IN PURSUIT OF SUSTAINABLE STAKEHOLDER VALUE

Annual financial statements 2019

PPC

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FINANCIAL STATEMENTS

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Strength beyond

- It is the strength of our name and our promise to our customers, stakeholders, staff and communities
- It is the strength of our guarantee. The integrity placed behind every purchase, every interaction; the knowledge that, when you buy PPC, you too place your trust and name on our word
- It is the strength of purposeful partnerships. Partnerships with organisations that will help foster growth in our environment and help improve our societies

APPROVAL OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

The directors of PPC Ltd (the company) and PPC Ltd and its subsidiaries (the group) are responsible for the preparation of the annual financial statements that fairly present the state of affairs of the company and group at the end of the financial year and of the profit or loss and cash flows for that year in accordance with International Financial Reporting Standards (IFRS) and per the requirements of the Companies Act 71 of 2008 (Companies Act). The directors of the company are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information.

The directors are responsible for the systems of internal control. These are designed to provide reasonable but not absolute assurance as to the reliability of the annual financial statements and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatements and loss. The systems are implemented and monitored by suitably trained personnel with appropriate segregation of authority and duties.

The internal audit function is led by the group internal audit executive and comprises internal employees and external resources where required. It serves management and the board by performing an independent evaluation of the adequacy and effectiveness of risk management, internal controls, financial reporting mechanisms and records, information systems and operations, safeguarding of assets and adherence to laws and regulations.

The group continues to address control weaknesses identified. However, the group's system of internal controls continues to provide a basis for the preparation of reliable annual financial statements in all material aspects.

The annual financial statements have been prepared in accordance with IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act and are based on appropriate accounting policies, supported by reasonable judgements. These accounting policies have been applied consistently compared to the prior year.

The annual financial statements have been compiled under the supervision of Tryphosa Ramano (chief financial officer) and have been audited in terms of section 29(1) of the Companies Act.

The directors are of the opinion that the company and the group have adequate resources to continue in operation for the foreseeable future based on forecasts and available cash resources and accordingly the annual financial statements have been prepared on a going concern basis.

It is the responsibility of the external auditors to express an opinion on the group and company annual financial statements. For their unmodified report to the shareholders of the company and group, refer to the independent auditor's report.

The annual financial statements of the company and the group for the year ended 31 March 2019 as set out on pages 18 to 88 were approved by the board of directors at its meeting held on 18 July 2019 and are signed on its behalf by:

PJ Moleketi
Chairman

JT Claassen
Chief executive officer

MMT Ramano
Chief financial officer

CERTIFICATE BY COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that PPC Ltd has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of this Act and that such returns are true, correct and up to date.

K Holthauzen
Company secretary
18 July 2019

PREPARER OF THE FINANCIAL STATEMENTS

These financial statements have been prepared under the supervision of the chief financial officer, MMT Ramano CA(SA).

MMT Ramano
Chief financial officer
18 July 2019

INDEPENDENT AUDITOR'S REPORT

To the shareholders of PPC Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of PPC Ltd (the group) set out on pages 18 to 88, which comprise the consolidated and separate statements of financial position as at 31 March 2019, the consolidated and separate income statements, the consolidated and separate statements of other comprehensive income, statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group as at 31 March 2019, 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 the Consolidated and Separate Financial Statements* section of our report. We are independent of the group in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards) respectively. 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.

No key audit matters were identified with regard to the separate financial statements.

Key audit matter	How the matter was addressed in the audit
Impairment of the Democratic Republic of Congo (DRC) plant	
The DRC plant was commissioned in the 2018 financial year. Since production commenced in April 2017 the company has experienced challenges in penetrating the market. The political, regulatory and macro-economic environments continue to cast doubt on the economic turnaround of the country. These factors increase the risk of the impairment of the value of the plant. In 2018, an impairment of R165 million (US$14 million) was recorded as the difference between the net asset value of the plant and the recoverable amount. The determination of the recoverable amount, which was based on a value-in-use calculation, involved significant judgement by the directors. The key inputs that required significant judgement are: > Growth rates in sales volumes, selling prices and operating costs > Working capital and capital expenditure; > WACC rates > Terminal value The directors determined a WACC discount rate of 17,4%, which falls below our WACC range. Directors' projected cash flows indicated significant volumes and selling price increases in the earlier years, which plateau in later years. The directors' assessment did not indicate that further impairment of the carrying value of the plant is required in the current year as there is adequate headroom. The directors considered it appropriate not to reverse the impairment recorded in the prior year given business uncertainties that remain. This matter is addressed in the audited financial statements as referenced below: > Directors' report: page 9 > Audit, risk and compliance committee report: page 12 > Note 3 of the consolidated financial statements	We assessed design and implementation of key controls applied by the directors in assessing the key assumptions and inputs considered in performing the impairment calculation. We focused our audit testing of the impairment model on the key assumptions used and inputs applied by the directors. Our audit procedures included the following: 1. Assessing whether there are indicators of impairment to the value of the DRC plant 2. Assessing the reasonability of the valuation method used to calculate the recoverable amount 3. Testing the material accuracy of the directors forecasting process by comparing current year actual results with those budgeted in the prior year 4. Assessing the appropriateness of forecast sales volumes and selling prices with reference to the actuals achieved in 2019 5. Engaging our corporate finance specialists to assist with: a. Considering the appropriateness of the valuation methodology adopted for the purposes of impairment testing b. Reviewing the appropriateness of the weighted average cost of capital (WACC) applied c. Reviewing the arithmetic accuracy, on a test basis, of directors' valuation calculation including the discounting formulae applied to present value free cash flows d. Testing the overall logic of the value-in-use (VIU) model and provide findings to the audit team e. Reviewing the calculation of the carrying value performed by the client 6. Assessing conclusions reached by the directors and reviewing the appropriateness of the relevant disclosures in the consolidated financial statements The directors determined a WACC discount rate of 17,4%, which falls below our WACC range. Directors' projected cash flows indicated significant volumes and selling price increases in the earlier years, which plateau in later years. Although the impairment assessment performed by the directors indicated adequate headroom, they are of the view that it is appropriate not to reverse the impairment recorded in the prior year, considering the remaining uncertainties in the country and competitor price pressures due to installed capacity being higher than demand and the cement market still being in its developmental phase. In our sensitivity analysis, we flexed forecast sales volumes, sales prices, variable costs and the WACC discount rate. We used the middle of the range of our corporate finance specialists' determined rate of 18,3%. Our conclusion was that there is sufficient headroom between the directors' determined WACC rate and the breakeven WACC rate. The result of our flexed impairment model indicated a small headroom, however, we do not consider that it would be appropriate to recognise further impairment but support the retention of the existing impairment charge of R165 million (US$14 million). We concluded that the disclosure in the financial statements was in line with the requirements of IAS 36 and that the key sources of estimation uncertainty were appropriately disclosed. Refer to note 3 for relevant disclosures.

INDEPENDENT AUDITOR'S REPORT continued

Key audit matter	How the matter was addressed in the audit
Valuation of the Zimbabwe results	
PPC Zimbabwe is the second biggest subsidiary of PPC Ltd. The deteriorating economic conditions in Zimbabwe in the current financial year resulted in changes in monetary and exchange control policies in the country. The changes in policies were staggered post the elections in 2018 calendar year. The first change was in October 2018 when the Zimbabwe Reserve Bank (RBZ) instructed banks to open FCA Nostro accounts, which are separate from the real-time gross settlement (RTGS) accounts followed by the introduction of the interbank exchange market and formalisation of the RTGS$ as a formal currency of Zimbabwe in February 2019. These developments had a significant impact on the valuation of the entity's results that are consolidated into the PPC Group results. The directors applied significant judgement in concluding on the appropriate accounting for the investment in PPC Zimbabwe including the following: > Assessment of whether there was a change in the functional currency for PPC Zimbabwe > Agreeing on the date of change in the functional currency for PPC Zimbabwe as the changes in monetary and exchange control policies were announced at different months > Determination of the rate to use to translate the results of PPC Zimbabwe to the new functional currency between 1 October 2018 and 31 March 2019 > Methodology to use to translate the results of PPC Zimbabwe The directors applied the principles of IAS 21 and guidance issued by the South African Institute of Chartered Accountants and Zimbabwe accounting institutes. They also used a manual method in translating the results of PPC Zimbabwe for consolidation into the group. This matter is addressed in the audited consolidated financial statements as referenced below: Directors' report: page 9 > Audit risk and compliance committee report: page 12 > Notes 1.6 and 8 of the consolidated financial statements	We evaluated the conclusions reached on how to account for PPC Zimbabwe to ensure that these were grounded on best practice and correct interpretations of IFRS, the law and guidance issued by the South African and Zimbabwe accounting institutes. Our audit procedures included the following: 1. Assessing the process followed by the directors to determine the basis for translating results of PPC Zimbabwe into the group results at 1 October 2018 and 31 March 2019 2. Assessing the reasonability of the assumptions used to translate the results of PPC Zimbabwe into group results 3. Obtaining directors' assessment of the functional currency of the Zimbabwe operation based on the requirements of IAS 21: *Effects of Changes in the Foreign Exchange Rates* and assessing the judgements applied on the currency discounting for reporting purposes 4. Consulting with the Deloitte accounting technical team on the appropriate valuation and treatment of the Zimbabwe currency challenges and whether the economic situation as at 31 March 2019 requires hyperinflationary accounting to be applied in the consolidation of the results for the year ended 31 March 2019 5. Performing procedures to assess the mathematical accuracy of the translation of the results for the period 1 October 2018 to 31 March 2019 We concurred with directors that the functional currency for PPC Zimbabwe changed from US$ to RTGS$ during the year and that the effective date was 1 October 2018. We compared directors' rate of 3,5RTGS$ to the publicly available rates in the market for the period September and October 2018 and concurred that the translation rate of 3,5RTGS$ used at 1 October 2018 was materially reasonable. We also compared the closing rate of 3,01 RTGS$ at 31 March 2019 against publicly available information. We concluded that 3,01 RTGS$ was the closing rate per the interbank market. Our assessment of the directors' assumptions applied on the currency discounting for reporting purposes were reasonable and that the results of the translation of results for the period 1 October to 31 March 2019 were mathematically accurate. Refer to notes 1.6 and 8 for relevant disclosures.

Key audit matter	How the matter was addressed in the audit
Going concern	
The group has faced tough trading conditions impacted by increasing industry competition, slow growth in the South African economy coupled with decline in South African cement market and other countries in which it operates. The expansion strategy of the group has resulted in high debt levels and onerous funding covenants. Certain of the covenants were breached in the current year and these have been remediated. Non-compliance with covenants pose a going concern risk as this may result in the debt becoming immediately repayable which could materially impact the company or group's ability to continue to operate as a going concern. The directors prepared liquidity models for 12 to 24 months following the approval of the consolidated financial statements and have also obtained waivers from the relevant funders where there have been breaches of covenants. This matter is addressed in the audited consolidated financial statements as referenced below: > Directors' report: page 9 > Audit risk and compliance committee report: page 12 > Note 1.4 of the consolidated financial statements	We assessed the key controls designed and implemented at group level to ensure that the going concern assumption is appropriately considered and the inputs used are appropriately approved and applied in the assessment of the going concern assumption used in the preparation of the consolidated financial statements. In addition, we performed the following procedures: 1. We received the liquidity model for the South African operations and engaged our corporate specialists to perform the following: > Agreeing the net opening funding position for the review period to the utilised facilities balance per the funding capital and interest schedule as provided by the directors > Assessing the construct of the liquidity model covering the period from April 2019 to March 2021 > Assessing the level of headroom on a monthly basis for the period from April 2019 to March 2021 > Evaluating of the impact on the headroom of sensitivity analysis performed on forecast receipts and payments on a monthly basis over the period under review 2. Obtaining going concern assessments and cash flow and liquidity models for 12 to 18 months, for all other significant group entities and reviewed directors' assessment and the key assumption made in each of the assessments 3. Obtaining an updated list of all covenants that have been concluded for all entities in the group and reperforming covenants calculations as at 31 March 2019 based on our understanding of the covenants and determining whether there are any that are in breach We concluded as follows in respect of SA operations: > Agreed the opening funding position for the review period to the utilised facilities balance per the funding capital and interest schedule as provided by the directors > The manner in which the directors prepared the cash flows and construct of the liquidity model is considered appropriate > The methodology applied by the directors to assess the level of headroom on a monthly basis for the period under review is considered appropriate > Based on the above analysis, no breaches were noted on the forecast provided by the directors > Concerning the SA operations' covenants, no breaches were noted on a quarterly basis PPC Ltd as first project sponsor funds the DRC operation. The SA liquidity model does cater for the expected outflows of funds to fund expected capital and interest shortfalls relating to the DRC debt for the 12 months ended 30 June 2020. We concur with the directors that the DRC operation is a going concern. We note, however, that should the DRC require additional funding over and above expectations coupled with any deterioration of the rand to US dollar exchange rate, may pose a strain on the group cash flow position. We noted that a number of the CIMERWA operation's covenants are breached. A waiver regarding compliance with the covenants has been granted for the CIMERWA operations. We concur with the directors that CIMERWA operation is a going concern. Concerning PPC Zimbabwe, we concluded that there were no breaches of debt covenants on both IFRS and RTGS$ statutory accounts. We concur with the directors that PPC Zimbabwe is a going concern. We concur with the directors' overall conclusion that the adoption of the going concern basis in the preparation of the consolidated financial statements for the year ended 31 March 2019 is appropriate. Refer to note 1.4 for relevant disclosures.

INDEPENDENT AUDITOR'S REPORT continued

Key audit matter	How the matter was addressed in the audit
CIMERWA Limited (Rwanda) – recoverability of deferred tax asset	
CIMERWA has accumulated tax losses since 2014, a significant portion of the tax losses arose in 2015 when they claimed 50% of plant investment as a deduction. As at 31 March 2019 a deferred tax asset of R209 million is recognised. Until recently, the utilisation of tax losses against future taxable profits was limited to five years thereafter entities would forfeit the unutilised tax losses. IAS 12: *Income Taxes*, par 35 states that a deferred tax asset shall be recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. The directors have assessed the company's ability to utilise the tax losses against future taxable profits. Events that bring into question recoverability of the DTA in CIMERWA are explained below. ***New tax regulation*** On 6 May 2019, a ministerial order was gazetted which allows a taxpayer to apply to the tax administrator to carry forward tax losses for a period longer than five years. The period for carrying forward the tax loss cannot be extended for more than a further period of five years. The following are significant judgements that the directors have made in assessing the recoverability of the deferred tax asset at the year-end: > CIMERWA meets the various criteria contained in the application process and will soon make the necessary application to the tax administrator, which they consider will be successful. However, this is still subject to government approval and there is currently no precedent to confirm that the application will be accepted ***Change in shareholding of CIMERWA*** PPC Ltd is a 51% shareholder of CIMERWA with the rest of the shareholding being held by three Rwanda government entities and a private entity. In a letter dated 16 November 2018, one of the government entities with a shareholding of 16,55% notified the CIMERWA board of directors of its intention to dispose of all of its shareholding. This process was not yet concluded at 31 March 2019 or at the date of approval of the consolidated financial statements.	We assessed the design and implementation of the key controls relating to directors' assessment of the recoverability of deferred tax. We are satisfied that the processes and controls are in place to appropriately conclude on the recoverability of the CIMERWA deferred tax asset. Other procedures performed included the following: 1. Reviewing applicable tax law provisions that came into effect on 6 May 2019 relating to the ability of the company to make application for the extension of the five-year period over which tax losses can be utilised, and the provisions that result in the risk of loss of tax losses should 25% or more of a company's shareholding change 2. Obtaining financial budgets, strategic plans and directors' profitability forecasts and reviewing the assumptions and key inputs to determine whether the assumptions and key inputs used are reasonable to assess the period over which the tax losses are expected to be utilised 3. Performing sensitivity analysis on key inputs used in the profitability forecasts 4. Assessed criteria for recognition of deferred tax assets in terms of IAS 12 5. Assessing the disclosure in the consolidated financial statements of the deferred tax asset for compliance with IAS 12 Having assessed the applicable law and evaluated the seven conditions applicable for successful application of extension for utilisation of tax losses for a further period limited to a five years, we concur with the directors that CIMERWA meets the requirements to qualify for the extension of the tax loss utilisation period which will enable the tax losses in existence at 31 March 2019 to be utilised based on the audit-sensitised profitability forecasts. The law states that where there is a change in shareholding of more than 25%, the assessed loss cannot be carried forward. Therefore, there is a risk that should the other shareholders dispose of their shareholding, the assessed loss in CIMERWA would be forfeited, which would have a negative impact on the value of the CIMERWA business. We are satisfied that the deferred tax asset in CIMERWA has been correctly calculated and appropriately recognised in accordance with IAS 12. We concur with the directors that the deferred tax asset in CIMERWA is recoverable. We caution that should the change in shareholding result in an inability to utilise the assessed loss, this could lead to a loss in value. Refer to note 10.3 for relevant disclosures.

Key audit matter	How the matter was addressed in the audit
CIMERWA Limited (Rwanda) – recoverability of deferred tax asset (continued)	
The Rwanda tax law states that where there is more than 25% direct or indirect change in the share capital or voting rights of a company during a tax period, any tax losses incurred by the company in the prior or current tax periods cease to be carried forward. The directors are still of the view that the deferred tax arising on the tax loss is recoverable at the year-end as the other shareholders have not actually notified the directors of CIMERWA of their intention to dispose of the remaining interest at the year-end or at the date of approval of the consolidated financial statements. PPC Ltd has a pre-emptive right on the sale of an interest in the company by another shareholder which may overcome the application of the tax legislation which results in tax losses not being able to be carried forward. This matter is addressed in the audited consolidated financial statements as referenced below: > Directors' report: page 9 > Audit risk and compliance committee report: page 12 > Note 10.3 of the consolidated financial statements	

Other information

The directors are responsible for the other information. The other information comprises the approval of financial statements; certificate by company secretary; directors' report; and the audit, risk and compliance committee report as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the integrated 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 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 and 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 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

INDEPENDENT AUDITOR'S REPORT continued

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 and 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 and 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 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, related safeguards.

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

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of PPC Ltd for 17 years.

Deloitte & Touche.

Deloitte & Touche
Registered auditor

Per: Andrew Mashifane
Partner

18 July 2019

Deloitte Place
The Woodlands
Woodlands Drive
Woodmead
Sandton
2052

DIRECTORS' REPORT

for the year ended 31 March 2019

The PPC board of directors has pleasure in presenting its report on the financial statements of the company and group for the year ended 31 March 2019.

NATURE OF THE BUSINESS

PPC Ltd, its subsidiaries and equity-accounted investments operate in Africa as producers of cement, aggregates, readymix, lime and limestone and fly ash.

The principal activities of the group remain unchanged from the previous reporting period.

CORPORATE GOVERNANCE

The group subscribes to the code of good corporate practices and conduct as contained in the King IV™* report on corporate governance. The PPC board has satisfied itself that the company has complied in material aspects with the codes as well as the JSE Listings Requirements.

REVIEW OF OPERATIONS

A comprehensive review of operations is detailed in the attached integrated report.

KEY AREAS FROM THE YEAR-END AUDITOR'S REPORT

The consolidated annual financial statements include balances, transactions and other items where the application of judgement is necessary. To the extent that significant judgement was applied, the areas of judgement are noted and the appropriate disclosure is reflected in the respective notes to the consolidated annual financial statements.

Further details on the judgements, key inputs and sensitivity disclosures can be found in note 1 to the consolidated annual financial statements.

Potential impairment of significant assets

PPC performs impairment calculations twice each year, at interim and at year-end stage. All PPC's subsidiaries are assessed for indications or conditions that may suggest an impairment. In accordance with International Accounting Standards (IAS) 36.10(a) and (b), the following are assessed irrespective of whether there is any indication of impairment:

- Goodwill acquired in a business combination
- Intangible asset with an indefinite useful life
- Intangible asset not yet available for use

Where such an indication exists, PPC estimates the recoverable amount of the asset and compares this to the current carrying amount of the entity and the goodwill balance (where applicable). PPC measures the recoverable amount as value in use, as it expects to recover the value of the asset through use, unless an asset has been identified as held for sale or there is a suitable market where fair values are readily available. The selection of an appropriate method is prescribed by International Financial Reporting Standards (IFRS) requirements.

Given the economic and political environments, the Zimbabwe change in functional currency and life-of-mine estimates, impairment assessments were undertaken by management on all subsidiaries. The board concluded that there was no impairment required on any of the cash-generating units, being PPC Barnet DRC, CIMERWA, PPC Zimbabwe, PPC Cement South Africa and the rest of the materials businesses.

Impairments were approved for specific PPC Cement SA assets not in use and planned for retirement in 2020 of R82 million and recorded in the 2019 financial year. Refer to the audit, risk and compliance committee report as well as note 3 in the consolidated financial statements for detailed notes on impairments.

Valuation of the Zimbabwe subsidiary and reporting of its financial performance

After considering the application of IAS 21 *Effects of Changes in Foreign Exchange Rates*, the board concluded that the functional currency of the Zimbabwe subsidiary has changed from the United States dollar (US$) to the Zimbabwean Real Time Gross Settlement dollar (RTGS$). The effect of the change in functional currency has been accounted for prospectively from FY2019 onwards. This is as per IAS 21, paragraph 35. There is no restatement required on comparative results for the PPC group.

Going concern

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the group and company can continue in operational existence for the foreseeable future.

Based on the expectation that the group's current trading position and forecasts will be met and taking banking facilities into account, the directors believe that the group and company will be able to comply with their financial covenants and be able to meet their obligations as they fall due, and accordingly have concluded that it is appropriate to prepare the financial statements on a going concern basis.

Refer to the audit, risk and compliance committee report for additional information relating to going concern.

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DIRECTORS' REPORT continued

for the year ended 31 March 2019

Deferred taxation assets

Deferred taxation assets are recognised to the extent it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Future tax profits are estimated based on the business plans which include estimates and assumptions regarding economic growth, interest, inflation and tax rates and the competitive environment. At year-end, the group had deferred taxation assets of R220 million (March 2018: R245 million). The deferred taxation balances were recognised for each subsidiary in line with IAS 12 *Income Taxes*, and the applicable tax laws in the countries in which PPC has operations.

The report to shareholders on the activities of the audit committee includes the approach the audit committee undertook to ensure appropriate judgements have been applied to these key audit matters. The report can be found on pages 12 to 17 of these annual financial statements.

SUBSIDIARY COMPANIES

Details of the group's subsidiaries can be found on page 66. There has been no change in the shareholding of operating subsidiaries during the year.

PROPERTY, PLANT AND EQUIPMENT

At March 2019, the group's net investment in property, plant and equipment amounted to R12 587 million (2018: R11 393 million), details of which are set out in note 3 to the consolidated financial statements.

There has been no change in the nature of the property, plant and equipment or to the policies relating to the use thereof during the year.

During the year, the Slurry kiln 9 (SK9) was commissioned. The total costs capitalised into the project amounted to R1.4 billion.

Impairment assessments were undertaken for the 2019 financial year. Details of these impairments have been discussed earlier in this report. Discussion around the methodology applied is included in note 3 to the consolidated financial statements.

Details of the group capital commitments of R245 million (2018: R596 million) can be found in note 4.

BORROWINGS

At 31 March 2019, total borrowings amounted to R5 002 million (2018: R4 682 million), split across the various jurisdictions as follows:

	2019 Rm	2018 Rm
Southern Africa	**1 575**	1 639
Zimbabwe	**433**	479
Rwanda	**763**	747
DRC	**2 231**	1 817
Total borrowings	**5 002**	4 682

In order to further strengthen the group's liquidity position, additional funding was raised in April 2019. A R3,1 billion facility is in place, with an extended maturity profile at reduced interest rates. Details of borrowings are included in note 11 to the consolidated financial statements.

STATED CAPITAL

On 31 March 2019, the issued stated capital of the company was 1 593 114 301 (2018: 1 591 759 954) no par value shares.

During the current reporting period, 7 190 432 shares (2018: 9 774 028 shares) were purchased in terms of the group's long-term employee incentive scheme, the forfeitable share plan, and have been treated as treasury shares from an IFRS perspective during the vesting period of the awards. At year-end, stated capital amounted to R3 943 million (2018: R3 984 million).

Except for the purchase of the shares held for participants of the long-term employee incentive scheme noted earlier, the company did not purchase any of its own shares during the year under review.

Details of authorised, issued and unissued shares at 31 March 2019 are disclosed in notes 14 and 21 to the consolidated financial statements.

DIVIDENDS

In considering the dividend policy framework, the board considered the liquidity and solvency requirement of the business. In addition, the optimal capital structure of the business was reviewed. Therefore the board resolved not to declare a dividend for the 2019 financial year.

EVENTS AFTER REPORTING DATE

Refer to note 32 in the consolidated financial statements for events after the reporting date.

REGISTER OF MEMBERS

The register of members of the company is open for inspection to members and the public, during normal office hours, at the offices of the company's transfer secretaries, Computershare Investor Services Pty Limited, or at Corpserve Pvt Limited (Zimbabwe).

Details of the transfer secretaries can be found in the administration section on page 107.

Details relating to the beneficial shareholders owning more than 3% of the issued stated capital of the company appear in the PPC shareholder analysis.

DIRECTORS' INTEREST IN THE ISSUED SHARES OF THE COMPANY

Details of the beneficial holdings of directors of the company and their families in the ordinary shares of the company are given in the abridged remuneration report included in the financial statements.

Certain directors and non-executive directors have an indirect shareholding in the company. Details thereof are also provided in the abridged remuneration report.

There has been no change in the directors' interest since year-end.

DIRECTORS

The directors in office at the date of this report appear in the administration section.

At the annual general meeting (AGM) held on 30 August 2018, Messrs J Claassen, J Moleketi, A Ball, I Sehoole, Ms N Mkhondo and Adv M Gumbi were elected as directors, while Mr T Moyo was re-elected as director.

Post the AGM, Messrs I Sehoole, T Leaf-Wright, Ms N Goldin and Ms S Dakile-Hlongwane resigned as directors of the company. The board would like to thank them for their service to the company.

Messrs A Ball, C Naude and Ms N Gobodo are required to retire by rotation in terms of the company's memorandum of incorporation. Details of re-elections will be provided in the notice to the AGM.

Following the appointment of Mr MR Thompson as director by the board during May 2019, and in terms of the company's memorandum of incorporation, all are required to retire as director. He has offered himself for election and the nominations committee has recommended his election.

The PPC board believes the appointment of the new director aligns the composition of the board with its strategic priorities.

SPECIAL RESOLUTIONS

At the AGM held on 30 August 2018, the following special resolutions were approved:

Granting approval for the company to enter into intercompany loans with subsidiaries and other related entities within the group.

Authorised the company to pay remuneration to non-executive directors for their services as non-executive directors.

The company be and is hereby authorised to pay once-off remuneration to non-executive directors of an equivalent amount to any VAT paid by qualifying non-executive directors.

General authority to repurchase own shares or acquisition of the company's shares by a subsidiary company.

SPECIAL RESOLUTIONS PASSED BY SUBSIDIARY COMPANIES

A minor amendment to Safika Cement Holdings Pty Limited's memorandum of incorporation was implemented on 29 June 2018 to give effect to the integration of its business into PPC Cement SA Pty Limited.

COMPANY SECRETARY

The company secretary of PPC Ltd is Kristell Holthauzen. Her business and postal address appear in the administration section.

AUDIT RISK AND COMPLIANCE COMMITTEE

The directors confirm that the audit committee has addressed specific responsibilities required in terms of section 94(7) of the Companies Act 71 of 2008, as amended. Further details are contained within the audit committee report.

COMPETITION COMMISSION

In terms of the conditional leniency agreement with the Competition Commission, PPC continues to cooperate with its investigation and from our perspective there have been no significant new developments.

AUDITORS

Deloitte & Touche was reappointed as auditor to the company at the AGM held on 30 August 2018.

AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT

Nonkululeko Gobodo
Chairman

REPORT TO SHAREHOLDERS ON THE ACTIVITIES OF THE AUDIT, RISK AND COMPLIANCE COMMITTEE FOR THE YEAR ENDED 31 MARCH 2019.

During the June 2018 board meeting, the board approved the integration of the audit, risk and compliance committee (ARC or the committee), in which proposed terms of reference (ToR) were approved.

The newly established committee met for the first time in September 2018. All pending items relating to risk and compliance matters were transferred to the audit, risk and compliance committee (ARC) and are being reported to shareholders under the ARC mandate for the year ended 31 March 2019.

The ARC is a statutory committee established in terms of section 94 of the Companies Act and is a committee of the board. In addition to specific statutory responsibilities the board has assigned additional responsibilities in terms of the JSE Listings Requirements and King IV. In summary, the ARC responsibilities are:

- Assists the board by advising and making submissions on financial reporting
- Oversee the governance, risk management process and internal control (financial and non-financial controls)
- Oversee external and internal audit functions

Additional objectives over and above the specific statutory responsibilities assigned to the ARC include:

- Promote a proactive approach to identify, evaluate, manage and monitor risks in the business
- Ensure compliance with applicable laws and adopted non-binding rules, codes and standards

Terms of reference (ToR)

The committee has formal terms of reference that were reviewed during the year and approved by the board. It has executed its duties in the period in line with these terms of reference.

Composition

The risk and compliance committee met twice prior to the integration and at the time of dissolving the risk and compliance committee the membership was:

Membership	Qualification	Status
N Gobodo	CA(SA)	Independent
T Leaf-Wright (chairman)	Chartered Institute of Secretaries	Independent
C Naude	BSc (Hons) (geology, chemistry), MBL	Independent
J Claasen	BEng, EDP	Executive

The risk and compliance committee met on the following dates:

Meeting date(1)	Attendance	Focus of the meeting
10 April 2018	All present	Risk register review, combined assurance, risk appetite matrix and insurance programme
24 May 2018	All present	Risk reviews

(1) *From 20 September 2018, meetings were held under the auspices of the ARC committee (included in the audit committee report).*

The ARC comprises three independent non-executive directors:

Membership	Qualification (relevant)	Tenure (years)
N Gobodo (chairman)	CA(SA)	2
N Mkhondo	CA(SA), MBA	1
C Naude	BSc (Hons) (geology, chemistry), MBL	4

During the June 2018 board meeting, the board approved the integration of the audit and risk and compliance committee (ARC or the committee), in which a proposed terms of reference was approved.

Effective 9 April 2018, Mr Tim Ross, the committee chairman, resigned as non-executive director of PPC. Ms Nonkululeko Gobodo was subsequently appointed as the audit committee chairman, she was replaced by Mr Ignatius Sehoole in September 2018, who unfortunately resigned on 31 December 2018 and was replaced by Ms Gobodo as chairman of the newly integrated ARC committee. Mr Mark Thompson will be replacing Ms Gobodo as chairman of ARC at on 29 August 2019.

The CEO, CFO, CAE, senior financial executives of the group, along with representatives from the external auditors, attend committee meetings by invitation. The internal and external auditors have unrestricted access to the committee.

Meetings

The committee held five(2) scheduled meetings during the year, with attendance shown below:

Meeting date	Attendance
8 June 2018	All present
12 July 2018	All present
20 September 2018	All present
15 November 2018	Ms Mkhondo absent with apology
25 March 2019	All present

(2) *The audit committee and risk and compliance committee were joined with effect 20 September 2018 to form the ARC committee. All meetings from this date onwards were held as part of the ARC committee.*

Audit report

Statutory duties

In executing its statutory duties for the year, the committee:

- Nominated Mr Andrew Mashifane, from the audit firm Deloitte & Touche (Deloitte), for appointment as lead engagement auditor. In the opinion of the committee, Mr Andrew Mashifane was independent of the company
- Determined Deloitte's terms of engagement
- Determined that the appointment of Deloitte complies with the relevant provisions of the Companies Act, JSE Listings Requirements and King IV
- Developed and implemented a policy setting out the extent of any non-audit services the external auditor may provide to the company or may not provide
- Pre-approved all non-audit service contracts with Deloitte
- Received no complaints on the accounting practices and internal audit of the company, the content or auditing of its financial statements, internal financial controls or related matters
- Engaged with the board on matters concerning the company's accounting policies and financial controls

Delegated duties

In executing its delegated duties and making its assessments (as reflected in its ToR), the committee obtained feedback from external and internal audit and, based on the processes and assurances obtained, believes the accounting practices are effective. Accordingly, the committee, believe that it has fulfilled all its obligations set out below.

Financial statements

The committee reviewed the audited annual financial statements, short-form announcements and accompanying reports to shareholders and other announcements on the company's 2019 results to the public.

AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT continued

Integrated reporting

- Recommended to the board to engage an external assurance provider on material sustainability issues
- Reviewed disclosure of sustainability issues in the integrated and supplementary reports to ensure it is reliable and ensure that there is no conflict with financial information
- Recommended the integrated report to the board for approval

Internal audit

- Took responsibility for the performance assessment of the CAE, Ms Candice Putzier. A formal performance assessment was performed at the end of the financial year and nothing has come to the attention of the committee indicating a decline in performance
- Approved the internal audit plan and changes to the plan and satisfied itself that the audit plan makes provision for effectively addressing the critical risk areas of the business
- Reviewed internal audit's compliance with its charter and considered whether the internal audit function has the necessary resources, budget and standing in PPC to discharge its functions

External audit

- Evaluated and reported on the independence of the external auditor
- Reviewed the quality and effectiveness of the external audit process
- Based on its satisfaction with the results of activities outlined above, recommended to the board that Deloitte should be reappointed for 2020 with Mr Andrew Mashifane nominated as the registered auditor
- Determined fees to be paid and terms of engagement of the auditor
- Ensured the appointment of the auditor complies with the Companies Act and other relevant legislation

Financial director

The committee has satisfied itself of the appropriateness of the expertise and experience of Ms Tryphosa Ramano, the financial director, and confirms this to the shareholders.

Financial function

- The committee has reviewed the expertise, resources and experience of the company's finance function
- In making these assessments, the committee obtained feedback from external and internal audit
- Based on the processes and assurances obtained, the committee believes the accounting practices are functional and effective. While the finance function is generally effective, there are some deficiencies that require management's attention. The committee is satisfied that management is implementing appropriate plans to remedy the situation

Internal financial controls

- Reviewed the effectiveness of the company's system of internal financial controls, and received assurance from management and internal audit
- Reviewed material issues raised by the internal and external audit process

Internal controls

- While control deficiencies were identified during the reporting period, we believe that internal financial controls are effective as there are compensating controls in place to mitigate these deficiencies. Management has implemented a process to monitor effectiveness of financial controls. Deficiencies are reported upon on a quarterly basis to the ARC

Key areas from the year-end audit report

As noted in the directors' report, preparing the financial statements require management and the board to exercise judgement in compiling financial information. To the extent that significant judgements were applied, appropriate disclosure are reflected in the respective notes to the financial statements.

The auditors also report on matters they deem significant. These are discussed in their report on page 2 of the financial statements.

In finalising the consolidated annual financial statements for the year ended 31 March 2019, the committee considered the following transactions and balances to have been prepared with a significant amount of judgement:

Potential impairment of significant assets

PPC performs impairment calculations twice each year, at interim and at year-end stage. All PPC's subsidiaries are assessed for indications or conditions that may suggest an impairment. In accordance with International Accounting Standards (IAS) 36.10(a) and (b), the following are assessed irrespective of whether there is any indication of impairment:

- Goodwill acquired in a business combination
- Intangible asset with an indefinite useful life
- Intangible asset not yet available for use

Where such an indication exists, PPC estimates the recoverable amount of the asset and compares this to the current carrying amount of the entity and the goodwill balance (where applicable) (IAS 36.09). PPC measures the recoverable amount as value in use, as it expects to recover the value of the asset through use, unless an asset has been identified as held for sale or there is a suitable market where fair values are readily available. The selection of an appropriate method is prescribed by International Financial Reporting Standards (IFRS) requirements.

The group has expanded into the DRC and Rwanda, with the DRC plant commissioned during the 2017 calender year. The plant in Rwanda was commissioned in the calendar year 2015. PPC has been operating in Zimbabwe since acquiring the business in 2001, with a further investment in a cement mill in Harare that was commissioned in the 2017 financial year.

Given the economic and political environments, Zimbabwe changed its functional currency. Life-of-mine estimates and impairment assessments were undertaken by management on all subsidiaries.

The committee assessed assumptions used by management in performing impairment assessments, applying the value-in-use model, including assessment of the weighted average cost of capital applicable to each subsidiary. It concluded that there was no impairment required on any of the cash generating units; being PPC Barnet DRC, CIMERWA, PPC Zimbabwe, PPC Cement SA and the rest of the materials businesses. However, impairments of R82 million were approved for specific PPC Cement SA assets not in use and planned for retirement in 2020.

It was also noted that management should continue to monitor the impairment indicators and, if still applicable by the time the company finalises its 2020 half-year results, further impairment reviews should be performed.

Valuation of the Zimbabwe results and financial performance

Following the announcement of the Zimbabwe mid-term MPS on 1 October 2018, the economy witnessed a shift into an inflationary environment where parallel market premiums increased to levels ranging between 300 % and 400 % from a previous average of 150 % prior to October 2018. The increase in the parallel rates had an inflationary impact as noticed with the increased inflation rates from 5.4 % in September 2018 to 56.90 % in January 2019. This gave rise to challenges including but not limited to the introduction of multi-tier pricing by businesses, negative investor confidence, valuation and accounting difficulties and speculative pricing affecting the consumer. Exporters faced the imminent risk of being uncompetitive as the export incentive that the government had put in place a few years ago had been eroded by the increasing parallel market premiums. Without government intervention through the Central Bank, the re-dollarisation of the economy was imminent, therefore, the Central Bank through the recently presented MPS sought to address the issues plaguing the economy through introducing new monetary policy measures.

The Reserve Bank of Zimbabwe (RBZ) governor, Dr John Mangudya presented the much-awaited Monetary Policy Statement (MPS) on 20 February 2019 in a bid to steer the economy back to the upward trajectory initially anticipated by the government.

Through the new measures, the RBZ expects inflation and parallel rates to subside significantly, improving local economy competitiveness, appropriately rewarding exporters and simultaneously reducing price distortions and arbitrage opportunities within the domestic market.

The RBZ has acknowledged the non-equivalence of the bond note and the US$ which was previously said to be at parity. The government has established an inter-bank foreign exchange market in Zimbabwe to formalise the existing trading of the RTGS balances, US$ and other currencies at a willing-buyer, willing-seller basis through the banks and bureau de changes. The "RTGS$" shall be adopted by all entities for the settlement of domestic transactions with the objective of eliminating the existence of the multi-tier pricing system of charging of goods and services in foreign currency within the local market.

After considering the application of IAS 21 *Effects of Changes in Foreign Exchange Rates*, the committee concluded that the functional currency of the Zimbabwe subsidiary has changed from the United States dollar (US$) to Zimbabwean real time gross settlement dollar (RTGS$). The effect of the change in functional currency has been accounted for prospectively from FY2019 onwards. This is as per IAS 21, paragraph 35. There is no restatement required on comparative results for the PPC group.

Going concern

The ARC also considered the going concern risk for the PPC group. Despite the expansion and growth within the PPC group that includes the commissioning of the SK9 operations in PPC Cement SA as well as the commissioning of the DRC plant in the past financial year, external factors beyond the group's control have contributed to a global economy that is declining, with significant decline in commodity prices. This has culminated in downward pressures on selling prices in the regions in which the group operates. In addition South Africa, which is major contributor to group earnings, has seen intensified competition in terms of new entrants as well as imports into the country despite the economic slowdown, resulting in overcapacity in the South African market. The board and executive management have reviewed the group's business and capital structure and developed a business plan in order to be able to deal effectively with the effects of a continuation of the current low selling price environment and limited economic growth. Key elements of the business plan are the reduction of costs and improvements in efficiencies, through the Plan 1 2020 process which includes additional savings and cost efficiencies from the initial Plan 0 2020. These are identified savings which the group has committed to which will support the group's business plans and capital structures. Part of the group's strategy is to curtail discretionary capital expenditure while preserving the ability of the business to increase production and compete efficiently when cement prices and economies improve.

On 22 March 2019, S&P Global Ratings (S&P) downgraded PPC's long and short-term South African national scale corporate credit ratings from 'zaA-/zaA-2' to 'zaBBB-/zaA-3'. The rationale for the downgrade was attributed to challenging domestic trading conditions and announced changes to monetary policy in Zimbabwe.

Furthermore, despite the deteriorating economic environment and the challenges being faced with processing of foreign payments by the banks in Zimbabwe, the ARC believes that PPC Zimbabwe has the ability to continue in operation as a going concern for the foreseeable future. PPC Zimbabwe has set out action plans to help ensure that operations are not interrupted due to difficulties in remitting payments to foreign suppliers. Through the action plans, PPC Zimbabwe is exploring various mitigation methods such as increasing export sales and obtaining a trade financing mechanism facility.

During the current year, CIMERWA was in breach of certain debt covenants with external funders. The directors have obtained waivers for the breach and are satisfied that the breach has been remediated.

Concerning PPC Zimbabwe, we concluded that there were no breaches of debt covenants on both IFRS and RTGS statutory accounts.

Both CIMERWA and PPC Zimbabwe are going concerns for the forseeable future. In addition to the group's current trading position, forecasts and facilities in place, the directors believe that the group will be able to comply with its financial covenants and be able to meet its obligations as they fall due and accordingly have formed a judgement that it is appropriate to prepare the financial statements on a going concern basis. The 2019 group financial statements therefore do not include any adjustments that would result if the going concern assumption was not used as the basis for the underlying preparation of the financial statements. The ARC concluded that the group will continue to be a going concern for the foreseeable future.

AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT continued

Deferred taxation assets

Deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Future tax profits are estimated based on the business plans, which include estimates and assumptions regarding economic growth, interest, inflation and tax rates and the competitive environment. At year-end, the group had deferred taxation assets of R220 million (March 2018: R245 million).

CIMERWA has accumulated tax losses over the last four years with a significant amount arising in 2015 from claiming a 50% investment deduction on the new plant.

Article 29 of law no 16/2005 capped the utilisation of tax losses to a five-year period following the tax loss. A new income tax law, law no 016/2018 has been gazetted repealing law no 16/2005 of 18/08/2005 on direct income tax. This new law is applicable to CIMERWA. Article 32 of law no 016/2018, which came into effect on 13 April 2018, states that the Rwandan Revenue Authority (RRA) may authorise the taxpayer who duly applies, to carry forward losses for more than five tax periods if tax payer fulfils requirements determined by an order of the Minister. The ministerial order was published in the official gazette on 6 May 2018 indicating that a taxpayer may apply for losses to be carried forward more than five tax periods, subject to fulfilment of certain conditions. The deferred taxation asset recognised in CIMERWA is also affected by the maintenance of the existing shareholders. Any disposal of shares by the existing shareholders equal to and higher than 25% will result in the loss of the deferred taxation asset. In a letter dated 16 November 2018, Agaciro Developments Fund (AgDF) notified the CIMERWA board of directors of its intention to sell its shareholding of 16,55% in CIMERWA. An assessment of the conditions indicates that the CIMERWA deferred tax of R209 million (2018: R242 million) is recoverable.

The PPC Barnet DRC Manufacturing deferred tax asset of R173 million was assessed based on the DRC's tax laws applicable at 2019 year-end close. The assessment of the deferred tax recoverability was based on the subsidiary's approved business plans and compliance with DRC's tax laws and regulations, the recognised deferred taxation asset was assessed to be recoverable.

PPC Aggregates Quarries Botswana's deferred tax asset of R20 million was assessed for recoverability. The recoverability assessment has taken into account the approved business plan and Botswana's applicable tax laws and regulations and based on the assessment, no impairment was recognised during the year.

Pronto Building Materials and PPC Ltd's deferred tax assets recoverability assessments were based on applicable South African tax laws and the approved business plans and the assessment, no impairment was recognised during the year.

Risk management

The committee is an integral component of the risk management process and specifically reviewed:

- Financial risks
- Financial reporting risks
- Internal financial controls
- Fraud risks as they relate to financial reporting
- IT governance

Enterprise risk management

In fulfilling management's responsibility, a risk management plan is compiled, implemented and monitored to ensure the continuous improvement of risk management processes as they are embedded in PPC's business processes. Key activities in the review period included:

- The committee reviewed management's report on executing the risk management plan against targets and is satisfied with progress
- The committee reviewed the group risk register was reviewed and approved by exco
- The committee noted management's remedial action plans to reduce the group's inherent risk exposure
- The committee is satisfied with progress in embedding risk management processes as part of day-to-day management in the group
- The committee noted phase two: BCM readiness reviews of the business continuity management programme which were conducted across the operations with the exception of a few operations which are still in progress. The status and outcome of these readiness reviews have been shared with management and the committee. The value of conducting these readiness reviews has been acknowledged throughout the business and has ensured that there is a common understanding of the BCM framework and the importance of having robust business continuity plans in place which can be invoked at any time when an incident may occur
- The committee also noted planning and preparation for phase 3 – simulations and testing of the BCM plans have commenced and will be carried out in due course
- The committee noted incidents of, among others, theft, robberies and fraud that were reported to the group compliance and risk division. Management actions are monitored to ensure controls are implemented to prevent similar incidents in the future. A consolidated report, including trend analysis, is presented to the committee for deliberation
- Insurance underwriting surveys were conducted according to the risk management plan with a total of 12 completed during this financial year. Management's progress in addressing these recommendations are monitored
- In addition to the insurance underwriting surveys, insurance awareness roadshows are being carried out across the group to highlight the importance of insurance as a risk transfer strategy. Emphasis is placed on ensuring that there is a common understanding of the types of risk covered and the claims process to be followed in the event of an incident

Key future focus areas

The following strategic focus areas were identified for the 2020 financial year and beyond:

Enterprise risk management

We believe at PPC that enterprise risk management is a journey we have embarked on. By continuously reviewing and improving enterprise risk management, we ensure PPC's risk management processes and systems remain relevant, add value and are embedded in the business process of all operations and divisions. Risk reviews ensure that issues are identified and adequately defined and managed. Risks are rated in line with the risk matrix and response strategies, and actions are recorded and implemented.

Business continuity management

Readiness reviews (phase 2) will be completed, followed by phase 3 (simulations and testing of business continuity plans).

Insurance underwriting survey recommendations

The implementation of action plans by management to address underwriting survey recommendations will be monitored.

Insurance awareness programme

Continue to conduct insurance awareness roadshows across the group.

Material matters

During the review period, risk registers in the PPC group were reviewed.

Group compliance

As a governance principle, the board ensures PPC complies with applicable laws and considers adhering to non-binding rules, codes and standards. This responsibility has been delegated to the risk and compliance committee, which monitors compliance issues, approves the compliance policy, ensures it is observed and that any compliance risks are reported.

Management is responsible for implementing the compliance policy and day-to-day management of compliance risks. This includes responsibility for ensuring appropriate remedial or disciplinary action is taken if non-compliances are identified. Key activities undertaken by the group compliance division over the year included:

- The compliance manual is continually being updated in line with the approved framework as the compliance processes evolve
- Governance structures for compliance were revised
- Roles and responsibilities for compliance were defined and related job profiles updated
- The regulatory universe for South Africa is reviewed each quarter and an update provided to the committee
- Country-specific regulatory universes are being compiled for all operations in the RoA, and were presented to the committee for review and approval
- Workshops were conducted across the group to compile compliance risk management profiles for each operation and division. The committee is provided with a status update on the progress and once completed the results will be provided to the committee
- The group's non-compliance reporting and management procedure was approved and implemented to ensure that non-compliances are reported to the group compliance and risk division
- A non-compliance register is maintained and updated by the group compliance officer
- The current policy management system was reviewed and improved by automating the process, however, information technology challenges have been experienced and the implementation of the revised system has been delayed
- The threshold for disclosure of significant fines and penalties is R30 million. Management has confirmed that there were no significant fines and penalties

Compliance management

Key activities we embarked on in the review period will continue, focusing on:

- The compliance policy will be reviewed, updated and submitted to the committee for approval
- Workshops will continue across the group to embed the revised framework and compile compliance risk management profiles for operations and divisions which have not been completed within this financial year
- A regulatory universe for each operating country in Africa has been established and compliance risk management profiles will be compiled for each operation
- A risk-based approach will be followed in developing and implementing compliance risk management plans across the group
- Compliance monitoring tools and indicators will be continuously improved and implemented
- The compliance division will drive adoption of a group compliance issue register
- Once the system challenges have been addressed, we will implement the revised PPC policy management system.

Regulatory compliance

The committee has fulfilled all its statutory duties as per the requirements of section 94(7) of the Companies Act. The committee also complies with paragraph 3.84(g) of the JSE Listings Requirements and the requirements of King IV.

On behalf of the audit, risk and compliance committee

Nonkululeko Gobodo
Chairman

18 July 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2019

	Notes	March 2019 Rm	March 2018* Rm
ASSETS			
Non-current assets		**14 665**	12 910
Property, plant and equipment	3	**12 587**	11 393
Goodwill	5	**236**	230
Other intangible assets	19	**558**	557
Equity-accounted investments	20	**149**	182
Other non-current assets*	8	**333**	297
Financial assets*	8	**582**	6
Deferred taxation assets	10.3	**220**	245
Current assets		**3 071**	3 262
Inventories	17	**1 276**	1 182
Trade and other receivables*	16	**1 166**	1 151
Taxation receivable*		**177**	93
Cash and cash equivalents	18	**452**	836
Non-current assets held for sale	24	**92**	34
Total assets		**17 828**	16 206
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	14	**3 943**	3 984
Other reserves		**2 251**	967
Retained profit		**3 031**	2 817
Equity attributable to shareholders of PPC Ltd		**9 225**	7 768
Non-controlling interests		**115**	120
Total equity		**9 340**	7 888
Non-current liabilities		**5 628**	5 909
Provisions	7	**427**	526
Deferred taxation liabilities	10.3	**844**	1 042
Long-term borrowings	11	**4 064**	4 079
Other non-current liabilities	9	**293**	262
Current liabilities		**2 860**	2 409
Short-term borrowings	11	**938**	603
Trade and other payables*	15	**1 919**	1 735
Taxation payable*		**3**	71
Total equity and liabilities		**17 828**	16 206

** The prior year amounts have been re-presented for enhanced disclosure as detailed at note 8, 15 and 16.*

CONSOLIDATED INCOME STATEMENT

for the year ended 31 March 2019

	Notes	Year ended 31 March 2019 Rm	Year ended 31 March 2018 Rm
Revenue	2	**10 409**	10 271
Cost of sales		**8 399**	7 924
Gross profit		**2 010**	2 347
Administration and other operating expenditure		**1 083**	1 343
Operating profit before item listed below:		**927**	1 004
Empowerment transactions IFRS 2 charges	30	**33**	48
Operating profit	22	**894**	956
Fair value and foreign exchange (losses)/gains	13.1	**(9)**	143
Finance costs	12	**681**	675
Investment income	23	**95**	52
Profit before equity-accounted earnings		**299**	476
Loss from equity-accounted investments	20	**(67)**	(60)
Impairments	6	**(82)**	(174)
Profit before taxation		**150**	242
Taxation	10.1	**6**	205
Profit for the year		**144**	37
Attributable to:			
Shareholders of PPC Ltd		**235**	149
Non-controlling interests		**(91)**	(112)
		144	37
Earnings per share (cents)	21.4		
Basic		**16**	10
Diluted		**16**	10

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2019

	Foreign currency translation reserve Rm	Retained profit Rm	Total comprehensive income/(loss) Rm
March 2019			
Profit for the year	**–**	**144**	**144**
Items that will be reclassified to profit or loss on disposal	**1 304**	**–**	**1 304**
Translation of foreign operations[a]	**1 304**	**–**	**1 304**
Other comprehensive income net of taxation	**1 304**	**144**	**1 448**
Total comprehensive income	**1 304**	**144**	**1 448**
Attributable to:			
Shareholders of PPC Ltd	**1 218**	**235**	**1 453**
Non-controlling interests	**86**	**(91)**	**(5)**
March 2018			
Profit for the year	–	37	37
Items that will be reclassified to profit or loss on disposal	(598)	–	(598)
Translation of foreign operations[a]	(598)	–	(598)
Other comprehensive (loss)/income net of taxation	(598)	37	(561)
Total comprehensive (loss)/income	(598)	37	(561)
Attributable to:			
Shareholders of PPC Ltd	(496)	149	(347)
Non-controlling interests	(102)	(112)	(214)

[a] *Currency conversion guide included in note 1.5.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2019

	Stated capital Rm	Other reserves: Foreign currency translation reserve Rm	Other reserves: Movement in financial assets Rm	Other reserves: Equity compen-sation reserve Rm	Retained profit Rm	Equity attribu-table to share-holders of PPC Ltd Rm	Non-controlling interests Rm	Total equity Rm
March 2019								
Balance at 31 March 2018	**3 984**	**395**	**14**	**558**	**2 817**	**7 768**	**120**	**7 888**
Adjustment as a result of the new standards adopted during the period (refer note 26)	–	–	–	–	(17)	(17)	–	(17)
Balance at 1 April 2018	**3 984**	**395**	**14**	**558**	**2 800**	**7 751**	**120**	**7 871**
Movement for the year	**(41)**	**1 218**	**–**	**66**	**231**	**1 474**	**(5)**	**1 469**
Dividends declared	–	–	–	–	(4)	(4)	–	(4)
IFRS 2 charges	–	–	–	72	–	72	–	72
Shares distributed to BBBEE 1 beneficiaries	–	–		(6)	–	(6)		(6)
Shares purchased in terms of FSP incentive scheme treated as treasury shares	(41)	–	–	–	–	(41)	–	(41)
Total comprehensive income	–	1 218	–	–	235	1 453	(5)	1 448
Balance at 31 March 2019	**3 943**	**1 613**	**14**	**624**	**3 031**	**9 225**	**115**	**9 340**
March 2018								
Balance at 31 March 2017	3 919	891	14	559	2 668	8 051	334	8 385
Movement for the year	65	(496)	–	(1)	149	(283)	(214)	(497)
IFRS 2 charges	–	–	–	72	–	72	–	72
Sale of shares, treated as treasury shares, by consolidated BBBEE entity	64	–	–	–	–	64	–	64
Shares purchased in terms of FSP incentive scheme treated as treasury shares	(72)	–	–	–	–	(72)	–	(72)
Total comprehensive (loss)/income	–	(496)	–	–	149	(347)	(214)	(561)
Vesting of shares held by certain BBBEE 1 entities	73	–	–	(73)	–	–	–	–
Balance at 31 March 2018	3 984	395	14	558	2 817	7 768	120	7 888

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2019

	Notes	Year ended March 2019 Rm	Year ended March 2018 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**150**	242
Adjustments for:			
Amortisation and depreciation	3/19	**1 019**	876
Dividends received	23	**(9)**	(7)
Finance costs (including fair value and foreign exchange adjustments)	12/13	**690**	532
Impairments	6	**82**	174
IFRS 2 charges (empowerment and FSP-related IFRS 2)	30	**72**	72
Interest received	23	**(86)**	(45)
Loss from equity-accounted investments	20	**67**	60
Non-cash flow adjustment on the rehabilitation provision included in cost of sales	7	**(59)**	–
Other non-cash flow items		**(9)**	(15)
Operating cash flows before movements in working capital		**1 917**	1 889
Movements in inventories		**9**	(85)
Movements in trade and other receivables		**39**	221
Movements in trade and other payables and provisions		**15**	275
Cash generated from operations		**1 980**	2 300
Finance costs paid	12.1	**(618)**	(592)
Investment income received		**46**	52
Taxation paid	10.2	**(151)**	(330)
Cash available from operations		**1 257**	1 430
Dividends paid		**(4)**	–
Net cash inflow from operating activities		**1 253**	1 430

	Notes	Year ended March 2019 Rm	Year ended March 2018 Rm
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of additional shares in equity-accounted investments	20	**–**	(42)
Investments in Zimbabwe government bonds	8	**(310)**	–
Investments in Zimbabwe stock market	8	**(14)**	–
Investments in intangible assets	19	**(24)**	(6)
Investments in property, plant and equipment (adjusted for capital expenditure accruals)	3.1	**(773)**	(921)
Proceeds from disposal of property, plant and equipment		**9**	29
Other investment activities		**12**	28
Net cash outflow from investing activities		**(1 100)**	(912)
Net cash inflow before financing activities		**153**	518
CASH FLOWS FROM FINANCING ACTIVITIES[(a)]			
Borrowings repaid before repayment of the notes		**(290)**	(597)
Proceeds from the sale of shares held by consolidated BBBEE entity		**–**	36
Purchase of PPC Ltd shares in terms of the FSP share incentive scheme		**(41)**	(16)
Repayment of notes		**(20)**	–
Net cash outflow from financing activities		**(351)**	(577)
Net movement in cash and cash equivalents		**(198)**	(59)
Cash and cash equivalents at the beginning of the year		**836**	990
Exchange rate movements on opening cash and cash equivalents		**(186)**	(95)
Cash and cash equivalents at the end of the year	18	**452**	836

[(a)] *In 2019, the non-cash changes on borrowings amounted to R621 million arising from unfavourable unrealised foreign exchange differences. Refer note 1.5 for the relevant currency conversions.*

SEGMENTAL INFORMATION

for the year ended 31 March 2019

The group discloses its operating segments according to the business units which are reviewed by the group executive committee, who are also the chief operating decision makers for the group. The group executive committee includes executive directors. The operating segments are initially identified based on the products produced and sold and then per geographical location. The key operating segments are southern Africa cement, rest of Africa cement, lime, aggregates and readymix and group shared services.

No individual customer comprises more than 10 % of group revenue.

			Cement	
	Consolidated		Southern Africa[a]	
	31 March 2019 Rm	31 March 2018 Rm	**31 March 2019 Rm**	31 March 2018 Rm
Revenue				
Gross revenue	**10 683**	10 524	**5 643**	5 704
Intersegment revenue[d]	**(274)**	(253)	**(212)**	(205)
Total revenue[e]	**10 409**	10 271	**5 431**	5 499
Operating profit before item listed below:	**927**	1 004	**570**	827
Empowerment transactions IFRS 2 charges	**33**	48	**–**	–
Operating profit	**894**	956	**570**	827
Fair value and foreign exchange (losses)/gains	**(9)**	143	**10**	(19)
Finance costs	**681**	675	**222**	265
Investment income	**95**	52	**61**	42
Profit before equity-accounted earnings	**299**	476	**419**	585
Earnings from equity-accounted investments	**(67)**	(60)	**–**	–
Impairments	**(82)**	(174)	**(82)**	11
Profit/(loss) before taxation	**150**	242	**337**	596
Taxation	**6**	205	**(122)**	202
Profit/(loss) for the year	**144**	37	**459**	394
Attributable to:				
Shareholders of PPC Ltd	**235**	149	**459**	394
Non-controlling interests	**(91)**	(112)	**–**	–
	144	37	**459**	394
Basic earnings per share (cents)	**16**	10	**30**	26
Depreciation and amortisation	**1 019**	876	**387**	373
EBITDA[f]	**1 946**	1 880	**957**	1 200
EBITDA margin (%)	**18,7**	18,3	**17,6**	21,8
Assets				
Non-current assets (excluding equity-accounted investments)	**14 516**	12 728	**4 294**	4 272
Equity-accounted investments	**149**	182	**–**	–
Non-current assets held for sale	**92**	34	**–**	–
Current assets	**3 071**	3 262	**1 371**	1 235
Total assets	**17 828**	16 206	**5 665**	5 507
Investments in property, plant and equipment (refer notes 3 and 19)	**817**	801	**572**	460
Liabilities			**–**	
Non-current liabilities	**5 628**	5 909	**2 026**	2 181
Current liabilities	**2 860**	2 409	**1 069**	796
Total liabilities	**8 488**	8 318	**3 095**	2 977
Capital commitments (refer note 4)	**245**	596	**186**	482

[a] *Southern Africa comprises South Africa and Botswana.*
[b] *Rest of Africa comprises Zimbabwe, Rwanda, DRC, Mozambique and cross-border sales from southern Africa.*
[c] *Group shared services and other comprises group shared services, BEE and group eliminations.*
[d] *All sales are concluded at an arm's length. Segments are disclosed net of intersegment transactions.*
[e] *Revenue from external customers generated by the group's material foreign operations is as follows:*
Botswana R516 million (2018: R438 million)
DRC R494 million (2018: R144 million)
Rwanda R885 million (2018: R804 million)
Zimbabwe R1 447 million (2018: R1 813 million)
[f] *EBITDA is defined as operating profit before empowerment transactions IFRS 2 charges, depreciation, amortisation, financial charges and taxation.*

Cement		Materials business					
Rest of Africa[b]		Lime		Aggregates and readymix		Group services and other[c]	
31 March 2019 Rm	31 March 2018 Rm	**31 March 2019 Rm**	31 March 2018 Rm	**31 March 2019 Rm**	31 March 2018 Rm	**31 March 2019 Rm**	31 March 2018 Rm
2 826	2 762	896	849	1 318	1 209	–	–
–	–	(62)	(48)	–	–	–	–
2 826	2 762	834	801	1 318	1 209	–	–
331	389	86	95	(63)	(22)	3	(285)
2	2	–	–	–	–	31	46
329	387	86	95	(63)	(22)	(28)	(331)
(6)	(69)	–	1	3	(1)	(16)	231
447	338	38	24	27	20	(53)	28
64	18	22	18	17	15	(69)	(41)
(60)	(2)	70	90	(70)	(28)	(60)	(169)
(67)	(61)	–	–	–	–	–	1
–	(168)	–	–	(0)	(17)	(0)	–
(127)	(231)	70	90	(70)	(45)	(60)	(168)
7	34	17	24	(9)	18	113	(73)
(134)	(265)	53	66	(61)	(63)	(173)	(95)
(43)	(153)	53	66	(61)	(63)	(173)	(95)
(91)	(112)	–	–	–	–	–	–
(134)	(265)	53	66	(61)	(63)	(173)	(95)
(3)	(10)	4	4	(4)	(4)	(11)	(6)
479	347	37	40	80	79	36	37
810	736	123	135	17	57	39	(248)
28,7	26,7	14,8	16,8	1,3	4,7		
8 281	6 638	309	309	629	672	1 003	837
146	179	–	–	–	–	3	3
92	34	–	–	–	–	–	–
1 109	1 375	245	214	324	327	22	111
9 628	8 226	554	523	953	999	1 028	951
143	235	46	41	37	48	19	17
6 032	5 608	11	32	345	264	(2 786)	(2 176)
1 330	1 186	129	83	164	170	168	174
7 362	6 794	140	115	509	434	(2 618)	(2 002)
17	50	1	2	3	38	38	25

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

1. BASIS OF PREPARATION

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB) in issue and effective for the group at 31 March 2019 and the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act of South Africa using the historical convention except for certain financial instruments and liabilities which are stated at fair value.

These consolidated financial statements have been prepared under the supervision of MMT Ramano CA(SA), chief financial officer, and were approved by the board of directors on Thursday, 18 July 2019. The directors take full responsibility for the preparation of these consolidated annual financial statements.

The basis of preparation is consistent with the prior year except where the group has adopted new or revised accounting standards, amendments and interpretations of those standards, which became effective during the year in review. The group adopted the following two standards during the year:

IFRS 9 *Financial Instruments* (refer note 26)

IFRS 15 *Revenue from Contracts with Customers* (refer note 2)

All monetary information and figures presented in these financial statements are stated in rand, unless otherwise indicated.

1.1 Basis of consolidation

The group consolidates all of its subsidiaries.

Where subsidiaries of the group use accounting policies, other than those adopted in the consolidated financial statements, for like transactions and events in similar circumstances, appropriate adjustments are made to that subsidiary's financial statements in preparing the consolidated financial statements to ensure consistency with the group's accounting policies.

All subsidiaries, with the exception of CIMERWA Limitada and the PPC DRC Barnet entities, have the same financial year-end as the company. The financial year-end of the respective DRC incorporated entities is December and is prescribed by local legislation, while CIMERWA has a September financial year-end.

All investments in associates are recognised using equity accounting method, management accounts, together with the financial statements are used to align earnings as equity-accounted investments, noting that both Habesha and Olegra have a different year-end to that of group, being December and February respectively.

1.2 Accounting policies

In preparing these financial statements, all accounting policies are in compliance with IFRS.

1.3 Significant judgements made by management and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to provide estimates, assumptions and judgements that affect reported amounts and related disclosures, and therefore actual results, when realised in future, could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Judgements made by management in applying the accounting policies that could have a significant effect on the amounts recognised in the financial statements are disclosed in the respective notes.

The following are the critical judgments and sources of estimation uncertainty that the directors have made in the process of applying the company accounting policies and that have the most significant effect on the amounts recognised in the financial statements. Refer to the referenced note for the details on the judgement and sources of estimation uncertainty:

Significant judgements made by management

- Property, plant and equipment (note 3)
  - Costs to be capitalised to a project
  - Commissioning date
  - Impairment assessment
  - Nil book value assets
- Goodwill (note 5)
  - Impairment assessment
- Investment in government bonds (note 8)
  - Recoverability and valuation of the asset

Sources of estimation uncertainty

- Property, plant and equipment (note 3)
  - Decommissioning provisions
  - Useful lives and residual values
  - Impairment assessment

1. BASIS OF PREPARATION continued

1.3 Significant judgements made by management and sources of estimation uncertainty continued

Sources of estimation uncertainty continued

- Provisions (note 7)
  - Calculation of the decommissioning and rehabilitation obligations
- Other non-current assets (note 8)
  - Recoverability and valuation of assets
- Other non-current liabilities (note 9)
  - Put option liability valuation
- Deferred taxation assets (note 10.3)
  - Recoverability of the deferred taxation assets arising from taxation losses (including the deferred taxation in CIMERWA)
- Trade and other receivables (note 16)
  - Allowance for doubtful debts of trade receivables
  - Expected credit losses
- Inventories (note 17)
  - Provision for obsolete inventory
- Other intangible assets (note 19)
  - Reserves estimates
  - Useful lives
- Share-based payments (note 25)
  - Fair value of cash and equity-settled instruments
- Equity-accounted investments (note 20)
  - Valuation of equity-accounted investments
- Functional currency and Zimbabwe consolidation (note 1.6)
  - Translation rate
  - Valuation of the Zimbabwe assets and liabilities due to the change in functional currency

1.4 Going concern

At year-end, current assets of R3 071 million (2018: R3 262 million) exceeded current liabilities of R2 860 million (2018: R2 409 million) by R211 million (2018: R853 million).

PPC's cash flows are under pressure due to the economic environment PPC operates in as well as pricing pressures in the South African market.

The group debt position has increased since the beginning of the financial year mainly due to weaker closing rand/dollar exchange rate, which was R14,42 (March 2018: R11,82)

To mitigate the liquidity risk, management has adopted the following risk management plan:

- Refinancing maturing debt and increasing loan facilities from R2,4 billion to R3,1 billion. The loan facility of R700 million has been approved by the lenders. At the date of this report, the group had committed borrowing facilities of R2,4 million and 70 % (2018: 72 %) of these facilities were utilised. R731 million of the committed borrowing facilities were unutilised at the reporting date. These numbers exclude project funding in Rwanda, DRC and Zimbabwe
- The R3,1 billion facility, as well as the cost saving measures that the group is currently exploring, provides additional headroom
- Negotiations of the DRC debt to reschedule the capital repayments for a further two years are in progress with the lenders
- The covenant ratio target for group debt to EBITDA has been favourably amended and confirmed by a revised agreement between PPC and the lenders
- Improved debtors collection measures have been implemented in order to increase cash inflows
- Dividends due from PPC Zimbabwe and the outstanding rights offer proceeds have been invested in government bonds

Furthermore, despite the deteriorating economic environment and the challenges being faced with processing of foreign payments by the banks in Zimbabwe, the directors believe that PPC Zimbabwe has the ability to continue in operation as a going concern for the foreseeable future. The change in the Zimbabwe functional currency resulted in the reduction of EBITDA by R108 million. PPC Zimbabwe has set out action plans to help ensure that operations are not interrupted due to difficulties in remitting payments to foreign suppliers. Through the action plans, PPC Zimbabwe is exploring various mitigation methods such as increasing export sales and obtaining a trade financing mechanism facility.

During the current year, CIMERWA was in breach of certain debt covenants with external funders. The directors have obtained waivers for the breach and are satisfied that the breach has been remediated.

Concerning PPC Zimbabwe, we concluded that there were no breaches of debt covenants on both IFRS and RTGS statutory accounts.

Both CIMERWA and PPC Zimbabwe are going concerns for the forseeable future. In addition to the group's current trading position, forecasts and facilities in place, the directors believe that the group will be able to comply with its financial covenants and be able to meet its obligations as they fall due and accordingly have formed a judgement that it is appropriate to prepare the financial statements on a going concern basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2019

1. BASIS OF PREPARATION continued

1.5 Foreign currency conversion guide

In preparing the financial statements of the subsidiary companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated to closing rate. Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

Approximate value of foreign currencies relative to the rand.

	Average rate		Closing rate	
	2019	2018	**2019**	2018
Botswana pula	**1,32**	1,28	**1,34**	1,22
US dollar	**13,63**	13,06	**14,42**	11,82
Rwandan franc	**0,02**	0,02	**0,02**	0,01
RTGS dollar (Zimbabwe)	**3,50**	N/A	**3,01**	N/A
Mozambican metical	**0,20**	0,22	**0,23**	0,19

1.6 Change of the Zimbabwe functional currency

Due to the deteriorating United States Dollar (US$) liquidity issues in Zimbabwe, the government created the Real Time Gross Settlement (RTGS) as an alternative method of payment which was fixed on a 1:1 parity with the US$. On 1 October 2018 the Reserve Bank of Zimbabwe announced that banks must separate foreign accounts from RTGS accounts with effect from 15 October 2018, thus officially recognising that actual foreign currency is different to RTGS. The result of the change was a reassessment of the functional currency of the entity. In determining the functional currency the entity assessed the currencies that influenced sales and expenses, which revealed a mix between RTGS and US$. Management then concluded that the functional currency of PPC Zimbabwe is the RTGS$.

On 20 February 2019 the Reserve Bank of Zimbabwe announced that the RTGS would be recognised as an official currency and that an interbank foreign exchange market would be established to formalise trading in RTGS balances with other currencies.

The effect of the change meant that the US$ statement of financial position as at 30 September 2018 needed to be fair valued to RTGS$. Further analysis on the currency movement between the US$/RTGS$ rate was performed at 31 March 2019 and the exchange differences were recorded in profit or loss accordance with IAS 21.

The application of the change in functional currency has been applied prospectively in our financial results for the 2019 reporting period. For inclusion in the consolidated income statement of the group, results in respect of Zimbabwe have been translated at the average US$ exchange rate for the period up to 30 September 2018 and at the estimated RTGS$ rate for the remaining six months of the financial year. For inclusion in the consolidated statement of financial position, results have been translated at the estimated closing RTGS$ rate of 3,01 to US$ (being the interbank rate) and an average rate of 3,5. On 1 October 2018, an opening RTGS$ rate of 3,5 to the US$ was applied. The inputs considered in this estimate include the recent announcement to increase the fuel price for those settling in RTGS$, global relative fuel prices and the official inflation rate.

Financial impact of the change in functional currency (FC) on the group key performance indicators

	FY2019 Before FC change*	**FY2019 Impact**	**FY2019 Reported**	FY2018 Reported
EBITDA	**2 054**	**(108)**	**1 946**	1 880
Profit attributable to shareholders of PPC Ltd	**287**	**(52)**	**235**	149
EPS	**19**	**(3)**	**16**	10
HEPS	**23**	**(3)**	**20**	15

** Assumes no change in functional currency and 1:1 conversion between RTGS$ and US$, below are the sensitivities performed on the RTGS$ rate.*

Group impact	**RTGS$3,5 to US$ – Reported**	**RTGS$6 to US$**	**RTGS$10 to US$**
EBITDA	**1 946**	**1 867**	**1 844**
Profit attributable to shareholders of PPC Ltd	**235**	**163**	**144**
EPS	**16**	**11**	**10**
HEPS	**20**	**15**	**14**

1. BASIS OF PREPARATION continued

1.7 Change in accounting estimate

During the year, the group reassessed the useful lives of its property, plant and equipment as required by IAS 16 *Property, Plant and Equipment*. The useful lives of the assets were adjusted to reflect more appropriately the pattern of the consumption of the future economic benefits embodied in the assets concerned. In accordance with IAS 16 *Property, Plant and Equipment*, this reassessment represents a change in an accounting estimate and is therefore applied prospectively in terms of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The impact of the change in applying the adjusted useful lives for the year ended 31 March 2019 is a decrease in the depreciation expense of R17 million.

Management have assessed the discount rate applied in determining the decommissioning and the rehabilitation provision for Cement southern Africa. In the current year there was a change in the rate used in the calculation of the decommissioning and rehabilitation provision, which is applied prospectively. The impact of the change in the discount rate applied amounted to R89 million reduction to the provision for rehabilitation and decommissioning, with a R59 million reduction to cost of sales and a R30 million reduction to the decommissioning asset.

2. REVENUE

The group revenue is derived from the sale of cementitious products and transportation. Revenue is recognised upon the completion of the performance obligation, being the delivery of the product to the customers. Revenue is recognised net of rebates and discounts provided to the customers.

Adoption of IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 replaces IAS 11 *Construction Contracts* and IAS 18 *Revenue*. The standard requires entities to identify the separate performance obligations and allocate the transaction price to the performance obligations in the contract by reference to their relative standalone selling prices. The group's primary revenue is derived from the sale of cementitious goods and as a result the group also earns incidental transport revenue from delivering these goods to customers. The incidental transport revenue has always been included as part of revenue earned. However, due to the adoption of IFRS 15, the aforementioned streams of revenue are two separate performance obligations, which are always met at the same time.

The group has the following revenue streams, which are all recognised at a point in time.

	31 March 2019	31 March 2018
Disaggregation of revenue		
Revenue from the sale of cementitious goods[(a)]	**9 071**	9 095
Revenue from transportation services	**1 338**	1 176
Total revenue	**10 409**	10 271
Major goods and services per primary geographical markets		
Cementitious goods	**9 071**	9 095
Southern Africa	**6 376**	6 462
Rest of Africa	**2 695**	2 633
Transport revenue	**1 338**	1 176
Southern Africa	**1 207**	1 047
Rest of Africa	**131**	129

Timing of revenue recognition

Revenue from the sale of cementitious goods and transport is recognised at the same time, upon delivery, as management considers it as the point the control of the goods is transferred to the customers and the delivery obligation is fulfilled. Payment of the transaction price is also payable immediately at this point.

[(a)] *Cementitious goods include the sale of cement, readymix, limestone, clinker, ash and aggregates.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2019

3. PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment (PPE) are initially recognised at cost and subsequently measured at cost less accumulated depreciation and impairments.

The methods of depreciation, useful lives and residual values are reviewed annually. The following methods and rates were used during the year:

	Method	Rate
Land	Not depreciated	
Capital work in progress	Not depreciated	
Buildings	Straight-line	Up to 30 years, limited to life of mine where applicable
Plant	Straight-line	Up to 35 years, limited to life of mine where applicable
Vehicles	Straight-line	Up to 10 years
Furniture and equipment	Straight-line	Up to 6 years
Mineral rights	Straight-line	Estimated life of mine
Leasehold improvements	Straight-line	Written off over the lease period or a shorter period if appropriate
Decommissioning asset	Straight-line	Up to 30 years, limited to life of mine where applicable
Capitalised leased plant	Straight-line	Written off over the lease period or a shorter period if appropriate

Judgements made by management and sources of estimation uncertainty

Cost capitalisation

Significant judgement is required in identifying costs to be capitalised to a project during the construction, testing and ramp-up phases. Judgement is further required to identify indirect costs that may be capitalised. Revenue and the related cost of sales generated during the pre-commissioning phase are capitalised to the plant.

The cost of an item of property, plant and equipment is recognised as an asset if it meets the following requirements:
> It is probable that future economic benefits associated with the item will flow to the entity
> The cost of the item can be measured reliably

The cost of an item of PPE comprises:
> Purchase price, including import duties and non-refundable purchase taxes, after deducting trade discount and rebates.
> Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
> The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that year (IAS 16.16)

During the current year, the Slurry kiln 9 (SK9) was commissioned. The total costs capitalised into the project amounted to R1,4 billion. In accordance with IAS 16, profits of R18 million earned during the testing phase, comprising of revenue (R74 million) less cost of sales (R56 million), has been written off against the capitalised cost of the project.

Decommissioning provisions

Estimating the future costs of these obligations is complex as most of the obligations will only be fulfilled in the foreseeable future. Furthermore, the resulting provisions and assets are influenced by changing technologies and regulations, life of mine, political, environmental, safety, business and statutory considerations across the various jurisdictions in which PPC operates.

Useful lives and residual values and nil book value assets

Items of property, plant and equipment are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological advancements, product lifecycles, life-of-mine and maintenance programmes are taken into account.

The residual value assessments consider issues such as future market conditions, the remaining useful life of the asset and projected disposal values. The group has not made any material adjustments to the residual values in the current year.

In line with the requirements of IAS 16, it is PPC policy that the useful life of the assets be reviewed annually. The group has reviewed the useful lives of assets regularly and during this financial year the group has continued using some of the fully depreciated assets. IAS 8 requires that a change in useful life be applied to the carrying amount which must then be depreciated over the new useful life. As the carrying amount of these assets is zero and the group's policy is to account for property, plant and equipment using the cost model, both the cost and accumulated depreciation remain in the fixed asset register until the group discontinues the use of the assets and a decision to scrap them has been taken and at that time they will be derecognised from the fixed assets register.

For the assets to continue to be utilised in our operations, PPC management regularly reviews maintenance strategies and undertakes appropriate expenditure on maintenance.

During the year, the group reassessed the useful lives of its property, plant and equipment as required by IAS 16. The useful lives of the assets were adjusted to reflect more appropriately the pattern of the consumption of the future economic benefits embodied in the assets concerned. In accordance with IAS 16, this reassessment represents a change in an accounting estimate and is therefore applied prospectively in terms of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The impact of the change in applying the adjusted useful lives for the year ended 31 March 2019 is a decrease in the depreciation expense of R17 million.

3. PROPERTY, PLANT AND EQUIPMENT continued

Commissioning date

The phase of each construction project is assessed to determine when the plant starts operating. The commissioning date is the date when the plant is in a condition necessary for it to be capable of operating in the manner intended by management.

The criteria used to assess the commissioning date is determined based on the unique circumstances of each plant. Various criteria are considered to assess when the plant is substantially complete and ready for its intended use and moves into the production phase. Some of the criteria applied include, but are not limited to, the following:

- The majority of the assets making up the project are substantially complete and ready for use
- The level of capital expenditure incurred compared to the construction cost
- Completion of a reasonable period of testing of the plant and equipment
- The plant meets regulatory and contracted emission standards
- The plant has been turned over to operations from the construction team
- A specified percentage of design capacity for the plant has been achieved over a continuous period
- The ability to produce the product in a saleable form and within specifications (in accordance with regulatory specifications)
- The ability to sustain ongoing production over a certain period

	Freehold and leasehold land, buildings and mineral rights Rm	Decommis-sioning assets Rm	Plant, vehicles, furniture and equipment Rm	Capitalised leased plant Rm	Total Rm
March 2019					
Cost	2 985	151	16 960	138	20 234
Accumulated depreciation and impairments	655	83	6 771	138	7 647
	2 330	68	10 189	–	12 587
Movements during the year					
Net carrying value at the beginning of the year	1 567	133	9 693	–	11 393
Additions	78	3	712	–	793
To enhance existing operations	15	–	377	–	392
To expand operations	63	3	335	–	401
Depreciation	(84)	(5)	(863)	–	(952)
Disposals	–	–	(23)	–	(23)
Impairments (refer note 6)	(1)	–	(81)	–	(82)
Other movements*	415	(78)	(461)	–	(124)
Reallocation to inventory (refer note 17)	–	–	(3)	–	(3)
Translation differences	355	15	1 215	–	1 585
Net carrying value at the end of the year	2 330	68	10 189	–	12 587
Translation differences comprise					
Cost					1 997
Accumulated depreciation					(412)
					1 585

* *Included in other movements is a reallocation of R415 million to freehold and leasehold land, buildings and mineral rights category following the commissioning of SK9. This was disclosed as work in progress in the previous year and included in the plant, vehicles, furniture and equipment. Furthermore, movements in the remeasurement of the decommissioning assets are included in other movements.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2019

3. PROPERTY, PLANT AND EQUIPMENT continued

	Freehold and leasehold land, buildings and mineral rights Rm	Decommissioning assets Rm	Plant, vehicles, furniture and equipment Rm	Capitalised leased plant Rm	Total Rm
March 2018					
Cost	2 089	199	15 799	138	18 225
Accumulated depreciation and impairments	522	66	6 106	138	6 832
	1 567	133	9 693	–	11 393
Movements during the year					
Net carrying value at the beginning of the year	742	164	11 624	1	12 531
Additions	55	–	740	–	795
To enhance existing operations	8	–	321	–	329
To expand operations	47	–	419	–	466
Depreciation	(54)	(12)	(732)	–	(798)
Disposals	(8)	–	(10)	–	(18)
Impairments (refer note 6)	–	–	(165)	–	(165)
Other movements	968	(12)	(981)	(1)	(26)
Reallocation from inventory (refer note 17)	–	–	2	–	2
Translation differences	(136)	(7)	(785)	–	(928)
Net carrying value at the end of the year	1 567	133	9 693	–	11 393
Translation differences comprise					
Cost					(1 088)
Accumulated depreciation					160
					(928)

	March 2019 Rm	March 2018 Rm
Carrying amount of assets pledged as security:		
DRC	**3 475**	3 111
Rwanda	**1 492**	1 321
Zimbabwe	**2 372**	2 028
	7 339	6 460
Increase in assets pledged as security is due to foreign currency movements (refer note 1.5)		
Capital work in progress included in plant, vehicles, furniture and equipment:		
DRC	**6**	16
Rwanda	**13**	6
Zimbabwe	**23**	99
Slurry expansion project	**78**	1 294
Other	**326**	44
	446	1 459

The Slurry expansion project of the construction of a 3 000 tonne per day production line (SK9) and was completed during the period, this project incorporated the latest energy efficient technology and the replacement of SK8's electrostatic precipitator with a bag filter in order to ensure compliance with environmental legislation. The project cost is estimated at R1,4 billion. The R78 million reflected in work in progress is for minor work that still needs to be completed on the project.

Included in other are Cement SA Pty Limited capex projects in Dwaalboom, Port Elizabeth and Riebeeck West amounting to R256 million.

Other information

The cost of land included in freehold and leasehold land, buildings and mineral rights amounts to R216 million (2018: R364 million).

Borrowing costs of Rnil (2018: R23 million) have been capitalised to property, plant and equipment.

3. PROPERTY, PLANT AND EQUIPMENT continued

Impairment considerations

Judgements made by management and sources of estimation uncertainty

Impairment considerations continued

IAS 36.9 states that an entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. When there are indications that an item of property, plant and equipment is impaired, a recoverable amount is calculated and compared to the carrying value. Management applies judgement in determining the recoverable amount for an item of property, plant and equipment where impairment indicators may exist at the year-end. Judgement is also applied in selecting the appropriate basis for the recoverable amount between value in use and fair value less costs to sell.

Where management has chosen value in use, future cash flows expected to be generated by the assets are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current carrying value and, if lower, the assets are impaired to the determined recoverable amount.

Where management has chosen fair value less costs to sell in determining the recoverable amount, judgement is required in determining the fair value of the item of property, plant and equipment.

Impairment assessment PPC Cement SA

Cash-generating unit (CGU)

IAS 36 provides that if there is an indication that an asset may be impaired, the recoverable amount of the asset (or, if appropriate, the CGU) is determined. The recoverable amount of the CGU was determined to exceed the carrying amount, therefore no impairment has been recognised for the CGU.

Assets with carrying amount but no longer in use

As the cement industry is a cyclical environment, manufacturers will go through troughs where some of the assets (kilns) will be idle when demand is down. However, maintenance on these assets will continue to ensure that when the market conditions improve they are in a position to take advantage. As a result, it is quite key in this industry to review individual assets that form part of a CGU separately.

As at the end of the March 2019 financial year, a few of the PPC Cement kilns were not in use due to market constraints. The cement industry is, however, a cyclical environment and the demand can pick up at any time when the market conditions become favourable.

PPC Cement SA identified the assets that are no longer in use but still have a carrying amount. In applying the requirements of IAS 36, PPC Cement SA decided to impair these assets. They will be derecognised from the fixed assets registers once a decision to scrap the assets has been taken. The total impairment recognised on these assets is R82 million, being the book value of these assets and is reflected under the Cement Southern Africa segment in the segmental analysis.

Impairment assessment Zimbabwe

As a result of the current economic environment, liquidity challenges and the change in functional currency in Zimbabwe, an impairment assessment was undertaken. In spite of the economic challenges, the financial performance of the business has been above our internal forecasts and prior, before the impact of the change in functional currency. The inclusion of the Harare mill has improved cash flows.

In performing the impairment review, a value-in-use methodology was applied. Cash flow projections were based on financial forecasts approved by management applying a 19% (2018: 16%) US dollar discount rate. The cash flow projections during the forecast period are based on similar pricing and margins to those currently being achieved by the business and takes into consideration the future trends within the industry, geographical location, and expected growth in neighbouring countries. The values used reflect past experiences while the economic growth rates of approximately 3% per annum (2018: 2% per annum) are management's best estimates that have been prepared using leading financial institutions' forecasts.

Following the impairment assessment review, the recoverable amount of US$232 million (R3,3 billion) (2018: US$411 million (R4,9 billion)) PPC Zimbabwe was calculated to be higher than its carrying amount resulting in no impairment. The reason for the significant decrease in the recoverable amount is due to the challenging economic conditions and the change in the functional currency. There are no indications that any reasonable possible change in the key assumptions on which the recoverable amount has been calculated would cause the carrying amount to exceed the recoverable amount of this cash-generating unit.

Zimbabwe is included under the Rest of Africa (RoA) segment.

Impairment assessment DRC

PPC, in partnership with the Barnet Group and International Finance Corporation (IFC), completed the construction of a 1,2 million tonnes per annum integrated cement plant for approximately US$300 million in the DRC, near Kimpese in Kongo Central province in western DRC, 230km south-west of the capital Kinshasa.

Following impairment indicators being identified, management performed an impairment assessment. IAS 36 *Impairment of Assets* provides two options for assessing recoverable amounts and states that the recoverable amount is the higher of the fair value less cost to sell or value in use.

In performing the impairment review, a value-in-use methodology was applied. Cash flow projections were based on financial forecasts approved by management applying a 17% (2018:17%) US dollar discount rate. The cash flow projections during the forecast period are based on similar pricing and margins to those currently being achieved by the business and takes into consideration the future trends within the industry, geographical location and expected growth in neighbouring countries. The values used reflect current industry performance and experiences while the economic growth rates of approximately 5% per annum (2018: 4% per annum) are management's best estimates that have been prepared using leading financial institutions' forecasts.

The DRC general elections were successfully held in December 2018, thereby improving the political stability, market confidence and subsequently the economic prospects.

Cement consumption grew by 43% to 539 000 tonnes from 378 000 tonnes. The country currently has a cement import ban in place and no exports have been recorded by the BCC since mid-2015. There is also a new 0.6 million tonne plant being constructed by Diamond Cement in the DRC (Brazzaville). The International Finance Corporation (IFC) suggests that the country will reach a cement supply deficit by 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2019

3. PROPERTY, PLANT AND EQUIPMENT continued

Impairment considerations continued

Impairment assessment DRC continued

Sales volumes have been softer than expected due to a number of external factors (economic, political, market activities of competitors, some of whom are new entrants in the market). However, PPC Barnet DRC has in the past few months slowly improved the sales volume and subsequently revenue.

Real GDP growth was an estimated 4.0 % in 2018, up from 3.7 % in 2017, due to higher commodity prices and greater mining production. The primary sector continued to be the key driver of growth, sustained by a dynamic extraction sector.

Following the impairment assessment review, no further impairment was recognised as the calculated recoverable amount of US$271 million (R3,9 billion) (2018: US$265 million (R3,1 billion)) is above the carrying amount.

DRC is included under the Rest of Africa (RoA) segment.

Refer note 5 for impairment assessment of CIMERWA, Cement SA and Readymix.

		31 March 2019 Rm	31 March 2018 Rm
3.1	**Cash flow from investment in property, plant and equipment**		
	Acquisition of property, plant and equipment	**793**	795
	Movement in advance payments for plant and equipment	**–**	(38)
	Movement in capital expenditure payables (refer note 15)	**(20)**	126
	Movement in retentions held for plant and equipment (refer note 15)	**–**	38
		773	921

	31 March 2019 Rm	31 March 2018 Rm
4. COMMITMENTS		
Contracted capital commitments	**128**	339
Approved capital commitments	**117**	257
Capital commitments	**245**	596
Operating lease commitments	**121**	128
	366	724
Capital commitments		
Southern Africa	**228**	546
Rest of Africa	**17**	50
	245	596
Capital commitments are anticipated to be incurred:		
Within one year	**245**	500
Between one and two years	**–**	96
	245	596

The decrease in commitments follows the successful commissioning of the Slurry expansion project (SK9).

Capital expenditure commitments are stated in current values which, together with expected price escalations, will be financed from surplus cash generated and borrowing facilities available to the group.

	2021 – 2024 Rm	2020 Rm	Total 2019 Rm	Total 2018 Rm
Operating lease commitments				
Land and buildings	74	25	**99**	125
Other	14	8	**22**	3
			121	128

In 2013, the company signed a ten-year lease for its head office and this lease comprises the majority of the operating lease commitments. The lease contains annual escalations of 8 % for the offices and an operating costs annual escalation of 10 %. The lease has a five-year renewal period with an initial renewal escalation rate at the prevailing market rate.

5. GOODWILL

		31 March 2019 Rm	31 March 2018 Rm
Cost		**324**	309
Accumulated impairments		**88**	79
		236	230
Movements of goodwill			
Net carrying value at the beginning of the year		**230**	237
Translation differences		**6**	(7)
Net carrying value at the end of the year		**236**	230
Goodwill, net of impairments, is allocated to the following cash-generating units:			
CIMERWA Limitada^	(Rest of Africa cement segment)	**31**	25
Cement SA Pty Limited	(Southern Africa cement segment)	**78**	78
Readymix	(Aggregates and ready-mix segment)	**127**	127
		236	230

^ Movement in CIMERWA is due to the exchange rate fluctuation.

Judgements made by management and sources of estimation uncertainty

The future cash flows expected to be generated by the business units are forecast taking into account market conditions and the expected useful lives of the assets which require judgement. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current carrying value and, if lower, the goodwill and the underlying assets are written down to the present value calculated. Refer below for the specific factors taken into consideration.

Impairment is determined by assessing the recoverable amount of the CGU to which the goodwill or intangible asset is allocated. The recoverable amount is generally calculated by applying the discounted cash flow methodology using forecasts and appropriate discount rates approved by management. Determining the expected cash flows and appropriate discount rates is judgmental in nature and involves the use of significant estimates and assumptions.

CIMERWA Limitada (CIMERWA)

The recoverable amount for this CGU of R2 557 million (2018: R1 094 million) was determined based on a value-in-use calculation, using cash flow projections based on financial forecasts approved by management and covering an initial seven-year period and a post-forecast period of 13 years, bringing the total period of the cash flows to 20 years from the report date. The company's budgeting cycle time horizon is seven years and management believes this should provide a more accurate base for the value-in-use calculation. A Rwandan franc discount rate of 17 % (2018: 18 %) was used in the valuation. The significant increase in the recoverable amount compared to the prior year is due to increased capacity and the debottlenecking of the plant during the year.

Cash flow projections during the forecast period of seven years were based on improved margins and profitability, following the commissioning of the new plant in September 2015, taking cognisance of an appropriate ramp-up period. Selling prices and cost of sales were forecast to increase at applicable inflation rates varying between 5.1 % and 5.4 % (2018: 5 % and 6 %), impacted by anticipated competitor activity in the earlier phase of the planning horizon. The cash flows post the forecast period have been extrapolated using specific growth rates of 7.3 % (2018: 6.7 %) per annum which is in line with the real inflation rate in Rwanda. The forecast period was limited to the life of mine, currently estimated at 20 years.

The forecast takes into consideration the future trends within the industry, geographical location, and expected growth in neighbouring countries. The values used reflect past experiences while the economic growth rates are management's best estimates that have been prepared using leading financial institutions' forecasts.

In both the current and prior reporting periods, the recoverable amount was deemed to be higher than the current carrying value, resulting in no impairment being charged against profit or loss. CIMERWA is included under Cement Rest of Africa in the segmental analysis.

There are no indications that any reasonable possible change in the key assumptions on which the recoverable amount has been calculated would cause the carrying amount to exceed the recoverable amount of this CGU.

PPC Cement SA Pty Limited

During the year PPC Cement SA Pty Limited and Safika were integrated into one entity PPC Cement SA Pty Limited. Therefore, for purposes of impairment testing, the goodwill is allocated to the integrated Cement SA entity.

The recoverable amount of R7 495 million (2018: R11 114 million) for the combined Cement South Africa CGUs was determined based on value-in-use calculations, using cash flow projections based on financial forecasts approved by management and covering an initial seven-year period. The company's budgeting cycle time horizon is seven years and management believes this should provide a more accurate base for the value-in-use calculation. A discount rate of 13 % (2018: 13 %) and terminal growth rate of 5.6 % (2018: 5.5 %) have been used in the valuation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2019

5. GOODWILL continued

Cash flow projections during the forecast period are based on similar pricing and margins to those currently being achieved by the businesses. Selling prices and cost of sales are forecast to increase at rates linked to local inflation forecasts varying between 6 % and 10 % (2018: 6 % and 10 %). The values used reflect past experiences while the economic growth rates of approximately 2 % (2018: 2 %) per annum are management's best estimates that have been prepared using leading financial institutions' forecasts.

In both the current and prior reporting periods, the recoverable amount was deemed higher than the current carrying value, resulting in no impairment being charged against profit or loss. The Cement SA CGU is included under Cement Southern Africa in the segmental analysis.

There are no indications that any reasonable possible change in the key assumptions on which the recoverable amount has been calculated would cause the carrying amount to exceed the recoverable amount of this CGU.

Ready Mix

During the 2017 reporting period the PPC group undertook to reorganise the manner in which it discloses its operating segments according to the business units which are managed by the group executive committee. One of these key segments is aggregates and readymix. Included in the readymix segment is the Pronto, 3Q Mahuma and Ulula Ash.

Applying judgement, management was of the opinion that the natural synergy between the operations of Pronto, 3Q Mahuma and Ulula Ash, will result in a greater total competitive advantage for the group and should therefore be considered as one CGU. Assessed as its own group of assets, the readymix business operation can be seen to generate revenue and incur expenses which are independent of other groups of assets within the PPC group. This can also be substantiated further by the manner in which the group discloses the performance of its different business units in its segmental information.

Therefore, for purposes of impairment testing, the goodwill is allocated to the combined readymix CGU. They represent the lowest level within the entity at which goodwill is monitored for internal management purposes.

The recoverable amount of R816 million (2018: R453 million) for the CGU was determined based on value-in-use calculations, using cash flow projections based on financial forecasts approved by management and covering an initial seven-year period, which is in line with the company's budgeting cycle time horizon as management believes this should provide a more accurate base for the value-in-use calculation. A discount rate of 14 % (2018: 16 %) and terminal growth rate of 2 % (2018: 5,5 %) have been used in the valuation.

The significant increase in the recoverable amount compared to the prior year is due to synergies in managing Pronto, Ulula and 3Q as a single CGU and the reduced management fees.

Cash flow projections during the forecast period are based on similar pricing and margins to those currently being achieved by the business, noting that selling prices achieved during the year are below last year. Selling prices and cost of sales are forecast to increase at rates linked to local inflation forecasts and vary between 6 % and 10 % (2018: 5 % and 9 %). The values used reflect past experiences while the economic growth rates of approximately 2 % (2018: 2 %) per annum are management's best estimates that have been prepared using leading financial institutions' forecasts.

Following the goodwill impairment assessment review, the recoverable amount of Ready Mix was calculated to be higher than its carrying amount resulting in no impairment to goodwill.

It is estimated that a decrease in net cash flows by 45 % (2018: 4 %) would result in the carrying amount exceeding the recoverable amount.

6. IMPAIRMENTS

	31 March 2019 Rm	31 March 2018 Rm
Impairment of intangible assets (refer note 19)	**–**	(17)
Impairment of property, plant and equipment (refer note 3)	**(82)**	(165)
Impairment of VAT receivable	**–**	(3)
Profit on disposal of property, plant and equipment	**–**	11
Gross impairments	**(82)**	(174)
Taxation impact	**23**	56
Net impairments	**(59)**	(118)

Judgements made by management and sources of estimation uncertainty

The future cash flows expected to be generated by the business units are forecast, taking into account market conditions and the expected useful lives of the assets which require judgement. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are written down to the present value calculated.

Impairment

IAS 36 states that an entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. When there are indications that an asset is impaired, a recoverable amount is calculated and compared to the carrying value. During the year an impairment of R82 million, relating to property, plant and equipment was recognised (refer note 3).

7. PROVISIONS

	31 March 2019 Rm	31 March 2018 Rm
Decommissioning and rehabilitation	**395**	495
Post-retirement healthcare benefits (refer note 27)	**32**	31
	427	526

	Decommissioning and rehabilitation Rm	Post-retirement healthcare benefits Rm	Total Rm
Movement in long-term provisions			
2019			
Balance at the beginning of the year	**495**	**31**	**526**
Amounts added	**8**	**–**	**8**
Amounts reversed/utilised	**(178)**	**–**	**(178)**
Other movements	**–**	**(1)**	**(1)**
Time value of money adjustments	**38**	**–**	**38**
Translation differences	**32**	**2**	**34**
Balance at the end of the year	**395**	**32**	**427**
To be incurred:			
Between two to five years	**29**	**–**	**29**
More than five years	**366**	**32**	**398**
	395	**32**	**427**
2018			
Balance at the beginning of the year	509	36	545
Amounts added	8	–	8
Amounts reversed/utilised	(42)	(5)	(47)
Other movements	(3)	–	(3)
Time value of money adjustments	34	–	34
Translation differences	(11)	–	(11)
Balance at the end of the year	495	31	526
To be incurred:			
Between two and five years	36	–	36
More than five years	459	31	490
	495	31	526

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2019

7. PROVISIONS continued

Judgements made by management and sources of estimation uncertainty

Decommissioning and rehabilitation obligations

Estimating the future costs of these obligations is complex as most of the obligations will only be fulfilled in the foreseeable future. Furthermore, the resulting provisions are influenced by changing regulations and technologies, life of mine, political, environmental, safety, business and statutory considerations across the various jurisdictions in which PPC operates.

Group companies are required to restore mining and processing sites at the end of their productive lives to an acceptable condition consistent with local regulations and in line with group policy. PPC has set up an environmental trust in South Africa to administer the local funding requirements of its decommissioning and rehabilitation obligations. Currently, there are no such regulations in the other jurisdictions in which the group operates for the creation of a rehabilitation trust fund. The investments in the trust fund are carried at fair value through profit or loss and amount to R141 million (2018: R134 million) at year-end (refer note 8). Management have assessed the discount rate applied in determining the decommissioning and rehabilitation provision for cement southern Africa. In the current year there was a change in estimate, which is applied prospectively. The impact of the change in discount rate applied amounted to R89 million reduction to the provision for rehabilitation and decommissioning, with a R59 million reduction to cost of sales and a R30 million reduction to the decommissioning asset, which is included in amounts reversed.

The majority of the decommissioning and rehabilitation provision relates to the South Africa operations. The key inputs used for calculating the provision in South Africa are (i) inflation rates of 4% (2018: 5,6%), (ii) risk-free discount rate of 6,8% to 9,9% (2018: 7,8%) and (iii) life of mine limited to a maximum of 30 years.

Post-retirement healthcare benefits

Historically, qualifying employees were granted certain post-retirement healthcare benefits. The obligation for the employer to pay medical aid contributions after retirement is no longer part of the conditions of employment for new employees. A number of pensioners remain entitled to this benefit, the cost of which has been fully provided.

Included in the provision are the following:

Cement and Concrete Institute employees

The provision relates to post-employment healthcare benefits in respect of former employees of the Cement and Concrete Institute and amounted to R10 million (2018: R9 million). This liability was last actuarially valued during February 2018. The liability has been determined using the projected unit credit method.

Corner House Pension Fund and Lime Acres continuation members

The provision relates to post-employment healthcare benefits in respect of certain Corner House Pension Fund and Lime Acres continuation members and amounted to R17 million (2018: R15 million). This liability is revalued every three years and was last actuarially valued during February 2018. The liability has been determined using the projected unit credit method.

Porthold Post-retirement Medical Fund

The provision relates to healthcare benefits for both active and retired employees who joined the medical aid scheme on or after 1 October 2001 and amounted to R9 million (2018: R7 million). This liability is revalued every three years; and was last actuarially valued during September 2018. The liability was determined using the projected unit credit method.

		31 March 2019 Rm	31 March 2018 Rm
8.	**OTHER NON-CURRENT ASSETS**		
	Investments in Zimbabwe government bonds	**279**	6
	Investments in the Zimbabwe stock market	**14**	–
	PPC Zimbabwe financial asset	**289**	–
	Financial asset	**582**	6
	Unlisted collective investment	**141**	134
	VAT receivable	**101**	104
	Long-term receivable	**91**	59
	Other non-current assets	**333**	297

Judgements made by management and sources of estimation uncertainty

Due to the longer-term nature of the non-current assets, judgement is required in determining the recoverability and valuation of the various non-current assets held by the group. These balances are exposed to movements in exchange rates, changes in regulatory environment and in the case of the recoverability of the long-term receivable, the estimated production tonnages and resultant power usage.

Investment in Zimbabwe government bonds

The investment in government bonds of R277 million, subsequent to the recognition of an expected credit loss of R40 million, arises as a result of the requirement to invest the proceeds of the dividends of R232 million (2018: R66 million) and the rights issue proceeds of R85 million (2018: R82 million) which is invested in the 7 % Zimbabwe government bonds for a period of one year. Per the Zimbabwe exchange control guidelines these are treated as legacy debts and dividends pre-20 February 2019 (date of publication of Statutory Instrument 33). The investment was registered with the Zimbabwean authorities in accordance with Statutory Instrument 33 and therefore qualify for the 1:1 conversion of US$ to RTGS$. The remaining R2 million represents treasury bills issued in exchange for the funds previously expropriated by the Reserve Bank of Zimbabwe.

In accordance with the requirements of IFRS 9, an expected credit loss assessment was performed on the Zimbabwe government bonds taking into account a range of expected default rates on government bonds with similar credit profiles, which resulted in a ECL of R40 million.

In assessing the ECL default rate the following was considered:

- The historical average recovery rate for sovereign bonds measured by Moody's in their sovereign default and recovery rates study 1983 to 2016 is 65 %
- The recovery rate is measured by the ratio of the present value of cash flows received as a result of the distressed exchange versus those initially promised, discounted using yield to maturity immediately prior to default
- This methodology closer reflects IFRS 9
- Sub-Saharan African countries comprise a significant portion of sovereign defaults. The most recent at time of publication of the report was the 2016 by Mozambique where there was a loss of approximately 12 %

Based on the above it was determined that an ECL of 12,7 % was deemed appropriate.

As a result of the uncertainty around the expatriation of funds from Zimbabwe, the investment in government bonds has been classified as non-current.

Investment in Zimbabwe stock market

The investment in the stock market relates to the investment in PPC and Old Mutual shares in Zimbabwe on the Zimbabwe Stock Exchange. This investment is held in RTGS dollar. The market value as at 31 March 2019 was RTGS$2,9 million (R14 million). As a result of the uncertainty around the expatriation of funds from Zimbabwe, the investment in the stock market has been classified as non-current.

PPC Zimbabwe financial asset

The PPC Zimbabwe financial asset arose as a result of the US$ denominated Zimbabwe loan (refer note 11). The loan was registered with the Zimbabwean authorities in accordance with Statutory Instrument 33 and therefore qualifies for the 1:1 conversion of US$ to RTGS$. The financial asset recognised represents the difference between the closing RTGS$ rate of 3,01 and the rate of 1, being the rate approved by the Zimbabwean authorities for the settlement of this loan. Fair value disclosure with regards to this financial instrument has been disclosed in note 26.

Unlisted collective investment

This comprises an investment by the PPC Environmental Trust in the Old Mutual Capital Builder Portfolio, with the fair value being calculated using the ruling prices on 31 March 2019. Put options are also held over the value of the investments in order to protect the capital of the portfolio. At 31 March 2019, the value of the put options were not material. During the year, a further R9 million (2018: R7 million) was reinvested into the unit trusts. These funds are held to fund PPC's South African environmental obligations. Refer note 18 for the restricted cash.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2019

8. OTHER NON-CURRENT ASSETS continued

VAT receivable

The group incurred VAT during the construction of the plant in the DRC. In the 2017 financial year, management received a letter from the DRC Finance Department which indicates that the VAT needs to be paid to PPC Barnet DRC on condition that the money is utilised for discharge of local suppliers and local salary obligations. The letter did not, however, state when the payments will be initiated. As a result of the uncertainty around the timing of receipt of the funds, the VAT receivable has been classified as non-current.

During the year, a loss of R13 million (2018: R80 million) comprising the remeasurement following devaluations of the Congolese franc against the US dollar and a fair value adjustment relating to the discounting of the non-current VAT receivable were recorded and is reflected at fair value and foreign exchange adjustments (gains/(losses) in the income statement (refer note 12). Refunds amounting to R12 million (2018: R11 million) were received during the year. An amount of Rnil (2018: R3 million) assessed to be irrecoverable was impaired during the year (refer note 6).

Long-term receivable

When the plant in the DRC was being constructed, PPC Barnet DRC entered into an agreement whereby PPC and the local power corporation would build the necessary power facility to supply electricity. In terms of this agreement, the portion initially contributed by PPC would be repaid through electrical usage of the plant. When PPC pays the power corporation, a portion of the amount owing is withheld and offset against this non-current asset. Refer note 26 for classification of the financial assets and liabilities.

The prior year balances, relating to financial assets of R6 million has been re-presented and disclosed separately on the face of the statement of financial position.

Refer to note 26 for financial instrument classifications in terms of IFRS 9 and the fair value disclosure required in terms of IFRS 13.

	31 March 2019 Rm	31 March 2018 Rm
9. OTHER NON-CURRENT LIABILITIES		
Cash-settled share-based payment liability (refer note 25.1)	–	2
Put option liability	274	245
Finance lease liabilities	2	5
Liability to non-controlling shareholder in subsidiary company	17	14
	293	266
Less: Short-term portion of cash-settled share-based payment liability and finance lease	–	(4)
	293	262

Judgements made by management and sources of estimation uncertainty

Due to the valuation technique used in determining the fair value of the put option liability, management judgements and estimations have been applied. The fair value calculated is impacted by the future financial performance of the DRC, the EBITDA multiple applied, exchange rates and expected timing of when the option will be exercised.

	31 March 2019 Rm	31 March 2018 Rm
Put option liability		
Balance at the beginning of the year	245	434
Remeasurements	–	(238)
Time value of money adjustments	29	49
Balance at the end of the year	274	245

The International Finance Corporation (IFC) was issued a put option in September 2015 in terms of which PPC Ltd is required to purchase all or part of the shares held by the IFC in PPC Barnet DRC Holdings. The put option may be exercised after six years from when the IFC subscribed for the shares but only for a five-year period. The put option value was calculated using the DRC's forecast EBITDA applying an earning's multiple less net debt and then present valued.

Following the valuation of the put option, no fair value adjustment has been recognised as the fair value is the same as the current carrying amount.

Forecast EBITDA is based on financial forecasts approved by management, with pricing and margins similar to those currently being achieved by the business unit, albeit lower than in the prior year, while selling prices and costs are forecast to increase at local inflation projections and extrapolated using local GDP growth rates averaging 5 % per annum (2018: 5 %) taking cognisance of the plant production ramp-up and adjusted for the impact of competitor activity and political environment within the country and neighbouring countries. An EBITDA multiple of 7 times (2018: 7 times) was determined using comparison of publicly available information on other cement businesses operating in similar territories. The present value of the put option was calculated at R274 million (2018: R245 million). The increase in the liability follows the time value of money adjustments. Refer note 26 for sensitivity analysis.

Liability to non-controlling shareholder in subsidiary company

Relates to US dollar denominated interest payable on initial equity contribution into the DRC group of companies by a non-controlling shareholder. The accruing of interest ceased in September 2015 and the amount payable will be repaid once the external funding of the DRC has been settled.

10. TAXATION

10.1 Income tax

Judgements made by management and sources of estimation uncertainty

The group is subject to direct and indirect taxation in a number of jurisdictions. There may be transactions and calculations for which the ultimate tax determination has an element of uncertainty in the ordinary course of business. Where the final tax determination is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax liabilities in the year in which such determination is made.

	2019 Rm	2018 Rm
South African normal taxation		
Current taxation	(54)	215
Current year	36	230
Prior years	(90)	(15)
Deferred taxation	(11)	(56)
Current year	(17)	(48)
Prior years	6	(8)
Foreign normal taxation		
Current taxation	57	117
Current year	57	117
Deferred taxation	(19)	(71)
Current year	(67)	(71)
Prior years	6	–
Change in taxation rate	42	–
Withholding taxation	33	–
Taxation charge	6	205

	%	%
Taxation rate reconciliation		
Profit before taxation (excluding earnings from equity-accounted investments)	3	68
Prior years' taxation impact	36	(7)
Profit before taxation, excluding prior years' taxation adjustments	39	61
Income taxation effect of:	(11)	(33)
Expenditure not deductible in terms of legislation	(15)	(14)
Expenditure attributable to non-taxable income	(5)	(16)
Empowerment transactions and IFRS 2 charges not taxation deductible	(4)	(3)
Fair value adjustments on financial instruments not subject to taxation	(4)	22
Impact of sections 12(I) and 12(L) of the South African Income Tax Act	58	–
DRC ANAPI tax holiday	6	–
Prior year adjustment for forfeitable share plan movement	(9)	–
Foreign taxation rate differential	7	16
Deferred taxation not raised*	(6)	(23)
Change in taxation rate	(19)	–
ZIMRA voluntary disclosure programme interest reversal	5	–
Transfer pricing adjustment	(10)	(12)
Withholding taxation	(15)	(3)
South African normal taxation rate	28	28

** The deferred taxation not recognised is as a result of the portion of the deferred taxation asset relating to the assessed losses at PPC Aggregate Quarries Botswana and PPC Barnet DRC Manufacturing that has not been recognised due to the insufficient future taxable profits to fully utilise the asset. Furthermore, the deferred taxation asset has not been recognised by PPC Ltd's capital loss relating to the BEE loans.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2019

		2019 Rm	2018 Rm
10.	**TAXATION** continued		
10.2	**Taxation paid**		
	Net amounts receivable at the beginning of the year	**(22)**	(18)
	Charge per income statement (excluding deferred taxation and interest on penalties)	**3**	331
	Impact of foreign rate differences and other non-cash flow movements	**(4)**	(5)
	Net amounts receivable at the end of the year	**174**	22
		151	330
10.3	**Deferred taxation**		
	Net liability at the beginning of the year comprises:	**797**	931
	Deferred taxation asset	**245**	142
	Deferred taxation liability	**1 042**	1 073
	Current year income statement (release)/charge	**(84)**	(86)
	Prior year taxation adjustment	**12**	(28)
	Deferred taxation impact of expected credit loss on opening retained income	**(6)**	–
	Change in taxation rate	**(42)**	
	Translation differences and the impact of Zimbabwe change in functional currency	**(53)**	(20)
	Net liability at the end of the year comprises:	**624**	797
	Deferred taxation asset	**220**	245
	Deferred taxation liability	**844**	1 042
	Analysis of deferred taxation		
	Property, plant and equipment	**1 284**	1 189
	Other non-current assets	**50**	134
	Current assets	**(6)**	(10)
	Non-current liabilities	**(111)**	(124)
	Current liabilities	**(65)**	(75)
	Reserves	**4**	1
	Taxation losses	**(532)**	(318)
		624	797

Judgements made by management and sources of estimation uncertainty

Deferred taxation assets

Deferred taxation assets are recognised to the extent it is probable that taxable profits will be available in future periods against which deductible temporary differences can be utilised. The recognition of deferred tax assets is assessed at subsidiary level taking into account the applicable legal provisions of the country in which the PPC subsidiary recognising the deferred tax asset is registered. Further, the recognition of deferred tax assets take into account applicable tax rates, which may vary between reporting periods.

CIMERWA has accumulated tax losses over the last four years with a significant amount arising in 2015 from claiming a 50 % investment deduction on the new plant. Article 29 of Law No 16/2005 capped the utilisation of tax losses to a five-year period following the tax loss. A new income tax law, Law No 016/2018 has been gazetted repealing Law No 16/2005 of 18 August 2005 on direct income tax. This new law is applicable to CIMERWA. Article 32 of Law No 016/2018, which came into force on 13 April 2018, states that the Rwandan Revenue Authority (RRA) may authorise the taxpayer who duly applies, for their loss carried forward of more than five tax periods if taxpayer fulfils requirements determined by an Order of the Minister. The Ministerial order was published in the official gazette on the 6 May 2018 indicating that a taxpayer may apply for losses to be carried forward more than five (5) tax periods, subject to fulfilment of certain conditions. The deferred taxation asset recognised in CIMERWA is also affected by the maintenance of the existing shareholders. Any disposal of shares by the existing shareholders equal to and higher than 25 % will result in the loss of the deferred taxation asset. An assessment of the new law and the conditions indicates that the CIMERWA's deferred tax of R209 million (2018: R242 million) is recoverable.

The PPC Barnet DRC Manufacturing deferred tax asset of R173 million was assessed based on the DRC's tax laws applicable at 2019 year-end close. The assessment of the deferred tax recoverability was based on the subsidiary's approved business plans and compliance with DRC's tax laws and regulations, the recognised deferred taxation asset was assessed to be recoverable.

PPC Aggregates Quarries Botswana's deferred tax asset of R20 million was assessed for recoverability. The recoverability assessment has taken into account the approved business plan and Botswana's applicable tax laws and regulations and based on the assessment, no impairment was recognised during the year.

Pronto Building Materials deferred tax asset of R17 million recoverability assessments was based on applicable South African tax laws and the approved business plans and the assessment, no impairment was recognised during the year.

11. BORROWINGS

	Terms	Security	Interest rate	31 March 2019 Rm	31 March 2018 Rm
Notes				**111**	131
PPC 002: five years	Unsecured notes, issued under the company's R6 billion domestic medium-term note programme, and are recognised net of capitalised transaction costs.	Unsecured	Three-month JIBAR plus 1,5 %	**–**	20
PPC 003: five years		Unsecured	Three-month JIBAR plus 1,48 %	**111**	111
South Africa long-term funding				**1 319**	1 392
	R700 million amortising loan facility, maturing in 2021 with capital repayments of R175 million in 2019 and 2020 and R350 million in 2021	Unsecured	Variable rates at 270 basis points above three-month JIBAR	**523**	696
	R800 million general banking facility expiring in 2022	Unsecured	Variable rates at 305 basis points above three-month JIBAR	**796**	696
Project funding				**3 201**	2 889
	US dollar denominated, repayable in monthly instalments over a 10-year period starting March 2016	Secured by CIMERWA's property, plant and equipment (refer note 3)	Variable at 725 basis points above six-month US dollar LIBOR	**353**	347
	Rwandan franc denominated, repayable in monthly instalments over a 10-year period starting March 2016	Secured by CIMERWA's property, plant and equipment (refer note 3)	Fixed rate of 16 %	**408**	300
	US dollar denominated, interest payable biannually. Biannual repayments in equal instalments over five years starting December 2016	Secured by PPC Zimbabwe's property, plant and equipment (refer note 3), inventory (refer note 17) and trade and other receivables (refer note 16)	Six-month US dollar LIBOR plus 700 basis points	**290**	479
	US dollar-denominated, capital and interest payable biannually starting July 2017 ending January 2027, with a capital repayment holiday until January 2020.	Secured by PPC Barnet DRC's property, plant and equipment	Six-month US dollar LIBOR plus 975 basis points	**2 150**	1 763
				4 631	4 412
Less: Short-term portion of long-term borrowings				**(567)**	(333)
Long-term borrowings				**4 064**	4 079
Add: Short-term borrowings, bank overdrafts and short-term portion of long-term borrowings				**938**	603
Total borrowings				**5 002**	4 682
Maturity analysis of total borrowings:					
One year				**938**	603
Two years				**943**	764
Three years				**1 406**	836
Four years				**483**	1 192
Five and more years				**1 232**	1 287
				5 002	4 682
Carrying amount of assets encumbered					
Property, plant and equipment (refer note 3)				**7 339**	6 460

The group had committed borrowing facilities of R2,4 billion and utilised 70 % (2018: 72 %) of these facilities at the date of this report. At reporting date, R731 million of borrowing facilities remain unutilised.

These numbers exclude project funding in Rwanda, DRC and Zimbabwe.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2019

		31 March 2019 Rm	31 March 2018 Rm
12.	**FINANCE COSTS**		
	Bank and other short-term borrowings	**32**	305
	Notes	**10**	8
	Long-term loans and project funding	**569**	303
		611	616
	Capitalised to plant and equipment	**–**	(23)
	Finance costs before time value of money adjustments	**611**	593
	Interest on penalties	**3**	–
	Time value of money adjustments on rehabilitation and decommissioning provisions and put option liability	**67**	82
		681	675
	Southern Africa	**234**	337
	Rest of Africa	**447**	338
	The total finance costs excluding time value of money adjustments, relate to borrowings held at amortised cost. For details of borrowings refer note 11.		
12.1	**Finance costs paid**		
	Finance costs as per income statement charge	**681**	675
	Time value of money adjustments on rehabilitation and decommissioning provisions and put option liability	**(67)**	(82)
	Movement in accrued finance costs	**4**	(1)
		618	592

13. FAIR VALUE AND FOREIGN EXCHANGE MOVEMENTS

Judgements made by management

Valuation of financial instruments

The valuation of financial instruments is based on the market position at the reporting date and other assumptions such as volatility, intrinsic value, time value and interest rates. The value of the derivative instrument fluctuates and the actual amounts realised may differ materially from their value at the reporting date.

		31 March 2019 Rm	31 March 2018 Rm
13.1	**Fair value and foreign exchange (losses)/gains**		
	Movements in the fair value and foreign exchange gains are recognised in the income statement and comprise the following:		
	Gain on remeasurement of put option liability (refer note 9)	**–**	238
	(Loss)/gain on unlisted collective investments	**(1)**	5
	ECL on Zimbabwe government bonds	**(40)**	–
	Gain/(loss) on translation of foreign-denominated currency monetary items	**32**	(100)
		(9)	143

Fair value adjustment on Zimbabwe government bonds was determined by applying an expected credit loss of 12,7% against the total asset recognised which resulted in an expected credit loss of R40 million.

Included in the gain/(loss) on translation of foreign currency denominated monetary items, is gain of R8 million arising from the remeasurement of the Zimbabwe monetary items following the change in functional currency, and a loss of R13 million (2018: R80 million) comprising the remeasurement following devaluations of the Congolese franc against the US dollar and a fair value adjustment relating to the discounting of the non-current VAT receivable in the DRC. Furthermore, a remeasurement loss of R16 million (2018: R12 million) has been recorded against the US dollar denominated project funding in Rwanda. Also included in the loss on translation of foreign currency monetary items are losses or gains made on open forward exchange contracts held for capital purchases and working capital requirements.

		31 March 2019 Rm	31 March 2018 Rm
13.2	**Translation of foreign operations**		
	Movements in the translation of foreign operations are recognised in the statement of comprehensive income. The group's foreign currency translation reserve arises from the following foreign subsidiaries:		
	PPC Zimbabwe*	**886**	(219)
	CIMERWA Limitada	**144**	(168)
	PPC DRC Barnet	**269**	(213)
	PPC Botswana	**4**	0
	PPC Mozambique	**1**	2
		1 304	(598)

** Included in PPC Zimbabwe is a gain of R488 million arising from the change in the functional currency.*

The gain recorded in the current year is due to the weakening of the rand against the functional currencies of the group's subsidiaries.

Details on fair value hierarchies are disclosed in note 26.
Details on foreign exchange rates can be found in note 1.5.

	31 March 2019 shares	31 March 2018 shares
14. STATED CAPITAL		
Authorised ordinary shares	**10 000 000 000**	10 000 000 000
Refer note 21 for total shares in issue		
Authorised preference shares	**20 000 000**	20 000 000
Twenty million preference shares of R1 000 each. No preference shares have been issued.		

	Rm	Rm
Stated capital		
Balance at the beginning of the year	**3 984**	3 919
Sale of shares, treated as treasury shares, by consolidated BBBEE entity	**–**	62
Shares purchased in terms of FSP incentive scheme treated as treasury shares	**(41)**	(72)
Vesting of shares held by certain BBBEE 1 entities	**–**	2
Vesting of shares held in terms of the FSP share incentive scheme	**–**	73
Balance at the end of the year	**3 943**	3 984

	Shares	Shares
Unissued shares		
Ordinary shares	**8 406 885 699**	8 408 240 046
Preference shares	**20 000 000**	20 000 000

	31 March 2019 Rm	31 March 2018 Rm
15. TRADE AND OTHER PAYABLES		
Accrued finance charges	**4**	8
Cash-settled share-based payment liability (short-term portion) (refer note 25)	**–**	2
Capital expenditure payables	**64**	45
Finance lease liabilities	**–**	1
Unclaimed dividend	**11**	11
Other financial payables*	**22**	57
Retentions held for plant and equipment	**316**	259
Trade payables and accruals	**1 368**	1 079
Trade and other financial payables	**1 785**	1 462
Payroll accruals	**138**	248
VAT (receivable)/payable	**(4)**	25
	1 919	1 735

The prior year balances, relating to taxation payable of R71 million has been re-presented and disclosed separately on the face of the statement of financial position.

Trade and other payables, payroll accruals and regulatory obligations are payable within a 30 to 60-day period.

* Included in other financial payables is income received in advance and short-term provisions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2019

	31 March 2019 Rm	31 March 2018 Rm
16. TRADE AND OTHER RECEIVABLES		
Trade receivables	**960**	958
Loss allowance (refer note 26)	**(49)**	(58)
Net trade receivables	**911**	900
Mark-to-market adjustments (refer note 26)	**9**	1
Proceeds due from the sale of PPC shares held by consolidated BBBEE entities	**–**	7
Interest receivable	**23**	12
Short-term portion of long-term receivable*	**35**	30
Other financial receivables**	**39**	73
Trade and other financial receivables	**1 017**	1 023
Prepayments	**149**	115
VAT receivable	**–**	13
	1 166	1 151

**This relates to the short-term portion of the long-term receivable due from the local electricity provider in the DRC, further details are disclosed in note 8.*

*** Included in other financial receivables is operating lease receivables and employee-related receivables.*

Refer note 26 for fair value of trade and other receivables.

The prior year balances relating to taxation receivable of R93 million have been re-presented and disclosed separately on the face of the statement of financial position.

Net trade receivables comprise	**911**	900
Trade receivables that are neither past due nor impaired	**685**	704
Trade receivables that are past due but not impaired	**226**	196

No individual customer represents more than 10% of the group's revenue and exposure at year-end. The group's largest customer comprises 7% (2018: 9%) of trade receivables at year-end.

Before granting credit to a customer, the group uses an internal credit scoring system to assess the potential customer's credit quality and limit. The credit quality of a customer is assessed with reference to credit bureau reports, financial statements analysis, trade references, bank codes and securities. Accounts are reviewed annually with high-risk customers monitored more frequently. Collateral held comprises bank guarantees, cession of book debt, deed of surety, cross-company guarantees and notarial bonds.

Except for trade and other receivables of PPC Zimbabwe of R9 million (2018: R36 million), no receivables have been pledged as security.

16. TRADE AND OTHER RECEIVABLES continued

	Cement Rm	Lime Rm	Aggregates and readymix Rm	Total Rm
Trade receivables that are neither past due nor impaired				
2019	**493**	**92**	**100**	**685**
2018	497	87	120	704
There is no history of material default relating to trade receivables in this category.				
Trade receivables that are past due but not impaired				
2019				
Ageing beyond normal terms	**183**	**13**	**30**	**226**
1 – 30 days	**80**	**11**	**20**	**111**
31 – 60 days	**31**	**1**	**7**	**39**
61 – 90 days	**15**	**1**	**1**	**17**
91 – 180 days	**10**	**–**	**2**	**12**
Greater than 180 days	**47**	**–**	**–**	**47**
Fair value of collateral held	**83**	**–**	**–**	**83**
2018				
Ageing beyond normal terms	157	17	22	196
1 – 30 days	42	6	3	51
31 – 60 days	39	–	4	43
61 – 90 days	13	1	1	15
91 – 180 days	28	10	12	50
Greater than 180 days	35	–	2	37
Fair value of collateral held	89	–	–	89

Judgements made by management and sources of estimation uncertainty

The loss allowance is established when there is objective evidence that the group will not be able to collect all amounts due in accordance with the original terms of credit given and includes an assessment of recoverability based on historical trend analysis and circumstances that exist at the reporting date. Normal credit terms vary between 30 and 60 days.

	Cement Rm	Lime Rm	Aggregates and readymix Rm	Total Rm
Loss allowance				
2019				
Balance at the beginning of the year	**42**	**–**	**16**	**58**
Allowance raised through profit or loss	**23**	**5**	**24**	**52**
Utilisation of allowance	**(45)**	**–**	**(23)**	**(68)**
Translation differences	**7**	**–**	**–**	**7**
Balance at the end of the year	**27**	**5**	**17**	**49**
2018				
Balance at the beginning of the year	34	–	12	46
Allowance raised through profit or loss	21	–	5	26
Utilisation of allowance	(9)	–	(1)	(10)
Translation differences	(4)	–	–	(4)
Balance at the end of the year	42	–	16	58

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	31 March 2019 Rm	31 March 2018 Rm

17. INVENTORIES

Inventories are initially recognised at cost, determined using a weighted average cost formula. Subsequently, inventories are stated at the lower of cost and net realisable value.

	31 March 2019 Rm	31 March 2018 Rm
Raw materials	**175**	152
Work in progress	**224**	151
Finished goods	**552**	499
Maintenance stores	**594**	599
Inventory obsolescence	**(269)**	(219)
	1 276	1 182

Judgements made by management and sources of estimation uncertainty

The provision for obsolete inventory, which is specific to maintenance stores, is calculated based on an item by item basis with regards to specific circumstances and history of usage and is consistent with the prior year.

During the year, an amount of R3 million (2018: R2 million) for critical spares, was reclassified between property, plant and equipment and inventory (refer note 3).

Inventory written down to net realisable value amounted to R1 million (2018: R8 million) during the year.

The cost of inventories recognised as an expense in cost of sales during the year was R6 375 million (March 2018: R5 538 million).

Except for the inventory of PPC Zimbabwe of R172 million (2018: R239 million), no inventories have been pledged as security. Refer to note 11 for further detail on pledged inventory.

18. CASH AND CASH EQUIVALENTS

	31 March 2019 Rm	31 March 2018 Rm
Balance at the end of the year	**452**	836
Currency analysis:		
Botswana pula	**66**	51
Mozambican metical	**2**	7
RTGS dollar (Zimbabwe)	**123**	–
Rwandan franc	**42**	45
South African rand	**62**	124
United States dollar	**157**	609
	452	836

Judgements made by management and sources of estimation uncertainty

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents at the end of the year as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated reporting position as shown above.

Cash and cash equivalents include cash on hand and cash on deposit. Amounts denominated in foreign currencies have been translated at ruling exchange rates at year-end (refer note 1.5).

Cash and cash equivalents are recognised less of expected credit losses. During the current year, in line with the requirements of IFRS 9, cash and cash equivalents were assessed for expected credit losses by analysing the credit rating of each financial institution where PPC Ltd and its subsidiaries have invested cash. This resulted in an expected credit loss of R6 million being recognised in the current year of which R5 million relates to cash deposits held in Zimbabwe banks. Refer note 26 for detailed assessment.

	31 March 2019 Rm	31 March 2018 Rm
Included in cash and cash equivalents is restricted cash:		
PPC Environmental Trust	**9**	8
Zimbabwe	**44**	49
	53	57

Cash and cash equivalents held by the PPC Environmental Trust can only be utilised for environmental obligations in South Africa and is therefore not freely available.

In accordance with the requirements of lenders to PPC Zimbabwe. PPC Zimbabwe is required to deposit funds in an escrow account which can only be used for the purpose of making capital and interest repayments on the loan. Refer to note 11 for further details on the Zimbabwe loan.

18. CASH AND CASH EQUIVALENTS continued

PPC Zimbabwe

The rand value of the gross cash balances in Zimbabwe significantly reduced to R206 million (comprising RTGS$, US$, pula and rand) compared to R515 million at the end of March 2018 due to the introduction of the RTGS$ with a closing exchange rate of 3,01 to the US$. The introduction of the RTGS$ as the functional currency in Zimbabwe resulted in a 67 % devaluation against the US$ at year-end using the official interbank year-end rate of US$1:RTGS$3,01. Furthermore, the decrease was also caused by the settlement of foreign creditors which improved over the period and the transfer of the dividend amounts owing to PPC Ltd which was invested in the government bonds and listed shares in the Zimbabwe stock market.

The dividends due to PPC Ltd were registered as legacy debt in accordance with monetary policy requirements. The Reserve Bank of Zimbabwe confirmed that it will provide forex funds (when they become available) to settle the debt in exchange for RTGS funds at a rate of US$1: RTGS$1.

Please refer to the table below for analysis of the Zimbabwe cash:

	US$ (equivalent)	Rand (equivalent)
Cash on hand – 31 March 2018	44	515
Cash on hand – 31 March 2019	14	206
Restricted cash	3	44
% cash restricted	7%	8 %
Cash transferred – trading	9	118
Cash transferred – PPC Ltd (dividend)	16	220
Cash transferred rate	57%	66 %

Comparatives not presented as changes in functional currency have been applied prospectively.

19. OTHER INTANGIBLE ASSETS

	Right of use of mineral asset Rm	ERP development and other software Rm	Brand, trademarks and customer relationships Rm	Total Rm
2019				
Cost	223	396	535	1 154
Accumulated amortisation and impairments	(30)	(290)	(276)	(596)
	193	106	259	558
Movements during the year				
Net carrying value at the beginning of the year	166	105	286	557
Additions	–	24	–	24
Amortisation	(2)	(28)	(37)	(67)
Translation differences	29	5	10	44
Net carrying value at the end of the year	193	106	259	558
2018				
Cost	192	347	518	1 057
Accumulated amortisation and impairments	26	242	232	500
	166	105	286	557
Movements during the year				
Net carrying value at the beginning of the year	203	126	348	677
Additions	–	6	–	6
Amortisation	(2)	(26)	(50)	(78)
Impairments	(17)	–	–	(17)
Translation differences	(18)	(1)	(12)	(31)
Net carrying value at the end of the year	166	105	286	557

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2019

19. OTHER INTANGIBLE ASSETS continued

Judgements made by management and sources of estimation uncertainty

Reserves estimates

Purchased reserves through a business combination are estimates of the amount of mineral that can be economically and legally extracted from our mining properties. Reserves and mineral resource estimates are based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the orebody, and require geological judgements to interpret the data and other relevant economical and technical data.

The estimation of recoverable reserves is based upon factors such as estimates of selling prices, future capital requirements and production costs along with geological assumptions and judgements made in estimating the size and grade of the mineral reserve.

Changes in the reserve or resource estimates may impact the carrying value of exploration and evaluation assets, mine properties, PPE, goodwill, provision for rehabilitation and decommissioning, recognition of deferred taxation assets and depreciation and amortisation charges.

Useful lives	Method	Rate
Right of use of mineral asset	Straight-line	Estimated life of mine, limited to 30 years
ERP development and other software	Straight-line	Up to 10 years
Brand and trademarks	Straight-line	Up to 15 years
Customer relationships	Straight-line	Up to 5 years

Brand, trademarks and customer relationships

Included in brand, trademarks and customer relationships are brand and trademarks of R238 million (2018: R270 million), contracted and non-contracted customer relationships of R21 million (2018: R29 million). At year-end, brand and trademarks and customer relationships have an estimated average remaining useful life of nine years and two years respectively.

The group has performed an impairment assessment on all brands, trademarks and customer relationships. The impairment test was conducted as part of assessment performed on the cash-generating units (refer note 5). This assessment resulted in no impairment being recognised during the year.

The group does not have any indefinite useful life intangible assets, other than goodwill (refer note 5).

	31 March 2019 Rm	31 March 2018 Rm
20. EQUITY-ACCOUNTED INVESTMENTS		
Investments at cost at the beginning of the year	**182**	225
Investment made during the year	**–**	42
Investments at cost at the end of the year	**182**	267
Share of retained loss:	**(68)**	(61)
Share of current year's net loss*	**(67)**	(60)
Share of associate dividend**	**(1)**	(1)
Translation differences	**35**	(24)
Investment at end of the year	**149**	182

** Share of current year's net loss is made up of a loss of R68 million (2018: R61 million) from Habesha and a profit of R1 million (2018: R1 million) from Olegra.*
*** The share of associate dividend relates to Olegra and is included in investment income.*

	2019	2018
Valuation of interest in equity-accounted investments		
Recoverable amount of unlisted equity-accounted investments, including loans advanced	**625**	582

Habesha Cement Share Company (Habesha) comprises the majority of the group's investment in equity-accounted investments and therefore only the valuation methodology and assumptions relating to the investment are disclosed.

The majority of the share of prior year losses is as a result of a remeasurement loss recorded against the US dollar denominated borrowings following the devaluation of the Ethiopian birr against the US dollar. In the current year, Habesha also made losses as the plant is still in a ramp-up phase. Following the operating losses made by Habesha in the past two years, an impairment assessment was performed, no impairment was recognised as the fair value (recoverable amount) of R625 million is more than the equity-accounted investment of R146 million.

The fair value of Habesha was determined using the discounted cash flow methodology and cash flow projections based on financial forecasts approved by the Habesha board. A discount rate of 16 % (2018: 17 %) and growth rate of 4 % (2018: 4 %) has been used in the valuation. Refer to note 26 for disclosure of the fair value hierarchy.

	2019	2018
Key financial information of associates		
Revenue	**487**	96
Loss for the year	**177**	160
Non-current assets	**1 620**	1 367
Current assets	**299**	318
Total assets	**1 919**	1 685
Total equity	**14**	300
Non-current liabilities	**1 293**	941
Current liabilities	**612**	444

During the prior year, PPC contributed a further US$4 million equity contribution into Habesha bringing PPC's shareholding to 38 % (2018: 38 %). The plant was successfully commissioned in January 2018.

20. EQUITY-ACCOUNTED INVESTMENTS continued

Name	Nature of business	Shareholding 2019 %	Shareholding 2018 %	Financial year-end[(a)]	Carrying value, including loans advanced 2019 Rm	Carrying value, including loans advanced 2018 Rm
Incorporated in South Africa						
Olegra Oil Pty Limited	Used oil collection and filling station	**29**	29	February	**3**	3
Incorporated in Ethiopia						
Habesha Cement Share Company	Cement manufacturer	**38**	38	December	**146**	179
					149	182

[(a)] *Management accounts together with the financial statements are used to align earnings in equity-accounted investments with PPC's year-end as Habesha has a December financial year-end.*

Refer note 32 for events after reporting date impacting the accounting treatment of Habesha Cement.

21. EARNINGS AND HEADLINE EARNINGS PER SHARE

21.1 Number of shares and weighted average number of shares

	Total number of shares	Weighted average number of shares	Number of shares for dilutive earnings per share
March 2019			
Total shares in issue at the beginning of the year	**1 591 759 954**	**1 591 759 954**	**1 591 759 954**
Shares issued during the period	**1 354 347**	**1 354 347**	**–**
Total shares in issue before adjustments for shares deemed to be treasury shares	**1 593 114 301**	**1 593 114 301**	**1 591 759 954**
Shares issued in terms of the second BBBEE transaction treated as treasury shares	**(37 382 193)**	**(37 382 193)**	**(37 382 193)**
Shares held by consolidated BBBEE trusts and trust funding SPVs treated as treasury shares	**(20 144 083)**	**(20 144 083)**	**(20 144 083)**
Shares held by consolidated Porthold Trust (Private) Limited treated as treasury shares	**(1 284 556)**	**(1 284 556)**	**(1 284 556)**
Shares purchased in terms of the FSP share incentive scheme treated as treasury shares	**(27 145 639)**	**(20 978 548)**	**–**
Shares held by consolidated Safika Trust treated as treasury shares	**(1 354 347)**	**(1 354 347)**	**–**
	1 505 803 483	**1 511 970 574**	**1 532 949 122**
March 2018			
Total shares in issue before adjustments for shares deemed to be treasury shares	1 591 759 954	1 591 759 954	1 591 759 954
Shares issued in terms of the second BBBEE transaction treated as treasury shares	(37 382 193)	(37 382 193)	(37 382 193)
Shares held by consolidated BBBEE trusts and trust funding SPVs treated as treasury shares	(20 144 083)	(21 291 094)	(21 291 094)
Shares held by consolidated Porthold Trust (Private) Limited treated as treasury shares	(1 284 556)	(1 284 556)	(1 284 556)
Shares purchased in terms of the FSP share incentive scheme treated as treasury shares	(19 955 207)	(21 639 158)	–
	1 512 993 915	1 510 162 953	1 531 802 111

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

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21. EARNINGS AND HEADLINE EARNINGS PER SHARE continued

21.2 The difference between earnings and diluted earnings per share relates to shares held under the FSP incentive scheme that have not vested.

Shares held by consolidated participants of the second BBBEE transaction

Shares issued in terms of the second BBBEE transaction which was facilitated by means of a notional vendor funding (NVF) mechanism, with the transaction concluding on 30 September 2019. These shares participate in 20% of the dividends declared by PPC during the NVF period. With the exception of the Bafati Investment Trust, entities participating in this transaction are consolidated into the PPC group in terms of IFRS 10 *Consolidated Financial Statements* during the transaction term.

Shares held by consolidated BBBEE trusts and trust funding SPVs

In terms of IFRS 10 *Consolidated Financial Statements*, certain BBBEE trusts and trust funding SPVs from PPC's first BBBEE transaction are consolidated, and as a result, shares owned by these entities are carried as treasury shares on consolidation.

Shares held by consolidated Porthold Trust Pvt Limited

Shares owned by a Zimbabwe employee trust company are treated as treasury shares.

FSP incentive scheme

In terms of the forfeitable share plan (FSP) incentive scheme, 27 145 639 shares (2018: 19 955 207 shares) are held in total for participants of this long-term incentive scheme. The shares are treated as treasury shares during the vesting periods of the awards. During the year, nil shares (2018: 3 832 250 shares) vested.

In terms of IFRS requirements, 5% (2018: 5%) of the total shares in issue are treated as treasury shares following the consolidation of the various BBBEE entities, employee trusts and incentive share schemes.

Shares held by the Safika Consolidated Management Trust

Shares issued during the period in order to retain and incentivise the Safika key management employees. This transaction was also facilitated through a NVF mechanism.

Cash earnings per share is calculated using cash available from operations divided by the total weighted average number of shares in issue for the period. Cash conversion ratio is calculated using cash generated from operations divided by EBITDA.

		31 March 2019 Rm	31 March 2018 Rm
21.3	**Basic earnings**		
	Net profit for the year	**144**	37
	Attributable to:		
	Shareholders of PPC Ltd	**235**	149
	Non-controlling interests	**(91)**	(112)
		144	37
21.4	**Earnings per share (cents)**		
	Basic	**16**	10
	Diluted	**16**	10
21.5	**Headline earnings**	**Rm**	Rm
	Headline earnings is calculated as follows:		
	Profit for the year	**144**	37
	Adjusted for:		
	Impairment of property, plant and equipment and intangible assets	**82**	182
	Taxation on impairments	**(23)**	(58)
	(Profit)/loss on sale of assets	**14**	(11)
	Taxation on profit/(loss) on sale of assets	**(4)**	2
	Headline earnings	**213**	152
	Attributable to:		
	Shareholders of PPC Ltd	**304**	231
	Non-controlling interests	**(91)**	(79)
21.6	**Headline earnings per share (cents)**		
	Basic	**20**	15
	Diluted	**20**	15

The basic earnings per share of 16 cents per share was outside the previously published range as reported on 21 June 2019, due to the fair value loss on the Zimbabwe government bonds.

	31 March 2019 Rm	31 March 2018 Rm
22. OPERATING PROFIT		
Operating profit includes:		
	67	78
Cost of sales	7	6
Operating costs	60	72
Auditor's remuneration	28	27
Fees	28	21
Other	–	6
Depreciation	951	798
Cost of sales	890	749
Operating costs	61	49
Distribution costs included in cost of sales	1 480	1 422
Loss/(profit) on sale of asset	14	(11)
Operating lease charges – land and buildings	39	37
Staff costs before capitalisation to plant and equipment	1 599	1 657
Southern Africa	1 266	1 343
Rest of Africa	333	314
Including:		
Equity-settled share incentive scheme charge	40	40
Directors' remuneration[(a)]	9	45
Employees' remuneration	1 440	1 448
Restructuring costs	–	22
Retirement benefit contributions (refer note 27)	110	102
	1 599	1 657
Less: Costs capitalised to plant and equipment	(5)	(15)
	1 594	1 642

[(a)] *For further details refer to the abridged remuneration report.*

	31 March 2019 Rm	31 March 2018 Rm
23. INVESTMENT INCOME		
Dividends on collective investment scheme	9	7
Interest received on cash and cash equivalents	86	45
	95	52
24. NON-CURRENT ASSETS HELD FOR SALE		
	92	34

Judgements made by management and sources of estimation uncertainty

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

In September 2015, the PPC Zimbabwe board approved the disposal of houses at its Colleen Bawn and Bulawayo factories, which was anticipated to be finalised in 12 months. The disposal has been delayed due to the government processing of the sectional title deeds and is now anticipated to be completed during the 2020 financial year. The houses have already been allocated to the employees through a systematic process and the agreements of sale have been drafted and are with the lawyers. It is management's view that the outstanding processes will be completed by September 2019. In the current year, a valuation of the houses was performed by an independent valuator and a fair value gain of R48 million was recognised for the houses which increased the recorded value for assets held for sale to R92 million (2018: R34 million).. The fair value was estimated based on the market prices of similar properties. The movement from prior year was also impacted by the exchange rate movements (refer note 1.5). Zimbabwe is reported under the Rest of Africa segment in the segmental report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

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25. SHARE-BASED PAYMENTS

Judgements made by management and sources of estimation uncertainty

Fair value used in calculating the amount to be expensed as a share-based payment is subject to a level of uncertainty. The group is required to calculate the fair value of the cash-settled and equity-settled instruments granted to employees in terms of the share option schemes, forfeitable share plan incentive schemes and share-based payment charges relating to empowerment transactions.

These fair values are calculated by applying a valuation model, which is in itself judgemental, and takes into account certain inherently uncertain assumptions such as dividend yield, share price volatility, performance conditions and staff turnover.

25.1 Cash-settled

Executive directors and certain senior employees have been granted cash-settled share appreciation rights in terms of the PPC long-term incentive plan. The scheme was implemented during 2007, in recognition of services rendered, to encourage long-term shareholder value creation and as an incentive for current and prospective employees to benefit from growth in the value of PPC in the medium and long term. All grants are approved by the remuneration committee.

Share appreciation rights granted:

	Total	2009[a]	2008[a]	2007[a]/[b]
Date of grant		25/09/2009	17/11/2008	08/08/2007
Grant price (based on five-day volume weighted average price or zero) (rand)		21,30	18,97	26,95
Number of rights granted	**7 918 000**	2 166 000	2 212 000	3 540 000
Directors (with performance conditions)	**1 826 000**	360 000	435 000	1 031 000
Executives (with performance conditions)	**1 390 000**	458 000	456 000	476 000
Senior management	**4 702 000**	1 348 000	1 321 000	2 033 000
Movement during the year	**(2 164 000)**	(1 108 000)	(1 056 000)	–
Movement in prior years	**(5 754 000)**	(1 058 000)	(1 156 000)	(3 540 000)
Unexercised/unvested at 31 March 2019	**0**	–	–	–
Vesting in thirds after the third, fourth and fifth anniversary of the grant date		Yes	Yes	Yes
Automatically exercised on the third anniversary of the grant date		Yes	Yes	Yes
Expiry date (lapse if not exercised)		25/09/2019	17/09/2018	

[a] *These rights have vested but have not been exercised as at 31 March 2019.*

[b] *The rights granted in 2017 have now reached their expiry date and the awards lapsed during the year following the lifting of the various cautionaries the company was trading under.*

During the year there were no new shares issued to directors and senior employees. The shares meant to vest in 2019 and 2018 were forfeited due to the drop in share price.

	2019 Rm	2018 Rm
(Reversal of previous charges)/charge recognised	**(2)**	1
The carrying amount of the liability relating to cash-settled share appreciation rights at year-end (refer note 9)	**–**	2

25.2 Equity-settled

Executive directors and certain senior employees have been granted equity-settled share appreciation rights in terms of PPC's long-term incentive plan in recognition of services rendered, to encourage long-term shareholder value creation, and as an incentive to benefit from growth in the value of PPC in the medium and long term. The scheme was amended in 2015 to include equity-settled awards. All grants are approved by the remuneration committee.

Equity-settled share appreciation rights granted:

	Year of award	2017 Rm	2015 Rm
Date of grant		30/08/2016	29/05/2015
Grant price (based on five-day volume weighted average price or zero) revised for the effect of the rights offer (rand)		5,85	9,84
Number of rights granted (all with performance conditions)	**11 566 952**	1 643 800	9 923 152
Directors	**4 164 752**	1 249 800	2 914 952
Management (including prescribed officers)	**7 402 200**	394 000	7 008 200
Forfeited during the year – directors			
Forfeited during the year – management			
Forfeited in prior years – directors	**(2 914 952)**	–	(2 914 952)
Forfeited in prior years – management	**(6 102 458)**	–	(6 102 458)
Vesting date		30/08/2019	19/02/2018
Expiry date (lapse if not exercised)		30/08/2022	19/02/2021

25. SHARE-BASED PAYMENTS continued

25.2 Equity-settled continued

In terms of IFRS 2, the fair value of each equity-settled share appreciation right awarded, which will be expensed over the vesting period in return for services rendered, is based on the five-day volume weighted average price preceding the grant date and is not remeasured subsequently. The service and performance conditions are taken into account in the number of instruments that are expected to vest. Subsequent revisions are made for changes in estimated attrition and probability of satisfaction of performance conditions.

	2019 Rm	2018 Rm
The carrying amount of the equity-settled share appreciation rights at year-end	**4**	7

25.3 Forfeitable share plan

The forfeitable share plan (FSP), a long-term incentive, was introduced in 2011/12 to provide an incentive to deliver the group's strategy over the long term and to be a retention mechanism. Participants receive forfeitable shares for no consideration and will participate in dividends and shareholder rights from the date of grant, but may only dispose of the shares after the vesting date. Vesting of the retention awards is generally subject to employment for a period of three years and vesting of the performance awards is additionally subject to satisfaction of certain performance conditions, failing which the employee will forfeit the shares and they may be sold by PPC and the net proceeds retained by the group. The performance conditions are described in the remuneration report.

Shares are purchased directly by PPC on the JSE Limited over a number of days following the grant date. The shares are held by an agent on behalf of the participants until the vesting date and are deemed to be treasury shares.

In terms of IFRS 2, the fair value of each share awarded, which will be expensed over the vesting period in return for services rendered, is based on the average market price of acquiring the share and is not remeasured subsequently. The service and performance conditions are taken into account in the number of instruments that are expected to vest. Subsequent revisions are made for changes in estimated attrition and probability of satisfaction of performance conditions.

	Total performance awards[(a)]	**Total retention awards[(a)]**	Performance awards	Retention awards	Performance awards	Retention awards	Performance awards	Retention awards
Date of grant			25/03/2019		15/05/2017		30/08/2016	
Number of shares granted to directors	**1 472 400**	**427 500**	0	0	1 139 900	227 900	332 500	199 600
Number of shares granted to management and prescribed officers	**12 071 100**	**13 625 100**	3 121 500	2 721 400	4 915 200	6 003 100	4 034 400	4 900 600
Average purchase price of shares acquired (R)			5,71	5,71	7,53	7,53	8,72	8,72
Estimated fair value per share at grant date (R)			4,55	5,71	4,52	7,53	5,23	8,72

On 25 March 2019, PPC granted 3 121 500 performance awards shares and 2 721 400 retention awards to management and prescribed officers. The share price at grant date was 4.55. During the year, the shares granted in terms of the 18/02/2014 and 29/05/2015 awards vested. The performance conditions on both these awards were not achieved and therefore were forfeited. The vesting of these awards were delayed by the various cautionary announcements that the company traded under.

Shares are purchased directly by PPC on the JSE Limited over a number of days following the grant date. The shares are held by an agent on behalf of the participants until the vesting date and are deemed to be treasury shares.

[(a)] *The total performance and retention awards exclude the awards that have vested or forfeited.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

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26. FINANCIAL RISK MANAGEMENT

IFRS 9 Financial Instruments

The standard is effective for years commencing on or after 1 January 2018. The standard has been adopted by the group for the financial reporting period ending 31 March 2019.

IFRS 9 provides guidance on the classification, measurement and recognition of financial assets and financial liabilities and replaces IAS 39. The standard establishes three measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. Classification of financial assets into these categories is dependent on the entity's business model (which depicts its objectives with respect to the management of financial assets as a whole) and the characteristics of the contractual cash flows of the specific financial asset. There were no significant changes to the classification guidance for financial liabilities.

IFRS 9 introduces a new expected credit loss impairment model that replaces the incurred loss impairment model used in IAS 39. The group has designed impairment models incorporating new principles such as 12 months expected credit loss, forward looking information and time value of money in order to comply with expected credit loss impairments under IFRS 9.

PPC Group did not early adopt the new standard as per the group policy; however, the IFRS 9 standard was adopted on 1 April 2018.

The applicable elements of the IFRS 9 new standard have been described in the assessment below which shows the overall impact on the group's statement of financial position and performance.

Financial instruments – Classification and measurement

IFRS 9 requires all financial assets to be initially recognised at fair value, including directly attributable transaction costs for all financial assets not measured at fair value through profit or loss. Financial assets are to be classified based on (i) the business model within which the financial assets are managed and (ii) the contractual cash flow characteristics of the financial assets (whether the cash flows represent 'solely payment of principal and interest'). Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold those assets for the purpose of collecting contractual cash flows and those cash flows comprise solely payments of principal and interest ('hold to collect').

Financial assets are measured at fair value through other comprehensive income if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and those contractual cash flows comprise solely payments of principal and interest ('hold to collect and sell'). Movements in the carrying amount of these financial assets should be taken through OCI, except for impairment gains or losses, interest revenue and foreign exchange gains or losses, which are recognised in profit or loss. Where the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

Other financial assets are measured at FVTPL. All derivative instruments that are either financial assets or financial liabilities will continue to be classified as held for trading and measured at fair value through profit or loss. The accounting for financial liabilities is largely unchanged, except for financial liabilities designated at FVTPL. Changes in the fair value of these financial liabilities that are attributable to the group's own credit risk are recognised in OCI. Where the financial liability is derecognised, the cumulative gain or loss previously recognised in OCI is not reclassified from equity to profit or loss. However, it may be reclassified within equity.

Financial instruments – Impairment

The group's trade receivable is derived from the sale of cementitious goods and the incidental transport revenue from delivering these goods to customers (refer note 2). Management believes that the trade receivables recognised from the two revenue streams has a similar risk profile and has not been split is assessing the expected credit losses. IFRS 9 requires impairments to be determined based on an expected credit loss (ECL) model rather than the current incurred loss model required by IAS 39. PPC group recognises an allowance for either a 12-month or lifetime ECLs, depending on the quantum of the credit risk movement since the initial recognition and determining whether financial assets are credit-impaired. PPC Group measures the ECLs in a manner which reflects a probability-weighted outcome, the time value of money and the entity's best available forward looking information. The preceding probability-weighted outcome considers the possibility that a credit loss will occur and the possibility that no credit loss will occur, no matter how low the probability of credit loss occurrence might be. The ECL model applies to financial assets measured at amortised cost and FVTOCI, lease receivables and certain loan commitments as well as financial guarantee contracts.

In accordance with IFRS 9, opening retained income was adjusted, resulting in a R17 million loss (net of deferred tax), the expected credit loss recognised on the opening balance trade debtors amounted to R23 million. Following an improved trade debtors book, the group reassessed the expected credit loss at year-end; this resulted in a reversal of R17 million.

The group's financial instruments consist mainly of borrowings from financial institutions, deposits with banks, local money market instruments and accounts receivable and payable.

Forward exchange contracts are used by the group for hedging purposes. The group does not speculate in the trading of derivative instruments.

Capital risk management

The group manages its capital to ensure that entities in the group will continue as going concerns, while maximising the return to stakeholders through the optimisation of debt and equity. Refer to note 1 for a detailed explanation as to management's going concern considerations.

The capital structure of the group consists of debt, which includes the borrowings disclosed in notes 11, cash and cash equivalents as disclosed in note 18, and equity attributable to PPC Ltd shareholders, comprising stated capital (note 14), reserves and retained profit.

A committee including PPC's senior financial executives review the capital structure on a quarterly basis. As part of this review, the cost of capital and the risks associated with each class of capital are considered. Based on recommendations of the committee, PPC balances its overall capital structure through issues of equity instruments, dividend cover reviews and the issue of new debt or the redemption of existing debt.

26. FINANCIAL RISK MANAGEMENT continued

Treasury risk management

Senior financial executives meet on a regular basis to analyse currency and interest rate exposure and to re-evaluate treasury management strategies against latest economic forecasts. The group's treasury operation provides South African entities with access to local markets and provides local subsidiaries with the benefit of bulk financing and depositing.

Foreign currency management

Trade and capital commitments

The group is exposed to exchange rate fluctuations as it undertakes transactions denominated in foreign currencies in the normal course of business. Exchange rate exposures are managed within approved policy parameters utilising forward exchange contracts. Where possible, entities in the group cover forward all material foreign currency commitments unless there is a natural hedge.

Forward exchange contracts are carried at fair value with the resultant profit or loss included in income. Fair value gain of the forward exchange contracts on hand at reporting date is R8 million.

At 31 March 2019, a 10 % weakening in the group's significant exposure to the foreign currencies, particularly the US$, Rwandan franc and pula, would have increased the profit attributable to PPC Ltd shareholders by R0,3 million, EPS by 1 cent, total assets by R981 million and total liabilities by R747 million. Conversely, a 10 % strengthening would decrease the profit attributable to PPC Ltd shareholders by R0,3 million, EPS by 1 cent, total assets by R981 million and total liabilities by R747 million.

Hedge accounting applied in respect of foreign currency risk

No foreign exchange contracts have been designated as cash flow or fair value hedges.

Fair value hedge accounting applied in respect of foreign currency risk

The amounts below represent forward exchange contract commitments to purchase foreign currencies:

	< 1 year Rm	1 to 3 years Rm	Total Rm
2019	**–**	**–**	**–**
2018	168	–	168

Total forward exchange contracts comprise the following:

	2019	2018
US dollar (US$m)	**8**	13
Average rate (R/US$)	**14,53**	12,92

The average rates shown above include the cost of forward cover.

PPC is exposed to translation risk as its foreign subsidiaries and associates report in different currencies to that of the holding company. This is managed primarily through borrowings denominated in the relevant foreign currencies to the extent that such funding is available on reasonable terms in the local capital markets.

Interest rate management

The group is exposed to interest rate risk arising from fluctuations in financing costs on loans which are at variable interest rates. As part of the process of maintaining a balance between the group's fixed and variable rate borrowings, the interest rate characteristics of new borrowings and the refinancing of existing borrowings are structured according to expected movements in interest rates. The profile of total borrowings is as follows:

Description	Years of repayment	2019 Rm	2018 Rm
Secured			
Long-term loans denominated in foreign currencies (refer note 11)	2018 – 2025	**3 201**	2 889
Unsecured			
Long-term loans (refer note 11)	2019	**1 319**	1 392
Short-term loans and bank overdrafts (refer note 11)	2019	**456**	270
Notes (refer note 11)	2019 – 2021	**111**	131
		1 886	1 793

Unsecured, short-term loans bear interest at market rates.

Sensitivity analysis

Interest rate risk

At 31 March 2019, if all floating interest rates on interest-bearing loan receivables, short-term cash investments, short-term loans payable and bank overdrafts had been 100 basis points higher, with all other variables held constant, attributable earnings would have been R21 million (earnings per share: 1 cent) lower. Conversely, at 31 March 2019, if all floating interest rates at that date had been 100 basis points lower, with all other variables held constant, the attributable earnings would have been R21 million (earnings per share: 1 cent) higher.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

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26. FINANCIAL RISK MANAGEMENT continued

Fair values of financial assets and liabilities

The carrying values of certain financial assets and liabilities, which are accounted for at historical cost, may differ from their fair values.

	Notes	Total carrying amount Rm	Fair value Rm
2019			
Financial assets			
The financial assets carried at fair value are classified into three categories as reflected below:			
At amortised cost		**1 748**	**1 748**
Investment in Zimbabwe government bonds	8	**279**	**279**
Trade and other financial receivables	16	**1 017**	**1 017**
Cash and cash equivalents	18	**452**	**452**
At fair value through other comprehensive income		**14**	**14**
Investment in Zimbabwe stock market	8	**14**	**14**
At fair value through profit or loss		**430**	**430**
Unlisted collective investment	8	**141**	**141**
PPC Zimbabwe financial asset	8	**289**	**289**
Financial liabilities			
At amortised cost		**6 806**	**6 806**
Long-term borrowings	11	**4 064**	**4 064**
Short-term borrowings	11	**938**	**938**
Finance lease liabilities	9	**2**	**2**
Liability to non-controlling shareholder in subsidiary company	9	**17**	**17**
Trade and other financial payables	15	**1 785**	**1 785**
At fair value through profit or loss		**274**	**274**
DRC put option liability	9	**274**	**274**
2018			
Financial assets			
Loans and receivables		1 865	1 865
Investment in government bonds	8	6	6
Mark-to-market	16	1	1
Trade and other financial receivables	16	1 022	1 022
Cash and cash equivalents	18	836	836
At fair value through profit or loss		134	134
Unlisted collective investment (held for trading)	8	134	134
Financial liabilities			
At amortised cost		6 163	6 163
Long-term borrowings	11	4 079	4 079
Short-term borrowings	11	603	603
Finance lease liabilities	9	5	5
Liability to non-controlling shareholder in subsidiary company	9	14	14
Trade and other financial payables	15	1 462	1 462
At fair value through profit or loss		247	247
Cash-settled share-based payment liability	9	2	2
DRC put option liability	9	245	245

Credit risk management

The potential exposure to credit risk is represented by the carrying amounts of trade and other receivables, cash and cash equivalents, short-term cash investments, investment in the Zimbabwe government bonds. Trade receivables comprise a large, widespread customer base and credit risk arises from the possibility that customers may not be able to settle their obligations as agreed. To manage this risk, the granting of credit is controlled by application and account limits, and the group only deals with creditworthy customers supported by appropriate collateral. The group credit committee, chaired by the group CFO, meets on a quarterly basis to monitor trade receivables and approve granting of account limits. The group annually re-evaluates counterparty limits and the financial reliability of its customers. Provision is made for specific doubtful debts where appropriate, and as at 31 March 2019, management did not consider there to be any material credit risk exposure that was not already covered by security or a doubtful debt provision.

26. FINANCIAL RISK MANAGEMENT continued

Credit risk management continued

	2019 Rm	2018 Rm
Maximum credit risk exposure	**1 911**	1 999

The analysis per credit rating level is assessed below. These ratings were obtained from Standard & Poor's and Moody's, and these relate only to cash and cash equivalents.

Country	Counterparty	Long-term ratings	Rating definitions
South Africa	First National Bank/ Rand Merchant Bank	Aaa.za	Prime
	Standard Bank	Aa1.za	Higher
	Nedbank	A1.za	Upper medium
Botswana	First National Bank		
	Standard Chartered	A2	Upper medium
	Barclays	A2	Upper medium
	Stanbic	Ba1	Non-investment
Zimbabwe	Stanbic	Ba1	Non-investment
	PTA Bank	Baa3	Non-investment
DRC	Raw Bank	Caa1	Substantial risk
	Procredit	B-	Highly speculative
	PTA Bank	Baa3	Lower medium
Rwanda	Kenya Commercial Bank (KCB)	B3	Highly speculative
	PTA Bank	Baa3	Lower medium
	East African Development Bank	Baa3	Lower medium

Following credit risk assessment, expected credit losses of R5 million and R1 million on cash and cash equivalents has been recognised on the cash held by the DRC and Zimbabwe respectively.

Liquidity risk management

Liquidity risk is the risk of the group being unable to meet its payment obligations when they fall due. The group manages liquidity risk centrally by maintaining an appropriate balance between long-term and short-term debt, ensuring borrowing facilities are adequate to meet its liquidity requirements at all times, and by monitoring forecast and actual cash flows.

The company had committed borrowing facilities of R2 436 million and utilised 70% (2018: 72%) of these facilities at 31 March 2019. At year-end, R741 million of borrowing facilities remain unutilised. These numbers exclude project finance in Rwanda, the DRC and Zimbabwe.

Although cash held by PPC Zimbabwe is available to settle liabilities in country, the ability to access foreign currency in the country is constrained. The current cash and cash equivalents held by PPC Zimbabwe amounts to R206 million. The liquidity risk on foreign creditors and lenders has increased due to the delay of foreign payments. To mitigate this risk, PPC Zimbabwe has set out a contingency plan to help ensure that operations are not interrupted due to difficulties in remitting payments to foreign suppliers. Through the contingency plan, PPC Zimbabwe is exploring various mitigation methods such as increasing export sales and obtaining a trade financing mechanism facility. Further details on the cash and cash equivalents in Zimbabwe can be found in note 18.

Banking facilities are only entered into with leading financial institutions.

The following table details the group's remaining contractual maturity for its financial liabilities. The table has been prepared based on undiscounted cash flows at the earliest date on which the group can be required to pay. The amounts include both interest accrued and capital.

	< 1 year Rm	1 to 5 years Rm	> 5 years Rm	Total Rm
2019				
Total borrowings	**937**	**3 588**	**594**	**5 119**
Trade and other financial payables	**1 785**	**–**	**–**	**1 785**

Refer note 11 for borrowings details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2019

26. FINANCIAL RISK MANAGEMENT continued

Methods and assumptions used by the group in determining fair values

The estimated fair value of financial instruments is determined, at discrete points in time, by reference to the mid-price in an active market wherever possible. Where no such active market exists for the particular asset or liability, the group uses valuation techniques to arrive at fair value, including the use of prices obtained in recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants.

The fair value of unlisted investment has been valued based on the purchase agreement following the decision to dispose of the investment, while unlisted collective investment is valued using the closing unit price at year-end. Investment in government bonds is valued using the discounted face value of the bills. Further details are disclosed in note 8.

The fair value of loans receivable and payable is based on the market rates of the loan and the recoverability.

The fair values of cash and cash equivalents, trade and other financial receivables and trade and other financial payables approximate the respective carrying amounts of these financial instruments because of the short period to maturity.

The PPC Zimbabwe financial asset (refer note 8) should be valued using RTGS forward curves; however, these are not available. As a result of there being no other similar available market data the financial asset has been valued at the year-end US$:RTGS$ exchange rate and no further fair value adjustment has been recognised.

The put option liability has been calculated using EBITDA forecasts prepared by management and discounted to present value. Further details are disclosed in note 9.

The fair value of derivative financial instruments relating to cash-settled share appreciation rights is determined with reference to valuations performed by third-party financial institutions at reporting date, using an actuarial binomial pricing model. The inputs into the model are shown in note 25.

Fair value hierarchy disclosures

	Notes	Level 1	Level 2	Level 3	Total
2019					
Financial assets					
At amortised cost					
Investment in Zimbabwe government bonds	8	–	279	–	279
Trade and other financial receivables	16	–	1 017	–	1 017
Cash and cash equivalents	18	452	–	–	452
At fair value through other comprehensive income					
Investment in Zimbabwe stock market	8	14	–	–	14
At fair value through profit or loss					
Unlisted collective investments at fair value (held for trading)	8	–	141	–	141
PPC Zimbabwe financial asset	8	–	289	–	289
Non-financial assets					
Assets held-for-sale	24	–	92	–	92
Goodwill*	5	–	–	236	236
Equity-accounted investments^	20	–	–	625	625
VAT receivable	8	–	101	–	101
Long-term receivable	8	–	91	–	91
Prepayments	16	–	149	–	149
Financial liabilities					
At amortised cost					
Long-term borrowings	11	–	4 064	–	4 064
Short-term borrowings	11	–	938	–	938
Financial lease liabilities	9	–	2	–	2
Liability to non-controlling shareholder in subsidiary company	9	–	17	–	17
Trade and other financial payables	15	–	1 785	–	1 785
At fair value through profit or loss					
Put option liabilities	9	–	–	274	274
Decommissioning and rehabilitation obligations	7	–	–	395	395

** The movement in the fair value of goodwill recognised relates to foreign currency exchange differences.*

^ Relates to the fair value of the investment in associates which is different to the carrying amount of R149 million, determined using the equity-accounting method. The reported fair value is determined using discounted cash flows (refer note 20), which involves using unobservable inputs such as the forecast cash flows and the discount rate. An adjustment of 1% in the discount rate used will result in a movement of R56 million in the reported fair value.

26. FINANCIAL RISK MANAGEMENT continued

Fair value hierarchy disclosures

	Notes	Level 1	Level 2	Level 3	Total
2018					
Financial assets					
At amortised cost					
Investment in Zimbabwe government bonds	8	–	6	–	6
Trade and other financial receivables	16	–	1 023	–	1 023
Cash and cash equivalents	18	836	–	–	836
At fair value through profit or loss					
Unlisted collective investments at fair value (held for trading)	8	–	134	–	134
Non-financial assets					
Assets held-for-sale	24	–	34	–	34
Goodwill	5	–	–	230	230
Equity-accounted investments^	20	–	–	582	582
VAT receivable	8	–	104	–	104
Long-term receivable	8	–	59	–	59
Prepayments	16	–	115	–	115
Financial liabilities					
At amortised cost					
Long-term borrowings	11	–	4 079	–	4 079
Short-term borrowings	11	–	603	–	603
Financial lease liabilities	9	–	5	–	5
Liability to non-controlling shareholder in subsidiary company	9	–	14	–	14
Trade and other financial payables	15	–	1 462	–	1 462
At fair value through profit or loss					
Cash-settled share-based payment liability		–	2	–	2
Put option liabilities	9	–	–	245	245
Decommissioning and rehabilitation obligations	7	–	–	495	495

Level 1 – financial assets and liabilities that are valued accordingly to unadjusted market prices for similar assets and liabilities. Market prices in this instance are readily available and the price represents regularly occurring transactions which have been concluded on an arm's length transaction.

Level 2 – financial assets and liabilities are valued using observable inputs, other than the market prices noted in the level 1 methodology, and make reference to pricing of similar assets and liabilities in an active market or by utilising observable prices and market-related data.

Level 3 – financial assets and liabilities that are valued using unobservable data, and requires management judgement in determining the fair value. Refer notes 7, 8 and 14 for quantitative information and significant assumptions on the unobservable inputs used to determine fair values for financial assets and liabilities respectively.

This note has been refined from that reported in the prior period to only include financial instruments held at fair value.

Level 3 sensitivity analysis

Financial instrument	Valuation technique	Main assumptions	Carrying value (Rm)	Increase (Rm)	Decrease (Rm)
Put option liabilities^	Earnings multiple	EBITDA and net debt	274	29	(29)

The valuation of the put option liability follows the changes in the DRC operations recoverable amount. During the current year, following an impairment review, management opted not to reverse the previously recognised impairment and as a result no fair value adjustment has been recognised on the put option liability.

^ *If the key unobservable inputs to the valuation model, being estimated EBITDA and net debt, were 1 % higher/lower while all the other variables were held constant, the carrying amount of the put option liabilities would decrease/increase by R29 million.*

Movements in level 3 financial instruments

	2019 Rm	2018 Rm
Financial liabilities		
Balance at the beginning of the period	**245**	434
Remeasurements	**–**	(238)
Time value of money adjustments	**29**	49
Balance at the end of the period	**274**	245

Remeasurements are recorded in fair value adjustments on financial instruments in the income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2019

27. RETIREMENT BENEFIT AND POST-RETIREMENT INFORMATION

Judgements made by management and sources of estimation uncertainty

Defined benefits plans

PPC group have defined benefit plans for qualifying former employees in respect of post-employment healthcare benefits. The defined benefit plans post-employment healthcare benefits are administered by Corner House Pensioners, C&CI Pensioners and PPC Zimbabwe Limited, funds that are legally separated from the PPC group.

Historically, qualifying employees were granted certain post-retirement healthcare benefits. The obligation for the employer to pay medical aid contributions after retirement is no longer part of the conditions of employment for new employees. A number of pensioners remain entitled to this benefit, the cost of which has been fully provided.

The PPC group post-employment subsidy policy states that the company subsidises the total medical scheme contributions at either 80 % or 100 % and dependants of eligible continuation members receive a subsidy before and after the death of the principal member.

The defined benefit plans require contributions from PPC group and typically expose the company to actuarial risks such as: inflation risk, future changes in legislation risk, longevity risk and future changes in the tax environment risk, enforcement of eligibility criteria and rules risk and administration risk. The risk relating to post-employment healthcare benefits to be paid to the dependants of plan members are not insured by an external insurance company.

The movement in the post-retirement medical benefit fund is a loss of R1 million (2018: R2 million income) for the year, the closing balance at 31 March 2019 amounted to R32 million (2018: R31 million).

South Africa

The most recent actuarial valuations of the plan assets and the present value of the defined benefit liability were carried out at 28 February 2018 by Alexander Forbes Health Pty Limited of the Actuarial Society of South Africa. The present value of the defined benefit liability, and the related current service cost and past service cost, were measured using the projected unit credit method.

The actuarial valuation method used to value the liabilities is the projected unit credit method prescribed by IAS 19. Future benefits valued are projected using specific actuarial assumptions and the liability for in-service members is accrued over expected working lifetime.

In order to undertake the valuation, it is necessary to make a number of assumptions. The most significant assumptions used for the previous and current valuations are outlined below:

- Discount rate – 8,80 %
- Healthcare cost inflation – 7,80 %
- Post-retirement mortality assumption – PA(90) ultimately rated down two years + 1.0 % per annum from 2006

Zimbabwe

PPC Zimbabwe provides post-retirement medical benefits for qualifying employees. The cost of these benefits is actuarially valued every three years. The latest valuation being for the period ended 30 September 2018 and the result of which has been brought to account in these financial statements.

The following key parameters were used in the valuation:

- Discount rate – 14,53 %
- General inflation – 7,69 %
- Health cost inflation – 9,19 %
- Net gap (discount rate versus health cost inflation) – 4,9 %

Defined contribution plans

The total cost charged to the income statement of R110 million (2018: R102 million) represents contributions payable to these schemes by the group at rates specified in the rules of the schemes. At 31 March 2019, all contributions due in respect of the current reporting period had been paid over to the schemes.

28. RELATED-PARTY TRANSACTIONS

Parties are considered to be related if one party directly or indirectly has the ability to control or jointly control the other party or exercise significant influence over the other party or is a member of the key management of PPC Group. In particular, this relates to associates, as transactions with the consolidated subsidiaries are eliminated. In the ordinary course of business, PPC Group Shared Services Pty Limited, a subsidiary of PPC Ltd, entered into various transactions with Habesha Cement Share Company, an associate of PPC Ltd. The effect of these transactions is included in the financial performance and results of the group. Terms and conditions are determined on an arm's length basis. No impairment of receivables related to the amount of outstanding balances is required.

	Year ended 31 March 2019 Audited Rm	Year ended 31 March 2018 Audited Rm
The following table shows transactions with the related parties that are included in the group's annual financial statements.		
Services rendered to a related party		
Habesha Cement Share Company	**2**	–
Amounts receivable from a related party		
Habesha Cement Share Company	**2**	–
Dividends received from a related party		
Olegra Pty Limited	**1**	1

Refer note 32 for post-balance sheet events impacting the accounting treatment of the Habesha Cement Share Company by the PPC Group.

29. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

It is the policy of PPC not to adopt new standards before they become effective. The following standards and improvements are in issue but not yet effective. These revised standards and interpretations will be adopted by PPC when they become effective.

Revised statements in issue not yet effective:	**Effective date reporting period on or after**	**Possible implication on PPC**
For adoption during 2020 financial year		
IFRS 16 *Leases*	1 January 2019	Impact is assessed below*
IAS 28 – amendments	1 January 2019	Amendment will have an IFRS 9 ECL retrospective impact only on long-term interests in associates or joint ventures which are not equity accounted. The amendment has no impact on the group.
IFRS 9 *Prepayment Features with Negative Compensation*	1 January 2019	Amendments to IFRS 9 clarify that a financial asset passes the "solely payments of principal and interest" criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendment has no impact on the group.
IAS 19 *Employee Benefits*	1 January 2019	The amendment has a mandatory implication on remeasurement of current service and net interest if there has been an occurrence of plan amendment, curtailment or settlement. The amendment has no impact on the group.
IFRIC 23 *Uncertainty over Income Tax Treatments*	1 January 2019	The amendment will have an impact if the company had uncertainties over income tax treatment when determining taxable profit (tax loss), unused tax losses, unused tax credits and tax rates. The amendment has no impact on the group.
IFRS 3, IFRS 11, IAS 12 and IAS 23 – *Annual improvements*	1 January 2019	Improvements relate to the business combination of investments previously recognised as a joint operation. Furthermore there is also improvements on tax treatment, where there was uncertainty around tax treatment and borrowings costs, where there is excess borrowing funds in the development of an asset. These improvements are not applicable to the group.
For adoption during 2021 financial year		
Amendments to references to the conceptual framework in IFRS standards	1 January 2020	The revised conceptual framework includes revised definitions of an asset and a liability, as well as new guidance on measurement and derecognition, presentation and disclosure. The new conceptual Framework does not constitute a substantial revision of the document, it focused on topics that were not yet covered or that showed obvious shortcomings that needed to be dealt with. This amendment will have possible disclosure impact.
IFRS 17 *Insurance Contracts*	1 January 2021	The impact of this new standard is currently being assessed.

***IFRS 16 impact**

The standard is effective for years commencing on or after 1 January 2019. The standard will be adopted by the PPC group for the financial reporting period commencing 1 April 2019. The group has completed an initial assessment of the potential impact of the adoption of IFRS 16 on its consolidated financial statements.

IFRS 16 requires a lessee to recognise a right-of-use asset and lease obligations for all leases except for short-term leases, or leases of low value assets which will be treated similarly to operating leases under the current standard IAS 17 if the exceptions are applied. A lessee measures its lease obligation at the present value of future lease payments, and recognises a right-of-use asset initially measured at the same amount as the lease obligation including costs directly related to entering into the lease. Right-of-use assets are subsequently treated in a similar way to other assets such as property, plant and equipment or intangible assets dependent on the nature of the underlying item.

The PPC group has various rental agreements in place. In accordance with the above, right-of-use assets and lease obligations (liabilities) associated to these rentals would be recognised in the statement of financial position.

The group currently recognises the rental expense of the properties on a straight-line basis over the lease term. Upon the adoption of IFRS 16, the group's operating lease charge in profit or loss will be replaced by a depreciation charge in respect of the corresponding right-of-use assets, as well as an interest charge relating to the respective lease liabilities, which may in aggregate be different to the current operating lease charge.

PPC group will account for all leases under a single on-balance sheet model similarly to finance leases under IAS 17, with the exception of the short-term and low-value leases. The group has prepared an impact assessment on each subsidiary.

Based on the assessment performed the estimated impact of IFRS 16 on the group's 2020 financial year-end will be the following:

- The group will recognise a potential right-of-use asset of R92 million and a corresponding lease liability of R92 million
- The group will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. PPC group will potentially recognise depreciation of R22 million and an interest expense of R10 million. The depreciation of the asset is based on the lower of the remaining lease period or the useful life of the asset

Management continues to assess the implications of the remaining insignificant individual leases in which the group is the lessee, which may cause the final impact to differ from the estimates provided above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2019

30. EMPOWERMENT TRANSACTION IFRS 2 CHARGES

The empowerment charges reflected on the consolidated income statement comprise:

(i) Second BBBEE transaction – The current year's charge amounted to R32 million (March 2018: R33 million) and relates to the IFRS 2 charge on the employee share option element of the transaction. The total charge is amortised over the vesting period of the transaction.

(ii) Annual IFRS 2 charge on the Zimbabwe indigenisation plan R1 million (2018: R1 million).

(iii) In the prior year the board approved an ex-gratia payment to the beneficiaries of the BMT Trust resulting in an additional IFRS 2 charge of R14 million.

31. ADDITIONAL DISCLOSURE

Contingent liabilities and guarantees

A PPC Group supplier has instigated legal proceedings against the group for the possible damages in relating to a contract. In terms of the contract, the supplier would perform certain services relating to sales and marketing. The total claim is estimated at R3 million. Management believes that the claim has no merit, and is currently being contested in court. In accordance with IAS 37, no provision has been made in these financial statements.

The total guarantees issued by the group, by means of a bank guarantee, in favour of the various suppliers were R102 million (2018: R102 million). Included in this amount are financial guarantees for the environmental rehabilitation and decommissioning obligations of the group to the DMR amounting to R76 million (2018: R76 million).

Directors, prescribed officers and key management

The executive directors and prescribed officers of PPC are regarded as key management personnel. Details regarding directors' and prescribed officers' remuneration and interest are disclosed in the remuneration report.

Shareholders

The principal shareholders of the company are disclosed in the stock market section.

32. EVENTS AFTER REPORTING DATE

Business combination

On 4 May 2019, Habesha Cement Share Company (Habesha), a cement manufacturing company incorporated in Ethiopia and currently accounted in the PPC Group results as an investment in associate, granted PPC and Industrial Development Corporation (IDC) a right to appoint an additional board member. PPC and IDC have a 38 % and 20 % shareholding in Habesha respectively. PPC and IDC have signed a voting agreement, in terms of which they agreed to vote as a block on key matters pertaining to Habesha. Given PPC's technical knowledge and experience in the cement manufacturing industry and the fact that PPC has significant shareholding in Habesha compared to IDC, it is likely that PPC will be a key decision maker in terms of the voting agreement.

Furthermore, PPC entered into an agreement with Habesha, in terms of which PPC is required to provide consulting and technical services. These services, amongst other include:

> Consulting services – such as developing strategic direction and objectives, providing commercial guidance and aligning the policies and procedures of Habesha to those of PPC.
> Technical services – relating to finance, sales and marketing, treasury, human resources, legal and risk management.

Taking into account the two agreements, management believes that PPC has control over Habesha from 4 May 2019 and has the exposure to variable returns and ability to affect those returns.

In terms of IAS 10, this is considered to be a non-adjusting post-balance sheet event as the meeting where the resolution was passed to give IDC and PPC a right to appoint an additional board member took place after the reporting period. The potential evidence of control therefore never existed at year-end.

Effective from 4 May 2019, being the acquisition date, PPC will account for Habesha as a subsidiary and the financial results of Habesha will be consolidated into PPC Group. PPC's share of profits will remain as 38 %.

The acquisition accounting has not yet been finalised at the time of these financial statements as the event occurred after the reporting date and the acquisition of Habesha involved a complex analysis of among other things; the voting rights held directly by PPC, its voting agreement with the IDC, and the effect of its technical agreements with Habesha. As such the group will provide more information in its interim reporting on a final or preliminary basis dependent on the state of completion of the required accounting procedures at that time.

Refinancing strategy

Due to the expected liquidity constraints, in April 2019 the investment committee approved the engagement with the lenders for the funding facility package to be increased from R2,4 billion to R3,1 billion. This facility has been approved by the lenders and is considered to be a non-adjusting subsequent event in accordance with IAS 10.

Movement in RTGS$:US$ rate

At 31 March 2019, an official inter-bank rate of 3.01 between the US$ and RTGS has been used in the translation of the Zimbabwe results following the change in functional currency. This rate has since deteriorated to 8.83 at 18 July 2019, the date of approval of these consolidated annual financial statements. This rate was obtained from www.marketwatch.co.zw. For the sensitivity analysis on the RTGS$ rate refer note 1.6.

Reserve Bank of Zimbabwe directive

On 24 June 2019, the government of Zimbabwe issued Statutory Instrument (SI) 142 which abolished the multi-currency system in Zimbabwe. Government has removed the multi-currency regime and restricted domestic transactions to local currency, renamed Zimbabwe dollar (ZWL), in an effort to enhance the affordability of goods and services in Zimbabwe.

Further to the SI 142 of 2019, the Reserve Bank of Zimbabwe, through a directive RU 102/2019 dated 25 June 2019, announced that it will implement the support measures to buttress and strengthen the local unit of account. Management has assessed the statutory requirements as announced by the Reserve Bank of Zimbabwe and applied the following measures to comply with these requirements:

TDB loan (refer note 11)

> PPC Zimbabwe transferred the required funds to Stanbic Bank where the legacy debt was registered. The legacy debts funds that had been confirmed by RBZ to be settled at 1:1 mainly relate to the TDB loan balance of US$31 million. PPC Zimbabwe is in receipt of a letter from the RBZ already confirming the 1:1 settlement.
> A written instruction was submitted by PPC Zimbabwe to Stanbic Bank to transfer the said TDB funds to the RBZ in line with the directive.
> In addition, a written instruction was submitted to Stanbic instructing them to apply to the RBZ to settle the outstanding balance of the June 2019 TDB instalment of US$5 million on a 1:1 basis between the ZWL and the US$.

Dividends and rights issue proceeds legacy debt invested in government bonds (refer note 8)

> In order to comply with the above RZB directive, PPC Ltd issued a written instruction to Stanbic to divest from the 7 % savings bonds held with the RBZ and to transfer the equivalent RTGS$ funds of the legacy debt at 1:1 with the US dollar.
> Stanbic has subsequently confirmed that they have initiated the disinvestment process of the 7 % RBZ savings bonds and are expecting the funds to be credited into PPC Ltd's non-resident account. These funds will then be transferred to the RBZ as directed.

Management believes that this event is a non-adjusting post-balance sheet event as the instruction to transfer the legacy debt funds to RBZ is a condition that arose after year-end. Furthermore management believes that at year-end transactions relating to the Zimbabwe legacy debt are appropriately recognised and disclosed in these annual financial statements.

There are no events that occurred after the reporting date, other than those listed above, that may have a material impact on the group's reported financial position at 31 March 2019.

SUBSIDIARIES AND NON-CONTROLLING INTERESTS

for the year ended 31 March 2019

SUBSIDIARIES AND NON-CONTROLLING INTERESTS

The consolidated annual financial statements for the year ended 31 March 2019 include the results and statements of financial position of the company, all of its subsidiaries, special purpose vehicles and companies that are controlled by the group.

The group consists of subsidiaries, either directly or indirectly held by the company, and holds the majority of voting rights in all subsidiaries. Except for the respective BBBEE entities consolidated in terms of IFRS 10, voting rights are aligned to the proportionate ownership. Non-controlling shareholders have significant interests in two of the group's subsidiaries, namely CIMERWA Limited (CIMERWA) and PPC Barnet DRC Holdings.

The key trading subsidiaries, their activities and respective holding companies are:

Proportion of ownership interest and voting power held by the group

Name of subsidiary	2019	2018	Holding company
PPC Zimbabwe Limited	**70%**	70 %	PPC Ltd
PPC Botswana Pty Limited	**100%**	100 %	PPC Ltd
PPC South Africa Holdings Pty Limited	**100%**	100 %	PPC Ltd
PPC Cement SA Pty Limited	**100%**	100 %	PPC South Africa Holdings Pty Limited
PPC International Holdings Pty Limited	**100%**	100 %	PPC Ltd
PPC Group Services Pty Limited	**100%**	100 %	PPC Ltd
PPC Lime Limited	**100%**	100 %	PPC South Africa Holdings Pty Limited
Pretoria Portland Cement International Holdings	**100%**	100 %	PPC Ltd
Pronto Building Materials Pty Limited	**100%**	100 %	Pronto Holdings Pty Limited
Ulula Ash Pty Limited	**100%**	100 %	Pronto Building Materials Pty Limited
3Q Mahuma Concrete Pty Limited	**100%**	100 %	Pronto Holdings Pty Limited
Safika Cement Holdings Pty Limited[(a)]	**N/A**	95 %	PPC Cement SA Pty Limited
PPC Aggregate Quarries Pty Limited	**100%**	100 %	PPC South Africa Holdings Pty Limited
PPC Aggregate Quarries Botswana Pty Limited	**100%**	100 %	PPC Botswana Pty Limited
CIMERWA Limitada	**51%**	51 %	PPC International Holdings Pty Limited
PPC Barnet DRC Holdings	**69%**	69 %	PPC International Holdings Pty Limited
PPC Barnet DRC Trading SA	**69%**	69 %	PPC Barnet DRC Holdings
PPC Barnet DRC Manufacturing SA	**69%**	69 %	PPC Barnet DRC Holdings
PPC Barnet DRC Quarrying SA	**69%**	69 %	PPC Barnet DRC Holdings
PPC Mozambique SA	**100%**	100 %	PPC International Holdings Pty Limited

(a) In the prior reporting period, in order to retain and incentivise the Safika Cement management team, a notional vendor funding transaction was concluded for 5 % of the business and was for five years. Put option percentages are as per the original agreements and have not been adjusted for the impact of the NVF that was concluded post the original purchase date. In the current year Safika was integrated into PPC Cement Pty Limited.

Other than the normal regulations and exchange controls in the various countries in which the group operates, there are no significant restrictions that could materially impact the ability to access or use assets and settle liabilities in foreign jurisdictions with the exception of Zimbabwe.

The following summarised financial information is presented for PPC Barnet DRC Holdings and CIMERWA Limited (CIMERWA) and, based on their respective consolidated financial statements which were prepared in accordance with IFRS, modified for fair value adjustments to financial assets and liabilities at the acquisition date. The information is before intergroup eliminations with other group entities. These entities are deemed material due to their respective non-controlling shareholders being a major component of the value reflected in the consolidated statement of financial position.

	PPC Barnet DRC Holdings 2019	**CIMERWA 2019**	PPC Barnet DRC Holdings 2018	CIMERWA 2018
Revenue	**494**	**885**	144	804
EBITDA	**107**	**246**	(105)	270
Net (loss)/profit for the year	**(290)**	**–**	(384)	7
Net (loss)/profit attributable to non-controlling interests	**(91)**	**–**	(119)	7
Total assets	**2 989**	**1 241**	2 280	1 063
Total liabilities	**3 727**	**879**	2 851	829
Equity attributable to non-controlling interests	**(439)**	**488**	(291)	411

COMPANY STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2019

	Notes	31 March 2019 Rm	Restated[a] 31 March 2018 Rm	Restated[a] 31 March 2017 Rm
ASSETS				
Non-current assets		**7 475**	6 993	6 394
Property, plant and equipment	2	**–**	3	–
Investments in subsidiaries[b]	3	**4 388**	4 390	4 390
Other non-current assets[b]	3	**291**	66	–
Amounts owing by subsidiaries	3.1	**2 796**	2 445	1 960
Deferred taxation asset	4	**–**	89	44
Current assets		**949**	858	2 038
Trade and other receivables	5	**29**	29	178
Amounts owing by subsidiaries	3.2	**863**	697	1 485
Taxation receivable		**50**	51	55
Cash and cash equivalents	6	**7**	81	320
Total assets		**8 424**	7 851	8 432
EQUITY AND LIABILITIES				
Capital and reserves				
Stated capital	7	**5 108**	5 149	5 146
Other reserves		**(727)**	(798)	(797)
Retained profit		**3 173**	2 494	1 615
Total equity		**7 554**	6 845	5 964
Non-current liabilities		**283**	356	565
Long-term borrowings	8	**–**	111	131
Other non-current liabilities	9	**274**	245	434
Deferred taxation liability	4	**9**	–	–
Current liabilities		**587**	650	1 903
Short-term borrowings	10	**134**	172	1 584
Trade and other payables	11	**38**	114	35
Amounts owing to subsidiaries	3.3	**415**	364	284
Total equity and liabilities		**8 424**	7 851	8 432

[a] *The company has restated 2017 and 2018 results. Refer note 1.4.*
[b] *The prior year amounts have been re-presented for enhanced disclosure as detailed in note 3.*

COMPANY INCOME STATEMENT

for the year ended 31 March 2019

	Notes	Year ended 31 March 2019 Rm	Restated[(a)] Year ended 31 March 2018 Rm
Revenue	12	**817**	991
Cost of sales		**–**	–
Gross profit		**817**	991
Administration and other operating expenditure		**75**	176
Operating profit before BBBEE IFRS 2 charges	13	**742**	815
BBBEE IFRS 2 charges		**31**	32
Operating profit		**711**	783
Fair value and foreign exchange movements	14	**210**	112
Finance costs	15	**56**	79
Investment income	16	**17**	22
Profit before impairments and taxation		**882**	838
Impairments	17	**66**	–
Profit before taxation		**816**	838
Taxation	18	**137**	(41)
Profit for the year		**679**	879

[(a)] *The company has restated 2018 results. Refer note 1.4.*

COMPANY STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2019

	Movement in financial assets[(a)] Rm	Retained profit[(b)] Rm	Total comprehensive income Rm
2019			
Profit for the year	**–**	**679**	**679**
Items that will be reclassified to profit or loss on disposal	**(1)**	**–**	**(1)**
Remeasurement of financial assets	**(2)**	**–**	**(2)**
Taxation impact on remeasurement of financial assets	**1**	**–**	**1**
Other comprehensive profit net of taxation	**(1)**	**679**	**678**
Total comprehensive income	**(1)**	**679**	**678**
2018			
Profit for the year	–	879	879
Total comprehensive income	–	879	879

[(a)] During the year the company purchased PPC Zimbabwe and Old Mutual shares from the Zimbabwe stock market.
[(b)] The company has restated 2018 results. Refer note 1.4.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2019

	Stated capital Rm	Other reserves: Movement in financial assets Rm	Other reserves: Equity compensation reserve Rm	Other reserves: Put options Rm	Retained profit[a] Rm	Total Rm
2019						
Balance at the beginning of the year	**5 149**	**211**	**(586)**	**(423)**	**2 494**	**6 845**
Movement for the year	**(41)**	**(4)**	**75**	**–**	**679**	**709**
IFRS 2 charges	**–**	**–**	**72**	**–**	**–**	**72**
Total comprehensive profit	**–**	**(1)**	**–**	**–**	**679**	**678**
Reclassification[b]	**–**	**(3)**	**3**	**–**	**–**	**–**
Shares purchased in terms of the FSP incentive scheme treated as treasury shares	**(41)**	**–**	**–**	**–**	**–**	**(41)**
Balance at the end of the year	**5 108**	**207**	**(511)**	**(423)**	**3 173**	**7 554**
2018						
Balance at the beginning of the year	5 146	211	(585)	(423)	1 615	5 964
Movement for the year	3	–	(1)	–	879	881
IFRS 2 charges	–	–	73	–	–	73
Total comprehensive profit	–	–	–	–	879	879
Vesting of shares held in terms of the FSP incentive scheme	74	–	(74)	–	–	–
Shares purchased in terms of the FSP incentive scheme treated as treasury shares	(71)	–	–	–	–	(71)
Balance at the end of the year	5 149	211	(586)	(423)	2 494	6 845

[a] *The company has restated 2017 and 2018 results. Refer note 1.4.*

[b] *This relates to a misallocation on the annual financial statement and a reclassification was necessary to agree the figure to the accounting records.*

For further details on the FSP share scheme, refer note 25 in the consolidated financial statements.

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 March 2019

	Notes	Year ended 31 March 2019 Rm	Restated[(a)] Year ended 31 March 2018 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before impairments		**882**	838
Adjustments for:			
IFRS 2 charges		**72**	32
Fair value gains on financial instruments	14	**(210)**	(112)
Finance costs	15	**56**	79
Dividends received from subsidiary companies		**(666)**	(943)
Interest received from subsidiary companies		**(34)**	(27)
Interest received external	16	**(17)**	(22)
Operating cash flows before movements in working capital		**83**	(155)
Movement in trade and other receivables		**18**	(9)
Movement in trade and other payables		**(59)**	80
Cash generated/(utilised) in operations		**42**	(84)
Finance costs paid	19	**(20)**	(40)
Interest received external		**7**	13
Net cash inflow/(outflow) from operating activities		**29**	(111)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in property, plant and equipment	21	**–**	(3)
Investments in Zimbabwe government bonds		**(82)**	–
Movement in DRC deficiency loan		**(151)**	(556)
Movement in amounts owing by subsidiary companies		**187**	1 650
Net cash (outflow)/inflow from investing activities		**(46)**	1 091
Net cash (outflow)/inflow before financing activities		**(17)**	980
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings repaid		**(129)**	(1 432)
Movement in amounts owing to subsidiary companies		**133**	229
Repayment of notes		**(20)**	–
Purchase of shares in terms of the FSP incentive scheme	7	**(41)**	(16)
Net cash outflow from financing activities		**(57)**	(1 219)
Net decrease in cash and cash equivalents		**(74)**	(239)
Cash and cash equivalents at the beginning of the year		**81**	320
Cash and cash equivalents at the end of the year		**7**	81

[(a)] *The company has restated 2018 results. Refer note 1.4.*

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 March 2019

1. BASIS OF PREPARATION

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB) in issue and effective for the company as at 31 March 2019 and the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act of South Africa using the historical convention except for certain financial instruments and liabilities which are stated at fair value.

The basis of preparation is consistent with the prior year except where the company has adopted new or revised accounting standards, amendments and interpretations of those standards, which became effective during the year in review.

The following standards were adopted in the current year:

> IFRS 9 *Financial Instruments* (refer note 23)

> IFRS 15 *Revenue from Contracts with Customers* (refer note 12)

Revised statements in issue not yet effective	Effective date reporting period on or after	Possible implication on the company
For adoption during 2020 financial year		
IFRS 16 *Leases*	1 January 2019	Not applicable, company has no leased assets.
IFRS 10 – amendments	1 January 2019	Not applicable
IAS 28 – amendments	1 January 2019	Not applicable
IFRS 9 – *Prepayment Features with Negative Compensation*	1 January 2019	Amendments to IFRS 9 clarify that a financial asset passes the "solely payments of principal and interest" criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendment has no impact on the company.
IAS 19 – *Employee Benefits*	1 January 2019	The amendment has a mandatory implication on remeasurement of current service and net interest if there has been an occurrence of plan amendment, curtailment or settlement. The amendment has no impact on the company.
IFRIC 23 – *Uncertainty over Income Tax Treatments*	1 January 2019	The amendment will have an impact if the company had uncertainties over income tax treatment when determining taxable profit (tax loss), unused tax losses, unused tax credits and tax rates. The amendment has no impact on the company.
IFRS 3, IFRS 11, IAS 12 and IAS 23 – annual improvements	1 January 2019	Improvements relate to the business combination of investments previously recognised as a joint operation. Furthermore there is also improvements on tax treatment, where there was uncertainty around tax treatment and borrowing costs, where there is excess borrowing funds in the development of an asset. These improvements are not applicable to the company.
For adoption during 2021 financial year		
Amendments to references to the conceptual framework in IFRS	1 January 2020	The revised conceptual framework includes revised definitions of an asset and a liability, as well as new guidance on measurement and derecognition, presentation and disclosure. The new conceptual framework does not constitute a substantial revision of the document, it focused on topics that were not yet covered or that showed obvious shortcomings that needed to be dealt with. This amendment will have possible disclosure impact.

1.2 Accounting policies

In preparing these annual financial statements, accounting policies are not reproduced if they are in full compliance with IFRS. Where there is an exception or a specific standard provides the user with optionality, it is reflected in the respective note.

1.3 Judgements made by management

The preparation of financial statements in conformity with IFRS requires management to make estimates, assumptions and judgements that affect reported amounts and related disclosures, and therefore actual results, when realised in future, could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Judgements made by management in applying the accounting policies that could have a significant effect on the amounts recognised in the financial statements are disclosed in the respective notes.

The following are the critical judgements that the directors have made in the process of applying the company accounting policies and that have the most significant effect on the amounts recognised in the financial statements. Refer to the referenced note for the explanation of the noted area of judgement.

> Other non-current assets (note 3)

– Zimbabwe government bonds

1. BASIS OF PREPARATION continued

- Investment in Zimbabwe listed shares
- Amounts owing by subsidiaries

> Deferred taxation assets (note 4)
- Deferred taxation asset

> Other non-current liabilities (note 8)
- Put option liability

1.4 Restatement of the prior year results

1.4.1 Foreign exchange gain/(loss) on foreign currency items

In the 2019 financial year, the company discovered that the intercompany funding loans receivable denominated in US dollar relating to DRC deficiency and International Holdings SA were translated at spot rate on transaction date and were not subsequently revalued at the end of each reporting period at closing rate. The DRC deficiency loan commenced in 2018 and the International Holdings SA loan commenced in 2015. The resultant impact is a foreign exchange loss that was not recognised for 2018 and a net foreign exchange gain that was not recognised for 2017. The income statement for 2018 and retained earnings for 2017 have been amended accordingly. Full retrospective adjustment has been applied, and comparative amounts have been restated.

The tables below reflect the amounts previously reported and the restated amounts:

Impact on the closing balances for the financial year ended 31 March 2018

	Previously reported Rm	Adjustment Rm	Restated Rm
Income statement			
Foreign exchange gain/(loss) on foreign currency items (note 14)	235	(123)	112
Taxation (note 18)	(17)	(34)	(51)
Statement of financial position			
Deferred taxation asset (note 4)	79	19	98
Amounts owing by subsidiaries (current and non-current) (note 3)	3 208	(72)	3 136
Retained profit	2 556	(53)	2 503
Statement of other comprehensive income			
Profit for the year	978	(89)	889
Statement of changes in equity			
Total comprehensive profit	978	(89)	889
Statement of cash flows			
Profit before impairments	961	(123)	838
Fair value gains on financial instruments (note 14)	(235)	123	(112)
Impact on the opening balances for the financial year ended 31 March 2018			
Retained profit	1 578	37	1 615
Amounts owing by subsidiaries	3 394	51	3 445
Deferred taxation asset	58	(14)	44

1.4.2 Amounts owing to subsidiaries

In the 2019 financial year, as a result of the reclassification of the DRC deficiency funding loan receivable to non-current assets it was concluded that an operational DRC intercompany payable which was netted off against the loan receivable be reclassified to amount due to subsidiaries from amounts due by subsidiaries classification in the prior year. The statement of financial position has been amended accordingly. There is no impact on the company's results for 2018.

The table below reflects the amounts previously reported and the restated amounts:

Amounts owing to subsidiaries restatement			
Amounts owing to subsidiaries (note 3)	358	6	364
Amounts owing by subsidiaries (note 3)	(6)	6	–

1.4.3 Revenue

In the 2019 financial year, it was concluded that dividend and interest income received from subsidiaries which had been incorrectly classified to investment income in the prior year, rather than being disclosed as revenue. The income statement for 2018 has been amended to reflect dividend income and interest income as part of revenue. There is no impact on the company's results for 2018.

The table below reflects the amounts previously reported and the restated amounts:

Revenue restatement			
Revenue (note 12)	21	970	991
Investment income (note 16)	992	(970)	22

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 31 March 2019

1. BASIS OF PREPARATION continued

1.4 Restatement of the prior year results continued

1.4.4 Taxation

In the 2019 financial year, it was concluded that as a result of the restatement of the prior year financial statements, the income statement taxation amount be restated to align it with the 2017 and 2018 income tax returns submitted during the 2019 financial year. The difference between the original financial statements and the submitted income tax returns would have been disclosed in the 2019 financial statements as prior year adjustments. The income statement for 2018 has been amended to reflect the current taxation amounts per the income tax returns and the deferred tax amounts have also been adjusted in line with the income tax returns.

The table below reflects the amounts previously reported and the restated amounts:

	Previously reported Rm	Adjustment Rm	Restated Rm
Taxation restatement			
Income statement			
Taxation (note 18)	–	10	10
Statement of financial position			
Deferred taxation asset (note 4)	–	(10)	(10)
Retained profit	–	(10)	(10)
Statement of other comprehensive income			
Profit for the year	–	(10)	(10)
Statement of changes in equity			
Total comprehensive profit	–	(10)	(10)

1.4.5 Statement of cash flows

In the 2019 financial year, it was concluded that amounts with no direct bank cash flow impact should not be disclosed on the statement of cash flows. The statement of cash flows was amended, there is no impact on the company's results for 2018.

The table below reflects the amounts previously reported and the restated amounts:

	Previously reported Rm	Adjustment Rm	Restated Rm
Movement in trade and other receivables	(21)	12	(9)
Movement in trade and other payables	79	1	80
Cash generated/(utilised) in operations	**(97)**	**13**	**(84)**
Finance costs paid	(53)	13	(40)
Income received from subsidiary companies	950	(950)	–
Interest received external	22	(9)	13
Net cash inflow from operating activities	**822**	**(933)**	**(111)**
Movement in amounts owing by subsidiary companies	946	704	1 650
Net cash (outflow)/inflow from investing activities	**387**	**704**	**1 091**
Net cash inflow before financing activities	**1 209**	**(229)**	**980**
Movement in amounts owing to subsidiary companies	–	229	229
Net cash outflow from financing activities	**(1 448)**	**229**	**(1 219)**

2. PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are initially recognised at cost, and subsequently measured at cost less accumulated depreciation and impairments.

The methods of depreciation and useful lives are reviewed annually. The following methods and rates were used during the year:

	Method	Rate
Furniture and equipment	Straight line	Up to six years

	Furniture and equipment Rm	Total Rm
March 2019		
Cost	**1**	**1**
Accumulated depreciation and impairments	**1**	**1**
	–	**–**
Movements during the year		
Net carrying value at the beginning of the year	**3**	**3**
Transfer to subsidiaries	**(3)**	**(3)**
Net carrying value at the end of the year	**–**	**–**
March 2018		
Cost	9	9
Accumulated depreciation and impairments	6	6
	3	3
Movements during the year		
Net carrying value at the beginning of the year	–	–
Additions	3	3
Net carrying value at the end of the year	3	3

No assets were pledged as security.

3. OTHER NON-CURRENT ASSETS

Investments in subsidiaries are recognised at cost less any accumulated impairment losses.

	March 2019 Rm	March 2018 Rm
Investments in subsidiaries		
Investments in subsidiaries at the beginning of the year	**4 390**	4 390
Impairments of investments in dormant companies[a]	**(2)**	–
Investments in subsidiaries at the end of the year	**4 388**	4 390
Other non-current assets		
Dividend receivable from PPC Zimbabwe[b]	**–**	66
Investments in Zimbabwe government bonds[b]	**277**	–
Investments in Zimbabwe stock market[c]	**14**	–
	291	66
Total other non-current assets	**4 679**	4 456
Shares at cost less amounts written off and dividends received at the beginning of the year	**4 390**	4 390
Less: Impairments of investments in dormant companies	**(2)**	–
Investments in subsidiaries at the end of the year	**4 388**	4 390

3.1 **Amounts owing by subsidiaries included in non-current assets[d]**

	March 2019 Rm	March 2018 Rm
DRC deficiency	**764**	497
PPC International Holdings Pty Limited	**2 032**	1 948
Amounts owing by subsidiaries included in non-current assets at the end of the year	**2 796**	2 445

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 31 March 2019

3. OTHER NON-CURRENT ASSETS continued

		March 2019 Rm	March 2018 Rm
3.2	**Amounts owing by subsidiaries included in current assets**		
	Amounts owing by subsidiaries	**927**	697
	Less: Impairment[(e)]	**(64)**	–
	Amounts owing by subsidiaries included in current assets at end of the year	**863**	697
3.3	***Less:* Amounts owing to subsidiaries included in current liabilities**	**(415)**	(364)
	Net investment in subsidiaries	**7 632**	7 168

Amounts owing by and to subsidiaries

The loans have no fixed terms of repayment, are unsecured and, where appropriate, interest is calculated using ruling market-related interest rates.

(a) During the year the dormant companies were deregistered resulting in an impairment of the investment by the company.

(b) The investment in government bonds of R277 million relates to the dividends declared by PPC Zimbabwe, a subsidiary of PPC Ltd, to PPC Ltd of R232 million (2018: R66 million) and the rights issue proceeds of R85 million (2018: R82 million) which is invested in the 7% Zimbabwe government bonds for a period of one year. Per the Zimbabwe exchange control guidelines these are treated as legacy debts and dividends pre-20 February 2019 (date of publication of Statutory Instrument 33). The investment was registered with the Zimbabwean authorities in accordance with Statutory Instrument 33 and therefore qualify for the 1:1 conversion of US$ to RTGS$.

In accordance with the requirements of IFRS 9, an expected credit loss assessment was performed on the Zimbabwe government bonds taking into account a range of expected default rates on government bonds with similar credit profiles, which resulted in a ECL of R40 million.

In assessing the ECL default rate the following was considered:

- *The historical average recovery rate for sovereign bonds measured by Moody's in their sovereign default and recovery rates study 1983 to 2016 is 65%*
- *The recovery rate is measured by the ratio of the present value of cash flows received as a result of the distressed exchange versus those initially promised, discounted using yield to maturity immediately prior to default*
- *This methodology closer reflects IFRS 9*
- *Sub-Saharan African countries comprise a significant portion of sovereign defaults. The most recent at time of publication of the report was 2016 by Mozambique where there was a loss of approximately 12%*

Based on the above it was determined that an ECL of 12.7% was deemed appropriate.

As a result of the uncertainty around the expatriation of funds from Zimbabwe, the investment in government bonds has been classified as non-current.

(c) The investment in the stock market relates to the investment in PPC Ltd and Old Mutual shares in Zimbabwe on the Zimbabwe Stock Exchange. This investment is held in RTGS dollar. The market value as at 31 March 2019 was RTGS$2.9 million (R14 million). As a result of the uncertainty around the expatriation of funds from Zimbabwe, the investment in the stock market has been classified as non-current.

(d) According to the DRC funding agreements, the deficiency loan is a subordinated long-term loan which is only repayable once all external loans have been settled which will not be in within the next 12 months. The international holdings loan is considered to be equity as it has no repayment terms and management has no intention to request settlement. Accordingly, as per the definition of a current asset, these loans are not expected to be settled within 12 months.

Impairment considerations

Judgements made by management and sources of estimation uncertainty

The loans receivable are assessed for impairment in terms of IFRS 9 which is based on the premise of providing for expected credit losses. Management apply judgement in determining the expected credit losses.

(e) During the year an assessment of the recoverability of the BEE equity loans was conducted using the IFRS 9 expected credit loss model following a stage 3 being the full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument) and as a result an impairment of R64 million was recognised based on the fair value as at 31 March of the PPC shares held by the BEE entities.

The prior year balance, relating to other financial assets of R66 million has been re-presented and disclosed separately on the face of the statement of financial position.

The company has restated the 2018 amounts owing by and to subsidiaries. Refer note 1.4.

	March 2019 Rm	March 2018 Rm
4. DEFERRED TAXATION (LIABILITY)/ASSET		
Movement		
Balance at the beginning of the year	89	44
(Released)/charged to income statement	(109)	58
Charged to other comprehensive income	1	–
Prior year adjustments	–	(13)
Transfer to other subsidiaries	10	–
Balance at the end of the year	(9)	89
Analysis of deferred taxation		
Property, plant and equipment	–	(10)
Non-current assets	(26)	20
Current assets	4	5
Current liabilities	–	1
Tax losses	–	46
Non-current liabilities	13	27
	(9)	89

Key judgements

Deferred taxation assets

Deferred taxation assets are recognised to the extent it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Future tax profits are estimated based on the business plans which include estimates and assumptions regarding economic growth, interest, inflation, tax rates and the competitive environment.

In 2018, the deferred taxation asset balance related to the assessed loss raised in the 2017 financial year. These assessed loss was fully utilised in 2019.

The company has restated 2018 results. Refer note 1.4.

	March 2019 Rm	March 2018 Rm
5. TRADE AND OTHER RECEIVABLES		
Derivative financial instruments (fair value hedge)[a]	8	–
Dividend receivable from PPC Botswana Pty Limited	–	14
Interest receivable	21	11
Other financial receivables	–	4
	29	29

[a] *This related to the mark-to-market adjustments on open forward exchange contracts. Refer note 23 for IFRS 9 and IFRS 13 disclosure.*

No receivables have been pledged as security.

	March 2019 Rm	March 2018 Rm
6. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	7	81
Currency analysis:		
South African rand	1	81
RTGS dollar	6	–
	7	81
Include in cash and cash equivalents is restricted cash:		
Zimbabwe	6	–
	6	–

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 31 March 2019

6. CASH AND CASH EQUIVALENTS continued

Cash and cash equivalents are recognised less of expected credit losses. During the current year, in line with the requirements of IFRS 9, cash and cash equivalents were assessed for expected credit losses by analysing the credit rating of each financial institution where PPC Ltd has invested cash. This resulted in an expected credit loss of Rnil being recognised in the current year. Refer note 23 for detailed assessment.

Included in cash and cash equivalents for the 2018 year-end, under South African rand, is R82 million due from the rights issue (concluded in September 2016) for PPC shares listed on the Zimbabwe Stock Exchange. The amount receivable has now been invested in government bonds and reflected as part of other non-current assets. The current liquidity issues in Zimbabwe have not allowed our Zimbabwe sponsors to facilitate the transfer of funds to South Africa. In light of the liquidity issues in Zimbabwe, the company continues to explore the most beneficial use of the funds in Zimbabwe while transfer to South Africa is not possible.

Cash and cash equivalents include cash on hand and cash on deposit. Amounts denominated in foreign currencies have been translated at ruling exchange rates at year-end.

PPC Zimbabwe

The cash in Zimbabwe is held in money market accounts with Stanbic and CBZ and it related to interest earned on the funds now invested in Zimbabwe government bonds (refer note 3). As per the Zimbabwe exchange control guidelines these are treated as legacy debts and dividends pre-20 February 2019 (date of publication of Statutory Instrument 33). The investment was registered with the Zimbabwean authorities in accordance with Statutory Instrument 33 and therefore qualify for the 1:1 conversion of US$ to RTGS$.

7. STATED CAPITAL

	March 2019 Shares	March 2018 Shares
Authorised shares	**10 000 000 000**	10 000 000 000
Issued ordinary shares		
Ordinary shares		
Total shares in issue at the beginning of the year	**1 591 759 954**	1 591 759 954
Adjustments for shares treated as treasury shares		
Shares purchased in terms of the FSP incentive scheme	**(27 145 638)**	(23 787 457)
Vesting of shares held in terms of the FSP incentive scheme	**–**	3 832 250
Total shares in issue (net of treasury shares)	**1 564 614 316**	1 571 804 747
Authorised preference shares	**20 000 000**	20 000 000

Twenty million preference shares of R1 000 each. No preference shares have been issued.

	Rm	Rm
Stated capital		
Balance at the beginning of the year	**5 149**	5 146
Shares purchased in terms of the FSP share incentive scheme treated as treasury shares	**(41)**	(71)
Vesting of shares held in terms of FSP share incentive scheme that were treated as treasury shares	**–**	74
Balance at the end of the year	**5 108**	5 149

FSP incentive scheme

In terms of the forfeitable share plan (FSP) share incentive scheme, 7 190 431 shares (2018: 9 774 028 shares) are held for participants of this long-term incentive scheme. The shares are treated as treasury shares during the vesting periods of the awards in terms of IFRS. During the year nil shares (2018: 3 832 250 shares) vested.

Unissued shares		
Ordinary shares	**8 408 240 046**	8 408 240 046
Preference shares	**20 000 000**	20 000 000

Of the unissued ordinary shares at the end of the year, the directors have the authority until the next annual general meeting to allot a maximum of 30 250 000 shares subject to the provisions of the Companies Act of South Africa and JSE Listings Requirements.

					March 2019 Rm	March 2018 Rm
8. LONG-TERM BORROWINGS						
Borrowings	**Terms**	**Interest rate**	**Security**	**Issue date**		
Notes						
PPC 002	Five years	3-month JIBAR plus 1.50 %	Unsecured	December 2013	–	20
PPC 003	Five years	3-month JIBAR plus 1.48 %	Unsecured	July 2014	111	111
Long-term borrowings					111	131
Less: Short-term portion of long-term borrowings (refer note 10)					(111)	(20)
					–	111
Maturity analysis of obligations:						
One year					111	20
Two years					–	111
					111	131

9. OTHER NON-CURRENT LIABILITIES

	March 2019 Rm	March 2018 Rm
Put option liability	274	245
Movement in put option liability		
Balance at the beginning of the year	245	434
Fair value adjustments on remeasurements	–	(237)
Time value of money adjustments	29	48
Balance at the end of the year	274	245

Judgements made by management and sources of estimation uncertainty

Due to the valuation technique used in determining the fair value of the put option liability, management's judgements and estimations have been applied. The fair value calculated is impacted by the future financial performance of the DRC, the EBITDA multiple applied, exchange rates and expected timing of when the option will be exercised.

The International Finance Corporation (IFC) was issued a put option in September 2015 in terms of which PPC Ltd is required to purchase all or part of the shares held by the IFC in PPC Barnet DRC Holdings. The put option may be exercised after six years from when the IFC subscribed for the shares but only for a five-year period. The put option value was calculated using the DRC's forecasted EBITDA applying an earning's multiple less net debt and then present valued.

Following the valuation of the put option, no fair value adjustment has been recognised as the fair value is the same as the current carrying amount.

Forecast EBITDA is based on financial forecasts approved by management, with pricing and margins similar to those currently being achieved by the business unit, albeit lower than in the prior year, while selling prices and costs are forecast to increase at local inflation projections and extrapolated using local GDP growth rates averaging 5 % per annum (2018: 5 %) taking cognisance of the plant production ramp-up and adjusted for the impact of competitor activity and political environment within the country and neighbouring countries. An EBITDA multiple of 7 times (2018: 7 times) was determined using comparison of publicly available information on other cement businesses operating in similar territories. The present value of the put option was calculated at R274 million (2018: R245 million). The increase in the liability follows the time value of money adjustments.

Refer note 23 for sensitivity analysis.

10. SHORT-TERM BORROWINGS

	March 2019 Rm	March 2018 Rm
Short-term loans and bank overdraft	23	152
Short-term portion of long-term borrowings (refer note 8)	111	20
	134	172

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 31 March 2019

	March 2019 Rm	March 2018 Rm
11. TRADE AND OTHER PAYABLES		
Trade payables and accruals	**29**	82
Finance costs accrued	**3**	7
Derivative financial instruments (fair value hedge)[a]	**–**	13
Cash-settled share-based payment liability	**–**	1
Trade and other financial payables	**32**	103
Payroll accruals	**3**	9
VAT payable	**3**	2
	38	114

[a] *This related to the mark-to-market adjustments on open forward exchange contracts*

Trade and other payables are payable within the normal trade terms of 30 to 60-day period.

No interest is payable on overdue payments.

	March 2019 Rm	March 2018 Rm
12. REVENUE		
Royalty fee for use of mining rights	**12**	21
Dividend income	**666**	943
Management fee	**105**	–
Interest received from subsidiaries	**34**	27
	817	991

Adoption of IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 replaces IAS 11 *Construction Contracts* and IAS 18 *Revenue*. The standard requires entities to identify the separate performance obligations and allocate the transaction price to the performance obligations in the contract by reference to their relative standalone selling prices.

Revenue includes investment income which comprises dividend and interest income. Revenue is accounted for in accordance with the particular accounting policies as set out below.

Royalty fee for use of mining rights

Revenue is recognised on the use of the PPC Ltd mining rights by PPC Cement SA Pty Limited and PPC Aggregates Quarries Pty Limited.

Dividend income

Dividend income is recognised when declared in respect of unlisted investments.

Management fee

Revenue is recognised when management services have been rendered to subsidiary companies.

Interest income

Interest is recognised on a time proportion basis that takes into account the effective yield on the asset and an appropriate accrual is made at each accounting period.

The company has restated 2018 results. Refer note 1.4.

	March 2019 Rm	March 2018 Rm
13. OPERATING PROFIT		
Operating profit includes:		
Auditor's remuneration	**3**	14
Fees	**3**	8
Other	**–**	6
Staff costs		
Equity-settled share incentive scheme charge[a]	**40**	39
Directors' remuneration[b]	**7**	41
Employees' remuneration	**15**	3
Retirement benefit contributions	**2**	1
	64	84

[a] *Executive directors and certain senior employees of the PPC Group have been granted equity-settled share appreciation rights in terms of PPC's long-term incentive plan in recognition of services rendered, to encourage long-term shareholder value creation, and as an incentive to benefit from growth in the value of PPC in the medium and long term. The scheme was amended in 2015 to include equity-settled awards. All grants are approved by the remuneration committee. Refer to note 25 on the group annual financial statements.*

[b] *For further details refer the abridged remuneration report.*

		March 2019 Rm	March 2018 Rm
14.	**FAIR VALUE AND FOREIGN EXCHANGE MOVEMENTS**		
	Gain on remeasurement of put option liability (refer note 9)	**–**	237
	Loss on remeasurement of investment in Zimbabwe stock market (refer note 3)	**2**	–
	Expected credit loss on investment in Zimbabwe government bonds (refer note 3)[a]	**(40)**	–
	Gain/(loss) on translation of foreign currency-denominated monetary items	**248**	(125)
		210	112

[a] *Fair value adjustment on Zimbabwe government bonds was determined by applying an expected credit loss of 12.7% against the total asset recognised which resulted in an expected credit loss of R40 million.*

The company has restated the 2018 results. Refer note 1.4.

		March 2019 Rm	March 2018 Rm
15.	**FINANCE COSTS**		
	Bank and other short-term borrowings	**3**	11
	Notes	**10**	8
	Finance costs before related party, other interest and effects of discounting	**13**	19
	Subsidiary companies	**11**	12
	Interest paid on penalties	**3**	–
	Effects of discounting of put option liability	**29**	48
		56	79

The total finance costs excluding effects of discounting relate to borrowings held at amortised cost. For details of borrowings refer note 8.

		March 2019 Rm	March 2018 Rm
16.	**INVESTMENT INCOME**		
	Interest on deposits and non-current assets	**17**	22
		17	22

The interest received or receivable from financial institutions, South African Revenue Service, Zimbabwe dividends before they were invested into Zimbabwe government bonds and interest earned from government bonds. This is not considered to the revenue as it does not arise from the company's course of ordinary activities.

The company has restated the 2018 results. Refer note 1.4.

		March 2019 Rm	March 2018 Rm
17.	**IMPAIRMENTS**		
	Impairment of investment (refer note 3)	**2**	–
	Impairment of intercompany loans (refer note 3)	**64**	–
		66	–

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 31 March 2019

	March 2019 Rm	March 2018 Rm
18. TAXATION		
Key judgement		
Judgement is required in determining the estimate of the provision for income taxes at the reporting period. The company recognises provisions for taxation based on estimates of the taxes that are likely to become due. Where the final taxation outcome is different from the amounts that were initially recorded, such differences impact the income taxation and deferred taxation provisions in the period in which such determination is made.		
South African normal taxation		
Deferred taxation	109	(45)
Current year	109	(58)
Prior year	–	13
Current taxation – current year	1	–
Withholding taxation	27	4
Total taxation charge	137	(41)
	%	%
Reconciliation of taxation rate		
Profit before taxation	16,8	(4,9)
Prior year taxation impact	–	0,9
Profit before taxation, excluding prior year taxation adjustments	16,8	(4,0)
Adjustment due to the inclusion of dividend income	22,8	31,5
Effective rate of taxation	39,6	27,5
Income taxation effect of:	(11,6)	0,5
Disallowable expenses, permanent differences	(0,1)	(1,7)
Deferred tax not recognised	(2,4)	–
Expenses not in the production of income	(1,2)	(4,3)
Empowerment transactions and IFRS 2 charges not taxation deductible	(3,6)	(1,1)
Fair value adjustment of financial instruments	(1,0)	8,1
Withholding taxation	(3,3)	(0,5)
South African normal taxation rate	28,0	28,0
The company has restated 2018 results. Refer note 1.4.		
19. FINANCE COSTS PAID		
Finance costs as per income statement charge (refer note 15)	56	79
Subsidiary companies	(11)	(12)
Time value of money adjustments	(29)	(26)
Movement in finance costs accrued	4	(1)
	20	40
20. TAXATION PAID		
Net amounts receivable at the beginning of the year	(51)	(55)
Charge per income statement excluding deferred taxation (refer note 18)	1	4
Net amounts receivable at the end of the year	50	51
	–	–
21. ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT		
Furniture and equipment (refer note 2)	–	3
	–	3

22. CONTINGENT LIABILITIES

Contingent liabilities and guarantees

A PPC company supplier has instigated legal proceedings against the company for the possible damages in relation to a contract. In terms of the contract, the supplier would provide certain services relating to sales and marketing. The total claim is estimated at R3 million.

Management believes that the claim has no merit and is currently being contested in court. In accordance with IAS 37, no provision has been made in these financial statements.

The total guarantees issued by the company, by means of a bank guarantee, in favour of the various suppliers were R92 million (2018: R92 million). Included in this amount are financial guarantees for the environmental rehabilitation and decommissioning obligations of the group to the DMR amounting to R76 million (2018: R76 million).

23. FINANCIAL RISK MANAGEMENT

Adoption of IFRS 9

IFRS 9 was issued in 2014 and replaces IAS 39 *Financial Instruments Recognition and Measurement*. IFRS 9 sets out new requirements for classification and measurement of financial instruments, which are driven by the business model objective and the contractual cash flow of the financial assets. While IAS 39 had different models of impairment for different financial instruments – IFRS 9 applies a single impairment model to all financial instruments. Impairment losses are recognised on initial recognition, and at each subsequent reporting period, even if the loss has not yet been incurred. The standard also provides new guidance for hedge accounting that is more aligned to the business's risk management.

Transition:

The standard (IFRS 9) was effective from 1 January 2018, and was adopted by the group at the beginning of the period on 1 April 2018. The group has decided to adjust opening retained income for the impact of IFRS 9. This is in accordance with the transitional requirements of the standard. The transition resulted in a Rnil decrease in the opening retained income.

Prior to IFRS 9, the group classified financial assets as: held-to-maturity investments, financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. That will now be classified either as financial assets at amortised cost, financial assets at fair value through profit or loss and/or financial assets at fair value through other comprehensive income. The classification of financial liabilities shall remain the same.

The tables below illustrate the transitional impact to the classification (and consequently measurement) of the financial instruments:

1. Classification impact

Financial assets	IAS 39 classification	IFRS 9 *Financial Instruments*
Trade receivables	Loans and receivables	Amortised cost
Mark-to-market fair value hedge	Fair value through profit/loss	Fair value through profit/loss
Investment in government bonds	Loans and receivables	Amortised cost
Cash and cash equivalents	Loans and receivables	Amortised cost

2. Impairment

IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss" (ECL) model. The new impairment model applies to financial assets measured at amortised cost (including trade receivables), financial assets measured at fair value through OCI, loan commitments and financial guarantees contracts where losses are currently accounted for under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets and Lease Receivables*. The impairment model follows a three-stage approach based on changes in expected credit losses of a financial instrument.

The ECL model requires for an entity to recognise expected credit losses on initial recognition and at each reporting period based on the following:

- Stage 1: 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Stage 2 and 3: Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 31 March 2019

23. FINANCIAL RISK MANAGEMENT continued

Fair values of financial assets and liabilities

The carrying values of certain financial assets and liabilities, which are accounted for at historical cost, may differ from their fair values.

The estimated fair values have been determined using available market information and approximate valuation methodologies.

For full disclosure, refer note 26 in the consolidated financial statements.

		March 2019		March 2018	
	Notes	Carrying amount Rm	Fair value Rm	Carrying amount Rm	Fair value Rm
Financial assets					
At amortised cost					
Investments in Zimbabwe government bonds	3	**277**	**277**	–	–
Trade and other financial receivables	5	**21**	**21**	29	29
Amounts owing by subsidiaries – non-current	3.1	**2 796**	**2 796**	2 445	2 445
Amounts owing by subsidiaries – current	3.2	**863**	**863**	697	697
Cash and cash equivalents	6	**7**	**7**	81	81
At fair value through other comprehensive income					
Investment in Zimbabwe stock market	3	**14**	**14**	–	–
At fair value through profit or loss					
Derivative financial instruments – current (fair value hedge)	5	**8**	**8**	–	–
Financial liabilities					
At amortised cost					
Long-term borrowings	8	**–**	**–**	111	111
Short-term borrowings	10	**134**	**134**	172	172
Amounts owing to subsidiaries	3.3	**415**	**415**	364	364
Trade and other financial payables	11	**32**	**32**	90	90
At fair value through profit or loss					
Derivative financial instruments – current (fair value hedge)	11	**–**	**–**	13	13
Put option liability	9	**274**	**274**	245	245

	March 2019 Rm	March 2018 Rm
Credit risk management		
Maximum credit risk exposure^	**3 964**	3 251

^ Maximum credit risk exposure includes long-term receivables, trade and other receivables and cash and cash equivalents.

The analysis per credit rating level is assessed below. These ratings were obtained from Standard & Poor's and Moody's.

Country	Counterparty	Long-term ratings	Rating definitions
South Africa	FNB/RMB	Aaa.za	Prime
	Standard Bank	Aa1.za	Higher
	Nedbank	A1.za	Upper medium
Zimbabwe	Stanbic	Ba1	Non-investment
	CBZ Bank Limited	A(ZW)	Upper medium

23. FINANCIAL RISK MANAGEMENT continued

Methods and assumptions used by the company in determining fair values

The estimated fair value of financial instruments is determined, at discrete points in time, by reference to the mid-price in an active market wherever possible. Where no such active market exists for the particular asset or liability, the company uses valuation techniques to arrive at fair value, including the use of prices obtained in recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants.

The fair value of unlisted investment has been valued based on the purchase agreement following the decision to dispose of the investment, while unlisted collective.

The fair value of loans receivable and payable is based on the market rates of the loan and the recoverability.

The fair values of cash and cash equivalents, trade and other financial receivables and trade and other financial payables approximate the respective carrying amounts of these financial instruments because of the short period to maturity.

Put option liability has been calculated using EBITDA forecasts prepared by management and discounted to present value. Further details are disclosed in note 8.

The fair value of derivative financial instruments relating to cash-settled share appreciation rights is determined with reference to valuations performed by third-party financial institutions at reporting date, using an actuarial binomial pricing model.

Fair value hierarchy disclosures

	Valuation with reference to prices quoted in an active markets Level 1 Rm	Valuation based on observable inputs Level 2 Rm	Valuation based on unobservable inputs Level 3 Rm	Total Rm
2019				
Financial assets				
At fair value through profit or loss				
Derivative financial instruments – current (fair value hedge)	**–**	**8**	**–**	**8**
Financial liabilities				
At fair value through profit or loss				
Put option liability	**–**	**–**	**274**	**274**
Total financial liabilities	**–**	**8**	**274**	**282**
2018				
Financial liabilities				
At amortised cost				
Put option liabilities	–	–	245	245
Derivative financial instruments – current (fair value hedge)	–	13	–	13
Total financial liabilities	–	13	245	258

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 31 March 2019

23. FINANCIAL RISK MANAGEMENT continued

Fair value hierarchy disclosures continued

Level 1 – financial assets and liabilities that are valued accordingly to unadjusted market prices for similar assets and liabilities. Market prices in this instance are readily available and the price represents regularly occurring transactions which have been concluded on an arm's length transaction.

Level 2 – financial assets and liabilities are valued using observable inputs, other than the market prices noted in the level 1 methodology, and make reference to pricing of similar assets and liabilities in an active market or by utilising observable prices and market related data.

Level 3 – financial assets and liabilities that are valued using unobservable data, and requires management judgement in determining the fair value.

Level 3 sensitivity analysis

Financial instrument	Valuation technique	Main assumptions	Carrying value (Rm)
Put option liability	Earnings multiple	EBITDA and net debt	274

The valuation of the put option liability follows the changes in the DRC operations recoverable amount. During the current year, following an impairment review, management opted not to reverse the previously recognised impairment and as a result no fair value adjustment has been recognised on the put option liability.

If the key unobservable inputs to the valuation model, being estimated EBITDA and net debt, were 10 % higher/lower while all the other variables were held constant, the carrying amount of the put option liabilities would decrease/increase by R29 million.

	2019 Rm	2018 Rm
Movements in level 3 financial instruments		
Financial liabilities (refer note 8)		
Balance at the beginning of the year	245	434
Fair value adjustments on remeasurements	–	(237)
Time value of money adjustments	29	48
Balance at the end of the year	274	245

Remeasurements are recorded in fair value adjustments on financial instruments in the income statement.

24. RELATED-PARTY TRANSACTIONS

The company had the following related-party transactions:

	31 March 2019 Rm	31 March 2018 Rm
Revenue – mining offtake from		
PPC Cement SA Pty Limited	11	20
PPC Aggregate Quarries Pty Limited	1	1
Dividends received from		
PPC South Africa Holdings Pty Limited	480	890
PPC Botswana Pty Limited	25	53
PPC Zimbabwe Ltd	161	–
Group services rendered to		
PPC Cement SA Pty Limited	69	–
PPC Botswana Pty Limited	7	–
PPC Aggregate Quarries Pty Limited	4	–
PPC Lime Ltd	11	–
PPC Aggregates Quarries of Botswana Pty Limited	2	–
Pronto Building Materials Pty Limited	6	–
Ulula Ash Pty Limited	2	–
3Q Mahuma Aggregates and Concrete Pty Limited	4	–
Interest paid to		
Pronto Holdings Pty Limited	4	7
Safika Cement Holdings Pty Limited	–	1
PPC Lime Ltd	7	5
Interest received from		
PPC Aggregate Quarries Pty Limited	6	7
PPC Cement SA Pty Limited	18	6
The PPC Black Managers Trust Funding SPV Pty Limited	–	5
PPC Construction Industry Associations Trust Funding SPV Pty Limited	5	5
PPC Community Trust Funding SPV Pty Limited	2	2
PPC Team Benefit Trust Funding SPV Pty Limited	1	1
PPC Education Trust Funding SPV Pty Limited	2	2
Group fees paid to		
PPC Group Services Pty Limited	–	47
Amounts due by (non-current assets)		
PPC Barnet DRC Manufacturing Company SA	764	497
PPC International Holdings Pty Limited	2 032	1 948
Amounts due by (current assets)		
PPC Aggregate Quarries Pty Limited	68	56
PPC Botswana Pty Limited	19	13
Pronto Building Materials Pty Limited	7	–
Ulula Ash Building Materials Pty Limited	3	–
3Q Mahuma Aggregates and Concrete Pty Limited	5	–
PPC Cement SA Pty Limited	622	469
PPC Mozambique SA	2	2
CIMERWA Ltd	1	1
PPC Aggregate Quarries Botswana Pty Limited	6	4
The PPC Black Managers Trust Funding SPV Pty Limited	–	7
PPC Team Benefit Trust Funding SPV Pty Limited	11	17
PPC Construction Industry Associations Trust Funding SPV Pty Limited	45	67
PPC Education Trust Funding SPV Pty Limited	22	33
PPC Community Trust Funding SPV Pty Limited	16	24
PPC Zimbabwe Ltd	37	5
Amounts due to		
PPC Lime Ltd	(186)	(100)
PPC Ntsika Fund Pty Limited	(1)	(1)
PPC Group Services Pty Limited	(222)	(172)
PPC Barnet DRC Manufacturing Company SA	(6)	(6)
Pronto Building Materials Pty Limited	–	(85)

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 31 March 2019

25. EVENTS AFTER REPORTING DATE

Reserve Bank of Zimbabwe (RBZ) directive

On 24 June 2019, the government of Zimbabwe issued Statutory Instruments (SI) 142 which abolished the multi-currency system in Zimbabwe. Government has removed the multi-currency regime and restricted domestic transactions to local currency, renamed the Zimbabwe dollar (ZWL), in an effort to enhance the affordability of goods and services in Zimbabwe.

Further to SI 142 of 2019, the Reserve Bank of Zimbabwe, through a directive RU 102/2019 dated 25 June 2019, announced that it will implement the support measures to buttress and strengthen the local unit of account. Management has assessed the statutory requirements as announced by the Reserve Bank of Zimbabwe and applied the following measures to comply with these requirements:

Dividends and rights issue proceeds legacy debt invested in government bonds (refer note 3)

- In order to comply with the above RBZ directive, PPC Ltd issued a written instruction to Stanbic to divest from the 7% savings bonds held with the RBZ and to transfer the equivalent RTGS$ funds of the legacy debt at 1:1 with the US dollar
- Stanbic has subsequently confirmed that they have initiated the disinvestment process of the 7% RBZ savings bonds and are expecting the funds to be credited into PPC Ltd's non-resident account. These funds will then be transferred to the RBZ as directed.

Movement in RTGS$:US$ rate

At 31 March 2019, an official inter-bank rate of 3,01 between the US$ and RTGS has been used in the translation of the Zimbabwe results following the change in functional currency. This rate has since deteriorated to 8,83 at 18 July 2019, the date of approval of these consolidated annual financial statements. This rate was obtained from www.marketwatch.co.zw.

Management believes that this event is a non-adjusting post-balance sheet event as the instruction to transfer the legacy debt funds to RBZ is a condition that arose after year-end. Furthermore management believes that at year-end transactions relating to the Zimbabwe legacy debt are appropriately recognised and disclosed in these annual financial statements.

26. ADDITIONAL DISCLOSURE

Refer to the consolidated financial statements for additional disclosure on the following:

- Directors' remuneration and interest
- Financial risk management
- Retirement benefit information
- Share-based payments

Part 1: Background statement

Dear shareholder

I am pleased to present the remuneration committee's report for the 12 months ended 31 March 2019, highlighting key issues considered during the period.

The past year has been challenging for the company, mainly due to the lagging South African economy and low growth. Overcapacity, lack of demand for cement and the impact of competition from new entrants in the cement industry impacted company performance for the period. All these factors contributed to PPC's muted performance for the review period, and are reflected in remuneration outcomes.

Given these challenges, the committee has reflected and responded to shareholder views by incorporating a policy that ensures the delivery of sustained value as well as the attraction and retention of key skills at all levels in the organisation. In support of this principle, the committee has reviewed the allocation policy of the long-term incentive (LTI) scheme to further focus and align to the company's strategic imperatives and, at the same time, be more meaningful and impactful for employees, cognisant of the fact that the purpose of the LTI is to retain key talent and reward and encourage good performance. As a result of this process, only selected employees were offered LTI awards during 2019 which resulted in cost savings for the company. The committee remains cognisant of the fact that the retention of top talent remains a priority and further work on the allocation of LTI awards during 2020 is planned.

The committee is also pleased to confirm that management has adopted an integrated approach to performance management, succession, talent management and a pay-for-performance strategy. In support of these strategies, a new integrated human resources (HR) system is being designed to complement these employee programmes.

In addition, certain structural changes will be implemented to the short-term incentive (STI) scheme to further drive and enhance the aforementioned pay-for-performance strategy. These changes are discussed in further detail below.

Due to the subdued company performance, most of the financial and non-financial targets set for the annual STI were not met, resulting in management and the committee proposing that no STI be paid to employees for FY2019. Further to this, the CEO and CFO declined to receive their approved annual LTI awards. I want to take this opportunity to thank them for this gesture under difficult circumstances.

The following initiatives are planned for the upcoming year:
> Adoption of a pay-progression model to further enhance our approach to performance management
> Refining our LTI allocation policy with the view to retain our employees with top performance and potential
> The roll-out of the changes made to the STI scheme
> Development of fair pay charter
> Development of a malus and clawback policy
> Implementation of the increase cycle to 1 April to align to the company's financial year

At the 2018 annual general meeting, 97,95 % of PPC's shareholders who voted endorsed the remuneration policy while 69,71 % endorsed the remuneration implementation report. The policy vote was a solid outcome in the current climate and is indicative of shareholders' support of the remuneration policy. The most notable shareholder concerns related to the implementation report and the exit payment to the outgoing CEO.

The committee considers shareholder dialogue imperative, as a result in 2018/2019, the chairman of the committee, CEO, CFO and a representative from our investor relations department had face-to-face meetings with our major shareholders on our remuneration policy and to address concerns around the exit package of the former CEO. Overall, there was support for our incentive structures and level of transparency of our report. The committee will continue to evaluate and consider feedback by shareholders in future.

In line with King IV and the JSE Listings Requirements, the report is presented in three parts: this background statement (part 1), followed by the company-wide remuneration philosophy and policy with specific focus on the policy as it applies to executive management (part 2) and lastly, implementation of the policy for the 12 months from 1 April 2018 to 31 March 2019 (part 3).

Todd Moyo
Chairman of the remuneration committee

18 July 2019

Part 2: Remuneration policy

Governance and the remuneration committee

Role of the committee

As a committee of the board, the committee assists in setting the company's remuneration policy as well as remuneration for directors and prescribed officers. It operates according to its approved terms of reference, published on the company's website.

Members

All members are non-executive directors, and the majority are independent as defined by King IV. The committee held four meetings in the period.

The CEO, CFO and group HR executive attend meetings by invitation to assist the committee in executing its mandate. Other members of the executive management can be invited when appropriate. No executives participate in the voting process or are present at committee meetings when their own remuneration is considered.

The remuneration committee has appointed PwC as independent advisers and is satisfied that they acted independently.

Shareholder engagement

Shareholder engagement remains a focus area for the committee. In the event that our remuneration policy (in part 2) or implementation report (in part 3) are voted against by 25 % or more of voting rights exercised by our shareholders, the committee will take the following steps as a minimum:

> Engage in face-to-face meetings with shareholders to ascertain reasons for dissenting votes
> Address legitimate and reasonable objections raised
> This may include amending our remuneration policy or clarifying/adjusting our remuneration governance or processes

Fair and responsible pay

The committee is focused on responsible remuneration practices and strives for a fair, living wage for all employees by reviewing salaries and ensuring these remain competitive in the industry. Our industry faces many challenges and we recognise the need to retain our top talent to ensure a focused and driven effort to meet shareholder expectations.

The company continuously strives for fair and responsible pay by remaining sensitive to the wage differential between executive and lower-income employees in awarding annual salary increases. Accordingly, annual increases for lower-income employees this year exceeded inflation while increases awarded to executives and management employees were inflation-linked. PPC also adopted a policy to close the internal Gini co-efficient for the group. Furthermore, minimum entry-level pay for all roles has been set and executive increases are capped to conform to market benchmarks.

Our remuneration policy

In the remainder of this part, we summarise the company-wide remuneration policy and, as applicable, detail the policy as it applies to executive management.

Our full remuneration policy can be viewed at www.ppc.africa.

Company-wide remuneration policy – overview

OUR REMUNERATION POLICY

Ensure employees are rewarded fairly and appropriately

Attract, retain and motivate individuals with the necessary calibre and behaviour

Fixed pay
> Basic pay
> Retirement benefit
> Other benefits

Appropriate to recruit and retain, but no built-in premium for performance.

STI
> Annual bonus plan

Aligned to company financial performance, strategic priorities and individual performance.

LTI
Forfeitable share plan (FSP), comprising performance and retention shares

Aligned to shareholder returns over the long term.

Key principles of the remuneration policy

To meet our business objectives, remuneration and reward policies and practices must support the following principles:

- Encourage organisational, team and individual performance
- Designed to drive a high-performance culture
- Based on the premise that employees should share in the success of the company
- Be designed to attract and retain high-calibre individuals with the optimum mixture of competencies
- Promote an ethical culture and responsible corporate citizenship
- The remuneration of executive management

The policy conforms to King IV and is based on the following principles:

- Remuneration practices are aligned with corporate strategy
- Total rewards are set at competitive levels in the relevant market
- Incentive-based rewards are earned by achieving demanding performance conditions consistent with shareholder interests over the short, medium and long term
- Incentive plans, performance measures and targets are structured to operate effectively throughout the business cycle
- Is fair and responsible in the context of overall employee remuneration in the company
- Performance conditions used in variable pay structures support positive outcomes across the economic, social and environmental context in which the company operates, and/or all the capitals the company uses or affects
- The design of LTI is prudent and does not expose shareholders to unreasonable financial risk

Elements of remuneration

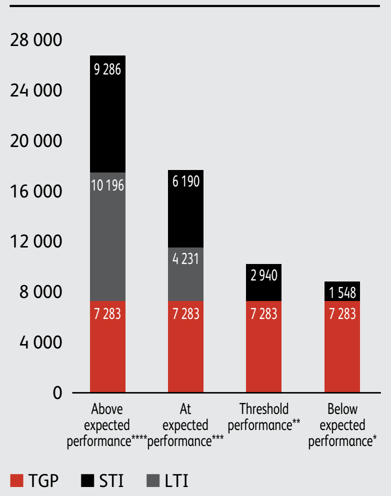
	Element	Definition	Applicable grades
Fixed	Total guaranteed pay (TGP)	The fixed element of remuneration (TGP) includes salary, car allowance, retirement, life insurance and medical aid contributions.	Paterson grades F4 – C5
	Base pay plus benefits	Base pay refers to the cash basic pay and excludes benefits. Benefits are over and above base pay and include the company's contribution to medical aid, retirement fund and any other employer funded group benefits.	Paterson grades C4 – A3
Variable	STI	An annual STI is paid in cash and gives employees an incentive to achieve the company's short and medium-term goals, with payment levels based on both company and individual performance, depending on the level of the employee.	All employees Paterson grades F4 – A3
	LTI	LTIs comprise performance shares and retention shares awarded under the PPC FSP. The committee retains the discretion to determine the award policy. Where used for performance, vesting is subject to company performance vesting conditions. Where used for retention, continued employment is used as a vesting condition. The company previously operated a share appreciation rights scheme (SARs).	Paterson grades F4 – D3 and other employees nominated by the executive

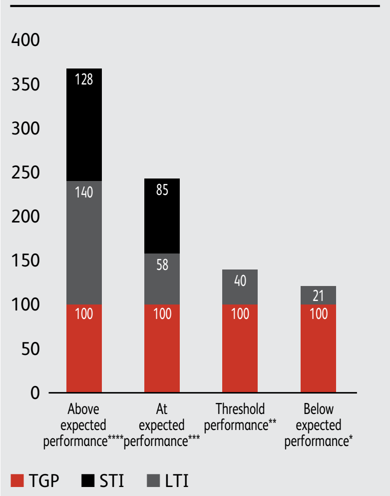
REMUNERATION REPORT continued

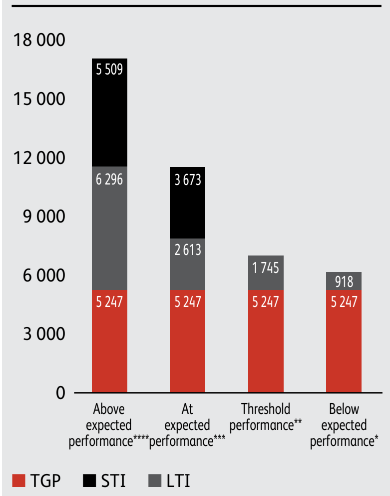
Details on executive directors and prescribed officers

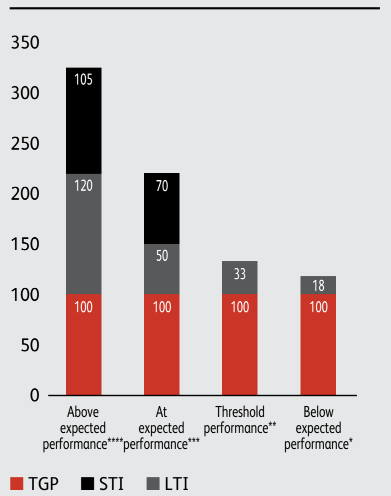
Package design

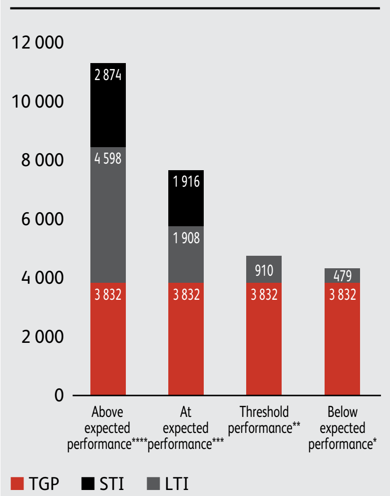
Our policy for executive directors and prescribed officers means a significant portion of remuneration received depends on company performance. In part 3, we show actual total pay outcomes for the 12 months ended 31 March 2019, while total pay opportunities for the CEO, CFO and prescribed officers (on average) under the following three performance scenarios are illustrated below:

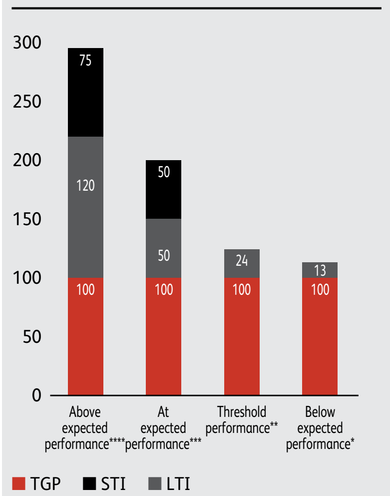












Overview of remuneration policy

TGP

The company generally pays fixed remuneration at the relevant market median. The 2020 increase cycle has moved to 1 April.

Monthly pay and benefits are targeted to be competitive for comparable roles in companies of similar complexity and size, taking cognisance of the performance and experience of the employee concerned. Market data is used to benchmark salary and benefits and to inform decisions on salary adjustments. Salary increases are not guaranteed and are adjusted annually based on market benchmarks, market inflation, company affordability, company performance and to address market anomalies.

Professional advisers appointed by the remuneration committee provide annual benchmark information. For executive directors and prescribed officers, a peer group comprising listed companies is used to benchmark TGP. The remainder of the employees are benchmarked against survey data.

Employee benefits

The following benefits are provided as part of TGP:

- Participation in the PPC retirement fund is compulsory for all permanent employees. This is an in-house defined contribution fund and provides risk cover for death and disability
- Employees are required to belong to a choice of company sponsored external medical aids or to be a member of their spouse/life partner's medical aid
  - Employees are covered for death, medical and disability expenses as a result of an accident
  - Employees who need to use their motor vehicle in their duties can elect to allocate an appropriate portion of their TGP as a car allowance
- Employees who are not on TGP receive a fixed monthly basic cash salary component – base pay and benefits in addition to base pay. Benefits include the company contribution to medical aid, retirement fund and any other employer funded group benefit.

STIs

Changes for 2020

The following changes are applicable from 2020 and discussed in further detail below:

- A new STI formula, using the sum of business and personal performance, will be adopted to further enhance the pay for performance culture
- To ensure affordability, an EBITDA modifier (up to 100 %) will be applied to personal performance
- New business performance measures will apply
- The weighting between business and personal performance measures has been reviewed and enhanced weighting between company and individual performance has been reviewed
- Payment of any bonus is subject to a free cash flow condition

Purpose

To reward employees for contributing to the company's financial and strategic objectives. The STI scheme has been designed to be easy to understand, pay out fairly and be differentiated according to individual performance, while being linked to PPC's overall financial performance.

Participation

All employees are eligible to participate in the STI, but different levels of staff have different weightings assigned between business and personal performance, depending on their line of sight.

Operation

The STI scheme is measured over a one-year period. The following bonus formula will apply from 2020:

Annual TGP/basic pay x STI maximum % x [(business performance % x weighting)] + [(personal performance % x weighting) x EBITDA modifier]

The payment of the bonus is further subject to having sufficient free cash flow. The remuneration committee retains the right to vary the terms of the STI in special circumstances. For example, in previous years, this was applied pro rata across all participants to reduce the cost to company in line with lower than expected profits.

STI maximum %

The STI maximum percentage varies by grade:

Position	STI maximum percentage
CEO	140
CFO	120
Prescribed officers	120

Business performance measures

A combination of group and business unit performance conditions are used, depending on the employee's seniority and role. The measures comprises: EBITDA (applicable to all employees) and liquidity measures (only applicable to senior management).

REMUNERATION REPORT continued

STIs (continued)

Personal performance measures and EBITDA modifier	No bonus is payable below threshold performance. Personal performance is measured through personal scorecards with objective and subjective measures, including financial and non-financial goals. They cover all aspects of an individual's role that are important to creating value and sustainability. To ensure the STI remains affordable, a group EBITDA modifier will be applied to the personal performance score. The modifier ranges from 0 % to 100 %, meaning that the personal score can only be moderated downwards.
Weighting between business and individual performance	The seniority of an employee will determine the weighing between business and personal performance. In the case of executive directors and prescribed officers, business performance will have 70 % weighting and personal performance a 30 % weighting.
Performance percentages	The performance achievement of the business and individual performance will result in a performance score being attached to each performance outcome. Target performance will result in a 50 % performance percentage while stretch performance will result in a 100 % performance percentage. Linear percentages will apply between these levels.

LTI – FSP

Changes for 2020	Further work is anticipated on the allocation principles to align the LTI with the company's performance management system. Applicable performance measures are set for each financial year.
Purpose	To align FSP participants with shareholders over the long term by making performance awards, with vesting subject to company performance conditions and continued employment, and to act as a retention tool by making retention awards, with vesting subject to continued employment.
Operation and instruments	Annual awards are made. Currently, FSP awards are used and forfeitable shares are awarded. These are free shares with full voting and dividend rights from award date. The FSP comprises performance awards that are subject to forward looking performance conditions and retention awards. Details on the allocation between these instruments are provided below.
Award policy	During 2019 a new award policy was adopted using performance and potential as entry requirements.
Performance versus retention instruments	For executive directors and prescribed officers, at least 75 % and 50 % respectively of the total LTI award should be performance based. The committee has the discretion to make ad hoc retention awards to address retention and attraction requirements. The current mix between FSP performance and retention awards for executive directors and prescribed officers is shown below:

Level	Retention %	Performance %
CEO	25	75
CFO	25	75
Prescribed officers (managing directors)	25	75
Prescribed officers (company secretary)	60	40

Performance measurement	Appropriately stretched performance conditions are set by the committee each time an award is made, measured over a three-year performance period. Please refer to part 3 for performance conditions and measurement used in 2018.
Vesting periods	Awards of forfeitable shares (performance awards) vest after three years and are subject to both continued employment from the date of award and achievement of performance measures noted above. Retention awards under the FSP are subject to continued employment measured over a three-year period.
Dilution	LTIs are not dilutive to shareholders as they can only be settled by purchasing shares in the market.

BBBEE schemes

South African employees participated in a BBBEE scheme in 2008 and a second scheme in 2012. Certain directors and prescribed officers also participated in these schemes as detailed on page 105.

Employment contracts – executive directors

The remuneration committee, subject to circumstances, will maintain the following policy for executive directors' employment contracts:

- All executive director and prescribed officer agreements contain a minimum six-month restraint of trade clause
- Contracts should not commit the company to pay on termination arising from the director's failure to perform agreed duties
- Employment contracts contain no balloon payments on termination of employment
- If a director is dismissed because of a disciplinary procedure, a shorter notice period should apply without entitlement for compensation for this period
- Contracts should not compensate directors for severance because of change of control.

Appointment of non-executive directors

Non-executive directors appointed during the year are subject to election by shareholders at the first shareholders' meeting following their appointment. These directors are also required to retire, according to the board rotation plan.

Non-executive directors' fees

The CEO recommends board fees to the remuneration committee for approval by the board. This recommendation follows input from independent advisers on benchmark studies based on the same comparator group used for executive directors' remuneration. PPC pays its non-executive directors a retainer fee (including attendance at all scheduled meetings) plus an attendance fee for special meetings beyond the scheduled number of meetings. To the extent applicable, the lead independent director fee will be included in the board fee but the lead independent director will be paid additional fees for his committee memberships and chairmanships. Fees are exclusive of value added tax.

Non-binding advisory vote on part 2

The remuneration policy will be subject to a non-binding advisory vote at the annual general meeting on 29 August 2019. The policy is reviewed annually and the opinions of shareholders are an important consideration during these reviews.

Part 3: Implementation of policies for the review period

Summary of remuneration activities/ decisions

The main issues considered and approved by the remuneration committee for the 12 months ended 31 March 2019 included:

- Approve the committee work plan for 2019
- Review remuneration policy and approve remuneration report
- Review shareholder feedback post annual general meeting and shareholder engagement
- Approve TGP increases for senior management and other staff
- Approve STI targets for executive directors, prescribed officers and all other staff
- Approve STI outcomes for 2019
- Approve LTIs awarded in 2019
- Review fees payable to non-executive directors

TGP adjustments (2019)

Annual salary increases are effected in October, taking account of market benchmark movements and company affordability. Management employees, including prescribed officers, received an average increase based on the July consumer price index (CPI) of 5,1 %, while non-management employees and unionised employees received an average increase of CPI + 1 %. The average increase across all employees was 6 %.

STI outcomes FY2019

Factor	Weight %	Threshold	Target	Stretch	Achievement	Score %
EBITDA – Rm	25	2 493	2 770	3 324	1 946	0,0
Normalised HEPS – cents	20	52	58	70	22	0,0
Cash HEPS – cents	30	127	141	170	83	0,0
Transformation: BEE	5	Level 3	Level 3	Level 2	Level 4	0,0
Sustainability: Emissions	10	10 varying targets have been set			8/10 targets	8,0
Safety: LTIFR and fatalities	10	0,28	0,24	0,20	0,30	(0,0)
Total	100					8,0

Due the above financial targets not being met no STIs were paid to any employees.

LTIs

In line with the disclosure format recommended by King IV, the following information on LTIs is disclosed:

- LTIs awarded in 2019
- LTIs vesting in 2019
- LTIs settled in 2019
- Outstanding LTIs

Further details appear in the table unvested LTI awards and cash value of settled awards on page 98 to 103.

LTIs awarded in 2019

Annual allocations

LTIs awarded in 2019 were approved by the committee during August 2018 but for various reasons the awards were only made on 25 March 2019. To ensure a consistent use of performance periods compared to previous awards, the performance conditions will be tested over the performance period commencing 1 April 2018, ending 31 March 2021.

Prescribed officers were awarded a mix of performance and retention shares in terms of the FSP.

The following performance targets, weighting and vesting conditions apply to the performance awards made:

Performance conditions and weighting	Detail of performance conditions	Vesting profile	Peer group for testing relative TSR condition
> Relative TSR against peer group median (40 %) > Absolute TSR (60 %)	Three-year relative TSR > Threshold – median of peer group > Stretch – upper quartile of peer group Three-year absolute TSR > Threshold – cost of equity > Stretch – cost of equity plus 6 % To mitigate market volatility in determining applicable values at the onset and at vesting, a 20-day smoothing period will be applied, using the TSR daily index for the 20 trading days up to and including the start date of the performance period and the average TSR daily index for the 20 trading days up to and including the end date of the performance period.	> Below threshold – 0 % vesting > At threshold – 30 % vesting > Stretch – 100 % vesting, with linear vesting between these levels	INDI 25

Special retention awards

The two managing directors each received a special award of retention FSP during 2018. These awards were made to address retention risks faced by PPC and to address the war for talent that is a challenge in the industry at present.

Total FSPs awarded during the year

FSPs awarded for 2019 to executive directors and prescribed officers are reflected below, expressed as a percentage of TGP.

	FSP award 2019	Total indicative value of shares
J Claassen*	–	–
T Ramano*	–	–
N Lekula	572 200	1 925 246
M Ramafoko	483 000	1 625 064
J Snyman**	–	–

* *Declined the LTI award.*
** *Resigned 31 January 2019 prior to award allocation.*

LTI awards vesting during 2019

No LTI awards vested during 2019 due to the non-fulfillment of any performance conditions.

Remuneration paid to executive directors and prescribed officers for the 12 months ended 31 March 2019 and 2018*

All figures stated in R000		Salary	Retirement and medical contributions	Car allowance	Cash incentive	LTIP reflected	Other	Total single figure of remuneration
Executive directors								
JT Claassen[5,6]	**2019**	**5 710**	**959**	**300**	**–**	**–**	**9**	**6 978**
JT Claassen[1,4,8,9]	2018	3 140	591	300	1 441	907	893	7 272
DJ Castle	**2019**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
DJ Castle[4,10]	2018	1 786	248	–	–	–	16 832	18 866
MMT Ramano[5,6]	**2019**	**3 934**	**849**	**240**	**–**	**–**	**7**	**5 030**
MMT Ramano[1,4,11]	2018	3 751	786	240	1 352	985	1 236	8 350
Prescribed officers								
NL Lekula[2,3,5,6]	**2019**	**3 479**	**495**	**–**	**–**	**3 275**	**4**	**7 253**
NL Lekula[1,4,11,12]	2018	2 862	387	–	880	462	700	5 291
JHDLR Snyman[6,13]	**2019**	**1 752**	**225**	**98**	**–**	**–**	**1 993**	**4 068**
JHDLR Snyman[1,4]	2018	2 041	260	117	463	381	5	3 267
M Ramafoko[2,3,6]	**2019**	**2 482**	**430**	**367**	**–**	**2 764**	**82**	**6 125**
M Ramafoko[1,7,9,11,14]	2018	1 743	311	367	641	469	681	4 212

(1) *FSPs without performance conditions awarded on 29 March 2018 are included in the LTIP reflected for 2018 at the closing share price of R7,85 on that date.*
(2) *FSPs without performance conditions awarded on 17 May 2018 are included in the LTIP reflected for 2019 at the closing share price of R8,81 on that date.*
(3) *FSPs without performance conditions awarded on 29 March 2019 are included in the LTIP reflected for 2019 at the closing share price of R4,70 on that date.*
(4) *The performance period of the 2015 SARs ended on 30 September 2017 and are included in the LTIP reflected for 2018 at zero as the shares are effectively underwater although 6,3 % of the awards vested.*
(5) *The performance period of the 2016 SARs ended on 31 March 2019 and are included in the LTIP reflected for 2019 at zero (as the shares are effectively underwater) with an actual vesting of 0 %.*
(6) *The performance period of the 2016 FSPs ended on 31 March 2019 and are included in the LTIP reflected for 2019 at the 20-day year-end VWAP of R4,70 with an actual vesting of 0 %.*
(7) *The BEE 1 participation rights vested on 29 March 2018 and the value of the shares vesting in participants are included in the LTIP reflected for 2018.*
(8) *JT Claassen (previously a prescribed officer) was appointed as interim CEO in July 2017 and as permanent CEO in February 2018.*
(9) *"Other" includes a relieving allowance.*
(10) *DJ Castle resigned as CEO from the board in July 2017. He received an exit package of R16,832 million included in "Other" which consisted of notice pay, leave pay and a separation package.*
(11) *Due to the underperformance of the BBBEE BEE 1 transaction, the remco resolved to make exgratia payments to certain participants of the Black Managers Trust which are included under "Other".*
(12) *"Other" includes relieving allowance and leave payout.*
(13) *JHDLR Snyman resigned on 31 January 2019. "Other" includes a separation package of R1,989 million.*
(14) *M Ramafoko became a prescribed officer in February 2018. However, his remuneration for the full financial year has been disclosed.*
* ***This table and related information has been audited.***

REMUNERATION REPORT continued

Schedule of unvested awards and cash flow on settlement

Names	End of vesting period	Opening number on 1 April 2017	Granted during 2018	Forfeited/ lapsed during 2018	Number adjusted for effect of rights offer during 2018	Settled during 2018	Closing number on 31 March 2018	Cash value of receipts during 2018[15] R
Executive directors								
JT Claassen								
Share appreciation rights								
08/08/2007 cash-settled	08/08/2010	40 000	–	–	–	–	40 000	–
17/09/2008 cash-settled	17/09/2011	24 000	–	–	–	–	24 000	–
25/09/2009 cash-settled	25/09/2012	26 000	–	–	–	–	26 000	–
29/05/2015 equity-settled	19/02/2018	148 800	–	(139 426)	–	–	9 374	–
30/08/2016 equity-settled	30/08/2019	314 773	–	–	–	–	314 773	–
Forfeitable shares – with performance conditions								
14/02/18	18/02/2017	21 500	–	(21 500)	–	–	–	–
16/08/30	39/08/2019	55 700	–	–	–	–	55 700	–
18/03/29	15/05/2020	–	577 700	–	–	–	577 700	–
Forfeitable shares – without performance conditions								
14/02/18	18/02/2017	33 353	–	–	–	(33 353)	–	93 267
15/05/29	19/02/2018	23 900	–	–	–	(23 900)	–	172 797
16/08/30	30/08/2019	33 400	–	–	–	–	33 400	–
18/03/29	15/05/2020		115 500	–	–	–	115 500	–
BBBEE schemes								
BEE 2	–	22 501	–	–	–	–	22 501	–
Total								266 064
DJ Castle[26]								
Share appreciation rights								
29/05/2015 equity-settled	30/08/2019	2 333 652	–	(2 216 934)		–	116 718	–
30/08/2016 equity-settled	30/08/2019	1 166 195	–	(988 027)	–	–	178 168	–
Forfeitable shares – with performance conditions								
16/08/30	30/08/2019	206 400	–	(206 400)	–	–	–	–
Forfeitable shares – without performance conditions								
15/05/29	30/08/2019	125 150	–	(25 794)	–	(99 356)	–	473 928
16/08/30	15/05/2020	123 900	–	(86 042)	–	(37 858)	–	180 583
Total								654 511
MMT Ramano								
Share appreciation rights								
29/05/2015 equity-settled	19/02/2018	581 300	–	(544 678)	–	–	36 622	–
30/08/2016 equity-settled	30/08/2019	712 524	–	–	–	–	712 524	–
Forfeitable shares – with performance conditions								
14/02/18	18/02/2017	128 700	–	(128 700)	–	–	–	–
16/08/30	30/08/2019	126 100	–	–	–	–	126 100	–
18/03/29	15/05/2020	–	562 200	–	–	–	562 200	–
Forfeitable shares – without performance conditions								
15/05/29	30/08/2019	56 900	–	–	–	(56 900)	–	411 387
16/08/30	30/08/2019	75 700	–	–	–	–	75 700	–
18/03/29	15/05/2020	–	112 400	–	–	–	112 400	–
BBBEE schemes								
BEE 1	23/03/2018	335 249	–	–	–	(335 249)	–	102 218
BEE 2	01/10/2019	372 737		–	–	–	372 737	–
Total								513 605

Closing estimated fair value at 31 March 2018 [16,17,18,19,20,21,24,25] R	Granted during 2019	Forfeited/ lapsed during 2019	Settled during 2019	Closing number on 31 March 2019	Cash value of receipts during 2019[15] R	Closing estimated fair value at 31 March 2019 [16,17,18,19,20,21,24,25] R	Strike price R
–	–	(40 000)	–	–	–	–	26,95
–	–	(24 000)	–	–	–	–	18,97
–	–	–	–	26 000	–	–	21,3
–	–	–	–	9 374	–	–	9,84
1 171 763	–	–	–	314 773	–	–	5,85
–	–	–	–	–	–	–	n/a
346 788	–	–	–	55 700	–	–	n/a
4 351 115	–	–	–	577 700	–	–	n/a
–	–	–	–	–	–	–	n/a
–	–	–	–	–	–	–	n/a
251 562	–	–	–	33 400	–	156 956	n/a
869 922	–	–	–	115 500	–	542 768	n/a
–	–	–	–	22 501	–	–	n/a
6 991 150					–	699 725	
–	–	(116 718)	–	–	–	–	9,84
663 242	–	–	(178 168)	–	68 515	–	5,85
–	–	–	–	–	–	–	n/a
–	–	–	–	–	–	–	n/a
–	–	–	–	–	–	–	n/a
663 242					68 515	–	
–	–	–	–	36 622	–	–	9,84
2 652 417	–	–	–	712 524	–	–	5,85
–	–	–	–	–	–	–	n/a
785 098	–	–	–	126 100	–	–	n/a
4 234 372	–	–	–	562 200	–	–	n/a
–	–	–	–	–	–	–	n/a
570 156	–	–	–	75 700	–	355 736	n/a
846 573	–	–	–	112 400	–	528 200	n/a
–	–	–	–	–	–	–	n/a
–	–	–	–	372 737	–	–	n/a
9 088 618					–	883 937	

(15) Includes the proceeds from awards settled during the year.

(16) The 2008 and 2009 SARs are underwater and therefore included at a zero estimated fair value.

(17) 6,3% of the 2015 SARs vested on 15 March 2018 (vesting was postponed due to the closed period). The vested awards are underwater and are therefore included at a zero intrinsic value.

(18) The 2016 SARs are included at an estimated fair value based on an indicative valuation of R3,72 which includes an estimate of 100% of performance conditions being met.

(19) As the performance conditions have not been achieved, the 2014 FSPs with performance conditions were forfeited when the closed period ended on 15 March 2018.

(20) The 2016 FSPs with performance conditions are included at the 20-day year-end VWAP of R4,70 (2018: R7,53) and 0% (2018: 83%) of performance conditions met.

(21) The 2018 FSPs with performance conditions were approved by the remco on 15 May 2017 but could not be made due to the closed period – these were awarded on 29 March 2018 following the end of the closed period. The FSPs with performance conditions are included at the 20-day year-end VWAP of R4,70 (2018: R7,53) and an estimated 0% (2018: 100%) of performance conditions to be met.

(22) The 2016 SARs are included at a zero intrinsic fair value due to the awards being underwater.

(23) The 2019 FSPs with performance conditions were awarded on 29 March 2019 and are included at the 20-day year-end VWAP of R4,70 and an estimated 40% of performance conditions to be met.

(24) The FSPs without performance conditions are included at the 20-day year-end VWAP of R4,70 (2018: R7,53). The vesting of the 2014 FSPs without performance conditions were postponed until the end of the closed period resulting from the cautionary announcement on 15 March 2018.

(25) The outstanding tranches of the BBBEE schemes' fair value were estimated as zero as these awards were underwater.

(26) Due to DJ Castle's early exit, he forfeited part of his 2015 SARs, 2016 SARs, 2015 FSPs and 2016 FSPs without performance conditions. The balance of his 2016 FSPs without performance conditions vested early on 15 March 2018 and was exercised on 3 October 2018.

(27) JHDLR Snyman resigned effective 31 January 2019. Therefore, a portion of his awards were forfeited while he will keep the remaining awards until it vests.

REMUNERATION REPORT continued

Prescribed officers

Names	End of vesting period	Opening number on 1 April 2017	Granted during 2018	Forfeited/ lapsed during 2018	Number adjusted for effect of rights offer during 2018	Settled during 2018	Closing number on 31 March 2018	Cash value of receipts during 2018[15] R
NL Lekula								
Share appreciation rights								
08/08/2007 cash-settled	08/08/2010	38 000	–	–	–	–	38 000	–
17/09/2008 cash-settled	17/09/2011	30 000	–	–	–	–	30 000	–
25/09/2009 cash-settled	25/09/2012	24 000	–	–	–	–	24 000	–
29/05/2015 equity-settled	19/02/2018	126 200	–	(118 249)	–	–	7 951	–
30/08/2016 equity-settled	30/08/2019	277 494	–	–	–	–	277 494	–
Forfeitable shares – with performance conditions								
14/02/18	18/02/2017	18 300	–	(18 300)	–	–	–	–
16/08/30	30/08/2019	49 100	–	–	–	–	49 100	–
18/03/29	15/05/2020	–	273 000	–	–	–	273 000	–
19/03/29	25/08/2021	–	–	–	–	–	–	–
Forfeitable shares – without performance conditions								
14/02/18	18/02/2017	11 000	–	–	–	(11 000)	–	79 530
15/05/29	19/02/2018	20 300	–	–	–	(20 300)	–	146 769
16/08/30	30/08/2019	29 500	–	–	–	–	29 500	–
18/03/29	15/05/2020	–	54 600	–	–	–	54 600	–
18/05/17	17/05/2021	–	–	–	–	–	–	–
19/03/29	25/08/2021	–	–	–	–	–	–	–
BBBEE schemes								
BEE 1	23/03/2018	109 531	–	–	–	(109 531)	–	33 395
BEE 2	01/10/2019	220 634	–	–	–	–	220 634	–
Total								259 694
JHDLR Snyman[27]								
Share appreciation rights								
08/08/2007 cash-settled	08/08/2010	25 000	–	–	–	–	25 000	–
17/09/2008 cash-settled	17/09/2011	27 000	–	–	–	–	27 000	–
25/09/2009 cash-settled	25/09/2012	23 000	–	–	–	–	23 000	–
29/05/2015 equity-settled	19/02/2018	114 400	–	(107 193)	–	–	7 207	–
Forfeitable shares – with performance conditions								
14/02/18	18/02/2017	15 100	–	(15 100)	–	–	–	–
16/08/30	30/08/2019	74 500	–	–	–	–	74 500	–
18/03/29	15/05/2020	53 900	–	–	–	–	53 900	–
Forfeitable shares – without performance conditions								
14/02/18	19/02/2018	9 000	–	–	–	(9 000)	–	65 070
15/05/29	30/08/2019	18 400	–	–	–	(18 400)	–	133 032
16/08/30	30/08/2019	44 700	–	–	–	–	44 700	–
18/03/29	15/05/2020	48 500	–	–	–	–	48 500	–
BBBEE schemes								
BEE 2	01/10/2019	18 167	–	–	–	–	18 167	–
Total								198 102

Closing estimated fair value at 31 March 2018 [16,17,18,19,20,21,24,25] R	Granted during 2019	Forfeited/ lapsed during 2019	Settled during 2019	Closing number on 31 March 2019	Cash value of receipts during 2019[15] R	Closing estimated fair value at 31 March 2019 [16,17,18,19,20,21,24,25] R	Strike price R
–	–	(38 000)	–	–	–	–	26,95
–	–	(30 000)	–	–	–	–	18,97
–	–	–	–	24 000	–	–	21,3
–	–	–	–	7 951	–	–	9,84
1 032 990	–	–	–	277 494	–	–	5,85
–	–	–	–	–	–	–	n/a
305 696	–	–	–	49 100	–	–	n/a
2 056 179	–	–	–	273 000	–	–	n/a
–	476 800	–	–	476 800	–	896 249	n/a
–	–	–	–	–	–	–	n/a
–	–	–	–	–	–	–	n/a
222 188	–	–	–	29 500	–	138 629	n/a
411 236	–	–	–	54 600	–	256 581	n/a
–	320 833	–	–	320 833	–	1 507 688	n/a
–	95 400	–	–	95 400	–	448 312	n/a
–	–	–	–	–	–	–	n/a
–	–	–	–	220 634	–	–	n/a
4 028 288					–	3 247 460	
–	–	(25 000)	–	–	–	–	26,95
–	–	(27 000)	–	–	–	–	18,97
–	–	(23 000)	–	–	–	–	21,3
–	–	–	–	7 207	–	–	9,84
–	–	–	–	–	–	–	n/a
463 837	–	(14 486)	–	60 014	–	–	n/a
405 963	–	(22 194)	–	31 706	–	–	n/a
–	–	–	–	–	–	–	n/a
–	–	–	–	–	–	–	n/a
336 671	–	(8 691)	–	36 009	–	169 217	n/a
365 292	–	(27 413)	–	21 087	–	99 094	n/a
–	–	–	–	18 167	–	–	n/a
1 571 763					–	268 311	

(15) Includes the proceeds from awards settled during the year.

(16) The 2008 and 2009 SARs are underwater and therefore included at a zero estimated fair value.

(17) 6,3 % of the 2015 SARs vested on 15 March 2018 (vesting was postponed due to the closed period). The vested awards are underwater and are therefore included at a zero intrinsic value.

(18) The 2016 SARs are included at an estimated fair value based on an indicative valuation of R3,72 which includes an estimate of 100 % of performance conditions being met.

(19) As the performance conditions have not been achieved, the 2014 FSPs with performance conditions were forfeited when the closed period ended on 15 March 2018.

(20) The 2016 FSPs with performance conditions are included at the 20-day year-end VWAP of R4,70 (2018: R7,53) and 0 % (2018: 83 %) of performance conditions met.

(21) The 2018 FSPs with performance conditions were approved by the remco on 15 May 2017 but could not be made due to the closed period – these were awarded on 29 March 2018 following the end of the closed period. The FSPs with performance conditions are included at the 20-day year-end VWAP of R4,70 (2018: R7,53) and an estimated 0 % (2018: 100 %) of performance conditions to be met.

(22) The 2016 SARs are included at a zero intrinsic fair value due to the awards being underwater.

(23) The 2019 FSPs with performance conditions were awarded on 29 March 2019 and are included at the 20-day year-end VWAP of R4,70 and an estimated 40 % of performance conditions to be met.

(24) The FSPs without performance conditions are included at the 20-day year-end VWAP of R4,70 (2018: R7,53). The vesting of the 2014 FSPs without performance conditions were postponed until the end of the closed period resulting from the cautionary announcement on 15 March 2018.

(25) The outstanding tranches of the BBBEE schemes' fair value were estimated as zero as these awards were underwater.

(26) Due to DJ Castle's early exit, he forfeited part of his 2015 SARs, 2016 SARs, 2015 FSPs and 2016 FSPs without performance conditions. The balance of his 2016 FSPs without performance conditions vested early on 15 March 2018 and was exercised on 3 October 2018.

(27) JHDLR Snyman resigned effective 31 January 2019. Therefore, a portion of his awards were forfeited while he will keep the remaining awards until it vests.

REMUNERATION REPORT continued

Names	End of vesting period	Opening number on 1 April 2017	Granted during 2018	Forfeited/ lapsed during 2018	Number adjusted for effect of rights offer during 2018	Settled during 2018	Closing number on 31 March 2018	Cash value of receipts during 2018[15] R
M Ramafoko								
Share appreciation rights								
29/05/2015 equity-settled	19/02/2018	54 100	–	(50 692)	–	–	3 408	–
Forfeitable shares – with performance conditions								
14/02/18	18/02/2017	4 300	–	(4 300)	–	–	–	–
16/08/30	30/08/2019	73 900	–	–	–	–	73 900	–
18/03/29	15/05/2020	95 000	–	–	–	–	95 000	–
19/03/29	25/08/2021	–	–	–	–	–	–	–
Forfeitable shares – without performance conditions								
14/02/18	19/02/2018	6 000	–	–	–	(6 000)	–	43 380
15/05/29	30/08/2019	13 000	–	–	–	(13 000)	–	93 990
16/08/30	30/08/2019	44 300	–	–	–	–	44 300	–
18/03/29	15/05/2020	57 000	–	–	–	–	57 000	–
18/05/17	17/05/2021	–	–	–	–	–	–	–
19/03/29	25/08/2021	–	–	–	–	–	–	–
BBBEE schemes								
BEE 1	23/03/2018	71 132	–	–	–	(71 132)	–	21 690
BEE 2	01/10/2019	107 994	–	–	–	–	107 994	–
Total								159 060

Closing estimated fair value at 31 March 2018 (16,17,18,19,20, 21,24,25) R	Granted during 2019	Forfeited/ lapsed during 2019	Settled during 2019	Closing number on 31 March 2019	Cash value of receipts during 2019(15) R	Closing estimated fair value at 31 March 2019 (16,17,18,19,20, 21,24,25) R	Strike price R
–	–	–	–	3 408	–	–	9,84
–	–	–	–	–	–	–	n/a
460 101	–	–	–	73 900	–	–	n/a
715 520	–	–	–	95 000	–	–	n/a
–	402 500	–	–	402 500	–	756 586	n/a
–	–	–	–	–	–	–	n/a
–	–	–	–	–	–	–	n/a
333 658	–	–	–	44 300	–	208 179	n/a
429 312	–	–	–	57 000	–	267 860	n/a
–	270 833	–	–	270 833	–	1 272 723	n/a
–	80 500	–	–	80 500	–	378 293	n/a
–	–	–	–	–	–	–	n/a
–	–	–	–	107 994	–	–	n/a
1 938 592					–	2 883 641	

(15) Includes the proceeds from awards settled during the year.

(16) The 2008 and 2009 SARs are underwater and therefore included at a zero estimated fair value.

(17) 6,3% of the 2015 SARs vested on 15 March 2018 (vesting was postponed due to the closed period). The vested awards are underwater and are therefore included at a zero intrinsic value.

(18) The 2016 SARs are included at an estimated fair value based on an indicative valuation of R3,72 which includes an estimate of 100% of performance conditions being met.

(19) As the performance conditions have not been achieved, the 2014 FSPs with performance conditions were forfeited when the closed period ended on 15 March 2018.

(20) The 2016 FSPs with performance conditions are included at the 20-day year-end VWAP of R4,70 (2018: R7,53) and 0% (2018: 83%) of performance conditions met.

(21) The 2018 FSPs with performance conditions were approved by the remco on 15 May 2017 but could not be made due to the closed period – these were awarded on 29 March 2018 following the end of the closed period. The FSPs with performance conditions are included at the 20-day year-end VWAP of R4,70 (2018: R7,53) and an estimated 0% (2018: 100%) of performance conditions to be met.

(22) The 2016 SARs are included at a zero intrinsic fair value due to the awards being underwater.

(23) The 2019 FSPs with performance conditions were awarded on 29 March 2019 and are included at the 20-day year-end VWAP of R4,70 and an estimated 40% of performance conditions to be met.

(24) The FSPs without performance conditions are included at the 20-day year-end VWAP of R4,70 (2018: R7,53). The vesting of the 2014 FSPs without performance conditions were postponed until the end of the closed period resulting from the cautionary announcement on 15 March 2018.

(25) The outstanding tranches of the BBBEE schemes' fair value were estimated as zero as these awards were underwater.

(26) Due to DJ Castle's early exit, he forfeited part of his 2015 SARs, 2016 SARs, 2015 FSPs and 2016 FSPs without performance conditions. The balance of his 2016 FSPs without performance conditions vested early on 15 March 2018 and was exercised on 3 October 2018.

(27) JHDLR Snyman resigned effective 31 January 2019. Therefore, a portion of his awards were forfeited while he will keep the remaining awards until it vests.

REMUNERATION REPORT continued

Increase in non-executive directors' fees

No increases are proposed for non-executive directors' fees. Please refer to the notice of annual general meeting, which details proposed board fees for 2020.

Remuneration paid to non-executive directors for the year ended March 2019*

	Board fees R000	Chairman fees R000	Committee: Nomina-tions R000	Committee: Audit R000	Committee: Risk and com-pliance R000	Committee: Remune-ration R000	Committee: Social and ethics R000	Committee: Invest-ment R000	Special meetings R000	Total R000
AC Ball[(e)]	288	–	–	–	–	–	–	101	21	410
S Dakile-Hlongwane[(a)]	144	–	–	–	–	–	51	–	43	238
N Gobodo	288	–	72	237	51	–	206	–	149	1 003
N Goldin[(b)]	144	–	–	68	–	51	–	51	85	399
TJ Leaf-Wright[(c)]	144	–	–	–	103	–	51	51	43	392
NL Mkhondo[(e)]	288	–	72	68	–	101	–	51	149	729
PJ Moleketi[(e)]	–	1 194	–	–	–	–	–	–	234	1 428
T Moyo	288	–	72	68	–	206	–	–	170	804
CH Naude	288	–	–	68	51	101	–	206	107	821
M Gumbi	288	–	–	–	–	51	51	–	43	433
I Sehoole[(d)]	216	–	–	136	–	–	–	–	64	416
	2 376	1 194	216	645	205	510	359	460	1 108	7 073

Notes:

(a) Resigned 30 August 2018.

(b) Resigned 30 August 2018.

(c) Resigned 30 August 2018.

(d) Resigned 31 December 2018.

(e) Resigned 1 March 2018.

* ***This table and related information has been audited.***

Total emoluments to non-executive directors for the 12 months to 31 March 2018*

	Board fees R000	Chairman fees R000	Committee: Nomi-nations R000	Committee: Audit R000	Committee: Risk and com-pliance R000	Committee: Remune-ration R000	Committee: Social and ethics R000	Committee: Invest-ment R000	Special meetings R000	Total R000
A Ball[(a)]	24	–	–	–	–	–	–	–	–	24
S Dakile-Hlongwane	282	–	–	–	–	–	99	–	190	571
D Earp[(b)]	–	–	–	–	–	–	–	–	–	–
N Gobodo	282	–	36	134	–	–	103	–	317	872
N Goldin	282	–	–	134	–	99	–	99	641	1 255
T Leaf-Wright	282	–	–	–	201	–	99	99	661	1 342
T Mboweni[(c)]	68	–	17	–	–	–	48	–	–	133
S Mhlarhi[(d)]	258	–	30	–	–	91	–	91	664	1 134
N Mkhondo[(e)]	24	–	–	–	–	–	–	–	–	24
J Moleketi[(f)]	–	98	–	–	–	–	–	–	–	98
T Moyo	282	–	71	134	–	201	–	–	326	1 014
C Naude	282	–	–	–	99	99	–	201	683	1 364
P Nelson[(g)]	–	2 310	–	–	–	–	–	–	–	2 310
T Ross[(h)]	366	–	–	265	99	–	–	99	641	1 470
	2 432	2 408	154	667	399	490	349	589	4 123	11 611

(a) Appointed 2 March 2018.

(b) Appointed 15 January 2018 and resigned 2 March 2018.

(c) Resigned 18 July 2018.

(d) Resigned 2 March 2018.

(e) Appointed 2 March 2018.

(f) Appointed 2 March 2018.

(g) Resigned 2 March 2018.

(h) Resigned 9 April 2018.

* ***This table and related information has been audited.***

Interests of executive directors and prescribed officers in share capital

The aggregate direct beneficial holdings of directors and their immediate families (none of whom holds over 1 %) in the issued ordinary shares of the company are detailed below. There are indirect holdings by directors and their immediate families.

Name	Number of shares as at 31 March 2019
J Claassen	**137 266**
T Ramano	**460 222**
N Lekula	**168 242**
M Ramafoko	**8 565**
J Snyman[1]	**–**

[1] *Resigned on 31 January 2019.*

Interests of directors and prescribed officers in BBBEE schemes

In 2008, in terms of the company's first BBBEE transaction, certain executive directors and prescribed officers were granted participation rights in the loan-funded Black Managers Trust which owns shares that are subject to vesting conditions and a lock-in period restricting transferability. This expired on 15 December 2016. Residual shares after settling outstanding debt obligations vested in the participants' names in March 2018.

In the 2013 financial year, after implementing PPC's second BBBEE transaction, executive directors and prescribed officers were among South African employees granted participation rights in a notional loan-funded trust owning shares that are subject to vesting conditions and a lock-in period restricting transferability. This expires in September 2019. The participation rights held by executive directors and prescribed officers were as follows:

Name	BEE 2
Executive directors	
J Claassen	**22 501**
T Ramano	**372 737**
Prescribed officers	
N Lekula	**220 634**
M Ramafoko	**107 994**
J Snyman[1]	**–**

[1] *Resigned on 31 January 2019.*

Non-binding advisory vote on part 3

The implementation report will be subject to a non-binding advisory vote at the annual general meeting on 29 August 2019.

PPC LTD
SHAREHOLDER ANALYSIS

as at 31 March 2019

Issued share capital: 1 555 000 000 shares

Shareholder spread	Number of shareholdings	%	Number of shares	%
1 – 1 000 shares	5 522	48,98	1 852 258	0,12
1 001 – 10 000 shares	4 136	36,69	14 847 449	0,93
10 001 – 100 000 shares	1 175	10,42	32 207 593	2,02
100 001 – 1 000 000 shares	278	2,47	99 698 173	6,26
1 000 001 shares and over	162	1,44	1 444 503 408	90,67
Total	11 273	100,00	1 593 108 881	100,00
Distribution of shareholders				
American depositary receipts	1	0,01	700 654	0,04
Banks/brokers	170	1,51	532 812 361	33,44
Close corporations	90	0,80	1 689 719	0,11
Empowerment	16	0,14	72 332 059	4,54
Endowment funds	21	0,19	1 947 499	0,12
Individuals	9 437	83,71	44 593 432	2,80
Insurance companies	52	0,46	50 710 767	3,18
Investment companies	6	0,05	308 850	0,02
Medical schemes	23	0,20	5 860 938	0,37
Mutual funds	178	1,58	300 915 835	18,89
Other corporations	62	0,55	285 409	0,02
Private companies	184	1,63	4 915 483	0,31
Public companies	9	0,08	519 857	0,03
Retirement funds	168	1,49	537 514 519	33,74
Treasury shares	1	0,01	27 699 911	1,74
Trusts	855	7,58	10 301 588	0,65
Total	11 273	100,00	1 593 108 881	100,00
Public/non-public shareholders				
Non-public shareholders	25	0,22	599 172 300	38,53
Directors and prescribed officers of the company	7	0,06	175 390 827	11,28
Empowerment holdings	16	0,14	72 332 059	4,65
Treasury shares	1	0,01	27 699 911	1,78
Strategic holdings (more than 10 %)	1	0,01	323 749 503	20,82
Public shareholders	11 248	99,78	993 936 581	61,47
Total	11 273	100,00	1 593 108 881	100,00

Beneficial shareholders holding 3% or more	Number of shares	%
Government Employees Pension Fund	367 934 756	23,66
Prudential Investment Managers	86 778 787	5,58
Lazard Asset Management, L.L.C.	90 812 537	5,84
The Vanguard Group, Inc.	52 926 052	3,40
Dimensional Fund Advisors, L.P.	39 400 340	2,53
Old Mutual	66 171 046	4,26
Sanlam	57 924 962	3,73
Alexander Forbes Investments	52 191 346	3,36
Total	814 139 826	52,36
Institutional shareholders holding 3% or more		
Public Investment Corporation	331 932 401	21,35
Prudential Investment Managers	227 435 182	14,63
Value Capital Partners*	174 616 532	11,23
Lazard Asset Management, L.L.C.	148 622 041	9,56
Mazi Capital	77 860 625	5,01
Sanlam Investment Management	57 756 207	3,71
The Vanguard Group, Inc.	53 484 099	3,44
Dimensional Fund Advisors, L.P.	47 416 564	3,05
Total	1 119 123 651	71,97

** Value Capital Partners are indirect non-beneficial shareholders.*

CORPORATE INFORMATION

PPC LTD

(Incorporated in the Republic of South Africa)
Company registration number: 1892/000667/06
JSE/ZSE code: PPC
JSE ISIN: ZAE 000170049
JSE code: PPC003
JSE ISIN: ZAG000117524
(PPC or company or group)

DIRECTORS

PJ Moleketi (Chairman), JT Claassen (CEO), AC Ball, N Gobodo, MF Gumbi, NL Mkhondo, T Moyo*, CH Naude, MMT Ramano, MR Thompson
* Zimbabwean

REGISTERED OFFICE

148 Katherine Street, Sandton, South Africa
(PO Box 787416, Sandton 2146, South Africa)

TRANSFER SECRETARIES

Computershare Investor Services (Pty) Ltd
Rosebank Towers, 15 Biermann Avenue, Rosebank
(PO Box 61051, Marshalltown, 2107, South Africa)

TRANSFER SECRETARIES ZIMBABWE

Corpserve (Pvt) Ltd
4th Floor, Intermarket Centre, Corner 1st Street/Kwame Nkrumah Avenue, Harare Zimbabwe
(PO Box 2208, Harare, Zimbabwe)

COMPANY SECRETARY

K Holtzhausen
148 Katherine Street, Sandton, South Africa
(PO Box 787416, Sandton 2146, South Africa)

SPONSOR

Merrill Lynch South Africa (Pty) Ltd
The Place, 1 Sandton Drive, Sandton, South Africa
(PO Box 651987, Benmore 2010, South Africa)

FORWARD LOOKING STATEMENT

This report, including statements on the demand outlook, PPC's expansion projects and its capital resources and expenditure, contains certain forward looking views that are not historical facts and relate to other information which is based on forecasts of future results and estimates of amounts not yet determinable. By their nature, forward looking statements involve uncertainties and the risk that these forward looking statements will not be achieved. Although PPC believes the expectations reflected in these statements are reasonable, no assurance can be given that these expectations will prove correct. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, outcomes could differ materially from those set out in the forward looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment, other government action and business and operational risks.

Forward looking statements apply only as at the date on which they are made. PPC does not undertake to update or revise them, whether arising from new information, future events or otherwise. While PPC takes reasonable care to ensure the accuracy of information presented, it accepts no responsibility for any damages – be they consequential, indirect, special or incidental, whether foreseeable or unforeseeable – based on claims arising out of misrepresentation or negligence in connection with a forward looking statement. This report is not intended to contain any profit forecasts or profit estimates, and some information in this report may be unaudited.

Bastion

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