loss per share and diluted headline loss per share of Sephaku Holdings, calculated as if the Acquisition took effect on 1 July 2011, and to show the effect of the Acquisition on the net asset value per share and tangible net asset value per share of Sephaku Holdings, calculated as if the Acquisition took effect on 30 June 2012. Because of their nature, the unaudited *pro forma* financial effects may not fairly present Sephaku Holdings' financial position, changes in equity, results of operations or cash flows. The unaudited *pro forma* financial effects have been compiled from Sephaku Holdings' published audited consolidated results for the financial year ended 30 June 2012 and are presented in a manner consistent with the format and accounting policies adopted by Sephaku Holdings and have been adjusted as described in the notes below. The Directors are responsible for the preparation of the *pro forma* financial effects as set out below.

The detailed *pro forma* consolidated financial information pertaining to the Acquisition is set out in Annexure 3 to this Circular and the independent reporting accountants' assurance report on the *pro forma* financial information pertaining to the Acquisition is included in this Circular as Annexure 4.

	Column A Audited 12 months ended 30 June 2012	**Column B Adjustments relating to the Acquisition**	***Pro forma* After the Acquisition**
Basic earnings per share from total operations (cents)	0.58	2.91	3.49
Diluted earnings per share from total operations (cents)	0.53	2.69	3.22
Headline (loss)/earnings per share (cents)	(13.27)	4.10	(9.17)
Diluted headline (loss)/earnings per share (cents)	(12.17)	3.70	(8.47)
Net asset value per share (cents)	391.54	(17.34)	374.20
Tangible net asset value per share (cents)	391.54	(131.22)	260.31
Shares in issue at year-end	171 790 732	16 111 111	187 901 843
Basic weighted average number of shares	171 080 349	16 111 111	187 191 460
Diluted weighted average number of shares	186 503 819	16 111 111	202 614 930

Notes:

1. The information as reflected in Column A has been extracted, without adjustment, from Sephaku Holdings' published audited consolidated results for the financial year ended 30 June 2012.
2. The effects as reflected in column B on the earnings per share, diluted earnings per share, headline loss per share and diluted headline loss per share are based on the following assumptions and information, that:
   (a) the Acquisition was effective on 1 July 2011 and, consequently, Métier Mixed Concrete's consolidated results for the financial year ended 29 February 2012 was consolidated into the results of Sephaku Holdings with effect from 1 July 2011;
   (b) the settlement of the purchase consideration resulted in finance costs calculated as follows:
   - the cash payment of R110 million on 1 July 2011 was financed through long-term acquisition finance at an interest rate of 9.3% (being the 3-month Jibar rate as at 1 July 2011 plus 3.75%) with no capital repayments being been made during the year. The interest expense will have a continuing effect on Sephaku Holdings;
   - the acquisition finance resulted in loan raising costs of R3 640 000 (being 1.4% of the facility raised) which will be amortised through profit and loss over the loan term, being five years and consequently, R728 000 of loan raising costs were expensed during the year; and
   - the future cash payment of R125 million, due on 1 December 2014, was discounted at a rate of 9.3% to a net present value of R91 567 097 at 1 July 2011 and the resultant amortisation of this liability gave rise to finance costs of R8 515 740 for the year, and

   (c) transaction costs amounting to R7.36 million pertaining to the Acquisition was incurred.
3. The effects as reflected in column B on the net asset value and tangible net asset value are based on the following assumptions and information, that:
   (a) the Acquisition was effective on 30 June 2012 and, consequently, Métier Mixed Concrete's consolidated results for the financial year ended 29 February 2012 was consolidated into the results of Sephaku Holdings;
   (b) the purchase consideration recognised on 30 June 2012 in terms of IFRS3: *Business Combinations* was R280 582 837 and comprised:
   - a cash payment of R110 million, which was financed through long-term acquisition finance;
   - a future cash payment of R125 million, due on 1 December 2014, discounted at a rate of 9.3% to a net present value of R100 082 837;
   - the issue of 5 million Sephaku Shares at a price of R2.35 per Sephaku Share (being the estimated fair value per Sephaku Share at 30 June 2012 calculated on the then 60-day VWAP), amounting to R11.75 million;
   - the issue of 11.1 million Sephaku Shares at a price of R2.35 per Sephaku Share (being the estimated fair value per Sephaku Share at 30 June 2012 calculated on the then 60-day VWAP), amounting to R26 111 111; and
   - a contingent consideration in respect of the Shortfall of R32 638 889, calculated based on the 30 June 2012 VWAP of R2.35 per Sephaku Share,

   (c) the Acquisition resulted in R213 992 555 of goodwill (refer to detailed discussion in paragraph 2.7 above); and
   (d) transaction costs amounting to R11 million pertaining to the Acquisition was incurred on 30 June 2012, R3.64 million of which pertains to loan raising costs in terms of the Standard Bank Term Sheet, which has been capitalised to the Standard Bank facility at 30 June 2012 and which loan raising costs will be amortised to profit and loss over the loan term.

4. If Sephaku Holdings' shares are issued at R4 per share as a result of a Market Crash, as described in more detail in paragraph 2.3 of this Circular, the impact on the *pro forma* financial effects will be as follow:

	Column A Audited 12 months ended 30 June 2012	**Column B Adjustments relating to the Acquisition**	***Pro forma* After the Acquisition**
Basic earnings per share from total operations (cents)	0.58	2.67	3.25
Diluted earnings per share from total operations (cents)	0.53	2.48	3.02
Headline (loss)/earnings per share (cents)	(13.27)	4.73	(8.54)
Diluted headline (loss)/earnings per share (cents)	(12.17)	4.25	(7.93)
Net asset value per share (cents)	391.54	(43.09)	384.44
Tangible net asset value per share (cents)	391.54	(149.14)	242.40
Shares in issue at year-end	171 790 732	30 000 000	201 790 732
Basic weighted average number of shares	171 080 349	30 000 000	201 080 349
Diluted weighted average number of shares	186 503 819	30 000 000	216 503 819

4. HISTORICAL FINANCIAL INFORMATION

Annexure 5 contains the report on the historical financial information of Métier Mixed Concrete for the financial years ended 28 February 2010, 28 February 2011 and 29 February 2012.

Annexure 6 contains the independent accountants' report on the report on the historical financial information of Métier Mixed Concrete.

5. SHAREHOLDERS' MEETING AND VOTING RIGHTS

In terms of the Listings Requirements, the Acquisition is classified as a category 1 transaction. Consequently, Sephaku Shareholders' approval of the Acquisition is required as set out in the notice of Shareholders' Meeting, which forms part of and is attached to this Circular. As detailed in paragraph 2.5 above, Sephaku Holdings has secured irrevocable undertakings from 51.22% of Sephaku Shareholders to vote in favour of the Acquisition.

A shareholders' meeting is scheduled to be held at Old Trafford room, Centurion Lake Hotel, 1001 Lenchen Avenue North, Centurion at 11:00 (or five minutes after conclusion of the Company's annual general meeting convened to be held at 10:00 on the same day at the same venue, if it is concluded before 11:00) on Friday, 11 January 2013, for the purposes of considering and if deemed fit, passing with or without modification, the Resolutions. A notice convening the Shareholders' Meeting to approve the Resolutions and a Form of Proxy (*blue*), for use by Certificated Shareholders and Dematerialised Shareholders with "own name" registration who are unable to attend the Shareholders' Meeting, form part of this Circular.

Sephaku Shareholders are referred to the "Action required by Sephaku Shareholders" section of this Circular, which contains information as to the action they need to take with regards to the Shareholders' Meeting.

For special resolutions to be approved by Sephaku Shareholders, each special resolution must be supported by 75% or more of the voting rights exercised. Ordinary resolutions must be supported by more than 50% of the voting rights exercised.

6. DIRECTORS' OPINION

It is the opinion of the Directors that Métier Mixed Concrete is well positioned strategically to be a major player in the cement industry. It is Métier Mixed Concrete's vision to keep abreast of market trends and offer innovative solutions for its customers in order to become a market leader by focusing on service, quality and reliability. Métier Mixed Concrete's operations are supported by valuable, highly skilled employees with years of experience in the ready mixed concrete industry, which has already made Métier Mixed Concrete an alternative to its competitors.

Consequently, the Board is of the reasonable opinion that the Acquisition is fair insofar as Sephaku Shareholders are concerned and that the Acquisition should be supported. The Board unanimously recommends that Sephaku Shareholders vote in favour of the Resolutions at the Shareholders' Meeting.

Each of the Directors who hold Sephaku Shares intends to vote in favour of the Resolutions as set out in the notice of Shareholders' Meeting.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names appear in the "Corporate information and Advisers" section of this Circular, collectively and individually, accept full responsibility for the accuracy of the information given in this Circular and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all the information required by law and the Listings Requirements.

8. CHANGE IN TRADING OBJECTS

In a circular to Sephaku Shareholders, dated 7 February 2012, it was stated that the market's response to the listing and the historic capital raising efforts of the Sephaku Group for the various assets within its original corporate structure indicated that the market was not in support of a holding company structure and would prefer a more focused approach towards single mineral companies. As a result, in late 2009, the Board resolved to streamline the Sephaku Group and to focus on its core projects, Sephaku Cement and Sephaku Fluoride Limited.

Whilst the Company's nature of business remained that of a mineral exploration, development and investment company, its focus could then primarily be on the development of the Sephaku Cement and Sephaku Fluoride Limited and their related projects and exploration assets, rather than on a range of diversified mining and exploration projects.

At the time of the Sephaku Cement's equity and debt-raising processes, which were conducted during 2010 and which were described in detail in the circular to Sephaku Shareholders, dated 30 September 2010, potential investors in the cement assets of the Sephaku Group made it clear that they would prefer to participate in a uniquely focused cement/building materials investment. It was therefore decided by the Board that Sephaku Holdings would ultimately be restructured to create a listed focused cement/building materials vehicle. Consequently, during March 2012, Sephaku Holdings implemented the unbundling of its interest in Sephaku Fluoride Limited, as approved by Sephaku Shareholders in general meeting on 7 March 2012.

The Company's key objectives relating to Sephaku Cement, as stated in the circular to Sephaku Shareholders dated 7 February 2012, included:

- progressing the cement project to production;
- the development of other limestone exploration assets up the value curve;
- the introduction of new vertical integration opportunities into the Sephaku Group; and
- ultimately the establishment of a fully diversified building materials group.

The Acquisition is therefore in line with the Board's stated strategy and trading objects.

9. CONSENTS

All the advisers to Sephaku Holdings, whose names appear in the "Corporate information and Advisers" section of this Circular, have given, and have not withdrawn, prior to the publication of this Circular, their written consents for the inclusion of their names and reports, where applicable, in the form and context in which they appear in this Circular.

10. OTHER INFORMATION

The following additional information is provided as required in terms of the Listings Requirements.

10.1 Major Sephaku Shareholders

Insofar as is known to Directors, as at the Last Practicable date, Sephaku Shareholders, directly or indirectly beneficially interested in 5% or more of the shares in the issued share capital of the Company, are as set out in the table below. The projected shareholdings of the major Sephaku Shareholders following the implementation of the Acquisition, assuming that 16 111 111 new Sephaku Shares are to be issued to the Sellers, are also set out below.

	Number of shares	Percentage shareholding as at the Last Practicable Date (%)	Percentage shareholding after the implementation of the Acquisition (%)
Credit Suisse AG Zurich (Note 1)	22 699 874	13.21	12.08
Safika Resources (Pty) Limited (Registration number 2002/017459/07)	15 580 823	9.07	8.29
CRdW de Bruin	11 993 908	6.98	6.38
Lelau Mohuba Trust	10 463 767	6.09	5.57
Bank of New York (Note 2)	9 924 962	5.78	5.28
TOTAL	70 663 334	**41.13**	**37.61**

Note 1: A global financial services company headquartered in Zurich, Switzerland.
Note 2: A global financial services company.

Sephaku Holdings does not have a controlling shareholder and there has been no change in the controlling shareholder during the previous five years.

10.2 Information relating to Directors

Information relating to the Directors is set out in Annexure 7 to this Circular.

10.3 Expenses

The approximate expenses, excluding VAT, relating to the Acquisition is set out in the table below.

Name	Purpose	R'000
Brink Falcon Hume Inc	Legal advisers	1 500
Computershare Investor Services (Pty) Limited	Transfer secretaries	50
Horwath Forensics SA	Accountants	250
Ince (Pty) Limited	Printing, publication and distribution expenses	80
JSE Limited	JSE documentation inspection fee	30
JSE Limited	JSE listing fees	100
Moores Stephens BKV	Independent reporting accountants	170
QuestCo (Pty) Limited	Sponsor	500
Sasfin Capital (a division of Sasfin Bank Limited)	Corporate advisers and transaction sponsors	3 650
Standard Bank	Mandated lead arranger and debt provider	3 640
TOTAL		**9 970**

10.4 Litigation statement

The Sephaku Group and Métier Mixed Concrete are not involved in any legal or arbitration proceedings or legal actions, nor are the Directors aware of any proceedings that are pending or threatened, that may have, or have had, in the 12-month period preceding the date of this Circular, a material effect on the financial positions of the Sephaku Group or Métier Mixed Concrete.

10.5 Material changes

The Directors report that there have been no material changes in the financial or trading position of the Sephaku Group between 30 June 2012 and the Last Practicable Date or Métier Mixed Concrete between 29 February 2012 and the Last Practicable Date.

10.6 Working Capital Statement

The Directors have considered the possible effects of the Acquisition by Sephaku Holdings and in their opinion, the working capital available to the Sephaku Group, as enlarged by the Acquisition, is sufficient for the Sephaku Group's present requirements, that is, for at least the next 12 months from the date of the issue of this Circular.

10.7 Material contracts

Other than the Acquisition (as detailed in this Circular), the Sephaku Group and Métier Mixed Concrete have not entered into any other material contracts verbally or in writing, otherwise than in the ordinary course of the business carried on by the Sephaku Group or Métier Mixed Concrete within the two years prior to the Last Practicable Date or at any other time and containing an obligation or settlement that is material to the Sephaku Group or Métier Mixed Concrete at the date of this Circular.

10.8 Material loans

Details of material loans made to the Sephaku Group and Métier Mixed Concrete are set out in Annexure 1 to this Circular.

11. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection during normal business hours at the Company's registered office from the date of issue of this Circular, up to and including the date of the Shareholders' Meeting:

- the MOI of Sephaku Holdings and its subsidiaries;
- the Acquisition Agreement;
- copies of service agreements with Directors and the company secretary entered into during the last three years;
- the audited annual financial statements of Sephaku Holdings for the three consecutive financial years ended 30 June 2012;
- the audited annual financial statements of Métier Mixed Concrete for the three consecutive financial years ended 29 February 2012;
- the independent reporting accountants' report on the *pro forma* financial effects pertaining to the Acquisition;
- the independent reporting accountants' report on the report on the historical financial information pertaining to the Acquisition;
- the advisers to Sephaku Holdings' letters of consent;
- a signed copy of this Circular;
- the irrevocable undertakings referred to in paragraph 2.5 of this Circular; and
- the written approval of the Takeover Regulation Panel as referred to in paragraph 2.5.

Signed on behalf of all the directors of Sephaku Holdings in terms of the power of attorney granted to him.

NR Crafford-Lazarus
Who warrants that he is duly authorised thereto

Pretoria
30 November 2012

DETAILS OF MATERIAL LOANS

1. SEPHAKU HOLDINGS

As at 30 June 2012, the Sephaku Group had no material loans. In order to finance the cash payments forming part of the consideration payable in terms of the Acquisition, Sephaku Holdings has signed the Standard Bank Term Sheet on 23 November 2012 which contemplates an intra-day bridge facility for the Acquisition. In terms of the Standard Bank Term Sheet, a newly established wholly-owned subsidiary of Sephaku Holdings will be the borrower of the material loans detailed in the table below.

Sephaku Holdings has no issued debentures and none of the debt listed below has conversion or redemption rights.

	Lender	Amount	Interest rate	Repayment terms	Funding of short-term portion	Security
1.	Standard Bank	R150 million acquisition finance facility	Three-month Jibar plus 3.75%	Five-year term loan with quarterly repayments	Cash flow generated by operations	• First ranking mortgage bonds over properties and immovable equipment; • Special notarial bonds over specified movable equipment; • General notarial bond over movable equipment; • Cession of book debts; • Cession of insurances; • Subordination of shareholder claims; • Pledge of Sephaku Holdings' claims in the wholly-owned subsidiary to be established as the borrower, including shares and loan accounts; and • Guarantee from Sephaku Holdings for the borrower's obligations under the facilities.
2.	Standard Bank	R110 million capital expenditure facility	Three-month Jibar plus 4.25%	Five-year term loan with bullet payment at end of term	Cash flow generated by operations	Same as listed above under point 1

2. MÉTIER MIXED CONCRETE

It was Métier Mixed Concrete's policy to finance the acquisition of certain motor vehicles, plant and equipment under instalment sales agreements with various financial institutions. The details of Métier Mixed Concrete's material loans, as at the Last Practicable Date, are set out below, but, in terms of the Standard Bank Term Sheet, the finance agreements detailed below will be refinanced by the R110 million capital expenditure facility, details of which are set out in point 2 in the table above.

The average term of the finance agreements as at the Last Practicable Date is three years at an average effective borrowing rate of 7%. Interest rates are linked to the Prime Interest Rate at the contract date and are repayable in monthly fixed instalments. The obligations under the finance agreements are secured, *inter alia,* by the lender's charge over the financed assets. The details of the finance agreements are set out in the table below.

Non-current liabilities	R26 852 915
Current liabilities	R13 213 436
Finance agreements at amortised costs	R40 066 351

Métier Mixed Concrete has no issued debentures and none of the debt listed above has conversion or redemption rights.

INFORMATION PERTAINING TO THE SELLERS

Vendor name	Address	Total amount due to each vendor	Amount payable in cash	Amount to be settled through the issue of Sephaku Shares at R6 per share	Amount to be settled through the issue of Sephaku Shares at R9 per share	Cost of shares in Métier Mixed Concrete to Sellers
Kenneth Capes	43a Everton Road Kloof, 3630	R83 950 000	R54 050 000	1 150 000 Sephaku Shares amounting to R6 900 000	2 555 556 Sephaku Shares amounting to R23 000 000	R23
The JTR Trust	34 Mentone Road Morningside Durban, 4001	R120 450 000	R77 550 000	1 650 000 Sephaku Shares amounting to R9 900 000	3 666 667 Sephaku Shares amounting to R33 000 000	R33
Richard Thompson	41 Montgomery Drive, Athlone Pietermaritzburg 3201	R80 300 000	R51 700 000	1 100 000 Sephaku Shares amounting to R6 600 000	2 444 444 Sephaku Shares amounting to R22 000 000	R22
Wayne Witherspoon	54 Manorfield 21 Delamore Road Hillcrest, 3610	R80 300 000	R51 700 000	1 100 000 Sephaku Shares amounting to R6 600 000	2 444 444 Sephaku Shares amounting to R22 000 000	R22
TOTAL		**R365 000 000**	**R235 000 000**	**5 000 000 Sephaku Shares amounting to R30 000 000**	**11 111 111 Sephaku Shares amounting to R100 000 000**	**R100**

The Sellers have not guaranteed the book debts or other assets of Métier Mixed Concrete.

Warranties that are normal to a transaction of this nature have been given by the Sellers.

At the time of posting this Circular, each of the Sellers, other than the JTR Trust, will have entered into an employment agreement with Métier Mixed Concrete until at least 1 December 2015 and each of them will have agreed to a restraint of trade, in favour of Métier Mixed Concrete, not to compete with Métier Mixed Concrete in South Africa in respect of the business currently carried on by Métier Mixed Concrete until December 2017.

As at the date of posting this Circular, the shares in Métier Mixed Concrete have not been transferred into the name of Sephaku Holdings as the Acquisition is still subject to Competition Commission approval.

The Sellers have warranted that the 2012 Financial Statements of Métier Mixed Concrete accurately reflect and make adequate provision for all taxation for which Métier Mixed Concrete may be liable and that, to the best of the Sellers' knowledge and belief and having made all reasonable enquiries, Métier Mixed Concrete has duly paid all taxation which it has become liable to pay and all Métier Mixed Concrete's assessments for taxation which are due for payment prior to the Effective Date shall have been paid or adequate provisions or reserves for taxation shall have been established therefore in the 2012 Financial Statements.

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION PERTAINING TO THE ACQUISITION

The unaudited *pro forma* financial effects of the Acquisition are provided for illustrative purposes only, to indicate the effect of the Acquisition on the earnings per share, diluted earnings per share, headline loss per share and diluted headline loss per share of Sephaku Holdings, calculated as if the Acquisition took effect on 1 July 2011, and to show the effect of the Acquisition on the net asset value per share and tangible net asset value per share of Sephaku Holdings, calculated as if the Acquisition took effect on 30 June 2012. Because of their nature, the unaudited *pro forma* financial effects may not fairly present Sephaku Holdings' financial position, changes in equity, results of operations or cash flows. The unaudited *pro forma* financial effects have been compiled from Sephaku Holdings' published audited consolidated results for the financial year ended 30 June 2012 and are presented in a manner consistent with the format and accounting policies adopted by Sephaku Holdings and have been adjusted as described in the notes below. The Directors are responsible for the preparation of the *pro forma* financial effects as set out below.

Statement of Comprehensive Income	**Column A Audited 12 months ended 30 June 2012**	**Column B Adjustments relating to the Acquisition**	***Pro forma* After the Acquisition**
Figures in Rand			
Revenue	–	235 520 920	235 520 920
Cost of Sales	–	(127 405 082)	(127 405 082)
Gross profit	**–**	**108 115 838**	**108 115 838**
Other income	463 230	2 639 168	3 102 398
Operating expenses	(16 157 167)	(72 820 525)	(88 977 692)
Loss on disposal of companies	(5 629 161)	–	(5 629 161)
Operating (loss)/profit	**(21 323 098)**	**37 934 481**	**16 611 383**
Investment income	127 299	1 839 253	1 966 552
Loss from equity accounted investments	(107 622)	–	(107 622)
Finance costs	(8)	(21 573 819)	(21 573 827)
(Loss)/Profit before taxation	**(21 303 429)**	**18 199 915**	**(3 103 514)**
Taxation	–	(12 660 694)	(12 660 694)
(Loss)/Profit from continuing operations	**(21 303 429)**	**5 539 221**	**(15 764 208)**
Profit for the year from discontinued operations	22 296 709	–	22 296 709
Profit for the year	**993 280**	**5 539 221**	**6 532 501**
Reconciliation of basic earnings to diluted earnings and headline earnings:			
Basic earnings and diluted earnings from total operations attributable to equity holders of parent	**993 280**	**5 539 221**	**6 532 501**
Loss on sale of non-current assets	5 629 161	–	5 629 161
Profit on unbundling of Sephaku Fluoride	(30 445 833)	–	(30 445 833)
Impairments	1 119 096	–	1 119 096
Headline loss attributable to equity holders of parent	**(22 704 296)**	**5 539 221**	**(17 165 075)**
Basic weighted average number of shares	171 080 349	16 111 111	187 191 460
Diluted weighted average number of shares	186 503 819	16 111 111	202 614 930
Basic earnings per share from total operations (cents)	0.58	2.91	3.49
Diluted earnings per share from total operations (cents)	0.53	2.69	3.22
Headline loss per share (cents)	(13.27)	4.10	(9.17)
Diluted headline loss per share (cents)	(12.17)	3.70	(8.47)

Notes:

1. The information as reflected in Column A has been extracted, without adjustment, from Sephaku Holdings' published audited consolidated results for the financial year ended 30 June 2012.
2. The adjustments relating to the Acquisition as reflected in column B are based on the assumptions that:
   (a) the Acquisition was effective on 1 July 2011 and, consequently, Métier Mixed Concrete's consolidated results for the financial year ended 29 February 2012 was consolidated into the results of Sephaku Holdings with effect from 1 July 2011;
   (b) the settlement of the purchase consideration on 1 July 2011 resulted in finance costs calculated as follows:
      - the cash payment of R110 million on 1 July 2011 was financed through long-term acquisition finance at an interest rate of 9.3% (being the 3-month Jibar rate as at 1 July 2011 plus 3.75%) with no capital repayments being made during the year. The interest expense will have a continuing effect on Sephaku Holdings;
      - the acquisition finance resulted in loan raising costs of R3 640 000 (being 1.4% of the facility raised) which will be amortised through profit and loss over the term of the loan finance, being five years, and consequently, R728 000 of loan raising costs were expensed during the year; and
      - the future cash payment of R125 million, due on 1 December 2014, was discounted at a rate of 9.3% to a net present value of R91 567 097 at 1 July 2011 and the resultant amortisation of this liability gave rise to finance costs of R8 515 740 for the year. This finance cost will have a continuing effect on Sephaku Holdings; and
   (c) transaction costs amounting to R7.36 million pertaining to the Acquisition was incurred on 1 July 2011.
3. If Sephaku Holdings' shares are issued at R4 per share as a result of a Market Crash, as described in more detail in paragraph 2.3 of this Circular, the effect on the earnings per share and headline loss per share will be as follow:

	Audited 12 months ended 30 June 2012	**Adjustments relating to the Acquisition**	***Pro forma* After the Acquisition**
Basic weighted average number of shares	171 080 349	30 000 000	201 080 349
Diluted weighted average number of shares	186 503 819	30 000 000	216 503 819
Basic earnings per share from total operations (cents)	0.58	2.67	3.25
Diluted earnings per share from total operations (cents)	0.53	2.48	3.02
Headline loss per share (cents)	(13.27)	4.73	(8.54)
Diluted headline loss per share (cents)	(12.17)	4.25	(7.93)

Statement of Financial Position	Column A Audited 12 months ended 30 June 2012	Column B Adjustments relating to the Acquisition	*Pro forma* After the Acquisition
Figures in Rand			
ASSETS			
Non-current assets			
Property, plant and equipment	–	72 561 421	72 561 421
Investments in associates	625 989 987	–	625 989 987
Other financial assets	18 434 461	2 948 000	21 382 461
Goodwill		213 992 555	213 992 555
	644 424 448	**289 501 976**	**933 926 424**
Current assets			
Loans to group companies	928 050	–	928 050
Inventories	–	3 952 381	3 952 381
Other financial assets	3 596 551	25 028 489	28 625 040
Trade and other receivables	26 890	50 961 668	50 988 558
Cash and cash equivalents	24 629 136	(11 000 000)	13 629 136
	29 180 627	**68 942 538**	**98 123 165**
Total assets	**673 605 075**	**358 444 514**	**1 032 049 589**
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to equity holders of parent			
Stated capital	500 035 061	37 861 111	537 896 172
Reserves	10 295 477	–	10 295 477
Retained income	162 292 623	(7 360 000)	154 932 623
	672 623 161	**30 501 111**	**703 124 272**
LIABILITIES			
Non-current liabilities			
Acquisition finance	–	239 081 726	239 081 726
Loans from shareholders	–	3 057 492	3 057 492
Other financial liability	–	26 852 915	26 852 915
Deferred tax	–	5 745 242	5 745 242
	–	**274 737 375**	**274 737 375**
Current liabilities			
Current tax payable	–	42 341	42 341
Other financial liability	–	13 213 436	13 213 436
Trade and other payables	981 914	39 950 251	40 932 165
	981 914	**53 206 028**	**54 187 942**
Total equity and liabilities	**673 605 075**	**358 444 514**	**1 032 049 589**
Shares in issue at year-end	171 790 732	16 111 111	187 901 843
Net asset value per share (cents)	391.54	(17.34)	374.20
Tangible net asset value per share (cents)	391.54	(131.22)	260.31

Notes:

The *pro forma* financial effects set out above are based on the following assumptions:

1. The information as reflected in Column A has been extracted, without adjustment, from Sephaku Holdings' published audited consolidated results for the financial year ended 30 June 2012.
2. The adjustments relating to the Acquisition as reflected in column B are based on the following assumptions, that:
   (a) the Acquisition was effective on 30 June 2012 and, consequently, Métier Mixed Concrete's consolidated results for the financial year ended 29 February 2012 was consolidated into the results of Sephaku Holdings;
   (b) the purchase consideration recognised on 30 June 2012 in terms of IFRS3: *Business Combinations*, was R280 582 837 and comprised:
      - a cash payment of R110 million, which was financed through long-term acquisition finance;
      - a future cash payment of R125 million, due on 1 December 2014, discounted at a rate of 9.3% to a net present value of R100 082 837;
      - the issue of 5 million Sephaku Shares at a price of R2.35 per Sephaku Share (being the estimated fair value per Sephaku Share at 30 June 2012, calculated on the then 60-day VWAP), amounting to R11.75 million;
      - the issue of 11 111 111 Sephaku Shares at a price of R2.35 per Sephaku Share (being the estimated fair value per Sephaku Share at 30 June 2012, calculated on the then 60-day VWAP) amounting to R26 111 111; and
      - a contingent consideration in respect of the Shortfall of R32 638 889, calculated based on the 30 June 2012 VWAP of R2.35 per Sephaku Share;
   (c) the Acquisition resulted in R213 992 555 of goodwill (refer to detailed discussion in paragraph 2.7 above); and
   (d) transaction costs amounting to R11 million pertaining to the Acquisition was incurred on 30 June 2012, R3.64 million of which pertains to loan raising costs in terms of the Standard Bank Term Sheet, which has been capitalised to the Standard Bank facility at 30 June 2012 and which loan raising costs will be amortised to profit and loss over the loan term.
3. If Sephaku Holdings' shares are issued at R4 per share as a result of a Market Crash, as described in more detail in paragraph 2.3 of this Circular, the effect on the net asset value per share and the tangible net asset value per share will be as follow:

	Audited 12 months ended 30 June 2012	**Adjustments relating to the Acquisition**	***Pro forma* After the Acquisition**
Shares in issue at period end	171 790 732	30 000 000	201 790 732
Net asset value per share (cents)	391.54	(149.14)	348.44
Tangible net asset value per share (cents)	391.54	(43.09)	242.40

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE *PRO FORMA* CONSOLIDATED FINANCIAL INFORMATION PERTAINING TO THE ACQUISITION

The Directors
Sephaku Holdings Limited

26 November 2012

Dear Sirs

Independent reporting accountants' limited assurance report on the unaudited *pro forma* financial effects, effects, statement of comprehensive income and statement of financial position of Sephaku Holdings

Introduction

We have performed our limited assurance engagement with regard to the unaudited *pro forma* financial effects, statement of comprehensive income and statement of financial position (collectively "the *pro forma* financial information") of Sephaku Holdings set out in Annexure 3 of the circular to be dated on or about 30 November 2012 and to be issued in connection with the Acquisition.

The *pro forma* financial information has been prepared for purposes of complying with the requirements of the JSE, for illustrative purposes only, to provide information about how the Acquisition might have affected the reported historical financial information had the Acquisition been undertaken on 1 July 2011 for statement of comprehensive income purposes and on 30 June 2012 for statement of financial position purposes.

Because of its nature, the *pro forma* financial information may not present a fair reflection of the financial position, changes in equity and results of operations of Sephaku Holdings, after the Acquisition.

Directors' responsibility

The directors are solely responsible for the compilation, contents and presentation of the *pro forma* financial information contained in the circular and for the financial information from which it has been prepared.

Their responsibility includes determining that the *pro forma* financial information contained in the circular has been properly compiled on the basis stated, the basis is consistent with the accounting policies of Sephaku Holdings and the *pro forma* adjustments are appropriate for the purposes of the *pro forma* financial information as disclosed in terms of the Listings Requirements.

Reporting accountants' responsibility

Our responsibility is to express our limited assurance conclusion on the unaudited *pro forma* financial information included in the circular. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements applicable to *Assurance Engagements Other Than Audits or Reviews of Historical Financial information* and the *Guide on Pro Forma Financial Information* issued by the South African Institute of Chartered Accountants.

This standard requires us to comply with ethical requirements and to plan and perform the assurance engagement to obtain sufficient appropriate audit evidence to support our limited assurance conclusion, expressed below.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the *pro forma* financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Sources of information and work performed

Our procedures consisted primarily of comparing the published audited consolidated financial information of Sephaku Holdings with the source documents, considering the *pro forma* adjustments in light of the accounting policies of Sephaku Holdings, considering the evidence supporting the *pro forma* adjustments, recalculating the amounts based on the information obtained and discussing the *pro forma* financial information with the directors of Sephaku Holdings.

In arriving at our conclusion, we have relied upon financial information prepared by the directors.

Whilst our work performed involved an analysis of the published audited consolidated financial information and other information provided to us, our limited assurance engagement does not constitute either an audit or review of any of the underlying financial information undertaken in accordance with the International Standards on Auditing or the International Standards on Review Engagements and accordingly, we do not express an audit or review opinion.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe that our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Opinion

Based on our examination of the evidence obtained, nothing has come to our attention that causes us to believe that in terms of Sections 8.17 and 8.30 of the Listings Requirements:

- the *pro forma* financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of Sephaku Holdings; and
- the adjustments are not appropriate for the purposes of the *pro forma* financial information as disclosed pursuant to Section 8.30 of the Listings Requirements.

MOORE STEPHENS
Per: Andrew Pitt

Director

Chartered Accountants (SA)
Registered Auditor

3rd Floor
The Gateway
Century Way
Century City
Cape Town
7441

REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF MÉTIER MIXED CONCRETE

The report on the historical financial information of Métier Mixed Concrete is set out below and is the responsibility of the Directors.

STATEMENT OF FINANCIAL POSITION

Figures in Rand	Notes	2012	2011	2010
ASSETS				
Non-current assets				
Property, plant and equipment		72 561 421	31 726 825	36 036 030
Other financial assets	3	2 948 000	2 144 000	1 340 000
Deferred tax	10	–	–	241 148
		75 509 421	**33 870 825**	**37 617 178**
Current assets				
Inventories	4	3 952 381	1 750 344	1 587 049
Current tax receivable		–	1 257 737	–
Trade and other receivables	5	50 961 668	19 462 524	23 650 941
Cash and cash equivalents	6	25 028 489	17 220 470	13 863 724
		79 942 538	**39 691 075**	**39 101 714**
Total assets		**155 451 959**	**73 561 900**	**76 718 892**
EQUITY AND LIABILITIES				
Equity				
Share capital	7	100	100	100
Retained income		66 590 182	38 287 221	27 354 259
		66 590 282	**38 287 321**	**27 354 359**
Liabilities				
Non-current liabilities				
Loans from shareholders	8	3 057 492	3 057 492	3 107 587
Other financial liabilities	9	26 852 915	3 631 423	16 816 777
Deferred tax	10	5 745 242	3 848 626	3 155 304
		35 655 649	**10 537 541**	**23 079 668**
Current liabilities				
Current tax payable		42 341	–	22 064
Other financial liabilities	9	13 213 436	11 184 164	13 167 981
Trade and other payables	11	39 950 251	13 552 874	13 044 231
Provisions		–	–	50 589
		53 206 028	**24 737 038**	**26 284 865**
Total liabilities		**88 861 677**	**35 274 579**	**49 364 533**
Total equity and liabilities		**155 451 959**	**73 561 900**	**76 718 892**

STATEMENT OF COMPREHENSIVE INCOME

Figures in Rand	Notes	2012	2011	2010
Revenue	12	235 520 920	157 353 277	169 996 665
Cost of sales	13	(127 405 082)	(83 197 289)	(97 462 799)
Gross profit		**108 115 838**	**74 155 988**	**72 533 866**
Other income		2 639 168	7 115 377	2 263 824
Operating expenses		(65 460 525)	(47 927 099)	(55 691 446)
Operating profit	14	**45 294 481**	**33 344 266**	**19 106 244**
Interest received		1 839 253	1 192 292	1 071 646
Finance costs	15	(2 100 079)	(2 686 862)	(4 233 571)
Profit before taxation		**45 033 655**	**31 849 696**	**15 944 319**
Taxation	16	(12 660 694)	(8 916 733)	(4 531 210)
Profit for the year		32 372 961	22 932 963	11 413 109
Other comprehensive income		–	–	–
Total comprehensive income for the year		**32 372 961**	**22 932 963**	**11 413 109**

STATEMENT OF CHANGES IN EQUITY

Figures in Rand	Share capital	Retained income	Total equity
Balance at 1 March 2009	**100**	**15 941 150**	**15 941 250**
Total comprehensive income for the year	–	11 413 109	11 413 109
Dividends	–	–	–
Total changes	–	11 413 109	11 413 109
Balance at 1 March 2010	**100**	**27 354 258**	**27 354 358**
Total comprehensive income for the year	–	22 932 963	22 932 963
Dividends	–	(12 000 000)	(12 000 000)
Total changes	–	10 932 963	10 932 963
Balance at 1 March 2011	**100**	**38 287 221**	**38 287 321**
Total comprehensive income for the year	–	32 372 961	32 372 961
Dividends	–	(4 070 000)	(4 070 000)
Total changes	–	28 302 961	28 302 961
Balance at 29 February 2012	**100**	**66 590 182**	**66 590 282**

STATEMENT OF CASH FLOWS

Figures in Rand	Notes	2012	2011	2010
Cash flows from operating activities				
Cash receipts from customers		207 703 140	157 353 277	165 254 933
Cash paid to suppliers and employees		(160 083 558)	(110 067 457)	(140 354 500)
Cash generated from operations	18	47 619 582	47 285 820	24 900 433
Interest received		1 839 253	1 192 292	1 071 646
Finance costs		(2 100 079)	(2 686 862)	(472 616)
Tax paid	19	(9 464 000)	(9 262 064)	(6 684 360)
Net cash from operating activities		**37 894 756**	**36 529 186**	**18 815 103**
Cash flows from investing activities				
Purchase of property, plant and equipment	2	(50 463 502)	(5 149 174)	(7 177 946)
Purchase of financial assets		(804 000)	(804 000)	(804 000)
Net cash from investing activities		**(51 267 502)**	**(5 953 174)**	**(7 981 946)**
Cash flows from financing activities				
Repayment of shareholders loan		–	(50 095)	107 587
Other financial liabilities payments		25 250 765	(15 169 171)	(11 983 850)
Dividends paid	20	(4 070 000)	(12 000 000)	–
Net cash from financing activities		**21 180 765**	**(27 219 266)**	**(11 876 263)**
Total cash movement for the year		**7 808 019**	**3 356 746**	**(1 043 106)**
Cash at the beginning of the year		17 220 470	13 863 724	14 906 830
Total cash at end of the year	6	**25 028 489**	**17 220 470**	**13 863 724**

ACCOUNTING POLICIES

1. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with International Financial Reporting Standards and the Companies Act of South Africa, 2008 (as amended), the JSE Listings Requirements and the AC 500 series of interpretations as issued by the Accounting Practices Board. The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at their fair value, and incorporate the principal accounting policies set out below. They are presented in South African Rands. These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Loans and other receivables

The company assesses its loans and other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Impairment testing of non-financial assets

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets. The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of non-financial assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors together with economic factors.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Residual values and useful lives of property, plant and equipment

Residual values and useful lives of property, plant and equipment are assessed if there are indicators present that there is a change from the previous estimate. Estimates and judgements in this regard are based on historical experience and expectations of the manner in which assets are to be used, together with the expected proceeds likely to be realised when assets are disposed of at the end of their useful lives. Such expectations could change over time and therefore impact both depreciation charges and carrying values of property, plant and equipment in the future. Residual value assessments consider issues such as future market conditions, the remaining life of the assets and projected disposal values.

1.2 **Property, plant and equipment**

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity 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 carried at cost less accumulated depreciation and any impairment losses.

Plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

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

Item average useful life	
Plant and machinery	10 years
Furniture and fixtures	6 years
Motor vehicles	4 years
Office equipment	6 years
Computer equipment	3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 **Financial instruments**

Classification

The company classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

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

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are initially measured at fair value.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Dividends received on available-for-sale equity instruments are recognised in profit or loss as part of other income when the company's right to receive payment is established.

Financial liabilities (loans payable, trade and other payables and bank overdrafts) are subsequently measured at amortised cost, using the effective interest method.

No discounting is applied for instruments at amortised cost where the effects of the time value of money are not considered to be material.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the company 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.

Impairment of financial assets

At each reporting date the company assesses all financial assets to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

Impairment losses are recognised in profit or loss.

Derecognition

Financial assets are derecognised if the company's contractual rights to the cash flows from the financial assets expire or if the company transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset.

Financial liabilities are derecognised if the company's obligations specified in the contract expire or are discharged or cancelled.

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables and are subsequently measured at amortised cost.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Transaction costs are included in the initial value recognised. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 180 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables.

Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Transaction costs are included in the initial value recognised.

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. These are initially and subsequently recorded at fair value.

1.4 Tax

Current tax 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 tax 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.

Tax 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, in other comprehensive income, or
- a business combination.

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

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

1.5 **Leases**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

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

Any contingent rents are expensed in the period they are incurred.

1.6 **Inventories**

Inventories are measured at the lower of cost and selling price less costs to complete and sell, on the weighted average cost basis.

1.7 **Impairment of assets**

The company 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 company estimates the recoverable amount of the asset.

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

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

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

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.

An entity 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.

1.8 Stated capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.9 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.

1.10 Revenue

Revenue from the sale of goods is recognised when all of the following conditions have been satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of the revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

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

1.11 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented.
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised.

1.12 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 capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

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

All borrowing costs not directly attributable to the acquisition, construction or production of a qualifying asset are expensed.

1.13 Segmental reporting

Segmental results include revenue and expenses directly attributable to a segment and the relevant portion of group revenue and expenses that can be allocated on a reasonable basis to a segment. Segmental assets comprise those assets that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

2. FINANCIAL RISK MANAGEMENT

The company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note represents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The board of directors has overall responsibility for the establishment and oversight of the company's risk management framework. The board has delegated the responsibility for developing and monitoring the company's risk management policies to the executive directors. The executive directors report to the board of directors on their activities.

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions and the company's activities.

2.1 **Credit risk**

Credit risk is the risk of financial loss to the company if a trade debtor or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's trade and other receivables, loans, cash and cash equivalents and investments, namely its endowment policy.

Trade and other receivables

Trade and other receivables relate mainly to the company's customers.

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the company's standard payment terms and conditions are offered which include, in the majority of cases, the provision of a deposit for significant contracts. When available, the company's review includes external ratings.

Investments, cash and cash equivalents

The company limits its exposure to credit risk by only placing funds with reputable financial institutions for investing and cash handling purposes.

2.2 **Liquidity risk**

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The company monitors its cash flow requirements. Typically the company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition the company has negotiated certain lines of credit with financial institutions, refer note 6, in addition to having access to shareholder loans.

2.3 **Market risk**

Market risk is the risk that changes in market prices, such as interest rates, will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The company is mainly exposed to interest rate risk through the financing of its property, plant and equipment. No formal strategy is in place to address its exposure to changes in interest rates.

Currency risk

The company has no exposure to currency risk.

2.4 **Fair values**

A number of the company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Investments

The fair value of financial assets at fair value through profit or loss is determined by reference to third party confirmations.

Trade and other receivables

The fair value of trade and other receivables is estimated at present value of future cash flows, discounted at the market rate of interest at the reporting date.

Other financial instruments

The fair value of all other financial instruments approximate their carrying values.

2.5 **Capital Management**

The board's policy is to maintain a strong capital base, so as to maintain investor, creditor and market confidence and to sustain future development of the business. There were no changes in the company's approach to capital management during the period. The company is not subject to externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand

2. **PROPERTY, PLANT AND EQUIPMENT**

		2012	
	Cost/Valuation	**Accumulated depreciation**	**Carrying value**
Land and buildings	2 666 309	–	2 666 309
Plant and machinery	31 436 600	(5 776 445)	25 660 155
Furniture and fixtures	211 279	(138 928)	72 351
Motor vehicles	75 643 616	(31 822 926)	43 820 690
Computer equipment	1 396 186	(1 054 270)	341 916
Total	**111 353 990**	**(38 792 569)**	**72 561 421**

		2011	
	Cost/Valuation	**Accumulated depreciation**	**Carrying value**
Land and buildings	2 666 309	–	2 666 309
Plant and machinery	16 459 572	(3 818 613)	12 640 959
Furniture and fixtures	211 279	(103 707)	107 572
Motor vehicles	40 565 705	(24 284 600)	16 281 105
Computer equipment	987 624	(956 744)	30 880
Total	**60 890 489**	**(29 163 664)**	**31 726 825**

		2010	
	Cost/Valuation	**Accumulated depreciation**	**Carrying value**
Land and buildings	2 666 309	–	2 666 309
Plant and machinery	13 897 053	(2 555 401)	11 341 652
Furniture and fixtures	211 279	(67 687)	143 592
Motor vehicles	38 005 917	(16 314 380)	21 691 537
Computer equipment	961 480	(768 540)	192 940
Total	**55 742 038**	**(19 706 008)**	**36 036 030**

Reconciliation of property, plant and equipment – 2012

	Opening balance	Additions	Depreciation	Total
Land and buildings	2 666 309	–	–	2 666 309
Plant and machinery	12 640 959	14 977 028	(1 957 832)	25 660 155
Furniture and fixtures	107 572	–	(35 221)	72 351
Motor vehicles	16 281 105	35 077 912	(7 538 327)	43 820 690
Computer equipment	30 880	408 562	(97 526)	341 916
	31 726 825	**50 463 502**	**(9 628 906)**	**72 561 421**

Reconciliation of property, plant and equipment – 2011

	Opening balance	Additions	Depreciation	Total
Land and buildings	2 666 309	–	–	2 666 309
Plant and machinery	11 341 652	2 561 072	(1 261 765)	12 640 959
Furniture and fixtures	143 592	–	(36 020)	107 572
Motor vehicles	21 691 537	2 561 958	(7 972 390)	16 281 105
Computer equipment	192 940	26 144	(188 204)	30 880
	36 036 030	**5 149 174**	**(9 458 379)**	**31 726 825**

Reconciliation of property, plant and equipment – 2010

	Opening balance	Additions	Depreciation	Total
Land and buildings	–	2 666 309	–	2 666 309
Plant and machinery	11 088 173	1 366 951	(1 113 472)	11 341 652
Furniture and fixtures	129 463	48 673	(34 544)	143 592
Motor vehicles	26 201 953	3 096 013	(7 606 429)	21 691 537
Computer equipment	510 229	–	(317 289)	192 940
	37 929 818	**7 177 946**	**(9 071 734)**	**36 036 030**

Pledged as security	**2012**	**2011**	**2010**
Carrying value of assets pledged as security per note 9:			
Plant and machinery	9 584 101	10 160 403	11 341 653
Motor vehicles	34 942 261	15 479 189	21 691 548

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the company.

	2012	**2011**	**2010**
3. **OTHER FINANCIAL ASSETS**			
At fair value through profit and loss			
Endowment investment	2 984 000	2 144 000	1 340 000
This asset has been pledged as security per note 6.			
Non-current assets			
At fair value through profit and loss	2 984 000	2 144 000	1 340 000
4. **INVENTORIES**			
Raw materials	3 918 925	1 541 537	1 414 028
Diesel	33 456	208 807	173 021
	3 952 381	**1 750 344**	**1 587 049**

	2012	2011	2010
5. TRADE AND OTHER RECEIVABLES			
Trade receivables	46 831 557	19 013 650	23 245 053
Deposits	88 643	87 692	74 194
VAT	1 999 532	–	–
Other receivables	2 041 936	361 182	331 694
	50 961 668	**19 462 524**	**23 650 941**

Trade and other receivables were pledged as security per note 6.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2012	2011	2010
Cash on hand	22 000	16 000	16 000
Bank balances	25 006 489	17 204 470	13 847 724
	25 028 489	**17 220 470**	**13 863 724**

Total facilities available from Standard Bank are secured as follows:

- Suretyship incorporating cession of loan account restricted R230 000 by KJ Capes
- Suretyship incorporating cession of loan account restricted R220 000 by WM Witherspoon
- Suretyship incorporating cession of loan account restricted R220 000 by RS Thompson
- Suretyship incorporating cession of loan account restricted R330 000 by DG Ross
- Suretyship incorporating cession of loan account restricted R440 000 by WM Witherspoon
- Suretyship incorporating cession of loan account restricted R460 000 by KJ Capes
- Suretyship incorporating cession of loan account restricted R660 000 by DG Ross
- Suretyship incorporating cession of loan account restricted R440 000 by RS Thompson
- Suretyship incorporating cession of loan account restricted R495 000 by WM Witherspoon
- Suretyship incorporating cession of loan account restricted R517 500 by KJ Capes
- Suretyship incorporating cession of loan account restricted R495 000 by RS Thompson
- Suretyship incorporating cession of loan account restricted R742 500 by DG Ross
- Unrestricted cession of book debts
- Pledge of call account restricted to R750 000
- Unrestricted cession of Liberty Policy number 19713823
- First continuing covering mortgage bond for R1 680 000 over Erft 233 Phoenix Industrial Park, Phoenix
- Unrestricted cession of Liberty Policy number 0025325699

	2012	2011	2010
The total amount of undrawn facilities available for future operating activities and commitments	2 000 000	2 000 000	2 000 000

7. SHARE CAPITAL

	2012	2011	2010
Authorised			
1 000 ordinary shares of R1 each	1 000	1 000	1 000
Issued			
100 ordinary shares of R1 each	100	100	100

	2012	2011	2010
8. **LOANS FROM SHAREHOLDERS**			
KJ Capes	(702 530)	(702 530)	(714 052)
The JTR Trust	(1 009 312)	(1 009 312)	(1 025 843)
RS Thompson	(672 825)	(672 825)	(683 846)
WM Witherspoon	(672 825)	(672 825)	(683 846)
	(3 057 492)	**(3 057 492)**	**(3 107 587)**

The above loans are unsecured, bear interest at prime and have no set terms of repayment. The capital portion of these loans will not be repaid before the end of the 2013 financial year. The loans have been ceded as security per note 6.

9. OTHER FINANCIAL LIABILITIES

At amortised cost			
Finance agreements	40 066 351	14 815 587	29 984 758
The finance agreements are held with various financial institutions, secured over fixed assets, bear interest at rates linked to prime overdraft rates and are repayable in monthly fixed instalments.			
Non-current liabilities	26 852 915	3 631 423	16 816 777
Current liabilities	13 213 436	11 184 164	13 167 981
	40 066 351	**14 815 587**	**29 984 758**

It is company policy to finance certain motor vehicles, plant and equipment under instalment sales agreements.

The average finance term was three years and the average effective borrowing rate was 7% (2011: 14%).

Interest rates are linked to prime at the contract date.

The company's obligations under financial agreements are secured by the lender's charge over the financed assets. Refer to note 2.

	2012	2011	2010
10. **DEFERRED TAX**			
Deferred tax asset			
Accelerated capital allowances for tax purposes	(5 745 242)	(3 848 626)	(2 914 156)
Reconciliation of deferred tax asset (liability)			
At beginning of the year	(3 848 626)	(2 914 156)	(2 966 304)
Originating temporary differences on provision for leave pay	34 424	57 240	52 148
Originating temporary differences on property, plant and equipment	(2 072 816)	(991 710)	–
Originating temporary differences on income received in advance	308 846	–	–
Originating temporary differences on s24C allowance	(167 070)	–	–
	(5 745 242)	**(3 848 626)**	**(2 914 156)**

	2012	2011	2010
11. TRADE AND OTHER PAYABLES			
Trade payables	37 011 636	12 815 164	12 171 954
VAT	–	406 403	811 622
Other payables	–	15 634	–
Accruals	2 938 615	315 673	60 655
	39 950 251	**13 552 874**	**13 044 231**
12. REVENUE			
Sale of goods	**235 520 920**	**157 353 277**	**169 996 665**
13. COST OF SALES			
Sale of goods			
Cost of goods sold	**127 405 082**	**83 197 289**	**97 462 799**

	2012	2011	2010
14. OPERATING PROFIT			
Operating profit for the year is stated after accounting for the following:			
Operating lease charges			
Lease rentals on operating lease			
– Contractual amounts	1 029 864	–	1 699 405
Depreciation on property, plant and equipment	9 628 905	9 458 380	9 071 733
Employee costs	9 525 755	6 896 167	9 395 006
15. FINANCE COSTS			
Shareholders' loans	227 747	300 642	391 436
Bank	24 213	169 997	81 180
Finance leases	1 848 119	2 216 223	3 760 955
	2 100 079	**2 686 862**	**4 233 571**
16. TAXATION			
Major components of the tax expense			
Current			
Local income tax – current period	10 764 078	7 982 263	3 382 064
Deferred			
Deferred tax movement for the year	1 912 459	934 470	1 149 146
Arising from prior period adjustments	(15 843)	–	–
	1 896 616	**934 470**	**1 149 146**
	12 660 694	**8 916 733**	**4 531 210**
Reconciliation of the tax expense			
Reconciliation between accounting profit and tax expense.			
Accounting profit	45 033 655	31 849 696	15 944 319
Tax at the applicable tax rate of 28%	12 609 423	8 917 915	4 464 409

	2012	2011	2010
Tax effect of adjustments on taxable income			
Legal fees	700	–	66 801
Fines and penalties	574	588	–
Donations	74 239	6 630	–
Learnership allowance	(8 400)	(8 400)	–
Prior period adjustments	(15 843)	–	–
	12 660 693	**8 916 733**	**4 531 210**

17. AUDITORS' REMUNERATION

Fees	45 184	48 576	41 400
Tax and other services	11 136	–	6 066
	56 320	**48 576**	**47 466**

18. CASH GENERATED FROM OPERATIONS

Profit before taxation	45 033 655	31 849 696	15 944 319
Adjustments for:			
Depreciation on property, plant and equipment	9 628 905	9 458 380	9 071 733
Interest received	(1 839 253)	(1 192 292)	(1 071 646)
Finance costs	2 100 079	2 686 862	4 233 571
Movement in provisions	–	–	(206 411)
Changes in working capital:			
Inventories	(2 202 037)	(163 295)	198 464
Trade and other receivables	(31 499 144)	4 188 417	(4 817 130)
Trade and other payables	26 397 377	458 052	1 547 533
	47 619 582	**47 285 820**	**24 900 433**

19. TAX PAID

Balance at beginning of the year	1 257 737	(22 064)	(3 324 360)
Current tax for the year recognised in profit or loss	(10 764 078)	(7 982 263)	(3 382 064)
Balance at end of the year	42 341	(1 257 737)	22 064
	(9 464 000)	**(9 262 064)**	**(6 684 360)**

20. DIVIDENDS PAID

Dividends	(4 070 000)	(12 000 000)	–

21. CONTINGENCIES

Tax consequences of undistributed reserves

STC on remaining reserves	6 053 653	3 480 656	2 486 751

22. RELATED PARTIES

Relationships

Common control – Métier Concrete Products (Pty) Ltd
– Métier Aggregates (Pty) Ltd
– Plazatique Corp 27 CC
– JT Ross (Pty) Ltd
– JT Ross and Son (Pty) Ltd
– The JTR Trust

Related party balances

Loan accounts – Owing to related parties

	2012	2011	2010
KJ Capes	(702 530)	(702 530)	(714 052)
The JTR Trust	(1 009 312)	(1 009 312)	(1 025 843)
RS Thompson	(672 825)	(672 825)	(683 846)
WM Witherspoon	(672 825)	(672 825)	(683 846)
Amounts included in Trade receivables (Trade Payables) regarding related parties			
Métier Concrete Products (Pty) Ltd	162 092	310 980	167 454
JT Ross (Pty) Ltd	(15 852)	441 586	2 242 111
Related party transactions			
Sales to related parties			
Métier Concrete Products (Pty) Ltd	(2 200 200)	(1 695 473)	(1 159 036)
Métier Aggregates (Pty) Ltd	–	(6 262 016)	(46 622)
JT Ross (Pty) Ltd	(5 954 092)	(8 119 259)	(13 588 466)
Purchases from related parties			
Métier Concrete Products (Pty) Ltd	8 737 711	7 135 984	700 807
JT Ross (Pty) Ltd	46 925	69 510	8 400
Rent paid to related parties			
Métier Concrete Products (Pty) Ltd	590 000	589 680	448 800
Interest paid to related parties			
KJ Capes	52 305	69 198	80 587
The JTR Trust	75 239	99 271	116 234
RS Thompson	50 095	66 181	77 180
WM Witherspoon	50 108	66 181	77 486
Consulting fees paid to related parties			
Métier Concrete Products (Pty) Ltd	7 179 797	5 409 127	1 728 176
Métier Aggregates (Pty) Ltd	360 000	105 000	–
Utilities paid to related parties			
Plazatique Corp 27 CC	231 768	196 332	174 773

23. DIRECTORS' REMUNERATION

Executive			
For services as directors	–	–	1 148 188

24. EVENTS AFTER THE REPORTING PERIOD

No events have occurred after the reporting period that are required to be disclosed in these financial statements.

25. NON-CASH INVESTING AND FINANCING ACTIVITIES

The company did not enter into any non-cash investing and financing activities during the year.

26. SEGMENTAL INFORMATION

Segmental information is based on the nature of business activities of the company. On a primary basis the company operates in the manufacture of ready mix concrete market in South Africa and therefore has a single reportable segment with no revenues attributable to foreign countries.

Two of the major customers of the company account for more than 10% of the entity's annual revenue in 2010, details of which is given below:

	2012	2011	2010
TBP Building & Civils	–	–	20 955 208
Stefanutti & Bressan Building	–	–	20 846 416

27. FINANCIAL INSTRUMENTS

Exposure to interest rate, credit, liquidity, market and equity price risks arise in the normal course of the group's business.

27.1 Interest rate risk

The company has no policy in place with regards to exposure to changes in interest rates.

27.1.1 *Effective interest rates and repricing*

At the reporting date the group's interest rate profile was:

	Notes	Effective interest rate	Carrying amount	Within one year	In two to five years inclusive
2012					
Loans from shareholders					
– Various shareholders	8	variable	(3 057 492)		(3 057 492)
Cash and cash equivalents:					
– Cash on hand	6	0%	22 000	22 000	
– Bank balances	6	3.5%	25 006 489	25 006 489	
Other financial liabilities	9	variable	(40 066 351)	(13 213 436)	(26 852 915)
Total			(18 095 354)	11 815 053	(29 910 407)
2011					
Loans from shareholders					
– Various shareholders	8	variable	(3 057 492)		(3 057 492)
Cash and cash equivalents:					
– Cash on hand	6	0%	16 000	16 000	
– Bank balances	6	3.5%	17 204 470	17 204 470	
Other financial liabilities	9	variable	(14 815 587)	(11 184 164)	(3 631 423)
Total			(652 609)	6 036 306	(6 688 915)

	Notes	Effective interest rate	Carrying amount	Within one year	In two to five years inclusive
2010					
Loans from shareholders					
– Various shareholders	8	variable	(3 107 587)		(3 107 587)
Cash and cash equivalents:					
– Cash on hand	6	0%	16 000	16 000	
– Bank balances	6	3.5%	13 847 724	13 847 724	
Other financial liabilities	9	variable	(29 984 758)	(13 044 231)	(16 940 527)
Total			(19 228 621)	819 493	(20 048 114)

27.1.2 ***Sensitivity analysis***

The company only has floating interest-bearing financial liabilities. The effect on the profit or loss of a 1% (2011: 1%, 2010: 1%) reduction in the interest rates on the floating rate interest bearing financial liabilities balances outstanding at the reporting date would result in a reduction in the interest expense of R431 238 (2011: R178 731, 2010: R330 923). The analysis has been prepared on the assumption that all other variables remain constant and is prepared on the same basis as that of the prior year.

27.2 Credit risk

27.2.1 ***Credit exposure***

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

	2012	2011	2010
Endowment policy	2 984 000	2 144 000	1 340 000
Trade receivables	46 831 557	19 013 650	23 245 053
Deposits	88 643	87 692	74 194
Other receivables	2 041 936	361 182	331 694
Total	51 946 136	21 606 524	24 990 941

27.2.2 ***Impairment losses***

The ageing of trade receivables past due but not yet impaired at the reporting date was:			
Past due 0 – 30 days	6 843 653	2 828 316	5 703 027
Past due 31 – 60 days	3 542 554	89 480	376 852
Past due 61 – 120 days	540 841	441 460	1 413
Past due > 120 days	18 633	70 946	297 668
Total	10 945 681	3 430 202	6 378 960
The movement in the allowance for bad debts during the year was as follows:			
Balance at the beginning of the year	1 000 000	1 000 000	1 000 000
Movement in the provision for bad debts	–	–	–
Balance at end of year	1 000 000	1 000 000	1 000 000

Management has made an assessment of the debts neither past due nor impaired and are satisfied with the credit quality of these debtors.

27.3 **Liquidity risk**

The following are the contractual maturities of financial liabilities. No interest payments have been included as the amounts involved are dependent on future changes in interest rates.

	Carrying value	One to 12 months	One to two years	Two to five years	More than five years
2012					
Loans from shareholders	3 057 492	–	–	–	3 057 492
Other financial liabilities	40 066 351	13 213 436	26 852 915	–	–
Trade and other payables	39 950 251	39 950 251	–	–	–
Current tax payable	42 341	42 341	–	–	–
Total	**83 116 435**	**53 206 028**	**26 852 915**		**3 057 492**
2011					
Loans from shareholders	3 057 492	–	–	–	3 057 492
Other financial liabilities	14 815 587	11 184 164	3 631 423	–	–
Trade and other payables	13 552 874	13 552 874	–	–	–
Current tax payable	–	–	–	–	–
Total	**31 425 953**	**24 737 038**	**3 631 423**	**–**	**3 057 492**
2010					
Loans from shareholders	3 107 587	–	–	–	3 107 587
Other financial liabilities	29 984 758	16 088 662	–	–	–
Trade and other payables	13 044 231	13 044 231	–	–	–
Current tax payable	22 064	22 064	–	–	–
Total	**46 158 640**	**29 154 957**	–	–	**3 107 587**

Cash flows are monitored on a regular basis to ensure that cash resources are adequate to meet funding requirements.

27.4 **Fair values**

The fair values of all financial instruments are substantially the same as the carrying amounts reflected on the statement of financial position.

Fair value hierarchy

- Level 1 – Quoted prices (unadjusted) in an active market for an identical instrument.
- Level 2 – Valuation techniques based on observable inputs, either directly (i.e.: as prices) or indirectly (i.e.: derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3 – Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inouts have a significant effect on the instrument's valuation. This category also includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the group determines fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models and comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and bench mark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, that would have been determined by market participants acting at arm's length.

The company uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like interest rate swaps that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity instruments, exchange traded derivatives and simple over the counter derivatives like interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values.

2012	**Fair value through profit and loss**	**Loans and receivables**	**Liabilities at amortised cost**	**Total carrying amount**	**Fair value**
Endowment investment (level 2)	2 948 000	–	–	2 948 000	2 948 000
Trade and other receivables	–	50 961 668	–	50 961 668	50 961 688
Cash and cash equivalents	–	25 028 489	–	25 028 489	25 028 489
Loans from shareholders	–	(3 057 492)	–	(3 057 492)	(3 057 492)
Other financial liabilities	–	–	(40 066 351)	(40 066 351)	(40 066 351)
	2 948 000	27 932 665	(40 066 351)	35 814 314	35 814 314
Net gain/(loss) per category	**–**	**363 807**	**(1 848 119)**	**–**	**–**
2011					
Endowment investment (level 2)	2 144 000	–	–	2 144 000	2 144 000
Trade and other receivables	–	19 462 524	–	19 462 524	19 462 524
Cash and cash equivalents	–	17 220 470	–	17 220 470	17 220 470
Loans from shareholders	–	(3 057 492)	–	(3 057 492)	(3 057 492)
Other financial liabilities	–	–	(14 815 587)	(14 815 587)	(14 815 587)
	2 144 000	33 625 502	(14 815 587)	20 953 915	20 953 915
Net gain/(loss) per category	**–**	**133 167**	**(2 216 223)**	**–**	**–**
2010					
Endowment investment (level 2)	1 340 000	–	–	1 340 000	1 340 000
Trade and other receivables	–	23 650 941	–	23 650 941	23 650 941
Cash and cash equivalents	–	13 863 724	–	13 863 724	13 863 724
Loans from shareholders	–	(3 107 587)	–	(3 107 587)	(3 107 587)
Other financial liabilities	–	–	(29 984 758)	(29 984 758)	(29 984 758)
	1 340 000	34 407 078	(29 984 758)	5 762 320	5 762 320
Net gain/(loss) per category	**–**	**(13 285 739)**	**(3 760 955)**	**–**	**–**

28. **INTERNATIONAL FINANCIAL REPORTING STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The relevant standards that are not yet effective for February 2012 year-ends are identified in the table below, together with the effective dates:

IFRS 1 First-time Adoption of International Financial Reporting Standards – An exception to the retrospective application of IFRSs to require that first-time adopters apply the requirements in IFRS 9 Financial Instruments and IAS 20 Accounting for Government Grants and Disclosure of Government Assistance prospectively to government loans existing at the date of transition to IFRSs.	Annual periods beginning on or after 1 January 2013	Not applicable to company
IFRS 7 Financial Instruments: Disclosures – Require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure.	Annual periods beginning on or after 1 January 2013	Management estimates that this will not significantly impact the financial statements
IFRS 9 Financial Instruments – Classification and measurement of financial assets.	Annual periods beginning on or after 1 January 2015	Management estimates that this will not significantly impact the financial statements
IFRS 9 Financial Instruments – Accounting for financial liabilities and derecognition.	Annual periods beginning on or after 1 January 2015	Management estimates that this will not significantly impact the financial statements
IFRS 10 Consolidated Financial Statements – Replaces the consolidation requirements in SIC-12 Consolidation - Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements.	Annual periods beginning on or after 1 January 2013	Not applicable to company
IFRS 11 Joint Arrangements – New standard that deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangement, rather than its legal form	Annual periods beginning on or after 1 January 2013	Not applicable to company

IFRS 12 Disclosure of Interests in Other Entities – New and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.	Annual periods beginning on or after 1 January 2013	Not applicable to company
IFRS 13 Fair Value Measurement – Guidance on fair value measurement and disclosure requirements.	Annual periods beginning on or after 1 January 2013	Management estimates that this will not significantly impact the financial statements
IAS 1 Presentation of Financial Statements – Amendments to revise the way other comprehensive income is presented.	Annual periods beginning on or after 1 July 2012	Management estimates that this will not significantly impact the financial statements
IAS 16 Property, Plant and Equipment – Amendments to the recognition and classification of servicing equipment.	Annual periods beginning on or after 1 January 2013	Not applicable to company
IAS 19 Employee Benefits – Amendments to the accounting for current and future obligations resulting from the provision of defined benefit plans.	Annual periods beginning on or after 1 January 2013	Not applicable to company
IAS 27 Consolidated and Separate Financial Statements – Consequential amendments resulting from the issue of IFRS 10, 11 and 12.	Annual periods beginning on or after 1 January 2013	Not applicable to company
IAS 28 Investments in Associates – Consequential amendments resulting from the issue of IFRS 10, 11 and 12.	Annual periods beginning on or after 01 January 2013	Not applicable to company
IAS 32 Financial Instruments: Presentation – Amendments to application guidance on the offsetting of financial assets and financial liabilities.	Annual periods beginning on or after 1 January 2013	Management estimates that this will not significantly impact the financial statements

INDEPENDENT ACCOUNTANTS' REPORT ON THE REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF MÉTIER MIXED CONCRETE

The Directors
Sephaku Holdings Limited

26 November 2012

Dear Sirs

REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF MÉTIER MIXED CONCRETE PROPRIETARY LIMITED ("MÉTIER")

INTRODUCTION

We have audited the historical financial information of Métier Mixed Concrete, which comprise the statements of financial position as at 29 February 2012, 28 February 2011 and 28 February 2010, statements of comprehensive income, statements of changes in equity and statements of cash flow for the 12-month periods ended on the abovementioned dates and a summary of significant accounting policies and other explanatory notes as set out in Annexure 5.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The company's directors are responsible for the preparation, contents and presentation of the circular in accordance with the JSE Listing Requirements and the fair presentation of the Report of Historical Information in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial information that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

RESPONSIBILITY OF THE INDEPENDENT REPORTING ACCOUNTANTS

Our responsibility is to express an opinion on the Report of Historical Information based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the directors, as well as evaluation the overall presentation of the financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the historical information fairly presents, in all material respects, for the purposes of the category 1 circular, the financial position of the company as at 29 February 2012, 28 February 2011 and 28 February 2010 in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa and the JSE Listing Requirements.

CONSENT

We have given and not withdrawn our written consent to the inclusion of this report, which will form part of the pre-listing statement, to be issued on 30 November 2012, in the form and context in which it will appear.

MOORE STEPHENS
Per: Andrew Pitt

Director

Chartered Accountants (SA)
Registered Auditor

3rd Floor
The Gateway
Century Way
Century City
Cape Town
7441

INFORMATION PERTAINING TO DIRECTORS

1. SERVICE CONTRACTS OF DIRECTORS AND KEY MANAGEMENT

None of the Directors have written service contracts with the Company. Directors are employed by the Board and rotate in terms of the MOI.

Sephaku Holdings has no employees. A management fee is paid to Cross Company Management for the services of directors and staff and during the financial year ended June 2012 this amounted to R5 628 752.

2. DIRECTORS' REMUNERATION

The table below sets out an analysis, in aggregate and by director, of remuneration and benefits paid during the last financial period by the Company. The fees are calculated on the basis of time spent on Company activities. The amount included as directors' emoluments is the amount paid to Cross Company Management (for the services of Directors to the Sephaku Group). As Sephaku Cement is treated as an equity accounted associate, the remuneration of the Company Secretary, J Bennette and PF Fourie, does not form part of Sephaku Holdings' Statement of Comprehensive Income. The benefits set out below are the only payments to directors, there are no other material benefits, contributions paid under any pension scheme, commissions, gain or profit-sharing arrangements.

Executive Directors	**Remuneration R**	**Performance bonuses R**	**Allowances and other R**	**Remuneration for services as directors of subsidiaries R**	**Total R**
L Mohuba	917 168	77 830	–	–	994 998
NR Crafford-Lazarus	871 638	171 055	120 000	754 130	1 916 823
RR Matjiu	582 377	71 273	100 000	45 670	799 320
JW Wessels	157 066	42 324	–	273 285	472 675
L van den Heever	–	121 200	–	1 104 154	1 225 354
A Smith	–	–	–	915 718	915 718
TOTAL	**2 528 249**	**483 682**	**220 000**	**3 092 957**	**6 324 888**

Non-Executive Directors	**Fees for services as Director**	**Committees fees**	**Consulting fees**	**Total**
B Williams	30 000	22 000	–	52 000
CRD de Bruin	–	–	819 239	819 239
D Twist	–	–	536 922	536 922
MM Ngoasheng	24 000	15 000	–	39 000
MG Mahlare	60 000	66 000	–	126 000
GS Mahlati	6 000	–	–	6 000
SD Steyn	80 000	30 000	–	110 000
	200 000	**133 000**	**1 356 161**	**1 689 161**

3. DIRECTORS' INTERESTS IN SHARE OPTIONS

The table below sets out the Directors' interests in share options as at the Last Practicable Date.

Director	Number of share options granted 31 March 2008 R	Number of share options granted 15 October 2010 R	Number of share options granted 29 June 2012 R
L Mohuba	1 000 000	715 000	750 000
NR Crafford-Lazarus	750 000	715 000	750 000
RR Matjiu	300 000	200 000	300 000
CRD de Bruin	–	500 000	–
PF Fourie	–	715 000	–
MM Ngoasheng	500 000	200 000	–
J Bennette	175 000	150 000	250 000
D Twist	150 000	–	–
JW Wessels	250 000	715 000	750 000
TOTAL	**3 125 000**	**3 910 000**	**2 800 000**

3.1 Information on options granted on 31 March 2008

5.74 million American style share options with an exercise price of R2.50 were granted on 31 March 2008, of which 5 423 470 options are still outstanding at the Last Practicable Date. These options vest over a three year period on the anniversary of the date of each grant and expire on 31 March 2015.

3.2 Information on options granted on 15 October 2010

10 million American style share options were granted 15 October 2010 with an exercise price of R3.50, all of which are still outstanding at the Last Practicable Date. These options vest over a five year period on the anniversary of the date of each grant on the third, fourth and fifth year and expire on 15 October 2017. No option premium was paid on the date of the grant.

On 9 February 2012 PSG Capital (Pty) Limited prepared a report as an independent expert for the value attributable to Sephaku Holdings and Sephaku Fluoride on the grant date of 15 October 2010 as to ensure that participants are placed in no worse position with the Sephaku Fluoride unbundling. Based on their report it was concluded that Sephaku Holdings' strike price changed to R2.68 and an option holder will also receive a Sephaku Fluoride share at a strike price of R0.82 at the date of exercise.

3.3 Information on options granted on 29 June 2012

3.5 million American style share options with an exercise price of R1.90 were granted on 29 June 2012, all of which are still outstanding at the Last Practicable Date. These options vest over a five year period on the anniversary of the grant of the third, fourth and fifth year and expire on 29 June 2019. No option premium was paid on the date of the grant.

4. DIRECTORS' INTERESTS IN SECURITIES

The table below sets out the direct and indirect beneficial interests of the Directors and their associates (including directors who resigned in the last 18 months) holdings in the share capital of Sephaku Holdings as at the Last Practicable Date. The only change since 30 June 2012 was the reduction of 30 500 Sephaku Shares in PF Fourie's indirect interest.

Director	Direct R	Indirect R	Associates R
L Mohuba	1 637 202	10 463 767	390 000
NR Crafford-Lazarus	1 512 728	–	–
ME Smit	–	–	–
RR Matjiu	3 585 923	–	–
CRD de Bruin	12 993 908	–	1 427 134
MM Ngoasheng	–	–	720 000
GS Mahlati	1 298 653	–	100 000
PF Fourie	–	6 472 559	–
JW Wessels	1 265 048	–	–
D Twist	–	13 154 333	1 895 000
J Bennette	650 000	–	–
MG Mahlare	12 094	–	–
TOTAL	**22 955 556**	**30 090 659**	**4 532 134**

5. DIRECTORS' INTERESTS IN TRANSACTIONS

None of the Directors (including directors who have resigned during the last 18 months) has an interest in the Acquisition or any transaction that was affected by Sephaku Holdings:

- during the current or immediately preceding financial year; or
- during an earlier financial year and remain in any respect outstanding or unperformed.

SEPHAKU

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

NOTICE OF SHAREHOLDERS' MEETING

The definitions and interpretation commencing on page 5 of the circular to which this notice of shareholders' meeting has been attached apply equally to this notice of shareholders' meeting.

Notice is hereby given that a shareholders' meeting of Sephaku Holdings will be held at Old Trafford room, Centurion Lake Hotel, 1001 Lenchen Avenue North, Centurion at 11:00 (or five minutes after conclusion of the Company's annual general meeting convened to be held at 10:00 on the same day at the same venue, if it is concluded before 11:00) on Friday, 11 January 2013, for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions set out below, in the manner required by the Act. The passing of the ordinary resolutions is, save where otherwise specifically indicated, subject to the approval of more than 50% of the voting rights exercised on such resolutions and the passing of the special resolutions is subject to the approval of not less than 75% of the voting rights exercised on such resolutions.

The Record Date in terms of section 59 of the Act for Sephaku Shareholders to be recorded in the Register in order to be able to attend, participate and vote at the Shareholders' Meeting is Friday, 4 January 2013.

As ordinary resolution number 1:

"That the conclusion of the Sale of Shares Agreement between the Company, Kenneth John Capes, Richard Shaun Thompson, Wayne Moores Witherspoon, the Trustees for the time being of The JTR Trust (collectively, the Sellers) and Mètier Mixed Concrete Proprietary Limited on 7 November 2012 pursuant to which the Company purchased the entire issued share capital of Mètier Mixed Concrete Proprietary Limited from the Sellers against payment of the cash consideration and the issue of the number of fully paid-up shares in the issued share capital of the Company, all as more fully specified in the Sale of Shares Agreement tabled at this shareholders' meeting and initialled by the chairman for purposes of identification ("**the Sale of Shares Agreement"**) and the signing of such Agreement for and on behalf of the Company, be and they are ratified and confirmed."

As ordinary resolution number 2:

"That the conclusion of a term sheet between The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division, or any affiliate of that Bank ("**Standard Bank**") in its capacity as mandated lead arranger, underwriter and lender on the one hand, and Sephaku Holdings (as acquiror) and a Newco (to be confirmed upon agreement of final transaction structure) as borrower, for a new acquisition facility of R150 000 000 and a new capex facility of R110 000 000 on 23 November 2012 with Sephaku Holdings and the borrower being bound as obligors, on 23 November 2012 tabled at this shareholders' meeting and initialled by the chairman for purposes of identification ("**the Acquisition Term Sheet**") and the signing of such Acquisition Term Sheet for and on behalf of the Company, be and they are ratified and confirmed."

As ordinary resolution number 3:

"That the settlement of the terms and signature of each of the following agreements and documents by the chairman, or failing him, any other director for the time being of the Company ("**Authorised Signatory**") be and they are ratified and confirmed and/or authorised (if not signed by the date of passing of this resolution):

(i) an Acquisition Facilities' Agreement, based on the current recommended form of the leveraged LMA, using simplified form where practicable and otherwise in form and substance, satisfactory to Standard Bank incorporating at least the terms and conditions contained in the Acquisition Term Sheet as defined in ordinary resolution number 2 ("**Acquisition Facilities Agreement**"), together with all relevant Transaction Security Documents, a Subordination Agreement, Fee Letters and Hedging Agreements (together "**the Finance Agreements**");

(ii) the submission for approval of the "merger" contemplated in the Sale of Shares Agreement (as defined in ordinary resolution number 1) pursuant to the provisions of the Competition Act, 1998 of the merger contemplated in the Sale of Shares Agreement ("**the Competition Commission Submission**");

(iii) any amendment, novation or substitution of the Sale of Shares Agreement (as defined in ordinary resolution number 1), the Acquisition Term Sheet (as defined in ordinary resolution number 2) and any other agreement, document or declaration which pertains directly or indirectly to the Sale of Shares Agreement, or to any transaction envisaged by the Sale of Shares Agreement ("**the Transactions**");

(iv) any other agreement, document or notice to be signed and/or dispatched by/or on behalf of the Company under or in connection with the Sale of Shares Agreement, the Acquisition Term Sheet (as defined in ordinary resolution number 2) or the Acquisition Facilities Agreement, the Finance Agreements, the Competition Commission Submission and the Transactions; and

(v) a written waiver of any suspensive condition set out in the Sale of Shares Agreement where the Authorised Signatory believes it is in the best interests of the Company to do so and the suspensive condition is capable of waiver in law".

As ordinary resolution number 4:

"Subject to the passing of ordinary resolutions numbers 1 and 2, that the directors be and they are authorised pursuant to article 3.2.2 of the Company's existing memorandum of incorporation, to issue the following tranches of ordinary dematerialised no par value shares in the share capital of the Company to the Sellers pursuant to clause 7.1 of the Sale of Shares Agreement (as defined in ordinary resolution number 1), namely:

1. 5 million Sephaku shares at an agreed issue price of R6.00 per Sephaku share ("**First Tranche Consideration Shares**");
2. 11 111 111 Sephaku shares at an agreed issue price of R9.00 per Sephaku share ("**Second Tranche Consideration Shares**"); and
3. if and to the extent to which the product of the number of Second Tranche Consideration Shares multiplied by the 60 day VWAP of the Sephaku shares as at:
   (a) 30 November 2014; or
   (b) if a Market Crash has occurred and clause 9.5 of the Sale of Shares Agreement (as defined in ordinary resolution 1) is applicable, as at 31 May 2015, subject to a maximum Sephaku share price of R9.00 and a minimum Sephaku share price of R4.00 per Sephaku share ("**Future Share Price**");

   is less than R100 million ("**Second Tranche Shortfall**"), such further number of Sephaku shares as will be equal to the Second Tranche Shortfall, divided by the Future Share Price,

(**Additional Consideration Shares**),

it being recorded that for purposes of this ordinary resolution number 4, the following terms shall have the following meanings:

"Market Crash" means the FTSE JSE Africa All Share Index ("JAASI") at market close on 28 November 2014, being more than 20% lower than the value of that index at market close on 1 June 2014; and

"VWAP" means the volume weighted average price of all shares in the issued ordinary share capital of the Company traded on the JSE Limited ("**JSE**") on any day with reference to the aggregate value of all such shares traded on that day, divided by the aggregate number of all such shares traded on that day."

As special resolution number 1:

"That the issue to Kenneth John Capes ("**Capes**") or failing him, any one of Richard Shaun Thompson ("**Thompson**") or Wayne Moores Witherspoon ("**Witherspoon**") in his capacity as a future executive director of the Company who is also a Seller, of 23% or 22%, as the case may be, of the First Tranche Consideration Shares, Second Tranche Consideration Shares and Additional Consideration Shares, be and it is approved on the understanding that Capes or failing him, Thompson or Witherspoon will be appointed as a director of the Company for the period from the Closing Date in terms of the Sale of Shares Agreement, until all amounts due by Sephaku to the Sellers in terms of the Sale of Shares Agreement have been paid, thereby constituting Capes, or failing him, Thompson or Witherspoon, a “future director” within the meaning of section 41(1)(a) of the Companies Act.”

The **reason** for special resolution 1, is the fact that the board of Sephaku Holdings undertook pursuant to clause 3.1.11 of the Sale of Shares Agreement, to move for the appointment of Capes or failing him, any of the remaining executive directors of Sephaku who is also a Seller, as a director of the Company for the period from the Closing Date of the Sale of Shares Agreement until all amounts due by Sephaku Holdings to the Sellers in terms of that Agreement, shall have been paid. As a consequence of such undertaking, Capes, or failing him, Thompson or Witherspoon, is a “future director” within in the meaning of section 41(1)(a) of the Companies Act, 2008 which requires that any issue of shares to such a person be approved by a special resolution of the shareholders of the company concerned.

The **effect** of special resolution 1, if passed, will be the granting of authority to Sephaku Holdings to issue 23% or 22%, as the case may be, of the First Tranche Consideration Shares, Second Tranche Consideration Shares and Additional Consideration Shares to Capes or failing him, Thompson or Witherspoon, in his capacity as a “future director” of the Company. Shareholders’ attention is drawn to the fact, however, that in terms of clause 3.1.6.3 of the Sale of Shares Agreement, the parties agreed that if this special resolution is not passed for whatever reason, the condition in 3.1.6.3 of the Sale of Shares Agreement to the effect that such a special resolution is required to be approved, will be waived and in such event, Capes will be invited to attend and speak at all Sephaku board meetings for so long as any First Tranche Consideration Shares, Second Tranche Consideration Shares or Additional Consideration Shares remain unissued, although he will not occupy the position of a *de iure* Sephaku director.

As ordinary resolution number 5:

“That all the authorised but unissued dematerialised no par value shares in the share capital of the Company, be and they are placed under the authority of the directors to issue them pursuant to the specific authority referred to in special resolution 1 and subject always to the Listings Requirements of the JSE Limited and the specific provisions of the Companies Act, 2008”.

VOTING, PROXIES AND ELECTRONIC PARTICIPATION

Sephaku Shareholders who have not dematerialised their Sephaku Shares or who have dematerialised their Sephaku Shares with “own-name” registration, and who are entitled to attend and vote at the shareholders’ meeting, are entitled to appoint one or more proxies to attend, speak and vote in their stead. A proxy need not be an Sephaku Shareholder and shall be entitled to vote on a show of hands or poll. It is requested that Forms of Proxy be forwarded so as to reach the Transfer Secretaries no later than the Relevant Time. If Sephaku Shareholders who have not dematerialised their Sephaku Shares or who have dematerialised their Sephaku Shares with “own-name” registration, and who are entitled to attend and vote at the shareholders’ meeting do not deliver Forms of Proxy to the Transfer Secretaries by the Relevant Time, such Sephaku Shareholders will nevertheless at any time prior to the commencement of the voting on the Resolutions at the Shareholders’ Meeting be entitled to lodge the Form of Proxy in respect of the Shareholders’ Meeting, in accordance with the instructions therein with the chairman of the general meeting. Forms of Proxy must only be completed by Sephaku Shareholders who have not dematerialised their Sephaku Shares or who have dematerialised their Sephaku Shares with “own-name” registration.

On a show of hands, every Sephaku Shareholder present in person or represented by proxy and entitled to vote shall have only one vote irrespective of the number of Sephaku Shares such member holds. On a poll, every Sephaku Shareholder present in person or represented by proxy and entitled to vote shall be entitled to one vote for every Sephaku Share held or represented by that Sephaku Shareholder. On a poll taken at any such meeting an Sephaku Shareholder entitled to more than one vote need not, if he votes, use all of his votes, or cast all the votes he uses in the same way.

Sephaku Shareholders who have dematerialised their Sephaku Shares, other than those Sephaku Shareholders who have dematerialised their Sephaku Shares with “own name” registration, should contact their CSDP or broker in the manner and time stipulated in the agreement entered into between them and their CSDP or broker:

- to furnish them with their voting instructions; or
- in the event that they wish to attend the Shareholders’ Meeting, to obtain the necessary letter of representation to do so.

Sephaku Shareholders wishing to participate electronically in the Shareholders' Meeting are required to deliver written notice to the Company at 1st Floor, Hennops House, Riverside Office Park, Heuwel Avenue, Centurion (marked for the attention of J Bennette) by no later than 11:00 on Wednesday, 9 January 2013, that they wish to participate via electronic communication at the shareholders' meeting (the "**Electronic Notice**"). In order for the Electronic Notice to be valid it must contain: (a) if the Sephaku Shareholder is an individual, a certified copy of his identity document and/or passport; (b) if the Sephaku Shareholder is not an individual, a certified copy of a resolution by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution. The relevant resolution must set out who from the relevant entity is authorised to represent the relevant entity at the Shareholders' Meeting via electronic communication; (c) a valid e-mail address and/or facsimile number (the "**Contact Address/Number**"); and (d) if the Sephaku Shareholder wishes to vote via electronic communication, set out that such Sephaku Shareholder wishes to vote via electronic communication. By no later than the Relevant Time the Company shall use its reasonable endeavours to notify an Sephaku Shareholder who has delivered a valid Electronic Notice at its contact address/number of the relevant details through which such Sephaku Shareholder can participate via electronic communication.

FURTHER INFORMATION

A person attending the shareholders' meeting in person or participating in the shareholders' meeting must present reasonably satisfactory identification. The chairman of the shareholders' meeting must be reasonably satisfied that the right of a person to participate and vote (in person) at the Shareholders' Meeting, either as an Sephaku Shareholder, or as a proxy for an Sephaku Shareholder, has been verified.

By order of the Board

Jennifer Bennette
Company Secretary

30 November 2012

Registered office
1st Floor, Hennops House
Riverside Office Park
1303 Heuwel Avenue
Centurion, 0157
(PO Box 7651, Centurion, 0046)

Transfer secretaries
Computershare Investor Services (Pty) Limited
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SEPHAKU

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

FORM OF PROXY

The definitions commencing on page 5 of the Circular to which this form of proxy is attached apply to this Form of Proxy.

To be completed by registered Certificated Shareholders and Dematerialised Shareholders with "own name" registration only. For use in respect of the shareholders' meeting to be held at Old Trafford room, Centurion Lake Hotel, 1001 Lenchen Avenue North, Centurion at 11:00 (or five minutes after conclusion of the Company's annual general meeting convened to be held at 10:00 on the same day at the same venue, if it is concluded before 11:00) on Friday, 11 January 2013.

Sephaku Shareholders who have dematerialised their Sephaku Shares with a CSDP or broker, other than with own name registration, must arrange with the CSDP or broker concerned to provide them with the necessary Letter of Representation to attend the Shareholders' Meeting or the Sephaku Shareholders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the Sephaku Shareholder and the CSDP or broker concerned.

I/We (full name in BLOCK LETTERS) ______________________________

of (address) ______________________________

Telephone (work) ( ) Telephone (home) ( ) Cellphone ______________________________

being the holder(s) of [ ] ordinary Sephaku Shares in the Company, appoint (see note 1):

______________________________ or failing him/her,

______________________________ or failing him/her,

the Chairman of the Shareholders' Meeting,

as my/our proxy to act on my/our behalf at the Shareholders' Meeting which is to be held for the purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat and at any adjournment thereof and to vote for or against the special and ordinary resolutions or to abstain from voting in respect of the Sephaku Shares registered in my/our name/s, in accordance with the following instructions (see note 2):

	Number of votes (one vote per ordinary share)		
	For	**Against**	**Abstain**
Ordinary resolution number 1: Ratification of entry into and signature of the Sale of Shares Agreement			
Ordinary resolution number 2: Ratification of entry into and signature of the Acquisition Term Sheet			
Ordinary resolution number 3: Authority to *inter alia* settle and sign the Acquisition Facilities Agreement as well as the Transaction Security Documents, a Subordination Agreement, Fee Letters and Hedging Agreements, substantially as contemplated in the Indicative Acquisition Term Sheet (together the "Finance Agreements")			
Ordinary resolution number 4: Authority to the directors in terms of article 3.2.2 to issue all the shares required to be issued to the Sellers in terms of the Sale of Shares Agreement (as defined in ordinary resolution 1)			
Special resolution number 1: Approval of the issue of the First Tranche Consideration Shares, Second Tranche Consideration Shares and Additional Consideration Shares to Kenneth John Capes or Richard Shaun Thompson or Wayne Moores Witherspoon as a future director of the Company in terms of section 41(1)(a) of the Companies Act, 2008			
Ordinary resolution number 5: Placing all the authorised but unissued shares in the capital of the Company under the authority of the directors			

(Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.)

Each Sephaku Shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the Company) to attend, speak, and on a poll, vote in place of that Sephaku Shareholder at the Shareholders' Meeting.

Signed at ______________________________ on ______________________________ 2012/2013

Signature(s) ______________________________

Capacity ______________________________

Please read the notes and the summary on the reverse side hereof.

Notes:

1. A shareholder may insert the name of a proxy or the names of two alternate proxies of the shareholder's choice in the space(s) provided, with or without deleting "the Chairman of the Shareholders' Meeting". The person whose name stands first on this Form of Proxy and who is present at the Shareholders' Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A shareholder should insert an "X" in the relevant space according to how he wishes his votes to be cast. However, if a member wishes to cast a vote in respect of a lesser number of Sephaku Shares than he owns in the Company, he should insert the number of Sephaku Shares held in respect of which he wishes to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the Shareholders' Meeting as he deems fit in respect of all the shareholder's votes exercisable at the Shareholders' Meeting. A shareholder is not obliged to exercise all of his votes, but the total of the votes cast and abstentions recorded may not exceed the total number of the votes exercisable by the shareholder.
3. The completion and lodging of this Form of Proxy will not preclude the relevant shareholder from attending the Shareholders' Meeting and speaking and voting in person to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to so do.
4. The Chairman of the Shareholders' Meeting may reject or accept any Form of Proxy, which is completed and/or received, other than in compliance with these notes.
5. Sephaku Shareholders who have dematerialised their Sephaku Shares with a CSDP or broker, other than with own name Registration, must arrange with the CSDP or broker concerned to provide them with the necessary Letter of Representation to attend the Shareholders' Meeting or the Sephaku Shareholders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the Sephaku Shareholder and the CSDP or broker concerned.
6. Any alteration to this Form of Proxy, other than the deletion of alternatives, must be signed, not initialled, by the signatory/ies.
7. Documentary evidence establishing the authority of a person signing this Form of Proxy in a representative capacity (e.g. on behalf of a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this Form of Proxy, unless previously recorded by the Company or waived by the Chairman of the Shareholders' Meeting.
8. A minor must be assisted by his/her parent or guardian, unless the relevant documents establishing his/her capacity are produced or have been recorded by the Company.
9. Where there are joint holders of Sephaku Shares:
   - any one holder may sign this Form of Proxy; and
   - the vote of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the Company's register of members, will be accepted.
10. To be valid, the completed Forms of Proxy must either:
    (a) be lodged so as to reach the Transfer Secretaries by no later than the Relevant Time; or
    (b) be lodged with the Chairman of the Shareholders' Meeting prior to the commencement of voting on the Resolutions at the Shareholders' Meeting.
11. The proxy appointment is revocable by the relevant Sephaku Shareholder giving written notice of the cancellation of the proxy appointment to the Company prior to the Shareholders' Meeting or any adjournment thereof. The revocation of the proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the Sephaku Shareholder which granted such proxy appointment as of the later of:
    (i) the date stated in the written notice, if any or
    (ii) the date on which the written notice was delivered as aforesaid.
12. If the instrument appointing a proxy or proxies has been delivered to the Company, any notice that is required by the Act or the Memorandum of Incorporation of the Company to be delivered by the Company to Sephaku Shareholders must (as long as the proxy appointment remains in effect) be delivered by the Company to:
    (i) the Sephaku Shareholder or
    (ii) the proxy or proxies of the Sephaku Shareholder has directed the Company to do so, in writing and pay it any reasonable fee charged by the Company for doing so.

Summary of the rights established in terms of section 58 of the Act as required by section 58(8)(b) of the Act

For purposes of this summary, "Shareholder" shall have the meaning ascribed thereto in the Act.

1. At any time, a Shareholder of a company is entitled to appoint any individual, including an individual who is not a Shareholder of that company, as a proxy, to participate in, and speak and vote at, a shareholders' meeting on behalf of that Shareholder, or to give or withhold written consent on behalf of such Shareholder in relation to a decision contemplated in section 60 of the Act.
2. A proxy appointment must be in writing, dated and signed by the relevant Shareholder, and such proxy appointment remains valid for one year after the date upon which the proxy was signed, or any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in section 58(4)(c) of the Act or expires earlier as contemplated in section 58(8)(d) of the Act.
3. Except to the extent that the Memorandum of Incorporation of a company provides otherwise:
   3.1 a Shareholder of a company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such Shareholder;
   3.2 a proxy may delegate his authority to act on behalf of a Shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
   3.3 a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the Shareholder at a shareholders' meeting.
4. Irrespective of the form of instrument used to appoint a proxy:
   4.1 the appointment of the proxy is suspended at any time and to the extent that the Shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder;
   4.2 unless the proxy appointment expressly states otherwise, the appointment of a proxy is revocable; and
   4.3 if the appointment of a proxy is revocable, a Shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the company.
5. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the Shareholder as of the later of: (a) the date stated in the revocation instrument, if any or (b) the date on which the revocation instrument is delivered to the proxy and the company as required in section 58(4)(c)(ii) of the Act.
6. If the instrument appointing a proxy or proxies has been delivered to a company, as long as that appointment remains in effect, any notice that is required by the Act or the company's Memorandum of Incorporation to be delivered by the company to the Shareholder, must be delivered by the company to the Shareholder, or to the proxy or proxies, if the Shareholder has directed the company to do so in writing and paid any reasonable fee charged by the company for doing so.
7. A proxy is entitled to exercise, or abstain from exercising, any voting right of the Shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy provides otherwise.
8. If a company issues an invitation to Shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of instrument for appointing a proxy:
   8.1 such invitation must be sent to every Shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
   8.2 the invitation, or form of instrument supplied by the company for the purpose of appointing a proxy, must: (a) bear a reasonably prominent summary of the rights established in section 58 of the Act; (b) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a Shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by the Shareholder and (c) provide adequate space for the Shareholder to indicate whether the appointed proxy is to vote in favour or against the applicable resolution/s to be put at the relevant meeting, or is to abstain from voting;
   8.3 the company must not require that the proxy appointment be made irrevocable; and
   8.4 the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked in terms of section 58(5) of the Act.