

• **Delmas and Aganang cement plants on track to commence production early in 2014**

• **Acquisition of 100% of Métier Mixed Concrete**

• **Finalisation of R1,95 billion debt funding for Sephaku Cement**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 March 2013 Audited R'000	30 June 2012 Audited R'000
Assets		
Non-current assets	995 956	644 424
Current assets	98 594	29 181
Total assets	1 094 550	673 605
Equity and liabilities		
Equity attributable to equity holders of the parent	740 525	672 623
Non-current liabilities	260 379	-
Current liabilities	93 646	982
Total equity and liabilities	1 094 550	673 605
Net asset value per share (cents)	394,10	391,54
Tangible net asset value per share (cents)	267,37	391,54
Ordinary shares in issue	187 901 843	171 790 732

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	9 months ended 31 March 2013 Audited R'000	12 months ended 30 June 2012 Audited R'000
Revenue	37 195	-
Cost of sales	(21 574)	-
Gross profit	15 621	-
Other income	356	463
Operating expenses	(35 825)	(16 157)
Loss on disposal of interest in companies	-	(5 629)
Investment income	820	127
Profit/(loss) from equity accounted investment	6 191	(107)
Finance costs	(1 949)	-
Loss before taxation	(14 786)	(21 303)
Taxation	(1 141)	-
Loss from continuing operations	(15 927)	(21 303)
Profit for the period from discontinued operations	-	22 296
(Loss)/profit for the period	(15 927)	993
Other comprehensive (loss)/income for the period	(1 208)	12 683
Total comprehensive (loss)/income for the period	(17 135)	13 676
Total comprehensive (loss)/income attributable to:		
Equity holders of the parent	(17 135)	13 676
Basic (loss)/earnings per share from total operations (cents):	(9,17)	0,58
- Continuing operations	(9,17)	(12,45)
- Discontinued operations	-	13,03
Diluted (loss)/earnings per share from total operations (cents):	(8,93)	0,53
- Continuing operations	(8,93)	(11,42)
- Discontinued operations	-	11,95
Headline loss per share from total operations (cents):	(9,20)	(13,27)
- Continuing operations	(9,20)	(26,96)
- Discontinued operations	-	13,69
Diluted headline loss per share from total operations (cents):	(8,96)	(12,17)
- Continuing operations	(8,96)	(24,73)
- Discontinued operations	-	12,56
Reconciliation of basic earnings to diluted earnings and headline loss:	R'000	R'000
Basic (loss)/earnings and diluted (loss)/earnings from total operations attributable to equity holders of the parent	(15 927)	993
(Profit)/loss on sale of non-current assets	(50)	5 629
Profit on unbundling of Sephaku Fluoride Ltd	-	(30 445)
Impairments	-	1 119
Headline loss attributable to equity holders of the parent	(15 977)	(22 704)
Reconciliation of weighted average number of shares:		
Basic weighted average number of shares	173 613 522	171 080 349
Diluted effect of share options	4 646 656	15 423 470
Diluted weighted average number of shares	178 260 178	186 503 819

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 months ended 31 March 2013 Audited R'000	12 months ended 30 June 2012 Audited R'000
Cash flows from operating activities	(22 089)	(19 776)
Cash flows from investing activities	(96 972)	(34 712)
Cash flows from financing activities	116 770	73 282
Total cash movement for the period	(2 291)	18 794
Cash at beginning of the period	24 629	5 835
Cash at end of the period	22 338	24 629

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital R'000	Total reserves R'000	Retained earnings R'000	Total equity R'000
Balance at 30 June 2011 – Audited	592 128	(6 610)	161 266	746 784
Total comprehensive income for the year	-	12 683	993	13 676
Issue of shares	9 000	-	-	9 000
Employees share option scheme	-	4 222	34	4 256
Dividend <i>in specie</i>	(101 093)	-	-	(101 093)
Balance at 30 June 2012 – Audited	500 035	10 295	162 293	672 623
Total comprehensive loss for the period	-	(1 208)	(15 927)	(17 135)
Issue of shares	80 556	-	-	80 556
Employees share option scheme	-	4 481	-	4 481
Balance at 31 March 2013 – Audited	580 591	13 568	146 366	740 525

NOTES TO THE CONDENSED CONSOLIDATED PROVISIONAL FINANCIAL RESULTS
Basis of preparation

The condensed consolidated provisional financial results for the nine months ended 31 March 2013 ("annual reporting period") have been prepared in accordance with IAS 34: Interim Financial Reporting, the disclosure requirements of the JSE Limited Listings Requirements, the Companies Act No 71 of 2008 (as amended), the SAICA financial reporting guides as issued by the Accounting Practices Board and conform to International Financial Reporting Standards ("IFRS").

The results have been prepared on a historical cost basis, except for the measurement of property at revalued amounts.

The accounting policies adopted for the annual reporting period are consistent with those applied in the annual financial statements for the group for the year ended 30 June 2012.

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

Audit opinion

The financial results have been audited by the group's external auditors, PKF (Gauteng) Inc. A copy of their unqualified report is available for inspection at the company's registered office.

Segment information	Ready mix concrete R'000	Head office R'000	Group totals R'000
Segment revenue – external revenue	37 195	-	37 195
Segment expenses	(11 614)	(24 211)	(35 825)
Profit from equity accounted investment	-	6 191	6 191
Segment profit/(loss) after taxation	1 995	(17 922)	(15 927)
Taxation	(1 141)	-	(1 141)
Interest received	168	652	820
Interest paid	(1 394)	(555)	(1 949)
Depreciation	(1 691)	-	(1 691)
Segment assets	197 356	897 194	1 094 550
Capital expenditure included in segment assets	5 145	-	5 145
Segment liabilities	(248 232)	(105 793)	(354 025)

The only mineral or commodity actively managed by Métier Mixed Concrete (Pty) Ltd ("Métier") is ready mixed concrete. Sephaku Cement (Pty) Ltd ("Sephaku Cement") is an associate of Sephaku Holdings. No segment report has been presented for Cement as the amounts attributable to Cement have been included in the "Head office segment".

NOTES TO THE CONDENSED CONSOLIDATED PROVISIONAL FINANCIAL RESULTS continued

Acquisition of subsidiary

Business combination	R'000
Property, plant and equipment	113 462
Other financial assets	4 756
Inventories	5 817
Trade and other receivables	53 643
Cash and cash equivalents	20 800
Other loans and payables	(67 529)
Deferred taxation	(9 681)
Current taxation payable	(10 410)
Trade and other payables	(52 421)
Deferred income	(1 308)
Net assets acquired at provisional fair values	57 129
Goodwill	238 138
	295 267

Consideration paid

Cash	110 000
Equity instruments at the listed share price of R5 per share as on 28 February 2013	80 556
Deferred vendor loan of R125 million discounted to net present value	104 711
	295 267

Net cash outflow on acquisition

Cash consideration paid	(110 000)
Cash acquired	20 800
	(89 200)

On 28 February 2013 the group acquired 100% of the issued share capital of Métier for a total nominal purchase consideration of R365 million in a combination of acquisition finance and Sephaku Holdings securities. The total fair value of the purchase consideration amounted to R295 267 125.

Goodwill

In terms of IFRS, goodwill acquired in a business combination should be allocated to the acquirer's cash-generating units that are expected to benefit from the synergies of the combination. This allocation of goodwill should be performed at acquisition date. If the initial allocation cannot be completed before the end of the annual period in which the business combination is effected, that initial allocation should be completed before the end of the first annual period beginning after acquisition date.

As the purchase price allocation has not yet been performed at the reporting date, the acquisition resulted in goodwill amounting to R238 137 854 based on the net asset value of Métier on 28 February 2013. Based on the results of an impairment test performed, no impairment of goodwill is required.

Group revenue and profit for full financial period

Revenue of R37 195 338 and profit before taxation of R3 135 986 for the month of March 2013 of Métier has been included in the current year results of Sephaku Holdings. Had the acquisition been effective at the beginning of the reporting nine months, management estimates that Métier would have contributed R292 215 435 to revenue and R38 322 894 to profit before taxation. This estimate is based on management accounts for nine-month period. Métier earned revenue of R414 267 766 and profit before taxation of R63 356 713 for the 12 months ended 28 February 2013 based on their audited annual financial statements.

Impairment of related-party loan receivable

An impairment provision of R6 835 864 has been raised on the receivable from Cross Company Management (Pty) Ltd during the period.

Change of financial year-end

At a shareholders meeting held on 11 January 2013 it was decided to change the financial year-end of the group from 30 June to 31 March.

The reason for the change of year-end is to enable Sephaku Holdings to include the audited financial results of Sephaku Cement (an associate with a year-end of December), in its annual financial statements.

Statement on going concern

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

Events after the annual reporting period

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

Changes to the board

On 2 July 2012 Dr GS Mahlati resigned as non-executive director and Mr PM Makwana was appointed as independent non-executive director on 11 January 2013.

On behalf of the board

Neil Crafford-Lazarus
Financial director

Pretoria
27 June 2013

Lelau Mohuba
Chief executive officer

COMMENTARY

Sephaku Holdings has achieved important milestones in the nine months to 31 March 2013 in preparation for its entry into the cement industry early in 2014.

Following the unbundling of non-core investments and confirming its core business as a focus on cement, Sephaku Holdings has moved to position itself in the industry. In line with its undertaking to shareholders, Sephaku has focused on investing in new productive capacity in the cement industry, preparing for its market entry and acquiring complementary capacity during the period under review.

The construction of Sephaku Cement's R3,2 billion Delmas milling plant and the Aganang clinker and cement plant were both at an advanced stage of development at the year-end and both plants are on schedule to commence production in the first two quarters of 2014. The Delmas cement milling plant in Mpumalanga will receive approximately 55% of the clinker produced at Aganang for further processing and is on track for completion in the final quarter of 2013, with production due to start in January 2014. The Delmas plant will have annual capacity of 1,4 million tons per annum ("Mtpa") of cement. The Aganang plant in North West Province will commence production in the second quarter of 2014 with the capacity to produce 1,9 Mtpa of clinker and 1,2 Mtpa of cement when fully commissioned.

The acquisition of Métier supports Sephaku's growth and investment strategy to strengthen its positioning in cement and cement-related products and services. With its core business the manufacture and supply of quality ready mixed concrete products for the residential, commercial and industrial market in South Africa, Métier offers Sephaku Holdings a broader revenue base in the construction materials market and the immediate benefit of cash flows. It also offers asset and geographic diversification and the potential for vertical integration as Métier is a consumer of cement and fly ash which are both supplied by Sephaku Cement. In return, Sephaku offers Métier critical mass.

Sephaku has a unique set of competitive advantages that are strongly supportive of its market entry and longer-term growth objectives:

- Sephaku Cement is the first new entrant into the domestic cement market since 1934 and has secured one of the last economic limestone deposits with proven raw materials supporting a 30 year life of mine.
- With its own fly ash supply at Eskom's Kendal Power Station, Sephaku Cement controls its extender source, while Kendal's proximity to the Delmas plant will provide a cost advantage in the markets served by the Delmas plant.
- The application of advanced world-class technologies at the new plants will allow for more efficient and environmentally sustainable operations, enabling Sephaku to be a lower cost producer.
- Sephaku Cement and Métier both have management teams with extensive experience in their sectors.
- Sephaku has the backing of Dangote, the largest cement producer in Africa which offers considerable opportunity for longer-term geographic expansion.

Customer service will be a key differentiator in Sephaku Cement's market penetration and retention and the business has implemented several strategies to ensure that it maintains consistently high service levels.

Outlook

Sephaku Holdings is well positioned with significant competitive advantages to compete successfully and generate value for shareholders. In the year ahead, Sephaku Cement will focus on ramping up production volumes, testing product and customer acceptance and positioning for market entry. The financial results of Métier were fully consolidated into Sephaku Holdings with effect from 1 March 2013. Métier will pursue the ongoing expansion of its plant network in Gauteng and KwaZulu-Natal. Maintaining growth in revenue and profits in challenging market conditions remains its key strategic focus.

Company information

Directors

B Williams (Independent chairman),
Dr L Mohuba* (Chief executive officer),
NR Crafford-Lazarus* (Financial director),
RR Matjui* (ISD executive director),
CRDW de Bruin, PF Fourie, Dr D Twist,
MM Ngoasheng, MG Mahlare (Independent),
PM Makwana (Independent), J Bennette*,
JW Wessels*

*Executive *Alternate

Company secretary

Jennifer Bennette

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JSE sponsor

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