BUILDING BLOCKS FOR GROWTH

2017

SEPHAKU
HOLDINGS LTD

ANNUAL FINANCIAL STATEMENTS

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Annual financial statements

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

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

Issued
29 June 2017

Audit and risk committee report

The information below constitutes the report of the audit and risk committee (the committee) for the 2017 financial year of Sephaku Holdings Limited (SepHold) and its subsidiaries. This report is in compliance with the Companies Act and the King III Report on Corporate Governance for South Africa, 2009 (King III) recommendations.

1. MANDATE AND TERMS OF REFERENCE

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

2. COMPOSITION AND ATTENDANCE AT MEETINGS

MG Mahlare has been on the board since January 2009 and served three terms as chairman of the audit and risk committee, and was therefore, in terms of the memorandum of incorporation (MOI), not eligible for re-election. At the annual general meeting held on 22 September 2016, MJ Janse van Rensburg was nominated and elected as chairman of the audit and risk committee. At year-end, the committee comprised MJ Janse van Rensburg (chairman), PM Makwana and B Maluleke (newly appointed on 9 November 2016, replaced B Williams from that date), each of whom are independent non-executive directors. In addition, the chief executive officer and financial director are permanent invitees to meetings. The committee meets at least three times per annum and special committee meetings are convened as required.

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

Full details of the attendance and dates of the meetings have been disclosed in the corporate governance section of the integrated annual review.

3. STATUTORY DUTIES

The committee's roles and responsibilities include its statutory duties as per the Companies Act and the responsibilities assigned to it by the board, which are reviewed annually.

The committee has performed the following statutory duties:

- nominated and recommended the re-appointment of Grant Thornton Johannesburg Partnership as the external auditors of SepHold, with R Huiskamp as the lead engagement partner. Grant Thornton Johannesburg Partnership is, in the opinion of the committee, independent of the company;
- reviewed and agreed to the fees to be paid to the external auditors and their terms of engagement;
- ensured that the appointment of the external auditors complies with the Companies Act and any other legislation relating to the appointment of auditors;
- determined the nature and extent of allowable non-audit services and pre-approved any proposed agreement with the external auditors for the provision of non-audit services to SepHold;
- received no complaints relating to the accounting practices, the auditing or content of annual financial statements, and the internal financial controls of SepHold; and
- considered and, when appropriate, made recommendations to the board on internal financial controls, accounting policies, records and reporting.

4. EXTERNAL AUDITORS

The committee has satisfied itself that the external auditors, Grant Thornton Johannesburg Partnership, are independent of SepHold, as defined by the Companies Act and other relevant legislation. Requisite assurance was sought and provided by the auditor that internal governance processes within the audit firm support and demonstrate its claim to independence. Further, the approval of all non-audit-related services are governed by an appropriate approval framework.

The committee agreed to the engagement letter, terms, audit plan and budgeted audit fees for the financial year ended 31 March 2017. This was done after consultation with executive management.

Audit and risk committee report continued

4. **EXTERNAL AUDITORS (continued)**

The external auditors are invited to and attend all audit and risk committee meetings. Findings by the external auditors arising from their annual statutory audit are tabled and presented at a committee meeting following the audit. The external auditors have expressed an unqualified opinion on the annual financial statements for the year ended 31 March 2017. This will be presented at the annual general meeting.

SepHold has satisfied itself that Grant Thornton Johannesburg Partnership and R Huiskamp appear on the JSE's list of accredited auditors and their advisors.

5. **INTERNAL FINANCIAL CONTROLS**

The committee has reviewed:

- the effectiveness of the risk management, controls and governance processes, including receiving assurance from management and external audit;
- significant issues raised by the external audit process; and
- policies and procedures for preventing and detecting fraud.

The committee believes that significant internal financial controls are effective and form a basis for the preparation of reliable annual financial statements. No findings have come to the attention of the committee to indicate that any material breakdown in internal financial controls has occurred during the financial year.

6. **ANNUAL FINANCIAL STATEMENTS**

The committee reviews the annual financial statements, preliminary results announcements, interim financial information and integrated annual review – this culminates in a recommendation to the board to approve them. The annual financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), the JSE Limited Listings Requirements (JSE Listings Requirements) and the requirements of the Companies Act.

7. **GOING CONCERN**

The committee reviewed a documented assessment by management of the going concern premise of SepHold. Based on this assessment, the committee agrees with management's assessment that SepHold will be a going concern in the foreseeable future.

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

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

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

9. **DUTIES ASSIGNED BY THE BOARD**

The duties and responsibilities of the members of the committee are set out in the audit and risk committee terms of reference which is approved by the board. The committee fulfils an oversight role regarding SepHold's integrated annual review and the reporting process, including the system of internal financial control.

The committee is satisfied that it has complied in all material respects, with its legal, regulatory and other responsibilities during the year.

10. **INTERNAL AUDIT**

Due to the nature and size of head office, the accounting function is structured to accommodate current requirements and as such, the committee does not believe that an internal audit function is viable at this stage. The committee believes that new appointments should strengthen the accounting function and improve control through the division of duties. As such, this is better suited to the company's needs than the performance of an internal audit function. On an operational level, Dangote Cement South Africa Proprietary Limited (CEMENT) has a functional internal audit department that reports to the CEMENT audit committee on which SepHold is also represented. The internal audit function for Métier Mixed Concrete Proprietary Limited (Métier) is performed by SepHold's financial director.

11. RISK MANAGEMENT

The committee is responsible for the following:

- recommending to the board SepHold's risk appetite;
- monitoring the emerging risk profile of SepHold on a regular basis and reporting its findings to the board;
- receiving and reviewing reports that assess the nature and extend of the risks facing SepHold;
- ensuring steps are taken by executive management to embed risk management practices within the day-to-day operations of the business;
- monitoring the level of available capital and reporting to the board on the adequacy of the available capital relative to the emerging risk profile of SepHold; and
- ensuring that risk and capital management policies, processes and practices are adopted in SepHold and reviewing the adequacy and effectiveness of the risk-type control frameworks and policies.

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

The audit and risk committee met with Grant Thornton Johannesburg Partnership prior to the commencement of the audit to discuss the key audit matters. The committee held a meeting on 20 June 2017 at which time they reviewed and recommended the annual financial statements for approval by the board of directors.

On behalf of the audit and risk committee

MJ Janse van Rensburg
Chairman

20 June 2017

Independent auditor's report
to the shareholders of Sephaku Holdings Limited

REPORT ON THE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of Sephaku Holdings Limited (the group) set out on pages 14 to 63, which comprise the statements of financial position as at 31 March 2017, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group as at 31 March 2017, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS and the requirements of the Companies Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Consolidated financial statements: Assessment of goodwill for impairment At 31 March 2017, the group had goodwill with carrying values of R223 421 981 recognised on the acquisition of the subsidiary in previous periods. Management is required to perform an impairment test on goodwill at least annually, and is also required to perform an impairment test if indicators of impairment are identified Goodwill is assessed using discounted cash flow models. As disclosed in accounting policy 1.2 and note 5 of the financial statements, there are a number of key judgements made in determining these inputs, which include growth rates and discount rates. We have determined this is a key audit matter due to the judgement required by management in preparing a value-in-use calculation to perform the impairment test. Forecasting future cash flows and applying an appropriate discount rate, inherently involves a high degree of estimation and judgement by management.	In considering the appropriateness of management's judgement used in the testing of goodwill for impairment, we performed the following audit procedures with the assistance of internal valuation specialists: • reviewed the model for compliance with IAS 36 Impairment of Assets; • verified the mathematical accuracy and methodology appropriateness of the underlying model and calculations; • checked the accuracy and relevance of the input data provided by management based on our knowledge of the business and industry; • evaluated the cash flow projections and the process by which they were developed, compared the cash flows to the latest board-approved budgets, and assessed the historical accuracy and reasonableness of the budgeting process • assessed the key growth rate assumptions by comparing them to historical results, economic and industry forecasts, and assessing the discount rate by reference to the cost of capital of the group; and • performed a sensitivity analysis of the key assumptions in the model, and considered the potential impact of reasonably possible downside changes in these key assumptions.

Key audit matter	How our audit addressed the key audit matter
Separate financial statements: Reversal of impairment of investment in subsidiary At 31 March 2017, the company has an investment in a subsidiary. The cost of the investment amounts to R299 378 028, however, an impairment of R89 410 741 on the carrying value of the investment was raised during the 2013 accounting period. IAS 36 Impairment of Assets states that, should there be an indication that an impairment loss may have decreased, the recoverable amount must be determined and the increase in the carrying amount of the asset be accounted for, up to the maximum of the impairment previously recognised. During the current period, the previous impairment of R89 410 741 was reversed, as disclosed in note 7 to the financial statement. We have determined this is a key audit matter due to the judgement required by management in preparing a value-in-use model to satisfy the impairment test. Forecasting future cash flows and applying an appropriate discount rate inherently involve a high degree of estimation and judgement by management.	In considering the appropriateness of management's judgement used in the testing of impairment of the investments, we performed the following audit procedures: • reviewed the model for compliance with IAS 36 Impairment of Assets; • verified the mathematical accuracy and methodology appropriateness of the underlying model and calculations; • reviewed the accuracy and relevance of the input data provided by management based on our knowledge of the business and industry; • evaluated the cash flow projections and the process by which they were developed, compared the cash flows to the latest board-approved budgets, and assessed the historical accuracy and reasonableness of the budgeting process; • assessed the key growth rate assumptions by comparing them to historical results, economic and industry forecasts, and assessing the discount rate by reference to the cost of capital of the group; and • performed a sensitivity analysis of the key assumptions in the model, and considered the potential impact of reasonably possible downside changes in these key assumptions.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the directors' report, the audit committee's report and the company secretary's certificate as required by the Companies Act, which we obtained prior to the date of this report, and the integrated annual review, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS and the requirements of the Companies Act, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will

Independent auditor's report continued
to the shareholders of Sephaku Holdings Limited

always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in *Government Gazette Number 39475* dated 4 December 2015, we report that Grant Thornton Johannesburg Partnership has been the auditor of Sephaku Holdings Limited for 10 years.

Grant Thornton

GRANT THORNTON
Registered Auditors
Practice number: 903485E

R Huiskamp
Registered Auditor
Chartered Accountant (SA)

29 June 2017

@Grant Thornton
Wanderers Office Park
52 Corlett Drive
Illovo
2196

Directors' responsibilities and approval

The directors are required in terms of the Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the group and company as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with IFRS. The external auditors are engaged to express an independent opinion on the financial statements.

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

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

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

The directors have reviewed the group's cash flow forecast for the year to 31 March 2018 and, in light of this review and the current financial position, they are satisfied that the group has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the corporation has adequate resources in place to continue in operation for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group's and company's financial statements. The financial statements have been examined by the group's external auditors and their report is presented on pages 4 to 6.

The annual financial statements set out on pages 14 to 63, were approved by the board on 29 June 2017 and were signed on their behalf by:

NR Crafford-Lazarus
Financial director

Dr L Mohuba
Chief executive officer

Centurion, South Africa
29 June 2017

Certificate by company secretary

In terms of section 88(2)(e) of the Companies Act of South Africa, 71 of 2008, as amended (the Companies Act), I declare that, to the best of my knowledge, for the year ended 31 March 2017, Sephaku Holdings Limited has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act and that such returns are true, correct and up to date.

Acorim

Acorim Proprietary Limited
Company secretary

Centurion, South Africa
29 June 2017

Directors' report

The directors submit their report for the year ended 31 March 2017.

1. REVIEW OF ACTIVITIES

Main business and operations

The group is engaged as a construction materials company and operates principally in South Africa.

The group's profit after tax increased by 12,8% from R60 million to R68 million year on year even though revenue decreased from R874,3 million to R839,9 million due to lower prices and reduced demand in the mixed concrete market.

Métier

Métier's net profit increased by 7,3% from R62,8 million to R67,4 million in market conditions where revenue declined by 3,9%. The mixed concrete sector experienced intense price competition for supply contracts resulting in downward pressure on margins. The competition was driven by the continued decline in the initiation of large scale projects and new entrants in key markets. The lower pricing for bulk cement resulted in an increase in the number of blenders and independent mixed concrete manufacturers.

The geographical diversification of Métier's operations and manufacture of specialised concretes enabled the subsidiary to achieve an operating margin of 11,7% (2016: 11,6%). The subsidiary's performance further demonstrated management's mantle through the reduction of operational expenses by 3,7% to R250,4 million to support margins. The positive results for the last two years enabled Métier to submit a R50 million dividend to SepHold and reduce its overall bank debt obligations by R80 million.

An additional 12th mixed concrete plant located in the south of Gauteng commenced production in March 2017. This new plant is well – aligned to the overall growth strategy and will enable Métier to increase its footprint to reduce over-reliance on the current growth nodes by diversifying the customer base.

CEMENT

CEMENT's revenue remained comparatively flat year on year at R2,28 billion (2015: R2,29 billion). The associate achieved an increase of 4% in sales volumes but the average price per tonne decreased by 4,4% for the period ended 31 December 2016. The EBITDA margin increased to 23,1% (2015: 21,9%) and net profit increased to R68,9 million (2015: R50,4 million) of which R24,8 million was accounted for by SepHold on an equity accounting basis.

The cement market remained highly fragmented with all manufacturers using price competition to defend their sales volumes. Although bagged cement pricing started stabilising at the end of the 2016 calendar year, the contestation continued in the bulk cement market due to the limited number of new significant construction projects. The market was constituted mainly of bagged cement at between 70% – 80% because of the limited activity in the bulk use market.

Refer to note 8 to the annual financial statements for more details regarding CEMENT's financial results for the year ended 31 December 2016.

The operating results and state of affairs of the group are fully set out in the annual financial statements and do not, in our opinion, require any further comment other than those expressed in other parts of the integrated annual review.

2. GOING CONCERN

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

Directors' report continued

3. EVENTS AFTER THE REPORTING PERIOD

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

4. AUTHORISED AND ISSUED STATED CAPITAL

There were no changes in the authorised stated capital of the company during the year under review.

1 060 833 shares were issued during the year.

All the authorised and issued shares have no par value.

Refer to note 18 to the annual financial statements for further details on authorised and issued stated capital.

5. BORROWING LIMITATIONS

In terms of the memorandum of incorporation of the company, the directors may exercise all the powers of the company to borrow money, as they consider appropriate. The memorandum of incorporation authorises unlimited borrowing powers.

6. SHARE INCENTIVE SCHEME

Refer to note 19 to the annual financial statements for details about share-based payments during the financial year.

7. NON-CURRENT ASSETS

Details of major changes in the nature of the non-current assets of the group during the year were as follows:

Additions to property, plant and equipment of the group amounted to R28 535 101 (2016: R36 589 743). Refer to note 4 to the annual financial statements for further details.

8. DIVIDENDS

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

9. DIRECTORS

The directors of the company during the year and to the date of this report are as follows:

Name	Position	Changes
B Williams	Chairman – independent	
	Non-executive director	
PM Makwana	Independent non-executive director	
MM Ngoasheng	Independent non-executive director	
MJ Janse van Rensburg	Independent non-executive director	Appointed 22 September 2016
B Maluleke	Independent non-executive director	Appointed 9 November 2016
MG Mahlare	Independent non-executive director	Resigned 22 September 2016
Dr L Mohuba	Chief executive officer	
NR Crafford-Lazarus	Financial director	
RR Matjiu	Non-executive director	
KJ Capes	Executive director	
PF Fourie	Non-executive director	
J Pitt	Alternate director to MM Ngoasheng	

10. SECRETARY

The secretary of the company is Acorim Proprietary Limited of:

Business address
2nd Floor, North Block, Hyde Park Office Towers
Hyde Park Corner Mall
Corner 6th Road and Jan Smuts Avenue
Hyde Park, Johannesburg, 2024

Postal address
PO Box 41480
Craighall
2024

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

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

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

11. SUBSIDIARIES

Name of subsidiary	**Net income after tax 2017 R**	Net income after tax 2016 R
Métier Mixed Concrete Proprietary Limited	**57 441 647**	58 234 411
Sephaku Investment Holdings Proprietary Limited (previously Sephaku Cement Investment Holdings Limited)	**(6 000)**	–

Details of the company's investment in subsidiaries are set out in note 7 to the annual financial statements.

12. SPECIAL RESOLUTIONS

No special resolutions of material interest or of a substantive nature were passed by the company's subsidiaries after the date of acquisition.

13. AUDITORS

Grant Thornton Johannesburg Partnership was re-appointed as the group's auditors during the financial period in accordance with section 90 of the Companies Act. At the annual general meeting shareholders will be requested to re-appoint Grant Thornton Johannesburg Partnership as auditors of the group.

Directors' report continued

14. SHAREHOLDERS' INFORMATION

An analysis of shareholders and the respective percentage shareholdings appear in the shareholders' analysis section on page 64.

Beneficial shareholdings of directors, directors' associates and prescribed officers

Director/prescribed officer	2017 Direct	2017 Indirect	2017 Associates	2016 Direct	2016 Indirect	2016 Associates
MG Mahlare	23 000	–	–	23 000	–	–
Dr L Mohuba	87 202	8 363 767	240 000	87 202	9 263 767	340 000
NR Crafford-Lazarus	2 287 728	–	–	2 262 728	–	–
RR Matjiu	1 615 923	–	–	2 085 923	–	–
KJ Capes	5 558 271	–	–	5 558 271	–	–
PF Fourie	–	5 433 559	–	–	5 433 559	–
RS Thompson*	5 351 867	–	–	5 351 867	–	–
WM Witherspoon*	5 351 867	–	–	5 351 867	–	–
	20 275 858	13 797 326	240 000	20 720 858	14 697 326	340 000

* *Prescribed officer and director of Métier who resigned on 15 March 2016.*

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

Directors' interest in share options

	2017							
	Opening balance number of share options	Exercise price R	Options exercised	Date exercised	Market price on exercise date	Options vested at year-end	Closing balance number of share options	Pre-taxation gain
Dr L Mohuba								
Granted 15/10/2010	715 000	2,68	–	–	–	715 000	715 000	–
Granted 29/06/2012	750 000	1,90	–	–	–	500 000	750 000	–
Granted 10/12/2014	400 000	6,80	–	–	–	–	400 000	–
Granted 31/03/2016	400 000	4,40	–	–	–	–	400 000	–
NR Crafford-Lazarus								
Granted 15/10/2010	715 000	2,68	–	–	–	715 000	715 000	–
Granted 29/06/2012	750 000	1,90	–	–	–	500 000	750 000	–
Granted 31/08/2012	750 000	1,90	–	–	–	500 000	750 000	–
Granted 10/12/2014	375 000	6,80	–	–	–	–	375 000	–
Granted 31/03/2016	400 000	4,40	–	–	–	–	400 000	–
RR Matjiu								
Granted 15/10/2010	200 000	2,68	–	–	–	200 000	200 000	–
Granted 29/06/2012	300 000	1,90	–	–	–	200 000	300 000	–
Granted 10/12/2014	125 000	6,80	–	–	–	–	125 000	–
Granted 31/03/2016	100 000	4,40	–	–	–	–	100 000	–
PF Fourie								
Granted 15/10/2010	550 527	2,68	–	–	–	550 527	550 527	–
	6 530 527		–	–	–	3 880 527	6 530 527	–

14. SHAREHOLDERS' INFORMATION (continued)

	2016							
	Opening balance number of share options	Exercise price R	Options exercised	Date exercised	Market price on exercise date	Options vested at year-end	Closing balance number of share options	Pre-taxation gain R
Dr L Mohuba								
Granted 15/10/2010	715 000	2,68	–	–	–	715 000	715 000	–
Granted 29/06/2012	750 000	1,90	–	–	–	250 000	750 000	–
Granted 10/12/2014	400 000	6,80	–	–	–	–	400 000	–
Granted 31/03/2016	400 000	4,40	–	–	–	–	400 000	–
NR Crafford-Lazarus								
Granted 15/10/2010	715 000	2,68	–	–	–	715 000	715 000	–
Granted 29/06/2012	750 000	1,90	–	–	–	250 000	750 000	–
Granted 31/08/2012	750 000	1,90	–	–	–	250 000	750 000	–
Granted 10/12/2014	375 000	6,80	–	–	–	–	375 000	–
Granted 31/03/2016	400 000	4,40	–	–	–	–	400 000	–
RR Matjiu								
Granted 15/10/2010	200 000	2,68	–	–	–	200 000	200 000	–
Granted 29/06/2012	300 000	1,90	–	–	–	100 000	300 000	
Granted 10/12/2014	125 000	6,80	–	–	–	–	125 000	
Granted 31/03/2016	100 000	4,40	–	–	–	–	100 000	
PF Fourie								
Granted 15/10/2010	715 000	2,68					715 000	–
		2,68	(162 983)	18/12/2015	R5,25	–	(162 983)	418 866
		2,68	(613)	18/12/2015	R5,30	–	(613)	1 606
		2,68	(877)	18/12/2015	R5,31	–	(877)	2 307
	715 000	2,68	(164 473)			550 527	550 527	422 779
	6 695 000		(164 473)			3 030 527	6 530 527	422 779

Refer to note 19 for more details on share options and the vesting conditions.

Statements of financial position
as at 31 March 2017

	Notes	GROUP 2017 R	GROUP 2016 R	COMPANY 2017 R	COMPANY 2016 R
ASSETS					
Non-current assets					
Investment property	3	**–**	–	**18 427 525**	17 525 129
Property, plant and equipment	4	**142 797 829**	134 180 789	**152 022**	198 366
Goodwill	5	**223 421 981**	223 421 981	**–**	–
Intangible asset	6	**5 161 591**	7 455 631	**–**	–
Investments in subsidiaries	7	**–**	–	**299 378 029**	209 967 288
Investment in associate	8	**743 842 941**	670 467 278	**683 689 159**	635 117 284
Other financial assets	10	**10 638 527**	–	**10 638 527**	–
Operating lease asset	13	**–**	–	**613 869**	603 747
Long-term loans	14	**2 000 000**	–	**2 000 000**	–
		1 127 862 869	1 035 525 679	**1 014 899 131**	863 411 814
Current assets					
Inventories	15	**16 972 080**	12 244 871	**–**	–
Loans to group companies	9	**–**	–	**10 149**	4 149
Other financial assets	10	**–**	12 987 551	**–**	12 987 551
Trade and other receivables	16	**121 613 883**	110 971 487	**253 002**	1 688 533
Cash and cash equivalents	17	**44 756 833**	91 231 432	**1 225 306**	6 282 682
		183 342 796	227 435 341	**1 488 457**	20 962 915
Total assets		**1 311 205 665**	1 262 961 020	**1 016 387 588**	884 374 729
EQUITY AND LIABILITIES					
Equity					
Stated capital	18	**635 403 188**	632 950 155	**635 403 188**	632 950 155
Reserves		**19 262 087**	18 910 771	**20 469 750**	20 118 434
Retained income		**329 214 333**	258 730 837	**219 340 739**	90 034 225
		983 879 608	910 591 763	**875 213 677**	743 102 814
Liabilities					
Non-current liabilities					
Loans from group companies	9	**–**	–	**13 647 025**	12 540 678
Other financial liabilities	20	**180 132 807**	231 309 499	**–**	–
Deferred income	21	**2 233 359**	1 866 813	**–**	–
Deferred taxation	12	**19 696 446**	15 978 858	**–**	–
		202 062 612	249 155 170	**13 647 025**	12 540 678
Current liabilities					
Loans from group companies	9	**–**	–	**126 115 900**	127 256 696
Other financial liabilities	20	**35 803 432**	18 208 333	**–**	–
Current taxation payable		**408 615**	1 283 129	**–**	–
Operating lease liability	13	**4 101 068**	2 756 653	**15 910**	–
Trade and other payables	22	**84 272 472**	80 452 834	**1 395 076**	1 474 541
Deferred income	21	**677 858**	513 138	**–**	–
		125 263 445	103 214 087	**127 526 886**	128 731 237
Total liabilities		**327 326 057**	352 369 257	**141 173 911**	141 271 915
Total equity and liabilities		**1 311 205 665**	1 262 961 020	**1 016 387 588**	884 374 729
Net asset value per share (cents)	38	**484,74**	450,99		
Tangible net asset value per share (cents)	38	**372,83**	337,68		

Statements of comprehensive income
for the year ended 31 March 2017

		GROUP		COMPANY	
	Notes	2017 R	2016 R	2017 R	2016 R
Revenue	24	839 984 931	874 253 138	19 242 280	20 045 609
Cost of sales	25	(483 668 229)	(510 218 084)	–	–
Gross profit		356 316 702	364 035 054	19 242 280	20 045 609
Other income		2 429 156	2 351 569	214 465	90 110
Operating expenses		(273 996 024)	(282 137 148)	(30 762 448)	(34 188 053)
Operating profit/(loss)	26	84 749 834	84 249 475	(11 305 703)	(14 052 334)
Investment income	27	7 172 130	8 127 000	50 058 450	562 461
Reversal of impairment loss	7	–	–	89 410 741	–
Profit from equity-accounted investment	8	24 803 788	18 154 066	–	–
Finance costs	28	(26 695 077)	(28 270 848)	(1 202 079)	(565)
Profit/(loss) before taxation		90 030 675	82 259 693	126 961 409	(13 490 438)
Taxation	29	(21 892 284)	(21 839 218)	–	–
Profit/(loss) for the year		68 138 391	60 420 475	126 961 409	(13 490 438)
Total comprehensive income/(loss) for the year		68 138 391	60 420 475	126 961 409	(13 490 438)
Total comprehensive income/(loss) attributable to:					
Equity holders of the parent		68 138 391	60 420 475	126 961 409	(13 490 438)
		68 138 391	60 420 475	126 961 409	(13 490 438)
Basic earnings per share (cents)	38	33,63	30,00		
Diluted earnings per share (cent)	38	33,36	28,97		

Statements of changes in equity
for the year ended 31 March 2017

	GROUP					
	Stated capital R	Revaluation reserve (relating to land of associate) R	Equity-based share option reserve R	Total reserves R	Retained income R	Total equity R
Balance at 31 March 2015	631 127 028	(1 207 663)	16 893 054	15 685 391	197 907 280	844 719 699
Profit for the year	–	–	–	–	60 420 475	60 420 475
Other comprehensive income for the year	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	60 420 475	60 420 475
Issue of shares	1 823 127	–	–	–	–	1 823 127
Employees' share option scheme	–	–	3 225 380	3 225 380	403 082	3 628 462
Balance at 31 March 2016	632 950 155	(1 207 663)	20 118 434	18 910 771	258 730 837	910 591 763
Profit for the year	**–**	**–**	**–**	**–**	**68 138 391**	**68 138 391**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**68 138 391**	**68 138 391**
Issue of shares	**2 453 033**	**–**	**–**	**–**	**–**	**2 453 033**
Employees' share option scheme	**–**	**–**	**351 316**	**351 316**	**2 345 105**	**2 696 421**
Balance at 31 March 2017	**635 403 188**	**(1 207 663)**	**20 469 750**	**19 262 087**	**329 214 333**	**983 879 608**
Notes	18		19			

	COMPANY				
	Stated capital R	Equity-based share option reserve R	Total reserves R	Retained income R	Total equity R
Balance at 31 March 2015	631 127 028	16 893 054	16 893 054	103 121 581	751 141 663
Loss for the year	–	–	–	(13 490 438)	(13 490 438)
Other comprehensive loss for the year	–	–	–	–	–
Total comprehensive loss for the year	–	–	–	(13 490 438)	(13 490 438)
Issue of shares	1 823 127	–	–	–	1 823 127
Employees' share option scheme	–	3 225 380	3 225 380	403 082	3 628 462
Balance at 31 March 2016	632 950 155	20 118 434	20 118 434	90 034 225	743 102 814
Profit for the year	**–**	**–**	**–**	**126 961 409**	**126 961 409**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**
Total comprehensive profit for the year	**–**	**–**	**–**	**126 961 409**	**126 961 409**
Issue of shares	**2 453 033**	**–**	**–**	**–**	**2 453 033**
Employees' share option scheme	**–**	**351 316**	**351 316**	**2 345 105**	**2 696 421**
Balance at 31 March 2017	**635 403 188**	**20 469 750**	**20 469 750**	**219 340 739**	**875 213 677**
Notes	18	19			

Statements of cash flows
for the year ended 31 March 2017

		GROUP		COMPANY	
	Notes	**2017 R**	2016 R	**2017 R**	2016 R
Cash flows from operating activities					
Cash generated from/(utilised in) operations	30	**96 978 796**	117 037 155	**(7 054 616)**	(10 809 577)
Interest income		**7 172 130**	8 127 000	**58 450**	562 461
Dividends received		**–**	–	**50 000 000**	–
Finance costs	28	**(24 320 458)**	(28 270 848)	**(1 202 079)**	(565)
Taxation paid	31	**(19 049 210)**	(18 421 887)	**–**	–
Net cash generated from/(utilised in) operating activities		**60 781 258**	78 471 420	**41 801 755**	(10 247 681)
Cash flows from investing activities					
Purchase of property, plant and equipment	4	**(28 535 101)**	(36 589 744)	**(28 494)**	(47 696)
Disposal of property, plant and equipment	4	**1 852 035**	999 999	**–**	–
Loans repaid		**349 023**	514 320	**349 023**	514 320
Investment increase in associate		**(48 571 875)**	–	**(48 571 875)**	–
Government grant received		**1 153 240**	–	**–**	–
Net cash (utilised in)/generated from investing activities		**(73 752 678)**	(35 075 425)	**(48 251 346)**	466 624
Cash flows from financing activities					
Proceeds on share issue	18	**2 453 033**	825 647	**2 453 032**	825 647
Proceeds from other financial liabilities		**–**	28 237 894	**–**	–
Repayment of other financial liabilities	20	**(35 195 345)**	(52 142 370)	**–**	–
Repayment of loans from group companies		**–**	–	**(1 060 817)**	–
Facility raising fee paid		**(760 867)**	–	**–**	–
Net cash (utilised in)/generated from financing activities		**(33 503 179)**	(23 078 829)	**1 392 215**	825 647
Total cash and cash equivalents movement for the year		**(46 474 599)**	20 317 166	**(5 057 376)**	(8 955 410)
Cash and cash equivalents at the beginning of the year		**91 231 432**	70 914 266	**6 282 682**	15 238 092
Total cash and cash equivalents at the end of the year	17	**44 756 833**	91 231 432	**1 225 306**	6 282 682

Accounting policies
for the year ended 31 March 2017

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), the Companies Act of South Africa, 71 of 2008, as amended (the Companies Act) the Listings Requirements of the JSE Limited (JSE Listings Requirements), and the South African Institute for Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. The annual financial statements have been prepared on the historical cost basis, except for the measurement of investment property/land which is carried at fair value, and incorporate the principal accounting policies set out below. They are presented in South African rand. Accounting policies that refer to 'consolidated' or 'group', apply equally to the company financial statements where relevant.

As a result of the adoption of the new and amended standards and interpretations in issue that were effective for the first time in the current reporting period, a number of new policies were introduced. However, the adoption of these new and amended standards and interpretations did not have a material impact on the annual financial statements in the current period. Refer to note 2.1 for details of standards adopted in the current period.

The accounting policies are consistent with the previous year, except for the new or revised accounting standards and interpretations of those standards that were adopted.

1.1 Consolidation

Basis of consolidation

The group consolidates its subsidiaries. The group's interest in its associate is accounted for using the equity method of accounting. Accounting policies are applied consistently in all group companies.

The results of the subsidiaries are included for the duration of the period in which the group exercised control over the subsidiaries.

Investment in associate

An investment in associate is accounted for using the equity method. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost, adjusted for post-acquisition changes in the group's share of net assets of the associate, less any impairment losses.

The group recognises its share of losses of the associate to the extent of the group's net investment in the associate.

The group's share of unrealised intra-company gains is eliminated upon consolidation, and the group's share of intra-company losses is also eliminated provided they do not provide evidence that the asset transferred is impaired.

The group's share of post acquisition profits or losses, other comprehensive income and movements in equity of the associate are included in the group's profit or loss, other comprehensive income and equity reserves respectively.

1.2 Significant judgements and sources of estimation uncertainty

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

Loans, trade receivables and other receivables

The group assesses its loans, trade receivables 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 group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

Options granted

Management used the Black Scholes model and the binomial valuation model as specified in note 19 to determine the fair value of the options at issue date. Additional details regarding the estimates are included in note 19.

Accounting policies continued
for the year ended 31 March 2017

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (continued)

1.2 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing of goodwill and investments in subsidiaries

The recoverable amount of the cash-generating unit (Métier) has been determined on a value-in-use calculation, using cash flow projections which cover a two-year period.

The following assumptions have been applied when reviewing goodwill impairment:

- A growth rate of 6,3% was applied and cash flows were discounted at a rate of 18,50%, which is the estimated cost of capital as it relates to Métier.
- Asset values were based on the carrying amounts for the financial period.
- Future profits were estimated using historical information and approved two year budgets.
- Sales growth/gross margins were based on historical achievement/known future prospects.
- Costs were assumed to grow in line with expansion and expected inflation.
- Cash flows have been extended into perpetuity at the growth rates noted above; as management has no reason to believe the company will not continue past the budget period.

Following the impairment test, the previously recognised impairment of the investment in Métier of R89 410 741 has been reversed.

Estimation of useful lives and residual values

The estimation of the useful lives of assets is based on historic performance as well as expectations about future use, and therefore requires a significant degree of judgement to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes. Residual value assessments consider issues such as future market conditions, the remaining lives of the assets and projected disposal values.

The useful life of the intangible asset is assessed, at a minimum, on an annual basis, or when there are indicators present that there is a change from the previous estimate. Estimates of the useful life of the intangible asset are based on the remaining customer contractual period of the asset of seven years.

1.3 Investment property

Investment property is held at fair value.

Fair value

The fair value of the investment property is assessed based on the value of similar properties in the area.

1.4 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses, except for land and buildings which are carried at revalued amounts, being the fair value at the date of revaluation.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from the fair value at the end of the reporting period. The fair value of land is assessed based on the fair value of similar properties in the area.

Plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value. Depreciation of an asset commences when the asset is available for use as intended by management.

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

Item	Average useful life
Land	*
Buildings	30 years
Plant and machinery	10 years
Furniture and fixtures	6 years
Motor vehicles	5 years
Office equipment	5 years
Computer equipment	3 years

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

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. During the year this was reviewed on 1 October 2016, which resulted in a reduction in the depreciation charge of R4 500 000 for the year under review.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (continued)

1.5 Intangible assets

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

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

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

1.6 Investments in subsidiaries

Company annual financial statements

In the company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

1.7 Investment in associate

Company annual financial statements

An investment in an associate is carried at cost less any accumulated impairment.

1.8 Financial instruments

Classification

Financial instruments are classified as financial assets, financial liabilities and equity instruments. The group classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

The group 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.

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.

Initial recognition and measurement

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

Financial instruments are measured initially 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.

Subsequent measurement

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

Financial liabilities are subsequently measured at amortised cost, using the effective interest rate 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.

Impairment of financial assets

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

For amounts due to the group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Accounting policies continued
for the year ended 31 March 2017

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (continued)

1.8 Financial instruments (continued)

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write-off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Derecognition

Financial assets are derecognised if the group's contractual rights to the cash flows from the financial assets expire or if the group 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 group's obligations specified in the contract expire or are discharged or cancelled.

Loans to/(from) group companies

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Trade and other receivables

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

Cash and cash equivalents

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

Cash and cash equivalents are classified as loans and receivables.

Bank overdraft and other financial liabilities

Any difference between the proceeds (net of transaction costs) and the settlement or redemption of other financial liabilities is recognised over the term of the other financial liabilities in accordance with the group's accounting policy for borrowing costs.

Other financial liabilities are classified as financial liabilities at amortised cost.

1.9 Taxation

Current taxation assets and liabilities

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

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (continued)

1.9 Taxation (continued)

Deferred taxation assets and liabilities

A deferred taxation liability is recognised for all taxable temporary differences, except to the extent that the deferred taxation 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 or taxation loss.

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

Taxation expenses

Current and deferred taxations are recognised as income or an expense and included in profit or loss for the period, except to the extent that the taxation 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 taxation and deferred taxations are charged or credited in other comprehensive income if the taxation relates to items that are credited or charged, in the same or a different period, in other comprehensive income.

1.10 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 – lessor

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

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

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 is recognised as an operating lease liability. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred and are disclosed under operating expenses in profit or loss.

1.11 Inventories

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

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

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

1.12 Impairment of assets

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

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

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.

Accounting policies continued

for the year ended 31 March 2017

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (continued)

1.12 Impairment of assets (continued)

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 recognised as 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 of assets carried at revalued amounts is recorded first against previously recognised revaluation gains in other comprehensive income in respect of that asset, and thereafter recognised in profit or loss.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit; and
- then, to the other assets of the unit, *pro rata* on the basis of the carrying amount of each asset in the unit.

The group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.13 Share-based payments

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

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

Since the fair values of the services received are employee services, their value and the corresponding increase in equity are measured, indirectly, by reference to the fair value of the equity instruments granted.

If the share-based payments granted do not vest until the counterparty completes a specified period of service, the group accounts for those services as they are rendered by the counterparty during the vesting period (or on a straight-line basis over the vesting period).

If the share-based payments vest immediately, the services received are recognised in full in profit or loss.

For all equity-settled share-based payment transactions, management assesses, at each reporting period, the number of options expected to vest until vesting. Changes in the estimated number of options expected to vest will be accounted for as part of the cost recognised in each period with the corresponding adjustment taken to equity.

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

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (continued)

1.14 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave, sick leave, bonuses, and non-monetary benefits such as medical care) is recognised in the period in which the services are rendered and is not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.15 Government grants

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

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

Government grants related to assets, including non-monetary grants at fair value, are presented in the statements of financial position by setting up the grant as deferred income. These grants are recognised as deferred income, and released to operating profit over the average useful lives of the assets, which are seven years.

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

1.16 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods (ready-mixed concrete) and services (administration fees and rental income at company level) provided in the normal course of business, net of trade discounts and volume rebates, and value added taxation. Revenue is recognised when the significant risks and rewards of ownership of the goods have been transferred.

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

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

1.17 Borrowing costs

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

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

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

1.18 Operating segments

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

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

The chief operating decision maker, who is responsible for allocating resources and assessing performance of the reportable operating segment, has been identified as the executive board members of the group.

Notes to the annual financial statements
for the year ended 31 March 2017

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/interpretation:	Effective date: Years beginning on or after
Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendment to IAS 27 Equity Method in Separate Financial Statements	1 January 2016
Amendment to IFRS 7 Financial Instruments: Disclosures: Annual improvements project	1 January 2016
Amendment to IAS 19 Employee Benefits: Annual improvements project	1 January 2016
Disclosure initiative: Amendment to IAS 1: Presentation of Financial Statements	1 January 2016

The impact of all of the above amendments is not material.

2.2 Standards and interpretations not yet effective

The list of standards and interpretations below only reflects those which are expected to impact on the group. The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 April 2017 or later periods:

IFRS 16 Leases

Company as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short-term leases or leases where the underlying asset has a low value which are expensed on a straight-line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any remeasurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and remeasured for re-assessments or modifications.
- Remeasurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is remeasured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is remeasured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee remeasures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee remeasures the lease liability by making a corresponding adjustment to the right-of-use asset.
- Right-of-use assets and lease liabilities should be presented separately from the other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 Leases.

2. NEW STANDARDS AND INTERPRETATIONS (continued)

2.2 Standards and interpretations not yet effective (continued)

The effective date of the standard is for years beginning on or after 1 January 2019.

The group expects to adopt the standard for the first time in the 2020 annual financial statements.

The directors are still determining the impact of this on the annual financial statements.

IFRS 9 Financial Instruments

IFRS 9, issued in November 2009, introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include (a) impairment requirements for financial assets; and (b) limited amendments to the classification and measurement requirements by introducing a fair value through other comprehensive income (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset, give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated at fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The effective date of the standard is for years beginning on or after 1 January 2018.

Notes to the annual financial statements continued
for the year ended 31 March 2017

2. NEW STANDARDS AND INTERPRETATIONS (continued)
2.2 Standards and interpretations not yet effective (continued)

The group expects to adopt the standard for the first time in the 2019 annual financial statements.

The impact of this standard is currently being assessed. The adoption of this may result in more disclosure than is currently provided in the annual financial statements

IFRS 15 Revenue from Contracts with Customers
IFRS 15 supersedes IAS 11 Construction Contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the Construction of Real Estate; IFRIC 18 Transfers of Assets from Customers; and SIC 31 Revenue – Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation

IFRS 15 also includes extensive new disclosure requirements. The effective date of the standard is for years beginning on or after 1 January 2018. The group expects to adopt the standard for the first time in the 2019 annual financial statements.

The adoption of this standard is not expected to impact on the results of the group, but may result in more disclosure than is currently provided in the annual financial statements.

3. INVESTMENT PROPERTY

	COMPANY					
	2017			2016		
	Cost R	**Accumulated fair value adjustment R**	**Carrying value R**	Cost R	Accumulated fair value adjustment R	Carrying value R
Investment property	**18 427 525**	**–**	**18 427 525**	17 525 129	–	17 525 129

Reconciliation of investment property	**Opening balance R**	**Additions R**	**Total R**
Company 2017			
Investment property	**17 525 129**	**902 396**	**18 427 525**
Company 2016			
Investment property	4 542 326	12 982 803	17 525 129

The construction of the building was completed during the year. Management has assessed that the carrying value of the investment property is not materially different from the fair value as at acquisition date and that the fair value has not changed from the fair value as at reporting date. Therefore no revaluation of the investment property has been performed.

Pledged as security
The land is pledged as security for the R2 million overdraft facility of Sephaku Holdings Limited (refer to note 17).

3. INVESTMENT PROPERTY (continued)

Other disclosures

The investment property that was acquired by Sephaku Holdings Limited is leased out under an operating lease to Métier. Since the investment property is owner-occupied on group level, it has been reclassified to property, plant and equipment for consolidation purposes. The addendum to the initial operating lease contract commenced on 31 March 2016 and is for a period of 10 years which may be renewed for a further five-year period. The rentals payable are subject to an increase of 4% per annum as Métier is directly responsible for expenditure that is subject to inflation.

	GROUP		COMPANY	
	2017 R	2016 R	**2017 R**	2016 R
Total straight-lined rental income from investment property	**–**	–	**3 673 869**	955 319
Details of property				
Erf 398 Randjespark Ext 121				
– Purchase price: 10 December 2013	**–**	–	**4 017 750**	4 017 750
– Capitalised expenditure	**–**	–	**14 409 775**	13 507 379
	–	–	**18 427 525**	17 525 129

4. PROPERTY, PLANT AND EQUIPMENT

	GROUP					
	2017			2016		
	Cost/ valuation R	**Accumulated depreciation R**	**Carrying value R**	Cost/ valuation R	Accumulated depreciation R	Carrying value R
Land	**6 736 296**	**–**	**6 736 296**	6 736 296	–	6 736 296
Buildings	**14 357 537**	**–**	**14 357 537**	13 455 142	–	13 455 142
Plant and machinery	**88 365 658**	**(33 983 114)**	**54 382 544**	73 754 767	(27 532 261)	46 222 506
Furniture and fixtures	**787 223**	**(484 147)**	**303 076**	694 051	(405 247)	288 804
Motor vehicles	**164 949 921**	**(98 624 530)**	**66 325 391**	156 914 740	(90 013 365)	66 901 375
Office equipment	**24 966**	**(9 292)**	**15 674**	24 966	(4 299)	20 667
Computer equipment	**3 006 651**	**(2 329 340)**	**677 311**	2 583 944	(2 027 945)	555 999
Total	**278 228 252**	**(135 430 423)**	**142 797 829**	254 163 906	(119 983 117)	134 180 789

	COMPANY					
	2017			2016		
	Cost/ valuation R	**Accumulated depreciation R**	**Carrying value R**	Cost/ valuation R	Accumulated depreciation R	Carrying value R
Furniture and fixtures	**143 177**	**(57 309)**	**85 868**	143 177	(33 446)	109 731
Office equipment	**24 966**	**(9 292)**	**15 674**	24 966	(4 299)	20 667
IT equipment	**118 320**	**(67 840)**	**50 480**	100 826	(32 858)	67 968
Total	**286 463**	**(134 441)**	**152 022**	268 969	(70 603)	198 366

Notes to the annual financial statements continued
for the year ended 31 March 2017

4. PROPERTY, PLANT AND EQUIPMENT (continued)

	GROUP				
Reconciliation of property, plant and equipment	**Opening balance R**	**Additions R**	**Disposals R**	**Depreciation R**	**Total R**
2017					
Land	**6 736 296**	**–**	**–**	**–**	**6 736 296**
Buildings	**13 455 142**	**902 395**	**–**	**–**	**14 357 537**
Plant and machinery	**46 222 506**	**14 696 980**	**(43 166)**	**(6 493 776)**	**54 382 544**
Furniture and fixtures	**288 804**	**93 172**	**–**	**(78 900)**	**303 076**
Motor vehicles	**66 901 375**	**12 321 344**	**(1 057 611)**	**(11 839 717)**	**66 325 391**
Office equipment	**20 667**	**–**	**–**	**(4 993)**	**15 674**
Computer equipment	**555 999**	**521 209**	**(8 079)**	**(391 818)**	**677 311**
	134 180 789	**28 535 100**	**(1 108 856)**	**(18 809 204)**	**142 797 829**
2016					
Land	6 736 296	–	–	–	6 736 296
Buildings	472 339	12 982 803	–	–	13 455 142
Plant and machinery	50 192 047	2 146 295	–	(6 115 836)	46 222 506
Furniture and fixtures	287 135	69 916	–	(68 247)	288 804
Motor vehicles	70 598 385	21 025 850	(575 397)	(24 147 463)	66 901 375
Office equipment	9 096	14 470	–	(2 899)	20 667
Computer equipment	491 999	350 409	–	(286 409)	555 999
	128 787 297	36 589 743	(575 397)	(30 620 854)	134 180 789

	COMPANY				
Reconciliation of property, plant and equipment	**Opening balance R**	**Additions R**	**Disposals R**	**Depreciation R**	**Total R**
2017					
Furniture and fixtures	**109 731**	**–**	**–**	**(23 863)**	**85 868**
Office equipment	**20 667**	**–**	**–**	**(4 993)**	**15 674**
Computer equipment	**67 968**	**28 494**	**(6 111)**	**(39 871)**	**50 480**
	198 366	**28 494**	**(6 111)**	**(68 727)**	**152 022**
2016					
Furniture and fixtures	133 594	–	–	(23 863)	109 731
Office equipment	9 096	14 470	–	(2 899)	20 667
IT equipment	65 600	33 226	–	(30 858)	67 968
	208 290	47 696	–	(57 620)	198 366

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Construction of the building (for the property included in the financial statements at a carrying value of R14 357 537 as at 31 March 2017) was completed during the financial year under review. The additional expenditure to the value of R902 396 (2016: R12 982 803) was incurred and capitalised against the building. Management has assessed that the fair value is not materially different from the carrying value of the asset as at 31 March 2017. A formal revaluation on the land and buildings will be performed on or before 31 March 2018. The residual value of the building is considered to be in excess of the cost thereof, as such no depreciation has been processed on the building.

Land owned by Métier Mixed Concrete at a carrying value of R2 666 309 has not been revalued during the financial year as management has assessed that the fair value is not materially different from the fair value determined at the purchase price acquisition performed on 28 February 2013.

Pledged as security

All movable assets are pledged as security for other financial liabilities as per note 20. Land and buildings of R18 427 525 (2016: R17 525 129) are pledged as security for the R2 million overdraft facility of Sephaku Holdings Limited.

	GROUP		COMPANY	
	2017 R	2016 R	**2017 R**	2016 R
Details of land and buildings				
Portion 0 of Erf 233, Phoenix Industrial Park				
– Purchase price: 12 June 2009	**2 400 000**	2 400 000	**–**	–
– Capitalised expenditure	**266 309**	266 309	**–**	–
	2 666 309	2 666 309	**–**	–
Erf 398 Randjespark Ext 121				
– Purchase price: 10 December 2013	**4 017 750**	4 017 750	**–**	–
– Capitalised expenditure (land)	**52 237**	52 237	**–**	–
– Capitalised expenditure (building)	**14 357 537**	13 455 142	**–**	–
	18 427 524	17 525 129	**–**	–

Notes to the annual financial statements continued
for the year ended 31 March 2017

5. GOODWILL

	GROUP					
		2017			2016	
	Cost R	**Accumulated impairment R**	**Carrying value R**	Cost R	Accumulated impairment R	Carrying value R
Goodwill on acquisition of subsidiary	**223 421 981**	**–**	**223 421 981**	223 421 981	–	223 421 981

Reconciliation of goodwill	**Opening balance R**	**Total R**
2017		
Goodwill	**223 421 981**	**223 421 981**
2016		
Goodwill	223 421 981	223 421 981

Impairment testing

In accordance with IAS 36 Impairment of Assets, goodwill and intangible assets with indefinite useful lives are reviewed annually for impairment, or more frequently if there is an indication that goodwill might be impaired.

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

6. INTANGIBLE ASSETS

	GROUP					
	2017			2016		
	Cost/ valuation R	**Accumulated amortisation R**	**Carrying value R**	Cost/ valuation R	Accumulated amortisation R	Carrying value R
Customer contract	**20 438 713**	**(15 277 122)**	**5 161 591**	20 438 713	(12 983 082)	7 455 631

Reconciliation of intangible asset	Opening balance R	Amortisation R	Total R
2017			
Customer contract	**7 455 631**	**(2 294 040)**	**5 161 591**
2016			
Customer contract	10 896 692	(3 441 061)	7 455 631

Amortisation and change in accounting estimate

The extended seven-year contract stipulated the contract end as 30 June 2018.

On 25 June 2016 the contract was extended to an eight-year contract period. Amortisation for the 2016 reporting period was based on the seven-year contract. The carrying value of the intangible asset was therefore amortised over the 39 months remaining of the eight-year extended contract period during the current year.

Impairment testing

No indications of impairment were identified and therefore no impairment testing was performed for the current financial year.

7. INVESTMENTS IN SUBSIDIARIES

	COMPANY			
	% holding 2017	% holding 2016	**Carrying amount 2017 R**	Carrying amount 2016 R
Name of company				
Sephaku Investment Holdings Proprietary Limited (previously Sephaku Cement Investment Holdings Limited)	**100,00**	100,00	**1**	1
Métier Mixed Concrete Proprietary Limited	**100,00**	100,00	**209 967 287**	209 967 287
			209 967 288	209 967 288
Reversal of impairment of investment in Métier Mixed Concrete Proprietary Limited			**89 410 741**	–
			299 378 029	209 967 288

Subsidiaries are shown at carrying amounts, net of impairment. All the subsidiaries are registered and operate within South Africa. The impairment testing resulted in the reversal of the impairment loss of R89 410 741 from the 2013 financial year.

Notes to the annual financial statements continued
for the year ended 31 March 2017

8. INVESTMENT IN ASSOCIATE

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

Summary of group's interest in associate	2017 R	2016 R
Company level: Cost of investment in associate	**635 117 284**	635 117 284
Proportional increase in investment – current year	**48 571 875**	–
Equity-accounted earnings – prior years	**35 349 994**	17 195 928
Equity-accounted earnings – current year	**24 803 788**	18 154 066
Group level: Carrying value of investment in associate	**743 842 941**	670 467 278

During the year, Dangote Cement PLC and Sephaku Holdings Limited contributed a total amount of R134 921 875 in equity to relieve pressure on the debt covenants.

As a result of the price pressure experienced by the associate during the year the debt service ratio was 1,225 instead of the required 1,3. A waiver was received by the lenders for this breach. The directors have requested the lenders to review the Nedbank and consortium loan repayment profile in order to reduce the pressure on the debt service reserve ratio going forward. The outcome is still outstanding at this stage. A satisfactory result is expected before the end of July 2017.

Impairment testing

No indications of impairment were identified and therefore no impairment testing was performed for the current financial year. The net asset value of the associate is R1 341 970 774 (2016: R1 139 994 928) as indicated below.

Summary of group interest in CEMENT and its subsidiaries	2017* R	2016* (Restated**) R
Non-current assets**	**3 463 892 648**	3 590 677 187
Current assets	**749 053 952**	860 280 952
Total assets	**4 212 946 600**	4 450 958 139
Total equity**	**1 341 970 774**	1 139 994 928
Non-current liabilities**	**(2 152 594 106)**	(2 465 591 403)
Current liabilities	**(718 381 720)**	(845 371 808)
Total liabilities	**(2 870 975 826)**	(3 310 963 211)
Revenue for the period	**2 281 395 559**	2 298 566 531
Cost of sales	**(1 855 433 510)**	(1 784 417 193)
Gross profit	**425 962 049**	514 149 338
Operating profit	**358 435 454**	336 959 243
Investment income	**16 274 555**	7 424 285
Finance costs	**(291 349 372)**	(265 533 881)
Profit/(loss) before taxation	**83 360 637**	78 849 647
Taxation (expense)/income	**(14 461 227)**	(28 421 686)
Profit after taxation for the period	**68 899 410**	50 427 961
Total comprehensive income for the period	**68 899 410**	50 427 961

* *CEMENT has a December year-end so as to agree with Dangote Cement Plc's year-end. In line with the requirements of IAS 28, the year-end results of CEMENT as at 31 December 2016 have been included in these financial statements.*

Restatement

** *The financial statements of Dangote Cement South Africa Proprietary Limited have been prepared on the historical cost basis including measurement of land (this is a change in accounting policy from fair value to cost to align with its holding company, Dangote Cement Plc's policies). Sephaku Holdings Limited Group's accounting policy for land is to carry land at fair value. The group had made adjustments to the financial statements of Dangote Cement South Africa Proprietary Limited for this difference in policy. The current fair value is not materially different to the fair value previously reported by the Dangote Cement South Africa Proprietary Limited and no change in value was recognised.*

9. LOANS TO/(FROM) GROUP COMPANIES

	GROUP		COMPANY	
Subsidiary	**2017 R**	2016 R	**2017 R**	2016 R
Métier Mixed Concrete Proprietary Limited The loan is unsecured, bears interest at a fixed rate of 8% effective 31 March 2016, and will be repaid over the next 10 years in equal monthly instalments.	**–**	–	**(14 762 925)**	(14 797 374)
Métier Mixed Concrete Proprietary Limited The loan is unsecured, interest-free and is repayable on demand.	**–**	–	**(125 000 000)**	(125 000 000)
Sephaku Investment Holdings Proprietary Limited (previously Sephaku Cement Investment Holdings Limited) The loan is unsecured, interest-free and is repayable on demand.	**–**	–	**10 149**	4 149
	–	–	**(139 752 776)**	(139 793 225)

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

	GROUP		COMPANY	
Subsidiary	**2017 R**	2016 R	**2017 R**	2016 R
Current assets	**–**	–	**10 149**	4 149
Non-current liabilities	**–**	–	**(13 647 025)**	(12 540 678)
Current liabilities	**–**	–	**(126 115 900)**	(127 256 696)
Total	**–**	–	**(139 752 776)**	(139 793 225)

Notes to the annual financial statements continued

for the year ended 31 March 2017

10. OTHER FINANCIAL ASSETS

	GROUP		COMPANY	
	2017 R	2016 R	**2017 R**	2016 R
Loans and receivables				
Miranda Mineral Holdings Limited	**1 038 554**	293 095	**1 038 554**	293 095
African Nickel Holdings Proprietary Limited (refer to note 14 for further details)	**–**	2 000 000	**–**	2 000 000
Cross Company Management Proprietary Limited (net of impairment provision of R6 835 864)	**9 599 973**	10 694 456	**9 599 973**	10 694 456
The loans are unsecured, bear no interest and are repayable on demand. As a result of changes in the economic landscape during the year, management concluded that the loans will be realised after a 12 month period.				
	10 638 527	12 987 551	**10 638 527**	12 987 551
Non-current assets				
Loans and receivables	**10 638 527**	–	**10 638 527**	–
Current assets				
Loans and receivables	**–**	12 987 551	**–**	12 987 551
	10 638 527	12 987 551	**10 638 527**	12 987 551

11. FINANCIAL ASSETS BY CATEGORY

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

	GROUP		
	Loans and receivables R	Non-financial instruments* R	Total R
2017			
Other financial assets	**10 638 527**	**–**	**10 638 527**
Trade and other receivables	**119 397 335**	**2 216 548**	**121 613 883**
Cash and cash equivalents	**44 756 833**	**–**	**44 756 833**
Long-term loans	**2 000 000**	**–**	**2 000 000**
	176 792 695	**2 216 548**	**179 009 243**
2016			
Other financial assets	12 987 551	–	12 987 551
Trade and other receivables	107 639 778	3 331 709	110 971 487
Cash and cash equivalents	91 231 432	–	91 231 432
	211 858 761	3 331 709	215 190 470

* *Non-financial instruments of the group consists of prepayments R585 020 (2016: R399 709), deposits R1 631 528 (2016: R1 340 005) and value added taxation Rnil (2016: R1 591 995).*

	COMPANY		
	Loans and receivables R	Non-financial instruments R	Total R
2017			
Loans to group companies	**10 149**	**–**	**10 149**
Other financial assets	**10 638 527**	**–**	**10 638 527**
Trade and other receivables	**50 000**	**203 002**	**253 002**
Cash and cash equivalents	**1 225 306**	**–**	**1 225 306**
Long-term loans	**2 000 000**	**–**	**2 000 000**
	13 923 982	**203 002**	**14 126 984**
2016			
Loans to group companies	4 149	–	4 149
Other financial assets	12 987 551	–	12 987 551
Trade and other receivables	50 000	1 638 533	1 688 533
Cash and cash equivalents	6 282 682	–	6 282 682
	19 324 382	1 638 533	20 962 915

Notes to the annual financial statements continued
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12. DEFERRED TAXATION

	GROUP		COMPANY	
	2017 R	2016 R	**2017 R**	2016 R
Deferred taxation asset/(liability)				
Property, plant and equipment	**(20 947 616)**	(17 463 697)	**–**	–
Income received in advance and S24C allowances	**497 829**	322 074	**–**	–
Prepayments	**(101 540)**	(93 466)	**–**	–
Doubtful debt allowance	**210 000**	210 000	**–**	–
Provision for leave pay	**323 377**	212 195	**–**	–
Prepaid expenses	**(18 454)**	(18 454)	**–**	–
Provision for management bonus	**469 477**	1 999 155	**–**	–
Intangible assets	**(1 445 246)**	(2 087 577)	**–**	–
Operating lease accrual	**1 315 727**	940 912	**–**	–
Total deferred taxation liability	**(19 696 446)**	(15 978 858)	**–**	–
Reconciliation of deferred taxation (liability)/asset				
At the beginning of the year	**(15 978 858)**	(14 778 323)	**–**	–
Originating temporary difference on property, plant and equipment	**(3 483 916)**	(2 377 441)	**–**	–
Originating/(reversing) temporary difference on income received in advance and S24C allowance	**175 755**	(16 726)	**–**	–
Originating temporary difference on accrual for leave pay	**111 182**	4 938	**–**	–
Originating temporary difference on prepayments	**(8 077)**	(93 466)	**–**	–
(Reversing)/originating temporary difference on provision for management bonus	**(1 529 678)**	(10 013)	**–**	–
Originating temporary difference on intangible assets	**642 331**	963 497	**–**	–
Originating temporary difference on operating lease accrual	**374 815**	328 676	**–**	–
	(19 696 446)	(15 978 858)	**–**	–
Unrecognised deferred taxation asset				
Relating to unrecognised taxation losses	**98 286 060**	88 379 367	**98 286 060**	88 379 367

13. OPERATING LEASE (ACCRUAL)/ASSET

	GROUP		COMPANY	
	2017 R	2016 R	**2017 R**	2016 R
Non-current assets	**–**	–	**613 869**	603 747
Current liabilities	**(4 101 068)**	(2 756 653)	**(15 910)**	–
	(4 101 068)	(2 756 653)	**597 959**	603 747

Refer to notes 3 and 32 for the terms of the operating lease asset and liability respectively.

14. LONG-TERM LOANS

	GROUP		COMPANY	
	2017 R	2016 R	**2017 R**	2016 R
Incubex Minerals Limited	**2 000 000**	–	**2 000 000**	–

Sephaku Holdings Limited entered into a delegation agreement on 28 April 2016 with African Nickel Holdings Proprietary Limited and Incubex Minerals Limited to settle the African Nickel Holdings Proprietary Limited debt (refer to note 10) for the right to receive 50 000 000 notional shares at a share price of R0,04 in Miranda Mineral Holdings Limited. The formal shares issue will take place once Miranda Mineral Holdings Limited's shares have been restored for trade on the Johannesburg Stock Exchange (JSE).

15. INVENTORIES

	GROUP		COMPANY	
	2017 R	2016 R	**2017 R**	2016 R
Raw materials	**9 648 765**	8 235 327	**–**	–
Diesel	**2 415 862**	1 535 730	**–**	–
Spare parts	**4 907 453**	2 473 814	**–**	–
	16 972 080	12 244 871	**–**	–

Inventory pledged as security

Inventory is pledged as security for other financial liabilities as per note 20.

Notes to the annual financial statements continued
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16. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2017 R	2016 R	**2017 R**	2016 R
Trade receivables	**119 397 335**	107 639 778	**50 000**	50 000
Prepayments	**585 020**	399 709	**156 464**	–
Deposits	**1 631 528**	1 340 005	**46 538**	46 538
Value added taxation	**–**	1 591 995	**–**	1 591 995
	121 613 883	110 971 487	**253 002**	1 688 533

Trade and other receivables pledged as security

Trade and other receivables of Métier of R121 360 888 (2016: R109 282 953) are pledged as security for other financial liabilities as per note 20.

Credit quality of trade and other receivables

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

Fair value of trade and other receivables

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

Trade and other receivables past due but not impaired

Trade and other receivables which are less than three months past due are not considered to be impaired. At 31 March 2017, R6 261 048 (2016: R28 545 132) was past due but not impaired.

	GROUP		COMPANY	
	2017 R	2016 R	**2017 R**	2016 R
The ageing of amounts past due but not impaired is as follows:				
One month past due	**1 831 741**	24 666 881	**–**	–
Two months past due	**296 190**	678 435	**–**	–
Three months past due	**4 133 117**	3 199 816	**–**	–

Trade and other receivables – allowance for impairment

As at 31 March 2017, trade and other receivables of R1 000 000 (2016: R1 000 000) were provided for. The following factors were considered in determining the amounts of the impairment:

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

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

	GROUP		COMPANY	
Reconciliation of allowance for impairment of trade and other receivables	**2017 R**	2016 R	**2017 R**	2016 R
Opening balance	**1 000 000**	1 000 000	**1 000 000**	1 000 000

Exposure to credit risk

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

17. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2017 R	2016 R	**2017 R**	2016 R
Cash and cash equivalents consist of:				
Cash on hand	**86 500**	84 000	**–**	–
Bank balances	**44 670 333**	91 147 432	**1 225 306**	6 282 682
	44 756 833	91 231 432	**1 225 306**	6 282 682

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

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

	GROUP		COMPANY	
	2017 R	2016 R	**2017 R**	2016 R
The total amount of undrawn overdraft and term loan facilities available for future operating activities and commitments	**23 990 000**	25 990 000	**2 000 000**	2 000 000

Credit facilities are secured as per note 20.

18. STATED CAPITAL

	GROUP		COMPANY	
	2017 R	2016 R	**2017 R**	2016 R
Authorised				
1 000 000 000 ordinary shares with no par value				
Issued – Ordinary shares with no par value				
201 908 654 (2016: 201 224 508) shares at beginning of period	**632 950 155**	631 127 028	**632 950 155**	631 127 028
1 060 833 (2016: 684 146) shares issued during the period	**2 453 033**	1 823 127	**2 453 033**	1 823 127
202 969 487 (2016: 201 908 654) shares at the end of the period	**635 403 188**	632 950 155	**635 403 188**	632 950 155

A total number of 1 060 833 (2016: 311 952) shares issued during the year for a cash amount of R2 453 033 (2016: R825 647) relates to share options that were exercised by employees and directors (refer to note 19).

During the prior year 372 194 shares were issued at a value of R2,68 for no cash consideration as a float to administer the share incentive scheme on behalf of Sephaku Holdings Limited. A cash amount of R942 470 was received during the year for 351 668 of these shares.

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

Notes to the annual financial statements continued
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19. SHARE-BASED PAYMENTS

	Number	Weighted exercise price R	Total value R
Share options granted on 15 October 2010	10 000 000	3,50	35 000 000
Exercised in 2014	(304 333)		
Exercised in 2015	(1 950 666)		
Exercised in 2016	(298 639)		
Outstanding at 31 March 2016	7 446 362		
Exercised and expired in 2017	(1 102 502)		
Outstanding at 31 March 2017	6 343 860		
Share options granted on 29 June 2012	3 500 000	1,90	6 650 000
Exercised in 2015	(750 000)		
Exercised in 2016	(13 313)		
Outstanding at 31 March 2016	2 736 687		
Exercised and expired in 2017	(113 333)		
Outstanding at 31 March 2017	2 623 354		
Share options granted on 31 August 2012	1 500 000	1,90	2 850 000
Exercised in 2015	(250 000)		
Exercised in 2016	–		
Outstanding at 31 March 2016	1 250 000		
Exercised in 2017	(500 000)		
Outstanding at 31 March 2017	750 000		
Share options granted on 10 December 2014	1 565 000	6,80	10 642 000
Exercised in 2015	–		
Exercised in 2016	–		
Outstanding at 31 March 2016	1 565 000		
Resignation prior to vesting	(100 000)		
Outstanding at 31 March 2017	1 465 000		
Share options granted on 31 March 2016	1 630 000	4,40	7 172 000
Exercised in 2016	–		
Outstanding at 31 March 2016	1 630 000		
Outstanding at 31 March 2017	1 630 000		
Total outstanding at 31 March 2016	14 628 049		
Total outstanding at 31 March 2017	12 812 214		
Total exercisable at 31 March 2016	8 099 716		
Total exercisable at 31 March 2017	8 050 547		

19. SHARE-BASED PAYMENTS (continued)

Information on options granted on 15 October 2010

On 15 October 2010, 10 million American-style share options were granted with an exercise price of R3,50, all of which 6 343 860 (2016: 7 446 362) were still outstanding at year-end. These options vest over a five-year period on the anniversary of the grant of the third, fourth and fifth year and expire on 15 October 2017. No option premium was paid on the date of the grant.

Fair value was determined by using the Black Scholes method. The following inputs were used:
- Exercise price: R3,50
- Expected volatility: 55%
- Option life: three, four and five years
- Expected dividends: Nil
- The risk-free interest rate: 7,14%

As the options have vested in full, no staff cost related to equity-settled share-based payments transactions was recognised in 2017 (2016: R675 277 of which R158 352 relate to directors and key management personnel).

Expected volatility is based on share price history. 55% was considered to be reasonable for future volatility.

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

Information on options granted on 29 June 2012

On 29 June 2012, 3,5 million American-style share options with an exercise price of R1,90 were granted, all of which 2 623 354 (2016: 2 736 687) were still outstanding at year-end. These options vest over a five-year period on the anniversary of the grant of the third, fourth and fifth year and expire on 29 June 2019. No option premium was paid on the date of the grant.

Fair value was determined by using the binomial valuation method. The following inputs were used:
- Exercise price: R1,90
- Expected volatility: 55%
- Option life: three, four and five years
- Expected dividends: Nil
- The risk-free interest rate: 6,82%

A total staff cost of R245 464 related to equity-settled share-based payments transactions was recognised in 2017 (2016: R841 412), of which R122 732 (2016: R432 726) relate to directors and key management personnel.

Expected volatility is based on share price history and 55% was considered to be reasonable for future volatility.

Information on options granted on 31 August 2012

On 31 August 2012, 1,5 million American-style share options with an exercise price of R1,90 were granted of which 750 000 (2016: 1 250 000) were still outstanding at year-end. These options vest over a five-year period on the anniversary of the grant of the third, fourth and fifth year and expire on 31 August 2019. No option premium was paid on the date of the grant.

Fair value was determined by using the binomial valuation method. The following inputs were used:
- Exercise price: R1,90
- Expected volatility: 55%
- Option life: three, four and five years
- Expected dividends: Nil
- The risk-free interest rate: 6,82%

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19. SHARE-BASED PAYMENTS (continued)

A total staff cost of R306 094 related to equity-settled share-based payment transactions was recognised in 2017 (2016: R592 619), of which R153 047 (2016: R296 310) relates to directors and key management personnel.

Expected volatility is based on share price history and 55% was considered to be reasonable for future volatility.

Information on options granted on 10 December 2014

On 10 December 2014, 1 565 000 American-style share options with an exercise price of R6,80 were granted, all of which are still outstanding at year-end, except for 100 000 share options returned due to the resignation of an employee prior to vesting. These options vest over a five-year period on the anniversary of the grant of the third, fourth and fifth year and expire on 10 December 2021. No option premium was paid on the date of the grant.

Fair value was determined by using the binomial valuation method. The following inputs were used:

- Exercise price: R6,80
- Expected volatility: 36,4%
- Contractual life of seven years
- Expected dividends: Nil
- The risk-free interest rate: 7,90%

Total staff cost of R1 300 745 related to equity-settled share-based payments transactions was recognised in 2017 (2016: R1 519 154), of which R748 032 (2016: R873 635) relate to directors and key management personnel.

Expected volatility is based on share price history and 36,4% was considered to be reasonable for future volatility.

Information on options granted on 31 March 2016

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

Fair value was determined by using the Black Scholes valuation method. The following inputs were used:

- Exercise price: R4,40
- Expected volatility: 42%
- Contractual life of seven years
- Expected dividends: Nil
- The risk-free interest rate: 8,78%

A total staff cost of R844 114 related to equity-settled share-based payments transactions was recognised in 2017, of which R530 808 relate to directors and key management personnel.

Expected volatility is based on share price history and 42% was considered to be reasonable for future volatility.

At the start of the 2015 financial year, five million share options were available for distribution under the share option scheme. 1 565 000 share options were granted on 10 December 2014 and 1 630 000 share options were granted on 31 March 2016, and 100 000 share options returned due to resignation prior to vesting during the current year, resulting in a balance of 1 905 000 share options still being available for distribution at 31 March 2017.

Refer to the directors' report on page 12 for the directors' interest in share options.

20. OTHER FINANCIAL LIABILITIES

	GROUP		COMPANY	
	2017 **R**	2016 R	**2017** **R**	2016 R
Held at amortised cost				
Standard Bank – Facility B This loan incurred interest at the variable JIBAR rate plus a margin of 3,75%. Capital and interest were repayable quarterly in arrears. During the year, this loan was restructured.	**–**	110 916 668	**–**	–
Standard Bank – Facility C This loan incurred interest at a fixed rate of 10,32% per annum and was restructured during the year.	**–**	63 221 753	**–**	–
Standard Bank – Facility D This loan incurred interest at the variable JIBAR rate plus a margin of 4,25% and was restructured during the year.	**–**	77 000 000	**–**	–
Standard Bank – New Facility A This loan bears interest at the variable JIBAR rate plus a margin of 4%, which is currently 11,35% and is repayable in varying instalments with the final payment being made in February 2020. Interest payments are made quarterly in arrears.	**101 529 094**	–	**–**	–
Standard Bank – New Facility B This loan bears interest at the variable JIBAR rate plus a margin of 3,5%, which is currently 10,58% and is repayable in equal instalments of R3 864 671 with the final payment being made in February 2020. The instalments are repayable monthly over a period of three years and include payments of the interest and capital portions.	**115 943 076**	–	**–**	–
Capitalised transaction costs Transaction costs of the above loans are capitalised and released to operating expenses over the term of the loan.	**(1 535 931)**	(1 620 589)	**–**	–
	215 936 239	249 517 832	**–**	–

Notes to the annual financial statements continued
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20. OTHER FINANCIAL LIABILITIES (continued)

The Standard Bank loans (New Facilities A and B and facilities as per note 17) are secured as follows:

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

Total term lending facilities are R221 000 000 (2016: R260 000 000).

	GROUP		COMPANY	
	2017 R	2016 R	**2017 R**	2016 R
Non-current liabilities				
At amortised cost	**180 132 807**	231 309 499	**–**	–
Current liabilities				
At amortised cost	**35 803 432**	18 208 333	**–**	–
	215 936 239	249 517 832	**–**	–

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

21. DEFERRED INCOME

Government grants to the value of R1 153 240 relating to assets were received during the year. There were no government grants received in 2016. These grants are recognised as deferred income, and released to operating profit over the average useful lives of the assets, which are seven years. The total recognised in operating profit for 2017 amounts to R621 974 (2016: R513 138).

	GROUP		COMPANY	
	2017 **R**	2016 R	**2017** **R**	2016 R
Movement for the period:				
Opening balance	**2 379 951**	2 893 090	**–**	–
Received during the year	**1 153 240**	–	**–**	–
Amortisation	**(621 974)**	(513 139)	**–**	–
Closing balance	**2 911 217**	2 379 951	**–**	–
Non-current liabilities	**2 233 359**	1 866 813	**–**	–
Current liabilities	**677 858**	513 138	**–**	–
	2 911 217	2 379 951	**–**	–

22. TRADE AND OTHER PAYABLES

	GROUP 2017 R	GROUP 2016 R	COMPANY 2017 R	COMPANY 2016 R
Trade payables	**70 034 299**	66 211 217	**203 015**	155 537
Value added taxation	**1 722 319**	1 574 682	**69 052**	–
Credit cards	**16 792**	28 347	**16 792**	28 347
Accrued expenses	**3 954 064**	1 109 837	**77 271**	59 482
Accrued bonus	**1 676 711**	7 139 841	**–**	–
Accrual for salary-related expenses	**646 946**	869 175	**646 946**	869 175
Accrued audit fees	**382 000**	362 000	**382 000**	362 000
Deposits received	**4 378 169**	2 866 709	**–**	–
Sundry suppliers	**1 461 172**	291 026	**–**	–
	84 272 472	80 452 834	**1 395 076**	1 474 541

Fair value of trade and other payables

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

Notes to the annual financial statements continued
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23. FINANCIAL LIABILITIES BY CATEGORY

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

	GROUP		
	Financial liabilities at amortised cost R	Non-financial instruments* R	Total R
2017			
Other financial liabilities	**215 936 239**	**–**	**215 936 239**
Trade and other payables	**80 873 442**	**3 399 030**	**84 272 472**
	296 809 681	**3 399 030**	**300 208 711**
2016			
Other financial liabilities	249 517 832	–	249 517 832
Trade and other payables	71 738 311	8 714 523	80 452 834
	321 256 143	8 714 523	329 970 666

* *Non-financial instruments for the group consists of accrued bonus R1 676 711 (2016: R7 139 841) and value added taxation R1 722 319 (2016: R1 574 682).*

	COMPANY		
	Financial liabilities at amortised cost R	Non-financial instruments R	Total R
2017			
Loans from group companies	**139 762 925**	**–**	**139 762 925**
Trade and other payables	**1 326 024**	**69 052**	**1 395 076**
	141 088 949	**69 052**	**141 158 001**

	COMPANY	
	Financial liabilities at amortised cost R	Total R
2016		
Loans from group companies	139 762 925	139 797 374
Trade and other payables	1 474 541	1 474 541
	141 271 915	141 271 915

24. REVENUE

	GROUP		COMPANY	
	2017 R	2016 R	**2017 R**	2016 R
Sale of goods	**839 984 931**	874 253 138	**–**	–
Rendering of services	**–**	–	**16 187 738**	19 090 290
Rental income	**–**	–	**3 054 542**	955 319
	839 984 931	874 253 138	**19 242 280**	20 045 609

Reclassification of revenue disclosure

On company level during the 2017 financial year the inter-group administration fees and rental income received from Métier are shown as revenue as defined per IAS 18.7. Going forward this will remain as revenue at company level. During 2016 these were included as part of other income (R20 045 609).

25. COST OF SALES

	GROUP		COMPANY	
	2017 R	2016 R	**2017 R**	2016 R
Cost of goods/inventory sold	**483 668 229**	510 218 084	**–**	–
	483 668 229	510 218 084	**–**	–

Reclassification of cost of sales disclosure

Discounts received from suppliers have been reclassified to cost of sales to allow for more accurate reporting. The effects of the reclassification on the comparative figures for 2016 are as follows:

	GROUP		COMPANY	
	2017 R	2016 R	**2017 R**	2016 R
Profit or loss				
Decrease in cost of sales	**–**	13 242 368	**–**	–
Decrease in other income	**–**	(13 242 368)	**–**	–

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26. OPERATING PROFIT/(LOSS)

	GROUP		COMPANY	
	2017 R	2016 R	**2017 R**	2016 R
Operating profit/(loss) for the period is stated after accounting for the following:				
Operating lease charges				
Lease rentals on operating lease	**(12 819 527)**	(11 356 638)	**–**	–
Profit on sale of property, plant and equipment	**749 292**	424 602	**–**	–
Profit on disposal of other financial assets	**(6 111)**	6 250	**(6 111)**	6 250
Straight-lined operating rent received from related party on investment property	**–**	–	**–**	955 319
Amortisation on intangible assets	**(2 294 040)**	(3 441 061)	**–**	–
Depreciation on property, plant and equipment	**(18 809 204)**	(30 620 853)	**(68 727)**	(57 620)
Employee costs	**(90 752 203)**	(81 466 823)	**(26 296 815)**	(29 320 201)
Management fee received from Métier, by Sephaku Holdings, relating to employee costs	**–**	–	**–**	15 520 290
Auditor's remuneration	**(805 540)**	(844 835)	**(359 500)**	(393 000)
27. INVESTMENT REVENUE				
Dividend revenue				
Subsidiaries – Local	**–**	–	**50 000 000**	–
Interest revenue				
Bank	**4 157 791**	5 795 767	**58 450**	562 461
Interest on customer accounts	**3 014 339**	2 331 233	**–**	–
	7 172 130	8 127 000	**58 450**	562 461
Investment revenue total	**7 172 130**	8 127 000	**50 058 450**	562 461
28. FINANCE COSTS				
Group companies	**–**	–	**1 201 876**	–
Bank	**203**	565	**203**	565
Other financial liabilities	**25 849 349**	27 424 758	**–**	–
Capitalised transaction costs	**845 525**	845 525	**–**	–
	26 695 077	28 270 848	**1 202 079**	565

29. TAXATION

	GROUP		COMPANY	
	2017 R	2016 R	**2017 R**	2016 R
Major components of the taxation expense				
Current				
Local income taxation – current period	**18 048 616**	20 638 684	**–**	–
Local income taxation – recognised in current taxation for prior periods	**126 080**	–	**–**	–
	18 174 696	20 638 684	**–**	–
Deferred				
Originating and reversing temporary differences	**3 809 348**	1 200 534	**–**	–
Under provision of deferred taxation for prior periods	**(91 760)**	–	**–**	–
	3 717 588	1 200 534	**–**	–
	21 892 284	21 839 218	**–**	–
Reconciliation of the taxation expense				
Reconciliation between accounting profit and taxation expense.				
Profit/(loss) before taxation	**90 030 675**	82 259 693	**126 961 409**	(13 490 438)
Taxation at the applicable taxation rate of 28%	**25 208 590**	23 032 714	**35 549 195**	(3 777 323)
Taxation effect of adjustments on taxable income				
Income taxation – prior period	**126 080**	–	**–**	–
Deferred taxation – prior period	**(91 760)**	–	**–**	–
Reversal of impairment loss	**–**	–	**(25 035 008)**	–
Taxable temporary difference not recognised as deferred tax	**(242 731)**	(61 569)	**(242 731)**	(61 569)
Deferred taxation not raised on assessed taxation loss	**2 956 716**	2 789 322	**2 955 036**	2 789 322
Profit from equity-accounted investments	**(6 945 061)**	(5 083 138)	**–**	–
Fines	**4 618**	1 913	**–**	–
Donations	**56 529**	50 938	**16 800**	33 601
Government grant	**(174 152)**	(143 678)	**–**	–
Loss on disposal of assets	**1 711**	–	**1 711**	–
Share options	**754 997**	1 015 969	**754 997**	1 015 969
Capitalised finance and transaction costs	**236 747**	236 747	**–**	–
Dividends received	**–**	–	**(14 000 000)**	–
	21 892 284	21 839 218	**–**	–

No provision has been made by the company for 2017 or 2016 taxation as the company has no taxable income. The estimated taxation loss available for set-off against future taxable income for the company is R99 152 956 (2016: R88 599 257).

Notes to the annual financial statements continued
for the year ended 31 March 2017

30. CASH GENERATED FROM/(USED IN) OPERATIONS

	GROUP		COMPANY	
	2017 R	2016 R	2017 R	2016 R
Profit/(loss) for the year	**90 030 675**	82 259 693	**126 961 409**	(13 490 438)
Adjustments for:				
Depreciation and amortisation	**21 103 243**	34 061 914	**68 727**	57 620
(Profit)/loss on sale of non-current assets	**(743 181)**	(424 602)	**6 111**	–
Profit from equity-accounted investments	**(24 803 788)**	(18 154 066)	**–**	–
Dividends received	**–**	–	**(50 000 000)**	–
Interest received – investment	**(7 172 130)**	(8 127 000)	**(58 450)**	(562 461)
Finance costs	**26 695 077**	28 270 848	**1 202 079**	565
Reversal of impairment loss	**–**	–	**(89 410 741)**	–
Movements in operating lease assets and accruals	**1 344 415**	950 334	**5 788**	(223 511)
Deferred income	**(621 974)**	(513 137)	**–**	–
Share options recorded against salary expense	**2 696 417**	3 628 462	**2 696 417**	3 628 462
Changes in working capital:				
Inventories	**(4 727 209)**	(3 279 668)	**–**	–
Trade and other receivables	**(10 642 409)**	(218 985)	**1 435 531**	428 220
Trade and other payables	**3 819 660**	(1 416 638)	**38 513**	(648 034)
	96 978 796	117 037 155	**(7 054 616)**	(10 809 577)

31. TAXATION PAID

	GROUP 2017 R	GROUP 2016 R	COMPANY 2017 R	COMPANY 2016 R
Balance at the beginning of the year	**(1 283 129)**	933 668	**–**	–
Current taxation for the period recognised in profit or loss	**(18 174 696)**	(20 638 684)	**–**	–
Balance at end of the period	**408 615**	1 283 129	**–**	–
	(19 049 210)	(18 421 887)	**–**	–

32. COMMITMENTS

Operating leases – as lessee (expense)
Minimum lease payments due by Métier

	GROUP 2017 R	GROUP 2016 R	COMPANY 2017 R	COMPANY 2016 R
– Within one year	**16 300 976**	9 237 203	**–**	–
– In second to fifth year inclusive	**72 721 309**	47 959 028	**–**	–
– Later than five years	**38 351 330**	17 107 715	**–**	–
	127 373 615	74 303 946	**–**	–

Operating lease payments represent rentals payable by Métier for certain of its plant sites. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years per lease. The average escalation rate per lease is 9% per annum. No contingent rent is payable.

32. COMMITMENTS (continued)

	GROUP		COMPANY	
	2017 **R**	2016 R	**2017** **R**	2016 R
Minimum lease payments due by Sephaku Holdings Limited to CEMENT				
– Within one year	**296 081**	204 768	**296 081**	204 768
– In second to fifth year inclusive	**100 969**	–	**100 969**	–
	397 050	204 768	**397 050**	204 768

Operating lease payments represent rentals payable by Sephaku Holdings Limited for its offices. Leases are negotiated for an average term of two years per lease. The escalation rate for the current lease is 7,25% per annum. No contingent rent is payable.

	GROUP		COMPANY	
Operating leases – as lessor (income)	**2017** **R**	2016 R	**2017** **R**	2016 R
Minimum lease payments due				
– Within one year	**–**	–	**(3 182 400)**	(790 353)
– In second to fifth year inclusive	**–**	–	**(10 331 547)**	(5 007 618)
– Later than five years	**–**	–	**(20 164 741)**	(2 046 203)
	–	–	**(33 678 688)**	(7 844 174)

The investment property has been acquired by Sephaku Holdings Limited and is leased out under an operating lease to Métier. Since the property is owner-occupied on group level, it has been reclassified to property, plant and equipment for consolidation purposes. The addendum to the initial operating lease contract commenced on 31 March 2016 and is for a period of 10 years which may be renewed for a further five-year period. The rentals payable are subject to an increase of 4% per annum.

Notes to the annual financial statements continued
for the year ended 31 March 2017

33. RELATED PARTIES

Relationships

Subsidiaries	Refer to note 7
Associate	Refer to note 8
Shareholder with significant influence	Dangote Industries Limited
Companies with common shareholders	Incubex Minerals Limited SepFluor Limited
Directors	B Williams MG Mahlare (Resigned 22 September 2016) PM Makwana MM Ngoasheng MJ Janse van Rensburg (Appointed 22 September 2016) B Maluleke (Appointed 9 November 2016) Dr L Mohuba NR Crafford-Lazarus RR Matjiu KJ Capes PF Fourie J Pitt
Prescribed officer (also executive director of Métier	WJ du Toit
Key management personnel of the group	Refer to directors as listed above. Also includes one prescribed officer.
Companies with common directors	Plazatique Corp 27 CC WKRD Properties Proprietary Limited (Formerly Métier Aggregates Proprietary Limited) Cross Company Management Proprietary Limited African Nickel Limited Cato Ridge Quarry Miranda Mineral Holdings Limited African Nickel Limited

33. RELATED PARTIES (continued)

	GROUP		COMPANY	
	2017 **R**	2016 R	**2017** **R**	2016 R
Related party balances				
Loan accounts – Owing by/(to) related parties				
African Nickel Limited	**–**	2 000 000	**–**	2 000 000
Metier Mixed Concrete Proprietary Limited	**–**	–	**(139 762 925)**	(139 797 374)
Cross Company Management Proprietary Limited	**9 599 973**	10 694 456	**9 599 973**	10 694 456
Sephaku Investment Holdings Proprietary Limited (previously Sephaku Cement Investment Holdings Limited)	**–**	–	**10 149**	4 149
Miranda Mineral Holdings Limited	**1 038 554**	293 095	**1 038 554**	293 095
Incubex Minerals Limited	**2 000 000**	–	**2 000 000**	–
Amounts included in trade receivables/ (trade payables) regarding related parties				
Metransport Proprietary Limited*	**–**	(1 757 890)	**–**	–
Cato Ridge Quarry Proprietary Limited	**79 799**	–	**–**	–
Dangote Cement South Africa Proprietary Limited	**(7 028 929)**	(9 920 460)	**–**	–
Related party transactions				
Sales to related parties				
Met X Concrete Products Proprietary Limited*	**–**	626 467	**–**	–
Metransport Proprietary Limited*	**–**	5 534 192	**–**	–
Dangote Cement South Africa Proprietary Limited	**–**	6 546	**–**	–
Purchases from related parties				
Met X Concrete Products Proprietary Limited*	**–**	1 875	**–**	–
Dangote Cement South Africa Proprietary Limited	**105 268 928**	113 696 966	**–**	–
Metransport Proprietary Limited*	**–**	24 599 594	**–**	–
Rent paid to/(received from) related parties				
Plazatique Corp 27 CC	**635 070**	893 182	**–**	–
WKRD Properties Proprietary Limited	**4 379 266**	6 818 550	**–**	–
Métier Mixed Concrete Proprietary Limited	**–**	–	**(3 060 000)**	(955 319)
Dangote Cement South Africa Proprietary Limited	**360 813**	558 459	**360 813**	558 459

Notes to the annual financial statements continued
for the year ended 31 March 2017

33. RELATED PARTIES (continued)

	GROUP		COMPANY	
	2017 R	2016 R	**2017 R**	2016 R
Fees paid to/(received from) related parties for management services, overheads and salaries				
Plazatique Corp 27 CC	**750**	–	**–**	–
Métier Mixed Concrete Proprietary Limited	**–**	–	**(16 187 737)**	(19 090 290)
Cross Company Management Proprietary Limited	**–**	167 443	**–**	167 443
Utilities paid to/(received from) related parties				
Plazatique Corp 27 CC	**289 210**	506 946	**–**	–
WKRD Properties Proprietary Limited	**1 761 791**	2 461 929	**–**	–
Métier Mixed Concrete Proprietary Limited	**–**	–	**(157 496)**	–
Other general expenses paid to/(received from) related parties				
Métier Mixed Concrete Proprietary Limited	**–**	–	**–**	(3 000)
Metransport Proprietary Limited*	**–**	199 391	**–**	–
Recoveries received from related parties				
Cato Ridge Quarry Proprietary Limited	**79 799**	–	**–**	–
Interest paid to related parties				
Métier Mixed Concrete Proprietary Limited	**–**	–	**1 201 876**	–
Dividends received from related parties				
Métier Mixed Concrete Proprietary Limited	–	–	**(50 000 000)**	–

* *These parties are no longer related during 2017 due to the resignation of the directors of the subsidiary, Métier Mixed Concrete Proprietary Limited, RS Thompson and WM Witherspoon on 15 March 2016.*

34. DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS

Executive	Remune-ration R	Performance bonuses R	Travel allowances R	Pension fund R	IFRS 2 Staff cost relating to share-based payments vesting expense (non-cash) R	Total R
2017						
Dr L Mohuba	**3 531 600**	**1 500 000**	**–**	**115 395**	**614 597**	**5 761 592**
NR Crafford-Lazarus	**3 375 043**	**1 500 000**	**156 557**	**115 395**	**746 865**	**5 893 860**
KJ Capes	**2 158 117**	**2 379 947**	**–**	**–**	**–**	**4 538 064**
	9 064 760	**5 379 947**	**156 557**	**230 790**	**1 361 462**	**16 193 516**

Executive	Remune-ration R	Performance bonuses R	Travel allowances R	IFRS 2 Staff allowances cost relating to share-based payments vesting expense (non-cash) R	Total R
2016					
Dr L Mohuba	3 020 000	250 000	–	616 867	3 886 867
NR Crafford-Lazarus	2 875 040	250 000	144 960	888 909	4 158 909
RR Matjiu*	–	–	–	206 965	206 965
KJ Capes	2 728 550	2 391 867	–	–	5 120 417
	8 623 590	2 891 867	144 960	1 712 741	13 373 158

* *Remuneration is paid by SepFluor Limited who is no longer an associate. The disclosure of the director is limited to share options vested during the period.*

Notes to the annual financial statements continued

for the year ended 31 March 2017

34. DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS (continued)

Non-executive	Fees for services as director R	Remune-ration R	Perfor-mance bonuses R	Medical aid R	Allowances R	IFRS 2 Staff cost relating to share-based payments vesting expense (non-cash) R	Total R
2017							
B Williams	**380 000**	**–**	**–**	–	–	–	**380 000**
MG Mahlare	**125 000**	**–**	**–**	–	–	–	**125 000**
PM Makwana	**250 000**	**–**	**–**	–	–	–	**250 000**
MM Ngoasheng	**250 000**	**–**	**–**	–	–	–	**250 000**
MJ Janse van Rensburg	**125 000**	**–**	**–**	–	–	–	**125 000**
B Maluleke	**62 500**	**–**	**–**	–	–	–	**62 500**
RR Matjiu	**–**	**–**	**–**	**–**	**–**	**121 426**	**121 426**
PF Fourie	**–**	**3 223 349**	**1 001 784**	–	–	–	**4 225 133**
	1 192 500	**3 223 349**	**1 001 784**	–	–	**121 426**	**5 539 059**
2016							
B Williams	350 000	–	–	–	–	–	350 000
MG Mahlare	262 500	–	–	–	–	–	262 500
PM Makwana	262 500	–	–	–	–	–	262 500
MM Ngoasheng	262 500	–	–	–	–	–	262 500
PF Fourie	–	2 734 307	606 267	150 031	189 578	48 282	3 728 465
	1 137 500	2 734 307	606 267	150 031	189 578	48 282	4 865 965

Refer to shareholders information (page 12) in the directors' report for directors' interest in share options.

PF Fourie is a non-executive director of Sephaku Holdings Limited and an executive director of Dangote Cement South Africa Proprietary Limited. All remuneration paid to him by the associate company, Dangote Cement South Africa Proprietary Limited has therefore also been disclosed above.

Service contracts

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

34. DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS (continued)

Other prescribed officers	**Remuneration R**	**Pension fund R**	**Other allowances R**	**IFRS 2 Staff cost relating to share-based payments vesting expense (non-cash) R**	**Total R**
2017					
WJ du Toit	**1 576 146**	**144 178**	**25 200**	**71 731**	**1 817 255**

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

	Remuneration R	Performance bonuses R	Travel allowances R	Total R
2016				
RS Thompson*	2 728 550	2 391 867	–	5 120 417
WM Witherspoon*	2 541 216	2 391 867	187 334	5 120 417
	5 269 766	4 783 734	187 334	10 240 834

* *Both resigned on 15 March 2016.*

35. RISK MANAGEMENT

Capital risk management

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

The capital structure of the group consists of cash and cash equivalents disclosed in note 17, borrowings disclosed in note 20 and equity as disclosed in the statement of financial position.

There are no externally imposed capital requirements.

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

Liquidity risk

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

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

Notes to the annual financial statements continued
for the year ended 31 March 2017

35. RISK MANAGEMENT (continued)

The tables below analyse the group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	GROUP		
	2018 R	**2019 R**	**2020 R**
2017			
Other financial liabilities	**57 415 091**	**57 726 050**	**154 272 339**
Trade and other payables	**80 873 442**	**–**	**–**
	Less than 1 year R	Between 1 and 2 years R	Between 2 and 5 years R
2016			
Other financial liabilities	18 208 333	92 708 335	140 221 753
Trade and other payables	71 738 311	–	–

	COMPANY			
	Less than 1 year R	**Between 1 and 2 years R**	**Between 2 and 5 years R**	**Over 5 years R**
2017				
Loans from group company	**126 115 900**	**2 256 696**	**6 770 088**	**9 026 784**
Trade and other payables	**1 326 024**	**–**	**–**	**–**
2016				
Loans from group companies	127 256 696	4 513 387	8 027 291	
Other financial liabilities	1 474 541	–	–	

Interest rate risk

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

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

At 31 March 2017, if interest rates on cash and cash equivalents had been 1% higher/lower with all other variables held constant, pretaxation profit of the group for the year would have been R831 558 (2016: R1 159 153) higher/lower, mainly as a result of higher/lower interest income on funds invested on call. The resulting taxation effect would have been Rnil.

At 31 March 2017, if interest rates on cash and cash equivalents had been 1% higher/lower with all other variables held constant, pretaxation profit of the company for the year would have been R9 147 (2016: R112 488) higher/lower, mainly as a result of higher/lower interest income on funds invested on call. The resulting taxation effect would have been Rnil.

At 31 March 2017, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, pretaxation profit of the group would have been R2 669 487 (2016: R2 827 028) higher/lower, as a result of higher/lower interest expense on floating rate borrowings. The resulting taxation effect would have been R747 456 (2016: R791 568).

At 31 March 2017, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, pretaxation profit of the company would have been R156 671 (2016: Rnil) higher/lower, as a result of higher/lower interest expense on floating rate borrowings. The resulting taxation effect would have been R43 868 (2016: Rnil).

35. RISK MANAGEMENT (continued)

Cash flow interest rate risk

Financial instruments	Current interest rate %	Due in less than a year R	Due in 1 to 2 years R	Due in 2 to 5 years R
Cash in current banking institutions	**5,00**	**23 877 161**	**–**	**–**
Floating rate financial liabilities – New facility A	**11,35**	**11 039 041**	**11 350 000**	**111 760 959**
Floating rate financial liabilities – New facility B	**10,58**	**46 376 050**	**46 376 050**	**42 511 380**

Credit risk

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

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

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

	GROUP		COMPANY	
Financial instruments	**2017 R**	2016 R	**2017 R**	2016 R
Loans to group companies	**–**	–	**10 149**	4 149
Other financial assets	**10 638 527**	12 987 551	**10 638 527**	12 987 551
Trade and other receivables	**119 397 335**	107 639 778	**50 000**	50 000
Cash and cash equivalents	**44 756 833**	91 231 432	**1 225 306**	6 282 682

36. GOING CONCERN

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

37. EVENTS AFTER THE REPORTING PERIOD

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

Notes to the annual financial statements continued

for the year ended 31 March 2017

38. NET ASSET VALUE PER SHARE AND EARNINGS PER SHARE

	GROUP	
	2017 R	2016 R
Net asset value and tangible net asset value per share		
Total assets	**1 311 205 665**	1 262 961 020
Total liabilities	**(327 326 057)**	(352 369 257)
Net asset value attributable to equity holders of parent	**983 879 608**	910 591 763
Goodwill	**(223 421 981)**	(223 421 981)
Intangible assets	**(5 161 591)**	(7 455 631)
Deferred tax raised on intangible assets	**1 445 246**	2 087 577
Tangible net asset value	**756 741 281**	681 801 728
Shares in issue	**202 969 487**	201 908 654
Net asset value per share (cents)	**484,74**	450,99
Tangible net asset value per share (cents)	**372,83**	337,68
Earnings, diluted earnings and headline earnings per share		
Reconciliation of basic earnings to diluted earnings and headline earnings:		
Basic profit and diluted profit from total operations attributable to equity holders of parent	**68 138 391**	60 420 475
(Profit)/loss on sale of property,plant and equipment	**(743 181)**	(430 852)
Total taxation effect of adjustments	**208 090**	120 639
Headline earnings and diluted headline earnings attributable to equity holders of parent	**67 603 300**	60 110 262
Basic weighted average number of shares	**202 609 094**	201 426 940
Dilutive effect of share options	**1 641 560**	7 139 452
Diluted weighted average number of shares	**204 250 654**	208 566 392
Basic earnings per share (cents)	**33,63**	30,00
Diluted earnings per share (cents)	**33,36**	28,97
Headline earnings per share (cents)	**33,37**	29,84
Diluted headline earnings per share (cents)	**33,10**	28,82

39. SEGMENT INFORMATION

	Ready-mixed concrete R	Head office R	Group totals R
2017			
Segment revenue – external revenue	**839 984 931**	**–**	**839 984 931**
Segment cost of sales	**(483 668 229)**	**–**	**(483 668 229)**
Segment expenses	**(250 388 987)**	**(23 607 037)**	**(273 996 024)**
Profit from equity-accounted investment	**–**	**24 803 788**	**24 803 788**
Profit on sale of property, plant and equipment	**749 292**	**(6 111)**	**743 181**
Segment profit/(loss) after taxation	**67 385 969**	**752 422**	**68 138 391**
Taxation	**(22 534 615)**	**642 331**	**(21 892 284)**
Interest received	**7 113 680**	**58 450**	**7 172 130**
Interest paid	**(26 694 874)**	**(203)**	**(26 695 077)**
Depreciation and amortisation	**(18 740 477)**	**(2 362 767)**	**(21 103 244)**
Segment assets	**445 845 703**	**865 359 962**	**1 311 205 665**
Investment in associate included in the above total segment assets	**–**	**743 842 941**	**743 842 941**
Capital expenditure included in segment assets	**27 604 211**	**930 890**	**28 535 101**
Segment liabilities	**(325 083 711)**	**(2 242 346)**	**(327 326 057)**
2016			
Segment revenue – external revenue	874 253 138	–	874 253 138
Segment cost of sales	(510 218 084)	–	(510 218 084)
Segment expenses	(260 028 324)	(22 108 824)	(282 137 148)
Profit from equity-accounted investment	–	18 154 066	18 154 066
Loss on sale of property, plant and equipment	424 602	–	424 602
Segment profit/(loss) after taxation	62 759 730	(2 339 255)	60 420 475
Taxation	(22 802 715)	963 497	(21 839 218)
Interest received	7 564 539	562 461	8 127 000
Interest paid	(28 270 283)	(565)	(28 270 848)
Depreciation and amortisation	(30 563 233)	(3 498 681)	(34 061 914)
Segment assets	462 731 242	800 229 778	1 262 961 020
Investment in associate included in above total segment assets	–	670 467 278	670 467 278
Capital expenditure included in segment assets	23 559 244	13 030 499	36 589 743
Segment liabilities	(349 410 897)	(2 958 360)	(352 369 257)

During 2017 the group streamlined the allocation of segment expenses between the different business segments. The effects of the reclassification on the comparative figures for 2016 are as follows:

	Segment expenses R	Segment profit/(loss) after taxation R
Decrease in ready-mixed concrete segment	**4 525 319**	**4 525 319**
Increase in head office segment	**(4 525 319)**	**(4 525 319)**

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

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

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

Shareholders' analysis

SEPHAKU HOLDINGS LIMITED
Ordinary shares as at 31 March 2017

Number of ordinary shares issued during the financial year:	1 060 833
Total holders:	2 059

ISSUED CAPITAL

Type of shares	Number of shareholders	% of shareholders	Number of shares
Certificated shares	144	6,99	26 398 027
Dematerialised shares	1 915	93,01	176 571 460
Total issued capital	**2 059**	**100,00**	**202 969 487**

Shareholders holding greater than 5% of the issued share capital at year-end	Number of shares	%
Safika Resources Proprietary Limited Nominees	15 580 823	7,68

RANGE OF SHAREHOLDINGS

Share range	Number of shareholders	% of shareholders	Number of shares
1 – 1 000	655	31,81	260 884
1 001 – 10 000	785	38,13	3 225 454
10 001 – 50 000	327	15,88	8 050 058
50 001 – 100 000	99	4,81	7 039 505
100 001 – 500 000	131	6,36	30 518 377
500 001 – 1 000 000	25	1,21	17 294 439
1 000 001 shares and over	37	1,80	136 580 770
Total	**2 059**	**100,00**	**202 969 487**

BREAKDOWN BY DOMICILE

Domicile	Number of shareholders	% of shareholders	Number of shares
Resident shareholders	2 019	98,06	188 113 453
Non-resident shareholders	40	1,94	14 856 034
Total	**2 059**	**100,00**	**202 969 487**

Public and non-public shareholders	Shares held	%	Number of shareholders
Public	179 360 037	88,37	2 051
Non-public	23 609 450	11,63	8
– Directors' direct holdings	9 572 124	4,72	5
– Directors' indirect holdings	13 797 326	6,80	2
– Directors' associates	240 000	0,12	1
	202 969 487	100,00	2 059

Corporate information

Country of incorporation and domicile	South Africa	
Nature of business and principal activities	Construction materials company	
Directors	B Williams	Chairman independent Non-executive director
	PM Makwana	Independent non-executive director
	MM Ngoasheng	Independent non-executive director
	MJ Janse van Rensburg	Independent non-executive director
	B Maluleke	Independent non-executive director
	Dr L Mohuba	Chief executive officer
	NR Crafford-Lazarus	Financial director
	RR Matjiu	Non-executive director
	KJ Capes	Executive director
	PF Fourie	Non-executive director
	J Pitt	Alternate director
Registered office	Southdowns Office Park First floor, Block A Cnr Karee and John Vorster Streets, Irene X54, 0062	
Website	www.sephakuholdings.com	
Postal address	PO Box 7651, Centurion, 0046	
Bankers	Nedbank	
Auditors	Grant Thornton Johannesburg Partnership Chartered Accountants (SA) Registered Auditors	
Company secretary	Acorim Proprietary Limited Telephone: +27 11 325 6363 Email: sephaku@acorim.co.za	
Company registration number	2005/003306/06	
Transfer secretaries	Computershare Investor Services Proprietary Limited Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 PO Box 61051, Marshalltown, 2107, South Africa Telephone: +27 11 370 5000	
JSE sponsor	QuestCo Proprietary Limited Telephone: +27 11 011 9200	
Investor Relations Officer	Sakhile Ndlovu Email: info@sepman.co.za Telephone: +27 12 612 0210	
Métier Mixed Concrete (wholly owned subsidiary)	Physical address: Romead Business Park, 23 Malone Road, Maxmead, 3610 Postal address: Postnet Suite #546, Private Bag x4, Kloof, 3640 Telephone: +27 31 716 3600/0861 638437 Website: www.metiersa.co.za	
Dangote Cement South Africa (Associate)	Physical address: Southdowns Office Park, Block A, Ground Floor Cnr Karee and John Vorster Streets, Irene X54, 0062 Postal address: PO Box 68149, Highveld, 0169 Telephone: +27 12 684 6300 Website: www.sephakucement.co.za	

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