

# BUILDING BLOCKS FOR GROWTH

2017



SEPHAKU  
HOLDINGS LTD

**NOTICE OF ANNUAL GENERAL MEETING**

# Contents

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## Notice of annual general meeting

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# Letter to shareholders

We invite you to attend Sephaku Holdings' annual general meeting (AGM), which will be held at The Oval conference room, Centurion Lake Hotel, 1001 Lenchen Avenue North, Centurion on Thursday, 21 September 2017 at 11:00. For the summary of shareholders' rights in respect of proxy appointments as contained in section 58 of the Companies Act of South Africa, 71 of 2008 (Companies Act), refer to Annexure 7 on page 31.

We encourage you to attend and vote at the AGM, as this is your opportunity to meet and question members of the company regarding the group's performance for the year ended 31 March 2017.

The integrated annual review will not be mailed to all shareholders, as part of our strategy to contain costs. However, all the information that you may need to vote at the AGM is included in this booklet, including the detailed notice of AGM, the summarised consolidated financial statements, and other supporting documentation.

If you are not able to attend the AGM, you may vote by proxy according to the instructions in the notice of AGM and form of proxy.

The integrated annual review and annual financial statements are available on [www.sephakuholdings.com](http://www.sephakuholdings.com). If you would prefer a printed copy, please contact Acorim Proprietary Limited, group company secretary, at [sephaku@acorim.co.za](mailto:sephaku@acorim.co.za) or +27 11 325 6363.

Printed copies of the integrated annual review and annual financial statements will also be available at the AGM.

Yours sincerely



**Acorim Proprietary Limited**  
*Group company secretary*

23 August 2017

# Notice of annual general meeting



**Sephaku Holdings Limited**  
Incorporated in the Republic of South Africa  
Registration number: 2005/003306/06  
JSE share code: SEP  
ISIN: ZAE000138459

## NOTICE OF ANNUAL GENERAL MEETING

In terms of section 59(1) of the Companies Act, notice is hereby given of the AGM of the shareholders of Sephaku Holdings to be held at The Oval conference room, Centurion Lake Hotel, 1001 Lenchen Avenue North, Centurion on Thursday, 21 September 2017 at 11:00 to consider and, if deemed fit, approve the resolutions referred to below, with or without modification. This notice is available in English only.

## RECORD DATES

In terms of section 59(1) of the Companies Act, the following dates apply to the AGM:

	2017
Record date for determining those shareholders entitled to receive the notice of AGM	Friday, 11 August
Last day to trade in order to be eligible to participate in and vote at the AGM	Tuesday, 12 September
Record date (for voting purposes at the AGM)	Friday, 15 September

## ACTION REQUIRED AS FOLLOWS

Shareholders entitled to attend and vote at the AGM may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a member of Sephaku Holdings. A form of proxy which provides instructions for its completion is hereby inserted. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the AGM.

Proxy forms must be completed by certificated shareholders or "own name" registered dematerialised shareholders who wish to be represented at the AGM.

Dematerialised shareholders (not with "own name" registration) must notify their Central Securities Depository Participant (CSDP) or broker of their intention to attend the AGM in order for such CSDP or broker to be able to issue them with the necessary letter of representation to enable them to attend the AGM, or, alternatively, should the dematerialised shareholder not wish to attend the AGM, they should provide their CSDP or broker with their voting instructions.

Forms of proxy must reach the company's transfer secretaries, Computershare Investor Services Proprietary Limited, at Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196, South Africa or be posted to PO Box 61051, Marshalltown, 2107, South Africa, to be received by them by no later than 11:00 on Tuesday, 19 September 2017. Thereafter, forms of proxy may be delivered to the chairman of the AGM, at the AGM, before voting on a particular resolution commences.

AGM participants may be required to provide identification to the reasonable satisfaction of the chairman of the AGM. An official identification document issued by the South African Department of Home Affairs, a driving licence or a valid passport will be accepted as sufficient identification.

Shareholders who have any doubt as to the action they must take should consult their accountant, attorney, banker or other professional advisor immediately. On a poll, ordinary shareholders will have one vote in respect of each share held.

### **Electronic participation**

In terms of section 61(10) of the Companies Act, every shareholders' meeting of a public company must be reasonably accessible within South Africa for electronic participation by shareholders. Therefore, shareholders or their proxies may participate in a meeting by way of a teleconference call if they wish to do so. In this event:

- written notice to participate via electronic communication must be sent to the group company secretary, Acorim Proprietary Limited, at 2nd floor, North Block, Hyde Park Office Tower, Corner of 6th Road and Jan Smuts Avenue, Sandton, Johannesburg, to be received by no later than 11:00 on Tuesday, 19 September 2017;
- a pin number and dial-in details for the conference call will be provided;
- shareholders will be billed separately by their own telephone service providers for the teleconference call to participate in the AGM; and
- valid identification will be required:
  - (a) if the shareholder is an individual, a certified copy of their identity document and/or passport
  - (b) if the shareholder is not an individual, a certified copy of a resolution by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution, specifying the name of the individual that is authorised to represent the relevant entity at the AGM by way of teleconference call
  - (c) a valid email address and/or facsimile number

### **AGENDA**

#### **Presentation of annual financial statements**

The summarised consolidated financial statements of the company (as approved by the board of directors) for the year ended 31 March 2017 have been distributed and accompany this notice of AGM (refer to Annexure 1 on page 10) as required and will be presented to shareholders at the AGM together with the reports of the directors and the audit and risk committee.

The Letter to shareholders accompanying this notice of AGM contains details of where copies of the integrated annual review and annual financial statements are available.

#### **Report from the social and ethics committee**

In accordance with Regulation 43(5)(c) of the Companies Act, the chairman of the social and ethics committee or, in his absence, any member of the committee, will present the committee's report to shareholders at the AGM.

#### **Ordinary resolutions**

To consider and, if deemed fit, to pass, with or without modification, all the ordinary resolutions relating to business set out below. Unless otherwise indicated, in order for each ordinary resolution to be adopted, the support of more than 50% of the voting rights exercised on the resolutions by shareholders, present or represented by proxy at the AGM and entitled to exercise voting rights on the resolution, is required.

#### **1. RE-ELECTION AND CONFIRMATION OF DIRECTORS**

**It is hereby brought to the attention of the shareholders that during the last financial year, B Maluleke was appointed as an independent non-executive director on 9 November 2016.**

##### **Ordinary resolution number 1**

B Williams and PF Fourie retire in accordance with Sephaku Holdings' memorandum of incorporation (MOI). B Williams and PF Fourie, being eligible, offers themselves for re-election. RR Matjiu and PM Makwana will retire and offer themselves for re-election in 2018. MJ Janse van Rensburg and MM Ngoasheng will retire and offer themselves for re-election in 2019. Refer to Annexure 2 on page 19 for brief biographies of each of the directors.

# Notice of annual general meeting continued

To consider and, if deemed fit, to re-elect B Williams and PF Fourie, being eligible for re-election, and to confirm B Maluleke's appointment by way of passing the ordinary resolutions set out below:

## **Ordinary resolution number 1.1**

**"Resolved, as an ordinary resolution, that B Williams be and is hereby re-elected as an independent non-executive director of Sephaku Holdings."**

## **Ordinary resolution number 1.2**

**"Resolved, as an ordinary resolution, that PF Fourie be and is hereby re-elected as a non-executive director of Sephaku Holdings."**

## **Ordinary resolution number 1.3**

**"Resolved, as an ordinary resolution, that the appointment of B Maluleke as an independent non-executive director with effect from 9 November 2016 be and is hereby confirmed."**

*Rationale: The MOI of Sephaku Holdings and, to the extent applicable, the Companies Act, require that one third of Sephaku Holdings' non-executive directors rotate at the AGM and can be eligible for re-election.*

## **2. REAPPOINTMENT OF EXTERNAL AUDITOR**

### **Ordinary resolution number 2**

**"Resolved that Grant Thornton Johannesburg Partnership be reappointed, on the recommendation of the current audit and risk committee, as independent registered auditors of Sephaku Holdings. The individual designated registered auditor who will undertake the audit during the financial year ending 31 March 2018 is R Huiskamp."**

At the Sephaku Holdings audit and risk committee meeting held on 20 June 2017, the committee considered the independence of Grant Thornton Johannesburg Partnership and has satisfied itself of their independence.

*Rationale: In terms of the Companies Act, Sephaku Holdings as a public company must have its financial results audited and such an auditor must be appointed or reappointed each year at the AGM of Sephaku Holdings.*

## **3. ELECTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS TO THE AUDIT AND RISK COMMITTEE**

### **Ordinary resolution number 3**

To consider and, if deemed fit, elect the following independent non-executive directors as members of Sephaku Holdings' audit and risk committee, with effect from the end of this AGM. Subject to ordinary resolution number 1.3 being approved, shareholders elect, by way of a separate vote, each of the following:

#### **Ordinary resolution number 3.1**

**"Resolved that PM Makwana be and is hereby elected as a member of Sephaku Holdings' audit and risk committee."**

#### **Ordinary resolution number 3.2**

**"Resolved that MJ Janse van Rensburg be and is hereby elected as a member and the chairman of Sephaku Holdings' audit and risk committee."**

#### **Ordinary resolution number 3.3**

**"Resolved that B Maluleke be and is hereby elected as a member of Sephaku Holdings' audit and risk committee."**

*Rationale: In terms of the Companies Act, Sephaku Holdings as a public company must appoint an audit committee and the members of such audit committee must be appointed or reappointed, as the case may be, at each AGM of Sephaku Holdings.*

### **Special business**

To consider and, if deemed fit, to pass, with or without modification, all the ordinary resolutions relating to special business set out on the following pages.

#### 4. GENERAL AUTHORITY TO ISSUE SHARES FOR CASH

##### Ordinary resolution number 4

**“Resolved that, subject to the Companies Act and the Johannesburg Stock Exchange Limited Listings Requirements (JSE Listings Requirements), the board be and is hereby given a general authority to allot and issue the unissued ordinary shares in the capital of Sephaku Holdings (or options to subscribe for, or securities that are convertible into such ordinary shares) as an issue for cash as and when suitable situations arise and on such terms and conditions as they deem fit, subject to the following:**

- The authority shall be valid until the date of the next AGM of Sephaku Holdings, provided it shall not extend beyond 15 months from the date of this AGM.
- Issues in terms of this authority will not, in any financial year, in aggregate, exceed 15% of the number of ordinary shares in Sephaku Holdings’ issued share capital as at the date of this notice of AGM (being 23 August 2017) (15% amounts to 30 445 423 shares) and in the event of a sub-division or consolidation of issued equity securities, this authority must be adjusted accordingly to represent the same allocation ratio.
- The shares, which are the subject of the issue for cash, must be of a class already in issue or, where this is not the case, must be limited to such equity securities or rights that are convertible into a class already in issue.
- The shares must be issued only to public shareholders (as defined in the JSE Listings Requirements) and not to related parties.
- The maximum discount at which such shares may be issued is 10% of the weighted average traded price of the company’s shares over the 30 business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the securities.
- Upon any issue of shares for cash which, on a cumulative basis within the validity period of this general authority, constitute 5% or more of the number of shares of the class in issue as at the date of this AGM, the company shall by way of an announcement on Stock Exchange News Service (SENS), give full details thereof in compliance with the JSE Listings Requirements.”

This resolution and the restrictions contained herein do not apply to any *pro rata* rights offer to shareholders. In terms of the JSE Listings Requirements, this resolution requires more than 75% of the voting rights in favour thereof to be adopted.

*Rationale: Subject to the MOI of Sephaku Holdings, the requirements of the Companies Act and the JSE Listings Requirements, the board requires authority from shareholders to issue ordinary shares for cash in Sephaku Holdings. Once granted, the general authority allows the board, from time to time and when appropriate, to issue ordinary shares as may be required, inter alia, in terms of capital-raising exercises, and to maintain a healthy capital adequacy ratio.*

#### 5. SEPHAKU HOLDINGS’ REMUNERATION POLICY

##### Ordinary resolution number 5

**“Resolved that Sephaku Holdings’ remuneration policy and payment of remuneration for services as directors of Sephaku Holdings (as reflected in Annexure 3) be endorsed, by way of a non-binding advisory vote, for the period 31 March 2017 to 31 March 2018, on the same basis as set out in the audited annual financial statements, escalated as being reasonable by the remuneration and nomination committee of Sephaku Holdings and Sephaku Holdings’ remuneration policy.”**

Note: Failure to pass this resolution will not have any legal consequences relating to existing arrangements. However, the board will take the outcome of the vote into consideration when assessing Sephaku Holdings’ remuneration policy.

*Rationale: King III requires companies to table their remuneration policy each year to shareholders for a non-binding advisory vote at the AGM.*

# Notice of annual general meeting continued

## 6. DIRECTORS' AUTHORITY

### Ordinary resolution number 6

**“Resolved to authorise any one director or the company secretary of Sephaku Holdings to do all such things and sign all such documents as are deemed necessary to implement the resolutions set out in the notice convening the AGM at which this ordinary resolution is to be considered and approved.”**

## SPECIAL RESOLUTIONS

To consider and, if deemed fit, to pass, with or without modification, all the special resolutions relating to business set out below. More than 75% of the voting rights exercised on each individual resolution must be exercised in favour of those resolutions.

## 7. GENERAL AUTHORITY TO REPURCHASE SECURITIES

### Special resolution number 1

**“Resolved that an acquisition by Sephaku Holdings and/or any subsidiary of Sephaku Holdings is hereby authorised, by way of a general authority, from time to time, to repurchase any of the shares issued by Sephaku Holdings, upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the provisions of sections 46 and 48 of the Companies Act, the MOI of Sephaku Holdings and/or the subsidiary company and the JSE Listings Requirements, which may be amended from time to time, and provided that acquisitions by Sephaku Holdings of its own shares may not, in the aggregate, exceed in any one financial year 20% of its issued share capital of that class of shares acquired from the date of the grant of this general approval, and in respect of any subsidiary, such acquisition of Sephaku Holdings shares may not exceed 10%, provided that:**

- the repurchase of securities will be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited);
- this general authority shall be valid only until the next AGM or for 15 months from the date of this resolution, whichever period is shorter;
- repurchases may not be made at a price greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected;
- at any point in time, the company may only appoint one agent to effect any repurchase on the company's behalf;
- neither the company nor its subsidiaries may repurchase securities during a prohibited period, as defined in the JSE Listings Requirements, unless a repurchase programme is in place in terms of which the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of which programme have been submitted to the JSE in writing prior to the commencement of the prohibited period. The company will instruct an independent third party, which makes its investment decisions in relation to the company's securities independently of, and uninfluenced by, the company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;
- the board of directors authorises the repurchase and that it has resolved that the company has satisfied the solvency and liquidity test as defined in the Companies Act, and that from the time that the test is applied, there have been no material changes to the financial position of the group;
- an announcement will be published on SENS as soon as the company or any of its subsidiary companies have acquired securities constituting, on a cumulative basis, 3% of the number of securities in issue and for each 3% in aggregate of the initial number acquired thereafter.”

Although there is no immediate intention to effect a repurchase of securities of Sephaku Holdings, the directors would utilise the general authority to repurchase securities as and when suitable opportunities present themselves, which opportunities may require expeditious and immediate action.



The directors undertake that, after considering the maximum effect of securities which may be repurchased and the price at which the repurchases may take place pursuant to the general authority, for a period until the next AGM or 15 months (whichever is shorter), after the date of notice of this AGM:

- the company and the group will be able to repay their debts in the ordinary course of business;
- the consolidated assets of Sephaku Holdings fairly valued in accordance with International Financial Reporting Standards (IFRS) and on a basis consistent with the last financial year of the company, will exceed the consolidated liabilities of Sephaku Holdings;
- the working capital, stated capital and reserves of Sephaku Holdings will be adequate for the ordinary business purpose of Sephaku Holdings and its subsidiaries; and
- a resolution by the board will be passed that it has authorised the repurchase, that the company and its subsidiaries have passed the solvency and liquidity test and, since the test was performed, there have been no material changes to the financial position of the group.

The following additional information is provided in terms of the JSE Listings Requirements for purposes of this general authority:

- Shareholders holding more than 5% of the issued stated capital – Annexure 4 (page 25)
- Stated capital of Sephaku Holdings – Annexure 5 (page 26)
- Directors’ responsibility statement – Annexure 6 (page 30)
- Material changes statement – Annexure 6 (page 30)

*Rationale: The reason and effect of this special resolution number 1 is to grant the directors of Sephaku Holdings and/or any subsidiary of Sephaku Holdings a general authority in terms of its MOI and the JSE Listings Requirements for the acquisition by Sephaku Holdings and/or its subsidiary companies of shares issued by it on the basis reflected in the special resolution.*

## **8. REMUNERATION PAYABLE TO INDEPENDENT NON-EXECUTIVE DIRECTORS AND NON-EXECUTIVE DIRECTORS PARTICIPATING IN BOARD COMMITTEES**

### **Special resolution number 2**

**“Resolved that, to the extent applicable in terms of section 66(9) of the Companies Act, Sephaku Holdings pays remuneration to its directors for their services as directors of Sephaku Holdings during the financial year ending 31 March 2018.” (The scale of remuneration is set out in Annexure 3.)**

*Rationale: The Companies Act requires that directors’ fees be authorised by shareholders by way of special resolution. The passing of this special resolution will have the effect of approving the remuneration of each of the directors of Sephaku Holdings for the year ending 31 March 2017, in accordance with section 66(9) of the Companies Act.*

## **9. FINANCIAL ASSISTANCE FOR ANY BENEFICIARY PARTICIPATING IN ANY SEPHAKU HOLDINGS GROUP SHARE INCENTIVE SCHEME**

### **Special resolution number 3**

**“Resolved that shareholders hereby approve of Sephaku Holdings providing any direct or indirect financial assistance, as contemplated as such, in section 44 of the Companies Act as may apply to any beneficiary participating in any Sephaku Holdings group share incentive scheme or to a person related to any such beneficiary.”**

# Notice of annual general meeting continued

## 10. FINANCIAL ASSISTANCE FOR PRESENT OR FUTURE SUBSIDIARIES

### Special resolution number 4

**“Resolved that shareholders hereby approve in terms of section 45 of the Companies Act of the provision by Sephaku Holdings of direct or indirect financial assistance to any of its present or future subsidiaries.”**

Special resolutions 3 and 4 are hereby approved provided that no such financial assistance may be provided at any time in terms of this authority after the expiry of two years from the date of the adoption of the special resolutions (for avoidance of doubt, these special resolutions above will be voted on by the shareholders as separate special resolutions) and provided that:

- the recipient(s) of such financial assistance, the form, nature and extent of such financial assistance, and the terms and conditions under which such financial assistance is provided, are determined by the board of directors of Sephaku Holdings from time to time;
- the board of directors of Sephaku Holdings may not authorise Sephaku Holdings to provide any financial assistance pursuant to these special resolutions unless the board meets all those requirements of sections 44 and 45 of the Companies Act, which it is required to meet in order to authorise Sephaku Holdings to provide such financial assistance; and
- such financial assistance to a recipient thereof is, in the opinion of the board of directors of Sephaku Holdings, required for the purpose of meeting all or any of such recipient's operating expenses (including capital expenditure), and/or funding the growth, expansion, reorganisation or restructuring of the businesses or operations of such recipient, and/or funding such recipient for any other purpose which, in the opinion of the board of directors of Sephaku Holdings, is directly or indirectly in the interests of Sephaku Holdings.

*Rationale: section 44 of the Companies Act regulates the provision of financial assistance by the company to any person by way of a loan, guarantee, the provision of security or, otherwise, for the purpose of or in connection with (i) the subscription of any option, or any securities, issued or to be issued by the company or related or inter-related company, or (ii) for the purchase of any securities of the company, or a related or inter-related company.*

It may be necessary for the company to provide financial assistance to directors and employees who participate in the group share incentive scheme. This assistance is only envisaged under the circumstances where options are exercised and an election is made to sell some or all of these shares to cover the issue price and the resulting income tax liability. On a strict interpretation, financial assistance is provided from the time of exercise of the option until the proceeds of the sale are paid to the company. This is the only assistance envisaged to directors and employees under this section.

Section 45 of the Companies Act provides, *inter alia*, that any financial assistance to related or inter-related companies and corporations, including, *inter alia*, to subsidiaries of the company, must be provided only pursuant to a special resolution of the shareholders, adopted within the previous two years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category, and the board of directors must be satisfied that:

- immediately after providing the financial assistance, Sephaku Holdings would satisfy the solvency and liquidity test, as defined in section 4 of the Companies Act;
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the company; and
- any conditions or restrictions in respect of the granting of financial assistance set out in Sephaku Holdings' MOI have been satisfied.

As part of the ordinary conduct of the business of the group, the company, where necessary, may provide guarantees and other support undertakings to third parties which enter into financial agreements with its subsidiaries and joint ventures in which the company or members of the group have an interest. In the circumstances and in order to, *inter alia*, ensure that the company and its subsidiaries and other related and inter-related companies and entities continue to have access to financing for purposes of refinancing existing facilities and funding their corporate and working capital requirements, it is necessary to obtain approval of the shareholders as set out in this special resolution.

This will allow the board of the company, always subject to applicable law, in particular the solvency and liquidity requirements as set out in the Companies Act, to provide financial assistance to any person for the purposes envisaged in section 44(2) of the Companies Act.

**Other business**

To transact such other business as may be transacted at an AGM or raised by shareholders with or without advance notice to Sephaku Holdings.

# Statement of financial position

as at 31 March 2017

	GROUP	
	2017 Audited R	2016 Audited R
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	142 797 829	134 180 789
Goodwill	223 421 981	223 421 981
Intangible assets	5 161 591	7 455 631
Investment in associate	743 842 941	670 467 278
Other financial assets	10 638 527	-
Long-term loans	2 000 000	-
	<b>1 127 862 869</b>	1 035 525 679
<b>Current assets</b>		
Inventories	16 972 080	12 244 871
Other financial assets	-	12 987 551
Trade and other receivables	121 613 883	110 971 487
Cash and cash equivalents	44 756 833	91 231 432
	<b>183 342 796</b>	227 435 341
<b>Total assets</b>	<b>1 311 205 665</b>	1 262 961 020
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Stated capital	635 403 188	632 950 155
Reserves	19 262 087	18 910 771
Retained income	329 214 333	258 730 837
	<b>983 879 608</b>	910 591 763
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Other financial liabilities	180 132 807	231 309 499
Deferred income	2 233 359	1 866 813
Deferred taxation	19 696 446	15 978 858
	<b>202 062 612</b>	249 155 170
<b>Current liabilities</b>		
Other financial liabilities	35 803 432	18 208 333
Current taxation payable	408 615	1 283 129
Operating lease liability	4 101 068	2 756 653
Trade and other payables	84 272 472	80 452 834
Deferred income	677 858	513 138
	<b>125 263 445</b>	103 214 087
<b>Total liabilities</b>	<b>327 326 057</b>	352 369 257
<b>Total equity and liabilities</b>	<b>1 311 205 665</b>	1 262 961 020
Net asset value per share (cents)	484,74	450,99
Tangible net asset value per share (cents)	372,83	337,68
Ordinary shares in issue	202 969 487	201 908 654

# Statement of comprehensive income

## for the year ended 31 March 2017

	GROUP	
	Year ended 31 March 2017 Audited R	Year ended 31 March 2016 Audited R
Revenue	839 984 931	874 253 138
Cost of sales	(483 668 229)	(510 218 084)
<b>Gross profit</b>	<b>356 316 702</b>	364 035 054
Other income	2 429 156	2 351 569
Operating expenses	(273 996 024)	(282 137 148)
<b>Operating profit</b>	<b>84 749 834</b>	84 249 475
Investment income	7 172 130	8 127 000
Profit from equity-accounted investment	24 803 788	18 154 066
Finance costs	(26 695 077)	(28 270 848)
<b>Profit before taxation</b>	<b>90 030 675</b>	82 259 693
Taxation	(21 892 284)	(21 839 218)
<b>Profit for the year</b>	<b>68 138 391</b>	60 420 475
<b>Total comprehensive income for the year</b>	<b>68 138 391</b>	60 420 475
Basic earnings per share (cents)	33,63	30,00
Diluted earnings per share (cents)	33,36	28,97

## Statement 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
<b>Balance at 31 March 2015</b>	631 127 028	(1 207 663)	16 893 054	15 685 391	197 907 280	844 719 699
<b>Total comprehensive income for the year</b>	-	-	-	-	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
<b>Balance at 31 March 2016</b>	<b>632 950 155</b>	<b>(1 207 663)</b>	<b>20 118 434</b>	<b>18 910 771</b>	<b>258 730 837</b>	<b>910 591 763</b>
<b>Total comprehensive income for the year</b>	-	-	-	-	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
<b>Balance at 31 March 2017</b>	<b>635 403 188</b>	<b>(1 207 663)</b>	<b>20 469 750</b>	<b>19 262 087</b>	<b>329 214 333</b>	<b>983 879 608</b>

# Statement of cash flows

## for the year ended 31 March 2017

	GROUP	
	Year ended 31 March 2017 Audited R	Year ended 31 March 2016 Audited R
<b>Cash flows from operating activities</b>		
Cash generated from operations	96 978 796	117 037 155
Interest income	7 172 130	8 127 000
Finance costs	(24 320 458)	(28 270 848)
Taxation paid	(19 049 210)	(18 421 887)
<b>Net cash generated from operating activities</b>	<b>60 781 258</b>	<b>78 471 420</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(28 535 101)	(36 589 744)
Disposal of property, plant and equipment	1 852 035	999 999
Loans repaid	349 023	514 320
Investment increase in associate	(48 571 875)	-
Government grant received	1 153 240	-
<b>Net cash (utilised in) investing activities</b>	<b>(73 752 678)</b>	<b>(35 075 425)</b>
<b>Cash flows from financing activities</b>		
Proceeds on share issue	2 453 033	825 647
Proceeds from other financial liabilities	-	28 237 894
Repayment of other financial liabilities	(35 195 345)	(52 142 370)
Facility raising fee paid	(760 867)	-
<b>Net cash (utilised in) financing activities</b>	<b>(33 503 179)</b>	<b>(23 078 829)</b>
<b>Total cash and cash equivalents movement for the year</b>	<b>(46 474 599)</b>	<b>20 317 166</b>
Cash and cash equivalents at the beginning of the year	91 231 432	70 914 266
<b>Total cash and cash equivalents at end of the year</b>	<b>44 756 833</b>	<b>91 231 432</b>

## Notes to the summarised financial statements for the year ended 31 March 2017

### BASIS OF PREPARATION

The summarised consolidated financial results for the year ended 31 March 2017 (annual reporting period) have been prepared in accordance with the Companies Act, the JSE Listings Requirements, the framework concepts and the measurement and recognition requirements of IFRS, the South African Institute of Chartered Accountants Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by Financial Reporting Standards Council as required by IAS 34.

The results have been prepared on a historical cost basis, except for the measurement of investment property/land which are carried at fair value.

The accounting policies applied in the preparation of the consolidated financial statements, from which the consolidated financial statements were derived, are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous consolidated annual financial statements. As a result of the adoption of 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 results for the current period.

The preparation of the annual financial statements has been supervised by NR Crafford-Lazarus CA(SA).

### AUDIT OPINION

The summarised financial information included in this announcement is extracted from audited information, but is not itself audited. The directors take full responsibility for the preparation of the summarised financial information and that it has been correctly extracted from the underlying annual financial statements.

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

### NET ASSET VALUE PER SHARE AND EARNINGS PER SHARE

	GROUP	
	Year ended 31 March 2017 Audited R	Year ended 31 March 2016 Audited R
<b>Net asset value and tangible net asset value per share</b>		
Total assets	<b>1 311 205 665</b>	1 262 961 020
Total liabilities	<b>(327 326 057)</b>	(352 369 257)
Net asset value attributable to equity holders of parent	<b>983 879 608</b>	910 591 763
Goodwill	<b>(223 421 981)</b>	(223 421 981)
Intangible assets	<b>(5 161 591)</b>	(7 455 631)
Deferred tax raised on intangible assets	<b>1 445 246</b>	2 087 577
Tangible net asset value	<b>756 741 281</b>	681 801 728
Shares in issue	<b>202 969 487</b>	201 908 654
Net asset value per share (cents)	<b>484,74</b>	450,99
Tangible net asset value per share (cents)	<b>372,83</b>	337,68



	GROUP	
	Year ended 31 March 2017 Audited R	Year ended 31 March 2016 Audited R
<b>Reconciliation of basic earnings to diluted earnings and headline earnings:</b>		
Basic profit and diluted profit from total operations attributable to equity holders of parent	<b>68 138 391</b>	60 420 475
(Profit)/loss on sale of property, plant and equipment	<b>(743 181)</b>	(430 852)
Total taxation effect of adjustments	<b>208 090</b>	120 639
Headline earnings and diluted headline earnings attributable to equity holders of parent	<b>67 603 300</b>	60 110 262
<b>Reconciliation of weighted average number of shares:</b>		
Basic weighted average number of shares	<b>202 609 094</b>	201 426 940
Dilutive effect of share options	<b>1 641 560</b>	7 139 452
Diluted weighted average number of shares	<b>204 250 654</b>	208 566 392
Basic earnings per share (cents)	<b>33,63</b>	30,00
Diluted earnings per share (cents)	<b>33,36</b>	28,97
Headline earnings per share (cents)	<b>33,37</b>	29,84
Diluted headlines earnings per share (cents)	<b>33,10</b>	28,82

## SEGMENT INFORMATION

	Ready-mixed concrete R	Head office R	Group totals R
<b>2017</b>			
Segment revenue – external revenue	<b>839 984 931</b>	-	<b>839 984 931</b>
Segment cost of sales	<b>(483 668 229)</b>	-	<b>(483 668 229)</b>
Segment expenses	<b>(250 388 987)</b>	<b>(23 607 037)</b>	<b>(273 996 024)</b>
Profit from equity-accounted investment	-	<b>24 803 788</b>	<b>24 803 788</b>
Profit/(loss) on sale of property, plant and equipment	<b>749 292</b>	<b>(6 111)</b>	<b>743 181</b>
Segment profit after taxation	<b>67 385 969</b>	<b>752 422</b>	<b>68 138 391</b>
Taxation	<b>(22 534 615)</b>	<b>642 331</b>	<b>(21 892 284)</b>
Interest received	<b>7 113 680</b>	<b>58 450</b>	<b>7 172 130</b>
Interest paid	<b>(26 694 874)</b>	<b>(203)</b>	<b>(26 695 077)</b>
Depreciation and amortisation	<b>(18 740 477)</b>	<b>(2 362 767)</b>	<b>(21 103 244)</b>
Segment assets	<b>445 845 703</b>	<b>865 359 962</b>	<b>1 311 205 665</b>
Investment in associate included in the above total segment assets	-	<b>743 842 941</b>	<b>743 842 941</b>
Capital expenditure included in segment assets	<b>27 604 211</b>	<b>930 890</b>	<b>28 535 101</b>
Segment liabilities	<b>(325 083 711)</b>	<b>(2 242 346)</b>	<b>(327 326 057)</b>

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

### SEGMENT INFORMATION CONTINUED

	Ready-mixed concrete R	Head office R	Group totals R
<b>2016</b>			
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
Profit 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 the 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	<b>4 525 319</b>	4 525 319
Increase in head office segment	<b>(4 525 319)</b>	(4 525 319)

The only commodity actively managed by Métier Mixed Concrete Proprietary Limited (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 as disclosed in the annual financial statements.

Dangote Cement South Africa Proprietary Limited (CEMENT) is an associate of Sephaku Holdings Limited (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.

### COST OF SALES

	GROUP	
	Year ended 31 March 2017 Audited R	Year ended 31 March 2016 Audited R
<b>Profit or loss</b>		
Decrease in cost of sales	-	13 242 368
Decrease in other income	-	(13 242 368)

## INVESTMENT IN ASSOCIATE

The directors would like to draw attention to the fact that, during the financial year, equity funding of R134 921 875 was required by CEMENT to relieve pressure on the debt covenants. SepHold contributed R48 571 875 of the equity funding.

## SUMMARY OF GROUP INTEREST IN CEMENT AND ITS SUBSIDIARIES

	<b>Year ended 31 December 2016</b>	Year ended 31 December 2015 (Restated*)
	R	R
Non-current assets*	<b>3 463 892 648</b>	3 590 677 187
Current assets	<b>749 053 952</b>	860 280 952
Total assets	<b>4 212 946 600</b>	4 450 958 139
Total equity*	<b>1 341 970 774</b>	1 139 994 928
Non-current liabilities*	<b>(2 152 594 106)</b>	(2 465 591 403)
Current liabilities	<b>(718 381 720)</b>	(845 371 808)
Total liabilities	<b>(2 870 975 826)</b>	(3 310 963 211)
Revenue for the period	<b>2 281 395 559</b>	2 298 566 531
Cost of sales	<b>(1 855 433 510)</b>	(1 784 417 193)
Gross profit	<b>425 962 049</b>	514 149 338
Operating profit	<b>358 435 454</b>	336 959 243
Investment income	<b>16 274 555</b>	7 424 285
Finance costs	<b>(291 349 372)</b>	(265 533 881)
Profit before taxation	<b>83 360 637</b>	78 849 647
Taxation (expense)	<b>(14 461 227)</b>	(28 421 686)
Profit after taxation for the year	<b>68 899 410</b>	50 427 961
Total comprehensive income for the year	<b>68 899 410</b>	50 427 961

### RESTATEMENT

\* The financial statements of CEMENT 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). SepHold group's accounting policy for land is to carry land at fair value. The group had made adjustments to the financial statements of CEMENT for this difference in policy. The current fair value is not materially different to the fair value previously reported by CEMENT and no change in value was recognised.

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

### STATED CAPITAL

1 060 833 (2016: 311 952) SepHold shares were issued during the year for a cash amount of R2 453 033 (2016: R825 647) relating to share options that were exercised by employees and directors.

During the prior year 372 194 SepHold shares were issued at a value of R2,68 each for no cash consideration, in terms of the provisions of the Sephaku share incentive scheme, as a float to administer the share incentive scheme on behalf of identified SepHold employees. 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.

### STATEMENT ON GOING CONCERN

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

### EVENTS AFTER THE ANNUAL 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 financial results.

### CHANGES TO THE BOARD

Mr Modilati Gustav Mahlare retired in accordance with SepHold's MOI on 22 September 2016. Mr Mahlare was replaced by Ms Martie Janse van Rensburg, who was appointed to the board as an independent, non-executive director on the same day. Ms Janse van Rensburg chairs the audit and risk committee and is a member of the remuneration and nomination committee. Ms Basani Maluleke was appointed to the board as an independent, non-executive director on 9 November 2016. Ms Maluleke is a member of the audit and risk committee and the social and ethics committee.

### COMPANY SECRETARY

There were no changes to the group company secretary during the financial year.

By order of the board



**Dr Lelau Mohuba**  
Chief executive officer

29 June 2017



**Neil Crafford-Lazarus**  
Financial director

## Board of directors (subject to re-election and confirmation)

### **BRENT WILLIAMS – Chairman and independent non-executive director**

*BA (University of Cape Town), BProc (University of Western Cape), LLM (Harvard University Law School), Harvard Leadership Program (Harvard Business School)*

Brent was appointed a director and chairman of SepHold on 3 March 2012. He was admitted as an attorney in 1992 and has held a number of key positions. He is currently the chief executive officer of Cliffe Dekker Hofmeyr.

### **MARTIE JACOBA JANSE VAN RENSBURG – independent non-executive director and chairman of the audit and risk committee**

*BCompt (University of the Free State), BCompt Hons (Unisa), CA(SA), Executive Programme in Strategy and Organisation (Stanford University Business School), TCTA Leadership Development Programme (GIBS), AITX Director Programme (JSE & WBS)*

Martie was appointed as a director of SepHold on 22 September 2016. Between 1994 and 2008, she was the chief financial officer (CFO) (five years) and then chief executive officer (CEO) (ten years) of the Trans Caledon Tunnel Authority. She has served as non-executive director and member or chairman of audit committees for Bond Exchange of SA, Airports Company South Africa, Johannesburg Water SOC and Denel SOC. She is currently a non-executive director of the Development Bank of Southern Africa and Independent Regulatory board of auditors. Martie is also a non-executive member of the credit committee overseeing Africa and India at FirstRand Bank and Ashburton.

### **PAUL MPH0 MAKWANA – independent non-executive director**

*BAdmin (University of Zululand), BAdmin (Hons) (University of Pretoria), PostDip: (Retailing Management) (University of Stirling Institute of Retail Studies), Kellogg's Executive Development Programme*

Mpho was appointed director of SepHold on 11 January 2013. He is the chairman of ArcelorMittal, and an independent non-executive director at Adcock Ingram Holdings Limited, Nedbank Group Limited and Nedbank Limited, among others. He also serves on a number of unlisted companies and trustee boards.

### **MOSES MODIDIMA NGOASHENG – independent non-executive director**

*BA (Economics and International Politics) (University of South Africa), BSocSci (Hons) (University of KwaZulu-Natal), MPhil (University of Sussex)*

Moss was appointed a director of SepHold on 1 February 2008. He was instrumental in developing the industrial policy of the African National Congress and was economic advisor to former President Thabo Mbeki from 1995 to 2000. He serves on a number of boards, including SA Breweries and Dimension Data.

### **JUSTIN PITT – alternate director to Moses Modidima Ngoasheng**

*BCom, BAcc (Wits), CA(SA), CFA, Member of South African Institute of Chartered Accountants and Association for Investment Management and Research*

Justin was appointed as an alternate director of SepHold on 21 August 2014. He co-founded Safika Resources and QuestCo in 2002 and is currently the managing director of Safika Resources.

### **DR LELAU MOHUBA – chief executive officer and executive director**

*MBChB (Nelson Mandela School of Medicine, former University of Natal)*

Lelau was appointed a director and founding chairman of SepHold on 3 February 2005 and became CEO on 28 March 2012. He retired as a medical practitioner in 2001 after a 22-year career. His commercial career began in 2002 and since then, he has served in various capacities in several entrepreneurial endeavours.

## Board of directors (subject to re-election and confirmation) continued

### **NEIL ROBUS CRAFFORD-LAZARUS – financial director and executive director**

*BCompt (University of the Free State), BCompt (Hons) (University of South Africa), CA(SA)*

Neil was appointed a director and CEO of SepHold on 1 June 2007 and became financial director on 28 March 2012. He started his career in mining finance in 1988. Since then, he has held various senior positions in taxation, business development and corporate finance with companies such as Anglo American Corporation, Gencor and BHP Billiton. He also served as financial director of Xstrata SA Proprietary Limited between 1998 and 2005.

### **ROSE RAISIBE MATJIU – non-executive director**

*BA (Hons) (Social Work) (University of the North), MA (Medical Social Work) (University of Pretoria), Certification in Mining and Minerals (University of the Witwatersrand)*

Rose was appointed a director of SepHold on 23 August 2005. She has extensive experience as a professional community and social worker in government and the private sector. She has served in a number of directorate positions and is a member of South African Women in Mining and the Business Women's Association.

### **KENNETH JOHN CAPES – executive director, business development director**

Kenneth was appointed a director of SepHold on 29 July 2013. He was CEO of Métier until 9 November 2016.

Kenneth has extensive experience in the ready-mixed concrete and aggregates industry. Kenneth spent 20 years in a building materials entity, holding various management positions. He was directly involved in the development of the ready-mixed concrete and quarrying business as a general manager. Kenneth's extensive knowledge, expertise and passion for concrete manufacture led him to become a co-founder of Métier in KwaZulu-Natal in 2007.

### **PIETER FREDERICK FOURIE – non-executive director, CEO (CEMENT)**

*BCom (Accounting), Executive Development Programme (PRISM) for Global Leaders (IMD, Switzerland)*

Pieter was appointed director of SepHold on 20 November 2009. He has extensive experience in the cement industry and assumed the position of chief executive officer of CEMENT in May 2007.

### **BASANI MALULEKE – independent non-executive director**

*BCom (Accounting) and LLB degrees (University of Cape Town), MBA (Kellogg School of Management at North-West University), Fellow of the African Leadership Initiative and the Aspen Global Leadership Network*

Basani was appointed a director of SepHold on 9 November 2016. She has over 10 years of financial services experience in the areas of corporate finance, private banking and private equity. Basani was a director of Transcend Capital Proprietary Limited, a boutique corporate finance firm specialising in B-BBEE ownership advisory for multinationals. She was admitted as an attorney of the High Court after serving articles at Edward Nathan and Friedland (now Edward Nathan Sonnenbergs).

## Remuneration policy and directors' emoluments

SepHold's remuneration practices reflect the dynamics of the market and context in which it operates. Remuneration plays a critical role in attracting and retaining high-performing individuals. It is also used to reinforce, encourage and promote superior performance and achievement of the group's goals. The group's remuneration management is market-related with market surveys and benchmarks applied to ensure competitiveness.

The board is responsible for making decisions regarding the remuneration of directors and the CEO. The CEO is responsible for decisions relating to total guaranteed remuneration and incentives of all employees. The remuneration and nomination committee receives these recommendations and advises the board on remuneration practices, makes recommendations on long-term employee incentives and submits all policy amendments to the board for approval.

SepHold adopts a total reward strategy in remunerating all its employees. This is to ensure that all employees are appropriately rewarded and are made aware of the terms and conditions under which they are employed. The remuneration framework ensures that SepHold:

- appropriately compensates employees for services they provide;
- provides a flexible and competitive remuneration structure that:
  - is referenced to appropriate benchmarks;
  - reflects market and industry practices; and
  - is tailored to the specific circumstances of SepHold, so as to attract, motivate and retain highly skilled employees;
- aligns remuneration practices with the business strategy, objectives, values and long-term interests of the company;
- ensures equitable remuneration to facilitate the deployment of people throughout the business;
- complies with all relevant legal requirements; and
- ensures variable remuneration payment is in line with the company performance, on a divisional and individual level.

Positioning of the total guaranteed package is based on an individual's level of demonstrated competency, qualification, experience and performance. The total guaranteed package of individuals new to the position will normally be at the low end of the pay range. With increased experience, learning and performance, the total guaranteed package will be adjusted based on the outcome of performance reviews.

The following summarises the performance measurement criteria.

<b>Entry point</b>	New to the job or building the skill
<b>Needs improvement</b>	The skill needs enhancing to improve performance
<b>Effective</b>	Meets expectations
<b>Excellent</b>	Exceeds expectations
<b>World-class</b>	Expert and fully competent

The table below summarises the main components of the reward package for all SepHold employees. CEMENT, as a subsidiary of Dangote Cement Plc, applies a different reward framework.

Objective and practice		Award size and performance period
<b>Guaranteed pay</b>	<ul style="list-style-type: none"> <li>• Remunerate above the market and industry average for key positions.</li> <li>• Remunerate market-related salaries for all other positions.</li> <li>• Review total guaranteed pay annually and set on 1 March.</li> </ul>	<ul style="list-style-type: none"> <li>• The level of skill and experience, scope of responsibility and the total remuneration package are taken into account when rewarding employees.</li> <li>• Appropriate market percentiles are based on skills, experience and competitiveness.</li> </ul>

## Remuneration policy and directors' emoluments continued

Objective and practice	Award size and performance period	
<b>Short-term incentive</b>	<ul style="list-style-type: none"> <li>This aims to motivate employees and incentivise delivery of performance over the financial year.</li> <li>The appropriateness of measures and weightings are reviewed annually to ensure ongoing support of the strategy.</li> <li>The annual bonus is paid in cash in July each year for performance over the previous financial year.</li> </ul>	<ul style="list-style-type: none"> <li>Performance over the financial year is measured against targets set in the balanced scorecards.</li> <li>Target bonus (30%, 50% and 70%) of the total guaranteed pay is aligned with the level achieved as defined in the performance management policy.</li> </ul>
<b>Long-term incentive</b>	<ul style="list-style-type: none"> <li>The objective is to motivate and incentivise delivery over the long term.</li> <li>Award levels and framework are set for determining vesting to ensure continued support of the company strategy.</li> </ul>	<ul style="list-style-type: none"> <li>Performance over three financial years is measured against targets for the performance period.</li> </ul>

The board-approved performance indicators, which measure and review executive management's performance, will be measured and reviewed by SepHold going forward. The indicators are categorised into financial (75%) and non-financial measures (25%).

Performance indicator	Weighting %	Performance condition detail	Threshold (30%)	Target (50%)	Stretch (70%)
<b>Financial measures</b>					
Real growth in headline earnings per share (HEPS)	35	HEPS growth over the previous year in excess of inflation	Real HEPS growth of more than 0%	Real HEPS growth of 4% per annum	Real HEPS growth of ≥8%
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	25	The achievement of group EBITDA against budget: The EBITDA should reflect the proportionately consolidated EBITDA of the underlying subsidiaries less corporate costs.	80% of budget achieved	100% of budget achieved	≥120% of budget achieved
Total shareholder return (TSR)	15	TSR will be measured against a comparable set of 10 companies.	Seventh to eighth position	Fourth to sixth position	First to third position
<b>Non-financial measures</b>					
Safety, environment and transformation	15	The achievement of safety, environmental and transformation targets as determined by SepHold will be measured against a portfolio of evidence.			
Achievement of strategic goals	10	The achievement of strategic goals as determined by SepHold will be measured against a portfolio of evidence.			



## NON-EXECUTIVE DIRECTORS' REMUNERATION

### Elements and purpose

We aim to attract and retain suitably skilled and experienced non-executive directors. An appropriate level of competitive remuneration is required to reward them for their time and expertise.

Non-executive directors are remunerated by way of an annual fee paid in recognition of membership of the board and its committees.

Non-executive directors, including the group chairperson, are not eligible to receive any other employment benefits or performance-related remuneration or any form of compensation for loss of office.

The fee structure is reviewed periodically and benchmarked annually to ensure proposed fees are appropriate against the external market and support the attraction and retention of high-quality non-executive directors.

### 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 MOI.

	R
<b>Fee structure 2017 – annual fee</b>	
Chairman of the board	380 000
Independent non-executive	250 000
<b>Proposed fee structure 2018 – annual fee</b>	
Chairman of the board	410 000
Independent non-executive	310 000

## DIRECTORS' AND PRESCRIBED OFFICER'S EMOLUMENTS

	Remuneration R	Performance bonus R	Travel allowances R	Pension fund R	IFRS 2 staff cost relating to share-based payments vesting expense (non-cash) R	Total R
<b>Executive 2017</b>						
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
	<b>9 064 760</b>	<b>5 379 947</b>	<b>156 557</b>	<b>230 790</b>	<b>1 361 462</b>	<b>16 193 516</b>
<b>Executive 2016</b>						
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
	<b>8 623 590</b>	<b>2 891 867</b>	<b>144 960</b>	<b>–</b>	<b>1 712 741</b>	<b>13 373 158</b>

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

## Remuneration policy and directors' emoluments continued

	Fees for services as director R	Re- muneration R	Perfor- mance bonus R	Medical aid R	Allowances R	IFRS 2 Staff cost relating to share-based payments vesting expense (non-cash) R	Total R
<b>Non-executive 2017</b>							
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 Matjui	-	-	-	-	-	121 426	121 426
PF Fourie#	-	3 223 349	1 001 784	-	-	-	4 225 133
	<b>1 192 500</b>	<b>3 223 349</b>	<b>1 001 784</b>	-	-	<b>121 426</b>	<b>5 539 059</b>
<b>Non-executive 2016</b>							
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	42 282	3 728 465
	<b>1 137 500</b>	<b>2 734 307</b>	<b>606 267</b>	<b>150 031</b>	<b>189 578</b>	<b>42 282</b>	<b>4 865 965</b>

\* MG Mahlare resigned on 22 September 2016

MJ Janse van Rensburg was appointed on 22 September 2016

B Maluleke was appointed on 9 November 2016

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

## Shareholders' analysis

### 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
<b>Total</b>	<b>2 059</b>	<b>100,00</b>	<b>202 969 487</b>

### 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
	<b>202 969 487</b>	<b>100,00</b>	<b>2 059</b>

## Stated capital and related-party transactions

### STATED CAPITAL

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

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 SepHold. 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.

**SHARE-BASED PAYMENTS**

	Number R	Weighted exercise price R	Total value R
<b>Share options granted on 15 October 2010</b>	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		
<b>Share options granted on 29 June 2012</b>	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		
<b>Share options granted on 31 August 2012</b>	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		
<b>Share options granted on 10 December 2014</b>	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		
<b>Share options granted on 31 March 2016</b>	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		

## Stated capital and related-party transactions continued

### RELATED PARTIES

	GROUP		COMPANY	
	2017 R	2016 R	2017 R	2016 R
<b>Related-party balances</b>				
<b>Loan accounts – Owning by/(to) related parties</b>				
African Nickel Limited	-	2 000 000	-	2 000 000
Métier Mixed Concrete Proprietary Limited	-	-	<b>(139 762 925)</b>	(139 797 374)
Cross Company Management Proprietary Limited	<b>9 599 973</b>	10 694 456	<b>9 599 973</b>	10 694 456
Sephaku Investment Holdings Proprietary Limited (previously Sephaku Cement Investment Holdings Limited)	-	-	<b>10 149</b>	4 149
Incubex Minerals Limited	<b>2 000 000</b>	-	<b>2 000 000</b>	-
<b>Amounts included in trade receivables/(payables) regarding related parties</b>				
Mettransport Proprietary Limited*	-	(1 757 890)	-	-
Dangote Cement South Africa Proprietary Limited	<b>(7 028 929)</b>	(9 920 460)	-	-
Cato Ridge Quarry Proprietary Limited	<b>79 799</b>	-	-	-
<b>Related-party transactions</b>				
<b>Sales to related parties</b>				
Met X Concrete Products Proprietary Limited*	-	626 467	-	-
Mettransport Proprietary Limited*	-	5 534 192	-	-
Dangote Cement South Africa Proprietary Limited	-	6 546	-	-
<b>Purchases from related parties</b>				
Dangote Cement South Africa Proprietary Limited	<b>105 268 928</b>	113 696 966	-	-
Met X Concrete Products Proprietary Limited*	-	1 875	-	-
Mettransport Proprietary Limited*	-	24 599 594	-	-

**RELATED PARTIES continued**

	GROUP		COMPANY	
	2017 R	2016 R	2017 R	2016 R
<b>Rent paid to/(received from) related parties</b>				
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
<b>Fees paid to/(received from) related parties for management services, overheads and salaries</b>				
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
<b>Utilities paid to/(received from) related parties</b>				
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)	-
<b>Other general expenses paid to/(received from) related parties</b>				
Métier Mixed Concrete Proprietary Limited	-	-	-	(3 000)
Metransport Proprietary Limited*	-	199 391	-	-
<b>Recoveries received from related parties</b>				
Cato Ridge Quarry Proprietary Limited	79 799	-	-	-
<b>Interest paid to related parties</b>				
Métier Mixed Concrete Proprietary Limited	-	-	1 201 876	-
<b>Dividends received from related parties</b>				
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.

# Directors' responsibility statement and material changes statement

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Directors, whose names appear in Annexure 2 of this notice, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 1 and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required in terms of the JSE Listings Requirements.

## **MATERIAL CHANGES STATEMENT**

Other than the facts and developments reported on in the integrated annual review, there have been no material changes in the affairs or financial position of SepHold and its subsidiaries since the company's year-end and up to the date of this notice.



## Proxy appointments

**Summary of shareholders' rights in respect of proxy appointments as contained in section 58 of the Companies Act. The shareholder may appoint an individual as a proxy, including an individual who is not a shareholder of SepHold, to participate in, speak and vote at the shareholders' meeting on behalf of the shareholder.**

- The shareholder may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder.
- The form of proxy must be dated and signed by the shareholder appointing the proxy.
- An appointed proxy may delegate his/her authority to act on the shareholder's behalf to another person, subject to any restrictions set out in the form of proxy.
- The form of proxy must be delivered to the transfer secretaries of SepHold before the proxy exercises any of the shareholder's rights at the shareholders' meeting.
- Irrespective of the form of instrument used to appoint a proxy:
  - the appointment of the proxy is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
  - the appointment is revocable unless the proxy appointment expressly states otherwise; and
  - if the appointment of the proxy is revocable, a shareholder may revoke the proxy appointment by (1) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (2) delivering a copy of the revocation instrument to the proxy and to SepHold.
- The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of:
  - the date stated in the revocation instrument, if any; or
  - the date on which the revocation instrument was delivered to SepHold and the proxy as aforesaid.
- If the instrument appointing a proxy or proxies has been delivered to SepHold, as long as that appointment remains in effect, any notice that is required by the Companies Act or SepHold's MOI to be delivered by SepHold to the shareholder must be delivered by SepHold to:
  - the shareholder; or
  - the proxy or proxies (if the shareholder has in writing directed SepHold to do so and has paid any reasonable fees charged by SepHold for doing so).
- A proxy is entitled to exercise, or abstain from exercising, any voting rights of the shareholder without direction, except to the extent that the instrument appointing the proxy provides otherwise.
- The appointment of the proxy utilising the form of proxy attached to the notice of AGM remains valid only until the end of the AGM or any adjournment or postponement thereof.



# Corporate information

## **DIRECTORS**

B Williams\* (chairman)  
MJ Janse van Rensburg\*  
PM Makwana\*  
B Maluleke\*  
MM Ngoasheng\*  
J Pitt\*\*  
Dr L Mohuba° (chief executive officer)  
NR Crafford-Lazarus° (financial director)  
RR Matjju  
KJ Capes°  
PF Fourie  
° *Executive*  
\* *Independent*  
# *Alternate*

## **COMPANY SECRETARY**

Acorim Proprietary Limited  
Email: sephaku@acorim.co.za  
Telephone: +27 11 325 6363

## **REGISTERED OFFICE**

Southdowns Office Park  
First Floor, Block A  
Cnr Karee and John Vorster Streets  
Irene, X54, 0062  
PO Box 7651, Centurion, 0046  
Website: www.sephakuholdings.com

## **TRANSFER SECRETARIES**

Computershare Investor Services Proprietary Limited  
Rosebank Towers, 15 Biermann Avenue,  
Rosebank, Johannesburg, 2196  
PO Box 61051, Marshalltown, 2107  
Telephone: +27 11 370 5000

## **JSE SPONSOR**

Questco Proprietary Limited  
Telephone: +27 11 011 9200

## **AUDITORS**

Grant Thornton Johannesburg Partnership  
Chartered Accountants (SA)  
Registered auditors

## **BANKERS**

Nedbank

## **MÉTIER MIXED CONCRETE (WHOLLY OWNED SUBSIDIARY)**

Physical address: Romead Business Park,  
23 Malone Road, Maxmead, Durban, 3610  
Postal address: Postnet Suite #546, Private Bag x4,  
Kloof, 3640  
Telephone: +27 31 716 3600/086 163 8437  
Website: www.metiersa.co.za

## **DANGOTE CEMENT SOUTH AFRICA PROPRIETARY LIMITED (CEMENT) (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

## **INVESTOR RELATIONS**

Sakhile Ndlovu  
Email: info@sepman.co.za  
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[www.sephakuholdings.com](http://www.sephakuholdings.com)