2022

BUILDING BLOCKS FOR GROWTH

ANNUAL FINANCIAL STATEMENTS

SEPHAKU HOLDINGS LTD

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Construction materials company
Directors	B Williams — Chairperson – independent non-executive director MM Ngoasheng — Independent non-executive director MJ Janse van Rensburg — Independent non-executive director B Bulo — Independent non-executive director Dr. L Mohuba — Non-executive director NR Crafford-Lazarus — Chief executive officer and financial director KJ Capes — Executive director
Registered office	Southdowns Office Park First floor, Block A Cnr Karee and John Vorster Streets Irene, X54 0062
Website	www.sephakuholdings.com
Postal address	PO Box 7651 Centurion 0046
Bankers	Nedbank
Company secretary	Acorim Proprietary Limited Telephone: +27 11 325 6363 Email: sephaku@acorim.co.za
Métier Mixed Concrete (wholly owned subsidiary)	Physical address: Romead Business Park, 23 Malone Road, Maxmead 3610 Postal address: Postnet Suite #546, Private Bag X4, Kloof 3640 Telephone: +27 31 716 3600/0861 638437 Website: www.metiersa.co.za
Dangote Cement South Africa (Associate)	Physical address: Southdowns Office Park, Block A, Ground Floor Cnr Karee and John Vorster Streets, Irene, X54 0062 Postal address: PO Box 68149, Highveld 0169 Telephone: +27 12 684 6300 Website: www.sephakucement.co.za
Company registration number	2005/003306/06
Preparer	The annual financial statements were internally compiled under the supervision of: NR Crafford-Lazarus
Transfer secretaries	Computershare Investor Services Proprietary Limited Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg 2196 Private Bag X9000, Saxonwold 2132 Telephone: +27 11 370 5000
JSE sponsor	QuestCo Corporate Advisory Proprietary Limited Telephone: +27 11 011 9200
Investor relations officer	Sakhile Ndlovu Email: info@sepman.co.za Telephone: +27 12 684 6300

INDEX

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

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

Issued

21 June 2022

AUDIT AND RISK COMMITTEE REPORT

1. MANDATE AND TERMS OF REFERENCE

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

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

Name
MJ Janse van Rensburg (chairperson)
B Bulo
B Williams

The committee is satisfied that the members thereof have the required knowledge and experience as set out in Section 94(5) of the Companies Act and Regulation 42 of the Companies Regulation, 2011.

2. COMPOSITION AND ATTENDANCE AT MEETINGS

There was no change to the committee members during the year under review. In addition, the chief executive officer (CEO) and financial director are permanent invitees to meetings. The committee performs the duties laid upon it by section 94(7) of the Companies Act by holding meetings at least three times per annum and special committee meetings are convened as required.

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

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

3. STATUTORY DUTIES

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

The committee has performed the following statutory duties:

- Nominated and recommended the appointment of BDO South Africa Inc as the external auditor of SepHold, with J Barradas as the lead engagement partner. BDO South Africa Inc is, in the opinion of the committee, independent of the group.
- Reviewed and agreed to the fees to be paid to the external auditor and their terms of engagement in consultation with executive management.
- Ensured that the appointment of the external auditor complies with the Companies Act and any other legislation relating to the appointment of auditor.
- Determined the nature and extent of allowable non-audit services and pre-approved any proposed agreement with the external auditor for the provision of non-audit services to SepHold.
- Received no complaints relating to the accounting practices, the auditing or content of annual financial statements, and the internal financial controls of SepHold.
- Considered and, when appropriate, made recommendations to the board on internal financial controls, accounting policies, records and reporting.
- Ensured, on an annual basis, that the financial director has the appropriate expertise and experience.
- Ensured that the group and company has established appropriate financial reporting procedures and that those procedures are operating.
- Ensured suitability of the appointment of external auditors and the designated individual partner, specifically taking into account any information pursuant to paragraph 22.15(h) of the JSE Limited Listings Requirements (JSE Listings Requirements).

4. EXTERNAL AUDITOR

The committee has satisfied itself that the external auditor, BDO South Africa Inc, is independent of the group, 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. Furthermore, 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 2022. This was done after consultation with executive management taking into consideration such factors as the timing of the audit, the extent of work required and the scope.

The external auditor is invited to and attends all committee meetings. Findings by the external auditor arising from his annual statutory audit is tabled and presented at a committee meeting following the audit. The external auditor has expressed an unqualified opinion on the annual financial statements for the year ended 31 March 2022. This will be presented at the annual general meeting.

SepHold has satisfied itself that BDO South Africa Inc and J Barradas appear on the JSE's list of accredited auditors and their advisors. The committee also acted according to the section 22 requirements of the JSE Listings Requirements and the auditor approval process per 3.84(g) (iii) in requesting from the audit firm (and if necessary consulting with the audit firm on) the information detailed in paragraph 22.15(h) in their assessment of the suitability for appointment of their current or a prospective audit firm and designated individual partner both when they are appointed for the first time and thereafter annually for every re-appointment as well as for an applicant issuer prior to listing.

5. INTERNAL FINANCIAL CONTROLS

The committee has reviewed:

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

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

6. ANNUAL FINANCIAL STATEMENTS

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

7. GOING CONCERN

The committee reviewed a documented assessment by management of the going concern premise of the group. Based on this assessment, the committee agrees with management's assessment that the group will be a going concern in the foreseeable future. Refer note 40 for further details.

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

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

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

9. DUTIES ASSIGNED BY THE BOARD

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

The committee is satisfied that it has complied in all material respects, with its legal, regulatory and other responsibilities during the year, which includes consideration of the JSE's findings contained in the latest monitoring report when preparing the annual financial statements for the year under review.

10. INTERNAL AUDIT

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

11. RISK MANAGEMENT

The committee is responsible for the following:

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

12. IT GOVERNANCE

The Committee considered and reviewed the IT Policy and Governance framework approved in the previous financial year and recommended to the Board that no changes were required. While business continuity is not at risk the committee further reviewed the need for system upgrades for the subsidiary.

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

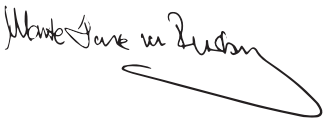
The committee met with BDO South Africa Inc prior to the commencement of the audit to discuss the potential key audit matters. The independent auditor's report on pages 05 to 07 details the following key audit matter:

- Goodwill impairment (group)

The committee is satisfied that the key audit matter was adequately and appropriately addressed in the content of the audit and appropriately disclosed in the notes to the financial statements.

The committee held a meeting on 13 June 2022 at which time they reviewed and recommended the annual financial statements for approval by the board. Issues discussed during this meeting apart from the key audit matters included the valuation of Other Financial Assets and the ECL application to loans associated companies (note 11), as well as the impairment of Other Investments (note 12).

On behalf of the audit committee



MJ Janse van Rensburg
Chairperson

13 June 2022

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SEPHAKU HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of Sephaku Holdings Limited (the group and company) set out on pages 14 to 60, which comprise the consolidated and separate statements of financial position as at 31 March 2022, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Sephaku Holdings Limited as at 31 March 2022, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of Consolidated and Separate Financial Statements* section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board of Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including *International Independence Standards*). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters in respect of the separate financial statements.

Key audit matter	How our audit addressed the key audit matter
Consolidated financial statements: **Assessment of Goodwill for impairment** At 31 March 2022, the Group has goodwill with a carrying value of R223 421 981 (2021: R223 421 981) recognised on the acquisition of the subsidiary, Métier Mixed Concrete Proprietary Limited, in previous periods. In terms of IAS 36 – Impairment of Assets, management is required to perform an impairment test on goodwill at least annually, and is furthermore required to perform an impairment test, if indicators of impairment are identified. As disclosed in Note 1.2 and Note 5 to the financial statements, goodwill is assessed using discounted cash flow model which includes a number of key judgements and estimates. The most significant being the growth rate and discount rate applied to forecasted cash flows. Based on the significance of the balance, as well as management judgements and estimates involved and the sensitivity of the balance for changes to the inputs, it was concluded to be a matter of most significance in our audit of the consolidated financial statements of the current year.	In considering the appropriateness of management's judgement and estimates used in the testing of goodwill for impairment, we performed the following audit procedures with the assistance of our internal valuation expertise: • Evaluated the design and implementation of key controls around the assessment of Goodwill for impairment. • Assessed the model for compliance with ISA 36 Impairment of Assets. • Verified the mathematical accuracy and methodology appropriateness of the underlying model and calculations. • Verified the accuracy and relevance of the input data provided by management based on our knowledge of the business and the ready mix cement industry. • 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. • 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, through performing a retrospective assessment on prior year budget. • 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. As part of our audit we also considered the adequacy of the Group's disclosures in Note 1.2 and Note 5 in terms of IFRS, about those assumptions to which the outcome of the impairment test is most sensitive to the determination of the recoverable amount.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Sephaku Holdings Limited Annual Financial Statements for the year ended 31 March 2022", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that BDO South Africa Incorporated has been the auditor of Sephaku Holdings Limited for 15 years.

BDO South Africa Inc.

BDO South Africa Incorporated
Registered Auditors

Jacques Barradas
Director
Registered Auditor

21 June 2022

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

DIRECTORS' RESPONSIBILITIES AND APPROVAL

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

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

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

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

The directors have reviewed the group's cash flow forecast for the year to 31 March 2023 and, in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

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

The external auditor is responsible for independently auditing and reporting on the group's annual financial statements. The annual financial statements have been examined by the group's external auditor and their report is presented on pages 05 to 07.

The annual financial statements, set out on pages 14 to 60, were approved by the board on 21 June 2022 and were signed on their behalf by:

NR Crafford-Lazarus
Chief executive officer and financial director

B Williams
Chairperson – non-executive director

Centurion, South Africa

21 June 2022

DIRECTOR RESPONSIBILITIES STATEMENT

The director, whose name is stated below, hereby confirm that:

a) the annual financial statements, set out on pages 14 to 60, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;
d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
e) where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal controls and any fraud that involve directors, and have taken the necessary remedial action; and
f) we are not aware of any fraud involving directors.

NR Crafford-Lazarus
Chief executive officer and financial director

Centurion, South Africa

21 June 2022

CERTIFICATE BY COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act of South Africa No 71 of 2008, as amended (the Companies Act), I declare that to the best of my knowledge, for the year ended 31 March 2022, Sephaku Holdings Limited has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Companies Act and that such returns are true, correct and up to date.

Acorim

Acorim Proprietary Limited
Company secretary

Centurion, South Africa

21 June 2022

DIRECTORS' REPORT

The directors submit their report for the year ended 31 March 2022.

1. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

Main business and operations

SepHold (the company) offers investors a portfolio of assets focused on the construction materials value chain. SepHold's active investment portfolio comprises the 100% owned subsidiary, Métier (the subsidiary) and the 36% owned associate, SepCem (the associate), which are collectively referred to as the group. As a subsidiary of Dangote Cement PLC (DCP), SepCem has a 31 December year-end, therefore the equity-accounted profit included in this report relates to SepCem's results in the period 1 January 2021 to 31 December 2021.

Group

The salient features of the group for the reporting period was as follows:

Group consolidated revenue: R786 million (FY 2021: R634 million)

Net profit after tax: R45 million (FY 2021: R20 million)

Basic earnings per share: 17.52 cents (FY 2021: 7.83 cents)

Headline earnings per share: 17.67 cents (FY 2021: 6.09 cents)

SepHold

In January 2022, the SepHold Audit and risk Committee ("ARC") successfully motivated for Neil Crafford-Lazarus to continue the dual CEO and FD roles until 31 December 2022. The motivation was a fulfilment of a condition to provide the JSE with an assessment report on the prevailing economic conditions to warrant the continuation of the dual role for a further year.

Métier

Sales volumes

Total sales volume increased by 18% year-on-year (YoY), albeit from the anomalously low comparative base due to the pandemic related restrictions. Although Métier recorded an increase, the volumes achieved by the subsidiary were essentially flat YoY considering the ten months of active trading in FY 2021.

Métier established its first plant at Bellville in the Western Cape province which started supplying customers in September 2021 and achieved targeted volumes by December 2021.

The KZN province experienced unique challenges compared to Métier's other operations, namely, the disruption of construction projects by the business forums and the floods in the quarter ended March 2022.

The Gauteng province experienced aggressive pricing tactics by vertically integrated competitors as demand declined. The sales were 10% below volumes achieved in FY 2021. Métier successfully implemented price increases in the fourth quarter ended March 2022.

Overall, larger integrated ready-mixed producers continued to close plants in KZN and Gauteng but were immediately replaced by highly competitive independent ready-mix producers with lower cost bases.

Revenue and profitability

Métier's revenue increased by 24% YoY to R786 million (FY 2021: R634 million) due to increased sales volumes and pricing. Increasing inflation-related input costs in the quarter ended 31 March 2022 resulted in all major mixed concrete producers, including the subsidiary implementing significant price increases. Consequently, the EBITDA increased by 36% to R75 million (FY 2021: R55 million), and EBIT increased by 45% from R33 million to R48 million. Net profit after tax increased by 76%, from R17 million to R30 million, due to the higher revenue and the lower finance expense resulting from a decreasing debt balance.

Although the price increases applied in March were sustained, the expanding inflation, significant fuel price increases and rising interest rates are expected to cause downward pressure on profitability in FY 2023 as input costs and operating expenses increase.

Bank debt management

Métier focussed on reducing the amortising loan facility resulting in a capital balance of R48 million on 31 March 2022 (FY 2021: R71 million). The facility bears an interest rate of three-month Johannesburg Inter-bank Average Rate (JIBAR) plus 4.25%. The facility is repayable in varying instalments, with the final balloon payment scheduled for 15 April 2023.

1. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES (CONTINUED)

SepCem

Sales volume

SepCem's sales volumes declined by 1% YoY for the twelve months ended 31 December 2021, mainly due to the unplanned kiln outages during H2 2021. From the end of the third quarter into the beginning of the fourth quarter, SepCem had two unplanned plant outages. In both incidences, management was able to identify a long-term solution to mitigate future unplanned outages.

The competition heightened for SepCem during the year due to the recovery of the cement producers who had experienced major technical plant challenges in CY 2020, limiting their ability to supply the market. Furthermore, blender activity also normalised in CY 2021. In addition, approximately 1,1 million tonnes of cement were imported in CY 2021 (CY 2020: 990Kt), further intensifying competition. The cement industry's application for a safeguard tariff from the International Trade Administration Commission of South Africa has continued to stall. A positive outcome would meaningfully improve the performance of the building materials sector.

Revenue and profitability

SepCem's revenue increased by 7% to R2,6 billion (FY 2021: R2,4 billion) due to price increases in February 2021 and August 2021, resulting in a higher net selling price YoY. The resultant EBITDA was 2% lower at R375,4 million (FY 2021: R381,6 million) at a margin of 14.6% (FY 2021: 15.9%). The lower finance expense in CY 2021 due to a lower debt balance resulted in an 85% increase in net profit after tax to R81,9 million compared to R44,4 million in CY 2020. The SepCem 36% equity-accounted profit in the group FY 2022 profit and loss statement is R28,9 million compared to R15,9 million in FY 2021.

Debt management

The total bank debt repayment for the twelve months ended December 2021 was R427 million, comprising interest of R74 million and capital of R353 million resulting in a capital balance of R666 million. By 2 May 2022, the outstanding capital balance was R528 million, following total capital repayment of R138 million in two instalments. The DCP shareholder loan that accrues interest at JIBAR plus 4% capitalised against the loan had a balance of R627 million by year-end. Management concluded negotiations with the lenders to convert the project loan bullet instalment of R377 million due in November 2022 into a three-year term loan of R400 million at a rate of JIBAR plus 3.25% from August 2022. In addition, SepCem secured a R200 million revolving working capital facility at a rate of prime minus 0.5% from one of the original major lenders.

Group focus

The group will focus on cost management to ensure that the gains achieved from the numerous initiatives during FY 2022 are sustained.

SepCem and Métier will continue to focus on strengthening their balance sheets by reducing debt while seeking diversification opportunities within the construction value chain.

2. SHARE CAPITAL

There have been no changes to the authorised or issued share capital during the prior year and the year under review.

All the authorised and issued shares have no par value.

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

3. DIVIDENDS

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

4. SHARE INCENTIVE SCHEME

There were no share options issued during the year. Refer to note 19 of the consolidated annual financial statements for details of the group share incentive scheme.

5. DIRECTORATE

The directors in office at the date of this report are as follows:

Directors	Office	Designation	Changes
B Williams	Chairperson – Board	Non-executive independent	
MM Ngoasheng	Chairperson – Remuneration committee	Non-executive independent	
MJ Janse van Rensburg	Chairperson – Audit committee	Non-executive independent	
B Bulo		Non-executive independent	
Dr. L Mohuba	Chairperson – Social and ethics committee	Non-executive	
NR Crafford-Lazarus	Chief executive officer	Executive	
KJ Capes	Chief executive officer – Métier	Executive	
PF Fourie	Chief executive officer – SepCem	Executive	Deceased 19 May 2021

6. SHAREHOLDERS' INFORMATION

An analysis of shareholders and the respective percentage shareholdings appear in the shareholders' analysis section on page 61.

As at 31 March 2022, the directors of the company held direct and indirect beneficial interests of 9% (2021: 11%) of its issued ordinary shares, as set out below.

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

	2022			2021		
Director/prescribed officer	**Direct**	**Indirect**	**Associates**	Direct	Indirect	Associates
Dr. L Mohuba	**87 202**	**8 363 767**	**40 000**	87 202	8 363 767	40 000
NR Crafford-Lazarus	**2 986 984**	**–**	**–**	2 986 984	–	–
KJ Capes*	**10 600 000**	**–**	**–**	10 600 000	–	–
PF Fourie**	**–**	**–**	**–**	–	5 203 059	–
	13 674 186	**8 363 767**	**40 000**	13 674 186	13 566 826	40 000

* *After his appointment as CEO of Métier, he was re-appointed as executive director on 01 April 2020.*

** *Deceased 19 May 2021.*

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

Directors' interest in share options:

2022	**Opening balance number of share options**	**Exercise price**	**Options expired**	**Date expired**	**Market price on exercise date**	**Options vested at year-end**	**Closing balance number of share options**
Dr. L Mohuba							
Granted 10/12/2014	**400 000**	**R6.80**	**(400 000)**	**10/12/2021**	**–**	**–**	**–**
Granted 31/03/2016	**400 000**	**R4.40**	**–**		**–**	**400 000**	**400 000**
Granted 01/07/2017	**475 000**	**R3.00**	**–**		**–**	**475 000**	**475 000**
NR Crafford-Lazarus							
Granted 10/12/2014	**375 000**	**R6.80**	**(375 000)**	**10/12/2021**	**–**	**–**	**–**
Granted 31/03/2016	**400 000**	**R4.40**	**–**		**–**	**400 000**	**400 000**
Granted 01/07/2017	**475 000**	**R3.00**	**–**		**–**	**475 000**	**475 000**
	2 525 000		**(775 000)**		**–**	**1 750 000**	**1 750 000**

6. SHAREHOLDERS INFORMATION (CONTINUED)

Directors' interest in share options (continued)

2021	Opening balance number of share options	Exercise price	Options expired	Date expired	Market price on exercise date	Options vested at year-end	Closing balance number of share options
Dr. L Mohuba							
Granted 10/12/2014	400 000	R 6.80	–		–	400 000	400 000
Granted 31/03/2016	400 000	R 4.40	–		–	400 000	400 000
Granted 01/07/2017	475 000	R 3.00	–		–	316 667	475 000
NR Crafford-Lazarus							
Granted 10/12/2014	375 000	R 6.80	–		–	375 000	375 000
Granted 31/03/2016	400 000	R 4.40	–		–	400 000	400 000
Granted 01/07/2017	475 000	R 3.00	–		–	316 667	475 000
	2 525 000					2 208 334	2 525 000

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

The register of interests of directors and others in shares of the company is available to the shareholder on request.

There have been no changes in beneficial interest that occurred between the end of the reporting period and the date of this report.

7. NON-CURRENT ASSETS

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

- Additions of R48 252 851 (2021: R3 038 118) and disposals of R1 413 847 (2021: R13 291 989) on property, plant and equipment of the group.

Refer to note 3 of the annual financial statements for further details.

8. BORROWING POWERS

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

9. EVENTS AFTER THE REPORTING PERIOD

KZN province flooding

Métier has been impacted by the intermittent flooding events in the KZN province since April 2022, which have had a slight negative impact on revenue to date. Although the flooding has not impacted the subsidiary's operations, the disruption has predominantly been on the inability to access selected project sites due to damaged roads and or suspension of projects.

Q1 2022 performance

Following the DCP first-quarter results announcement for the three months ended 31 March, 2022 released on 29 April 2022, SepCem's revenue increased by 2% to R553 million (Q1 2021: R541 million) mainly due to price increases implemented in January 2022. SepCem's quarterly EBITDA increased significantly to R89,7 million (Q1 2021: R19,2 million) mainly due to the higher price combined with the low base effect of the Q1 2021 EBITDA adversely impacted insourced clinker.

10. 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.

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The company's current liabilities exceeds the current assets, however if the loan from group company is required to be repaid, the board will approve Métier to pay a dividend to SepHold. The dividend received will be utilised to repay the loan in full. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

KwaZulu-Natal (KZN) and Gauteng saw the outbreak of violent riots in July 2021. The group's operations in these provinces were not affected and as such had no impact on the group's ability to continue as a going concern.

11. SECRETARY

The company secretary is Acorim Proprietary Limited (Acorim) of:

Postal address: PO Box 41480
Craighall
2024

Business address: 13th Floor, Illovo Point
68 Melville Road
Illovo
Sandton
2196

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

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

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

12. SUBSIDIARIES

Name of subsidiary	Net profit/(loss) after tax 2022	Net (loss) after tax 2021
Métier Mixed Concrete Proprietary Limited	**22 719 605**	13 056 364
Sephaku Investment Holdings Proprietary Limited	**(850)**	(150)

Details of the company's investment in subsidiaries are set out in note 6 to the annual financial statements.

13. SPECIAL RESOLUTIONS

No special resolutions of material interest or of a substantive nature were passed by the company's subsidiaries during the reporting period.

STATEMENTS OF FINANCIAL POSITION

as at 31 March 2022

	Notes	Group 2022 R	Group 2021 Restated* R	Group 2020 Restated* R	Company 2022 R	Company 2021 R
ASSETS						
Non-Current Assets						
Property, plant and equipment	3	**136 616 822**	102 748 478	124 271 483	**23 867**	28
Right-of-use assets	4	**53 535 740**	55 480 134	42 138 008	**–**	–
Goodwill	5	**223 421 981**	223 421 981	223 421 981	**–**	–
Investments in subsidiaries	6	**–**	–	–	**299 378 029**	299 378 029
Investment in joint venture	7	**1**	120 552	120 552	**–**	–
Investment in associate*	8	**838 361 313**	809 369 073	793 398 872	**683 689 159**	683 689 159
Loans receivable	14	**961 173**	4 619 849	–	**–**	–
Other financial assets	11	**8 702 890**	10 761 835	10 761 735	**8 702 890**	10 761 835
Other investments	12	**2 000 000**	2 000 000	2 000 000	**2 000 000**	2 000 000
		1 263 599 920	1 208 521 902	1 196 112 631	**993 793 945**	995 829 051
Current Assets						
Inventories	13	**18 076 838**	17 036 206	16 763 507	**–**	–
Loans to group companies	9	**–**	–	–	**11 379**	10 529
Loans receivable	14	**3 658 670**	3 378 272	–	**–**	–
Trade and other receivables	15	**87 190 895**	90 294 047	79 070 855	**130 662**	156 708
Current tax receivable		**–**	–	1 643 331	**–**	–
Cash and cash equivalents	16	**29 476 556**	32 752 474	6 381 459	**4 054 819**	6 764 277
		138 402 959	143 460 999	103 859 152	**4 196 860**	6 931 514
Non-current assets held for sale	17	**–**	–	18 503 897	**–**	–
Total Assets		**1 402 002 879**	1 351 982 901	1 318 475 680	**997 990 805**	1 002 760 565
EQUITY AND LIABILITIES						
Equity						
Share capital	18	**682 965 910**	682 965 910	682 782 720	**682 965 910**	682 965 910
Reserves	19	**5 903 868**	11 052 071	10 643 889	**5 903 868**	11 052 071
Retained income*		**458 410 976**	408 387 153	388 059 427	**193 068 938**	194 756 109
		1 147 280 754	1 102 405 134	1 081 486 036	**881 938 716**	888 774 090
Liabilities						
Non-Current Liabilities						
Instalment sale liabilities	21	**25 384 965**	–		**–**	–
Other financial liabilities	22	**34 863 130**	58 006 387	71 846 168	**–**	–
Lease obligation	4 & 23	**54 897 551**	56 046 957	45 497 397	**–**	–
Deferred income	25	**–**	–	199 670	**–**	–
Deferred tax	10	**17 584 930**	18 028 323	15 848 539	**–**	–
		132 730 576	132 081 667	133 391 774	**–**	–
Current Liabilities						
Trade and other payables	24	**90 047 921**	91 426 002	71 672 558	**3 177 769**	1 112 155
Loans from group companies	20	**–**	–	–	**112 874 320**	112 874 320
Instalment sale liabilities	21	**6 026 405**	–	–	**–**	–
Other financial liabilities	22	**13 410 551**	13 311 072	21 640 732	**–**	–
Lease obligation	4 & 23	**12 178 585**	11 360 944	7 974 561	**–**	–
Deferred income	25	**–**	316 677	677 887	**–**	–
Current tax payable		**328 087**	1 081 405	–	**–**	–
Bank overdraft	16	**–**	–	1 632 132	**–**	–
		121 991 549	117 496 100	103 597 870	**116 052 089**	113 986 475
Total Liabilities		**254 722 125**	249 577 767	236 989 644	**116 052 089**	113 986 475
Total Equity and Liabilities		**1 402 002 879**	1 351 982 901	1 318 475 680	**997 990 805**	1 002 760 565

* *See note 45. The group comparative figures are restated due to a correction of an error on the associate's financial statements.*

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2022

		Group		Company	
	Notes	**2022 R**	2021 R	**2022 R**	2021 R
Revenue	26	**785 791 090**	634 252 530	**11 300 000**	8 400 000
Rental income	26	**–**	–	**–**	1 174 010
Cost of sales	27	**(484 062 792)**	(390 567 079)	**–**	–
Gross profit		**301 728 298**	243 685 451	**11 300 000**	9 574 010
Other operating income	28	**4 322 893**	10 336 510	**–**	275 167
Other operating gains/(losses)	29	**–**	611 995	**–**	(1 630 852)
Operating expenses		**(271 819 556)**	(234 169 475)	**(18 433 775)**	(15 432 305)
Operating profit/(loss)	30	**34 231 635**	20 464 481	**(7 133 775)**	(7 213 980)
Investment income	31	**2 037 346**	1 516 826	**331**	814
Finance costs	32	**(12 851 844)**	(13 817 663)	**(6)**	(27)
Income from equity accounted investments	8	**28 992 240**	15 970 201	**–**	–
Profit/(loss) before taxation		**52 409 377**	24 133 845	**(7 133 450)**	(7 213 193)
Taxation	33	**(7 831 832)**	(4 211 933)	**–**	–
Profit/(loss) for the year		**44 577 545**	19 921 912	**(7 133 450)**	(7 213 193)
Other comprehensive income		**–**	–	**–**	–
Total comprehensive income/(loss) for the year		**44 577 545**	19 921 912	**(7 133 450)**	(7 213 193)
Basic earnings per share (cents)	43	**17.52**	7.83		
Diluted earnings per share (cents)	43	**17.52**	7.83		

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2022

Group	Share capital R	Equity-based share option reserve R	Retained income R	Total equity R
Opening balance as previously reported	682 782 720	10 643 889	407 339 227	1 100 765 836
Adjustments				
Prior period error (note 45)	–	–	(19 279 800)	(19 279 800)
Balance at 01 April 2020 as restated	682 782 720	10 643 889	388 059 427	1 081 486 036
Profit for the year	–	–	19 921 912	19 921 912
Other comprehensive income	–	–	–	–
Total comprehensive income for the year	–	–	19 921 912	19 921 912
Employees share option scheme	–	408 182	405 814	813 996
Rights issue expenses refunded	183 190	–	–	183 190
Total contributions by and distributions to owners of group recognised directly in equity	183 190	408 182	405 814	997 186
Balance at 01 April 2021	682 965 910	11 052 071	408 387 152	1 102 405 133
Profit for the year	**–**	**–**	**44 577 545**	**44 577 545**
Other comprehensive income	**–**	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**–**	**44 577 545**	**44 577 545**
Employees share option scheme	**–**	**(5 148 203)**	**5 446 279**	**298 076**
Total contributions by and distributions to owners of group recognised directly in equity	**–**	**(5 148 203)**	**5 446 279**	**298 076**
Balance at 31 March 2022	**682 965 910**	**5 903 868**	**458 410 976**	**1 147 280 754**
Notes	18	19		

Company	Share capital R	Equity-based share option reserve R	Retained income R	Total equity R
Balance at 01 April 2020	682 782 720	10 643 889	201 563 489	894 990 098
Loss for the year	–	–	(7 213 193)	(7 213 193)
Other comprehensive income	–	–	–	–
Total comprehensive loss for the year	–	–	(7 213 193)	(7 213 193)
Employees' share option scheme	–	408 182	405 813	813 995
Rights issue expenses refunded	183 190	–	–	183 190
Total contributions by and distributions to owners of company recognised directly in equity	183 190	408 182	405 813	997 185
Balance at 01 April 2021	682 965 910	11 052 071	194 756 109	888 774 090
Loss for the year	**–**	**–**	**(7 133 450)**	**(7 133 450)**
Other comprehensive income	**–**	**–**	**–**	**–**
Total comprehensive loss for the year	**–**	**–**	**(7 133 450)**	**(7 133 450)**
Employees' share option scheme	**–**	**(5 148 203)**	**5 446 279**	**298 076**
Total contributions by and distributions to owners of company recognised directly in equity	**–**	**(5 148 203)**	**5 446 279**	**298 076**
Balance at 31 March 2022	**682 965 910**	**5 903 868**	**193 068 938**	**881 938 716**
Notes	18	19		

STATEMENTS OF CASH FLOWS

for the year ended 31 March 2022

		Group		Company	
	Notes	**2022 R**	2021 R	**2022 R**	2021 R
Cash flows from operating activities					
Cash generated from/(used in) operations	34	**66 022 736**	47 336 451	**(4 744 040)**	(7 736 505)
Interest income	31	**1 519 584**	957 476	**331**	814
Tax (paid) received	35	**(9 028 544)**	692 588	**–**	–
Net cash generated from/(used in) operating activities		**58 513 776**	48 986 515	**(4 743 709)**	(7 735 691)
Cash flows from investing activities					
Purchase of property, plant and equipment	3	**(14 359 181)**	(2 746 725)	**(23 839)**	–
Sale of property, plant and equipment	3	**1 023 903**	8 771 346	**–**	–
Sale of non-current assets held for sale	17	**–**	18 500 000	**–**	18 500 000
Proceeds from repayment of loans	11	**2 058 946**	–	**2 058 946**	–
Loans advanced	9	**–**	(100)	**–**	(100)
Net cash (used in)/generated from investing activities		**(11 276 332)**	24 524 521	**2 034 257**	18 499 900
Cash flows from financing activities					
Rights issue expenses refunded	18	**–**	119 561	**–**	119 561
Repayment of loans from group companies	20	**–**	–	**–**	(8 500 150)
Repayment of principal on instalment sales	21	**(2 487 183)**	–	**–**	–
Repayment of interest on instalment sales	36	**(1 411 613)**	–	**–**	–
Repayment of principal on other financial liabilities	36	**(23 311 072)**	(22 405 161)	**–**	–
Repayment of interest on other financial liabilities**	32	**(4 859 481)**	(7 109 199)	**–**	–
Finance costs – other**	32	**(1 316)**	(64 256)	**(6)**	(27)
Payments of principal on leases	23	**(12 135 444)**	(9 270 664)	**–**	–
Payments of interest on leases	23	**(6 307 253)**	(6 778 170)	**–**	–
Net cash (used in)/generated from financing activities		**(50 513 362)**	(45 507 889)	**(6)**	(8 380 616)
Total cash movement for the year		**(3 275 918)**	28 003 147	**(2 709 458)**	2 383 593
Cash at the beginning of the year		**32 752 474**	4 749 327	**6 764 277**	4 380 684
Total cash at end of the year	16	**29 476 556**	32 752 474	**4 054 819**	6 764 277

** *Refer note 42 Reclassification of finance costs on the statements of cash flows for further details.*

ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with IFRS of the International Accounting Standards Board (IASB), the Companies Act, the JSE Listings Requirements and 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 certain financial assets and the equity method of accounting for investments in associate. They incorporate the principal accounting policies set out below and are presented in South African rand. Accounting policies that refer to "consolidated or group", apply equally to the company financial statements where relevant.

The accounting policies are consistent with the previous year, except for the change in the new or revised accounting standards and interpretations of those standards that were adopted. Refer to note 2.1 for details of standards adopted and their impact on the current period. During the year the statements of financial position were restated due to a prior year error. Refer note 45 for further details.

1.1 Consolidation

Basis of consolidation

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

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

Business combinations are accounted for using the acquisition method as the acquisition date – ie, when control is transferred to SepHold. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, are highlighted below with more detail provided in the specific notes to which they relate:

Significant judgements include:

Impairment testing of goodwill

The recoverable amount of the cash-generating unit (Métier) has been determined on a value-in-use calculation, using cash flow projections which cover a three-year period and a terminal value calculation. This was also tested against projected EBITDA multiples as a control. Refer note 5 for the assumptions applied when reviewing goodwill.

Impairment testing of investment in subsidiaries and associates

The indicators and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of investment in subsidiaries and associates are highlighted in note 6 and 8.

Estimation uncertainty:

Trade and other receivables

The group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. Refer to note 15 Trade Receivables for more details.

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. No new options were granted during the current financial year.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.3 Property, plant and equipment

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets, where appropriate.

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using the straight-line method. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The 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.

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of plant and machinery, motor vehicles, furniture and fixtures and computer equipment are determined based on company replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements. When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

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

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

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

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation charge for each year is recognised on a straight line basis.

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

1.4 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.

1.5 Investments in joint ventures

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

1.6 Investments in associates

In annual financial statements, an investments in associates is carried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. The group's interest in its associate is accounted for using the equity method of accounting.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.7 Financial instruments

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

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the group are presented below:

Classification and initial measurement of financial assets
Other than for financial assets classified as at fair value through profit and loss, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

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

During the period the financial assets consisted of trade and other receivables, loans receivable, cash and cash equivalents, other financial assets and other investments. In the periods presented the group does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows.
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method.

The group's cash and cash equivalents, trade and loan receivables and the company's loans to group companies fall into this category of financial instruments.

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

Trade and other receivables
The group makes use of a simplified approach in accounting for trade and other receivables, as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the group uses its historical experience external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The group assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and they have been grouped based on the days past due. Refer to note 15 for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

Impairment of financial assets
The group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and pre-payments. The amount of expected credit losses is updated at each reporting date.

The group measures the loss allowance for trade and other receivables which do not contain a significant financing component at an amount equal to lifetime expected credit losses (lifetime ECL). The loss allowance for all other trade and other receivables is measured at lifetime ECL when there has been a significant increase in credit risk since initial recognition. If the credit risk on these receivables has not increased significantly since initial recognition, then the loss allowance for those receivables is measured at 12 month expected credit losses (12 month ECL).

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.7 Financial instruments (continued)

Impairment of financial assets (continued)

The impairment requirements use more forward-looking information to recognise expected credit losses – the expected credit loss (ECL) model.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (Stage 1);
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (Stage 2); and
- Stage 3 would cover financial assets that have objective evidence of impairment at the reporting date. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan.

In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on trade receivables that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a receivable or group of receivables has increased significantly since initial recognition, the group compares the risk of a default occurring as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The group considers qualitative information by reference to the customers' cash flow and liquid asset position, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

By contrast, if a receivable is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition.

The group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Definition of default

For purposes of internal credit risk management purposes, the group consider that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account). This is assessed based on a number of factors including various liquidity and solvency ratios.

Measurement and recognition of expected credit losses

The group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 15.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in operating expenses in profit or loss as a movement in credit loss allowance (note 30).

Write off policy

The group writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, eg when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Loans receivable

Loans receivable are subject to the impairment provisions of IFRS 9 Financial Instruments, which requires a loss allowance to be recognised for all exposures to credit risk. The loss allowance for loans receivable is calculated based on twelve month expected losses if the credit risk has not increased significantly since initial recognition. In cases where the credit risk has increased significantly since initial recognition, the loss allowance is calculated based on lifetime expected credit losses. The loss allowance is updated to either twelve month or lifetime expected credit losses at each reporting date based on changes in the credit risk since initial recognition. If a loan is considered to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition. On the other hand, if a loan is in arrears more than 90 days, then it is assumed that there has been a significant increase in credit risk since initial recognition.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.7 Financial instruments (continued)

Classification and measurement of financial liabilities
Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs.

Trade and other payables (note 24), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

The group's financial liabilities include trade and other payables, bank overdraft, loans from group companies, lease obligations, instalment sales and other financial liabilities.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method. All interest-related charges are included within finance costs or finance income.

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

Cash and cash equivalents
Cash and cash equivalents are initially stated at fair value, and subsequently carried at amortised cost which is deemed to be fair value.

Cash and cash equivalents comprise of 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.

Other financial liabilities
Other financial liabilities, such as the term loan, are classified as financial liabilities at amortised cost.

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

Derecognition
Financial liabilities
The group derecognises financial liabilities when, and only when, the group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

1.8 Taxation

Current taxation assets and liabilities
Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

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

Deferred taxation assets and liabilities
Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill
- the initial recognition of an asset of liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit, and
- investments in subsidiaries and joint ventures where the group is able to control timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

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

When there is uncertainty concerning the Group's filing position regarding the tax bases of assets or liabilities, the taxability of certain transactions or other tax-related assumptions, then the Group:

- Considers whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
- Determines if it is probable that the tax authorities will accept the uncertain tax treatment; and
- If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty.

This measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company, or
- different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.8 Taxation (continued)

Taxation expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income; or
- a business combination.

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

1.9 Leases

Group as lessee

The group assesses whether a contract is, or contains a lease, at the inception of the contract.

The group recognises right-of-use assets and lease liabilities at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Right-of-use assets in respect of land and buildings are depreciated over the lease term with an average useful life of six and eight years. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments.
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- Amounts expected to be payable under a residual value guarantee.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the group's and company's estimate of the amount expected to be payable under a residual value guarantee, or if the group or company change their assessment of whether it will exercise a purchase, extension or terminate option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The group and company have elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including computer and office equipment. The group and company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Company as lessor

Operating leases

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease. The difference between the amounts recognised as income and the contractual payments are recognised as an operating lease asset. This asset is not discounted. Operating lease income is included in other operating income (note 28).

1.10 Inventories

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

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

Slow-moving stock assessed where the net realised value is lower than the cost 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. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.11 Impairment of non-financial assets

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

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

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

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

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

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

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

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

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

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss.

1.12 Share-based payments

Services received or acquired in a share-based payment transaction are recognised when the services are received.

When the services received or acquired in a share-based payment transaction they are recognised as expenses. Vesting conditions which are not market related (ie service conditions and non-market-related performance conditions) are not taken into consideration when determining the fair value of the equity instruments granted. Instead they are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for goods or services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest. Market conditions, such as a target share price, are taken into account when estimating the fair value of the equity instruments granted. The number of equity instruments are not adjusted to reflect equity instruments which are not expected to vest or do not vest because the market condition is not achieved.

Share based payments are limited to a short term incentive scheme for employees which will terminate on 30 June 2024. 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.

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 are 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.

1.13 Employee benefits

Short-term employee benefits

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

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

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

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.14 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 statement of financial position by setting up the grant as deferred income.

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

1.15 Revenue from contracts with customers

The group recognises revenue from the following major sources:

- Sales of ready mix concrete (group)
- Concrete pumping services (group)
- Management fees to customer (company)

Revenue arises mainly from the sale of a variety of standard and specialised high-value concrete products to the construction industry. To determine whether to recognise revenue, the group follows a five-step process:

- identifying the contract with a customer;
- identifying the performance obligations;
- determining the transaction price;
- allocating the transaction price to the performance obligations; and
- recognising revenue when the obligation performance is satisfied.

The group often enters into transactions involving a range of the group's products and services. The main source of revenue being the manufacture and supply of quality ready-mixed concrete products for the residential, commercial and industrial markets in South Africa.

In all cases, the total transaction price for a contract is allocated among the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

The group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the group satisfies a performance obligation before it receives the consideration, the group recognises either a contract asset or a receivable in its statement of financial position.

Sale of ready mix concrete
Revenue from the sale of ready mix concrete for a fixed fee per quantity supplied is recognised when or as the group transfers control of the asset to the customer. Invoices for goods transferred are due within 30 days from statement date or cash before delivery for cash customers.

For sales of ready mix concrete, control transfers at the point in time when the customer takes undisputed delivery of the goods. The transaction price is based on a price per cubic metre sold for concrete.

Concrete pumping services
The group recognises revenue from providing services in the accounting period in which the services are rendered. The transaction price is based on set rates for pump establishments and varies based on the quantity pumped.

Management fees
The company recognises revenue from management fees over the time the services are rendered. The fees are invoiced as per the agreement and is payable upon presentation of the invoice.

1.16 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

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

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.17 Operating segments

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

The business manages and reports on one segment. No specific segments are identified.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

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

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9
When there is a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform then the entity is required to apply paragraph B5.4.5 as a practical expedient. This expedient is only available for such changes in basis of determining contractual cash flows.

Additional temporary exemptions from applying specific hedge accounting requirements as well as additional rules for accounting for qualifying hedging relationships and the designation of risk components have been added to hedge relationships specifically impacted by interest rate benchmark reform.

The effective date of the group is for years beginning on or after 01 January 2021.

The group has adopted the amendment for the first time in the 2022 annual financial statements.

The financial liabilities impacted by the adoption of this standard is the Métier term loan of R48 273 681 and the SepCem facility loan of R674 467 000. The impact of the amendment is not known as the South African benchmark rate has not yet been revised.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 16
If there is a lease modification as a result of the interest rate benchmark reform, then as a practical expedient the lessee is required to apply paragraph 42 of IFRS 16 to account for the changes by remeasuring the lease liability to reflect the revised lease payment. The amendment only applies to modifications as a result of the interest rate benchmark reform.

The effective date of the group is for years beginning on or after 01 January 2021.

The group has adopted the amendment for the first time in the 2022 annual financial statements.

The adoption of this amendment has not had a material impact on the results of the group, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

Further amendment COVID-19 – Related Rent Concessions beyond 30 June 2021
In March 2021 the IASB issued "COVID-19 Related Rent Concessions beyond 30 June 2021", in which the application was extended to also include rent concessions related to payments originally due on or before 30 June 2022.

The amendment is effective for annual reporting periods beginning on or after 01 April 2021, with earlier application permitted for financial statements not authorised for issue at 31 March 2021.

The group has adopted the amendment for the first time in the 2022 annual financial statements.

The impact of the amendment is not material.

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Classification of Liabilities as Current or Non-Current – Amendment to IAS 1	01 January 2023	Possible additional disclosure
• Annual Improvement to IFRS Standards 2018 – 2020: Amendments to IFRS 1 and IFRS 9	01 January 2022	Not expected to impact results but may result in additional disclosure
• Reference to the Conceptual Framework: Amendments to IFRS 3	01 January 2022	Impact of the amendment will not be material
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01 April 2022	Impact of the amendment will not be material

3. PROPERTY, PLANT AND EQUIPMENT

	2022			2021		
Group	**Cost R**	**Accumulated depreciation R**	**Carrying value R**	Cost or revaluation R	Accumulated depreciation R	Carrying value R
Land	**2 666 309**	**–**	**2 666 309**	2 666 309	–	2 666 309
Plant and machinery	**115 392 773**	**(56 742 226)**	**58 650 547**	106 040 845	(51 694 564)	54 346 281
Furniture and fixtures	**1 122 256**	**(899 813)**	**222 443**	996 137	(844 008)	152 129
Motor vehicles	**146 562 609**	**(72 208 531)**	**74 354 078**	113 171 251	(68 184 613)	44 986 638
Office equipment	**24 966**	**(24 963)**	**3**	24 966	(24 963)	3
Computer equipment	**4 111 815**	**(3 388 373)**	**723 442**	3 885 970	(3 288 852)	597 118
Total	**269 880 728**	**(133 263 906)**	**136 616 822**	226 785 478	(124 037 000)	102 748 478

	2022			2021		
Company	**Cost R**	**Accumulated depreciation R**	**Carrying value R**	Cost or revaluation R	Accumulated depreciation R	Carrying value R
Furniture and fixtures	**143 177**	**(143 157)**	**20**	143 177	(143 157)	20
Office equipment	**24 966**	**(24 963)**	**3**	24 966	(24 963)	3
Computer equipment	**207 139**	**(183 295)**	**23 844**	183 300	(183 295)	5
Total	**375 282**	**(351 415)**	**23 867**	351 443	(351 415)	28

Reconciliation of property, plant and equipment

Group	**Opening balance R**	**Additions – cash R**	**Additions – non-cash R**	**Disposals R**	**Depreciation R**	**Total R**
2022						
Land	**2 666 309**	**–**	**–**	**–**	**–**	**2 666 309**
Plant and machinery	**54 346 281**	**9 362 258**	**–**	**(2 905)**	**(5 055 087)**	**58 650 547**
Furniture and fixtures	**152 129**	**126 119**	**–**	**–**	**(55 805)**	**222 443**
Motor vehicles	**44 986 638**	**4 494 547**	**33 893 670**	**(1 387 600)**	**(7 633 177)**	**74 354 078**
Office equipment	**3**	**–**	**–**	**–**	**–**	**3**
Computer equipment	**597 118**	**376 257**	**–**	**(23 342)**	**(226 591)**	**723 442**
	102 748 478	**14 359 181**	**33 893 670**	**(1 413 847)**	**(12 970 660)**	**136 616 822**
2021						
Land	2 666 309	–	–	–	–	2 666 309
Plant and machinery	59 167 858	–	–	–	(4 821 577)	54 346 281
Furniture and fixtures	216 121	–	–	–	(63 992)	152 129
Motor vehicles	61 492 610	2 677 401	291 393	(13 283 223)	(6 191 543)	44 986 638
Office equipment	2 094	–	–	–	(2 091)	3
Computer equipment	726 491	69 324	–	(8 766)	(189 931)	597 118
	124 271 483	2 746 725	291 393	(13 291 989)	(11 269 134)	102 748 478

The current year additions – non-cash relates to the purchase of motor vehicles through instalment sale agreements. Refer note 21 for further details. The prior year additions – non-cash was in regard to the refurbishment of an existing motor vehicle.

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of property, plant and equipment (continued)

Company	Opening balance R	Additions – cash R	Total R
2022			
Furniture and fixtures	**20**	**–**	**20**
Office equipment	**3**	**–**	**3**
Computer equipment	**5**	**23 839**	**23 844**
	28	**23 839**	**23 867**

	Opening balance R	Additions – cash R	Depreciation R	Total R
2021				
Furniture and fixtures	14 280	–	(14 260)	20
Office equipment	2 094	–	(2 091)	3
Computer equipment	11 020	1	(11 016)	5
	27 394	1	(27 367)	28

Details of land

	Group		Company	
	2022 R	2021 R	**2022 R**	2021 R
Portion 0 of Erf 233, Phoenix Industrial Park				
– Purchase price: 01 December 2005	**2 400 000**	2 400 000	**–**	–
– Additions since purchase or valuation	**266 309**	266 309	**–**	–
	2 666 309	2 666 309	**–**	–

Pledged as security

All movable assets are pledged as security for other financial liabilities as per note 22.

4. RIGHT-OF-USE ASSETS

The group entered into leasing arrangements for certain of its assets, including land, buildings, motor vehicles and equipment. The average lease terms are seven years and the incremental borrowing rate is prime (2021: average effective borrowing rate of 10.2% per annum).

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

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are included in the following line items:

	Group		Company	
	2022 R	2021 R	**2022 R**	2021 R
Land	**29 997 923**	27 244 550	**–**	–
Buildings	**23 532 143**	28 115 143	**–**	–
Motor vehicles	**5 674**	120 441	**–**	–
	53 535 740	55 480 134	**–**	–

Additions to right-of-use assets

During the current year, the group entered into two (2021: three) new agreements. The average lease term for these new agreements is four (2021: five) years. The leases entered into do not provide flexibility in the form of termination options but there are options to renew the leases. There are no specific restrictions or covenants imposed by the leases, no variable lease payments and no residual value guarantees. There are no leases that have not yet commenced to which the group is committed.

	Group		Company	
	2022 R	2021 R	**2022 R**	2021 R
Land	**3 630 036**	5 626 969	**–**	–
Buildings	**–**	18 489 402	**–**	–
	3 630 036	24 116 371	**–**	–

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 30), as well as depreciation which has been capitalised to the cost of other assets.

	Group		Company	
	2022 R	2021 R	**2022 R**	2021 R
Land	**9 050 307**	7 678 905	**–**	–
Buildings	**4 583 000**	2 869 294	**–**	–
Motor vehicles	**114 767**	227 518	**–**	–
	13 748 074	10 775 717	**–**	–
Other disclosures				
Interest expense on lease liabilities	**6 307 253**	6 408 486	**–**	–

Lease obligation

Lease liabilities have been included in the lease obligation line item on the statement of financial position. Refer to note 23 Lease obligation for the maturity analysis and the reconciliation of lease liabilities.

	Group		Company	
	2022 R	2021 R	**2022 R**	2021 R
Non-current liabilities	**54 897 551**	56 046 957	**–**	–
Current liabilities	**12 178 585**	11 360 944	**–**	–
	67 076 136	67 407 901	**–**	–

5. GOODWILL

Group	2022 Cost R	2022 Accumulated impairment R	2022 Carrying value R	2021 Cost R	2021 Accumulated impairment R	2021 Carrying value R
Goodwill on acquisition of Subsidiary	**223 421 981**	**–**	**223 421 981**	223 421 981	–	223 421 981

Reconciliation of goodwill

Group	2022 Opening balance R	2022 Total R	2021 Opening balance R	2021 Total R
Goodwill on acquisition of Subsidiary	**223 421 981**	**223 421 981**	223 421 981	223 421 981

Impairment testing

In accordance with IAS 36 *Impairment of Assets*, goodwill is reviewed annually for impairment, or more frequently if there is an indication that goodwill might be impaired. The following assumptions have been applied when reviewing goodwill impairment in calculating the terminal value, as specific budget numbers were used for the three-year forecast.

This consisted of an improvement over FY 2023 compared to FY 2022. FY 2023 will see a return to 2019 volume levels in the calculation:

- A growth rate of 3.6% (2021: 4.6%) was applied and cash flows were discounted at a pre-tax rate of 17.25% (2021: 16.89%), which is the estimated cost of capital as it relates to Métier. The rate is higher than last year due to an increase in borrowing rates towards the end of the financial year.
- Asset values were based on the carrying amounts for the financial period.
- Future profits were estimated using historical information and approved three-year budgets.
- Sales growth/gross margins were based on historical achievement and future prospects remaining volatile in the recovery of a post COVID-19 economy.
- Costs were assumed to grow in line with expansion and expected inflation.
- Cash flows have been extended into perpetuity at the growth rates noted above as management has no reason to believe the company will not continue past the budget period.

The model is most sensitive to changes in the terminal growth rate and discount rate:

- If all assumptions remained unchanged, a 0.5% decrease in the terminal growth rate results in a decrease of R20,2 million (2021: R16,7 million) in the recoverable amount and no impairment needed, as the recoverable amount is still higher than the carrying amount;
- If all assumptions remained unchanged, a 0.5% increase in discount rate results in a decrease of R25,3 million (2021: R17,1 million) in the recoverable amount and no impairment needed, as the recoverable amount is still higher than the carrying amount.

A turnaround strategy with substantial cost cutting and restructuring across the operations has seen two consecutive years of improved results and management believes that trading results are representative of the recovery to levels seen before.

Based on the impairment test performed, no impairment is required.

6. INVESTMENTS IN SUBSIDIARIES

The following table lists the entities which are controlled by the group, either directly or indirectly through subsidiaries.

Company

Name of company	% voting power 2022	% voting power 2021	Carrying amount 2022 R	Carrying amount 2021 R
Sephaku Investment Holdings Proprietary Limited	**100.00**	100.00	**1**	1
Métier Mixed Concrete Proprietary Limited	**100.00**	100.00	**299 378 028**	299 378 028
			299 378 029	299 378 029

Subsidiaries are shown at carrying amounts, net of impairment. The following assumptions have been applied when reviewing investment of subsidiaries impairment in calculating the terminal value, as specific budget numbers were used for the three-year forecast:

- A growth rate of 3.6% (2021: 4.6%) was applied and cash flows were discounted at a pre-tax rate of 17.25% (2021: 16.89%), which is the estimated cost of capital as it relates to Métier. The rate is higher than last year due to an increase in borrowing rates towards the end of the financial year.
- Asset values were based on the carrying amounts for the financial period.
- Future profits were estimated using historical information and approved three-year budgets.
- Sales growth/gross margins were based on historical achievement and future prospects remaining volatile in the recovery of a post COVID-19 economy.
- Costs were assumed to grow in line with expansion and expected inflation.
- Cash flows have been extended into perpetuity at the growth rates noted above as management has no reason to believe the company will not continue past the budget period.

The model is most sensitive to changes in the terminal growth rate and discount rate.

- If all assumptions remained unchanged, a 0.5% decrease in the terminal growth rate results in a decrease of R20,2 million (2021: R16,7 million) in the recoverable amount and no impairment needed, as the recoverable amount is still higher than the carrying amount;
- If all assumptions remained unchanged, a 0.5% increase in discount rate results in a decrease of R25,3 million (2021: R17,1 million) in the recoverable amount and no impairment needed, as the recoverable amount is still higher than the carrying amount.

All the subsidiaries are registered and operate within South Africa. Reduced profitability and general economic downturn in the construction industry were identified as indicators of impairment. The same assumptions were applied as with the test for goodwill impairment in the performance of an impairment test on the investment. The success of the turnaround strategy over the last two years supports management's view that this could respond well if infrastructure spend picked up and good results were seen in the financial year. Bearing in mind that the term loan reduced to below R50 million and the interest cost is reducing accordingly, no impairment was necessary.

7. JOINT ARRANGEMENTS

Joint ventures

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

Group

Name of company	% ownership interest 2022	% ownership interest 2021	Carrying amount 2022 R	Carrying amount 2021 R
Cato Ridge Quarry Proprietary Limited	**50.00**	50.00	**1**	120 552

SepHold, on behalf of the group, entered into a joint venture agreement during 2019. Umhlali Quarry Proprietary Limited transferred 50% of their interest in Cato Ridge Quarry Proprietary Limited as per the signed quarry agreement. Continuous objections on environmental grounds has hampered progress of obtaining rights for the quarry and it was decided to transfer ownership back to Umhlali Quarry. The costs incurred on the investment to date has been impaired in the current year.

8. INVESTMENT IN ASSOCIATES

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

Group

Summary of group's interest in associate	**Carrying amount 2022 R**	Carrying amount 2021 Restated* R	Carrying amount 2020 Restated* R
Company level: Cost of investment in associate	**635 117 284**	635 117 284	635 117 284
Proportional increase in investment	**48 571 875**	48 571 875	48 571 875
Equity-accounted earnings – prior years	**125 679 914**	109 709 713	108 025 252
Equity-accounted earnings – current year	**28 992 240**	15 970 201	476 798
Revaluation reserve relating to land of associate – written back due to change in accounting policy	**–**	–	1 207 663
Group level: Carrying value of investment in associate	**838 361 313**	809 369 073	793 398 872

Due to the fact that the debt service ratio was 1.225 during the 2017 year instead of the required 1.3, negotiations were entered into with Nedbank to reshape the payment profile. This was successfully completed during the second half of 2017 and required a further R95 million contribution by shareholders. DCP made this contribution and in terms of the relationship agreement SepHold will have to contribute 36% of this on demand or face dilution of approximately 1.2 percentage points. The shareholders are still in agreement with regards to the postponement of the timing of the repayment or dilution. SepHold has a potential liability of R34,2 million or a dilution in investment. SepCem started the previous financial year with a cash balance of R500 million and was in the process of agreeing a pre-payment of R200 million on its bank debt in order to get relief of R25 million per payment on the next eight scheduled payments. Just before the payment was made, the government-enforced lockdown due to COVID-19 commenced and the overhead costs during this period required all these excess funds. It was envisaged that the impact of COVID-19 on SepCem could be a reduction of in EBITDA levels that would not be able to service debt for the current year. The lenders were approached to waive capital payments for the balance of 2020 and receive interest only, but this was only to be considered if shareholders made a contribution of R125 million. DCP undertook to make this contribution in August 2020 and shareholders have agreed to treat this as a shareholders' loan.

Impairment testing

The following assumptions have been applied when reviewing investment of associate impairment in calculating the terminal value, as specific budget numbers were used for the three-year forecast:

- A growth rate of 4.6% was applied and cash flows were discounted at a pre-tax rate of 16.90%, which is the estimated cost of capital as it relates to SepCem.
- Asset values were based on the carrying amounts for the financial period.
- Future profits were estimated using historical information and approved three-year budgets.
- Sales growth/gross margins were based on historical achievement and future prospects remaining volatile in the recovery of a post COVID-19 economy.
- Costs were assumed to grow in line with expansion and expected inflation.
- Cash flows have been extended into perpetuity at the growth rates noted above as management has no reason to believe the company will not continue past the budget period.

The model is most sensitive to changes in the terminal growth rate and discount rate.

- If all assumptions remained unchanged, a 1% decrease in the terminal growth rate results in a decrease of R89 million in the recoverable amount and no impairment needed, as the recoverable amount is still higher than the carrying amount;
- If all assumptions remained unchanged, a 1% increase in discount rate results in a decrease of R115 million in the recoverable amount and no impairment needed, as the recoverable amount is still higher than the carrying amount.

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

8. INVESTMENT IN ASSOCIATES (CONTINUED)

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

The prior period values are restated due to the correction of an error on the deferred tax asset of the associate. Refer note 45 for the full details of the prior period error. The net asset value of the associate is R1 816 004 000 (2021: R1 734 093 000) as indicated below.

	2022* R'000	2021* Restated R'000	2020* Restated R'000
Non-current assets	**2 787 478**	2 921 799	3 084 173
Current assets	**870 093**	975 154	985 420
Total assets	**3 657 571**	3 896 953	4 069 593
Total equity	**1 816 004**	1 734 093	1 566 269
Non-current liabilities	**(716 306)**	(1 355 774)	(1 544 719)
Current liabilities	**(1 125 261)**	(807 086)	(958 605)
Total liabilities	**(1 841 567)**	(2 162 860)	(2 503 324)

	2022* R'000	2021* R'000
Revenue for the period	**2 564 262**	2 400 546
Cost of sales	**(2 180 328)**	(2 018 365)
Gross profit	**383 934**	382 181
Operating profit	**219 393**	219 414
Investment income	**11 593**	13 322
Finance costs	**(119 502)**	(163 771)
Profit/(loss) before taxation	**111 484**	68 965
Taxation (expense)/income	**(29 573)**	(24 602)
Profit after taxation for the period	**81 911**	44 363
Total comprehensive income for the period	**81 911**	44 363
Total comprehensive income attributable to owners of the parent	**80 534**	44 363

* *SepCem has a December year-end so as to agree with DCP's year-end. In line with the requirements of IAS 28, the year-end results of SepCem as at 31 December 2021 have been included in these financial statements.*

	Group		Company	
	2022 R	2021 R	**2022 R**	2021 R

9. LOANS TO GROUP COMPANIES

Subsidiaries

Sephaku Investment Holdings Proprietary Limited	**–**	–	**11 379**	10 529

The loan is unsecured, interest free and is repayable on demand. If there is an expected credit loss allowance it is assumed immaterial.

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

Split between non-current and current portions

Current assets	**–**	–	**11 379**	10 529

Exposure to credit risk

Loans receivable inherently expose the group to credit risk, being the risk that the group will incur financial loss if counterparties fail to make payments as they fall due.

Loans receivable are subject to the impairment provisions of IFRS 9 *Financial Instruments*, which requires a loss allowance to be recognised for all exposures to credit risk.

In determining the amount of expected credit losses, the group has taken into account any historic default experience, the financial positions of the counterparties as well as the future prospects in the industries in which the counterparties operate.

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

The credit risk of the loan has not changed and no allowance has been made for ECL as it is deemed insignificant.

	Group		Company	
	2022 R	2021 R	**2022 R**	2021 R

10. DEFERRED TAX

Deferred taxation (liability)/asset

Property, plant and equipment	**(23 813 215)**	(23 308 249)	**–**	–
Income received in advance and section 24C allowances	**1 555 270**	1 207 244	**–**	–
Lease liabilities	**18 110 557**	18 874 212	**–**	–
Expected credit loss allowance	**128 156**	314 834	**–**	–
Accrual for leave pay	**356 856**	418 073	**–**	–
Right-of-use assets	**(14 454 650)**	(15 534 437)	**–**	–
Provision for bonuses	**539 759**	–	**–**	–
Prepayments	**(7 663)**	–	**–**	–
Total deferred taxation liability	**(17 584 930)**	(18 028 323)	**–**	–
Deferred taxation liability	**(17 584 930)**	(18 028 323)	**–**	–

Reconciliation of deferred taxation asset/(liability)

At beginning of year	**(18 028 323)**	(15 848 539)	**–**	–
Property, plant and equipment	**(504 968)**	3 489 730	**–**	–
Income received in advance and section 24C allowance	**348 027**	248 146	**–**	–
Accrual for leave pay	**(61 217)**	(30 150)	**–**	–
Expected credit loss allowance	**(186 678)**	(166 297)	**–**	–
Right-of-use assets	**1 079 788**	(4 768 543)	**–**	–
Lease liability	**(763 655)**	4 339 603	**–**	–
Decrease in tax loss available for set-off against future taxable income	**–**	(5 229 467)	**–**	–
Pre-payments	**(7 663)**	–	**–**	–
Provision for bonuses	**539 759**	–	**–**	–
Provision for voluntary severance package	**–**	(62 806)	**–**	–
	(17 584 930)	(18 028 323)	**–**	–

Unrecognised deferred taxation asset

Deductible temporary differences not recognised as deferred tax assets	**134 664 722**	127 868 672	**134 664 722**	127 868 672

	Group		Company	
	2022 R	2021 R	**2022 R**	2021 R
11. OTHER FINANCIAL ASSETS				
Other long-term financial assets				
Union Atlantic Minerals Limited (UAM)	**1 073 054**	1 073 054	**1 073 054**	1 073 054
Cross Company Management Proprietary Limited (CCM)	**7 629 836**	9 688 781	**7 629 836**	9 688 781
These loans are unsecured, bear no interest and are repayable on demand.				
	8 702 890	10 761 835	**8 702 890**	10 761 835

Technically the UAM loan is in default as there is not sufficient funds in the company to repay the loan. However, management is continuously involved in a process of raising finance to advance the prospecting assets that the company has. There is a firm commitment that the loan would be repaid from the first tranche of funding raised. During the last financial year the company issued a SENS announcement of equity that would be raised indicating that funds would be available to settle the loan. However, some delays have been experienced for the flow of funds and at the finalisation of the financial statements the payment was still outstanding but immanent. Confirmation was again received that the loan would be settled once the fund raising was completed and in the light of that, no ECL provision was considered. Should the full loan became irrecoverable the effect on earnings per share would be 0.42 cps or 2.4% of current year earnings.

Technically the CCM loan is in default as there is not sufficient cash in the company to repay the loan on demand. However, the loan is supported by shares in companies that were funded through the application of funds made available. Management has assessed the value of these underlying shares and are satisfied that the loan would be recoverable in full in the foreseeable future. While the individual loans might not match the specific investments in value the total value of the shares held reflect a range of between 97% and 108% of the loan. Based on this it was decided not to make an ECL provision on this loan.

Non-current assets				
At amortised cost	**8 702 890**	10 761 835	**8 702 890**	10 761 835

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

	Group		Company	
	2022 R	2021 R	**2022 R**	2021 R
12. OTHER INVESTMENT				
Union Atlantic Minerals Limited	**2 000 000**	2 000 000	**2 000 000**	2 000 000

During FY 2019 Union Atlantic Minerals Limited issued 50 000 000 shares at R0.04 per share to CCM on behalf of SepHold. This was due to the delegation agreement on 28 April 2016 with African Nickel Holdings Proprietary Limited and Incubex Minerals Limited to settle the African Nickel Holdings Proprietary Limited debt of R2 000 000. SepHold uses the CCM stockbrokers' account as a nominee account for its shareholding.

12. OTHER INVESTMENT (CONTINUED)

	Group		Company	
	2022 R	2021 R	**2022 R**	2021 R
Level 3				
Union Atlantic Minerals Limited	**2 000 000**	2 000 000	**2 000 000**	2 000 000

There are no current information available for the Union Atlantic Minerals' share price.

The last price before suspension of trade on the stock exchange was 4 cps.

While arguments could be made that the long absence of trade and a recent equity transaction should reduce this valuation the argument could also be made that in the absence of a clear market price a see-through to the underlying assets provides another alternative.

The underlying assets are prospecting projects and IFRS 6 makes reference that for exploration assets normal IAS 36 requirement does not apply and instead IFRS 6 Para 20 applies which has the following criteria:

"20 One or more of the following facts and circumstances indicate that an entity should test exploration and evaluation assets for impairment (the list is not exhaustive):

(a) the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.

(b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.

(c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.

(d) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale."

A mining right has been obtained for the asset and funds are being raised to complete the project, which would indicate that an impairment need not be considered at this point in time. The alternative of using the suspended price of 4 cps as a starting point and applying the equity raise dilution to that the diluted value would be 2.6 cps. Should and impairment be raised on these principles rather than the IFRS 6 approach, the effect would be 0.3 cps or 1.5% of current year profit.

	Group		Company	
	2022 R	2021 R	**2022 R**	2021 R
13. INVENTORIES				
Raw materials, components	**10 362 465**	9 043 990	**–**	–
Diesel	**3 299 290**	2 800 634	**–**	–
Production supplies	**184 168**	144 879	**–**	–
Spare parts	**4 230 915**	5 046 703	**–**	–
	18 076 838	17 036 206	**–**	–

Inventory pledged as security

Inventory is pledged as security for other financial liabilities as per note 22.

14. LOANS RECEIVABLE

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

	Group		Company	
	2022 R	2021 R	**2022 R**	2021 R
Loans receivable: KM Truckers	**155 581**	269 341	**–**	–
The above loan is unsecured, bears interest at 8% per annum and is repayable in 36 equal instalments of R10 933.				
Loans receivable: PAMA Services	**329 515**	570 481	**–**	–
The above loan is unsecured, bears interest at 8% per annum and is repayable in 36 equal instalments of R23 158.				
Loans receivable: Navin's Transport	**372 325**	644 589	**–**	–
The above loan is unsecured, bears interest at 8% per annum and is repayable in 36 equal instalments of R26 166.				
Loans receivable: Actebis	**466 719**	808 012	**–**	–
The above loan is unsecured, bears interest at 8% per annum and is repayable in 36 equal instalments of R32 800.				
Loans receivable: NTS Transport	**1 267 726**	2 194 752	**–**	–
The above loan is unsecured, bears interest at 8% per annum and is repayable in 36 equal instalments of R89 092.				
Loans receivable: Umgeni Multi sands	**2 027 977**	3 510 946	**–**	–
The above loan is unsecured, bears interest at 8% per annum and is repayable in 36 equal instalments of R142 521.				
	4 619 843	7 998 121	**–**	–
Split between non-current and current portions				
Non-current assets	**961 173**	4 619 849	**–**	–
Current assets	**3 658 670**	3 378 272	**–**	–
	4 619 843	7 998 121	**–**	–

Exposure to credit risk

Loans receivable inherently exposes the group to credit risk, being the risk that the group will incur financial loss if counterparties fail to make payments as they fall due. Refer to accounting policy 1.7 and note 39 Financial instruments for more details on credit risk.

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

	Group		Company	
	2022 R	2021 R	**2022 R**	2021 R
15. TRADE AND OTHER RECEIVABLES				
Financial instruments				
Trade receivables	**85 297 740**	88 283 849	**–**	–
Deposits	**1 336 754**	1 456 133	**–**	–
Non-financial instruments				
Value added taxation	**–**	34 278	**–**	34 278
Pre-payments	**556 401**	519 787	**130 662**	122 430
Total trade and other receivables	**87 190 895**	90 294 047	**130 662**	156 708

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

Trade and other receivables pledged as security

Trade and other receivables of R87 060 233 (2021: R90 137 339) were pledged as security for other financial liabilities as per note 22.

Exposure to credit risk

Trade receivables inherently expose the group to credit risk, being the risk that the group will incur financial loss if customers fail to make payments as they fall due.

In order to mitigate the risk of financial loss from defaults, the group only deals with reputable customers with consistent payment histories. Sufficient collateral or guarantees are also obtained when appropriate. Each customer is analysed individually for creditworthiness before terms and conditions are offered. Statistical credit scoring models are used to analyse customers. These models make use of information submitted by the customers as well as external bureau data (where available). Customer credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of customers, is continuously monitored.

After the 2020 nationwide lockdown, the directors and management embarked on strict cost cutting measures and various turnaround strategies which had a positive impact on profitability and cash flow of the group. The implementation of more stringent controls and policies with respect to our credit risk management has resulted in well managed collection of debts from customers with limited losses.

Insurance of debtors is obtained from Santam through a credit risk contingency policy (effective 01 March 2021). The insurance policy is a general cover of R2 981 446 that is available when any customer defaults on payment and is not limited to a specific customer or age bracket. This contributed favourably in the assessment of credit risk exposure under IFRS 9.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 *Financial Instruments*, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward-looking information and general economic conditions of the industry as at the reporting date. This includes the performance of the country's economy, changes in interest rates and inflation. Prevailing credit risk attitudes were more risk adverse due to the National COVID-19 Lockdown. As a result of the credit restrictions and increased risk, management reacted differently to prior years and were stricter on credit controls with customer credit limits being in place, reviewed and approved by credit management committees. Defaulting customers were converted to cash customers and credit limits for new customers were limited. More upfront payments are required prior to commencing orders. As a result of these measurements and policies in place the expected credit loss rate reduced. The exposure to credit risk and the creditworthiness of customers are continuously monitored.

Based on the improvement in the construction industry and in the recovery and management of debtors, credit risk policies have been adjusted accordingly and therefore the expected credit loss rate has been adjusted downwards to account for this. There have been no other significant changes in the credit risk management policies and processes since the prior reporting period.

The group's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles.

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

Exposure to credit risk (continued)

The loss allowance provision is determined as follows:

Group	Current R	More than 30 days past due R	More than 60 days past due R	More than 90 days past due R	More than 120 days past due R	Total R
At 31 March 2022 the lifetime expected credit loss provision for trade receivables is as follows:						
Gross carrying amount	**66 041 500**	**17 338 612**	**273 464**	**397 620**	**2 037 631**	**86 088 827**
Less: Insured Debtors	**–**	**–**	**–**	**–**	**(1 039 601)**	**(1 039 601)**
Gross carrying value uninsured trade receivables	**66 041 500**	**17 338 612**	**273 464**	**397 620**	**998 030**	**85 049 226**
Less: Specific allowance	**–**	**–**	**–**	**(920)**	**(104 186)**	**(105 106)**
	66 041 500	**17 338 612**	**273 464**	**396 700**	**893 844**	**84 944 120**
Expected credit loss rate	**0.44%**	**2.10%**	**1.96%**	**2.04%**	**2.15%**	
Lifetime expected credit loss (excluding value added taxation)	**(289 408)**	**(363 934)**	**(5 347)**	**(8 105)**	**(19 187)**	**(685 981)**
Total expected credit loss (including specific allowance)						**(791 087)**

	Current R	More than 30 days past due R	More than 60 days past due R	More than 90 days past due R	More than 120 days past due R	Total R
At 31 March 2021 the lifetime expected credit loss provision for trade receivables is as follows:						
Expected credit loss rate						
Gross carrying amount	68 480 898	16 806 59	173 083	748 569	3 948 713	90 157 858
Less: Insured Debtors	–	–	–	–	(1 309 181)	(1 309 181)
Gross carrying value uninsured trade receivables	68 480 898	16 806 595	173 083	748 569	2 639 532	88 848 677
Less: Specific allowance	(6 693)	(10 997)	(23 694)	(416 064)	(88 574)	(546 022)
	68 474 205	16 795 598	149 389	332 505	2 550 958	88 302 655
Expected credit loss rate	0.87%	3.41%	4.69%	4.97%	5.33%	
Lifetime expected credit loss (excluding value added taxation)	(595 290)	(573 214)	(7 010)	(16 524)	(135 949)	(1 327 987)
Total expected credit loss (including specific allowance)						(1 874 009)

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

Reconciliation of loss allowances

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

	Group		Company	
	2022 R	2021 R	**2022 R**	2021 R
Opening balance in accordance with IFRS 9	**1 874 009**	2 863 871	**–**	–
Provision raised on trade receivables	**1 745 070**	620 659	**–**	–
Provisions reversed on settled trade receivables	**(1 082 923)**	(1 038 448)	**–**	–
Amounts written off as uncollectable	**(1 745 070)**	(572 073)	**–**	–
Closing balance	**791 086**	1 874 009	**–**	–

Fair value of trade and other receivables

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

	Group		Company	
	2022 R	2021 R	**2022 R**	2021 R

16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:				
Cash on hand	**101 500**	94 500	**–**	–
Bank balances	**29 375 056**	32 657 974	**4 054 819**	6 764 277
	29 476 556	32 752 474	**4 054 819**	6 764 277

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

Metier has an available Standard Bank overdraft facility of R10 000 000 (2021: R12 000 000) in total. Refer note 39 for credit risk disclosure.

The total amount of undrawn facilities available for future operating activities and commitments	**10 000 000**	12 000 000	**–**	–

17. ASSETS HELD FOR SALE

SepHold entered into an agreement for the sale of the property on 29 July 2019 with Ikarus Investments Proprietary Limited (Ikarus) which included the immovable property Erf 398 Randjespark Ext 121 for a purchase price of R18 500 000.

The transaction was registered on 29 July 2020 and finalised two days later. The operating lease on the investment property came to an end and the lease contract transferred to the new owners on that date.

This resulted in a profit on the sale of R70 443 at group level and a loss of R1 630 852 at company level which was recorded during the prior period. On Company level there is an amount of R1 174 010 included as part of revenue. The main driver for the sale of the property was to improve and maintain cash flow requirements. In terms of the JSE Listings Requirements, the transaction was a Category 2 transaction at the time.

	Group		Company	
	2022 R	2021 R	**2022 R**	2021 R
18. STATED CAPITAL				
Authorised				
1 000 000 000 ordinary shares with no par value				
Issued – Ordinary shares with no par value				
254 486 436 (2021: 254 486 436) shares at beginning of period	**682 965 910**	682 782 720	**682 965 910**	682 782 720
Rights issue expenses refunded	**–**	183 190	**–**	183 190
254 486 436 shares at the end of the period	**682 965 910**	682 965 910	**682 965 910**	682 965 910

During the prior year R183 190 of the capitalised rights issue expenses were refunded. This related to the rights offer circulated to the company's shareholders during January 2020.

No new shares were issued during the current or prior period.

The unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting,

	Number	Weighted exercise price R	Total value R
19. SHARE-BASED PAYMENTS			
Share options granted on 10 December 2014	1 565 000	6.80	10 642 000
Outstanding at 01 April 2021	1 465 000		
Expired in 2022	(1 465 000)		
Outstanding at 31 March 2022	–		
Share options granted on 31 March 2016	1 630 000	4.40	7 172 000
Outstanding at 01 April 2021	1 630 000		
Cancelled in 2021 due to resignation	(41 667)		
Outstanding at 31 March 2022	1 588 333		
Share options granted on 30 June 2017	1 905 000	3.00	5 715 000
Outstanding at 01 April 2021	1 905 000		
Cancelled in 2021 due to resignation	(200 000)		
Outstanding at 31 March 2022	1 705 000		
Total share options outstanding at 31 March 2022	3 293 333		
Total share options outstanding at 31 March 2021	4 758 333		
Total share options exercisable at 31 March 2022	3 293 333		
Total share options exercisable at 31 March 2021	4 122 333		

19. SHARE-BASED PAYMENTS (CONTINUED)

Information on options granted on 10 December 2014

On 10 December 2014, 1 565 000 American-style share options with an exercise price of R6.80 were granted. The remainder of these outstanding share options (1 465 000) all expired during December 2021.

Information on options granted on 31 March 2016

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

Information on options granted on 01 July 2017

On 01 July 2017, 1 905 000 American-style share options with an exercise price of R3.00 were granted. During the prior year 200 000 share options were cancelled due to a resignation. The remaining share options of 1 705 000 are still outstanding at year-end. These options vest over a five-year period on the anniversary of the grant of the third, fourth and fifth year and expire on 01 July 2024. No option premium was paid on the date of the grant.

General share options information

At the start of the 2015 financial year, five million share options were available for distribution under the share option scheme. These share options were distributed as follows:

- 1 565 000 share options granted on 10 December 2014.
- 1 630 000 share options granted on 31 March 2016.
- (100 000) share options returned due to resignation during 2017.
- 1 905 000 share options granted on 01 July 2017.
- (241 667) share options returned due to resignation during 2021.

A total staff cost of R298 076 (2021: R813 996) were recognised in 2022 which related to equity-settled share-based payments transactions. An amount of R166 084 (2021: R453 285) relates to directors and key management personnel (note 37). During the year there was R5 446 279 transferred from the reserve account directly to retained income as a result of the R6.80 share options that expired on 10 December 2021.

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

	Group		Company	
	2022 R	2021 R	**2022 R**	2021 R
20. LOANS FROM GROUP COMPANIES				
Subsidiaries				
Métier Mixed Concrete Proprietary Limited	**–**	–	**112 874 320**	112 874 320
The loan is unsecured, interest free and is repayable on demand.				
Reconciliation of loan from subsidiary				
The following table shows the movement in the loan from subsidiary:				
Opening balance in accordance with IAS 7	**112 874 320**	124 041 874	**–**	–
Repayment of loan	**–**	(13 506 000)	**–**	–
Advance on loan	**–**	5 000 000	**–**	–
Repayment of loan – non-cash	**–**	(2 661 554)	**–**	–
Closing balance	**112 874 320**	112 874 320	**–**	–

The loan from group company will be settled through dividend payments over time from the subsidiary's retained income of R186 637 194.

	Group		Company	
	2022 R	2021 R	**2022 R**	2021 R
21. INSTALMENT SALE LIABILITIES				
Held at amortised cost				
Mercedes-Benz Financial Services	**31 411 370**	–	**–**	–
During the year, the company entered into 21 instalment sale agreements with Mercedes-Benz Financial Services. The liability is secured by motor vehicles with a carrying amount of R32 838 562. It bears interest at rates linked to prime and is repayable over a term of 60 months with an average monthly repayment of R34 697. Refer note 39 for further details.				
Split between non-current and current portions				
Non-current liabilities	**25 384 965**	–	**–**	–
Current liabilities	**6 026 405**	–	**–**	–
	31 411 370	–	**–**	–

	Group		Company	
	2022 R	2021 R	**2022 R**	2021 R
22. OTHER FINANCIAL LIABILITIES				
Held at amortised cost				
Standard Bank – Facility B	**48 273 681**	71 317 459	**–**	–
This loan bears interest at the three-month JIBAR plus a margin of 4.25%. The interest rate was 8.508% on 31 March 2022. The loan is repayable in varying instalments with the final payment being made 15 April 2023 (2021: final payment 31 March 2023).				
Split between non-current and current portions				
Non-current liabilities	**34 863 130**	58 006 387	**–**	–
Current liabilities	**13 410 551**	13 311 072	**–**	–
	48 273 681	71 317 459	**–**	–

Security

The Standard Bank loans and facilities are secured as follows:

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

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

Exposure to liquidity risk

Refer to note 39 Financial instruments and financial risk management for details of liquidity risk exposure and management.

Exposure to interest rate risk

Refer to note 39 Financial instruments and financial risk management for details of interest rate risk exposure and management for financial liabilities.

	Group		Company	
	2022 R	2021 R	**2022 R**	2021 R

23. LEASE OBLIGATIONS

Leases maturity analysis

– within one year	**17 563 701**	17 080 604	**–**	–
– in second to fifth year inclusive	**58 693 160**	58 401 768	**–**	–
– later than five years	**5 310 856**	10 525 687	**–**	–
	81 567 717	86 008 059	**–**	–
Less: Future finance costs	**(14 491 581)**	(18 600 158)	**–**	–
Present value of lease payments	**67 076 136**	67 407 901	**–**	–

Reconciliation of lease liabilities	**Opening balance R**	**New lease liabilities R**	**Finance costs R**	**IFRS 16 Modification/ remeasure-ment R**	**Repayments – principal element on leases R**	**Repayments – interest element on leases R**	**Total R**
2022							
Lease obligations	**67 407 901**	**3 630 035**	**6 307 253**	**8 173 644**	**(12 135 444)**	**(6 307 253)**	**67 076 136**
2021							
Lease obligations	53 471 958	24 116 371	6 408 486	541 552	(10 721 980)	(6 408 486)	67 407 901

	Group		Company	
	2022 R	2021 R	**2022 R**	2021 R
Non-current liabilities	**54 897 551**	56 046 957	**–**	–
Current liabilities	**12 178 585**	11 360 944	**–**	–
	67 076 136	67 407 901	**–**	–

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

The average lease term is seven years (2021: seven years).

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

	Group		Company	
	2022 R	2021 R	**2022 R**	2021 R

24. TRADE AND OTHER PAYABLES

Financial instruments

Trade payables	**61 450 044**	71 096 614	**52 517**	97 780
Credit cards	**2 913**	2 816	**2 913**	2 816
Accrued expenses	**4 047 628**	3 664 387	**254 539**	233 717
Accrued audit fees	**455 000**	455 000	**455 000**	455 000
Sundry suppliers	**3 043 977**	2 932 496	**–**	–
Non-financial instruments				
Accrual for salary-related expenses	**4 141 893**	322 842	**2 142 788**	322 842
Income received in advance	**15 001 448**	11 160 018	**–**	–
Value added taxation	**1 905 018**	1 791 829	**270 012**	–
	90 047 921	91 426 002	**3 177 769**	1 112 155

Fair value of trade and other payables

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

25. DEFERRED INCOME

No government grants relating to assets were received during the current and prior year. These grants are recognised as deferred income and released to operating profit over the average useful lives of the assets, which is seven years. The total recognised in operating profit for 2022 amounts to R316 677 (2021: R560 880).

		Group		Company	
	Notes	**2022 R**	2021 R	**2022 R**	2021 R
Movement for the period					
Opening balance		**316 677**	877 557	**–**	–
Amortisation		**(316 677)**	(560 880)	**–**	–
Closing balance		**–**	316 677	**–**	–

26. REVENUE

Revenue from contracts with customers				
Goods transferred at a point in time	**785 791 090**	634 252 530	**–**	–
Services transferred over time	**–**	–	**11 300 000**	8 400 000
	785 791 090	634 252 530	**11 300 000**	8 400 000
Revenue other than from contracts with customers				
Rental income from Subsidiary (refer note 17)	**–**	–	**–**	1 174 010
	785 791 090	634 252 530	**11 300 000**	9 574 010

27. COST OF SALES

Raw materials consumed net of rebates	**484 062 792**	390 567 079	**–**	–

28. OTHER OPERATING INCOME

Bad debts recovered	**149 186**	216 992	**–**	–
Recoveries from subsidiary	**–**	–	**–**	275 167
Other sundry income	**282 799**	497 190	**–**	–
Supplier balances written off	**38 845**	2 543 622	**–**	–
Rent received	**429 423**	386 279	**–**	–
Profit on sale of assets	**–**	6 131 547	**–**	–
Concrete claims	**2 965 963**	–	**–**	–
Utilities recovered	**140 000**	–	**–**	–
Government grants	**316 677**	560 880	**–**	–
	4 322 893	10 336 510	**–**	275 167

29. OTHER OPERATING GAINS/(LOSSES)

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

30. OPERATING PROFIT/(LOSS)

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

		Group		Company	
		2022 R	2021 R	**2022 R**	2022 R
Income from subsidiaries (other than investment income)					
Administration and management fees		**–**	–	**11 300 000**	8 400 000
Fees, other than to employees					
Administrative and managerial services		**66 154**	56 540	**–**	–
Consulting and professional services		**1 486 151**	1 868 772	**691 506**	577 409
Secretarial services		**209 248**	199 724	**208 398**	199 574
		1 761 553	2 125 036	**899 904**	776 983
Employee costs					
Salaries, wages, bonuses and other benefits		**84 173 428**	67 484 890	**15 410 241**	11 322 036
Retirement benefit plans: defined contribution expense		**158 166**	150 372	**158 166**	150 372
Share-based compensation expense		**298 076**	813 995	**298 076**	813 995
Total employee costs		**84 629 670**	68 449 257	**15 866 483**	12 286 403
Leases					
Short-term leases		**–**	336 033	**–**	336 033
Leases of low value assets		**49 361**	49 320	**49 361**	49 320
Total lease expenses		**49 361**	385 353	**49 361**	385 353
Depreciation and amortisation					
Depreciation of property, plant and equipment		**12 970 660**	11 269 134	**–**	27 367
Depreciation of right-of-use assets		**13 748 074**	10 775 717	**–**	–
Total depreciation and amortisation		**26 718 734**	22 044 851	**–**	27 367

31. INVESTMENT INCOME

Interest income					
Investments in financial assets					
Bank		**1 161 350**	620 265	**331**	814
Trade and other receivables		**875 996**	896 561	**–**	–
Total interest income		**2 037 346**	1 516 826	**331**	814

32. FINANCE COSTS

Lease liabilities	23	**6 307 253**	6 408 486	**–**	–
Bank overdraft		**6**	27	**6**	27
Current borrowings – transaction costs amortised		**272 727**	204 545	**–**	–
Other financial liabilities	22	**4 860 244**	7 204 605	**–**	–
Instalment sale liabilities	21	**1 411 614**	–	**–**	–
Total finance costs		**12 851 844**	13 817 663	**6**	27

	Notes	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
33. TAXATION					
Major components of the taxation expense					
Current					
Local income tax – current period		**8 275 226**	2 113 739	**–**	–
Adjustments in respect of prior years		**–**	(81 591)	**–**	–
Deferred					
Originating and reversing temporary differences		**207 903**	2 179 785	**–**	–
Changes in tax rates		**(651 296)**	–	**–**	–
		7 831 833	4 211 933	**–**	–
Reconciliation of the taxation expense					
Reconciliation between accounting profit and tax expense:					
Profit/(loss) before taxation		**52 409 377**	24 133 845	**(7 133 450)**	(7 213 193)
Taxation at the applicable taxation rate of 27% (2021: 28%)		**14 674 626**	6 757 477	**(1 997 366)**	(2 019 694)
Tax effect of adjustments on taxable income					
Deferred taxation – prior period		**–**	(81 591)	**–**	–
IFRS 16 movement		**–**	595 207	**–**	–
Non-deductible items and exempt income		**–**	–	**–**	476 362
Deferred taxation not raised on assessed taxation loss		**1 914 143**	1 315 453	**1 913 905**	1 315 413
Change in tax rate		**(651 294)**	–	**–**	–
Profit from equity-accounted investments		**(8 117 827)**	(4 471 656)	**–**	–
Fines and penalties		**953**	3 303	**–**	–
Donations		**7 124**	7 514	**–**	–
Government grants – exempt income		**(88 670)**	(157 046)	**–**	–
Capitalised finance and transaction costs		**–**	16 880	**–**	–
Share options		**83 461**	227 919	**83 461**	227 919
Impairment of loan		**33 754**	–	**–**	–
Legal fees not deductible		**76 363**	57 273	**–**	–
Learnership allowances		**(100 800)**	(58 800)	**–**	–
		7 831 833	4 211 933	**–**	–

No provision has been made by the company for 2022 and 2021 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is R134 664 722 (2021: R127 868 672).

	Notes	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
34. CASH GENERATED FROM/(USED IN) OPERATIONS					
Profit/(loss) before taxation		**52 409 377**	24 133 845	**(7 133 450)**	(7 213 193)
Adjustments for					
Depreciation	3 & 4	**26 718 734**	22 044 851	**–**	27 367
Gains on disposals and remeasurement of assets	29	**–**	(611 995)	**–**	–
Profit from equity-accounted investments	8	**(28 992 240)**	(15 970 201)	**–**	–
Interest income	31	**(2 037 346)**	(1 516 826)	**(331)**	(814)
Finance costs	32	**12 851 844**	13 817 663	**6**	27
Net impairments and movements in credit loss allowances	15	**120 551**	–	**–**	–
Administration fees non-cash		**–**	–	**–**	(2 667 555)
Loss/(profit) on sale of property, plant and equipment	3	**389 942**	(6 131 547)	**–**	–
Loss on disposal of asset held for sale	17	**–**	–	**–**	1 630 852
Deferred income	25	**(316 671)**	(560 880)	**–**	–
Share options recorded against salary expense	19	**298 076**	813 995	**298 076**	813 995
Changes in working capital					
Inventories	13	**(1 040 632)**	(272 699)	**–**	–
Trade and other receivables	15	**3 103 151**	(11 223 194)	**26 047**	363 483
Trade and other payables	24	**(1 378 090)**	19 891 412	**2 065 612**	(690 667)
Other financial assets	11	**3 896 040**	2 922 027	**–**	–
		66 022 736	47 336 451	**(4 744 040)**	(7 736 505)

	Group		Company	
	2022 R	2021 R	**2022 R**	2021 R

35. TAXATION PAID

Balance at the beginning of the year	**(1 081 405)**	1 643 331	**–**	–
Current taxation for the period recognised in profit or loss	**(8 275 226)**	(2 032 148)	**–**	–
Balance at end of the period	**328 087**	1 081 405	**–**	–
	(9 028 544)	692 588	**–**	–

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The changes in the Group's liabilities arising from financing activities can be classified as follows:

Reconciliation of liabilities arising from financing activities	Opening balance R	Finance costs R	Total non-cash movements* R	Cash flows R	Closing balance R
2022					
Other financial liabilities measured at amortised cost	**71 317 459**	**5 126 775**	**267 294**	**(28 170 553)**	**48 273 681**
Instalment sale liabilities	**33 898 553**	**1 411 613**	**–**	**(3 898 796)**	**31 411 370**
	105 216 012	**6 538 388**	**267 294**	**(32 069 349)**	**79 685 051**
2021					
Other financial liabilities measured at amortised cost	93 486 900	7 344 919	235 720	(29 514 360)	71 317 459

* *Total non-cash movements of R267 294 (2021: R235 720) are included in finance costs.*

Lease liabilities also form part of financing activities. For the reconciliation of lease liabilities refer note 23.

37. RELATED PARTIES

Relationships

Subsidiaries	Refer to note 6
Associate	Refer to note 8
Shareholder with significant influence	Dangote Industries Limited
Companies with common shareholders	Incubex Minerals Limited SepFluor Limited
Key management personnel of the group	Refer to directors as listed below.
Companies with common directors	Cross Company Management Proprietary Limited Cato Ridge Quarry Proprietary Limited Union Atlantic Minerals Limited WKRD Properties Proprietary Limited Plazatique Corp 27 CC
Directors	B Williams MM Ngoasheng MJ Janse van Rensburg B Bulo Dr. L Mohuba NR Crafford-Lazarus KJ Capes
Prescribed officers	G Tolmage G Hollins B Peter

37. RELATED PARTIES (CONTINUED)

	Group		Company	
	2022 R	2021 R	**2022 R**	2021 R
Related party balances				
Loan accounts – Owing (to)/by related parties				
Métier Mixed Concrete Proprietary Limited	**–**	–	**(112 874 320)**	(112 874 320)
Union Atlantic Minerals Limited	**1 073 054**	1 073 054	**1 073 054**	1 073 054
Cross Company Management Proprietary Limited	**7 629 836**	9 688 781	**7 629 836**	9 688 781
Sephaku Investment Holdings Proprietary Limited	**–**	–	**11 379**	10 529
Amounts included in trade receivables/(trade payable) regarding related parties				
Dangote Cement South Africa Proprietary Limited	**(10 925 479)**	(8 686 676)	**–**	–
Related party transactions				
Purchases from (sales to) related parties				
Dangote Cement South Africa Proprietary Limited	**75 826 136**	76 416 321	**–**	–
Rent paid to/(received from) related parties				
Plazatique Corp 27 CC^	**1 139 400**	1 080 000	**–**	–
WKRD Properties Proprietary Limited^	**982 153**	892 867	**–**	–
Métier Mixed Concrete Limited	**–**	–	**–**	(1 174 009)
Dangote Cement South Africa Proprietary Limited	**–**	336 033	**–**	336 033
Fees paid to/(received from) related parties for management services, overheads and salaries				
Métier Mixed Concrete Proprietary Limited	**–**	–	**(11 300 000)**	(8 400 000)
Dangote Cement South Africa Proprietary Limited	**–**	–	**(1 037 943)**	(689 000)
Utilities paid to/(received from) related parties				
Plazatique Corp 27 CC	**708 583**	708 699	**–**	–
Dangote Cement South Africa Proprietary Limited	**–**	–	**–**	27 701
Métier Mixed Concrete Proprietary Limited	**–**	–	**–**	(275 819)

^ *The amounts included represent the actual transactions as per the lease agreements. The IFRS 16 treatment for these form part of note 23.*

38. DIRECTORS' AND PRESCRIBED OFFICER'S EMOLUMENTS

Executive

Directors' emoluments	**Emoluments R**	**Prior year performance bonuses* R**	**Travel allowances R**	**Pension fund R**	**IFRS 2 share-based payments expense (note 19) R**	**Total R**
2022						
Services as director or prescribed officer						
NR Crafford-Lazarus	**4 312 334**	**2 000 000**	**142 500**	**158 166**	**83 042**	**6 696 042**
KJ Capes	**2 740 500**	**1 700 000**	**–**	**–**	**–**	**4 440 500**
	7 052 834	**3 700 000**	**142 500**	**158 166**	**83 042**	**11 136 542**

Directors' emoluments	Emoluments R	Travel allowances R	Pension fund R	IFRS 2 share-based payments expense (note 19) R	Total R
2021					
Services as director or prescribed officer					
NR Crafford-Lazarus	4 094 812	150 000	150 188	220 110	4 615 110
KJ Capes	2 520 000	–	–	–	2 520 000
	6 614 812	150 000	150 188	220 110	7 135 110

* *The bonus paid in FY 2022 relates to the FY 2021 performance.*

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

Non-executive

Directors' emoluments	**Fees for services as director R**	**Bonuses and performance related payments R**	**Expense allowances R**	**IFRS 2 share-based payments expense (note 19) R**	**Total R**
2022					
Services as director or prescribed officer					
B Williams	**440 000**	**–**	**–**	**–**	**440 000**
MM Ngoasheng	**335 000**	**–**	**–**	**–**	**335 000**
MJ Janse van Rensburg	**335 000**	**–**	**–**	**–**	**335 000**
B Bulo	**335 000**	**–**	**–**	**–**	**335 000**
Dr L Mohuba	**335 000**	**–**	**–**	**83 042**	**418 042**
PF Fourie**	**–**	**3 373 781**	**738 204**	**–**	**4 111 985**
	1 780 000	**3 373 781**	**738 204**	**83 042**	**5 975 027**

Directors' emoluments	Fees for services as director R	Remuneration R	Performance bonus R	IFRS 2 share-based payments expense (note 19) R	Total R
2021					
Services as director or prescribed officer					
B Williams	440 000	–	–	–	440 000
MM Ngoasheng	335 000	–	–	–	335 000
MJ Janse van Rensburg	335 000	–	–	–	335 000
B Bulo	335 000	–	–	–	335 000
Dr L Mohuba	335 000	–	–	220 110	555 110
PF Fourie	–	5 742 921	1 810 120	–	7 553 041
	1 780 000	5 742 921	1 810 120	220 110	9 553 151

** *PF Fourie (deceased 19 May 2021) was a non-executive director of SepHold and an executive director of SepCem. All remuneration paid to him by the associate company, SepCem, has therefore also been disclosed above.*

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

Prescribed officers

Directors' emoluments	Basic salary R	Expense allowances R	Contributions paid under pension scheme R	Total R
2022				
Services as director or prescribed officer				
G Tolmage	**1 500 082**	**23 181**	**140 927**	**1 664 190**
G Hollins	**1 300 932**	**331 188**	**–**	**1 632 120**
B Peter	**986 129**	**23 181**	**92 011**	**1 101 321**
	3 787 143	**377 550**	**232 938**	**4 397 631**

Directors' emoluments	Emoluments	Travel allowances R	Pension fund R	IFRS 2 share-based payments expense (note 19) R	Total R
2021					
Services as director or prescribed officer					
WJ du Toit***	216 468	2 520	4 390	13 066	236 444
	216 468	2 520	4 390	13 066	236 444

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

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial instruments

Group	Notes	Assets at fair value R	Amortised cost R	Non-financial instruments R	Total R
Categories of financial assets					
2022					
Loans receivable	14	**–**	**4 619 843**	**–**	**4 619 843**
Trade and other receivables	15	**–**	**86 634 494**	**556 401**	**87 190 895**
Cash and cash equivalents	16	**–**	**29 476 556**	**–**	**29 476 556**
Other investments	12	**2 000 000**	**–**	**–**	**2 000 000**
Other financial assets	11	**–**	**8 702 890**	**–**	**8 702 890**
		2 000 000	**129 433 783**	**556 401**	**131 990 184**
2021					
Loans receivable	14	–	7 998 121	–	7 998 121
Trade and other receivables	15	–	89 739 982	554 065	90 294 047
Cash and cash equivalents	16	–	32 752 474	–	32 752 474
Other investments	12	2 000 000	–	–	2 000 000
Other financial assets	11	–	10 761 835	–	10 761 835
		2 000 000	141 252 412	554 065	143 806 477

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Categories of financial instruments (continued)

Company	Notes	Assets at fair value R	Amortised cost R	Non-financial instruments R	Total R
Categories of financial assets					
2022					
Loans to group companies	9	**–**	**11 379**	**–**	**11 379**
Trade and other receivables	15	**–**	**–**	**130 662**	**130 662**
Cash and cash equivalents	16	**–**	**4 054 819**	**–**	**4 054 819**
Other investments	12	**2 000 000**	**–**	**–**	**2 000 000**
Other financial assets	11	**–**	**8 702 890**	**–**	**8 702 890**
		2 000 000	**12 769 088**	**130 662**	**14 899 750**
2021					
Loans to group companies	9	–	10 529	–	10 529
Trade and other receivables	15	–	–	156 708	156 708
Cash and cash equivalents	16	–	6 764 277	–	6 764 277
Other investments	12	2 000 000	–	–	2 000 000
Other financial assets	11	–	10 761 835	–	10 761 835
		2 000 000	17 536 641	156 708	19 693 349

Group	Notes	Leases R	Amortised cost R	Non-financial instruments R	Total R	Fair value R
Categories of financial liabilities						
2022						
Trade and other payables	24	**–**	**68 999 562**	**21 048 359**	**90 047 921**	**–**
Instalment sale liabilities	21	**–**	**31 411 370**	**–**	**31 411 370**	**–**
Lease obligations	4 & 23	**67 076 136**	**–**	**–**	**67 076 136**	**–**
Other financial liabilities	22	**–**	**48 273 681**	**–**	**48 273 681**	**–**
		67 076 136	**148 684 613**	**21 048 359**	**236 809 108**	**–**
2021						
Trade and other payables	24	–	78 151 313	13 274 689	91 426 002	–
Lease obligations	4 & 23	67 407 901	–	–	67 407 901	–
Other financial liabilities	22	–	71 317 459	–	71 317 459	–
		67 407 901	149 468 772	13 274 689	230 151 362	–

Company		Amortised cost R	Non-financial instruments R	Total R	Fair value R
Categories of financial liabilities					
2022					
Trade and other payables	24	**764 969**	**2 412 800**	**3 177 769**	**–**
Loans from group companies	20	**112 874 320**	**–**	**112 874 320**	**–**
		113 639 289	**2 412 800**	**116 052 089**	**–**
2021					
Trade and other payables	24	789 313	322 842	1 112 155	–
Loans from group companies	20	112 874 320	–	112 874 320	–
		113 663 633	322 842	113 986 475	–

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Capital risk management

The group's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the group's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The group monitors capital utilising a number of measures, including the gearing ratio. The gearing ratio is calculated as net borrowings (total borrowings less cash) divided by shareholders' equity. The group's gearing ratio of 18% is well below the group comfort ratio of 25%.

The capital structure and gearing ratio of the group at the reporting date was as follows:

		Group		Company	
	Notes	**2022 R**	2021 R	**2022 R**	2021 R
Loans from group companies	20	**–**	–	**112 874 320**	112 874 320
Other financial liabilities	22	**48 273 681**	71 317 459	**–**	–
Instalment sale liabilities	21	**31 411 370**	–	**–**	–
Lease obligations	23	**67 076 136**	67 407 901	**–**	–
Trade and other payables	24	**90 047 934**	91 426 016	**3 177 768**	1 112 154
Total borrowings		**236 809 121**	230 151 376	**116 052 088**	113 986 474
Cash and cash equivalents	16	**(29 476 556)**	(32 752 474)	**(4 054 819)**	(6 764 277)
Net borrowings		**207 332 565**	197 398 902	**111 997 269**	107 222 197
Equity		**1 147 281 591**	1 102 405 134	**881 938 716**	888 774 091
Gearing ratio		**18%**	18%	**13%**	12%

Financial risk management

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The group is exposed to credit risk on loans receivable, other financial assets, trade and other receivables, cash and cash equivalents and loan commitments.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The group only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Credit risk exposure arising on cash and cash equivalents is managed by the group through dealing with well-established financial institutions with high credit ratings.

Credit loss allowances for expected credit losses are recognised for all debt instrument.

Trade receivables

Trade receivables consist of a large number of customers mainly in the construction industry. Due to a number of hardships experienced in the construction industry over the past year management increased its risk management efforts on trade receivables by obtaining general risk cover from Santam for non-specific customers. The Group applies the IFRS 9 simplified approach in measuring expected credit losses ('ECL') which uses a lifetime expected loss allowance for all trade receivables. These lifetime ECL are estimated using a provision matrix. The provision matrix has been developed by making use of historical default experience of debtors but also incorporates forward-looking information and general economic conditions of the industry as at the reporting date. In order to mitigate the risk of financial loss from defaults, management has reacted differently to prior years and were stricter on credit controls with customer credit limits being in place, reviewed and approved by credit management committees. Defaulting customers were converted to cash customers and credit limits for new customers were limited. More upfront payments are required prior to commencing orders. The exposure to credit risk and the creditworthiness of customers are continuously monitored.

Loans receivable

The Group recognises a loss allowance for expected credit losses ('ECL') on all loans receivable measured at amortised cost in accordance with IFRS 9. The amount of ECL is updated at each reporting date to reflect the changes in credit risk since initial recognition of the respective loans. The Group measures the loss allowance at an amount equal to lifetime expected credit losses ('lifetime ECL') when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, the loss allowance for that loan is measured at 12-month expected credit losses ('12-month ECL').

For trade receivables and contract assets which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments.

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial risk management (continued)

Credit risk (continued)

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

		2022			2021		
Group	Notes	**Gross carrying amount R**	**Credit loss allowance R**	**Amortised cost /fair value R**	Gross carrying amount R	Credit loss allowance R	Amortised cost /fair value R
Loans receivable	14	**4 619 843**	**–**	**4 619 843**	7 998 121	–	7 998 121
Trade and other receivables	15	**86 634 494**	**(791 087)**	**85 843 407**	89 739 982	(1 874 009)	87 865 973
Cash and cash equivalents	16	**29 476 556**	**–**	**29 476 556**	32 752 520	–	32 752 520
		120 730 893	**(791 087)**	**119 939 806**	**130 490 623**	(1 874 009)	128 616 614

		2022			2021		
Company	Notes	**Gross carrying amount R**	**Credit loss allowance R**	**Amortised cost /fair value R**	Gross carrying amount R	Credit loss allowance R	Amortised cost /fair value R
Loans to group companies	9	**11 379**	**–**	**11 379**	10 529	–	10 529
Trade and other receivables	15	**130 662**	**–**	**130 662**	156 708	–	156 708
Cash and cash equivalents	16	**4 054 819**	**–**	**4 054 819**	6 764 323	–	6 764 323
		4 196 860	**–**	**4 196 860**	**6 931 560**	–	6 931 560

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

Liquidity risk

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

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

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

Group	Notes	**Less than 1 year R**	**1 to 2 years R**	**2 to 3 years R**	**3 to 5 years R**	**Total R**	**Carrying amount R**
2022							
Non-current liabilities							
Instalment sale liabilities	21	**–**	**8 256 384**	**8 256 384**	**12 650 341**	**29 163 109**	**25 384 965**
Other financial liabilities	22	**–**	**35 178 558**	**–**	**–**	**35 178 558**	**34 863 130**
Lease obligations	23	**–**	**17 898 056**	**19 028 252**	**21 147 971**	**58 074 279**	**54 897 551**
Current liabilities							
Trade and other payables	24	**68 993 482**	**–**	**–**	**–**	**68 993 482**	**68 993 482**
Instalment sale liabilities	21	**8 256 384**	**–**	**–**	**–**	**8 256 384**	**6 026 405**
Other financial liabilities	22	**14 980 273**	**–**	**–**	**–**	**14 980 273**	**13 410 551**
Lease obligations	23	**17 563 701**	**–**	**–**	**–**	**17 563 701**	**12 178 585**
		(109 793 840)	**(61 332 998)**	**(27 284 636)**	**(33 798 312)**	**(232 209 786)**	**(215 754 669)**

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial risk management (continued)

Liquidity risk (continued)

Group	Notes	Less than 1 year R	1 to 2 years R	2 to 3 years R	3 to 5 years R	Total R	Carrying amount R
2021							
Non-current liabilities							
Other financial liabilities	22	–	62 839 948	–	–	62 839 948	58 006 387
Lease obligations	23	–	14 619 367	15 056 813	27 448 724	57 124 904	56 046 957
Current liabilities							
Trade and other payables	24	78 151 313	–	–	–	78 151 313	78 151 313
Other financial liabilities	22	18 750 489	–	–	–	18 750 489	13 311 072
Lease obligations	23	17 080 604	–	–	–	17 080 604	11 360 944
		(113 982 406)	(77 459 315)	(15 056 813)	(27 448 724)	(233 947 258)	(216 876 673)

Company	Notes	Less than 1 year R	Total R	Carrying amount R
2022				
Current liabilities				
Trade and other payables	24	**2 907 756**	**2 907 756**	**2 907 756**
Loans from group companies	20	**112 874 320**	**112 874 320**	**112 874 320**
2021				
Current liabilities				
Trade and other payables	24	1 112 154	1 112 154	1 112 154
Loans from group companies	20	112 874 320	112 874 320	112 874 320

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

Market risk

The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. Market risk arises from the group's use of interest-bearing and tradeable financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk) or other market factors (other price risk). The group is not exposed to any currency risk as there are no foreign currency transactions.

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.

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Group

At 31 March 2022, if the interest rates on cash and cash equivalents had been 1% (2021: 1%) higher or lower during the period, with all other variables held constant, pre-taxation profit for the year would have been R407 469 (2021: R123 890) higher or lower, mainly as a result of higher or lower interest income on funds invested on call. The resulting taxation effect would have been R114 091 (2021: R34 689).

At 31 March 2022, if the interest rates on borrowings had been 1% per annum (2021: 1%) higher or lower during the period, with all other variables held constant, pre-taxation profit for the year would have been R1 285 184 (2021: R1 417 768) higher or lower, as a result of higher or lower interest expense on floating rate borrowings. The resulting taxation effect would have been R359 852 (2021: R396 975).

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Company

At 31 March 2022, if the interest rates on cash and cash equivalents had been 1% (2021: 1%) higher or lower during the period, with all other variables held constant, pre-taxation profit for the year would have been R1 (2021: R163) higher or lower, mainly as a result of higher or lower interest income on funds invested on call. The resulting taxation effect would have been Rnil.

At 31 March 2022, if the interest rates on borrowings had been 1% per annum (2021: 1%) higher or lower during the period, with all other variables held constant, pre-taxation profit for the year would have been R40 (2021: R3) higher or lower, as a result of higher or lower interest expense on floating rate borrowings. The resulting taxation effect would have been Rnil.

Price risk

The group is exposed to price risk because of its investments in equity instruments which are measured at fair value. The exposure to price risk on equity investments is managed through a diversified portfolio, and through the use of option contracts on relevant indexes, where necessary.

There have been no significant changes in the price risk management policies and processes since the prior reporting period.

40. 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.

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The company's current liabilities exceeds the current assets, however if the loan from group company is required to be repaid, the board will approve Métier to pay a dividend to SepHold. The dividend received will be utilised to repay the loan in full. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

KwaZulu-Natal (KZN) and Gauteng saw the outbreak of violent riots in July 2021. The group's operations in these provinces were not affected and as such had no impact on the group's ability to continue as a going concern.

41. EVENTS AFTER THE REPORTING PERIOD

KZN province flooding

Métier has been impacted by the intermittent flooding events in the KZN province since April 2022, which have had a slight negative impact on revenue to date. Although the flooding has not impacted the subsidiary's operations, the disruption has predominantly been on the inability to access selected project sites due to damaged roads and or suspension of projects.

Q1 2022 performance

Following the DCP first-quarter results announcement for the three months ended 31 March 2022, released on 29 April 2022, SepCem's revenue increased by 2% to R553 million (Q1 2021: R541 million) mainly due to price increases implemented in January 2022. SepCem's quarterly EBITDA increased significantly to R89,7 million (Q1 2021: R19,2 million) mainly due to the higher price combined with the low base effect of the Q1 2021 EBITDA adversely impacted insourced clinker.

42. RECLASSIFICATION OF FINANCE COSTS ON THE STATEMENTS OF CASH FLOW

During the year management assessed the reporting requirements of IAS 7. Given the nature of the debt and the consistent application of the standard, it is believed it will provide more useful information for the user if the interest portion is presented in financing activities too. The finance costs on the statements of cash flows now form part of cash flows from financing activities instead of operating activities. This resulted in the reclassification of finance costs of R7 173 455 for the group and R27 for the company in the prior period.

The full details on the prior year are as follows:

	Group			Company		
	Previously reported	Re-classification	31 March 2021	Previously reported	Re-classification	31 March 2021
Statements of cash flows						
Cash flows from operating activities						
Finance costs	(7 173 455)	7 173 455	–	(27)	27	–
Net cash from operating activities	41 813 060	7 173 455	48 986 515	(7 735 718)	27	(7 735 691)
Cash flows from financing activities						
Finance costs – other	–	(64 256)	(64 256)	–	(27)	(27)
Repayment of interest on other financial liabilities	–	(7 109 199)	(7 109 199)	–	–	–
Net cash used in financing activities	(38 334 434)	(7 173 455)	(45 507 889)	(8 380 589)	(27)	(8 380 616)

43. NET ASSET VALUE PER SHARE AND EARNINGS PER SHARE

	Group	
	2022 R	2021 Restated* R
Net asset value and tangible net asset value per share		
Total assets	**1 402 002 879**	1 351 982 901
Total liabilities	**(254 722 125)**	(249 577 767)
Net asset value attributable to equity holders of parent	**1 147 280 754**	1 102 405 134
Goodwill	**(223 421 981)**	(223 421 981)
Tangible net asset value	**923 858 773**	878 983 153
Shares in issue	**254 486 436**	254 486 436
Net asset value per share (cents)	**450.82**	433.19
Tangible net asset value per share (cents)	**363.03**	345.40

43. NET ASSET VALUE PER SHARE AND EARNINGS PER SHARE (CONTINUED)

	Group			
	2022 Gross R	**2022 Net R**	2021 Gross R	2021 Net R
Reconciliation of basic earnings to diluted earnings and headline earnings:				
Profit attributable to ordinary equity holders of the parent entity		**44 577 544**		19 921 912
IAS 33 earnings		**44 577 544**		19 921 912
Add/Less IAS 16 losses/(gains) on the disposal of plant and equipment	**389 942**	**280 758**	(6 131 547)	(4 414 714)
Add IAS 36 impairment of investment		**120 551**		–
Headline earnings and diluted headline earnings attributable to equity holders of parent		**44 978 853**		15 507 198
Basic weighted average number of shares		**254 486 436**		254 486 436
Diluted weighted average number of shares		**254 486 436**		254 486 436
Basic earnings per share (cents)		**17.52**		7.83
Diluted earnings per share (cents)		**17.52**		7.83
Headline earnings per share (cents)		**17.67**		6.09
Diluted headline earnings per share (cents)		**17.67**		6.09

* *See note 45 for details on the restated prior year net asset value and tangible net asset value per share.*

44. SEGMENT INFORMATION

	Ready-mixed concrete R	Head office R	Group totals R
2022			
Segment revenue – external revenue	**785 791 090**	**–**	**785 791 090**
Segment cost of sales	**(484 062 792)**	**–**	**(484 062 792)**
Segment expenses	**(257 825 431)**	**(13 994 125)**	**(271 819 556)**
Profit from equity-accounted investment	**–**	**28 992 240**	**28 992 240**
Loss on sale of property, plant and equipment	**(389 942)**	**–**	**(389 942)**
Segment profit after taxation	**29 579 105**	**14 998 440**	**44 577 545**
Taxation	**(7 831 832)**	**–**	**(7 831 832)**
Interest received	**2 037 015**	**331**	**2 037 346**
Interest paid	**(12 851 838)**	**(6)**	**(12 851 844)**
Depreciation and amortisation	**(26 718 733)**	**–**	**(26 718 733)**
Segment assets	**325 307 335**	**1 076 695 544**	**1 402 002 879**
Investment in associate included in the above total segment assets	**–**	**838 361 313**	**838 361 313**
Capital expenditure included in segment assets	**48 229 012**	**–**	**48 229 012**
Segment liabilities	**(251 544 361)**	**(3 177 764)**	**(254 722 125)**
2021			
Segment revenue – external revenue	634 252 530	–	634 252 530
Segment cost of sales	(390 567 079)	–	(390 567 079)
Segment expenses	(221 532 189)	(12 637 288)	(234 169 477)
Profit from equity-accounted investment	–	15 970 201	15 970 201
Profit on sale of property, plant and equipment	6 131 547	–	6 131 547
Segment profit after taxation	16 588 212	3 333 700	19 921 912
Taxation	(4 211 933)	–	(4 211 933)
Interest received	1 516 012	814	1 516 826
Interest paid	(13 817 635)	(27)	(13 817 662)
Depreciation and amortisation	(22 017 484)	(27 366)	(22 044 850)
Segment assets*	299 388 479	1 052 594 422	1 351 982 901
Investment in associate included in above total segment assets*	–	809 369 073	809 369 073
Capital expenditure included in segment assets	3 038 118	–	3 038 118
Segment liabilities	(248 465 612)	(1 112 155)	(249 577 767)

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

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

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

* *See note 45 for further details on the change in the prior year segment assets and investment in associate.*

45. PRIOR PERIOD ERROR

During 2022 the group discovered that the deferred tax asset of the associate, SepCem had been erroneously overstated with R53 555 000, due to the incorrect calculation of temporary differences relating to certain capital allowances in prior years (2020 and earlier).

As a consequence the group retained earnings and related investment in associate were overstated. The error has been corrected by restating each of the affected financial statement line items for the prior periods in the group. The total impact on the group financials statements at 36% equates to R19 279 800.

The error had no impact on profit or loss and cash flows for the years ended 31 March 2021 and 31 March 2020.

The following table summarises the impact on the group financial statements for 31 March 2020:

	Group		
	Previously reported	Adjustments	As restated
Assets			
Non-current assets			
Investment in associates	812 678 672	(19 279 800)	793 398 872
Total non-current assets	1 215 392 431	(19 279 800)	1 196 112 631
Total assets	1 337 755 480	(19 279 800)	1 318 475 680
Equity			
Stated Capital	682 782 720	–	682 782 720
Reserves	10 643 889	–	10 643 889
Retained earnings	407 339 227	(19 279 800)	388 059 427
Total equity	1 100 765 836	(19 279 800)	1 081 486 036
Total equity and liabilities	1 337 755 480	(19 279 800)	1 318 475 680
Net asset value and tangible net asset value per share			
Total assets	1 337 755 480	(19 279 800)	1 318 475 680
Total liabilities	(236 989 644)	–	(236 989 644)
Net asset value attributable to equity holders of parent	1 100 765 836	(19 279 800)	1 081 486 036
Goodwill	(223 421 981)	–	(223 421 981)
Tangible net asset value	877 343 855	(19 279 800)	858 064 055
Shares in issue	254 486 436	–	254 486 436
Net asset value per share (cents)	432.54	(7.57)	424.97
Tangible net asset value per share (cents)	344.75	(7.57)	337.18

SHAREHOLDERS' ANALYSIS

SEPHAKU HOLDINGS LIMITED

Ordinary shares as at 31 March 2022

Number of ordinary shares issued during the financial year:	254 486 436
Total holders:	8 580

Issued capital

Type of shares	Number of shareholders	% of shareholders	Number of shares
Certificated shares	130	1.52	27 809 595
Dematerialised shares	8 450	98.48	226 676 841
Total issued capital	8 580	100.00	254 486 436

Shareholders holding greater than 5% of the issued share capital at year-end	Number of shares	%
Safika Resources Proprietary Limited (Dematerialised)	30 734 981	12.08
Citiclient Nominees No8 NY GW	27 061 078	10.63
Safika Resources Proprietary Limited (Certificated)	19 043 228	7.48
Citiclient Nominees No8 LDN GW	8 000 000	3.14

Range of shareholdings

Share range	Number of shareholders	% of shareholders	Number of shares
1 – 1 000	6 944	80.93	908 949
1 001 – 10 000	982	11.45	3 560 706
10 001 – 50 000	372	4.34	8 983 130
50 001 – 100 000	104	1.21	7 331 348
100 001 – 500 000	117	1.36	27 050 620
500 001 – 1 000 000	31	0.36	21 956 974
1 000 001 shares and over	30	0.35	184 694 709
Total	8 580	100.00	254 486 436

Breakdown by domicile

Domicile	Number of shareholders	% of shareholders	Number of shares
Resident shareholders	52	0.61	39 714 436
Non-resident shareholders	8 528	99.39	214 772 000
Total	8 580	100.00	254 486 436

Public and non-public shareholders	Shares held	%	Number of shareholders
Public	232 408 483	91.32	8 575
Non-public	22 077 953	8.68	5
– Directors' direct holdings	13 674 186	5.37	3
– Directors' indirect holdings	8 363 767	3.29	1
– Directors' associates	40 000	0.02	1
	254 486 436	100.00	8 580

NOTES

SEPHAKU
HOLDINGS LTD

www.sephakuholdings.com