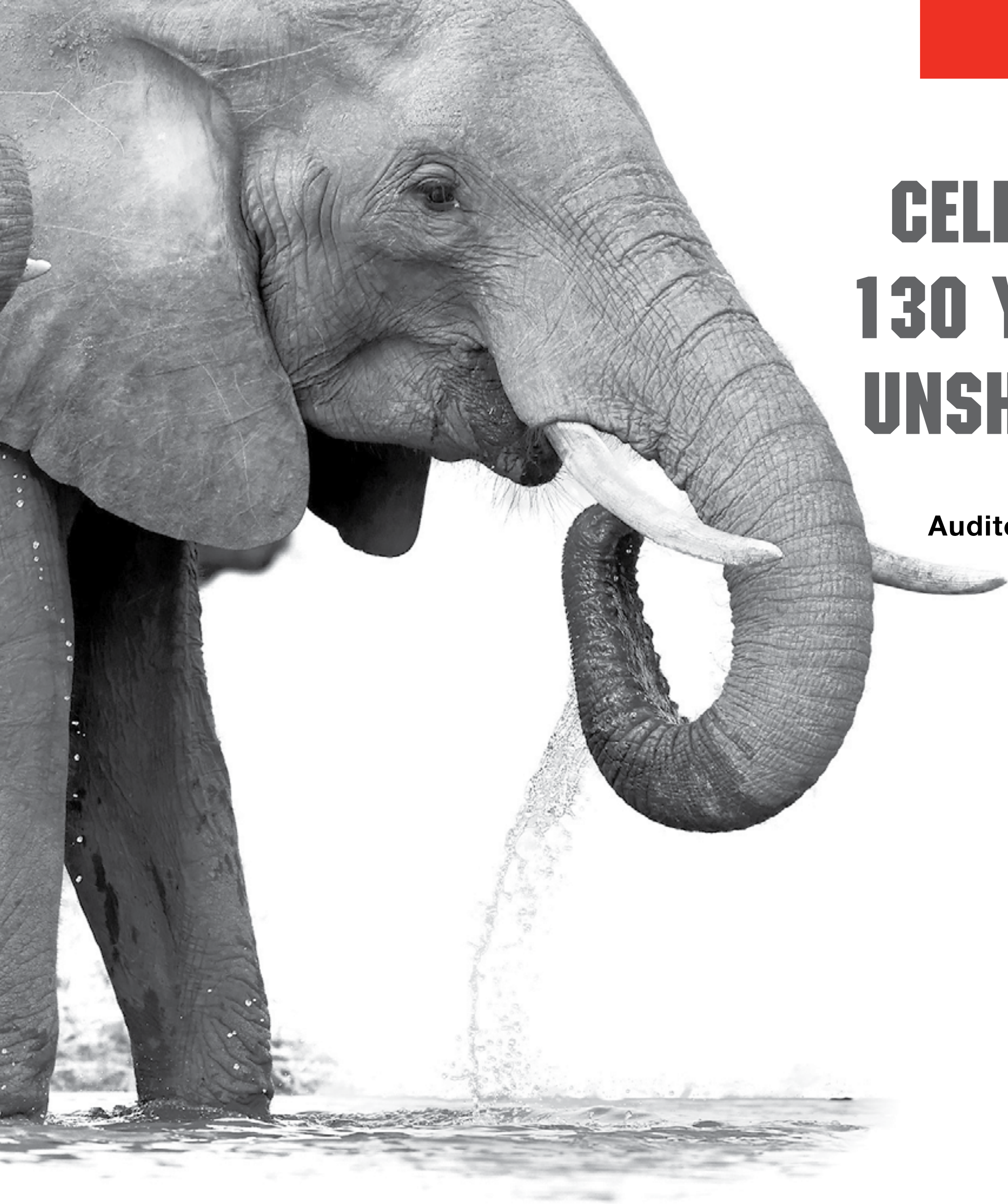

CELEBRATING 130 YEARS OF UNSHAKEABLE

Audited annual financial statements 2022

CONTENTS

FINANCIAL STATEMENTS

FEEDBACK

We encourage feedback on our integrated reporting suite.

Kindly direct feedback to the group company secretary,

Mr Kevin Ross
kevin.ross@ppc.co.za
+27(11) 386 9585

Details for obtaining copies of the integrated report from the PPC group company secretary can be found on the inside back cover of the integrated report.

www.ppc.africa

APPROVAL
OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

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 as 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 for 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 of directors (board) by performing, amongst other things, an independent evaluation of the adequacy and effectiveness of risk management, internal controls and financial reporting mechanisms.

The group continues to address control weaknesses identified. However, the group's improved system of internal controls, supplemented where necessary by compensating procedures continues to provide a reasonable 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 B Berlin CA(SA) (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 (refer to note 36, and, in the case of the company, note 25).

It is the responsibility of the external auditor to express an opinion on the company and group 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 2022 as set out on pages 1 to 130 were approved by the board of directors at its meeting held on 1 July 2022 and are signed on its behalf by:

PJ Moleketi
Chairman

R van Wijnen
Chief executive officer

B Berlin
Chief financial officer

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER (FINANCIAL DIRECTOR) RESPONSIBILITY STATEMENT

The directors, whose names are stated below, hereby confirm that:

(a) The annual financial statements set out on pages 1 to 130, fairly present in all material respects the financial position, financial performance and cash flows of PPC Ltd and its consolidated subsidiaries in terms of International Financial Reporting Standards (IFRS);

(b) No facts have been omitted or untrue statements made that would make the consolidated and separate annual financial statements false or misleading;

(c) Internal financial controls have been put in place to ensure that material information relating to PPC Ltd and its consolidated subsidiaries have been provided to effectively prepare the consolidated and separate annual financial statements of PPC Ltd; and

(d) The internal financial controls are adequate and effective and can be relied upon in compiling the consolidated and separate annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King IV Code on Corporate Governance™* (King IV). Where we are not satisfied, we have disclosed to the audit, risk and compliance committee (ARCC) and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

R van Wijnen
Chief executive officer

B Berlin
Chief financial officer

The directors confirm that remedial action in respect of the deficiencies reported to the audit risk and compliance committee and the auditor, as referred to above, commenced in the prior financial year and is ongoing. Refer to the report by the audit risk and compliance committee on page 16 for further details.

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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 the Companies Act and that such returns are true, correct and up to date.

K Ross
Company secretary
1 July 2022

PREPARER OF THE FINANCIAL STATEMENTS

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

B Berlin
Chief financial officer
1 July 2022

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 Limited (the Group and Company) set out on pages 19 to 128, which comprise the consolidated and separate statements of financial position as at 31 March 2022, and the consolidated and separate statements of profit or loss, the consolidated and separate statements of other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa.

We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Resolution of prior year Material Uncertainties relating to the Going Concern assumption (consolidated and separate) The prior year audited consolidated and separate financial statements for the PPC group and company, it was disclosed that certain material uncertainties existed that may cast significant doubt over the group and company's ability to continue operating as a going concern. These material uncertainties arose due to the fact that the group's consolidated current liabilities exceeded its consolidated current assets, and the group's process to reduce and re-structure its debt, was ongoing. The group's endeavours to restore a sustainable debt capacity at this point included: ■ The refinancing of short and long-term facilities with the SA lenders ■ Injections of cash onto the SA obligor group's balance sheet via the sale of non-core businesses (namely PPC Lime and PPC Aggregate Quarries Botswana) We draw attention to the current year consolidated statement of financial position, note 20 on the disposal of subsidiaries and note 36 on the going concern considerations included in the consolidated financial statements (and note 25 in the separates), which indicate that the material uncertainties casting doubt over the group and company's ability to operate as a going concern have been resolved as follows: ■ Entering into amended and restated binding short and long-term facility agreements with the SA lenders, restoring a positive current ratio to the consolidated statement of financial position ■ PPC Lime and PPC Aggregate Quarries Botswana have been sold for sufficient cash to reduce debt to sustainable levels (R464 million and R64 million respectively, of which R504 million had been received before year-end)	**How the matter was addressed in the audit:** Our procedures to respond to the impact of the restructuring of SA debt on the consolidated financial position of the group and the sale of PPC Lime and PPC Aggregate Quarries Botswana included: ■ Entrusting the audit work to senior personnel and personnel with specialised experience ■ Assessing the design and implementation of relevant controls on management's monitoring of the group's solvency and liquidity position and the budgeting and forecasting process ■ Challenging and critically assessing the assumptions made by management in the budgeting and forecast process for each business unit, against independent observable data and historical performance ■ Inspecting and assessing the amended, restated facilities agreements with the SA lenders ■ Assessing the fulfilment of the conditions precedent to the sale of PPC Lime per the share purchase agreement and relevant addenda ■ Assessing the fulfilment of conditions precedent to the sale of PPC Aggregate Quarries Botswana per the share purchase agreement ■ Confirming the nature and timing of the proceeds receivable by PPC for the disposal of these non-core businesses ■ Substantively testing the directors' cash flow forecasts for an appropriate forward looking period, ensuring that the value and timing of forecasted cashflows agreed to the cashflows contractually required by the lenders and secured from the purchasers of the businesses ■ Assessing management's base case in their forecast to determine if solvency and liquidity is forecast for an appropriate period ■ Performing stress and scenario analyses over the directors' cashflow forecasts and determining the breakpoint of liquidity for key variables being sales volumes, pricing, and facilities maturity

INDEPENDENT
AUDITOR'S REPORT continued

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Resolution of prior year Material Uncertainties relating to the Going Concern assumption (consolidated and separate) continued Due to the significant and pervasive impact the going concern assumption has on financial reporting, and the quantum and complexity of each transaction concluded to effectively restore the going concern position of the group, we consider this to be a Key audit matter.	**How the matter was addressed in the audit:** continued ■ Assessing the directors' disclosures of disposals of subsidiaries against the requirements of IFRS ■ Assessing the directors' disclosures of the going concern assessment against the requirements of IFRS In respect of the resolution of significant material uncertainties over the going concern assumption, we concur with management's assessment that the Group is a going concern. PPC's consolidated continuing operations are commercially and factually solvent and liquid. Current assets exceed current liabilities by R925m. Total assets exceed total liabilities by R7.6b.
Significant deficiencies in internal controls over financial reporting *International Accounting Standard ("IAS") 1: Presentation of Financial Statements,* provides the requirements to be applied in preparing and presenting general purpose financial statements in accordance with International Financial Reporting Standards ("IFRS"). Strong internal controls over the financial reporting process are key to ensuring that financial statements are reliable and fairly presented. In the prior years, the directors reported to shareholders that their review of internal controls, supported by the review of their internal auditors, indicated significant deficiencies in internal controls, including controls over financial reporting. In the current year, continued progress was made in improving the control environment particularly in the design and implementation of financial reporting controls across the group. It is our view that whilst progress has been made, deficiencies in certain aspects of the internal control environment are still prevalent. Not all controls were operating effectively and remediation of identified control deficiencies is in progress. Further, controls over non-routine transactions were not always effective, and therefore did not always identify errors in a timely manner. Due to the significant and pervasive impact the internal controls have on financial reporting we adopted a largely substantive audit approach in our audit of the financial statements. This impacted the overall efficiency, level of expertise and effort associated with the audit, we consequently consider this to be a Key audit matter.	**How the matter was addressed in the audit:** Our procedures to respond to the impact of the deficiencies in internal controls over financial reporting included: ■ Executing focused substantive procedures at component and group level, placing no reliance on internal controls ■ Focusing procedures on financial closing procedures at component level ■ Focusing procedures on non-routine transactions ■ Assessing the journal entries processed at component level and as part of the consolidation ■ Holding regular meetings with our financially significant scoped in component auditors, in particular the reviewing of their error schedules and the corrections made as a result of the errors identified. We obtained an understanding of the nature and cause of the errors to evaluate whether the audit approach was sufficiently altered to address the potential impact on other account balances or other components ■ Re-performing procedures on management's calculations in support of the different levels of aggregation in the consolidation process ■ Assessing the adequacy of the disclosures with reference to detailed IFRS checklists, and involved our internal IFRS specialists in our initial reviews of the financial statements ■ Extensive involvement from senior audit personnel as part of our audit Based on the audit procedures performed and the level of expertise and effort associated with the current year audit, we are satisfied that our audit procedures were sufficient to mitigate the impact of the deficiencies in the controls over financial reporting.

INDEPENDENT AUDITOR'S REPORT continued

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Impairment assessment of specific property, plant and equipment, and other intangible assets As disclosed in notes 2, 4 and 21 of the consolidated financial statements the group's property, plant and equipment ("PPE") and other intangible assets have been assessed for impairment in terms of IAS 36 – *Impairment of assets* ("IAS 36"). In terms of IAS 36, management shall assess whether at the end of each reporting period there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The directors performed an impairment assessment over the PPE and other intangible assets relating to the Port Elizabeth ("PE") cash generating unit ("CGU") for PPC Cement SA, by assessing the recoverable amount of the CGU through the determination of the value-in-use amounts ("VIU") and comparing this to their carrying amounts at 31 March 2022. The VIU for the CGU was determined using a discounted cash flow model. The PE CGU was impaired by R68m as disclosed in note 21. We considered the impairment of the CGUs to be a key audit matter due to the significant Directors' judgement applied along with significant estimation in determining the value-in-use of the CGUs and selecting the appropriate key inputs of: ■ Revenue growth rates on volumes and selling prices; ■ Earnings Before Interest Tax Depreciation and Amortisation ("EBITDA") margins; and ■ Weighted average cost of capital ("WACC rates"). Additionally, the directors performed an impairment assessment over the PPE and other intangible assets relating to the Readymix Gauteng and Aggregates Quarries CGUs relating to Materials business, by assessing the recoverable amount of these CGUs through the determination of the VIU and comparing these to their carrying amounts at 31 March 2022. The VIUs for these CGUs were determined using a discounted cash flow model. These CGUs were impaired in the prior year. In the current year the VIUs for these CGUs exceeded their carrying amounts resulting in the reversal of R89m of impairments that were incurred in the prior year. Furthermore, the directors performed an impairment assessment over the PPE and other intangible assets relating to the Democratic Republic of Congo ("DRC") CGU. The VIU for the DRC CGU exceeded its carrying amount and an impairment reversal of R214m was recognised under IFRS 5 for this CGU as disclosed in note 8. We considered the impairment reversal assessment of this CGU to be a matter of most significance and a key audit matter due to the significant Directors' judgement applied along with significant estimation in determining the VIU of the CGU and selecting the appropriate key inputs of: revenue growth rates; EBITDA margins; WACC rates and terminal values.	**How the matter was addressed in the audit** Our audit procedures included the following: ■ Assessing the design and implementation of relevant controls on management's budgeting and forecasting approval process. ■ Challenging and assessing assumptions used in determining the number of CGUs in each segment ■ Evaluating whether the VIU model used by the directors complies with the requirements of IAS 36 ■ Robustly challenging and reviewing the key assumptions and inputs made by the directors in estimating future cash flows, with particular focus on revenue growth rates, EBITDA margins and terminal growth rates ■ Engaged our internal corporate finance specialists to assist with validating the assumptions used to calculate the discount rates and recalculating these rates ■ Reviewing the appropriateness of the disclosure in the consolidated financial statements. We found that the assumptions used by the directors were comparable with historical performance and the expected future outlook and the discount rates used were appropriate in the circumstances. The expected future outlook is based on current evidence available.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Audited Annual Financial Statements 2022", which includes the Directors' Report, the Audit Risk and Compliance Committee's Report, the Certificate by Company Secretary as required by the Companies Act of South Africa and the Chief Executive Officer and Chief Financial Officer (Financial Director) Responsibility Statement, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially

INDEPENDENT AUDITOR'S REPORT continued

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of PPC Limited for 20 years.

Deloitte & Touche
Registered Auditor
Per: Cathryn Emslie
Partner
1 July 2022

5 Magwa Crescent
Waterfall City
Waterfall
Johannesburg

DIRECTORS' REPORT

for the year ended 31 March 2022

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 2022.

NATURE OF THE BUSINESS

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

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

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

REVIEW OF OPERATIONS

The group, in accordance with IFRS 5 – *Non-current assets held for sale*, continues to account for PPC Barnet as a discontinued operation. Accordingly, the assets, liabilities and profit or loss are reported separately in the financial statements for the year ended 31 March 2022. For the year ended 31 March 2021, PPC Barnet, PPC Lime and Botswana Aggregates were all accounted for as discontinued operations. During the year under review, PPC Lime and Botswana Aggregates were sold with effect from 30 September 2021 and 16 September 2021 respectively. Regarding PPC Barnet, binding long-form agreements for the restructure of the senior lender debt were signed on 19 April 2022 and all the conditions precedent were met on 29 April 2022, from which date PPC will cease to consolidate PPC Barnet.

GROUP PERFORMANCE

Group revenue for the 12 months ended 31 March 2022 increased by 11% to R9 882 million (March 2021: R8 938 million). Excluding Zimbabwe, group revenue increased by 5%. Revenue in PPC Zimbabwe increased by 34% off the back of a 28% increase in volumes.

Total costs, being cost of sales together with administration and other operating expenditure, increased by 19% to R9 360 million (March 2021: R7 887 million). The increase in total costs is significantly affected by an increase in PPC Zimbabwe's costs of 85%. Other than continuing hyperinflation and the 42% depreciation of the Zimbabwean dollar (ZWL) against the South African rand, the most significant line item was an increase in PPC Zimbabwe's depreciation expense to R386 million (March 2021: R24 million) due to the application of the effective rate method of hyperinflating depreciation in the current year. Costs, excluding depreciation and PPC Zimbabwe, increased by 7% with efficiency gains offsetting input cost inflation.

Profit before tax from continuing operations decreased from R1 765 million to R186 million, due to the items set out below:

- PPC Zimbabwe incurred a loss before tax of R67 million (March 2021: R263 million profit)
- Excluding PPC Zimbabwe's portion, fair value adjustments and foreign exchange movements resulted in a gain of R18 million (March 2021: R148 million loss)
- Impairments of R38 million (March 2021: R1 317 million reversal)
- An IFRS 2 – *Share-based payment* charge of R36 million (March 2021: R21 million).

Excluding the above in both the current and the prior year, operating profit from continuing operations would have decreased by R43 million or 11%.

Finance costs decreased by 15% to R240 million (March 2021: R283 million) due to lower average borrowings. Finance costs in South Africa decreased by 4% to R155 million (March 2021: R161 million), while finance costs in the international operations decreased by 30% to R85 million (March 2021: R122 million).

The group taxation charge for the year amounted to R207 million relative to a charge of R742 million in March 2021.

Discontinued operations, which include PPC Barnet for the full year and PPC Lime and Botswana Aggregates until 30 September and 16 September 2021 respectively, generated a profit of R158 million (March 2021: R1 141 million loss) for the year. The most significant change year-on-year was an impairment of R761 million in the prior year compared to a reversal of R215 million in the current year for PPC Barnet at the consolidated level to reflect the economic position post the restructuring agreements entered into on 31 March 2021.

Earnings per share (EPS) for the period from continuing operations decreased to a loss of 5 cents (March 2021: 65 cents) while headline earnings per share from continuing operations (HEPS) were a loss of 3 cents (March 2021: 3 cents profit).

Group earnings before interest, tax, depreciation and amortisation (EBITDA) decreased by 7% to R1 493 million (March 2021: R1 598 million) with an EBITDA margin of 15,1% (March 2021: 17,9%). Excluding PPC Zimbabwe, the group's EBITDA from continuing operations decreased by 2%.

Cash generated from continuing operations before working capital changes decreased by 3% to R1 516 million (March 2021: R1 559 million). Stringent working capital management resulted in cash generated from continuing operations increasing by 6% to R1 454 million (March 2021: R1 375 million). Cash generation and preservation remains is a key performance measure for PPC.

Net cash outflow from investing activities reduced to R72 million (March 2021: R392 million) mainly due to the receipt of R503 million in cash from the disposal of PPC Lime and Botswana Aggregates offset to some extent by an increase in investments in property, plant and equipment of R186 million. Net cash inflow before financing activities improved to R973 million (March 2021: R973 million).

Gross debt amounted to R1 581 million on 31 March 2022 (March 2021: R2 628 million). The R1 047 million decline in gross debt comprises a reduction of borrowings in South Africa of R692 million, CIMERWA of R216 million and PPC Zimbabwe of R139 million.

DIRECTORS' REPORT continued

CEMENT SOUTH AFRICA AND BOTSWANA

Cement sales volumes in the region for the 12 months ended 31 March 2022 were in line with the prior year as demand normalised from a high base. Relative to the 12 months ended 31 March 2020 (pre-COVID-19), cement sales volumes increased by 5% to 9%. South Africa and Botswana cement sales continue to benefit from demand growth in the informal and rural markets, albeit at a "normalised" rate following the post-COVID-19 lockdown spike in demand. Cement sales volumes in the inland region also benefited from pockets of demand from industrial construction and mining activity. As a result, inland region cement sales volumes exceeded pre-COVID-19 levels. Cement sales volumes in the coastal region experienced low single-digit year-on-year demand growth due to a partial recovery in industrial construction demand. However, despite the improvement in demand, cement sales in the region are still below pre-COVID-19 levels.

PPC is well positioned to benefit from a potential boost in cement demand once the government's infrastructure programme gathers momentum. However, PPC has yet to experience any meaningful uplift in cement sales from this programme except for limited road construction and rehabilitation activity. The group can immediately make additional capacity available to capture any upswing in demand.

Cement and clinker imports, mainly from Vietnam, increased by 19% year-on-year and currently exceeds pre-COVID-19 levels. PPC estimates that imports account for approximately 10% of South African cement sales volumes. PPC and the industry continue to engage with the relevant authorities for relief against unfair competition from imports, which threatens the financial sustainability of a vital component of the manufacturing and construction sector and erodes the industry's ability to maintain jobs. PPC is committed to working with all parties within the parameters of the prevailing competition laws to achieve a expeditious outcome.

PPC implemented average price increases of 4% to 7% year-on-year, which partially offset input cost inflation. However, realised selling prices increased by 5% year-on-year due to a change in product mix and a depreciation of the Botswana pula against the South African rand.

For the 12 months ended 31 March 2022, South Africa and Botswana cement revenue increased by 4% to R5 415 million (March 2021: R5 196 million). Relative to the comparable period in 2020, revenue increased by 12%. EBITDA reduced by 5% to R825 million (March 2021: R866 million) with a margin of 15,2% (March 2021: 16,7%). Both EBITDA and EBITDA margins were impacted by higher input cost inflation and weaker volumes in the second half of FY22 due to a more normalised demand and higher than usual rainfall. Relative to March 2020, EBITDA increased by 34,6% and EBITDA margins increased by 2,6%.

MATERIALS BUSINESS

AGGREGATES, READYMIX AND ASH

After experiencing strong demand in the first half of FY22 due to a recovery in construction activity, the materials business experienced weaker demand in the second half of FY22 as a result of higher than usual rainfall. For the 12 months ended 31 March 2022, sales volumes for the readymix and aggregates businesses increased by 7% and 10% respectively. Fly ash sales volumes decreased by 17% year-on-year off a high base as ash sales benefited from the shortage of alternative extenders like slag in the prior period. Relative to the 12 months ended 31 March 2020 (pre-COVID-19), aggregates and readymix volumes increased by 16% and 3%, respectively, while ash volumes declined by 1%.

Overall, revenue for the materials division increased by 10% to R1 086 million (March 2021: R991 million). Compared to the 12 months ended 31 March 2020, revenue increased by 5%. EBITDA improved to R41 million (March 2021: R8 million loss) for the 12 months ended 31 March 2022.

INTERNATIONAL

ZIMBABWE

PPC Zimbabwe continues to trade ahead of expectations even though trading conditions remain challenging due to the macro-economic environment. For the 12 months ended 31 March 2022, cement sales volumes increased by 28% year-on-year due to retail demand and support from government-funded projects. Relative to the 12 months ended 31 March 2020 (pre-COVID-19), volumes increased by 41%.

Revenue increased by 34% to R2 172 million (March 2021: R1 623 million) as a result of increased cement sales volumes. Compared to the 12 months ended 31 March 2020 (pre-COVID-19), revenue increased by 17%. PPC Zimbabwe adjusted selling prices in local currency and US dollar (US$) to reflect currency depreciation and input cost inflation respectively. EBITDA for the 12 months ended 31 March 2022 declined by 18,3% to R393 million (March 2021: R481 million) with a reduced EBITDA margin of 18,1% (March 2021: 29,6%). PPC Zimbabwe incurred additional costs in importing clinker to support volume growth and offset the impact of a planned and unplanned kiln shutdown during the period. The importation of clinker, higher maintenance costs and the depreciation of the ZWL against the rand negatively impacted EBITDA. The Reserve Bank of Zimbabwe (RBZ) has fully honoured its obligation to settle PPC Zimbabwe's legacy debt. The debt was fully repaid during December 2021. PPC Zimbabwe is financially self-sufficient and is focused on cash preservation and maximising US$ EBITDA. PPC received US$6,2 million in dividends from PPC Zimbabwe in FY22, plus an additional US$4,4 million in June 2022.

RWANDA

Although COVID-19-related lockdowns unfavourably impacted CIMERWA's cement volumes in the first half of FY22, cement demand rebounded strongly in the second half post the easing of the lockdown restrictions. Retail demand, exports and government-funded projects were the main drivers of the rebound in demand.

For the 12 months ended 31 March 2022, cement sales volumes increased by 20% year-on-year while revenues increased by 7% to R1 209 million (March 2021: R1 128 million). Compared to the 12 months ended 31 March 2020, volumes and revenues increased by 30% and 29%, respectively. The rand strength against the functional currency impacted revenue contribution. EBITDA of R341 million was in line with the prior comparable period (March 2021: R342 million), while the EBITDA margin reduced to 28,2% (March 2021: 30,3%) due to higher fuel and electricity costs.

DIRECTORS' REPORT continued

RESTRUCTURING AND REFINANCING UPDATE

During the financial year under review, PPC Aggregate Quarries Botswana and PPC Lime Limited were successfully sold and the South African balance sheet de-geared to acceptable levels. The South African debt facilities were also renegotiated to reduce the cost of debt and to ensure an optimal mix of the tenure of the long-term facilities.

Solvency was restored to PPC Barnet's balance sheet through the capitalisation of quasi-equity and historical deficiency funding loans and subsequent to year-end the debt restructuring became effective thereby restoring liquidity to the business.

OUTLOOK

As PPC experiences a normalisation of cement demand in South Africa following the post-COVID-19 spike, the group will redouble its efforts to improve cost competitiveness through improved industrial performance and operational excellence. To this end, Mokate Ramafoko, former head of PPC International, has been appointed as the group managing director for Industrial and Innovation, reporting directly to the group chief executive officer (CEO), Roland Van Wijnen. He will be responsible for industrial performance, new business and decarbonisation. PPC's international operations will be managed by the respective in-country boards.

FINANCIAL RESULTS

ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, No 71 of 2008. The principal accounting policies have been applied consistently with the previous year.

The company and 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.

IMPAIRMENT TESTING

PPC performs impairment assessments annually. In accordance with IAS 36 – *Impairment of assets*, goodwill is assessed irrespective of whether there is any indication of impairment.

During the year under review, PPC did not further impair any goodwill.

Individual material assets included in property, plant and equipment were considered for impairment. During the year, certain assets that are no longer in use with carrying amounts were identified. These assets were impaired and derecognised from the asset register.

PPC performs impairment calculations annually or whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. All of PPC's subsidiaries are assessed for indicators or conditions that may suggest an impairment or a reversal of previous impairments recognised.

During the current financial year, management reassessed the appropriateness of the aggregation of assets for the group's previously identified cash-generating units (CGUs) and concluded that no change is needed.

Refer to note 21 for further detail on impairments. The board concluded that the following impairments and impairment reversals were appropriate:

Impairments and impairment reversals	Rm
Impairments of CGUs during the current financial year comprise:	
Port Elizabeth plant (PPC Cement SA)	(68)
Impairment of individual assets	
Readymix Gauteng (Pronto Building Materials)	(29)
Inland Cement (PPC Cement SA)	(28)
PPC Group Shared Services	(1)
CIMERWA	(3)
Impairments reversals of CGUs during the current financial year comprise:	
Readymix Gauteng	56
PPC Aggregates SA	30
Impairment reversals of individual assets	
Inland business unit (PPC Cement SA)	2
Readymix Gauteng	3
Net impairment before tax	(38)

DIRECTORS' REPORT continued

SIGNIFICANT ACCOUNTING MATTERS

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 forecasts will be met, and taking the expected availability of 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 the conditions and events upon which the going concern conclusion is based, and accordingly have concluded that it is appropriate to prepare the financial statements on a going concern basis.

Refer to note 36 of the annual financial statements for details relating to the going concern assessment.

VALUATION OF ZIMBABWE BLOCKED FUNDS OWNED BY PPC LTD

At 31 March 2022 PPC Ltd holds blocked funds in Zimbabwe, which funds are held by the RBZ. The blocked funds do not meet the requirements of a financial asset but PPC applies the measurement at fair value through profit or loss to determine the carrying value of the asset. The blocked funds are first translated from ZWL to rand and the exchange rate difference is recorded in foreign exchange gains or losses, after which a fair value adjustment is applied.

Hyperinflation, the challenging general economic environment and the unavailability of foreign currency in Zimbabwe were considered in the determination of an appropriate fair value adjustment to be applied to the blocked funds. Management assessed that there was an increase in the credit risk of the RBZ, resultant in the application of a fair value credit risk adjustment of 90% (2021: 85%) which resulted in a fair value adjustment of R292 million as at 31 March 2022 (2021: R281 million).

The net fair value loss on the Zimbabwe blocked funds of R18 million (2021: R17 million) comprises a decrease of the intrinsic value of R7 million (2021: R68 million) and a credit risk fair value loss of R11 million (2021: R51 million gain).

Refer to note 6.2.1 for more details.

ACCURACY OF THE HYPERINFLATION RESULTS FOR PPC ZIMBABWE

On 11 October 2019, the Public Accountants and Auditors Board of Zimbabwe classified Zimbabwe as a hyperinflationary economy in accordance with the provisions of IAS 29 – *Financial reporting in hyperinflationary economies*.

The results of our operations with a functional currency of ZWL dollar have been prepared in accordance with IAS 29 as if the economy has been hyperinflationary since 1 April 2019. Hyperinflationary accounting requires transactions and balances to be stated in terms of the measuring unit current at the end of the reporting period in order to account for the effect of loss of purchasing power during the period.

The group has elected to use the Zimbabwe Consumer Price Index (ZCPI) as the general price index to restate amounts as the ZCPI provides an official observable indication of the change in the price of goods and services. The general price index used is as published by the Zimbabwe National Statistics Agency.

PPC group followed the below approach in computing and recording the necessary hyperinflation adjustments:

- Non-monetary assets and liabilities opening balances were indexed up using the ZCPI at 31 March 2019
- The current period movements were indexed up from the date of initial recording using the ZCPI applicable throughout the year
- Net monetary loss for the current period was recognised in profit or loss and disclosed separately on the face of the statement of profit or loss
- On consolidation, PPC Zimbabwe hyperinflation accounts were translated at the closing exchange rate at 31 March 2022 as per IAS 29 principles.

Refer to note 1.6 for more details.

EVENTS AFTER REPORTING DATE

Refer to note 33 in the consolidated financial statements for events after the reporting date.

FINANCIAL REPORTING PROCESS

Under the oversight of the audit risk and compliance committee (ARCC), PPC has continued with a number of initiatives during FY22 to further improve the internal financial controls and reporting process. These are elaborated on in the ARCC report.

The ARCC's overall assessment of the group's internal controls over financial reporting is that, notwithstanding that the group's control environment is not yet fully matured, adequate compensating measures have been taken where appropriate to provide reasonable assurance that the annual financial statements fairly present in all material respects the financial position, performance and cash flows of the group and company in accordance with the accounting standards.

The CEO and chief financial officer (CFO) have disclosed to the ARCC and the auditors a comprehensive list of the deficiencies in design and operational effectiveness of the internal financial controls, together with a description of the actions required to be taken to remediate these deficiencies. The committee is satisfied that the rectification actions will improve the effectiveness of the internal financial controls, particularly at the business-unit level, and was pleased to note that there has been continued significant improvement in the quantum of deficiencies.

The ARCC reviewed the expertise of the CFO for the year ended 31 March 2022 under whose supervision the FY22 annual financial statements have been prepared and was satisfied that she had the qualifications and experience to discharge her duties.

MATERIAL RISKS

SUBSTANDARD CEMENT QUALITY IN THE SOUTH AFRICAN MARKET

Cement is the primary material used in concrete, which is, in turn, used to build infrastructure. As such, substandard quality cement is potentially dangerous to the users of that infrastructure. Substandard products also undermine the public's confidence in the use of cement.

To remain sustainable, the local cement industry must be protected from the unfair competition it is exposed to by substandard products, whether blended locally or imported.

DIRECTORS' REPORT continued

CLIMATE CHANGE AND THE NEED TO REDUCE THE GROUP'S ENVIRONMENTAL IMPACT

During cement production, the processing of raw materials releases dust, noise and carbon dioxide (CO_2) emissions.

PPC is committed to reducing its CO_2 emissions, using energy efficiently and replacing fossil fuels with alternative fuels and raw materials wherever possible.

INTERNAL PROCESS CONTROL FRAMEWORK

PPC's internal process control framework is necessary to inspire confidence in its ability to create value. Transparency in the company's risk process assures shareholders who entrust PPC with their capital on how the company manages risk.

As a responsible corporate citizen, PPC embeds these frameworks across the business.

REGULATORY ENVIRONMENT

As a multinational organisation, it is PPC's responsibility to comply with the different regulatory and legislative requirements of the regions in which it operates.

ABILITY TO EFFECTIVELY UTILISE ACCESS TO PROCESS AND PRODUCT INNOVATION

Several large companies in the global cement industry have much greater resources in comparison to PPC, enabling them to spend more on research and development and benefit the entire industry.

PPC's partnerships and membership at the World Cement Association will allow it to access the latest trends and technologies, creating a space for the company as a "fast follower" in innovation and opening opportunities for improvement within the organisation.

CREDIBILITY TO EXTERNAL STAKEHOLDERS

PPC strives to be considered credible in the eyes of its stakeholders and does this by ensuring its trustworthiness. Stakeholders are becoming increasingly impatient with inaction and expect companies to meet their obligations and promises.

By delivering on its agreements with its stakeholders and meeting their expectations timeously, PPC will create value and meet its strategic objectives.

SUBSIDIARY COMPANIES

Details of the group's subsidiaries can be found in note 34 to the annual financial statements. The only change in the shareholding of operating subsidiaries during the year was the sale by PPC of its direct and indirect stakes in PPC Lime and Botswana Aggregates respectively.

PROPERTY, PLANT AND EQUIPMENT

At March 2022, the group's net investment in property, plant and equipment amounted to R9 255 million (excluding discontinued operations) (2021: R9 622 million), details of which are set out in note 2 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.

Impairment assessments of individual material assets and all CGUs were undertaken during FY22. Details of these impairments have been discussed earlier in this report. Discussion around the methodology applied is included in note 21 to the consolidated annual financial statements.

Details of the group's capital commitments of R111 million (2021: R144 million) can be found in note 26.

STATED CAPITAL

On 31 March 2022, the issued stated capital of the company was 1 553 764 624 (2021: 1 593 114 301) no par value shares.

During the current reporting period, 14 662 900 (2021: nil) shares were purchased in terms of the group's long-term employee incentive scheme, the forfeitable share plan.

At year-end, stated capital amounted to R4 575 million (2021: R3 965 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 2022 are disclosed in notes 12 and 24 to the consolidated annual financial statements.

DIVIDENDS

The company's dividend policy remains unchanged and takes into account its growth considerations as well as prudence regarding its capital structure and is therefore flexible with regard to the quantum and form of dividends.

No dividend has been declared during the current reporting year.

REGISTER OF SHAREHOLDERS

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) Ltd or at Corpserve (Pvt) Ltd (Zimbabwe).

Details of the transfer secretaries can be found in the corporate information section on page 131.

Details relating to the beneficial shareholders owning more than 3% of the issued stated capital of the company appear on page 130 of this report.

DIRECTORS' REPORT continued

DIRECTORS' INTEREST IN THE ISSUED SHARES OF THE COMPANY

The aggregate direct beneficial holdings of executive directors and their immediate families (none of whom holds over 1 %) in the issued ordinary shares of the company are detailed below.

	Number of shares as at 31 March 2022	%	Number of shares as at 31 March 2021	%
Roland van Wijnen	–	–	4 225 718	0,27
Anthony Ball and Nono Mkhondo indirect non-beneficial through Value Capital Partners	228 023 208	14,58	249 739 392	15,68
	228 023 208	14,58	253 965 110	15,95

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

CORPORATE GOVERNANCE

The group subscribes to the code of good corporate practices and conduct as contained in the King IV. The PPC board has satisfied itself that the company has complied in all material aspects with the code as well as the JSE Limited (JSE) Listings Requirements.

COMPLIANCE WITH APPLICABLE LAWS

The board hereby confirms that the company is:

- In compliance with the provisions of the Companies Act and laws of establishment, specifically relating to its incorporation
- Operating in conformity with its memorandum of incorporation (MOI)

DIRECTORS

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

Name	Designation	Date of appointment
Phillip Jabulani (Jabu) Moleketi	Non-executive independent chair	March 2018
Roland van Wijnen	Executive director – CEO	October 2019
Brenda Berlin	Executive director – CFO	February 2021
Anthony Charles Ball	Executive director	March 2018
Nonkululeko Gobodo	Non-executive director	February 2017
Kunyala Maphisa	Non-executive director	January 2021
Noluvuyo Mkhondo	Non-executive director	March 2018
Bjarne Moltke Hansen	Non-executive director	November 2021
Charles Naude	Non-executive director	January 2015
Mark Richard Thompson	Non-executive director	May 2019

At the annual general meeting (AGM) held on 27 August 2021, Ms B Berlin was elected to the board as CFO with effect from 1 April 2021 and Ms K Maphisa elected to the board as a non-executive director.

Mr J Moleketi, Mr A Ball and Ms N Mkhondo are required to retire by rotation in terms of the company's MOI. Mr B Moltke Hansen was appointed to the board as a non-executive director with effect from 1 November 2021 in terms of clause 25.8.1 of the MOI. In terms of the company's MOI and the Companies Act, his appointment must be confirmed at the 2022 AGM. Details of directors' elections and re-elections will be provided in the notice to the AGM. Abbreviated CVs for each director will be provided in the notice to the AGM.

The PPC board charter provides for a clear balance of power and authority at board of directors' level, to ensure that no one director has unfettered powers of decision-making.

In accordance with principle 7 paragraph 10 of King IV, the board approved a policy on directors diversity, which became effective from 4 December 2019. In accordance with that policy, the PPC reward and talent committee (RTC) reviews and assesses board composition on behalf of the board and recommends the appointment of new directors.

DIRECTORS' REPORT continued

BOARD COMMITTEES

ARCC

Along with its statutory responsibilities, the ARCC provides independent oversight of the effectiveness of the group's internal audit, finance and assurance functions, risk management, and technology and information governance, in addition to overseeing PPC's compliance with relevant laws and regulations. The committee also assists the board in monitoring PPC's reporting activities, including the annual financial statements, integrated report and other external reporting.

The committee comprises at least three non-executive directors elected by shareholders at the AGM on recommendation from the RTC. All members of the ARCC are independent non-executive directors with the appropriate qualifications. Furthermore, the chairman of the board is not eligible to be a member of the ARCC. The ARCC met six times during the financial year of which two were extraordinary meetings. The committee comprised the following members throughout the period:

Membership as at 31 March 2022	Meeting attendance	Appointed to committee
Mark Thompson (chair)	6/6	01 May 2019
Nonkululeko Gobodo	6/6	08 February 2017
Noluvuyo Mkhondo	6/6	17 May 2018

Attendees by invitation
CEO
CFO
Head of group internal audit
Head of group legal and compliance and group company secretary
Head of risk management
Senior financial executives
Representatives from the external auditor

Social, ethics and transformation committee (SETCO)

The SETCO provides oversight over PPC's ethical, environmental and social performance. Furthermore, the committee assists the board in ensuring that the group is, and remains committed to being, a socially responsible corporate citizen by creating a sustainable business and having regard to PPC's economic, social and environmental impact on the communities in which it operates.

The committee comprises at least three directors or prescribed officers, the majority of whom are independent non-executive directors, with the required skills and experience to fulfil their duties pertaining to the company's matters and businesses. The committee met three times during the year and no extraordinary meetings were held. The committee comprised the following members at year-end:

Membership as at 31 March 2022	Meeting attendance	Appointed to committee
Nonkululeko Gobodo (chair)	3/3	10 November 2017
Jabu Moleketi	3/3	13 April 2018
Kunyalala Maphisa	3/3	1 February 2021
Roland van Wijnen	3/3	6 November 2019
Bjarne Moltke Hansen	2/3	1 November 2021

Attendees by invitation
Managing director South Africa operations and Botswana
CFO
Head group legal and compliance and group company secretary

RTC

On 1 October 2021, the remuneration committee (REMCO) and nominations committee (NOMCO) were combined to improve efficiencies. The new committee is named the RTC. In its nominations role, the committee oversees the appointment of executive and non-executive directors to the board, ensures succession planning at board level, reviews the structure, size and composition of the board and its committees, and evaluates the performance of the board, its committees, its chairman and individual members. In its remuneration role, the committee ensures PPC remunerates fairly, responsibly and transparently while promoting the achievement of strategic objectives and positive outcomes in the short, medium and long term.

The committee comprises at least three non-executive directors, the majority of whom are independent, with the required skills and experience to fulfil their duties. The RTC meets at least three times per year, with additional meetings scheduled as necessary. Prior to the formation of the RTC, the REMCO and NOMCO each met once during FY22. The RTC met twice. The committee comprised the following members at year-end:

Membership as at 31 March 2022	Meeting attendance	Appointed to committee
Noluvuyo Mkhondo (chair)	3/3	01 October 2021
Charles Naude	3/3	01 October 2021
Jabu Moleketi	3/3	01 October 2021

Attendees by invitation
CEO
Group head legal and compliance and group company secretary

DIRECTORS' REPORT continued

The remuneration policy and report will be circulated with the notice of the AGM.

SPECIAL RESOLUTIONS

At the AGM held on 27 August 2021, the following special resolutions were approved:

- Granting approval for the company to enter into intercompany loans by way of financial assistance in terms of section 44 and 45 of the Companies Act 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
- General authority to repurchase own shares or acquisition of the company's shares by a subsidiary company

SPECIAL RESOLUTIONS PASSED BY SUBSIDIARY COMPANIES

No special resolutions were passed by subsidiaries of the company.

COMPANY SECRETARY

The company secretary of PPC Ltd is Kevin Ross. His business and postal address appear in the corporate information section. The board has considered and satisfied itself on the competence, qualifications and experience of the company secretary.

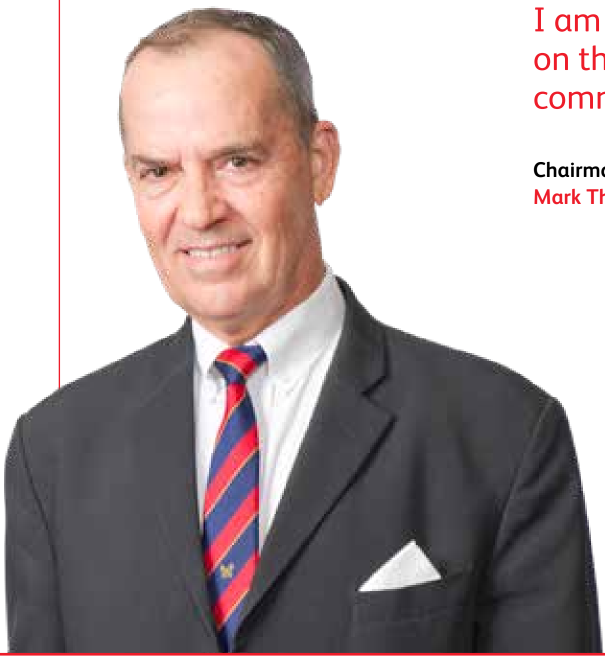
ARCC

The directors confirm that the ARCC has addressed specific responsibilities required in terms of section 94(7) of the Companies Act. Further details are contained within the report of the ARCC.

AUDITOR

Deloitte & Touche (Deloitte) was reappointed as auditor to the company at the AGM held on 27 August 2021. The board approved, on the recommendation of the ARCC, that PriceWaterhouseCoopers Inc (PwC) be appointed as the group's auditors for the financial year ending 31 March 2023, in terms of section 90 of the Companies Act, which appointment is subject to shareholder approval at the AGM to be held in September 2022.

AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT



I am pleased to present our report to the shareholders on the activities of the audit, risk and compliance committee (ARCC) for the year ended 31 March 2022.

Chairman
Mark Thompson

OUR TERMS OF REFERENCE

The ARCC has formal terms of reference that were reviewed during the year and approved by the board. It is satisfied that it has dealt with all matters delegated to it in terms of its approved terms of reference for the year ended 31 March 2022.

COMPOSITION, MEETING ATTENDANCE AND ASSESSMENT

The committee comprises at least three non-executive directors (NEDs) elected by shareholders on the recommendation of the then nominations committee (subsequently renamed the reward and talent committee). All members of the ARCC are independent NEDs with the appropriate qualifications.

The ARCC met six times during FY22, of which two were extraordinary meetings. As of the date of this report, the committee comprised the following independent NEDs:

Committee member	Qualifications	Meeting attendance	Appointed to committee
MR Thompson (chairman)	CA(SA), BCom, LLB, BAcc	6/6	1 May 2019
N Gobodo	CA(SA)	6/6	8 February 2017
N Mkhondo	CA(SA), BAcc, MBA	6/6	17 May 2018

Mr Mark Thompson was appointed as chairman of the ARCC on 29 August 2019.

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

ROLES AND RESPONSIBILITIES

The ARCC is a statutory committee established in terms of section 94 of the Companies Act 71 of 2008, as amended (Companies Act), and is a committee of the board. In addition to its specific statutory responsibilities, the board has assigned additional responsibilities to the committee in terms of the JSE Limited (JSE) Listings Requirements and King IV. In summary, the ARCC's responsibilities include:

- Assisting the board by advising and making submissions on financial reporting
- Overseeing governance, risk management and compliance processes, and internal controls over financial reporting
- Overseeing the external and internal audit functions

During the year, the committee continued to work closely with the management team to review and overhaul and improve the main governance systems for which it has oversight responsibility – namely the risk management, compliance, combined assurance systems and the group's financial reporting function.

The committee receives and deals appropriately with any concerns or complaints, whether from within or outside PPC or on its own initiative, relating to the accounting practices and internal audit of the company, the content or audit of the company's financial statements, the internal financial controls of the company and any other related matter.

APPOINTMENT OF AN INDEPENDENT EXTERNAL AUDITOR

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

- In terms of the provisions of section 94 of the Companies Act, nominated Deloitte & Touche (Deloitte) for reappointment as PPC's external auditors for FY22
- Approved Deloitte's terms of engagement, audit plan and fees for the year
- Ensured that the appointment of Deloitte complies with the Companies Act, JSE Listings Requirements, King IV and all other relevant legislation
- Satisfied itself with both the credentials of the firm and Ms Cathryn Emslie as the designated audit partner, both of whose appointment was approved at PPC's annual general meeting (AGM) on 27 August 2021
- Satisfied itself that Deloitte and the designated audit partner are independent of the group, as set out in section 94(8) of the Companies Act
- Addressed the audit rotation for FY23 and recommended to the board that PriceWaterhouseCoopers Inc. (PwC) replace Deloitte as its auditors for the year ending 31 March 2023. The change in external auditor follows PPC's decision to anticipate the mandatory audit firm rotation requirement of the Independent Regulatory Board for Auditors by one year. Deloitte's appointment will accordingly terminate upon the conclusion of their duties in respect of the financial year ended 31 March 2022. PwC's appointment as external auditor will be proposed for approval by shareholders at the AGM of the company, scheduled to be held in September 2022

PPC has an approved policy setting out the nature and extent of any non-audit services that may or may not be provided by the group's external auditors. The committee is satisfied that all non-audit related services were carried out in accordance with the non-audit-services policy.

AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT continued

FINANCIAL STATEMENTS

The committee reviewed the audited annual financial statements (AFS), short-form announcements and accompanying reports to shareholders and other announcements on the group's FY22 results. The committee oversaw the preparation of the AFS in terms of IFRS and other appropriate standards as required by the JSE, taking into account the findings from the JSE's reporting back on proactive monitoring of financial statements, the final findings of the JSE's thematic reviews of compliance and its combined findings reports. This included a review of significant accounting policies, key accounting items (including the significant matters mentioned in the directors' report), areas of significant judgement and material assumptions and estimates made by management. In the committee's view these were appropriate and it recommended the AFS for approval by the board.

Last year the committee reported that during FY21 it had overseen various initiatives aimed at remediating the shortcomings in the group's financial reporting processes, internal financial controls and accounting systems and practices. Good progress has continued during FY22. In particular, the committee oversaw the design of a comprehensive financial reporting framework, incorporating some 16 key components including:

- A documented set of some 430 controls aimed at providing reasonable assurance as to the integrity of the routinely produced (day-to-day) numbers. Each control is assigned to an individual control owner with a process for the control owners to regularly self-assess compliance with the control. For additional levels of assurance internal audit tests the design and operating effectiveness of the controls
- An enhanced process to identify and deal with, via formal technical papers, significant accounting matters, such as where complex accounting, significant judgements or estimates, non-business as usual transactions or new accounting standards are involved
- Procedures to identify and deal with accounting disclosure requirements, particularly where these are not readily apparent from the numbers – such as going concern issues, covenant compliance, post balance sheet events, related-party transaction and contingent liabilities
- Various controls and review procedures over the consolidation process
- A range of higher-level procedures designed to give additional comfort as to the material correctness and fair presentation of the financial reporting, which include analytical reviews, variance analyses, sign-offs by responsible executives and IFRS compliance reviews

During the year, group internal audit did extensive testing of the design and operational effectiveness of the controls over the routine transactions and the CFO and the committee reviewed the design and operating effectiveness of the other components of the financial reporting framework.

Based on this work, the committee's overall assessment of the group's internal controls over financial reporting is that:

- A comprehensive, effectively designed control and financial reporting framework is in place and that good progress has been made towards entrenching the effective operation of the various components of the framework
- Shortcomings in the design and/or operations of specific controls or processes have been clearly identified and plans to improve to an effective level are in place
- No material financial loss, fraud, corruption or error has resulted from a failure in the financial control environment
- Notwithstanding that the group's control environment is not yet fully matured, adequate compensating measures have been taken where appropriate to provide reasonable assurance that the financial reporting of the group fairly presents in all material respects the financial position, performance and cash flows of the group and the company in accordance with the accounting standards

As required by the JSE Listing Requirements (paragraph 3.84(k) thereof) the CEO and CFO have disclosed to the committee and the auditors a comprehensive list of the deficiencies in design and operational effectiveness of the internal financial controls, together with a description of the actions required to be taken to remediate these deficiencies. The committee is satisfied that the rectification actions will improve the effectiveness of the internal financial controls, particularly at the business-unit level, and was pleased to note that there has been continued significant improvement in the quantum of deficiencies disclosed.

CFO AND FINANCE FUNCTION

Ms Brenda Berlin took over as CFO on 1 April 2021. The committee is well pleased with the improvements to the expertise, resources and general effectiveness of the finance function made under her direction during the year.

The committee also satisfied itself as to the qualifications and experience of the CFO to discharge her duty to supervise the preparation of the FY22 AFS and manage the financial affairs of the group.

OTHER RESPONSIBILITIES

Internal audit

The committee is responsible for overseeing the internal audit function and the appointment and remuneration of the chief audit executive. The committee was satisfied with the performance of the chief audit executive and the internal audit function.

During the year, the committee:

- Reviewed and approved the group's internal audit plan, along with amendments thereto, the internal audit charter and budget
- Monitored the progress internal audit made compared to the plan
- 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
- Ensured that the internal audit function is independent, adequately qualified and resourced, and that its scope of work and access to required information was not restricted
- Reviewed the extent to which the internal audit function has coordinated with other internal and external assurance providers in providing assurance coverage
- Reviewed the internal audit results and significant audit findings together with the relevant management comments and action plans as well as the results of internal audit's annual assessment of the effectiveness of internal controls

The internal audit function continues to improve in effectiveness. The increased use of technology is a key strength as it assists the team to work effectively across the group in a standardised manner. Further use of technology is planned to increase efficiencies. During the year under review, internal audit focused almost exclusively on testing the effectiveness of the internal financial controls in order to provide independent assurance on this matter to the board, the committee, the CEO and the CFO. In FY23, the internal audit plan will be expanded to address other risk areas in the business.

Combined assurance

The committee is charged with ensuring that a combined assurance model is applied to provide a coordinated approach to all assurance activities which address the significant risks facing PPC, and the effectiveness of its key governance systems.

AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT continued

The committee is of the view that the existing combined assurance model still requires improvement. A revised framework has been developed by management, including introducing a combined assurance committee, developing fit-for-purpose policies and adopting relevant procedures. This will allow the function to become more effective and will focus on embedding a culture of risk management and combined assurance throughout PPC.

A group resource has been appointed who is responsible for educating, coordinating and managing the combined assurance process within the group. The new combined assurance model is being implemented throughout the group. The model clearly articulates the four levels of assurance and how these are managed and coordinated.

A combined assurance map has been developed and the mapping exercise is currently being conducted at operational level to identify accountability and responsibility for the various assurance processes and the extent of coverage required at each level of assurance.

Combined assurance committees have been introduced for each business unit and these committees have a specific mandate to ensure that the combined assurance model is applied to provide a coordinated approach to all assurance activities.

The committee is satisfied with the design of the combined assurance model and that the mapping exercise will add value in terms of coordinating and tracking assurance activities within the operations.

Tax function

As a sub-set of its overall responsibility for financial reporting, the committee also has specific responsibility for the tax function. The tax function was substantially restructured at the beginning of the financial year and is now operating more effectively. External tax specialists continued to provide assistance, but this will be phased out as internal employees upskill. The automation between SAP and TaxPacc is a key project for FY23 to enhance efficiencies and reduce the risk of errors.

Treasury function

The treasury function is responsible for managing key financial risks, including interest, foreign exchange, funding and liquidity risks. The unit manages and monitors ongoing financial exposures giving rise to these risks and recommends appropriate hedging strategies to address identified exposures, while seeking approval to implement such strategies.

Additionally, the team is responsible for liquidity planning and control to ensure PPC has adequate cash to meet its payment liabilities and that the group maintains sufficient available headroom in committed banking facilities to support its liquidity profile. Part of the function's responsibilities are to manage PPC's debt by sourcing debt capital from external lenders at the lowest possible cost and negotiating favourable terms for lender agreements. Treasury also manages debt maturity and ensures compliance with funding terms.

Key man dependencies have been reduced within the team, documentation of key processes has been refined, and with the recent introduction of the treasury management system, transactional work currently maintained on spreadsheets will be automated to reduce human error.

Business risk management

The committee is responsible for overseeing the group's risk governance framework and policy, risk disclosures and reporting procedures. The committee oversaw the adoption of a revised risk management policy and framework which aims to better coordinate and systemise the good risk management activities already taking place across the group at both business unit and at group level. A risk resource was appointed and a risk management function established at group level to drive regular development and enhancement of risk and control procedures to continuously improve the process for identifying and managing risks.

During the financial year, a new risk management system was implemented to automate, consolidate and streamline the capturing and management of business risks. The evolution of the system will continue into the new financial year. Risk appetite statements have been implemented for each operation and risk indicators will be developed for future implementation. Risk workshops will be regularly held with each of the operations to ensure that business is challenged and engaged on the risks and opportunities identified and then managed.

The committee is satisfied that the management of the group's business risks is improving well off a solid existing base thereby embedding risk management throughout the group. The group will continue driving education and increasing the risk management maturity level.

Information technology (IT)

The committee exercises ongoing oversight over IT within the group and determines the direction of IT governance.

The IT function remains stable, but still has room for improvement. The function continues to review, streamline and automate processes and systems to enhance efficiencies within the group.

The function remains updated with developments in technology and further upskilling and training of the IT employees will be a key focus in FY23.

Compliance with laws, regulations and group policies

The committee is also responsible for overseeing the effectiveness of the system that monitors the group's compliance with laws, regulations and group policies, as well as the results of management's investigation and follow-up of any fraudulent acts or non-compliance. The committee obtains regular updates from management regarding compliance matters.

Various reports on the effectiveness of the systems, procedures and controls employed by the company to ensure compliance with statutes, regulations and the group's policies were considered by the committee. The current legacy compliance system has various identified deficiencies and requires much improvement to ensure all compliance risks are effectively managed, monitored and accurately reported on.

The committee is overseeing the implementation of a more robust compliance system with reference to international best practice guidelines.

The committee is satisfied that all relevant regulatory compliance matters were considered during the preparation of the group's FY22 AFS.

OPINION

The committee is satisfied that it has discharged its legal, regulatory and governance duties and responsibilities and that it has functioned in accordance with its terms of reference.

On behalf of the audit, risk and compliance committee

Mark Thompson
Chairman

1 July 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2022

	Notes	March 2022 Rm	Reclassified[a] March 2021 Rm
ASSETS			
Non-current assets		**9 698**	10 147
Property, plant and equipment	2	**9 255**	9 622
Right-of-use assets	3.1	**69**	68
Goodwill	4	**37**	38
Other intangible assets	5	**113**	149
Financial assets	6.1	**166**	196
Other non-current assets	6.1	**32**	50
Deferred taxation assets	7.3	**26**	24
Current assets		**2 711**	2 676
Inventories	9	**1 085**	1 111
Trade and other receivables	10	**1 006**	993
Taxation receivable		**43**	115
Cash and cash equivalents	11	**577**	457
Assets held for sale and held by disposal groups	8.1	**2 458**	2 984
Total assets		**14 867**	15 807
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	12	**4 575**	3 965
Other reserves	12	**(4 592)**	(2 731)
Retained profit		**7 049**	5 649
Equity attributable to shareholders of PPC Ltd		**7 032**	6 883
Non-controlling interests	12	**(121)**	(153)
Total equity		**6 911**	6 730
Non-current liabilities		**3 053**	2 855
Provisions	13	**211**	219
Deferred taxation liabilities	7.3	**1 654**	1 621
Long-term borrowings	14	**1 150**	983
Lease liabilities	3.2	**38**	32
Current liabilities		**1 781**	2 923
Provisions	13	**12**	30
Trade and other payables	16	**1 256**	1 167
Lease liabilities	3.2	**21**	28
Short-term borrowings	14	**431**	1 645
Taxation payable		**61**	30
Other current liabilities	15	**–**	23
Liabilities associated with assets held for sale and disposal groups	8.2	**3 122**	3 299
Total equity and liabilities		**14 867**	15 807

[a] *Other intangible assets (mineral rights) of R45 million have been reclassified to property, plant and equipment to align the group's accounting policies.*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

as at 31 March 2022

	Notes	March 2022 Rm	March 2021 Rm
Continuing operations			
Revenue	17	**9 882**	8 938
Cost of sales		**(8 352)**	(6 877)
Gross profit		**1 530**	2 061
Decrease/(increase) in expected credit losses on financial assets		**49**	(3)
Administration and other operating expenditure		**(1 057)**	(1 007)
Operating profit before items listed below:		**522**	1 051
Fair value and foreign exchange movements	19	**2**	(376)
Fair value gain on Zimbabwe financial asset	6.1.2	**56**	256
Fair value loss on Zimbabwe blocked funds	6.2.1	**(18)**	(17)
Net monetary loss on hyperinflation in Zimbabwe	2	**(108)**	(200)
(Impairments)/reversal of impairments	21	**(38)**	1 317
Profit before finance costs, investment income and equity-accounted investments		**416**	2 031
Finance costs	22	**(240)**	(283)
Investment income	23	**10**	15
Profit before equity-accounted investments		**186**	1 763
Profit from equity-accounted investments	31	**–**	2
Profit before taxation		**186**	1 765
Taxation	7	**(207)**	(742)
(Loss)/profit for the year from continuing operations		**(21)**	1 023
Profit/(loss) for the year from discontinued operations	8.3	**158**	(1 141)
Profit/(loss) for the year		**137**	(118)
Attributable to:			
Shareholders of PPC Ltd – continuing operations		**(71)**	983
Shareholders of PPC Ltd – discontinued operations		**159**	(794)
Non-controlling interests		**49**	(307)
		137	(118)
Earnings/(loss) per share (cents)	24		
Basic – group		**5**	12
Diluted – group		**5**	13
Basic – continuing operations		**(5)**	65
Diluted – continuing operations		**(5)**	65
Basic – discontinued operations		**10**	(53)
Diluted – discontinued operations		**10**	(52)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2022

	Foreign currency translation reserve		Financial assets at fair value through other comprehensive income		Retained profit		Total comprehensive loss	
	March 2022 Rm	March 2021 Rm	**March 2022 Rm**	March 2021 Rm	**March 2022 Rm**	March 2021 Rm	**March 2022 Rm**	March 2021 Rm
Profit/(loss) for the year	**–**	–	**–**	–	**137**	(118)	**137**	(118)
Items that will be reclassified to profit or loss on disposal								
Translation of foreign operations[a]	**(1 443)**	(3 101)	**–**	–	**–**	–	**(1 443)**	(3 101)
Revaluation of financial assets[b]	**–**	–	**1**	(2)	**–**	–	**1**	(2)
Other comprehensive (loss)/profit net of taxation	**(1 443)**	(3 101)	**1**	(2)	**–**	–	**(1 442)**	(3 103)
Total comprehensive loss	**(1 443)**	(3 101)	**1**	(2)	**137**	(118)	**(1 305)**	(3 221)
Attributable to:								
Shareholders of PPC Ltd – continuing operations	**(1 433)**	(3 065)	**1**	(2)	**(71)**	983	**(1 503)**	(2 084)
Shareholders of PPC Ltd – discontinued operations	**–**	–	**–**	–	**159**	(794)	**159**	(794)
Non-controlling interests	**(10)**	(36)	**–**	–	**49**	(307)	**39**	(343)

[a] *The currency conversion guide is presented in note 1.5.*
[b] *Revaluation of financial assets has a tax impact of R0,2 million (2021: R0,6 million).*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2022

		Other reserves[a]						
	Stated capital Rm	Foreign currency translation reserve[b] Rm	Financial assets at fair value through other comprehensive income Rm	Equity compensation reserve Rm	Retained profit Rm	Equity attributable to shareholders of PPC Ltd Rm	Non-controlling interests Rm	Total equity Rm
March 2022								
Balance at 31 March 2021	3 965	(3 633)	(4)	906	5 649	6 883	(153)	6 730
Movement for the year	610	(1 421)	1	(441)	1 400	149	32	181
IFRS 2 charges	–	–	–	36	–	36	–	36
Share incentive scheme forfeited	–	–	–	(10)	5	(5)	–	(5)
Sale of shares treated as treasury shares by consolidated BEE special purpose vehicles (SPVs)	631	–	–	(550)	–	81	–	81
Disposal of subsidiaries	–	12	–	18	(34)	(4)	–	(4)
Shares purchased in terms of the share incentive scheme	(21)	–	–	–	–	(21)		(21)
Other movement	–	–	–	(3)	–	(3)		(3)
Zimbabwe hyperinflation impact[c]	–	–	–	68	1 341	1 409	–	1 409
Total comprehensive income/(loss)[d]	–	(1 433)	1	–	88	(1 344)	39	(1 305)
Dividends declared	–	–	–	–	–	–	(7)	(7)
Balance at 31 March 2022	4 575	(5 054)	(3)	465	7 049	7 032	(121)	6 911
March 2021								
Balance at 31 March 2020	3 965	(568)	(2)	795	3 590	7 780	(227)	7 553
IFRS 2 charges	–	–	–	21	–	21	–	21
Reclassification of non-controlling interest on put option	–	–	–	–	(422)	(422)	422	–
Other movement	–	–	–	(24)	14	(10)	–	(10)
Zimbabwe hyperinflation impact	–	–	–	114	2 278	2 392	–	2 392
Total comprehensive income/(loss)	–	(3 065)	(2)	–	189	(2 878)	(343)	(3 221)
Dividends declared							(5)	(5)
Balance at 31 March 2021	3 965	(3 633)	(4)	906	5 649	6 883	(153)	6 730

(a) *Description of other equity reserves:*
The foreign currency translation reserve includes exchange differences arising on monetary items that form part of PPC's net investment in a foreign operation.
Financial assets at fair value through other comprehensive income includes fair value changes and impairment adjustments on fair value through other comprehensive income assets.
The cumulative gain or loss is recognised in the statement of profit or loss on derecognition of the financial assets.
Equity compensation reserve represents the increase in equity from the issuance of shares relating to the forfeitable share plan (FSP) and black economic empowerment (BEE) transactions.
(b) *A negative amount of R282 million will be recycled through profit or loss in FY23 when control is lost over PPC Barnet DRC.*
(c) *Refer to note 1.6 for the hyperinflation impact on PPC Zimbabwe.*
(d) *The reduction in the foreign currency translation reserve is due to the devaluation of the ZWL dollar against the ZAR.*

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2022

	Notes	March 2022 Rm	March 2021 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	25.1	**1 454**	1 375
Finance costs paid	22.1	**(224)**	(219)
Taxation paid	7.2	**(11)**	(134)
Cash available from operations		**1 219**	1 022
Net operating activities from discontinued operations		**(174)**	342
Net cash inflow from operating activities		**1 045**	1 364
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in intangible assets	5	**(18)**	(16)
Investment in property, plant and equipment (adjusted for capital expenditure accruals)	2	**(553)**	(367)
Proceeds from disposal of property, plant and equipment		**27**	10
Net investing activities from discontinued operations		**472**	(19)
Net cash outflow from investing activities		**(72)**	(392)
Net cash inflow before financing activities		**973**	972
CASH FLOWS FROM FINANCING ACTIVITIES[a]			
Proceeds from sale of PPC Ltd shares held by SPVs		**81**	–
Purchase of PPC Ltd shares in terms of the share incentive scheme		**(21)**	–
Repayment of interest rate swap liability		**(12)**	–
Repayment of borrowings	25.2	**(1 970)**	(538)
Proceeds from borrowings raised	25.2	**1 000**	250
Repayment of lease liabilities	3.4	**(30)**	(39)
Dividends paid to non-controlling interest		**(7)**	(5)
Net financing activities from discontinued operations		**(20)**	(5)
Net cash outflow from financing activities		**(979)**	(337)
Net movement in cash and cash equivalents		**(6)**	635
Cash and cash equivalents at the beginning of the year		**870**	398
Effect of exchange rate movements on cash and cash equivalents – continuing operations		**(98)**	(148)
Effect of exchange rate movements on cash and cash equivalents – discontinued operations		**(2)**	(15)
Cash and cash equivalents at the end of the year	11	**764**	870
Cash and cash equivalents comprise			
Cash and cash equivalents – continuing operations	11	**577**	457
Cash and cash equivalents – discontinued operations	8.1	**187**	413
Group cash and cash equivalents at the end of the year		**764**	870

[a] *During the period the favourable non-cash changes on borrowings amounted to R68 million (March 2021: R710 million) arising from unrealised foreign exchange differences. Refer to note 1.5. for the relevant currency conversions.*

SEGMENTAL INFORMATION

for the year ended 31 March 2022

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 operating segments are South Africa and Botswana cement, international cement, lime, aggregates and readymix and group shared services.

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

			Cement			
	Consolidated		South Africa and Botswana		International[(a)]	
	March 2022 Rm	March 2021 Rm	**March 2022 Rm**	March 2021 Rm	**March 2022 Rm**	March 2021 Rm
Revenue						
Gross revenue	**10 170**	9 140	**5 703**	5 398	**3 381**	2 751
Inter-segment revenue[(c)]	**(288)**	(202)	**(288)**	(202)	**–**	–
Total revenue[(d)]	**9 882**	8 938	**5 415**	5 196	**3 381**	2 751
Operating profit before items listed below	**522**	1 051	**418**	587	**98**	638
Fair value and foreign exchange gains movements	**2**	(376)	**20**	4	**(26)**	(260)
Fair value gain on Zimbabwe financial asset	**56**	256	**–**	–	**56**	256
Fair value loss on Zimbabwe blocked funds	**(18)**	(17)	**–**	–	**–**	–
Net monetary loss on hyperinflation in Zimbabwe	**(108)**	(200)	**–**	–	**(108)**	(200)
(Impairments)/reversal of impairments	**(38)**	1 317	**(94)**	1 450	**(3)**	2
Profit/(loss) before finance costs, investment income and equity-accounted investments	**416**	2 031	**344**	2 041	**17**	436
Finance costs	**(240)**	(283)	**(297)**	(234)	**(85)**	(122)
Investment income	**10**	15	**356**	158	**5**	5
Profit/(loss) before equity-accounted earnings	**186**	1 763	**403**	1 965	**(63)**	319
Earnings from equity-accounted investments	**–**	2	**–**	–	**–**	–
Profit/(loss) before taxation	**186**	1 765	**403**	1 965	**(63)**	319
Taxation	**(207)**	(742)	**(121)**	(570)	**(68)**	(199)
Profit/(loss) for the year from continuing operations	**(21)**	1 023	**282**	1 395	**(131)**	120
Profit/(loss) for the year from discontinued operations	**158**	(1 141)	**35**	–	**(5)**	(1 098)
Profit/(loss) for the year	**137**	(118)	**317**	1 395	**(136)**	(978)
Attributable to:						
Shareholders of PPC Ltd – continuing operations	**(71)**	983	**282**	1 395	**(181)**	80
Shareholders of PPC Ltd – discontinued operations	**159**	(794)	**35**	–	**(4)**	(751)
Non-controlling interests	**49**	(307)	**–**	–	**49**	(307)
	137	(118)	**317**	1 395	**(136)**	(978)
Basic EPS – continuing operations cents per share	**(5)**	65	**18**	93	**(12)**	5
Basic EPS – discontinued operations cents per share	**10**	(53)	**2**	–	**–**	(50)
Depreciation and amortisation	**971**	547	**407**	279	**627**	165
EBITDA[(e)]	**1 493**	1 598	**825**	866	**725**	803
EBITDA margin (%)[(f)]	**15,1**	17,9	**15,2**	16,7	**21,4**	29,2
Assets						
Non-current assets (excluding equity-accounted investments)	**9 698**	10 147	**4 197**	4 378	**5 515**	6 137
Equity-accounted investments	**–**	–	**–**	–	**–**	–
Assets held for sale and held by disposal groups	**2 458**	2 984	**–**	–	**2 433**	2 439
Current assets	**2 711**	2 676	**1 270**	1 324	**1 094**	1 149
Total assets	**14 867**	15 807	**5 467**	5 702	**9 042**	9 725
Investments in property, plant and equipment and intangibles (refer to note 2 and 5)	**568**	396	**265**	251	**246**	108
Liabilities						
Non-current liabilities	**3 053**	2 855	**1 401**	652	**3 444**	4 967
Liabilities associated with assets held for sale and disposal groups	**3 122**	3 299	**–**	–	**3 097**	3 114
Current liabilities	**1 781**	2 923	**1 053**	2 129	**559**	499
Total liabilities	**7 956**	9 077	**2 454**	2 781	**7 100**	8 580
Capital commitments (refer to note 26)	**111**	144	**47**	27	**61**	101

SEGMENTAL INFORMATION continued

for the year ended 31 March 2022

Materials business					
Lime		Aggregates and readymix		Group services and other[b]	
South Africa		South Africa and Botswana			
March 2022 Rm	March 2021 Rm	**March 2022 Rm**	March 2021 Rm	**March 2022 Rm**	March 2021 Rm
–	–	**1 086**	991	**–**	–
–	–	**–**	–	**–**	–
–	–	**1 086**	991	**–**	–
–	–	**(7)**	(84)	**13**	(90)
–	–	**1**	(1)	**7**	(119)
–	–	**–**	–	**–**	–
–	–	**–**	–	**(18)**	(17)
–	–	**–**	–	**–**	–
–	–	**60**	(135)	**(1)**	–
–	–	**54**	(220)	**1**	(226)
–	–	**(93)**	(26)	**235**	99
–	–	**39**	13	**(390)**	(161)
–	–	**–**	(233)	**(154)**	(288)
–	–	**–**	–	**–**	2
–	–	**–**	(233)	**(154)**	(286)
–	–	**(11)**	24	**(7)**	3
–	–	**(11)**	(209)	**(161)**	(283)
(1)	(33)	**(11)**	2	**140**	(12)
(1)	(33)	**(22)**	(207)	**(21)**	(295)
–	–	**(11)**	(209)	**(161)**	(283)
(1)	(33)	**(11)**	2	**140**	(12)
–	–	**–**	–	**–**	–
(1)	(33)	**(22)**	(207)	**(21)**	(295)
–	–	**(1)**	(14)	**(10)**	(19)
–	(2)	**(1)**	–	**9**	(1)
–	–	**48**	76	**(111)**	27
–	–	**41**	(8)	**(98)**	(63)
–	–	**3,8**	–	**–**	–
–	–	**298**	240	**(312)**	(608)
–	–	**–**	–	**–**	–
–	467	**–**	78	**25**	–
–	–	**252**	221	**95**	(18)
–	467	**550**	539	**(192)**	(626)
–	9	**41**	10	**16**	18
–	–	**231**	289	**(2 023)**	(3 053)
–	147	**–**	38	**25**	–
–	–	**211**	184	**(42)**	111
–	147	**442**	511	**(2 040)**	(2 942)
–	–	**3**	1	**–**	15

[a] International comprises Zimbabwe, Rwanda and cross-border sales from southern Africa.
[b] Group shared services and other comprises group shared services, BEE entities and group eliminations.
[c] Segments are disclosed net of inter-segment transactions.
[d] Revenue from external customers generated by the group's material foreign operations is as follows:
Botswana R471 million (2021: R432 million)
Rwanda R1 209 million (2021: R1 128 million)
Zimbabwe R2 172 million (2021: R1 623 million)
[e] EBITDA is defined as operating profit before depreciation and amortisation.
[f] EBITDA margin is defined as EBITDA divided by total revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2022

1. BASIS OF PREPARATION

The consolidated financial statements of PPC Ltd group comprise the company and its subsidiaries and the group's interest in associates (together referred to as the group and individually as group entities). The consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB), and Interpretations issued by the IFRS Interpretations Committee (IFRIC) and effective for the group at 31 March 2022 and comply with the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee (APC) and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the JSE Listing Requirements and the requirements of the Companies Act. The consolidated annual financial statements have been prepared using the historical cost convention except for certain financial instruments which are stated at fair value, the impact of inflation as a result of hyperinflationary economies and assets held for sale which are measured at fair value less costs to sell.

These group consolidated financial statements have been prepared under the supervision of B Berlin CA(SA), CFO, and were approved by the board on Friday, 1 July 2022. The directors take full responsibility for the preparation of these consolidated annual financial statements.

The accounting policies are 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 standards during the year:

Standard, amendment or interpretation	Impact on the financial statements
IFRS 4 – Insurance contracts – interest rate benchmark reform phase 2	No significant impact on the group financial statements
IFRS 7 – Financial instruments: disclosures – interest rate benchmark reform phase 2	No significant impact on the group financial statements
IFRS 9 – Financial instruments – interest rate benchmark reform phase 2	No significant impact on the group financial statements
IFRS 16 – Leases – interest rate benchmark reform phase 2	No significant impact on the group financial statements
IAS 39 – Financial instruments: recognition and measurement – interest rate benchmark reform phase 2	No significant impact on the group financial statements
COVID-19-related rent concessions (amendment to IFRS 16)	No significant impact on the group financial statements

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. Refer to subsidiaries and non-controlling interests note 34 for details about the group subsidiaries.

Subsidiaries are all entities over which the group has control. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group.

All subsidiaries, with the exception of CIMERWA and the PPC Barnet DRC entities, have the same financial year-end as the company. The financial year-end of the respective DRC incorporated entities is December, which is prescribed by local legislation, while CIMERWA has a September financial year-end. For the purpose of preparing these consolidated financial statements, an external audit has been performed on the financial results of these two entities for the year ended 31 March 2022.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of financial position respectively. Non-controlling interest comprehensive income or loss is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (refer to note 31), after initially being recognised at cost.

Management accounts together with the financial statements are used to align earnings of equity-accounted investments, noting that Habesha Cement Share Company (Habesha) has a different year-end to that of the group, being December.

1.2 Accounting policies

All accounting policies applied in the preparation of these financial statements are in compliance with IFRS.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

1. BASIS OF PREPARATION continued

1.3 Significant judgements made by management and sources of estimation uncertainty

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 the 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 group accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Significant judgements made by management

Property, plant and equipment (note 2)
Costs to be capitalised to a project (including exploration evaluation)
Reclassification of Other intangible assets to Property, plant and equipment
Impairment assessments
Nil book value assets

Goodwill (note 4)
Impairment assessment

Impairments (note 21)
CGU determination

Investment in Zimbabwe blocked funds and financial assets (note 6)
Recoverability and valuation of the asset

Deferred taxation assets (note 7)
Recoverability of the deferred taxation assets arising from taxation losses

Sources of estimation uncertainty

Property, plant and equipment (note 2)
Decommissioning provisions
Useful lives and residual values

Provisions (note 13)
Calculation of the decommissioning and rehabilitation obligations

Financial assets and other non-current assets (note 6)
Recoverability and valuation of financial assets

Other current liabilities (note 15)
Put option liability valuation

Trade and other receivables (note 10)
Expected credit losses on trade and other receivables

Inventories (note 9)
Provision for obsolete inventory

Other intangible assets (note 5)
Reserves estimates
Useful lives

Assets classified as held for sale and disposal groups (note 8)
PPC Barnet DRC is reflected as a non-current asset held for sale

Share-based payments (note 18)
Fair value of cash and equity-settled instruments

Equity-accounted investments (note 31)
Valuation of equity-accounted investments

Hyperinflation in PPC Zimbabwe (note 1.6)
Gain or loss on the net monetary position

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

1. BASIS OF PREPARATION continued

1.4 Going concern

The directors have considered whether the group can continue as a going concern in the foreseeable future and concluded that it can, taking into account all the considerations mentioned in note 36. On that basis, these consolidated annual financial statements have been prepared on the going concern basis.

Refer to note 36 for the detailed going concern assessment.

1.5 Foreign currency conversion guide

Functional and presentation currency

Items included in the financial reports of each entity in the group are measured using the entity's functional currency. The consolidated financial statements are presented in South African rand, which is the presentation currency of the group. An entity may have a monetary item that is receivable from a foreign operation. An item for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, a part of the entity's net investment in that foreign operation. On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income and accumulated in the foreign currency translation reserve.

Translation of foreign operations

The statement of profit or loss and other comprehensive income, cash flows and financial position of group entities which are not accounted for as entities operating in hyperinflationary economies and that have a functional currency different from the presentation currency of the group are translated into the presentation currency as follows:

- Assets and liabilities, including goodwill and fair value adjustments arising on acquisition, are translated at rates of exchange ruling at the reporting date
- Specific transactions in equity are translated at rates of exchange ruling at the transaction dates
- Income and expenditure and cash flow items are translated at weighted average exchange rates for the period
- Foreign exchange translation differences are recognised as other comprehensive income and accumulated in the foreign currency translation reserve, except to the extent the difference is allocated to non-controlling interests

The statement of profit or loss and other comprehensive income, cash flows and financial position of the group entities which are accounted for as entities operating in hyperinflationary economies and that have functional currencies different from the presentation currency of the group are translated into the presentation currency of its immediate parent at rates of exchange ruling at the reporting date. As the presentation currency of the group is that of a non-hyperinflationary economy, comparative amounts are not adjusted for changes in the price level or exchange rates in the current financial year.

Exchange rates used to translate foreign operations relative to the South African rand.

	Average rate		Closing rate	
	2022	2021	**2022**	2021
Botswana pula	**1,33**	1,42	**1,27**	1,33
US dollar	**14,94**	16,26	**14,48**	14,77
Rwandan franc	**0,01**	0,02	**0,01**	0,01
Mozambican metical	**0,24**	0,23	**0,23**	0,22
Zimbabwe dollar	**0,10**	0,18	**0,10**	0,18

1. BASIS OF PREPARATION continued

1.6 IAS 29 – *Financial reporting in hyperinflationary economies*

On 11 October 2019, the Public Accountants and Auditors Board of Zimbabwe classified Zimbabwe as a hyperinflationary economy in accordance with the provisions of IAS 29 – *Financial reporting in hyperinflationary economies*, applicable to entities operating in Zimbabwe with financial periods ended on or after 1 July 2019.

The PPC group concurred with this classification and applied hyperinflationary accounting for the financial years ended 31 March 2020 and 31 March 2021.

The economy in Zimbabwe remained hyperinflationary during the 2022 financial year with year-on-year inflation reaching 72,7% as at 31 March 2022.

Application of hyperinflationary accounting

The results of PPC Zimbabwe operations with a functional currency of ZWL dollar have been prepared in accordance with IAS 29 – *Financial reporting in hyperinflationary economies* as if the economy had been hyperinflationary from 1 April 2019.

Hyperinflationary accounting requires transactions and balances to be stated in terms of the measuring unit current at the end of the reporting period in order to account for the effect of loss of purchasing power during the period. The group uses the ZCPI as the general price index to restate amounts as Consumer Price Index (CPI) provides an official observable indication of the change in the price of goods and services.

The carrying amounts of non-monetary assets and liabilities carried at historic cost have been restated to reflect the change in the general price index from 1 April 2019 (date of application of IAS 29 – *Financial reporting in hyperinflationary economies*) to the end of the reporting period. An impairment loss is recognised in profit or loss if the remeasured amount of a non-monetary item exceeds its estimated recoverable amount. No adjustment has been made for those non-monetary assets and liabilities carried at fair value. Gains or losses on the net monetary position have been recognised in the statement of profit or loss. All items recognised in the income statement are restated by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred unless they relate to items already accounted for at fair value, with the corresponding adjustment presented in the statement of profit or loss. All components of equity are restated by applying a general price index from the beginning of the period or the date of contribution, if later. All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

The economy of Zimbabwe was assessed to be hyperinflationary effective 1 July 2019. IAS 29 – *Financial reporting in hyperinflationary economies* states that hyperinflation is applicable for an entity from the beginning of the reporting period in which it identifies hyperinflation. PPC group therefore adopted hyperinflation accounting from 1 April 2019. PPC group did not restate the prior year results as PPC reports in a stable currency. PPC Zimbabwe's hyperinflated results were converted to rand at the closing rate on 31 March 2022.

During the current year, the impact of IAS 29 – *Financial reporting in hyperinflationary economies* resulted in an uplift for net asset value and a loss for the year of R4 963 million (2021: R3 058 million) and R335 million (2021: R225 million) respectively. The results, net assets and cash flows were translated from ZWL dollar to ZAR at a closing rate of ZWL1 to ZAR0,1018 (2021: ZAR0,1764).

The gain or loss on the monetary position is calculated as the difference resulting from the restatement of non-monetary assets, equity and items in the statement of profit or loss and other comprehensive income and adjustment of index linked assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

1. BASIS OF PREPARATION continued

1.6 IAS 29 – *Financial reporting in hyperinflationary economies* continued

Application of hyperinflationary accounting continued

The general price index used as published by the Zimbabwe National Statistics Agency is as follows:

Date	Base year	General price index	Inflation rate
3/31/2022	2019	4 766,1	72,7

Hyperinflation impact	31 March 2022 Including hyperinflation Rm	31 March 2022 Hyperinflation adjustment Rm	31 March 2022 Excluding hyperinflation Rm
Statement of profit or loss			
Revenue	9 882	518	9 364
EBITDA	1 493	69	1 424
Profit for the year from continuing operations	(21)	(335)	314
EPS (cents)			
Basic – continuing operations	(5)	(22)	17
Diluted – continuing operations	(5)	(22)	17
Statement of financial position			
Property, plant and equipment	9 255	3 535	5 720
Right-of-use assets	69	2	67
Other intangible assets	113	9	104
Inventories	1 085	67	1 018
Trade and other receivables	1 006	13	993
Retained profit	7 049	6 189	860
Total comprehensive income/(loss)	88	(335)	423
Disposal of subsidiaries	(34)	–	(34)
Share incentive scheme forfeited	5	–	5
Opening balances	6 990	6 524	466
Other reserves	(4 592)	(1 226)	(3 366)
Equity compensation reserve	465	68	397
Financial assets at fair value through other comprehensive income	(3)	–	(3)
Foreign currency translation reserve (FCTR)	(5 054)	(1 294)	(3 760)
Long-term provisions	211	1	210
Short-term provisions	12	–	12
Deferred taxation liabilities	1 654	789	865

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, 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 appropriate
Mineral rights[a]	Straight line	Up to 30 years, limited to life of mine where appropriate
Plant	Straight line	Up to 30 years, limited to life of mine where appropriate
Vehicles	Straight line	Up to 10 years
Furniture and equipment	Straight line	Up to 6 years
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 appropriate
Capitalised leased plant	Straight line	Written off over the lease period or a shorter period if appropriate

[a] *Mineral rights include capitalised exploration and evaluation costs.*

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 property, plant and equipment comprises:
- Purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts 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

Reclassification of Other intangible assets to Property, plant and equipment

Mineral rights totalling R45 million were reclassified in FY21 to property, plant and equipment to align with the group's accounting policies. Management's judgement is that this is not a material reclassification and has no impact on total non-current assets.

Exploration and evaluation costs

The group capitalises all exploration and evaluation costs that meet the capitalisation criteria. In evaluating if costs incurred meet the criteria to be capitalised, sources of information are used depending on the level of exploration undertaken and the technical feasibility and commercial viability of extracting the mineral resource.

While the criteria for determining capitalisation are based on the probability of future economic benefits, the information that management uses to make that determination depends on the level of exploration. Examples of costs the group capitalises include, but are not limited to, topographical, geological, geochemical and geophysical studies, exploratory drilling and sampling.

Decommissioning assets and provisions

The cost of property, plant and equipment may also include the estimated costs of decommissioning the assets and site rehabilitation costs to the extent that they relate to the asset. Estimating the future costs of these obligations is complex as most of the obligations will only be fulfilled in the 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

In line with the requirements of IAS 16 – *Property, plant and equipment*, it is PPC group's policy that the useful lives of assets be reviewed annually. Any changes in useful lives are accounted for prospectively as a change in estimate in terms of IAS 8 – *Accounting policies, changes in accounting estimates and errors*. Useful lives of property, plant and equipment are based on management estimates and take into account historical trends, obsolescence and maintenance strategies.

The current year assessment resulted in an adjustment of useful lives of certain assets to reflect the pattern of consumption of the future economic benefits embodied in the assets. The impact of the change in applying the adjusted useful lives for the year ended 31 March 2022 is a decrease in the depreciation expense of R21 million (2021: R10 million).

The gross value of the remaining fully depreciated property, plant and equipment which is still in use by the group is not material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

2. PROPERTY, PLANT AND EQUIPMENT continued

	Freehold and leasehold land, buildings and mineral rights[(a)] Rm	Decommissioning assets Rm	Plant, vehicles, furniture and equipment Rm	Total Rm
March 2022				
Cost	3 172	338	14 576	18 086
Accumulated depreciation and impairments	(937)	(99)	(7 795)	(8 831)
	2 235	239	6 781	9 255
Movements during the year				
Net carrying value at the beginning of the year	2 149	262	7 211	9 622
Additions	30	3	517	550
To enhance existing operations	19	3	508	530
To expand operations	11	–	9	20
Depreciation	(112)	(8)	(786)	(906)
Disposals	(4)	–	(18)	(22)
Impairments (refer to note 21)	(8)	(1)	(3)	(12)
Other movements	39	(2)	(39)	(2)
Hyperinflation impact[(b)]	566	99	1 070	1 735
Translation differences	(425)	(114)	(1 171)	(1 710)
Net carrying value at the end of the year	2 235	239	6 781	9 255

	Cost Rm	Accumulated depreciation Rm	Net carrying value Rm
Translation differences comprise:			
Botswana	(6)	5	(1)
Rwanda	(83)	35	(48)
Zimbabwe[(c)]	(2 497)	836	(1 661)
Total	(2 586)	876	(1 710)

(a) *Mineral rights include capitalised exploration and evaluation costs.*
(b) *Hyperinflation resulted in a R3 535 million uplift of the carrying amount of property, plant and equipment, which comprise:*

	Rm
Hyperinflation impact included in opening balance	*3 719*
Additions	*22*
Depreciation[(d)]	*(366)*
Hyperinflation impact on current year	*1 735*
Translation differences	*(1 575)*
Net impact	*3 535*

(c) *As a result of a significant devaluation of the ZWL dollar against the ZAR, from March 2021 to March 2022, of ZAR:ZWL 0,18 to 0,10, the group recognised a R1,7 billion decrease in the net carrying value of property, plant and equipment which is included in translation differences.*
(d) *During the current year a change in interpretation was determined on the calculation of the hyperinflation impact on depreciation. The change is in line with industry practice in Zimbabwe. Previously, hyperinflated depreciation was calculated by restating the historical depreciation expense using monthly inflation indices at each given reporting period (straight-line method) and in the current year this was changed to the effective depreciation rate method. The interpretation requires depreciation to be calculated on the opening property, plant and equipment balance, including the impact of hyperinflation from the date of acquisition. The change in interpretation was adjusted prospectively in the current year. The prior year depreciation was R29 million using the straight-line method. Overall there is no impact on statement of profit or loss as under the previous method, the difference between opening and closing accumulated depreciation (not accounted for in the depreciation line item) was taken to Net monetary loss on hyperinflation in Zimbabwe.*

2. PROPERTY, PLANT AND EQUIPMENT continued

	Reclassified[a] freehold and leasehold land, buildings and mineral rights[b] Rm	Decommissioning assets Rm	Plant, vehicles, furniture and equipment Rm	Reclassified Total Rm
March 2021				
Cost	2 927	353	14 467	17 747
Accumulated depreciation and impairments	(778)	(91)	(7 256)	(8 125)
	2 149	262	7 211	9 622
Movements during the year				
Net carrying value at the beginning of the year	3 194	409	8 902	12 505
Additions	18	11	358	387
To enhance existing operations	14	6	257	277
To expand operations	4	5	101	110
Depreciation	(74)	(6)	(573)	(653)
Disposals	(1)	–	(12)	(13)
(Impairments)/reversal of impairment (refer to note 21)	(331)	(6)	935	598
Other movements	103	13	(76)	40
Hyperinflation impact	763	157	1 789	2 709
Transfer to assets held for sale and held by disposal groups (refer to note 8)[c]	(620)	(16)	(1 081)	(1 717)
Translation differences	(903)	(300)	(3 031)	(4 234)
Net carrying value at the end of the year	2 149	262	7 211	9 622

[a] *Other intangible assets (mineral rights) of R45 million have been reclassified to property, plant and equipment to align the group accounting policies.*
[b] *Mineral rights include capitalised exploration and evaluation costs.*
[c] *Transferred to assets held for sale and held by disposal groups. Refer to note 8.*

	Cost	Accumulated depreciation	Net carrying value
Translation differences comprise:			
Botswana	(18)	15	(3)
Rwanda[a]	(499)	173	(326)
DRC	(826)	362	(464)
Zimbabwe	(5 190)	1 749	(3 441)
Mozambique	(1)	1	–
Total	(6 534)	2 300	(4 234)

	March 2022 Rm	March 2021 Rm
Carrying amount of assets pledged as security:		
PPC Cement SA	**3 156**	2 202
Rwanda	**1 086**	1 164
Zimbabwe	**–**	3 955
	4 242	7 321

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

2. PROPERTY, PLANT AND EQUIPMENT continued

Judgements made by management and sources of estimation uncertainty

The value-in-use amounts were determined using the discount rates and assumptions detailed in note 21.

Impairments and reversals have been recognised in the current year, refer to note 21 for the details.

	March 2022 Rm	March 2021 Rm
Cash flow from investment in property, plant and equipment		
Acquisition of property, plant and equipment	**550**	361
Movement in capital expenditure payables (refer to note 16)	**3**	6
	553	367

3. LEASES

In the capacity of a lessee

This note provides information for leases where the group is a lessee only as it is not a lessor to any third party.

3.1 Right-of-use assets

The group recognises a right-of-use asset and a corresponding lease liability at the lease commencement date. The right-of-use asset is initially measured at cost (which is equal to the lease liability adjusted for previously recognised prepaid or accrued lease payments relating to that lease) and increased with initial direct costs incurred and the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset. After the commencement date, the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Right-of-use assets are assessed for impairment in accordance with the requirements of IAS 36 – *Impairment of assets*. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Depreciation is calculated using the straight-line method over the estimated useful lives of the right-of-use asset or the lease term. The predominant estimated useful lives are as follows:

Description	Term in years
Property and plant	2 – 5
Vehicles	2 – 3
Land	2 – 5
Buildings	2 – 5

The lease term determined by the group comprises:

- Non-cancellable period of lease contracts
- Periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option
- Periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option

3. LEASES continued

3.1 Right-of-use assets continued

	Property and plant Rm	Vehicles Rm	Land Rm	Buildings Rm	Total Rm
March 2022					
Cost	35	23	25	42	125
Accumulated depreciation and impairments	(10)	(8)	(17)	(21)	(56)
	25	15	8	21	69
Movements during the year					
Net carrying value at the beginning of the year	14	16	4	34	68
Additions	28	3	3	3	37
Depreciation	(10)	(6)	(5)	(13)	(34)
Derecognition	(8)	1	3	(1)	(5)
Impairments (refer to note 21)	1	1	1	–	3
Other movements	–	–	2	–	2
Translation differences	–	–	–	(2)	(2)
Net carrying value at the end of the year	**25**	**15**	**8**	**21**	**69**

	Property and plant Rm	Vehicles Rm	Land Rm	Buildings Rm	Total Rm
March 2021					
Cost	36	27	16	44	123
Accumulated depreciation and impairments	(22)	(11)	(12)	(10)	(55)
	14	16	4	34	68
Movements during the year					
Net carrying value at the beginning of the year	22	20	16	54	112
Additions	2	9	–	14	25
Depreciation	(10)	(6)	(12)	(17)	(45)
Derecognition	1	(5)	(2)	(3)	(9)
Impairments (refer to note 21)	(1)	(2)	(3)	(2)	(8)
Other movements	–	–	5	–	5
Transfer to assets held for sale and held by disposal groups (refer to note 8)	–	–	–	(10)	(10)
Translation differences	–	–	–	(2)	(2)
Net carrying value at the end of the year	14	16	4	34	68

The group's leases consist mainly of leasing of buildings, property and plant and vehicles. In certain lease agreements of machinery, equipment and vehicles, variable lease payments are included based on operating hours used, kilometres travelled or output. These leases provide greater flexibility in terms of usage, such as for certain types of trucks and vehicles where operating levels depend on production capacity and demand and are recognised as expenses when incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

3. LEASES continued

3.2 Lease liabilities

The lease liability is initially measured at the present value of the remaining lease payments on the commencement date, discounted using the incremental borrowing rate. The lease liability is subsequently increased by the finance cost on the lease liability and decreased by lease payments made. The lease liability is remeasured when there is a change in the future lease payments arising from a change in an index or rate. The group has elected to split lease and non-lease components for leases per class.

The assessment of the lease term is reviewed if a significant event or a significant change in circumstances occurs that is within the control of the lessee.

Discount rate

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The lease liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of the group entity that is the counterparty to the lease contract, at inception of the lease. This incremental borrowing rate was derived from the external third-party borrowing rate of the particular group entity.

	March 2022 Rm	March 2021 Rm
Net carrying value at the beginning of the year	**60**	130
New leases capitalised during the year	**37**	–
Modification of existing leases – gain	**–**	(10)
Modification of existing leases – decrease in right-of-use asset	**–**	(1)
Disposals	**(7)**	–
Lease payments made during the year	**(35)**	(53)
Finance costs	**5**	10
Translation differences	**(1)**	(1)
Transfer to assets held for sale and held by disposal groups (refer to note 8)	**–**	(15)
Net carrying value at the end of the year	**59**	60
Non-current lease liabilities	**38**	32
Current lease liabilities	**21**	28
	59	60
Maturity analysis – undiscounted contractual cash flows		
Less than one year	**33**	35
One to five years	**43**	33
	76	68
Breakdown of lease payments		
Fixed payments	**31**	45
Variable payments	**4**	2
Total payments	**35**	47

3.3 Amounts recognised in statement of profit or loss

	March 2022 Rm	March 2021 Rm
Depreciation on right-of-use asset	**34**	34
Interest expense on lease liabilities	**5**	8
Expenses relating to short-term leases[(a)]	**3**	12
Modification of existing leases	**–**	(10)
Right-of-use asset impairment (reversal)/impairment	**(2)**	6
Net effect	**40**	50

[(a)] *These expenses relate to rental expenses that do not meet the IFRS 16 recognition criteria.*

3.4 Amounts recognised in statement of cash flow

The total cash outflow for leases accounted for in terms of IFRS 16 in 2022 was R35 million (2021: R47 million), including R5 million (2021: R8 million) for finance costs and principal payments of R30 million (2021: R39 million). Included in cash flows from operating activities is R3 million (2021: R12 million) relating to short-term lease payments, payments for leases of low-value assets and variable lease payments are not included in the measurement of the lease liability.

4. GOODWILL

	March 2022 Rm	March 2021 Rm
Cost	**321**	326
Accumulated impairments	**(284)**	(288)
	37	38
Movements of goodwill		
Net carrying value at the beginning of the year	**38**	48
Translation differences	**(1)**	(10)
Net carrying value at end of the year	**37**	38
Goodwill, net of impairments, is allocated to the following CGUs:		
CIMERWA (international cement segment)	**37**	38
	37	38

Judgements made by management and sources of estimation uncertainty

Impairment is determined by assessing the recoverable amount of the CGU to which the goodwill is allocated. The recoverable amounts of the CGUs are assessed by determining the value in use of the CGU. These assessments use cash flow projections based on the most recent financial budgets approved by the board for the next five years. Cash flows beyond the five-year period are extrapolated using the growth rates as noted in note 21.

CIMERWA

The recoverable amount for this CGU of R3 071 million (2021: R2 520 million) was determined based on a value-in-use assessment, using cash flow projections based on financial forecasts approved by the board and over a five-year valuation period.

In both the current and prior reporting periods, the recoverable amount was higher than the current carrying value of the CGU, resulting in no impairment being recognised. CIMERWA is included under cement international in the segmental analysis.

There are no indications that any reasonable possible change in the key assumptions on which the recoverable amount has been assessed would result in the carrying amount exceeding the recoverable amount of this CGU.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

5. OTHER INTANGIBLE ASSETS

	Enterprise resource planning (ERP) development and other software Rm	Brand, trademarks and customer relationships Rm	Reclassified[a] Total Rm
2022			
Cost	**440**	**515**	**955**
Accumulated amortisation and impairments	**(343)**	**(499)**	**(842)**
	97	**16**	**113**
Movements during the year			
Net carrying value at the beginning of the year	**87**	**62**	**149**
Additions	**18**	**–**	**18**
Amortisation	**(13)**	**(15)**	**(28)**
Impairments (refer to note 21)	**–**	**(29)**	**(29)**
Hyperinflation impact[b]	**4**	**–**	**4**
Other movements	**5**	**–**	**5**
Translation differences	**(4)**	**(2)**	**(6)**
Net carrying value at the end of the year	**97**	**16**	**113**
2021			
Cost	439	528	967
Accumulated amortisation and impairments	(352)	(466)	(818)
	87	62	149
Movements during the year			
Net carrying value at the beginning of the year	94	136	230
Additions	9	–	9
Amortisation	(18)	(27)	(45)
Hyperinflation impact	8	–	8
Impairments reversals/(impairments)	1	(35)	(34)
Other movements	4	–	4
Translation differences	(11)	(12)	(23)
Net carrying value at the end of the year	87	62	149

[a] Other intangible assets (mineral rights) of R45 million have been reclassified to property, plant and equipment to align with the group accounting policies.
[b] Hyperinflation resulted in a R9 million uplift of the carrying amount of other intangible assets, which comprise:

	Rm
Hyperinflation impact included in opening balance	*10*
Amortisation	*(1)*
Hyperinflation impact on current year	*4*
Translation differences	*(4)*
Net impact	*9*

Useful lives	Method	Rate
ERP development and other software	Straight line	2 to 10 years
Brand and trademarks	Straight line	2 to 15 years
Customer relationships	Straight line	2 to 5 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

5. OTHER INTANGIBLE ASSETS continued

Judgements made by management and sources of estimation uncertainty

Brand, trademarks and customer relationships

Included in brand, trademarks and customer relationships are brands and trademarks of R36 million (2021: R60 million), contracted and non-contracted customer relationships of Rnil (2021: R2 million). At year-end, brand and trademarks and customer relationships have an estimated average remaining useful life of seven years.

The group has conducted an impairment assessment on all brands, trademarks and customer relationships as part of annual impairment, refer to note 21.

The group does not have any indefinite useful life intangible assets, other than goodwill (refer to note 4).

6. OTHER NON-CURRENT ASSETS

		Notes	March 2022 Rm	March 2021 Rm
6.1	**Financial assets**			
	Non-current financial assets at fair value through profit or loss			
	Unlisted collective investment	6.1.1	**144**	129
	PPC Zimbabwe financial asset	6.1.2	**–**	57
	Cell captive investment	6.1.3	**19**	7
	Total non-current financial assets at fair value through profit or loss		**163**	193
	Non-current financial assets at fair value through other comprehensive income			
	Investment in Old Mutual shares on the Zimbabwe Stock Exchange	6.1.4	**3**	3
	Total non-current financial assets at fair value through other comprehensive income		**3**	3
	Total financial assets		**166**	196
6.2	**Other non-current assets**			
	Zimbabwe blocked funds	6.2.1	**32**	50
	Total other non-current assets		**32**	50

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.

6.1.1 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 2022. During the year there were no funds reinvested into the unit trusts (2021: R6 million), however, after year-end unit trusts were sold as part of the Lime sale transaction, refer to note 20. These funds are held to fund PPC's South African environmental obligations. Cash held by the PPC Environmental Trust is restricted cash. Refer to note 11 and note 20.

The financial asset is classified at fair value through profit or loss.

6.1.2 PPC Zimbabwe financial asset

The PPC Zimbabwe financial asset arose when the US dollar denominated Zimbabwe loan (refer to note 14) was registered with the RBZ in accordance with Statutory Instrument 33. In terms of Statutory Instrument 33, the loan qualified as legacy debt and a ZWL dollar amount equivalent to the US dollar loan balance was transferred to the RBZ as restricted cash (refer to note 11) and this amount qualified for the 1:1 conversion of US$ to ZWL.

Refer to note 28 for fair value disclosure with regards to this financial instrument.

On 31 December 2021, RBZ honoured its commitment to settle the remaining principal through a payment of R41 million. This payment by the RBZ settled the Trade and Development Bank (TDB) loan in exchange for equivalent ZWL funds converted at a rate of 1:1 in accordance with the legacy debt commitment. This resulted in the financial asset meeting its derecognition criteria as the contractual rights to the cash flows from the assets were fulfilled. Accordingly, the financial asset balance is nil as at 31 March 2022 (2021: R57 million).

The net fair value gain on the Zimbabwe financial asset of R56 million (2021: R256 million gain) comprised a decrease in intrinsic value of R1 million (2021: R152 million) and a credit risk fair value gain of R57 million (2021: R104 million).

The financial asset was classified at fair value through profit or loss and derecognised during the current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

6. OTHER NON-CURRENT ASSETS continued

6.1.3 *Cell captive investment*

PPC invested in preference shares in Centriq Insurance Company Limited, a licensed cell captive insurer. The preference shares are governed by a preference share agreement (also called a subscription agreement) which confers certain rights and obligations on the shareholder and the insurer. Some of the main features include the fact that the shareholder (cell owner) gets the right to share in the profits of a specified book of insurance policies. If there are losses on the book, the cell owner has the obligation to recapitalise the cell. Capitalisation and recapitalisation of the cell is by way of a cash injection into the insurer, who allocates the capital to the cell.

The group has determined that it does not have control over its insurance cell captive, as cell captive structures in South Africa do not satisfy the consolidation criteria of IFRS 10 – *Consolidated financial statements*, due to the fact that a breach of the cell's ringfenced nature is legally and practically possible, even though it is highly unlikely. The cell captive has therefore not been consolidated.

The investment is initially measured at cost and subsequently at fair value, with changes recognised in profit or loss. The valuation of the cell captive is determined using the net asset value at each reporting date. The cell captive also recognises technical provisions of gross unearned reserve and the IBNR (incurred not yet reported) provision as required for insurance companies.

6.1.4 *Investment in Old Mutual shares on the Zimbabwe Stock Exchange*

This investment relates to the investment in 200 000 Old Mutual shares on the Zimbabwe Stock Exchange. The market value as at 31 March 2022 is R3 million (2021: R3 million). As a result of the uncertainty around the expatriation of funds from Zimbabwe, the investment has been classified as non-current.

The shares remain suspended on the Zimbabwe Stock Exchange. The Securities and Exchange Commission of Zimbabwe issued directive SS28/04/2021 for all dual listed counters that are suspended to be valued using the JSE price.

6.2.1 *Zimbabwe blocked funds*

No formal confirmation has been received from the Reserve Bank of Zimbabwe (RBZ) regarding repayment of this amount and as such the investment is classified as non-current. The investment is a statutory receivable and, as no repayment terms have been agreed, it is not a financial asset as defined. It is, however, PPC Ltd's policy to value the Zimbabwe blocked funds as if it was a financial asset, and therefore it is valued at fair value through profit or loss.

Hyperinflation, the challenging general economic environment and the unavailability of foreign currency in Zimbabwe were considered in the determination of an appropriate fair value adjustment to be applied to the blocked funds. Management assessed that there was an increase in the credit risk of the RBZ, resultant in the application of a fair value credit risk adjustment of 90% (2021: 85%) which resulted in a fair value adjustment of R292 million as at 31 March 2022 (2021: R281 million).

The net fair value loss on the Zimbabwe blocked funds of R18 million (2021: R17 million) comprises a decrease of the intrinsic value of R7 million (2021: R68 million) and a credit risk fair value loss of R11 million (2021: R51 million gain).

7. TAXATION

7.1 Income tax accounting policy

Current tax

Income tax expense comprises current tax, deferred tax and withholding tax. Income tax expense or credit for the period is tax which is payable on the current period's taxable income based on the income tax rate in each jurisdiction. The tax payable is adjusted for changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and other group entities operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which the applicable tax regulation is subject to interpretation.

Provisions, where appropriate, are established on the basis of amounts expected to be paid to the tax authorities. Income tax for the current and prior periods is recognised as a liability to the extent that it is unpaid. If the amount already paid in respect of current and prior periods exceeds the total amount due for those periods, the excess is recognised as an asset and is reversed when it reduces future tax payments.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent it is probable that taxable profits will be available in future periods against which deductible temporary differences and losses can be utilised. The recognition of deferred tax assets is assessed at subsidiary level taking into account the applicable legal provisions of that jurisdiction.

Current and deferred tax is recognised in profit or loss.

Withholding tax

Withholding tax is payable at a rate of 5% to 15% on amounts paid to the group entities by certain of their subsidiaries as dividends, interest and management fees.

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.

	March 2022 Rm	March 2021 Rm
South African normal taxation		
Current taxation	44	8
Current year	6	16
Prior years	38	(8)
Deferred taxation	67	516
Current year	97	541
Prior years	2	(25)
Change in tax rate	(32)	–
Foreign normal taxation		
Current taxation	106	99
Current year	106	99
Deferred taxation	(32)	108
Current year	(32)	108
Withholding taxation	22	11
Taxation charge	207	742

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

7. TAXATION continued

7.1 Income tax accounting policy continued

	31 March 2022 %	31 March 2021 %
Taxation rate reconciliation		
Effective tax rate	**111**	42
Prior years' taxation impact	**(21)**	2
Income taxation effect of:		
Foreign taxation rate differential	**3**	1
Expenditure attributable to non-taxable income	**(7)**	(1)
Transfer pricing adjustment	**(3)**	(1)
Expenditure not deductible in terms of taxation legislation[a]	**(31)**	–
Withholding taxation	**(12)**	(1)
Fair value adjustments on financial instruments not taxable	**4**	1
Normalised taxation rate	**44**	43
Taxation effect of the following transactions		
Deferred taxation not raised	**(12)**	(8)
Change in tax rate	**17**	–
Adjusted taxation rate before Zimbabwe	**49**	35
Expected credit loss provision on Zimbabwe blocked funds	**(3)**	2
Fair value adjustment on Zimbabwe financial asset	**8**	–
Tax effect of Zimbabwe hyperinflation and Statutory Instrument 33	**(26)**	(9)
South African normal taxation rate	**28**	28

[a] *Disallowed expenses in the jurisdictions in which PPC operates including interest, legal and consulting fees that are capital in nature, fines and penalties, non-deductible IFRS adjustments and limitations on the deductible value of telephone, entertainment and public relations.*

		March 2022 Rm	March 2021 Rm
7.2	**Taxation paid**		
	Net amounts receivable at the beginning of the year	**(85)**	(48)
	Charge per income statement (excluding deferred taxation)	**172**	114
	Impact of foreign rate differences and other non-cash flow movements	**(58)**	(17)
	Net amounts receivable at the end of the year	**(18)**	85
		11	134
7.3	**Deferred taxation**		
	Net liability at the beginning of the year comprises:	**1 597**	1 229
	Deferred taxation asset	**24**	26
	Deferred taxation liability	**1 621**	1 255
	Transfer to assets held for sale and disposal groups	**–**	(44)
	Income statement charge	**65**	649
	Change in tax rate adjustment	**(32)**	–
	Prior year taxation adjustment	**2**	(25)
	Deferred taxation impact of FCTR on the DRC deficiency loan	**–**	(58)
	Effect of hyperinflation accounting on deferred taxation	**368**	557
	Translation differences	**(372)**	(711)
	Net liability at the end of the year comprises:	**1 628**	1 597
	Deferred taxation asset	**26**	24
	Deferred taxation liability	**1 654**	1 621
	Analysis of deferred taxation		
	Property, plant and equipment	**1 808**	1 944
	Other non-current assets	**117**	145
	Current assets	**(35)**	(23)
	Non-current liabilities	**(12)**	(74)
	Current liabilities	**(142)**	(184)
	Reserves	**(12)**	15
	Taxation losses	**(96)**	(226)
		1 628	1 597

7. TAXATION continued

7.3 Deferred taxation continued

Judgements made by management and sources of estimation uncertainty

Current tax

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. The group recognises tax liabilities for anticipated tax issues by making use of estimates and by considering whether additional taxes will be payable. 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.

Deferred tax

In terms of the deferred tax assets recognised, the group has made estimates in assessing whether future taxable profits will be available. Future taxable profits are determined based on forecasts, budgets and business plans for individual subsidiaries within the group and the probable reversal of taxable temporary differences in future. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves.

	March 2022 Rm	March 2021 Rm
Analysis of the group's deferred tax assets arising from taxation losses		
CIMERWA	**32**	84
PPC Cement SA	**11**	89
PPC Ltd	**53**	53
	96	226

Recoverability assessment of CIMERWA Cement Limitada deferred tax asset

CIMERWA has accumulated tax losses of R160 million (RWF11 billion) which arose in 2015, as a result of a substantial investment allowance in terms of the Rwandan Investment Code, on the construction of the new plant. The value at risk of being derecognised if the deferred tax asset, which arose as a result of the investment allowance, is not recoverable at 31 March 2022 is R32 million (RWF2 billion).

Carry forward of taxable losses beyond 30 September 2022

The Rwandan tax legislation limits the utilisation of tax losses to a five-year period following the year in which the loss was incurred. A taxpayer can, however, apply to the Rwandan Revenue Authority for the tax losses to be carried forward for more than five tax periods, subject to the fulfilment of certain requirements. CIMERWA was not able to fully utilise the tax loss within the five-year period, which expired in the 2020 tax period.

CIMERWA applied to the Rwanda Revenue Authority to approve the carry forward of the taxable losses. The Rwanda Revenue Authority authorised the application for a further two-year extension up until 30 September 2022. CIMERWA anticipated that the tax losses will not be utilised by 30 September 2022 and applied for a further extension of the tax loss utilisation period. The Rwanda Revenue Authority has approved a carry forward of the tax losses until 30 September 2024.

The key judgements and assumptions disclosed in note 21 were used in assessing the recoverability of the CIMERWA deferred tax asset. The cash flow projections were adjusted to take into consideration the impact of the Rwandan tax legislation and on that basis, the R32 million (RWF2 billion) deferred tax asset noted above will be utilised by 30 September 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

7. TAXATION continued

7.3 Deferred taxation continued

Judgements made by management and sources of estimation uncertainty continued

Recent material amendments to legislation in South Africa

The group has taken note of South Africa's finance minister's announcement in the budget speech on 22 February 2022 relating to the future limitation on the utilisation of assessed losses to 80% of taxable income, with effect from FY23. The amendment will result in the assessed losses in South Africa being utilised over a longer period. This does not affect the recoverability of the assessed losses. The corporate tax rate will decrease from 28% to 27% and this change will become effective during FY23. The change in tax rate has resulted in the deferred tax for FY22 being recognised at 27%.

Recoverability assessment of PPC Cement SA deferred tax asset

The PPC Cement SA deferred tax asset recoverability was based on applicable South African tax laws and approved business plans. PPC Cement SA currently has a tax loss of R40 million (2021: R277 million) and a deferred tax asset of R11 million (2021: R89 million). This loss is attributable to section 12I and 12L tax allowances which the company is entitled to claim in respect of improvements that were made to its Slurry plant. PPC Cement SA is expected to fully utilise its tax losses by 2023 based on the approved budgets as at 31 March 2022.

When assessing the recoverability of the deferred tax asset, management took into consideration the key judgements and assumptions disclosed under note 21. The cash flow projections were adjusted for the impact of the Income Tax Act in the determination that the tax cash outflows will commence from the 2023 financial year.

Recoverability of PPC Ltd deferred tax asset

The PPC Ltd deferred tax asset recoverability was based on applicable South African tax laws and approved business plans. PPC Ltd currently has a tax loss of R196 million (2021: R190 million). The company has deferred tax temporary differences that will unwind in the foreseeable future and this will result in the utilisation of the deferred tax asset that resulted from the tax loss. The tax loss is expected to be recovered in the normal course of business and therefore the deferred tax asset has been recognised.

Deferred tax assets not recognised

Deferred tax assets have not been recognised for the tax losses in PPC Group Services, Pronto Building Materials and 3Q Mahuma Concrete due to the inability of these entities to generate taxable income within the foreseeable future.

7. TAXATION continued

7.3 Deferred taxation continued

Judgements made by management and sources of estimation uncertainty continued

Uncertain tax positions

The group is involved in direct and indirect tax matters specific to the respective jurisdictions in which the group operates. These matters may not necessarily be resolved in a manner that is favourable to the group. The group has therefore considered that it is not probable that the taxation authority will accept an uncertain tax treatment and recognised a provision based on the most likely amount.

The impact of applying IFRIC 23 – *Uncertainty over income tax treatments* is as follows:

	March 2022 Rm	March 2021 Rm
Impact on Statement of Profit or Loss		
Finance costs	1	1
Taxation	–	6
	1	7
Impact on Statement of Financial Position		
Taxation payable	–	16
Deferred tax liability	–	3
Non-current liabilities	–	19

8. ASSETS CLASSIFIED AS HELD FOR SALE AND DISPOSAL GROUPS

	Notes	31 March 2022 Rm	31 March 2021 Rm
Non-current assets held for sale	8.1	2 458	2 984
Liabilities associated with assets held for sale and disposal groups	8.2	(3 122)	(3 299)
		(664)	(315)

During the current year, PPC Lime Limited (PPC Lime) and PPC Aggregate Quarries Botswana Proprietary Limited (PPC AQB) were sold. Refer to note 20 for further details.

PPC Barnet DRC Holdings and its DRC subsidiaries (PPC Barnet)

At 31 March 2021, PPC Barnet was classified as an asset held for sale. The classification remains consistent in the current year. Binding long-form agreements for the restructure of the senior lender debt took longer to conclude than expected at 31 March 2021 and were ultimately signed on 19 April 2022 and all the conditions precedent were met on 29 April 2022, from which date PPC will cease to consolidate PPC Barnet, refer to note 33.

During the current year, an impairment reversal of R215 million was recognised (2021: R 761 million loss).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

8. ASSETS CLASSIFIED AS HELD FOR SALE AND DISPOSAL GROUPS continued

8.1 Assets held for sale and held by disposal groups

March 2022	PPC Barnet – DRC	PPC Lime environmental trust	Total
Property, plant and equipment[a]	1 632	–	1 632
Right-of-use assets	17	–	17
Other non-current assets	166	25	191
Inventory	319	–	319
Trade and other receivables	112	–	112
Cash and cash other equivalents	187	–	187
Total assets	2 433	25	2 458
8.2 Liabilities associated with assets held for sale and disposal groups			
Provisions	(52)	–	(52)
Lease liabilities	(11)	–	(11)
Other non-current liabilities	(18)	(25)	(43)
Trade and other payables	(591)	–	(591)
Short-term portion of long-term borrowings	(2 414)	–	(2 414)
Taxation payable	(11)	–	(11)
Total liabilities	(3 097)	(25)	(3 122)
Total equity	(664)	–	(664)

8.1 Assets held for sale by disposal groups

March 2021	PPC Barnet – DRC	PPC Lime	PPC Botswana Aggregates	Reclassified[a] Total
Property, plant and equipment[b]	1 451	250	16	1 717
Right-of-use assets	5	5	–	10
Financial assets	–	30	–	30
Other non-current assets	183	–	–	183
Deferred taxation assets	–	–	3	3
Inventory	221	79	27	327
Trade and other receivables	187	89	13	289
Taxation receivable	–	12	–	12
Cash and cash other equivalents	392	2	19	413
Total assets	2 439	467	78	2 984
8.2 Liabilities associated with assets held for sale and disposal groups				
Provisions	(60)	(22)	(14)	(96)
Deferred taxation liabilities	–	(41)	–	(41)
Lease liabilities	(8)	(6)	(1)	(15)
Other non-current liabilities	(18)	–	–	(18)
Trade and other payables	(544)	(85)	(23)	(652)
Short-term portion of long-term borrowings	(2 482)	–	–	(2 482)
Taxation payable	(2)	7	–	5
Total liabilities	(3 114)	(147)	(38)	(3 299)
Total equity	(675)	320	40	(315)

[a] *Other intangible assets (mineral rights) of R96 million have been reclassified to property, plant and equipment to align with the group accounting policies.*
[b] *The DRC property, plant and equipment are pledged as security for the short-term portion of long-term borrowings.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

8. ASSETS CLASSIFIED AS HELD FOR SALE AND DISPOSAL GROUPS continued

			31 March[a] 2022 Rm	31 March 2021 Rm
8.3	**Discontinued operations**			
	Revenue		**1 318**	1 498
	Cost of sales		**(1 060)**	(1 371)
	Gross profit		**258**	127
	Expected credit losses on financial assets		**(2)**	(3)
	Administration and other operating expenditure		**(142)**	(168)
	Operating profit/(loss) before items listed below:		**114**	(44)
	Fair value and foreign exchange loss		**(3)**	(20)
	Profit on disposal of subsidiaries	20	**175**	–
	Impairments		**215**	(761)
	Profit/(loss) before finance costs, investment income		**501**	(825)
	Finance costs		**(343)**	(338)
	Investment income		**13**	10
	Profit/(loss) before taxation		**171**	(1 153)
	Taxation		**(13)**	12
	Profit/(loss) for the year from discontinued operations		**158**	(1 141)
	Attributable to:			
	Shareholders of PPC Ltd		**159**	(794)
	Non-controlling interests		**(1)**	(347)
			158	(1 141)
	Profit/(loss) per share (cents)			
	Basic – discontinued operations		**10**	(53)
	Diluted – discontinued operations		**10**	(52)
8.4	**Cash flows from discontinued operations**			
	Net operating cash flows from discontinued operations		**(174)**	342
	Net investing cash flows from discontinued operations		**472**	(19)
	Net financing cash flows from discontinued operations		**(20)**	(5)
	Effect of exchange rate movements on cash and cash equivalents		**(2)**	(15)
	Net (decrease)/increase in cash and cash equivalents		**276**	303

[a] *This includes amounts for PPC AQB until 16 September 2021, PPC Lime until 30 September 2021 and PPC Barnet until 31 March 2022.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

9. 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.

	March 2022 Rm	March 2021 Rm
Raw materials	139	194
Work in progress	201	162
Finished goods	439	366
Consumable stores	535	609
Inventory obsolescence	(229)	(220)
	1 085	1 111

Judgements made by management and sources of estimation uncertainty

The provision for obsolete inventory, which is specific to consumables, is calculated on an item-by-item basis with regards to specific circumstances and history of usage, and the methodology is consistent with the prior year. Included in consumable inventory is consumables, spare parts and refractories.

Critical spares are major spare parts, the unavailability of which would result in substantial loss of sales, increased cost of production, or serious adverse environmental consequences. These spares are used only in connection with specific critical plant and equipment as opposed to general use (eg general bearings and tyres), and the spare parts are expected to be used for a period of more than 12 months. Due to its nature, these spare parts are held in inventory until used, when they are reclassified to property, plant and equipment. Critical spares that amounted to R17 million were reclassified from inventory to property, plant and equipment. Notwithstanding the aforesaid, it is group policy to account for all critical spares in excess of R250 000 in property, plant and equipment.

Inventory written down to net realisable value amounted to R11 million (2021: R46 million) during the year.

The cost of inventories recognised as an expense in cost of sales during the year was R5 489 million (2021: R5 169 million).

In the current year, PPC Cement SA had inventory of R631 million (2021: R458 million) that was pledged as security (refer to note 14 for further details on pledged inventory). During the prior year PPC Zimbabwe had pledged inventory of R137 million and none in the current year because the TDB facility was settled. Inventory includes hyperinflation impact of R67 million (2021: R195 million) arising from PPC Zimbabwe.

10. TRADE AND OTHER RECEIVABLES

Trade receivables comprise receivables that are due from customers which arise from transactions for the sale of goods in the ordinary course of business. Trade receivables and other financial receivables are primarily accounted for at amortised cost. Receivables for prepayments and VAT are stated at their nominal values.

	March 2022 Rm	March 2021 Rm
Trade receivables	765	886
Loss allowance (refer to note 28)	(79)	(126)
Net trade receivables	686	760
Foreign exchange contracts (refer to note 28)	–	1
Other financial receivables	69	54
Trade and other financial receivables	755	815
Prepayments	158	166
VAT receivable	93	12
	1 006	993

Trade and other financial receivables are due for settlement within the next 12 months and are therefore all classified as current. Trade and other financial receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, in which case they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowances. Details regarding the group's exposure to credit risk and the calculation of expected credit losses are provided in note 28.

Except for the trade receivables of PPC Cement SA of R539 million, no receivables have been pledged as security. PPC Zimbabwe had no trade receivables pledged in the current year because the TDB facility was settled in the current year (2021: R38 million).

Due to the short-term nature of current trade and other financial receivables measured at amortised cost, their carrying amount is considered to be the same as their fair value.

11. CASH AND CASH EQUIVALENTS

Currency analysis	March 2022 Rm	March 2021 Rm
Botswana pula	**30**	66
Mozambican metical	**1**	1
Zimbabwe dollar	**30**	29
Rwandan franc	**115**	67
South African rand	**143**	86
United States dollar	**258**	208
Balance at the end of the year	**577**	457

Judgements made by management and sources of estimation uncertainty
Cash and cash equivalents are recognised net of expected credit losses. During the current year, in line with the requirements of IFRS 9 – *Financial instruments*, 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 (ECL) of R4 million (2021: R7 million) being recognised in the current year, R3 million of which relates to cash deposits held in Zimbabwe banks. Refer to note 28 for detailed assessment.

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value. Amounts denominated in foreign currencies have been translated at ruling exchange rates at year-end (refer to note 1.5).

Included in cash and cash equivalents is restricted cash:

PPC Environmental Trust	**10**	8
PPC Zimbabwe	**–**	1
Consolidated BEE SPVs	**67**	–
	77	9

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

Cash and cash equivalents held by PPC Zimbabwe related to the remaining balance of the legacy debt counterparty funds which were transferred to RBZ for the settlement of the TDB loan. In accordance with its obligations, the RBZ fully settled the TDB loan in December 2021.

The company is in the process of winding up the BEE SPVs and Trusts. As part of the process, the PPC Ltd shares held by these entities were sold on the open market for cash. The cash held by the SPVs will be paid to PPC Ltd against the loan accounts owing, as part of the winding up process. Refer to note 35 for further details regarding the SPVs and Trusts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

12. STATED CAPITAL AND RESERVES

		31 March 2022 Shares	31 March 2021 Shares
12.1	**Stated capital**		
	Authorised ordinary shares	**10 000 000 000**	10 000 000 000
	Refer to note 24 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	**3 965**	3 965
	Shares purchased in terms of incentive scheme	**(21)**	–
	Shares held by BEE SPV entities previously treated as treasury shares[a]	**631**	–
	Balance at the end of the year	**4 575**	3 965
		Shares	Shares
	Unissued shares		
	Ordinary shares[b]	**8 450 320 020**	8 406 885 699
	Preference shares	**20 000 000**	20 000 000

[a] *These shares were owned by BEE SPVs and treated as treasury shares, but sold on the open market during the current year.*
[b] *During the year 39 349 677 shares were repurchased at 1 cent per share. Refer to note 24.1 for further details.*

		Rm	Rm
12.2	**Other reserves**		
	Foreign currency translation reserve	**(5 054)**	(3 633)
	Equity compensation reserve	**465**	906
	Financial assets at fair value through other comprehensive income	**(3)**	(4)
		(4 592)	(2 731)
12.3	**Non-controlling interest**		
	Non-controlling interest reconciliation		
	Balance at the beginning of the year	**(153)**	(227)
	Profit/(loss) for the year attributable to non-controlling interests	**49**	(307)
	Reclassification of non-controlling interest on put option	**–**	422
	Dividends declared	**(7)**	(5)
	Foreign currency translation reserve	**(10)**	(36)
	Balance at the end of the year	**(121)**	(153)

Non-controlling interests represents the value of the remaining ownership in the subsidiary investments that are not wholly owned by the group. Non-controlling interests are measured at their proportionate share of the entity's net assets.

Refer to note 34 for details of the non-controlling interests within the group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

13. PROVISIONS

		March 2022 Rm	March 2021 Rm
13.1	**Decommissioning and rehabilitation**	**202**	194
13.2	**Post-retirement healthcare benefits**	**21**	35
13.3	**Provision for success fee**	**–**	20
		223	249

	Decommissioning and rehabilitation Rm	Post-retirement healthcare benefits Rm	Provision for success fee Rm	Provision for DRC project supplier claims Rm	Total Rm
Movement in the long-term provisions					
2022					
Balance at the beginning of the year	**194**	**35**	**20**	**–**	**249**
Amounts added	**4**	**1**	**–**	**–**	**5**
Amounts utilised	**–**	**–**	**(20)**	**–**	**(20)**
Other movements[(a)]	**20**	**(10)**	**–**	**–**	**10**
Time value of money adjustments	**9**	**–**	**–**	**–**	**9**
Translation differences	**(25)**	**(5)**	**–**	**–**	**(30)**
Balance at the end of the year	**202**	**21**	**–**	**–**	**223**
To be incurred:					
Within one year – included in current liabilities	**10**	**2**	**–**	**–**	**12**
More than one year – included in non-current liabilities	**192**	**19**	**–**	**–**	**211**
Between two to five years	**6**	**8**	**–**	**–**	**14**
More than five years	**186**	**11**	**–**	**–**	**197**
	202	**21**	**–**	**–**	**223**
2021					
Balance at the beginning of the year	412	38	–	–	450
Amounts added	19	9	26	20	74
Amounts reversed/utilised	(44)	–	–	–	(44)
Other movements[(a)]	(4)	9	–	4	9
Time value of money adjustments	6	–	–	–	6
Transferred to liabilities associated with non-current assets held for sale	(59)	(10)	(6)	(21)	(96)
Translation differences	(136)	(11)	–	(3)	(150)
Balance at the end of the year	194	35	20	–	249
To be incurred:					
Within one year – included in current liabilities	8	2	20	–	30
More than one year – included in non-current liabilities	186	33	–	–	219
Between two and five years	–	9	–	–	9
More than five years	186	24	–	–	210
	194	35	20	–	249

[(a)] *Includes the impact of hyperinflation of R2 million loss (2021: R8 million gain).*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

13. PROVISIONS continued

Judgements made by management and sources of estimation uncertainty

13.1 Decommissioning and rehabilitation obligations

Estimating these obligations is complex as most of the obligations will only be fulfilled sometime in the future and the provisions are influenced by changing regulations and technologies, life of mine, and 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.

In accordance with local legislation, PPC Ltd has set up an environmental trust in South Africa to administer the local funding requirements of its decommissioning and rehabilitation obligations. The investments in the trust are carried at fair value through profit or loss and amount to R144 million (2021: R129 million) at year-end (refer to note 6).

Legislative requirements in Rwanda and the DRC require the companies operating in those countries to issue a guarantee for environmental rehabilitation of mining sites. There is no such requirement at this time for companies operating in Zimbabwe.

The estimation of the costs to remediate the mining sites and affected processing sites as well as the determination of the other key inputs above have been based, where possible, on external independent third-party information. The determination of the risk-free discount rates have been based, where available, on long-dated government risk-free bond rates or such other rate that can be reasonably applied for the purposes of determining the present value of the future estimated cash flows. The discount rates for international operations were determined with reference to the most appropriate government bond in the relevant country, factoring in the life of mine or plant. The South African operations' discount rates were determined using a yield curve using the government bonds with various maturity dates to extrapolate along the yield curve in order to obtain an internally generated discount rate. The South African curve used yielded a rate between 5% and 11%.

	March 2022 Rm	March 2021 Rm
Breakdown of decommissioning and rehabilitation obligations per entity		
PPC Cement SA	**126**	116
3Q Mahuma	**9**	8
PPC Aggregates SA	**9**	8
CIMERWA	**3**	2
PPC Zimbabwe	**55**	60
	202	194

	Inflation rates		**Risk-free discount rate**	
	2022 %	2021 %	**2022 %**	2021 %
The key inputs used for calculating the provision				
South Africa	**5**	4	**5 – 11**	5 – 11
Rwanda	**5**	5	**13**	12
Zimbabwe	**3**	2	**9**	8
Life of mine limited to a maximum of 30 years				

13. PROVISIONS continued

Judgements made by management and sources of estimation uncertainty continued

13.1 Decommissioning and rehabilitation obligations continued

Sensitivity analysis

The carrying value of the closure provisions is sensitive to the estimates and assumptions used in its measurement. If the discount rate and inflation rate had been higher or lower than management's estimate the group would have (increased) or decreased the current provision as follows:

	2022 2% higher	2022 2% lower	2021 2% higher	2021 2% lower
Discount rates				
South Africa	(39)	63	(41)	65
Rwanda	(1)	1	(1)	1
Zimbabwe	(19)	32	(22)	36

	2022 1% higher	2022 1% lower	2021 1% higher	2021 1% lower
Inflation rates				
South Africa	(29)	23	(30)	24
Rwanda	–	–	–	–
Zimbabwe	(15)	12	(17)	13

13.2 Post-retirement healthcare benefits

The PPC group has 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, Cement and Concrete Institute Pensioners and PPC Zimbabwe Ltd, all 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.

Included in the provision are the following:

Post-retirement healthcare benefits	Valuation method	Actuarial valuation date	March 2022 Rm	March 2021 Rm
Cement and Concrete Institute employees	Projected unit credit	March 2022	7	7
Corner House Pension Fund	Projected unit credit	March 2022	12	15
Porthold post-retirement Medical Fund	Projected unit credit	September 2021[(a)]	2	13
			21	35

(a) *The liabilities are revalued every three years.*

Cement and Concrete Institute employees

The provision relates to post-employment healthcare benefits in respect of former employees of the Cement and Concrete Institute.

Corner House Pension Fund

The provision relates to post-employment healthcare benefits in respect of certain Corner House Pension Fund continuation members.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

13. PROVISIONS continued

13.2 Post-retirement healthcare benefits continued

Defined benefit plans

The PPC group post-employment subsidy policy states that the company subsidises the total medical scheme contributions at either 80% or 100% and dependents 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, future changes in legislation, longevity, future changes in the tax environment, enforcement of eligibility criteria and rules, and administration risk. The risk relating to post-employment healthcare benefits to be paid to the dependents of plan members are not insured by an external insurance company.

The movement in the post-retirement medical benefit fund is a gain of R14 million (2021: R3 million gain) for the year, the closing balance at 31 March 2022 amounted to R21 million (2021: R35 million).

South Africa

The most recent actuarial valuations of the plan assets and the present value of the defined benefit liability were carried out on 31 March 2022 by Alexander Forbes Health (Pty) Ltd of the Actuarial Society of South Africa.

The actuarial valuation method used to determine the present value of the defined benefit liability, and the related current service cost and past service cost, is the projected unit credit method prescribed by IAS 19 – *Employee benefits*. 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	10,30% (2021: 9,40%)
Healthcare cost inflation	7,80% (2021: 7,20%)

Post-retirement mortality assumption PA(90) ultimate rated down 2 years + 1,0% pa 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 2021 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	15,84%
General inflation	7,69%
Health cost inflation	9,19%
Net gap (discount rate versus health cost inflation)	6,09%

Defined contribution plans

The total cost charged to the income statement of R91 million (2021: R74 million) represents contributions paid to these schemes by the group at rates specified in the rules of the schemes. At 31 March 2022, all contributions due in respect of the current reporting period had been paid over to the schemes.

13.3 Provision for success fee

The provisions in the prior year related to management's estimates for success fees payable to advisers for the restructuring and refinancing project. All components of this project were substantially completed during the current financial year and known costs incurred but not paid at 31 March 2022 have been accrued for under trade payables and accruals. Refer to note 16.

14. BORROWINGS

South Africa long-term funding	Available March 2022 Rm	Utilised March 2022 Rm	Utilised March 2021 Rm	Interest base	Interest margin (basis points)	Interest payment frequency	Final maturity	Security
Amortising loan facility[a]	–	–	350	3-month JIBAR	370	Quarterly	30 Sep 2021	Secured
General banking facility[a]	–	–	800	3-month JIBAR	405	Quarterly	31 Mar 2022	Secured
General banking facility[a]	–	–	300	3-month JIBAR	425	Quarterly	19 Jun 2023	Secured
General banking facility[a]	–	–	250	3-month JIBAR	445	Quarterly	19 Jun 2024	Secured
Facility A – bullet term loan	400	400	–	3-month JIBAR	284	Quarterly	17 Dec 2024	Secured
Facility B – revolving credit facility	500	–	–	3-month JIBAR	305	Quarterly	17 Dec 2025	Secured
Facility C – amortising term loan[b]	600	600	–	3-month JIBAR	294	Quarterly	15 Sep 2026	Secured
Capitalised transaction costs	–	(4)	(9)					
Capitalised transaction costs written off	–	3	–					
Total	**1 500**	**999**	1 691					
International project funding								
CIMERWA[c]	–	–	140	6-month LIBOR	725	Monthly	31 Mar 2026	Secured
CIMERWA[d]	–	–	323	16 %	N/A	Monthly	31 Mar 2026	Secured
CIMERWA new facility[e]	383	383		13,2 %[f]	N/A	Monthly	30 Aug 2024	Secured
Capitalised transaction costs	–	(6)						
PPC Zimbabwe	–	–	139	6-month LIBOR	700	Biannually	31 Dec 2021	Secured
Total	**383**	**377**	602					
Total long-term borrowings	**1 883**	**1 376**	2 293					
Short-term facilities								
South Africa	550	205	204					
CIMERWA	–	–	131					
Total short-term borrowings	**550**	**205**	335					
Total borrowings	**2 433**	**1 581**	2 628					

[a] These facilities were settled during the current financial year and replaced with Facility A, Facility B and Facility C.
[b] This facility is a term loan with the capital repayable in eight monthly instalments (of R75 million each) commencing in March 2023 and ending in September 2026.
[c] US dollar denominated loan converted to a new RWF facility during March 2022.
[d] RWF denominated loan converted to a new Rwandan franc (RWF) facility during March 2022.
[e] A new RWF facility was secured in March 2022, which is a term loan with equal monthly instalments to cover interest and capital from March 2022 to August 2024.
[f] Weighted average interest rate across all banks participating in the facility.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

	March 2022 Rm	March 2021 Rm
14. BORROWINGS continued		
Broken down as follows:		
Long-term portion of long-term funding		
South Africa	923	542
CIMERWA	227	441
	1 150	983
Short-term portion of long-term funding		
South Africa	75	1 148
CIMERWA	151	23
Zimbabwe	–	139
	226	1 310
Short-term facilities and bank overdrafts	205	335
	1 581	2 628
Maturity analysis of total borrowings:		
One year	431	1 645
Two years	306	462
Three years	620	436
Four years	224	85
	1 581	2 628
Carrying amount of assets encumbered		
Property, plant and equipment (refer to note 2)	4 242	7 321
Inventories (refer to note 9)	631	674
Trade receivables (refer to note 10)	539	38

PPC has a security pool arrangement with FirstRand Bank Ltd (acting through its Rand Merchant Bank division RMB) and Nedbank Ltd (acting through its Nedbank Corporate and Investment Banking Division Nedbank) (collectively the SA Lenders). As is the practice in South Africa, PPC established a special purpose company (the shareholding of which is held 100% by a special purpose owner trust) to hold and enforce security for the benefit of the SA Lenders.

The Debt Guarantor established for PPC and its subsidiaries' South African refinancing with the SA Lenders is Maitlantic 6060 (RF) (Pty) Ltd (the special purpose vehicle (SPV). The SPV is ring-fenced, the effect of this is that its MOI only permits it to enter into the relevant finance documents associated with the South African PPC refinancing with the SA Lenders.

The shares in the SPV are held by a special purpose owner trust established in terms of a trust deed, which has been registered with the Master of the High Court. The trust and the SPV are administered by a reputable corporate fiduciary service provider called Maitland Group South Africa Ltd.

PPC registered bonds over immovable property, including certain property, plant and equipment, inventories and trade receivables, in favour of the SPV.

The SPV has issued guarantees in favour of the SA Lenders (collectively the Debt Guarantor Guarantees). In terms of the Debt Guarantor Guarantees, the SPV guarantees the liabilities and obligations of PPC Cement SA (Pty) Ltd, PPC Ltd, PPC South Africa Holdings (Pty) Ltd, Pronto Holdings (Pty) Ltd, Pronto Building Materials (Pty) Ltd (collectively the Obligors) that are owing from time to time by the Obligors to the SA Lenders under the relevant finance documents.

The obligations of the SPV under the Debt Guarantor Guarantees is limited to what the SPV recovers from the Obligors and PPC Botswana (Pty) Ltd (PPC Botswana). This is achieved in terms of a counter indemnity agreement that the SPV entered into with the Obligors and PPC Botswana.

PPC does not have any power over either the SPV or the trust and as such these entities are not consolidated. PPC is not exposed to any risk from either entity or any variable return from either entity.

15. OTHER CURRENT LIABILITIES

	March 2022 Rm	March 2021 Rm
Included in other current liabilities:		
Interest rate swap liability	–	23
Balance at the end of the year	–	23

During the current year, the interest rate swap was settled before the maturity date which resulted in a loss on the interest rate swap on derecognition. The R11 million loss has been included in the other operating expenditure of the group.

Put option liability

In 2015 PPC Ltd entered into a Put Option Agreement with the International Finance Corporation (IFC) in terms of which the latter can put its investment or part thereof in PPC Barnet DRC Holdings to PPC Ltd. The put option may be exercised between 24 September 2021 and 24 September 2026 and under further specific circumstances detailed in the agreement. The agreement provides for the determination of the option price by way of a formula as follows:

(EBITDA x earnings multiple) – net financial debt

As a result of the slower than anticipated ramp up and the increase in net financial debt in the DRC, the option is out of the money and reflected at a zero value since 31 March 2020, when the put option liability was written down to nil and a gain of R251 million was recognised.

Because this is a put option to purchase the group's own equity instrument, this gives rise to a financial liability for the present value of the redemption. This is expected to be nil and is reflected as such in the financial statements.

16. TRADE AND OTHER PAYABLES

	March 2022 Rm	March 2021 Rm
Accrued finance charges	5	8
Capital expenditure payables	–	2
Unclaimed dividends	11	11
Other financial payables	50	65
Carbon Tax accrual	64	56
Trade payables and accruals[a]	855	707
Trade and other financial payables	985	849
Income received in advance	3	2
Payroll accruals	246	304
VAT payable	22	12
	1 256	1 167

[a] *Trade payables and accruals comprise outstanding trade purchases and other costs. PPC group's average payment terms are 30 days from the statement date. The group has financial risk management policies to ensure that all trade payables are paid within the payment terms, which results in insignificant interest charges.*

Other payables, payroll accruals and VAT obligations are payable within a 30 to 60-day period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

17. REVENUE FROM CONTRACTS WITH CUSTOMERS

The group's revenue is derived from the sale of cementitious products to the group's customers. For cementitious products, revenue is recognised when the related performance obligations are satisfied by transferring control of the promised cementitious product to the group's customers. Revenue is disclosed net of indirect taxes, rebates and discounts offered to customers and after eliminating intergroup sales.

Revenue is recognised at the amount of the transaction price that is allocated to each performance obligation. For contracts that contain multiple performance obligations, the transaction price is allocated to each performance obligation based on relative standalone selling prices. Revenue recognised is based on the amount that depicts the consideration to which the group expects to be entitled in exchange for transferring the goods and services promised to the customer.

The group has the following revenue stream, which is recognised at a point in time:

	March 2022 Rm	March 2021 Rm
Disaggregation of revenue		
Revenue from the sale of cementitious goods	**9 882**	8 938
Total revenue	**9 882**	8 938
Major goods and services per primary geographical markets		
Cementitious goods	**9 882**	8 938
South Africa	**6 030**	5 755
Botswana	**471**	432
Zimbabwe	**2 172**	1 623
Rwanda	**1 209**	1 128

Refer to the segmental information for a disaggregation of revenue presented per segment as a disaggregation between key geographic regions best depicts the impact of economic factors on the recognition of revenue. No further disaggregation is deemed necessary based on the homogenous nature of the subcategories of cementitious goods.

Sale of cementitious products

The group manufactures and sells a range of cementitious products that include the sale of cement, readymix, limestone, clinker and aggregates. Revenue from the sale of cementitious goods is recognised when delivery has taken place and control of the goods has been transferred to the customer. The customer obtains control of the goods when the significant risks and rewards of products sold are transferred according to the specific delivery terms that have been formally agreed with the customer. This occurs upon delivery, when the bill of lading is signed by the customer as evidence that they have obtained physical possession and accepted the products delivered.

Cementitious products are often sold with retrospective volume rebates based on aggregate sales over a specified period. Revenue from these sales is recognised based on the selling price specified in the contract, net of the estimated volume rebates. Accumulated experience is used to estimate and provide for the rebates using the most likely amount method. In this regard, revenue is recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability is recognised for expected volume rebates payable to customers in relation to sales made until the end of the reporting period. As part of the assessment of whether the estimated volume rebate should be constrained, it was noted that there were no significant reversals from the refund liability that were recognised in the current year. Management will continue to reassess its ability to reasonably estimate the expected volume rebates.

A receivable is recognised when the goods are delivered. This is the point in time that the consideration becomes unconditional as only the passage of time is required before the payment is due. No significant financing element is deemed present as the sales are made with credit terms largely ranging between 30 and 60 days which is consistent with market practice.

Generally, cementitious products are not returned as a customer will only accept these products once they have passed a stringent quality check at delivery. No warranty provision of right of return contract liabilities have therefore been recognised by the group in this regard.

18. 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 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 considers certain inherently uncertain assumptions such as dividend yield, share price volatility, performance conditions and staff turnover.

18.1. Forfeitable share plan

The 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 grant date, 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; the employee will forfeit the shares should these conditions not be met. The shares may then be sold by PPC and the net proceeds retained by the group. The performance conditions, that include both market and non-market-related conditions, are described in the remuneration report in the group integrated annual 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.

The fair value of the incentive is determined based on the PPC Ltd share price. No expected dividends nor any other feature of the shares are incorporated into the determination of fair value.

In terms of IFRS 2 – *Share-based payment*, 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.

	Retention awards	Retention awards
Date of grant	01/10/2019	25/03/2019
Number of shares granted to directors	1 311 715	–
Number of shares granted to management and prescribed officers	–	2 721 400
Average purchase price of shares acquired (R)	3,89	5,71
Estimated fair value per share at grant date (R)	3,89	5,71

On 25 March 2022, the vesting period of the FSPs granted on 25 March 2019 came to an end and all the shares vested unconditionally with participants.

On 1 October 2019, PPC granted 1 311 715 retention awards to a director. The vesting date is 1 October 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

18. SHARE-BASED PAYMENTS continued

18.2 Long-term incentive plan

The LTIP was introduced on the 1 April 2020 and offers employees across the group participation in the LTIP with the aim of driving group performance in line with the company's strategy. In order to recognise contributions made by selected employees and provide an incentive for their continued performance and relationship with the group, the LTIP provides them with the opportunity of receiving a long-term incentive and to ensure that the company attracts and retains the core competencies required for formulating and implementing the company's business strategies.

On 1 April each year, a LTIP participant is allocated an incentive value being the participant's total guaranteed package multiplied by a relevant allocation percentage. Performance conditions are set annually for the performance period. At the end of the performance period (being a period of one year), the RTC will assess whether the performance conditions have been met and adjust the incentive value accordingly. PPC Ltd will then provide the cash to the CSDP to enable the CSDP to purchase PPC shares on the market to the value of the adjusted incentive value. The number of shares awarded to each participant can therefore only be determined at that time. The shares are held by an escrow agent until the release date. The employer companies will reimburse PPC Ltd for the cost of the shares. During the vesting period (three years post performance conditions being met), the employee is entitled to dividends and voting rights but may not dispose of the shares until the vesting conditions have been met and the shares have been released. Should any shares be forfeited in terms of the rules, PPC will instruct the escrow agent to sell the shares and return the cash to the employer company. The vesting condition is that the employee has to remain in the employ of the employer for a further three years after the performance conditions have been met.

The performance conditions, that include both market and non-market-related conditions, are described in the remuneration report in the group integrated annual report.

LTIP award	**Estimated number of awards as at 31 March 2022 – 2022 scheme**[(a)]	Actual number of awards as at 31 March 2022 – 2021 scheme[(b)]	Estimated number of awards as at 31 March 2021 – 2021 scheme[(b)]
Number of shares	**12 769 179**	13 755 510	26 428 240
Price per share	**4,25**	3,93	2,40

(a) *At 31 March 2022 management estimated that 100% of the performance conditions will be met and estimate that 12 769 179 shares will be awarded to participating employees. This estimate is based on the share price as at 31 March 2022 of R4,25 per share.*

(b) *At 31 March 2021 management estimated that 100% of the performance conditions would be met and that 26 428 240 shares would be awarded, based on the share price at the time of R2,40 per share. In July 2021 the performance conditions were measured and determined to be exceeded, resulting in 14 662 900 shares being awarded at an average price of R3,93 per share. Between the award date and 31 March 2022 907 389 shares were forfeited in terms of the rules of the scheme. The remaining 13 755 510 shares will become unconditional on 1 April 2024.*

	2022 Rm	2021 Rm
The carrying amount of the LTIP in equity compensation reserve at year-end	**57**	16

19. 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.

19.1 Fair value and foreign exchange movements

Movements in the fair value and foreign exchange gains/losses are recognised in the statement of profit or loss and comprise the following:

	March 2022 Rm	March 2021 Rm
Movements in the fair value and foreign exchange gains are recognised in the statement of profit or loss and comprise the following:		
Fair value gain on ineffective portion of economic hedge	–	6
Fair value loss on Olegra receivable	(5)	–
Fair value gain on remeasurement of interest rate swap liability (refer to note 15)[a]	11	1
Fair value gain/(loss) on unlisted collective investments	3	(17)
Foreign exchange movements on translation of foreign currency denominated monetary items[b]	(7)	(366)
	2	(376)

[a] *The interest rate swap was settled during the current period.*
[b] *Gain/(loss) on translation of foreign currency denominated monetary items.*

19.2 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:

	March 2022 Rm	March 2021 Rm
PPC Zimbabwe[a]	(1 411)	(3 028)
CIMERWA	(46)	(243)
PPC Barnett DRC	13	180
PPC Botswana	1	(11)
PPC Mozambique	–	1
	(1 443)	(3 101)

[a] *In the current year, PPC Zimbabwe's net non-monetary assets declined significantly due to hyperinflation which has a material impact on the movement in the foreign currency translation reserve.*

Over and above the hyperinflation impacts in PPC Zimbabwe, the loss recorded in the current year is also due to the strengthening of the rand against the functional currencies of the group's operating subsidiaries.

Details on fair value hierarchies are disclosed in note 28.

Details on foreign exchange rates can be found in note 1.5.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

20. DISPOSAL OF SUBSIDIARIES

20.1 PPC Aggregate Quarries Botswana

At 31 March 2021, management concluded that PPC AQB was a disposal group and was classified as a disposal group held for sale and a discontinued operation as at 31 March 2021. On 16 September 2021, the group disposed of its 100% indirect equity interest in PPC AQB. The profit on sale of the business is included in note 8.

The full consideration was received in cash on 13 October 2021. At the date of disposal, the carrying amounts of PPC AQB were as follows:

	16 September 2021 Rm
Property, plant and equipment	10
Other intangible assets	3
Net deferred taxation asset	2
Total non-current assets	15
Inventories	17
Trade and other receivables	14
Cash and cash equivalents	20
Total current assets	51
Total assets	66
Non-current provisions	(14)
Taxation payable[(a)]	–
Trade and other payables	(23)
Current liabilities	(23)
Total liabilities	(37)
Foreign currency translation reserve	(12)
Net asset value before reclassification of foreign currency translation reserve	17
Reclassification of foreign currency translation reserve	12
Net asset value	29
Consideration	64
Gain on disposal	35

(a) *The taxation payable is less than one million.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

20. DISPOSAL OF SUBSIDIARIES continued

20.2 PPC Lime

At 31 March 2021, management concluded that PPC Lime was a disposal group and should be classified as a non-current asset held for sale and a discontinued operation. On 30 September 2021, the group disposed of its 100% equity interest in PPC Lime. The profit on sale of the business is included in note 8.

At the date of disposal, the carrying amounts of PPC Lime net assets were as follows:

	30 September 2021 Rm
Property, plant and equipment	240
Right-of-use assets	3
Other non-current assets	27
Total non-current assets	270
Inventories	74
Trade and other receivables	104
Taxation receivable	26
Cash and cash equivalents[a]	–
Total current assets	204
Total assets	474
Provisions	(28)
Deferred taxation liabilities	(41)
Total non-current liabilities	(69)
Intercompany loans	(2)
Lease liabilities	(4)
Trade and other payables	(87)
Current liabilities	(93)
Total liabilities	(162)
Net asset value	312
Consideration[b]	452
Gain on disposal	140

[a] *The cash and cash equivalents is less than one million.*

[b] *On 29 October 2021, an addendum to the sale and purchase agreement for the sale of PPC Lime was signed in terms of which R25,1 million of the purchase price was deferred to 31 March 2022 (Deferred Consideration) to allow for the conclusion of the rehabilitation financial provisioning matters. A further addendum was signed on 11 April 2022 that provided, among other things, that the Deferred Consideration would be payable on 25 April 2022. The Deferred Consideration was duly received by PPC on 25 April 2022.*

In addition, the sale and purchase agreement provided that if a tax receivable owing to PPC Lime by the South African Revenue Services (SARS) on 31 March 2021 was not refunded to PPC Lime by SARS on or before 31 March 2022, then such tax receivable or the relevant shortfall not refunded by SARS would be refunded to PPC Lime by PPC. As at 31 March 2022, the shortfall amounted to R12,1 million. PPC refunded the R12,1 million to PPC Lime on 12 April 2022.

The consideration of R452 million comprises cash received during FY22 of R439 million plus cash received and paid respectively after year-end of R25 million (the Deferred Consideration) and R12 million (the tax refund).

The R439 million received during FY22, together with the R64 million received for PPC AQB, amounts to R503 million and is reflected in the statement of cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

21. IMPAIRMENTS AND REVERSALS OF IMPAIRMENTS

	March 2022 Rm	March 2021 Rm
Impairment of intangible assets (refer to note 5)	**(29)**	(83)
Impairment of property, plant and equipment (refer to note 2)	**(100)**	(808)
Impairment reversal/(impairment) of right-of-use asset (refer to note 3)	**3**	(8)
Reversal of impairment of property, plant and equipment (refer to note 2)	**88**	1 454
Reversal of impairment of intangible assets (refer to note 5)	**–**	1
Transfer to discontinued operations (refer to note 8)	**–**	761
Gross impairments and reversals of impairments	**(38)**	1 317
Taxation impact	**11**	(369)
Net impairments	**(27)**	948

Impairment of property, plant and equipment, goodwill and other intangible assets
IAS 36 states that an entity shall assess assets for impairment at the end of each reporting period or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. When an impairment indicator exists, the recoverable amount of an asset is calculated and compared to the carrying value. During the year an impairment loss of R29 million relating to other intangible assets was recognised (refer to note 5) R100 million related to property, plant and equipment (refer to note 2).

Impairments of property, plant and equipment and other intangible assets that were raised in the prior year were reversed in the current year, resulting in a reversal of plant and equipment of R3 million relating to right-of-use assets and a reversal of R88 million relating to property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

21. IMPAIRMENTS AND REVERSALS OF IMPAIRMENTS continued

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. These matters 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.

The recoverable amounts of the CGUs are determined using value-in-use assessments. These calculations use cash flow projections based on the most recent financial budgets approved by management and the board for the next five years. These financial budgets are the quantification of board-approved strategies derived from the strategic planning process followed across the group. The process ensures that significant risks and sensitivities are appropriately considered and factored into the strategic plans.

Management estimates discount rates using the weighted average cost of capital (WACC) for each CGU, adjusted for risks associated with the geographical markets in which the CGUs operate. Additionally, management considers the impact of sales volumes both from a market and customer variation point of view, production efficiencies and the impact of fluctuations in overheads when determining the cash flow projections used in value-in-use calculations.

Impairment indicators

IAS 36 – *Impairment of assets* requires assets within its scope to be tested for impairment when indicators of impairment exist at the end of a reporting period. PPC group's practice is to test all assets for impairment at year-end regardless of whether an impairment indicator exists.

Impairment losses recognised in prior periods are assessed for any indications that the loss has decreased or no longer exists. Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount. Impairment losses are reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Impairments and impairment reversals	Rm	Reasons for impairments and impairment reversals
Impairments of CGUs during the current financial year comprise:		
Port Elizabeth plant (PPC Cement SA)	(68)	The Port Elizabeth plant was negatively impacted by increased activity of Importers in the region. The limitations of the rail route for clinker transfers into the Eastern Cape had a further negative effect on cash projections for the business unit. Management has determined that it is appropriate to apply the sensitivity of a 5% increase in the WACC rate to determine the impairment in the current year.
Impairment of individual assets		
Brands in Readymix Gauteng (Pronto Building Materials)	(29)	Previously, Pronto was using the old brands purchased as part of the Pronto business. PPC embarked on rebranding all the readymix business assets as part of the integration into PPC.
Plant and machinery in Inland Cement (PPC Cement SA)	(28)	PPC Cement SA has impaired plant and machinery for two plants as both were no longer in use.
IT equipment in PPC Group Shared Services	(1)	IT equipment was scrapped in the current year.
Plant in CIMERWA	(3)	CIMERWA impaired the peat plant handling system to 50% of its capacity during the current year.
Impairments reversals of CGUs during the current financial year comprise:		
Readymix Gauteng	56	The readymix market has significantly improved due to reduced competition which resulted in an increased market share around Gauteng. The recovery is expected to continue. Management therefore believes it is appropriate to reverse the FY21 impairment.
PPC Aggregates SA	30	The Aggregates business experienced a slow recovery from the COVID-19 impact because the business is based on a different procurement process (tenders) rather than the retail businesses. This resulted in a negative impact on prior year volumes (particularly the second half of 2021). Management is of the view that the business has recovered and an impairment reversal is aligned with a positive outlook based on improved market conditions projected for the business.
Impairment reversals of individual assets		
Inland business unit (PPC Cement SA)	2	PPC Cement SA reversed impairment on land as a result of improved conditions of use.
Readymix Gauteng	3	Impairment reversal of the right-of-use assets for land, vehicles and plant and machinery were as a result of improved business performance, refer to impairment reversal of CGU above for further details.
Net impairment loss	(38)	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

21. IMPAIRMENTS AND REVERSALS OF IMPAIRMENTS continued

Impairment indicators continued

Key assumptions used for value-in-use calculations:

	Terminal growth rate		Discount rate	
	31 March 2022 %	31 March 2021 %	**31 March 2022 %**	31 March 2021 %
PPC Cement SA	**5**	4	**13**	13
PPC Aggregates SA	**5**	4	**17**	17
Readymix	**5**	4	**17**	17
PPC Botswana Cement	**4**	5	**15**	14
PPC Zimbabwe (USD$)	**5**	5	**14**	17
CIMERWA	**5**	5	**14**	16

In preparing the financial statements, management has considered whether a reasonable possible change in the key assumptions on which management has based its determination of the recoverable amounts of the CGUs would result in the units' carrying amounts to exceed their recoverable amounts. If the discount rate and growth rate increase or decrease by 2,5% or 1% respectively, the impairment charge will (increase) or decrease and the headroom will increase or (decrease) as follows:

				Impact on impairment and headroom				
	Segment	Recoverable amount	(Impairment)/ headroom	**WACC increase 2,5%**	WACC decrease 2,5%	**Growth rate increase 1%**	Growth rate decrease 1%	**Overall cash flows increase/ decrease by 5%**
31 March 2022 Rm								
Inland business unit	Southern Africa – Cement	8 459	4 892	**(2 001)**	3 775	**921**	(720)	**423**
Coastal business unit	Southern Africa – Cement	2 492	1 594	**(566)**	1 064	**258**	(203)	**124**
Port Elizabeth plant	Southern Africa – Cement	62	(68)	**12**	65	**39**	23	**3**
PPC Botswana Cement	Southern Africa – Cement	168	167	**(21)**	35	**8**	(8)	**8**
PPC Aggregates SA	Southern Africa – Aggregates and Readymix	246	144	**(45)**	67	**16**	(14)	**12**
Readymix – Gauteng Region	Southern Africa – Aggregates and Readymix	244	169	**(43)**	63	**15**	(13)	**12**
Readymix – East Region	Southern Africa – Aggregates and Readymix	20	7	**(3)**	6	**1**	(1)	**1**
Readymix – West Region	Southern Africa – Aggregates and Readymix	61	55	**(11)**	17	**4**	(3)	**3**
Readymix – Nelspruit	Southern Africa – Aggregates and Readymix	2	3	**(3)**	5	**1**	(1)	**–**
Readymix – Projects	Southern Africa – Aggregates and Readymix	19	15	**(4)**	5	**1**	(1)	**1**
Ulula Ash	Southern Africa – Aggregates and Readymix	413	394	**(66)**	98	**23**	(20)	**20**
PPC Zimbabwe	International – Cement	4 571	2 066	**(1 095)**	1 803	**145**	(304)	**232**
CIMERWA	International – Cement	3 071	1 811	**(697)**	1 016	**63**	(230)	**154**

21. IMPAIRMENTS AND REVERSALS OF IMPAIRMENTS continued

	Segment	Recoverable amount	(Impairment)/ headroom	Impact on impairment and headroom: WACC increase 2,5%	WACC decrease 2,5%	Growth rate increase 1%	Growth rate decrease 1%	Overall cash flows increase/ decrease by 5%
31 March 2021 Rm								
Inland business unit	Southern Africa – Cement	6 367	4 003	**(1 453)**	2 618	**640**	(509)	**318**
Coastal business unit	Southern Africa – Cement	2 052	1 424	**(464)**	837	**205**	(163)	**103**
Port Elizabeth plant	Southern Africa – Cement	111	17	**(26)**	47	**12**	(9)	**6**
PPC Botswana Cement	Southern Africa – Cement	465	489	**(109)**	196	**48**	(38)	**25**
PPC Aggregates SA	Southern Africa – Aggregates and Readymix	80	(35)	**(14)**	21	**5**	(4)	**4**
Readymix – Gauteng Region	Southern Africa – Aggregates and Readymix	93	(100)	**(14)**	21	**5**	(4)	**5**
Readymix – East Region	Southern Africa – Aggregates and Readymix	149	132	**(22)**	32	**7**	(6)	**7**
Readymix – West Region	Southern Africa – Aggregates and Readymix	80	73	**(12)**	18	**4**	(4)	**4**
Readymix – Nelspruit	Southern Africa – Aggregates and Readymix	37	34	**(7)**	10	**2**	(2)	**2**
Readymix – Projects	Southern Africa – Aggregates and Readymix	19	12	**(3)**	4	**1**	(1)	**1**
Ulula Ash	Southern Africa – Aggregates and Readymix	349	329	**(56)**	82	**19**	(16)	**17**
PPC Zimbabwe	International – Cement	3 148	1 513	**(569)**	859	**203**	(173)	**173**
CIMERWA	International – Cement	2 520	1 285	**(482)**	756	**180**	(151)	**143**

Events after the reporting period

There were no events after the reporting period that, should they have been taken into account, would have had a material impact on the impairments/impairment reversals accounted for in the current financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

22. FINANCE COSTS

	March 2022 Rm	March 2021 Rm
Bank and other short-term borrowings	19	32
Interest expense on lease liabilities	5	8
Long-term loans and project funding	200	231
Finance costs before time value of money adjustments and interest on penalties	224	271
Interest on penalties	7	7
Time value of money adjustments on rehabilitation and decommissioning provisions	9	5
	240	283
Southern Africa	155	161
International	85	122

	March 2022 Rm	March 2021 Rm
Finance costs as per income statement charge	240	283
Time value of money adjustments on rehabilitation and decommissioning provisions	(9)	(5)
Interest on penalties	(7)	(7)
Movement in accrued finance costs	–	13
Capitalised/deferred finance costs	–	(65)
	224	219

23. INVESTMENT INCOME

	March 2022 Rm	March 2021 Rm
Dividends on collective investment scheme	9	6
Interest received on cash and cash equivalents	1	9
	10	15

24. EARNINGS AND HEADLINE EARNINGS PER SHARE

24.1 Number of shares and weighted average number of shares

	31 March 2022 shares	31 March 2021 shares
Total shares in issue at the beginning of the year	1 593 114 301	1 593 114 301
Shares repurchased and cancelled during the year	(39 349 677)	–
Total shares in issue at the end of the year	1 553 764 624	1 593 114 301
Treasury shares	(14 315 063)	(84 902 185)
Impact on weighting of shares repurchased	3 518 831	–
Weighted average number of shares for calculation of basic EPS	1 542 968 392	1 508 212 116
Adjusted for:		
Shares held by consolidated Safika Trust treated as treasury shares	1 354 347	1 354 347
FSP share incentive scheme shares not expected to vest	–	7 450 326
Weighted average number of shares for calculation of diluted EPS	1 544 322 739	1 517 016 789

24. EARNINGS AND HEADLINE EARNINGS PER SHARE continued

24.2 Treasury shares

The difference between earnings and diluted EPS relates to the following treasury shares:

Shares held by consolidated participants of the second broad-based black economic empowerment (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 participated 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. The group is in the process of winding up these Trusts and SPVs. During the current year, the shares held by the Bafati and Masakhane Trusts were repurchased by PPC Ltd at 1 cent per share in accordance with the shareholder approval obtained in 2012 when the BBBEE transaction was approved.

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. The group is in the process of winding up these Trusts and SPV. All shares held by the SPVs have been sold during the year.

Shares held by consolidated Porthold Trust (Pvt) Ltd
Shares owned by a Zimbabwe employee trust company are treated as treasury shares.

FSP incentive scheme
The FSP incentive scheme has matured and no further shares (2021: 23 750 769 shares) are held for participants in this long-term incentive scheme. The shares were treated as treasury shares during the vesting periods of the awards.

Shares held by the Safika consolidated Management Trust
These shares were issued in 2019 in order to retain and incentivise the Safika key management employees. This transaction was also facilitated through a NVF mechanism.

PPC shares held by PPC Zimbabwe
PPC Zimbabwe owns 986 237 (2021: 986 237) shares in PPC Ltd shares via the Zimbabwe Stock Exchange.

In terms of IFRS requirements, shares held by subsidiaries, consolidated BBBEE entities and employee trusts are treated as treasury shares. As at 31 March 2022 a total of 0,002% (2021: 5%) of the total shares in issue are thus treated as treasury shares.

24.3 Basic earnings/(loss)

		Discontinued operations		Continuing operations		Group	
		March 2022 Rm	March 2021 Rm	**March 2022 Rm**	March 2021 Rm	**March 2022 Rm**	March 2021 Rm
	Profit/(loss) for the year	**158**	(1 141)	**(21)**	1 023	**137**	(118)
	Attributable to:						
	Shareholders of PPC Ltd	**159**	(794)	**(71)**	983	**88**	189
	Non-controlling interests	**(1)**	(347)	**50**	40	**49**	(307)
		158	(1 141)	**(21)**	1 023	**137**	(118)
24.4	**Earnings/(loss) per share**						
	Basic	**10**	(53)	**(5)**	65	**5**	12
	Diluted	**10**	(52)	**(5)**	65	**5**	13

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

24. EARNINGS AND HEADLINE EARNINGS PER SHARE continued

24.5 Headline earnings/(loss)

	Discontinued operations		Continuing operations		Group	
	March 2022 Rm	March 2021 Rm	**March 2022 Rm**	March 2021 Rm	**March 2022 Rm**	March 2021 Rm
Headline earnings/(loss)						
Headline earnings/(loss) is calculated as follows:						
Profit/(loss) for the year	**158**	(1 141)	**(21)**	1 023	**137**	(118)
Adjusted for:						
Reversal of impairment of property, plant and equipment and intangible assets (refer to note 21)	**(215)**	–	**(91)**	(1 455)	**(306)**	(1 455)
Impairment of property, plant and equipment, intangible assets and right-of-use assets (refer to note 21)	**–**	761	**129**	138	**129**	899
Taxation on impairments	**–**	–	**(11)**	369	**(11)**	369
(Profit)/loss on sale of property, plant and equipment	**–**	–	**(5)**	4	**(5)**	4
Profit on sale of equity-accounted investments	**–**	–	**–**	(1)	**–**	(1)
Profit on disposal of subsidiaries	**(158)**	–	**–**	–	**(158)**	–
Taxation on profit/loss on sale of assets	**–**	–	**1**	(1)	**1**	(1)
Headline earnings/(loss)	**(215)**	(380)	**2**	77	**(213)**	(303)
Attributable to:						
Shareholders of PPC Ltd	**(147)**	(269)	**(47)**	37	**(194)**	(232)
Non-controlling interests	**(68)**	(111)	**49**	40	**(19)**	(71)
24.6 Headline earnings/(loss) per share						
Basic	**(10)**	(18)	**(3)**	3	**(13)**	(15)
Diluted	**(10)**	(17)	**(3)**	2	**(13)**	(15)

25. STATEMENT OF CASH FLOWS

25.1 Cash generated from operations

	Notes	March 2022 Rm	March 2021 Rm
Cash generated from operations			
Profit/(loss) before taxation		**186**	1 765
Adjustments for:			
Non-cash flow adjustment on the rehabilitation provision included in cost of sales		**(2)**	(44)
Amortisation and depreciation	2, 3, 5	**971**	547
Modification of existing leases		**–**	(10)
(Loss)/profit on sale of property, plant and equipment		**(5)**	4
Profit on sale of equity-accounted associate		**–**	(1)
ECL on Zimbabwe Stanbic		**–**	(6)
IFRS 2 charges (empowerment and FSPs)		**30**	18
Fair value and foreign exchange (gains)/losses	19.1	**(2)**	376
Fair value gain on Zimbabwe financial asset		**(56)**	(256)
Fair value loss on Zimbabwe blocked funds	6	**18**	17
Net monetary loss/(gain) on hyperinflation in Zimbabwe		**108**	200
Impairments/impairment (reversals)	21	**38**	(1 317)
Finance costs	22	**240**	283
Dividends received	23	**(9)**	(6)
Interest received	23	**(1)**	(9)
Profit from equity-accounted investment		**–**	(2)
Operating cash flows before movements in working capital		**1 516**	1 559
Movements in inventories		**(105)**	(272)
Movements in trade and other receivables		**(90)**	(290)
Movements in trade and other payables		**133**	378
Cash generated from operations		**1 454**	1 375

25.2 Reconciliation of cash flows arising from financing activities related to borrowings

	March 2022 Rm	March 2021 Rm
Balance at the beginning of the year	**2 628**	5 800
Current	**1 645**	5 034
Non-current	**983**	766
Cash flows	**(970)**	(288)
Repayment of borrowings	**(1 970)**	(538)
Proceeds from borrowings raised	**1 000**	250
Other movements	**(77)**	(402)
Capitalised transactions costs written off	**(9)**	(79)
Capitalised/deferred finance costs[(a)]	**–**	387
Effects of changes in foreign exchange rates	**(68)**	(710)
Balance at the end of the year before transfer to liabilities associated with non-current assets held for sale	**1 581**	5 110
Transfer to liabilities associated with assets held for sale and disposal groups	**–**	(2 482)
Balance at the end of the year	**1 581**	2 628
Comprising:		
Current	**431**	1 645
Non-current	**1 150**	983

(a) *In the prior year capitalised/deferred finance costs included interest of R323 million capitalised to the PPC Barnet DRC borrowings, R52 million capitalised to the CIMERWA borrowings and R12 million deferred interest relating to the South African long-term facilities.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

25. STATEMENT OF CASH FLOWS continued

25.3 Reconciliation of cash flows arising from financing activities related to lease liabilities

	Notes	March 2022 Rm	March 2021 Rm
Balance at the beginning of the year		**60**	130
Current		**28**	40
Non-current		**32**	90
Cash flows		**(30)**	(43)
Repayment of lease liabilities		**(30)**	(43)
Other movements		**29**	(12)
Additions		**37**	–
Disposals		**(7)**	–
Modification of existing leases		**–**	(11)
Effects of changes in foreign exchange rates		**(1)**	(1)
Balance at the end of the year before transfer to liabilities associated with non-current assets held for sale		**59**	75
Transfer to liabilities associated with assets held for sale and disposal groups		**–**	(15)
Balance at the end of the year		**59**	60
Comprising:			
Current		**21**	28
Non-current		**38**	32

26. COMMITMENTS

	March 2022 Rm	March 2021 Rm
Contracted capital commitments	**85**	115
Approved capital commitments	**26**	29
Capital commitments	**111**	144
Lease commitments not reflected in measurement of lease liabilities	**7**	5
	118	149
Capital commitments		
Southern Africa	**50**	43
International	**61**	101
	111	144
Capital commitments are anticipated to be incurred:		
Within one year	**92**	144
Between one and five years	**19**	–
	111	144

Lease commitments

This relates to future cash outflows that the group is exposed to that are not reflected in the measurement of the lease liabilities. This includes exposure from variable lease payments for certain leases, lease payments for low value leases and short-term leases.

	March 2022 Rm	March 2021 Rm
Lease commitments		
Land and buildings	**4**	5
Other	**3**	–
	7	5
Lease commitments are anticipated to be incurred:		
Within one year	**3**	5
Between one and five years	**4**	–
	7	5

27. OPERATING PROFIT

	March 2022 Rm	March 2021 Rm
Operating profit includes:		
Amortisation	28	47
Included in cost of sales	6	7
Included in operating costs	22	40
Auditors' remuneration	42	41
Audit fees	41	40
Other services	1	1
Depreciation	809	500
Included in cost of sales	518	447
Included in operating costs	291	53
Distribution costs included in cost of sales	1 499	1 346
Loss on sale of property, plant and equipment	4	4
Profit on sale of equity-accounted investment	–	(1)
Lease commitments not reflected in measurement of lease liabilities[a]	3	3
Professional fees relating to restructuring and refinancing project	67	81
Carbon tax	53	47
Staff costs before capitalisation to plant and equipment	1 401	1 395
Southern Africa	1 046	982
International	355	413
Including:		
Equity-settled share incentive scheme charge	36	21
Employees' remuneration	1 270	1 277
Staff restructuring costs	4	26
Retirement benefit contributions (refer to note 13)	91	74
	1 401	1 398

[a] *This consists of all rental expenses that do not meet the IFRS 16 recognition criteria.*

28. FINANCIAL RISK MANAGEMENT

IFRS 9 – *Financial instruments*

IFRS 9 – *Financial instruments* provides guidance on the classification, measurement and recognition of financial assets and financial liabilities. 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.

The group's application of IFRS 9 – *Financial instruments* and the group's exposure to financial risks and how these risks could affect the group's future financial performance are described below.

Financial assets – classification and measurement

IFRS 9 – *Financial instruments* 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. Transaction costs for financial assets carried at fair value through profit or loss are expensed in profit or loss.

The group subsequently measures financial assets depending on whether these instruments are debt or equity instruments (from an issuer's perspective).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

28. FINANCIAL RISK MANAGEMENT continued

Financial assets – classification and measurement continued

Debt instruments

Subsequent measurement of financial assets, that are considered to be debt instruments from an issuer's perspective, based on (i) the group's 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 it 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 of payments of principal and interest (hold to collect and sell). Movements in the carrying amount of these financial assets should be taken through other comprehensive income, except for 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 other comprehensive income is reclassified from equity to profit or loss.

Equity instruments

The group subsequently measures all financial assets, that are considered to be equity instruments from an issuer's perspective, at fair value. Where the group has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as investment income when the group's right to receive payments is established.

Financial liabilities – classification and measurement

The group recognises instruments where it has a contractual obligation to (i) deliver cash or another financial asset to another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the group as financial liabilities. Financial liabilities are recognised once the group becomes a party to the contractual rights and obligations in the underlying contracts.

Under IFRS 9 – *Financial instruments* requirements, the group measures financial liabilities at either fair value or amortised cost. The group recognises all financial liabilities at amortised cost, unless the group is required to measure the financial liabilities at fair value or has opted to measure the liability at fair value.

All financial liabilities are initially measured at fair value, minus (in the case of financial liabilities not recognised at fair value through profit or loss) transaction costs that are directly attributable to the issuance of the financial instrument.

Financial liabilities that are subsequently measured at amortised cost are measured at the amount recognised on initial recognition minus principal prepayments, plus the cumulative amortisation using the effective interest method. The movements in financial liabilities that are subsequently measured at fair value are recognised in profit or loss, with changes in the fair value of these financial liabilities that are attributable to the group's own credit risk recognised in other comprehensive income. Where these financial liabilities are derecognised, the cumulative gain or loss previously recognised in other comprehensive income is not reclassified from equity to profit or loss. However, it may be reclassified within equity.

Derecognition of financial assets

Financial assets are derecognised when the right to receive cash flows from the asset has expired, the right to receive cash flows has been retained but an obligation to on pay them in full without material delay has been assumed or the right to receive cash flows has been transferred together with substantially all the risks and rewards of ownership.

Derecognition of financial liabilities

Financial liabilities are derecognised when their related obligations are discharged, cancelled or expire. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid is recognised in profit or loss as other income or finance costs.

Financial liabilities are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

28. FINANCIAL RISK MANAGEMENT continued

Financial instruments – impairment

IFRS 9 – *Financial instruments* requires impairments to be determined based on an ECL model for financial assets carried at amortised cost or fair value through other comprehensive income. PPC group recognises an allowance for either 12-month or lifetime ECLs, depending on whether there has been a significant increase in credit risk. 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 fair value through other comprehensive income, lease receivables and certain loan commitments as well as financial guarantee contracts.

For trade receivables, the group applies the simplified approach permitted by IFRS 9 – *Financial instruments*, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Refer to credit risk management below for further details.

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

Capital risk management

The group manages its capital to ensure that entities in the group will continue as a going concern, while maximising the return to stakeholders through the optimisation of debt and equity. Refer to note 36 for a detailed explanation as to management's going concern considerations.

The capital structure of the group consists of debt (note 14), cash and cash equivalents (note 11), and equity attributable to PPC Ltd shareholders, comprising stated capital (note 12), reserves and retained profit.

A committee, including PPC's senior financial executives, reviews 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, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, repurchase shares currently issued, issue new shares, raise new debt, raise new debt to replace existing debt with different characteristics and/or sell assets to reduce debt in order to maintain the optimal capital structure. The group monitors capital utilising a number of measures including the gearing ratio. The gearing ratio is calculated as net debt (total debt less cash) divided by shareholders' equity.

The group's cash and cash equivalents and debt at statement of financial position date was as follows:

	2022 Rm	2021 Rm
Cash and cash equivalents	577	457
Lease liabilities	(59)	(60)
Borrowings	(1 581)	(2 628)
Total equity	6 911	6 730
Total capital – continuing operations	5 848	4 499
Total capital – assets held for sale and disposal groups	–	(2 085)
Total capital	**5 848**	2 414

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 central 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 forward cover all material foreign currency commitments unless there is a natural hedge.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

28. FINANCIAL RISK MANAGEMENT continued

The group's financial instrument exposure to currency risk is summarised below:

	Notes	Botswana pula	US dollar	Zimbabwean dollar	Rwandan franc	Mozambican metical
2022						
Financial assets						
Trade and other financial receivables	10	23	–	1 445	5 234	–
Cash and cash equivalents	11	24	18	295	8 094	4
PPC Zimbabwe financial asset	6.1.3	–	–	–	–	–
Transfer to assets held for sale and held by disposal groups	8	–	–	–	–	–
		47	18	1 740	13 328	4
Financial liabilities						
Long-term borrowings	14	–	–	–	15 936	–
Short-term borrowings	14	–	–	–	10 576	–
Lease liabilities	3.2	1	–	27	13	–
Liability to non-controlling shareholder in subsidiary company	15	–	–	–	–	–
Trade and other financial payables	16	39	–	2 175	9 361	–
Decommissioning and rehabilitation obligations	13	–	–	569	181	–
Transfer to assets held for sale and held by disposal groups	8	–	–	–	–	–
		40	–	2 771	36 067	–
Net exposure		7	18	(1 031)	(22 739)	4
2021						
Financial assets						
Trade and other financial receivables	10	35	15	966	4 170	–
Cash and cash equivalents	11	64	41	166	4 529	4
PPC Zimbabwe financial asset	6.1.3	–	–	347	–	–
Transfer to assets held for sale and held by disposal groups	8	(24)	(35)			
		75	21	1 479	8 699	4
Financial liabilities						
Long-term borrowings	14	–	–	–	29 714	–
Short-term borrowings	14	–	168	786	10 351	–
Lease liabilities	3.2	2	–	20	24	–
Liability to non-controlling shareholder in subsidiary company	15	–	1	–	–	–
Trade and other financial payables	16	52	–	604	7 276	–
Decommissioning and rehabilitation obligations	13	11	1	340	172	–
Transfer to assets held for sale and held by disposal groups	8	(11)	(171)			
		54	–	1 750	47 537	–
Net exposure		21	21	(271)	(38 838)	4

28. FINANCIAL RISK MANAGEMENT continued

Sensitivity analysis on net exposure

A movement in exchange rates of 5%, with all other variables held constant, against the significant foreign currencies below would have the following impact:

		Impact on total comprehensive income and shareholders' equity	
	Closing rate	**5% increase**	5% decrease
Significant foreign currency exposure			
2022			
Botswana pula[(a)]	1,27	**–**	–
US dollar	14,48	**13**	(13)
ZWL dollar	0,10	**(5)**	5
Rwandan franc	0,01	**(16)**	16
Mozambican metical	0,25	**–**	–
(Decrease)/increase in total comprehensive income		**(8)**	8
2021			
Botswana pula	1,33	**2**	(2)
US dollar	14,77	**(90)**	90
RTGS dollar	0,18	**(2)**	2
Rwandan franc	0,01	**(29)**	29
Mozambican metical	0,22	**–**	–
(Decrease)/increase in total comprehensive income		**(119)**	119

(a) *The amount is less than one million.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

28. FINANCIAL RISK MANAGEMENT continued

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, and interest received on cash and cash equivalents. 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	2022 Rm	2021 Rm
Secured			
Long-term loans denominated in foreign currencies (refer to note 14)	2022 – 2025	**377**	602
Long-term loans (refer to note 14)	2022 – 2025	**999**	1 691
		1 376	2 293
Unsecured			
Short-term loans and bank overdrafts (refer to note 14)	2022	**205**	335
Unsecured, short-term loans bearing interest at market rates		**205**	335

Sensitivity analysis – floating interest rate instruments

All other variables held constant, the amounts below are calculated based on the assumption that the daily average weighted rate cost of funding or interest income received is higher or lower by 100 basis points throughout the year and such rate is applied to the borrowing and cash balances at year-end.

Floating interest rate instruments	Weighted average interest rates	Change in interest rate basis points	Impact on total comprehensive income and shareholders' equity Increase	Decrease
ZAR loans	7,2%	100	**12**	(12)
RWF loans	13,4%	100	**4**	(4)
Group interest rate sensitivity			**16**	(16)

During the current year, the interest rate swap was settled before the maturity date which resulted in a loss on the interest rate swap on derecognition. The fair value of the swap at the end of March 2022 is nil (31 March 2021: R23 million) in favour of the counterparty and therefore a liability to the group.

Rwanda's local RWF26,5 billion loan has a weighted average interest rate of 13,4% unless the Rwanda Central Bank raises their discount rate above 13,5%; the current rate is 4,5% and the highest it has been in seven years is 11,5%.

28. FINANCIAL RISK MANAGEMENT continued

Fair values of financial assets and liabilities

The classification of financial assets and liabilities are set out below.

	Notes	Total carrying amount Rm	Fair value Rm	Amortised cost Rm
2022				
Financial assets				
The financial assets carried at fair value are classified into three categories as reflected below:				
At amortised cost		1 332	–	1 332
Trade and other financial receivables	10	755	–	755
Cash and cash equivalents	11	577	–	577
At fair value through other comprehensive income		3	3	–
Investment in Old Mutual shares on the Zimbabwe Stock Exchange	6.1.4	3	3	0
At fair value through profit or loss		195	195	–
Unlisted collective investment (held for trading)	6.1.1	144	144	–
PPC Zimbabwe financial asset	6.1.2	–	–	–
Zimbabwe blocked funds	6.2.1	32	32	–
Cell captive investment	6.1.3	19	19	–
Financial liabilities				
At amortised cost		2 625	–	2 625
Long-term borrowings	14	1 150	–	1 150
Short-term borrowings	14	431	–	431
Lease liabilities	3.2	59	–	59
Trade and other financial payables	16	985	–	985
At fair value through profit or loss		–	–	–
Interest rate swap liability	15	–	–	–
2021				
Financial assets				
At amortised cost		1 272	–	1 272
Trade and other financial receivables	10	815	–	815
Cash and cash equivalents	11	457	–	457
At fair value through other comprehensive income		3	3	–
Investment in Old Mutual shares on the Zimbabwe Stock Exchange	6.1.4	3	3	–
At fair value through profit or loss		243	243	0
Unlisted collective investment (held for trading)	6.1.1	129	129	–
PPC Zimbabwe financial asset	6.1.2	57	57	–
Zimbabwe blocked funds	6.2.1	50	50	–
Cell captive investment	6.1.3	7	7	
Financial liabilities		243	243	–
At amortised cost		3 537	–	3 537
Long-term borrowings	14	983	–	983
Short-term borrowings	14	1 645	–	1 645
Finance lease liabilities	3.2	60	–	60
Trade and other financial payables	16	849	–	849
At fair value through profit or loss		23	23	–
Interest rate swap liability	15	23	23	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

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28. FINANCIAL RISK MANAGEMENT continued

Credit risk management

Credit risk is the risk of financial loss to the group if a counterparty to a financial instrument fails to meet its contractual obligations. 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 and Zimbabwe blocked funds.

Credit risk policy: Investments, cash and cash equivalents and derivatives

The group's policy is to strictly limit exposure to individual counterparties by reference to published short-term and long-term credit ratings from recognised credit rating agencies. The group invests in high-quality investments with reputable service providers.

The group's exposure and the credit ratings of its counterparties are continuously monitored. The policy requires diversification of credit exposures among these financial institutions and defines acceptable daily settlement limits. Individual limits for counterparties whose rating fall within the credit rating guidelines of the group's policy are approved by the CFO and for counterparties with ratings outside of the policy guidelines, the limits must be approved by the ARCC.

Security held

For some receivables, the group may obtain security in the form of guarantees, deeds of undertaking or letters of credit, which may be called upon if the counterparty is in default under the terms of the agreement.

Summary of the assumptions underpinning the group's ECL model for cash and cash equivalents is as follows:

Under the general approach, at each reporting date, the group recognises a loss allowance based on either 12-month ECLs or lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognised in profit or loss as an impairment gain or loss. Given the maturity profile of the group's bank deposits and current accounts that are classified as financial assets measured at amortised cost, of three months or less, the 12-month and lifetime ECLs are not expected to be materially different. Based on these facts, the general approach has been deemed most appropriate for calculating the ECL.

Significant assumptions considered within the ECL model:

- The model only considers positive cash balances with banking institutions, ie gross of overdrafts
- The model also excludes petty cash as this is assumed to be petty cash on hand
- Short-term bank deposits have a maturity of three months or less
- Implied Moody's credit ratings are a suitable proxy for Moody's ratings. Due to the fact that not all banking institutions have Moody's ratings, we estimated implied Moody's ratings
- Banking institutions with same implied Moody's credit rating belong to a homogenous credit risk grouping, ie have the same probability of default etc
- Moody's one-year default rates are a suitable proxy for short-term deposit default rates

Using the probability of default approach the ECLs are a probability-weighted estimate of the present value of estimated cash shortfalls – ie the weighted average of credit losses, with the respective risks of default occurring used as the weights. For this purpose, the following parameters must be estimated:

- Probability of default (PD) – estimate of the likelihood of default over a given time horizon
- Loss given default (LGD) – estimate of the percentage loss arising in case a default occurs at a given time
- Exposure at default (EAD) – estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities and accrued interest from missed payments
- Discount rate (r) – rate used to discount an expected loss to a present value at the reporting date

For the group, the exposure at default is assumed to be 100% of all the positive balances outstanding at year-end as short-term deposits have similar characteristics to loans that are not backed by collateral. The effect of discounting the ECLs is not expected to have a material impact on the ECLs given the short-term maturity profile of the cash and cash equivalent balances.

The group has limited historical information of the probability of default for the respective banking institutions in which it holds bank deposits. Therefore, it is reasonable to use external credit information from one of the three major rating agencies to estimate the probability of default. The group also compares the banking institution's credit rating to that of the sovereign rating (creditworthiness of a country) and uses the lower of the two, ie if we have a bank that has Aa credit rating, but its country (that is last resort guarantor) has Ba credit rating, it is common practice to use default rates for Ba credit rating as opposed to the Aa credit rating.

28. FINANCIAL RISK MANAGEMENT continued

Summary of the assumptions underpinning the group's ECL model for cash and cash equivalents is as follows: continued

The group has limited historical information of the portion of the outstanding balance that would not be recoverable in the case of a default at a given time. In estimating the LGD, the group makes reference to regulatory guidance provided to insurers by the Prudential Authority. The Financial Soundness Standards (FSIs) are designed to ensure that insurers can meet policyholder obligations by holding own funds of sufficient quality and quantity to absorb significant unforeseen losses arising from the risks associated with an insurer's activities.

Pari-passu is a Latin phrase meaning "equal footing" that describes situations where two or more assets, securities, creditors, or obligations are equally managed without preference. The cash and cash equivalents would rank in the same priority as other unsecured debts owed by banks to all creditors, should the financial institutions enter into bankruptcy proceedings ie the group would be treated like other unsecured creditors with regards to all debts owed by the bank on bankruptcy. The trustee would repay the group the same fractional amount as other creditors at the same time. Therefore, it is reasonable for the group to use LGD rates of 45% and above in estimating ECLs.

ECLs must reflect an unbiased and probability-weighted estimate of credit losses over the expected life of the financial instrument (ie the weighted average of credit losses with the respective risks of a default occurring as the weights).

The standard makes it clear that when measuring ECLs, in order to derive an unbiased and probability-weighted amount, an entity needs to evaluate a range of possible outcomes. The group does not need to identify every possible scenario, it just needs to take into account the possibility that a credit loss could occur, no matter how low that probability is.

A practical method that can be used to determine a range of possible outcomes is scenario analysis. Scenario analysis is a process of analysing future events by considering alternative possible outcomes. Thus, scenario analysis, which is one of the main forms of projection, will not only show the most likely ECL, but it will present several alternative ECLs. For the group, the scenario analysis will comprise mainly of flexing two main variables in the ECL model for a range of values. The first variable that the group varied is the LGD. As discussed above, the group can use LGD values between 45% and 100% in performing the scenario analysis.

The second variable that the group varied is the PD. The reports supplied by the ratings agencies contain a range of historical PDs that can be used to vary the PD variable.

Due to significant judgement and specialised statistical knowledge required to estimate the probability of each outcome occurring, it is apparent that trying to estimate the probability of each outcome in the scenario analysis would require exhaustive search for information and this is not the objective that is intended in the standard. The guidance from the standard requires that the group use information available for financial reporting purposes, which is considered to be available without undue cost or effort. Assuming that each outcome has an equal chance of occurrence would satisfy the need to determine a probability-weighted ECL.

Historical information should be used as a starting point from which adjustments are made to estimate ECLs on the basis of reasonable and supportable information that incorporates both current and forward looking information.

In considering whether historical credit losses should be adjusted, the group considered various items, including:

- The historical data which has been used captures ECLs that are through-the-cycle (ie estimates based on historical credit loss events and experience over the entire economic cycle)
- The period of time over which its historical data has been captured and the corresponding economic conditions represented in that history

If these conditions are satisfied, management concludes that the historical data is sufficient and does not need to be adjusted for forward looking information as the historical data used, implicitly, covers a variety of empirical economic scenarios that could be a reflection of future economic scenarios.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

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28. FINANCIAL RISK MANAGEMENT continued

Credit risk policy: Trade and other receivables

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.

	2022 Rm	2021 Rm
Net trade receivables comprise	**686**	760
Trade receivables that are neither past due nor impaired	**568**	652
Trade receivables that would otherwise be impaired whose terms have been renegotiated	**2**	121
Trade receivables that are past due but not impaired	**116**	86
Transfer to assets held for sale and disposal groups	**–**	(99)
Loss allowance		
Balance at the beginning of the year	**126**	170
ECL through profit or loss	**(46)**	(13)
Transfer to assets held for sale and disposal groups	**–**	(18)
Translation differences	**(1)**	(13)
Balance at the end of the year	**79**	126

	31 March 2022	ECL %	31 March 2021	ECL %
The ageing of the ECL at the reporting date				
Current due				
1 – 30 days	**11**	**3,0**	7	1,7
31 – 60 days	**3**	**5,3**	14	4,3
61 – 120 days	**2**	**17,3**	23	18,2
120 – 150 days	**3**	**35,0**	6	54,5
Greater than 150 days[(a)]	**60**	**73,7**	76	98,3
Total loss allowance	**79**		126	

[(a)] *Included in greater than 150 days ageing bracket is loss allowance of R20 million (31 March 2021: R23 million) that has been specifically identified based on the group's risk management policies. These balances were moved from the other ageing brackets and have been fully provided for based on specific identification criteria: customer's financial difficulty, inability to pay and when it is perceived that there is no realistic prospect of recovery.*

Summary of the assumptions underpinning the group's ECL model for trade and other receivables

For trade receivables or contract assets that do not contain a significant financing component, the loss allowance should be measured at initial recognition and throughout the life of the receivable at an amount equal to lifetime ECL. As a practical expedient, a provision matrix may be used to estimate ECL for these financial instruments.

The group monitors the ageing of its receivables using the following buckets:

- Current
- Overdue 1 – 30 days
- Overdue 31 – 60 days
- Overdue 61 – 90 days
- Overdue 91 – 120 days
- Overdue 121 – 150 days
- Overdue 150 days and more

The ageing of PPC's receivables represents the overdue profile, meaning that payment terms are considered. For example, on an account with 60 days' payment terms, the current bucket will contain invoices that are one to 60 days old, but they are still not overdue. According to the group's current trade and other receivables estimation methodology, overdue receivables more than 120 days are fully provided for. For current receivables (ie not past due according to payment terms of contracts) and overdue no more than 120 days, a percentage ECL is determined.

28. FINANCIAL RISK MANAGEMENT continued

Significant assumptions considered within the ECL model

1. The population of receivables within each portfolio is homogenous, ie the customers are of similar size and industry, the nature or invoices are similar etc
2. The receivables do not contain significant financing components (eg they do not bear interest)
3. The model assumes that the amount of receivable is fully unrecoverable, meaning if it was not paid, the loss is 100% (in other words, LGD =100%). However, the model allows for custom LGD for a specific customer/entity/portfolio. Judgement and evidence are required when determining LGD lower than 100%
4. The model excludes negative receivables when calculating PDs. The ECL cannot be negative for any customer. If the balance on the account is negative, ECL will be equal to zero

Calculating the ECL using a provision matrix

ECL formula: ECL = EAD x LGD x PD, where:

- EAD = Exposure at default – positive amount of current receivables in a particular bucket
- LGD = Loss given default – percentage unrecoverable loss given the default occurs
- PD = Probability of default

Probabilities of default are calculated a) as incremental receivables in the last bucket (over 150 days), and b) divided by cumulative amount of receivables in each bucket.

Adjusting for forward looking estimates

The adjustment for forward looking information is represented by a factor by which historical PD is multiplied to obtain final PD. The final PD should not exceed 100%. IFRS 9 – *Financial instruments* does not explicitly provide detailed context on how to calculate adjustments for forward looking information. If economic conditions remain stable, we could assume that this adjustment is insignificant and therefore the calculated historical PDs are used in the formula without change.

The group utilised the same methodology to determine the ECL on trade receivables in all jurisdictions.

	Notes	**2022 Rm**	2021 Rm
Trade and other receivables	10	**755**	815
Cash and cash equivalents	11	**577**	457
Investment in Old Mutual shares in Zimbabwe Stock Market	6.1.4	**3**	3
Maximum credit risk exposure		**1 335**	1 275

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

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28. FINANCIAL RISK MANAGEMENT continued

Adjusting for forward looking estimates continued

Country	Counterparty	2022 Long-term ratings	2022 Rating definitions	2021 Long-term ratings	2021 Rating definitions
South Africa	First National Bank/Rand Merchant Bank	**Ba2**	**Non-investment**	Ba2	Non-investment
	Standard Bank	**Ba2**	**Non-investment**	Ba2	Non-investment
	Nedbank	**Ba2**	**Non-investment**	Ba2	Non-investment
Botswana	First National Bank	**Ba2**	**Non-investment**	Ba1	Non-investment
	Barclays	**Ba1**	**Non-investment**	Ba3	Non-investment
	Stanbic	**Ba3**	**Non-investment**	Ba3	Non-investment
Zimbabwe	Stanbic	**Ba3**	**Non-investment**	B2/NP	Highly speculative
	PTA Bank[(a)]	**N/A**	**N/A**	N/A	N/A
DRC	Raw Bank	**N/A**	**N/A**	Caa1/NP	Extremely speculative
	Procredit[(a)]	**N/A**	**N/A**	N/A	N/A
	PTA Bank[(a)]	**N/A**	**N/A**	N/A	N/A
Rwanda	Kenya Commercial Bank (KCB)	**B2/NP**	**Highly speculative**	B2/NP	Highly speculative
	PTA Bank[(a)]			N/A	N/A
	East African Development Bank[(a)]			N/A	N/A

[(a)] *Credit ratings are not available for these institutions.*

ECL on cash and cash equivalents

	2022 Rm	2021 Rm
Zimbabwe	**3**	7
DRC	**–**	3
Rwanda	**1**	–
Transfer to discontinued operations	**–**	(3)
	4	7

28. FINANCIAL RISK MANAGEMENT continued

Collateral

The group holds collateral against trade receivables in order to reduce credit risk. Although collateral is held, the group's policy is to establish that credit granted is within the customer's capacity to repay the amount, rather than to rely in the collateral held against the amount due. Estimates of the fair value of collateral are based on the value at the time of providing credit to the customer.

	2022 Rm	2021 Rm
Fair value of collateral held	**184**	182

Collateral held comprises:

Security/collateral	Terms and conditions associated with use of collateral
Bank guarantees	The group will on occasion accept a bank guarantee as security from a debtor. In such instance, the bank undertakes to accept liability for the debt of the debtor to a limited amount. As at 31 March 2022, management considered R22 million (31 March 2021: R104 million) to be a reasonable estimate of the collateral held in the form of bank guarantees.
Notarial bond	The group takes notarial bonds over specified and, in certain instances, all the movable property of certain debtors. This gives the group a preference to the proceeds of such movable property of the debtor on the liquidation or sequestration of the debtor. As at 31 March 2022, management considered nil (31 March 2021: R17 million) to be a reasonable estimate of the collateral held in the form of notarial bonds.
Mortgage bond	The group may from time to time register a continuous covering mortgage bond over the immovable property of a debtor. This gives the group the right to execute against the property of the debtor if the debtor defaults. As at 31 March 2022, management considered R2 million (31 March 2021: R37 million) to be a reasonable estimate of the collateral held in the form of mortgage bonds.
Deed of suretyship	The group will on occasion request a deed of suretyship from the shareholders or directors of the debtor. In such instance the shareholders or directors assume personal liability for the debt provided to the debtor. As at 31 March 2022, management considered R159 million (31 March 2021: R9 million) to be a reasonable estimate of the collateral held in the form of deeds of suretyship.
Cross-company guarantee	At times the group will request a company within the same group of companies as the debtor to be a guarantor for the obligation of the debtor. In such instance, should the debtor default on the obligation, the guarantor will make payment for the outstanding balance of the debtor. As at 31 March 2022, management considered R1 million (31 March 2021: R15 million) to be a reasonable estimate of the collateral held in the form of cross-company guarantees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

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28. FINANCIAL RISK MANAGEMENT continued

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 R2,4 billion and utilised 65,0% (2021: 81,5%) of these facilities at 31 March 2022. At year-end, R852 million of borrowing facilities remain unutilised. These numbers exclude project finance in Rwanda.

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 interest accrued to the payment date.

	<1 year Rm	1 – 5 years Rm	>5 years Rm	Total Rm
2022				
Total borrowings	438	1 169	–	1 607
Trade and other financial payables	432	–	–	432
Lease liability	33	43	–	76
	903	1 212	–	2 115
2021				
Total borrowings	2 070	1 670	–	3 740
Trade and other financial payables	422	–	–	422
Lease liability	35	33	–	68
	2 528	1 703	–	4 231

Refer to note 14 for borrowings details.

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 collective investment is valued using the closing unit price at year-end. 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 to note 7) should be valued using ZWL dollar 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$:ZWL$ (2021: US$:ZWL$) exchange rate and further credit risk adjustment was recognised.

28. FINANCIAL RISK MANAGEMENT continued

Fair value hierarchy disclosures

		Carrying amount (by measurement basis)				
	Notes	Amortised cost	Fair value Level 1	Fair value Level 2	Fair value Level 3	Total
2022						
Financial assets						
At amortised cost						
Trade and other financial receivables	10	**755**	**–**	**–**	**–**	**755**
Cash and cash equivalents	11	**577**	**–**	**–**	**–**	**577**
At fair value through other comprehensive income						**–**
Investment in Old Mutual shares on the Zimbabwe Stock Exchange[(a)]	6.1.4	**–**	**–**	**3**	**–**	**3**
At fair value through profit or loss						**–**
Unlisted collective investments at fair value (held for trading)	6.1.2	**–**	**–**	**144**	**–**	**144**
PPC Zimbabwe financial asset	6.1.3	**–**	**–**	**–**	**–**	**–**
Zimbabwe blocked funds	6.2.1	**–**	**–**	**–**	**32**	**32**
Cell captive investment		**–**	**–**	**–**	**19**	**19**
Financial liabilities						**–**
At amortised cost						**–**
Long-term borrowings	14	**1 150**	**–**	**–**	**–**	**1 150**
Short-term borrowings	14	**431**	**–**	**–**	**–**	**431**
Lease liabilities	3.2	**59**	**–**	**–**	**–**	**59**
Trade and other financial payables	16	**1 256**	**–**	**–**	**–**	**1 256**
At fair value through profit or loss						**–**
Interest rate swap liability	15	**–**	**–**	**–**	**–**	**–**
2021						
Financial assets						
At amortised cost						
Trade and other financial receivables	10	815	–	–	–	815
Cash and cash equivalents	11	457	–	–	–	457
At fair value through other comprehensive income						
Investment in Old Mutual shares on the Zimbabwe Stock Exchange	6.1.4	–	–	3	–	3
At fair value through profit or loss						
Unlisted collective investments at fair value (held for trading)	6.1.2	–	–	129	–	129
PPC Zimbabwe financial asset	6.1.3	–	–	–	57	57
Zimbabwe blocked funds	6.2.1	–	–	–	50	50
Cell captive investment		–	–	–	7	7
Financial liabilities						
At amortised cost						
Long-term borrowings	14	983	–	–	–	983
Short-term borrowings	14	1 645	–	–	–	1 645
Finance lease liabilities	3.2	60	–	–	–	60
Trade and other financial payables	16	1 167	–	–	–	1 167
At fair value through profit or loss						
Interest rate swap liability	15	–	–	23	–	23

[(a)] During the previous financial year the investment in Old Mutual shares listed on the Zimbabwe Stock Exchange was transferred from level 1 to level 2 fair value hierarchy. On 23 June 2020 the Zimbabwe Stock Exchange suspended trading in Old Mutual shares and as a result the principal market for these shares were no longer active. In order to determine the fair value of the investment the most advantageous market JSE was considered the best alternative based on observable inputs being the share price of Old Mutual shares on the JSE, however trading in the shares on the JSE is not possible due to the suspension of the fungibility. Accordingly, due to the alternative method in calculating the fair value, the investment was transferred from level 1 to level 2.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

28. 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's judgement in determining the fair value. Refer to notes 7, 11 and 16 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	Key unobservable inputs	Sensitivity %	Carrying value (Rm)	Increase or decrease (Rm)
PPC Zimbabwe financial asset	US$:ZWL$ exchange rate	Credit risk adjustment of 50%	1% higher and 1% lower	–	–
Zimbabwe blocked funds	US$:ZWL$ exchange rate	Credit risk adjustment of 90%	1% higher and 1% lower	32	3
Cell captive investment	Net asset value	Cash and cash equivalents, investment in unit trusts, insurance fund liabilities	n/a	19	–

Movements in level 3 financial instruments	2022 Rm	2021 Rm
Financial assets at fair value through profit or loss		
Balance at the beginning of the period	114	220
New financial assets recognised	–	15
Fair value adjustments	3	84
Fair value adjustment – credit risk	46	155
Translation differences	(4)	(121)
Repayments	(108)	(239)
Balance at the end of the period	51	114

Remeasurements are recorded in fair value adjustments on financial instruments in the statement of profit or loss.

29. 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. PPC regards non-executive directors, executive directors, the executive committee and prescribed officers to be key management. In the prior year, in the ordinary course of business, PPC Group Services (Pty) Ltd, a subsidiary of PPC Ltd, entered into various transactions with Habesha, an associate of PPC Ltd. The effect of these transactions is included in the financial performance and results of the group. No impairment of receivables related to the amount of outstanding balances is required.

	31 March 2022 Rm	31 March 2021 Rm
The following table shows transactions with the related parties that are included in the group's annual financial statements.		
Habesha Cement Company	–	–
Dividends received from a related party		
Olegra (Pty) Ltd	0	1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

29. RELATED-PARTY TRANSACTIONS continued

29.1 Executive directors and prescribed officers remuneration

Remuneration paid to executive directors and prescribed officers for the 12 months ended 31 March 2022.

	Basic salary R000	Retirement and medical contributions R000	Car allowance R000	Retention cash incentives R000	Short-term incentives R000	Other R000	Total R000
Executive directors	15 681	–	114	–	8 777	358	24 930
R van Wijnen	9 981	–	114	–	8 777	358	19 230
B Berlin[(a)]	5 700	–	–	–	–	–	5 700
Prescribed officers	6 460	1 061	637	2 366	4 606	116	15 246
NL Lekula	3 534	552	270	1 283	2 486	5	8 130
M Ramafoko	2 926	509	367	1 083	2 120	111	7 116

Remuneration paid to executive directors and prescribed officers for the 12 months ended 31 March 2021.

	Basic salary R000	Retirement and medical contributions R000	Car allowance R000	Cash incentives R000	Short-term incentives R000	Retrenchment settlement R000	Other R000	Total R000
Executive directors	14 140	–	300	–	–	–	450	14 890
R van Wijnen	9 398	–	300	–	–	–	350	10 048
R van Dijk[(b)]	4 450	–	–	–	–	–	100	4 550
AC Ball[(c)]	292	–	–	–	–	–		292
Prescribed officers	8 070	1 188	455	2 366	–	2 049	77	14 205
NL Lekula	3 606	498	–	1 283	–	–	5	5 392
M Ramafoko	2 609	435	367	1 083	–	–	41	4 535
P Mohlala[(d)]	1 855	255	88	–	–	2 049	31	4 278

(a) *B Berlin was appointed as group CFO on 1 April 2021.*
(b) *R van Dijk was appointed as interim group CFO on 1 November 2019 and as group CFO on 30 April 2020. She resigned as the group CFO on 31 March 2021. Subsequent to her resignation as a director, she entered into a consultancy agreement with the company, which expired on 30 September 2021. A new consultancy agreement was entered into which expires on 30 November 2022.*
(c) *AC Ball was appointed executive director on 25 June 2020. He was previously a non-executive director. He was reappointed non-executive director on 1 July 2021. His remuneration earned for the period 1 April 2021 to 30 June 2021 is included in note 29.2.*
(d) *P Mohlala became a prescribed officer in April 2019 and resigned as a prescribed officer on 31 December 2020.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

29. RELATED-PARTY TRANSACTIONS continued

29.2 Non-executive directors remuneration

Remuneration paid to non-executive directors for the 12 months ended 31 March 2022.

				Committee					
	Board fees R000	Chairman fees R000	Special meetings	ARCC R000	Remuneration/ RTC[a] R000	Social, ethics and transformation R000	Nominations[a] R000	Strategy and investment R000	Total R000
PJ Moleketi	–	1 222	43	–	–	–	–	–	1 265
AC Ball[b]	296	–	21	–	–	–	–	103	420
N Gobodo	296	–	64	140	–	209	–	–	709
B Hansen[c]	151	–	–	–	–	52	–	52	255
K Maphisa	296	–	21	–	–	103	–	103	523
NL Mkhondo	296	–	64	140	209	–	36	–	745
T Moyo[d]	145	–	21	–	51	–	36	–	253
CH Naude	296	–	21	–	103	–	–	209	629
M Thompson	296	–	107	277	–	–	–	103	783
	2 072	1 222	362	557	363	364	72	570	5 582

Remuneration paid to non-executive directors for the 12 months ended 31 March 2021.

			Committee					
	Board fees R000	Chairman fees R000	ARCC R000	Remuneration R000	Social and ethics R000	Nomination R000	Strategy and investment R000	Total R000
PJ Moleketi	–	1 279	–	–	–	–	–	1 279
AC Ball	70	–	–	38	–	–	35	143
N Gobodo	349	–	208	–	214	–	–	771
M Gumbi	220	–	–	–	91	–	–	311
K Maphisa	57	–	–	–	25	–	25	107
NL Mkhondo	349	–	208	103	–	68	–	728
T Moyo	349	–	–	95	–	68	–	512
CH Naude	349	–	–	95	–	–	209	653
M Thompson	349	–	334	–	–	–	111	794
	2 092	1 279	750	331	330	136	380	5 298

(a) *The remuneration committee and nominations committee were combined into the RTC with effect from 1 October 2021.*
(b) *As stated in note 29.1 Antony Ball's fees received from 1 April to 30 June 2021 as an executive director are included above as no extra fees were paid compared to standard board and committee fees.*
(c) *Appointed 1 October 2021.*
(d) *Resigned 30 September 2021.*

30. 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 FY23		
IAS 16 – *Property, plant and equipment* – proceeds before intended use	1/1/2022	The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.
IAS 37 – *Provisions, contingent liabilities and contingent assets* – onerous contracts – cost of fulfilling a contract	1/1/2022	The amendments specify which costs should be included in an entity's assessment whether a contract will be loss-making.
IFRS 1 – First-time adoption of IFRS – annual improvements to IFRS Standards 2018 – 2020	1/1/2022	Extension of an optional exemption permitting a subsidiary that becomes a first-time adopter after its parent to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRS. A similar election is available to an associate or joint venture.
IFRS 3 – *Business combinations* – reference to the conceptual framework	1/1/2022	The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
IFRS 9 – *Financial instruments* – interest rate benchmark reform phase 2	1/1/2022	Annual improvements to IFRS 2018 – 2020 – the amendment clarifies which fees an entity includes when it applies the "10%" test in assessing whether to derecognise a financial liability.
For adoption during FY24		
IAS 1 – *Presentation of financial Statements – classification* of liabilities as current or non-current	1/1/2023	Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.
IFRS 17 – *Insurance contracts*	1/1/2023	The impact of this new standard is currently being assessed.
Disclosure of accounting policies – amendments to IAS 1 and IFRS practice statement 2	1/1/2023	The amendment seeks to clarify the identification of material accounting policies to enable users to disclose material accounting policies rather than significant accounting policies.
Definition of accounting estimates – amendments to IAS 8	1/1/2023	Definition of change in accounting estimates: The amendment replaces the definition of changes in accounting estimates to clarify the distinction between changes in accounting estimates and changes accounting policies.
Deferred tax related to assets and liabilities arising from a single transaction – amendments to IAS 12	1/1/2023	The amendment clarifies the appropriate use of the exemption from recognising deferred tax on initial recognition of leases and decommissioning obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

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31. EQUITY-ACCOUNTED INVESTMENTS

The investment in the associate is carried at cost and adjusted for post-acquisition changes in the group's share of net assets of the associate less any impairment. Management accounts together with the financial statements are used to align earnings in the equity-accounted investment with PPC's year-end as the associate has a December financial year-end. Any long-term debt interests, which in substance form part of the group's net investment in the associate, are also included in the total carrying value of the associate. Losses of an associate in excess of the group's interest in that associate are not recognised, unless the group has incurred legal or constructive obligations or made payments on behalf of the associate.

Where a group entity transacts with an associate of the group, unrealised profits and losses are eliminated to the extent of the group's interest in the relevant associate. Subsequent to year-end, the investment in associate was sold, refer to note 33.

Name	Nature of business	Principal place of business	Shareholding 2022 %	Financial year-end	Carrying value, including loans advanced 2022 Rm	2021 Rm
Incorporated in South Africa						
Olegra Oil (Pty) Ltd[(a)]	Used oil collection and filling station	South Africa	–	February	–	–
Incorporated in						
Habesha	Cement manufacturer	Ethiopia	37,67	December	–	–
					–	–
Equity-accounted investments						
Investments at cost at the beginning of the year					–	3
Share of retained profit:					–	1
Share of current year's profit					–	2
Share of associate dividend					–	(1)
Disposal of equity-accounted investment					–	(4)
Investment at the end of the year					–	–

(a) *On 31 March 2021, the group disposed of its interest in Olegra for R5,5 million.*

31. EQUITY-ACCOUNTED INVESTMENTS continued

At year-end, Habesha comprises the group's only investment in equity-accounted investments and therefore only the valuation methodology and assumptions relating to the investment are disclosed. Subsequent to year-end, the group sold 100% of its stake in Habesha for US$900 000. Refer to note 33 for more details.

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 the ramp-up phase.

The investment in Habesha is zero at 31 March 2022 due to the recognition of PPC's share of losses. The cumulative unrecognised share of losses at 31 March 2022 is:

	31 March 2022	31 March 2021
Habesha		
Unrecognised net loss for March 2022	(256)	–
Unrecognised net loss for March 2021	(238)	(238)
Unrecognised net loss for March 2020	(168)	(168)
Total comprehensive loss	(662)	(406)

	Habesha	
	31 March 2022	31 March 2021
Key financial information of material associates		
Revenue	355	515
Loss for the year	(679)	(632)
Other comprehensive income	–	1
Total comprehensive loss	(679)	(631)
Non-current assets	935	1 349
Current assets	191	214
Non-current liabilities	1 598	1 717
Current liabilities	633	325
Net assets	(1 105)	(479)

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32. ADDITIONAL DISCLOSURE

Zimbabwe indigenisation

In March 2008, Zimbabwe passed the Indigenisation and Economic Empowerment Act which required all foreign-owned companies, including those in the manufacturing sector like PPC Zimbabwe, to submit indigenisation plans for local Zimbabweans. PPC Zimbabwe accordingly submitted implementation plans and associated term sheets to the National Indigenisation and Economic Empowerment Fund in August 2012 and entered into indigenisation transactions with various parties, including an employee share option scheme, in terms of which 29,6% of PPC Zimbabwe shares have been allotted to the indigenisation partners.

All the indigenisation transactions are subject to NVF arrangements. Central to the operation of this NVF arrangement is the concept of an "NVF balance" which is defined in the transaction documents as meaning "the full extent of the notional vendor facilitation outstanding from time to time, calculated in accordance with the agreements". The "initial NVF balance" was fixed in US dollar. The currently applicable NVF balance has been escalated by interest and reduced by a percentage of dividends declared in accordance with methodology set out in the transaction documents.

During 2019, the Zimbabwe government issued Statutory Instrument 33 (SI33) that provides as follows:

"that Real Time Gross Settlement system balances expressed in the United States dollar (other than those referred to in section 44C(2) of the principal Act), immediately before the effective date, shall from the effective date be deemed to be opening balances in RTGS dollars at par with the United States dollar and (d) for accounting and other purposes (including the discharge of financial or contractual obligations), all assets and liabilities that were, immediately before the effective date, valued and expressed in United States dollars (other than assets and liabilities referred to in section 44C(2) of the principal Act) shall on and after the effective date be deemed to be values in RTGS dollars at a rate of one-to-one to the United States dollar."

One of the indigenisation participants believes that the NVF balance should have been converted to ZWL (ie RTGS) when SI33 was issued. The result of this would have been that the NVF balance would have reduced much faster than anticipated by PPC due to dividends being declared in US$.

PPC obtained a legal opinion on this matter, which legal opinion has been confirmed by a senior advocate in Zimbabwe. The legal opinion confirms that the NVF balance is a notional balance, which functions as a mere reference amount in the agreement and, accordingly, cannot and does not convert from a (notional) US$ amount to a (notional) ZWL amount. PPC therefore continues to calculate the NVF balance using the US$ as the reference currency. The non-controlling interests for the indigenisation parties will only be recognised when the shares allocated to the participants cease to incur any restrictions and become exposed to the full risks and rewards associated with ownership. The use of US$ as a reference currency does not result in the risk and rewards having passed to the indigenisation parties and accordingly, PPC does not account for any non-controlling interests in relation to the indigenisation transaction.

Contingent liabilities and guarantees

Total bank guarantees issued by the group in favour of various suppliers was R102 million (2021: R102 million). Included in this amount are financial guarantees for the environmental rehabilitation and decommissioning obligations of the group to the Department of Mineral Resources amounting to R76 million (2021: R76 million).

33. EVENTS AFTER REPORTING DATE

Other than the events listed below, there have been no events after the reporting date that warrant disclosure in these annual financial statements.

Sale of PPC Lime

PPC and the purchaser of PPC Lime signed a further addendum to the binding sale and purchase agreement deferring the payment of the Deferred Consideration for PPC Lime from 31 March 2022 to 25 April 2022, which amount was duly received by PPC on such date. Refer to note 20 for further details.

DRC restructuring

On 29 April 2022, all the conditions precedent to the various restructuring agreements with third-party lenders for the DRC were met and formal restructuring effective date notices were issued, refer to note 8 for details.

Zimbabwe Presidential Announcements

On 7 May 2022, the President of Zimbabwe announced various measures to restore confidence, preserve value and restore macro-economic stability in Zimbabwe. Among the various measures announced, the major highlight concerned exchange rate management which was subsequently clarified through an Exchange Control Circular No. 3 of 22 to authorised dealers issued on 9 May 2022.

On exchange rate management, the government amended the willing-buyer-willing-seller (interbank market rate) foreign exchange system put in place on 1 April 2022 by:

- Increasing the amount that an individual is permitted to purchase on this system to US$5 000 per day with a limited of US$10 000 per week
- Permitting the pricing of goods and services in the market to be at the prevailing willing-buyer-willing-seller rate (interbank market rate) plus a margin of up to 10%

Following this review by the government, management, based on their interpretation of IAS 21 – *The effects of foreign exchange rates*, has concluded that this interbank market rate meets the requirements of a spot exchange rate since it is an exchange rate that is available for immediate delivery through a legal mechanism. Management has therefore discontinued the use of the auction exchange rate and adopted the interbank market rate for financial reporting purposes. Subsequent to the date of the announcement the auction rate has devalued to such an extent that at 30 May 2022 the rate of US$1 : ZWL290,89 is almost equal to the interbank rate of US$1 : ZWL299,68 and as such the impact of the change is not expected to be material to either PPC or the group.

Sale of Habesha

On 27 May 2022, PPC International Holdings (Pty) Ltd, a wholly-owned subsidiary of PPC, entered into a definitive sale agreement to sell 100% of its stake in Habesha for US$900 000. The sale is subject to various conditions precedent customary in nature for a sale and purchase transaction of shares in Ethiopia.

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34. SUBSIDIARIES AND NON-CONTROLLING INTERESTS

The consolidated annual financial statements for the year ended 31 March 2022 include the results and statements of financial position of the company, all of its subsidiaries, SPVs and companies that are controlled by the group.

The group includes investments in 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 – *Consolidated financial statements*, voting rights are aligned to the proportionate ownership. Non-controlling shareholders have significant interests in two of the group's subsidiaries, namely CIMERWA and PPC Barnet.

The key trading subsidiaries and respective holding companies are:

			Proportion of ownership interest and voting power held by the group		
Name of subsidiary	Principal activity	Country of incorporation	2022	2021	Holding company
PPC Zimbabwe Ltd	Manufacturer and supplier of both bag and bulk cement for use within Zimbabwe and surrounding countries	Zimbabwe	**70%**	70 %	PPC Ltd
PPC Botswana (Pty) Ltd	Manufacturer, wholesaler and distributor of cementitious products, both bag and bulk, within Botswana	Botswana	**100%**	100 %	PPC Ltd
PPC South Africa Holdings (Pty) Ltd	Holding company for South Africa entities	South Africa	**100%**	100 %	PPC Ltd
PPC Cement SA (Pty) Ltd	Manufacturer and supplier of both bag and bulk cement for use within South Africa and surrounding countries	South Africa	**100%**	100 %	PPC South Africa Holdings (Pty) Ltd
PPC International Holdings (Pty) Ltd	Holding company for PPC's International investments	South Africa	**100%**	100 %	PPC Ltd
PPC Group Services (Pty) Ltd	Services to group entities	South Africa	**100%**	100 %	PPC Ltd
Pronto Holdings (Pty) Ltd	Holding company for readymix and fly ash entities	South Africa	**100%**	100 %	PPC South Africa Holdings (Pty) Ltd
Pronto Building Materials (Pty) Ltd	Manufacture and supplier of readymix concrete and dry mortar mix in Gauteng	South Africa	**100%**	100 %	Pronto Holdings (Pty) Ltd
Ulula Ash (Pty) Ltd	Manufacture and supplier of fly ash	South Africa	**100%**	100 %	Pronto Building Materials (Pty) Ltd
3Q Mahuma Concrete (Pty) Ltd	Manufacture and supplier of readymix concrete	South Africa	**100%**	100 %	Pronto Holdings (Pty) Ltd
Safika Cement Holdings (Pty) Ltd	Manufacturer and supplier of blended cement within South Africa	South Africa	**100%**	100 %	PPC Cement SA (Pty) Ltd
PPC Aggregate Quarries (Pty) Ltd	Manufacturer and supplier of stone, sand, road layer material and special aggregate-related products in Gauteng	South Africa	**100%**	100 %	PPC South Africa Holdings (Pty) Ltd
CIMERWA Limitada	Manufacturer and supplier of both bag and bulk cement for use within Rwanda and surrounding countries	Rwanda	**51%**	51 %	PPC International Holdings (Pty) Ltd
PPC Barnet DRC Holdings	Holding company for PPC's expansion into the DRC cement market	Mauritius	**69%**	69 %	PPC International Holdings (Pty) Ltd
PPC Barnet DRC Trading SA	Supplier of bag cement for use within the DRC and surrounding countries	Democratic Republic of the Congo	**69%**	69 %	PPC Barnet DRC Holdings
PPC Barnet DRC Manufacturing SA	Manufacturer of both bag and bulk cement for use within the DRC and surrounding countries	Democratic Republic of the Congo	**69%**	69 %	PPC Barnet DRC Holdings
PPC Barnet DRC Quarrying SA	Owner of the mineral right in the DRC and responsible for the primary phase of quarrying	Democratic Republic of the Congo	**69%**	69 %	PPC Barnet DRC Holdings
PPC Mozambique SA	Supplier of cement, sourced primarily from Zimbabwe and South Africa, into the Mozambique market mainly into the Maputo and Tete regions	Mozambique	**100%**	100 %	PPC International Holdings (Pty) Ltd

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

34. SUBSIDIARIES AND NON-CONTROLLING INTERESTS continued

The following summarised financial information is presented for PPC Barnet, CIMERWA and PPC Zimbabwe Ltd 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.

In 2013, in order to comply with the Indigenisation and Empowerment Act in Zimbabwe, PPC Zimbabwe issued new shares to four entities, under a NVF mechanism. These entities are Strategic Equity Partners, an Employee Share Plan, a Community Trust and the National Indigenization and Economic Empowerment Fund (NIEEF). The Community Trust and NIEEF are not consolidated as they are not deemed to be controlled by PPC Zimbabwe. The Act requires foreign-owned companies to offer at least 51% of their shares to indigenous Zimbabweans. PPC consolidates a 100% interest in PPC Zimbabwe as the non-controlling shareholders only share in a portion of the dividend declared and do not participate in the earnings of the company.

	PPC Barnet[a] 2022	CIMERWA 2022	PPC Zimbabwe Ltd 2022	PPC Barnet 2021	CIMERWA 2021	PPC Zimbabwe Ltd 2021
Revenue	891	1 209	2 172	766	1 128	1 629
Net profit/(loss) for the year	1 563	103	(92)	(1 096)	81	79
Net profit/(loss) attributable to non-controlling interests	(1)	50	–	(347)	40	–
Dividends attributable to non-controlling interest	–	–	(7)	–	–	(5)
Non-controlling percentage interest	31%	49%	0%	31%	49%	0%
Current assets	619	455	637	800	442	707
Current liabilities	3 038	284	273	3 036	262	261
Current net assets/(liabilities)	(2 419)	171	364	(2 236)	180	446
Non-current assets	1 814	577	3 895	1 639	678	4 069
Non-current liabilities	59	318	867	80	493	959
Non-current net assets/liabilities	1 755	259	3 028	1 560	185	3 110
Equity attributable to non-controlling interests	(664)	491	52	(675)	461	61

[a] *PPC Barnet has been classified as the disposal group held for sale (refer to note 8).*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

35. STRUCTURED ENTITIES

The group engages in various business activities with structured entities which are designed to achieve a specific business purpose. A structured entity is one that has been set up so that any voting rights or similar rights are not the dominant factor in deciding who controls the entity. An example is when voting rights relate only to administrative tasks and the relevant activities are directed by contractual arrangements.

A structured entity often has some or all of the following features or attributes:
- Restricted activities
- A narrow and well-defined objective
- Insufficient equity to permit the structured entity to finance its activities without subordinated financial support
- Financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches)

Structured entities are consolidated when the substance of the relationship between the group and the structured entities indicate that the structured entities are controlled by the group. The entities covered by this disclosure note are not consolidated because the group does not control them through voting rights, contract, funding agreements or other means. The extent of the group's interests in unconsolidated structured entities will vary depending on the type of structured entities.

Below is a description of the group's involvement in consolidated structured entities.

Name of consolidated structured entity	Main business objective
PPC Black Managers Trust **PPC Team Benefit Trust** **PPC Black Managers Trust Funding SPV (Pty) Ltd** **PPC Construction Industry Associations Trust Funding SPV (Pty) Ltd** **PPC Community Trust Funding SPV (Pty) Ltd** **PPC Education Trust Funding SPV (Pty) Ltd** **PPC Team Benefit Trust Funding SPV (Pty) Ltd** **PPC Masakhane Trust**	The objective of these entities was to facilitate previous BEE transactions the group entered into. These transactions have matured and the entities are in the process of being wound up. Shares held by certain of these entities have been sold in the open market and the cash will be utilised to settle liabilities. The remaining cash will be distributed in terms of the rules of the schemes.

Nature of risks associated with PPC's interest in the consolidated structured entities

Team Benefit Trust – In terms of the trust deed, all reasonable costs and expenses relating to the administration of the trust, in excess of 15% of economic interest received, shall be reimbursed to the trust by PPC Ltd.

No dividends have been paid to the beneficiaries of this trust FY22 and FY21.

SPVs entities

PPC Ltd has contractually committed to provide the funding to the above SPV entities with such financial support as is required to allow them to meet their financial obligations as and when they fall due until such time as they are wound up and deregistered.

Below is a description of the group's involvement in unconsolidated structured entities.

Name of Unconsolidated structured entity	Main business objective	Interest in unconsolidated entity
PPC Bafati Investment Trust **PPC Construction Industry Associations Trust** **PPC Community Trust** **PPC Education Trust**	The objective of these entities was to facilitate previous BEE transactions the group entered into. These transactions have matured and the entities are in the process of being wound up. Any remaining cash will be distributed in terms of the rules of the schemes.	PPC Ltd allocated shares or made donations to the trusts in terms of the previous BEE transactions.
Maitlantic 6060 (RF) (Pty) Ltd (Maitlantic 6060 SPV) **Maitlantic 6060 Owner Trust**	The purpose of this trust and SPV is to house the security pool arrangements for the group (refer to note 14 for further details).	PPC Cement SA (Pty) Ltd made a donation of R100 to the Trust to finance the acquisition of all the shares in the SPV.

36. GOING CONCERN ASSESSMENT

Introduction

In determining the appropriate basis of preparation of the annual financial statements, the directors are required to consider whether the group can continue as a going concern for the foreseeable future.

The directors' assessment of going concern has focused on three principal areas, namely:

1. The sustainability, or viability, of the group, or its ability to continue trading as a going concern. The assessment has included, inter alia, current trading trends, basis of budget preparation and key assumptions underpinning the forecasts and the impact of stress testing on such forecasts
2. The solvency of the group: whether the fair value of assets exceeds the fair value of liabilities, including any contingent assets and liabilities to the extent applicable and likewise the ability to settle all debts as they fall due until at least 30 June 2023
3. The liquidity of the group for the next 12 months and beyond, considering whether the group has sufficient liquidity and headroom (the level of unutilised but available facilities) up to 31 July 2023.

Group restructuring and refinancing project

During the financial year under review, certain identified non-core assets were successfully sold and the South African balance sheet de-geared to acceptable levels. The South African debt facilities were also renegotiated to reduce the cost of debt and to ensure an optimal mix of the tenure of the long-term facilities.

Solvency was restored to PPC Barnet's balance sheet through the capitalisation of quasi-equity and historical deficiency funding loans and subsequent to the year-end the debt restructuring became effective thereby restoring liquidity to the business. With effect from 31 March 2021, there is no recourse to PPC Ltd.

More detail on each of the above items is presented below.

Sale of non-core assets

Successful conclusion of the sale of PPC Lime

A key condition of the non-binding term sheets entered into with the SA primary lenders on 27 September 2021 was the completion of the PPC Lime disposal before 31 October 2021 in order for the obligation to undertake an equity capital raise to be removed. As disclosed in the unaudited consolidated financial statements for the six months ended 30 September 2021 (interim financials), this transaction successfully completed on 29 October 2021 for an adjusted purchase price of R475,9 million after an agreed adjustment for net working capital. Payment of R25,1 million of the purchase price was deferred to 31 March 2022, with the balance of the purchase price received on 29 October 2021.

A further addendum was entered into to provide for the deferred purchase price to be payable on 25 April 2022, which payment was duly received on that date. Refer to note 8 for further information on other adjustments to the net profit on disposal of subsidiaries.

Sale of Botswana Aggregates

As disclosed in the interim financials, PPC entered into a binding agreement for the sale of 100% of the shares in PPC AQB to a construction and mining company in Botswana. The amount received by PPC Botswana pursuant to this transaction was BWP45,5 million. PPC Botswana subsequently declared a dividend to PPC of BWP45 million (R60,5 million) in December 2021 which was applied to further de-gear PPC's South African balance sheet.

Binding agreements with South African lenders

Further to the non-binding term sheets entered into with the SA primary lenders on 27 September 2021, PPC and the SA primary lenders entered into binding long-form agreements, which became unconditional on 15 December 2021 (new facilities) and were utilised to settle the then existing old facilities in full.

The new facilities provide for:

- R550 million of short-term banking facilities until 15 December 2022, renewable subject to review by the SA primary lenders. Given the security package for the new facilities and the headroom available on these facilities, management and the board are confident that the short-term facilities will be renewed
- R1,5 billion of long-term facilities with facility settlement dates as set out below.

	Quantum Rm	Settlement date
	400	15 Dec 24
	500	15 Dec 25
	600	30 Sept 26[a]
	1 500	

[a] *This facility is a term loan with the capital repayable in eight monthly instalments (of R75 million each) commencing in March 2023 and ending in September 2026.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

36. GOING CONCERN ASSESSMENT continued

Binding agreements with South African lenders continued

The facilities as at 31 March 2022 are shown in the table below:

	31 March 2022 Rm	31 March 2021 Rm
Short-term facilities		
Available	550	625
Utilised	205	309
Unutilised	345	316
% headroom	63	51
Long-term facilities		
Available	1 500	1 850
Utilised	1 000	1 700
Unutilised	500	150
% headroom	33	8
Total facilities		
Available	2 050	2 475
Utilised	1 205	2 009
Unutilised	845	466
% headroom	41	19

The financial covenants relating to the South African facilities are set out in the table below:

Covenant	31 March 2022 to 15 June 2023	Thereafter
Obligor Interest Cover	>4.0x	>3.0x
Obligor Gross Debt to EBITDA	< 2.5x	<2.00x
Group Gross Debt to EBITDA	<2.5x	<2.5x

At 31 March 2022 all financial covenants were met and forecasts indicate that covenants will continue to be met for the foreseeable future.

The new facilities provide adequate liquidity headroom and management forecasts indicate continuing headroom across total facilities for the foreseeable future.

36. GOING CONCERN ASSESSMENT continued

International operations

DRC

The binding settlement agreement entered into on 31 March 2021 with the DRC lenders terminated PPC's obligations to make further deficiency payments to PPC Barnet. Furthermore, the DRC lenders gave notice to PPC to capitalise its quasi-equity and deficiency loans by 27 December 2021 to restore solvency to PPC Barnet's balance sheet. This was duly effected early in December 2021 and solvency for the PPC Barnet balance sheet has therefore been restored.

In addition, subsequent to the year-end, the conditions precedent for the final binding debt restructuring agreements became unconditional and the formal restructuring of the debt was effective on 29 April 2022. Accordingly, liquidity has also been restored.

PPC Barnet is a going concern on a standalone basis and there is no funding required from PPC Ltd or elsewhere within the group.

Zimbabwe

Despite continuing to operate in a challenging hyperinflationary economy, PPC Zimbabwe generates cash surpluses and operates as a going concern, with no compromises or payment plans required. The RBZ met the final debt repayment on a third-party loan in December 2021 and as such PPC Zimbabwe currently has no short or long-term debt. The cash flow forecasts reflect a minimum cash balance in excess of US$12 million, before dividends, over the period to June 2023.

PPC Zimbabwe is a going concern on a standalone basis and there is no funding required from PPC Ltd or elsewhere within the group.

Rwanda (CIMERWA)

CIMERWA continues to trade as a going concern with no expected cash shortfalls in the next 12 months and beyond. A minimum cash balance in excess of US$17 million is forecast over the period to June 2023.

CIMERWA no longer has any exposure to US dollar debt as all of its debt was converted to RWF in March 2022 at more competitive interest rates.

In rand equivalent, CIMERWA has R377 million (RWF26,5 million) of debt at 31 March 2022 and R221 million (RWF15,6 million) in cash. Debt will be serviced and repaid from current cash holdings and future operational cash flows.

CIMERWA's debt covenants are summarised below. At 31 March 2022 both financial covenants were met and forecasts indicate that they will continue to be met for the foreseeable future.

Covenant	Required
Net debt to EBITDA	**<3.0x**
Interest cover ratio	**>1.5x**

CIMERWA is a going concern on a standalone basis and there is no funding required from PPC Ltd or elsewhere within the group.

Ethiopia (Habesha)

Habesha is an associate of PPC Ltd and is technically insolvent. PPC Ltd has no obligation to support the business nor invest further capital. Subsequent to 31 March 2022, PPC entered into an agreement to sell is shareholding in Habesha (refer to note 33).

Group solvency

On a consolidated basis, the fair value of assets exceeds the fair value of liabilities for the group, with total carrying value of assets at R12,4 billion (excluding discontinued operations), compared to total (lender) debt of R1,6 billion (excluding discontinued operations) and total balance sheet liabilities of R4,8 billion (excluding discontinued operations).

The aforementioned is subsequent to detailed impairment testing of PPC's CGUs (refer to note 21).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

36. GOING CONCERN ASSESSMENT continued

Operational performance in line with cash flow forecasts

PPC Ltd consistently utilises a detailed liquidity model in its liquidity forecasting. This model and the reasonableness of assumptions contained therein have been reviewed and tested internally, as well as by external consultants and the various lender groups. The forecasts run through this model demonstrate adequate headroom as described previously, which addresses the risk of the forecasts not being achieved.

Overall, for the year ended 31 March 2022, the PPC group exceeded its budgets for volumes and revenues. Cash fixed and variable costs exceeded a very tight budget, but were contained at a 5% increase on cash costs for FY21. The forecasts for FY23 and FY24 financial years remain conservative and do not factor in any upside that could come from localisation initiatives or increased government infrastructure spend.

Conclusion

Financial plans and forecasts inherently include uncertainty and any significant deviations in the assumptions made may cast doubt on the group's ability to continue as a going concern and its ability to realise assets and discharge liabilities in the normal course of business.

The directors have considered the financial plans and forecasts in detail, including sensitivity analyses based on various adverse scenarios, and based on the information available to them, are of the opinion that the going concern assumption is appropriate in the preparation of the financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2022

	Notes	March 2022 Rm	Reclassified March 2021 Rm
ASSETS			
Non-current assets		**6 506**	6 538
Finance lease receivable	2.1, 22	**2**	4
Investments in subsidiaries	3.1	**4 393**	4 393
Financial assets[(a)]	3.2	**22**	10
Other non-current assets[(a)]	3.3	**32**	50
Amounts owing by subsidiaries	3.4, 22	**2 057**	2 081
Current assets		**338**	240
Other receivables	4	**114**	3
Amounts owing by subsidiaries	3.5, 22	**204**	218
Taxation receivable		**18**	17
Finance lease receivable	2.1, 22	**2**	2
Total assets		**6 844**	6 778
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	5	**5 117**	5 138
Other reserves[(b)]		**(706)**	(733)
Retained profit		**1 982**	1 952
Total equity		**6 393**	6 357
Non-current liabilities		**9**	15
Deferred taxation liability	6	**7**	11
Lease liabilities	2.2	**2**	4
Current liabilities		**442**	406
Provisions	7	**–**	18
Trade and other payables	8	**90**	67
Lease liabilities	2.2	**2**	2
Amounts owing to subsidiaries	22	**350**	319
Total equity and liabilities		**6 844**	6 778

(a) *Cell captive investment has been reclassified from other current assets to financial assets for enhanced disclosure.*
(b) *Refer to Statement of Changes in Equity for details of other reserves.*

COMPANY STATEMENT OF PROFIT OR LOSS

for the year ended 31 March 2022

	Notes	March 2022 Rm	Restated[(a)] March 2021 Rm
Revenue	9	**271**	132
Movement in expected credit losses on financial assets		**32**	(702)
Administration and other operating expenditure		**(121)**	(172)
Operating profit/(loss)		**182**	(742)
Fair value and foreign exchange losses	12	**(1)**	(206)
Fair value loss on Zimbabwe blocked funds	3.3, 12	**(18)**	(17)
Finance costs	13	**(103)**	(55)
Investment income	14	**3**	65
Profit/(loss) before impairments and taxation		**63**	(955)
(Impairment)/Impairment reversal	15	**(25)**	420
Profit/(loss) before taxation		**38**	(535)
Taxation	16	**(13)**	64
Profit/(loss) for the year		**25**	(471)

[(a)] *Refer to note 1.4 for details regarding the prior period restatement.*

COMPANY STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2022

	Movement in financial assets Rm	Retained profit Rm	Total comprehensive income/(loss) Rm
2022			
Profit for the year	**–**	**25**	**25**
Items that will be reclassified to profit or loss	**1**	**–**	**1**
Remeasurement of financial assets[(a)]	**1**	**–**	**1**
Total comprehensive profit	**1**	**25**	**26**
2021			
Loss for the year	–	(471)	(471)
Items that will be reclassified to profit or loss	(2)	–	(2)
Remeasurement of financial assets	(3)	–	(3)
Taxation impact on remeasurement of financial assets	1	–	1
Other comprehensive loss net of taxation	(2)	(471)	(473)
Total comprehensive loss	(2)	(471)	(473)

[(a)] *Revaluation of financial assets has a tax impact of R0,2 million (2021: R0,6 million).*

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2022

	Stated capital	Other reserves: Movement in financial assets	Other reserves: Equity compensation reserve	Other reserves: Put options	Other reserves: Total other reserves	Retained profit	Total
2022							
Balance at the beginning of the year	**5 138**	**203**	**(513)**	**(423)**	**(733)**	**1 952**	**6 357**
Movement for the year	**(21)**	**1**	**26**	**–**	**27**	**30**	**36**
IFRS 2 charges	–	–	36	–	36	–	36
Total comprehensive profit	–	1	–	–	1	25	26
Transfer resulting from shares forfeited[(a)]	–	–	(10)	–	(10)	5	(5)
Shares purchased in terms of the share incentive scheme	(21)	–	–	–	–	–	(21)
Balance at the end of the year	**5 117**	**204**	**(487)**	**(423)**	**(706)**	**1 982**	**6 393**
2021							
Balance at the beginning of the year	5 138	205	(513)	(423)	(731)	2 416	6 823
Movement for the year	–	(2)	–	–	(2)	(464)	(466)
IFRS 2 charges	–	–	21	–	21	–	21
Total comprehensive loss	–	(2)	–	–	(2)	(471)	(473)
Transfer resulting from shares forfeited[(a)]	–	–	(21)	–	(21)	7	(14)
Balance at the end of the year	5 138	203	(513)	(423)	(733)	1 952	6 357

[(a)] *This includes amounts related to the company's directors and management transferred to retained profit and amounts transferred to group entities on intercompany loan account.*

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 March 2022

	Notes	March 2022 Rm	Restated[a] March 2021 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash utilised in operations			
Profit/(loss) before impairments		**63**	(955)
Adjustments for:			
IFRS 2 charges		**8**	5
Fair value and foreign exchange movements	12	**1**	206
Fair value loss on Zimbabwe blocked funds	12	**18**	17
ECL on Zimbabwe money market account		**–**	(6)
ECL on BEE loans		**(32)**	702
Finance costs	13	**103**	55
Dividends received from subsidiary companies		**(18)**	(101)
Group fees from subsidiaries	22	**(26)**	(8)
Interest received from subsidiary companies included in revenue	22	**(10)**	(19)
Investment income	14	**(3)**	(65)
Operating cash flows before movements in working capital		**104**	(169)
Movement in other receivables		**(111)**	6
Movement in trade and other payables		**30**	40
Cash utilised in operations		**23**	(123)
Finance costs paid	17	**(2)**	(9)
Taxation paid	19	**–**	(22)
Net cash inflow/(outflow) from operating activities		**21**	(154)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in Zimbabwe blocked funds account		**–**	(8)
Movement in DRC deficiency loan		**–**	(313)
Amounts advanced to group companies		**36**	398
Net cash inflow from investing activities		**36**	77
Net cash inflow/(outflow) before financing activities		**57**	(77)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease repayments	2.2	**(3)**	(30)
Amounts (paid)/received from group companies		**(33)**	105
Purchase of shares in terms of the share incentive scheme		**(21)**	–
Net cash (outflow)/inflow from financing activities		**(57)**	75
Net movement in cash and cash equivalents		**–**	(2)
Cash and cash equivalents at the beginning of the year		**–**	2
Cash and cash equivalents at the end of the year		**–**	–

[a] *Refer to note 1.4 for details regarding the prior period restatement.*

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 March 2022

1. BASIS OF PREPARATION

The financial statements of PPC Ltd are prepared in accordance with the IFRS issued by the IASB, interpretations issued by the IFRS Interpretations Committee (IFRIC), and in compliance with the SAICA Financial Reporting Guides issued by Accounting Practices Committee (APC) and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), and the Companies Act. The financial statements have been prepared on the historical cost basis with the exception of certain financial instruments subsequently measured at fair value. The financial statements are prepared in South African rand, which is the parent company's presentation and functional currency. All financial information is presented in rand, unless otherwise stated.

The annual financial statements have been prepared under the supervision of B Berlin CA(SA), CFO of the company.

The accounting policies are 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:

Standard, amendment or interpretation	Impact on the financial statements
IFRS 4 – *Insurance contracts* – interest rate benchmark reform phase 2	No significant impact on the company financial statements
IFRS 7 – *Financial instruments: disclosures* – interest rate benchmark reform phase 2	No significant impact on the company financial statements
IFRS 9 – *Financial instruments* – interest rate benchmark reform phase 2	No significant impact on the company financial statements
IFRS 16 – *Leases* – interest rate benchmark reform phase 2	No significant impact on the company financial statements
IAS 39 – *Financial instruments: recognition and measurement* – interest rate benchmark reform phase 2	No significant impact on the company financial statements
COVID-19-related rent concessions (amendment to IFRS 16)	No significant impact on the company financial statements

It is the policy of PPC Ltd not to adopt new standards before they become effective. Refer to note 30 to the group annual financial statements for a list of standards and improvements in issue but not yet effective.

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 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. Revisions to estimates are recognised prospectively.

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 notes below for the explanation of the noted area of judgement:

- Financial assets, investments in subsidiaries and other non-current assets (note 3)
  - Investments in subsidiaries
  - Zimbabwe blocked funds
  - Investment in Old Mutual shares on Zimbabwe Stock Market
  - Amounts owing by subsidiaries
- Fair value gain on DRC put option (note 12)
  - Put option liability
- Leases (note 2)

1. BASIS OF PREPARATION continued

1.4 Prior period restatements

Amounts due by subsidiaries, disclosed in current assets, are classified at amortised cost and are subject to the impairment requirements in IFRS 9 – *Financial instruments* and are assessed for expected credit losses. During the current year, PPC identified that expected credit losses and impairments in terms of IAS 36 – *Impairments of assets* were aggregated in the statement of profit or loss. PPC Ltd restated the statement of profit or loss by disaggregating the movement in expected credit losses and impairments. The restatement was applied retrospectively and had no impact on the loss in the prior year.

The impact of the restatement is set out below:

	March 2021 Rm
Company statement of profit or loss (extract)	
Operating loss (as previously stated)	(40)
Movement in expected credit losses on financial assets	(702)
Operating loss (restated)	(742)
Loss before taxation (as previously stated)	(535)
Movement in expected credit losses on financial assets	(702)
Impairment reversal	702
Loss before taxation (restated)	(535)
Company statement of cash flows	
Loss before impairments (as previously stated)	(253)
Movement in expected credit losses on financial assets	(702)
Loss before impairments (restated)	(955)
Operating cash flows before movements in working capital (as previously stated)	(169)
Movement in expected credit losses on financial assets (reallocation from impairments)	(702)
Movement in expected credit losses on financial assets – non-cash item	702
Operating cash flows before movements in working capital (restated)	(169)

2. LEASES

2.1 Finance lease receivable

Leases in which the company is a lessor are classified as finance leases or operating leases. If the lease transfers substantially all of the risks and rewards of ownership to the lessee, the lease is classified as a finance lease. All other leases are classified as operating leases.

A sublease, where the company is an intermediate lessor, is classified as a finance lease when it transfers substantially all of the risks and rewards of the right-of-use asset arising from the head lease.

Lease income under operating leases is recognised in the income statement on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as a receivable discounted at the interest rate implicit in the lease. Finance lease income is recognised in the income statement over the lease term to produce a constant periodic rate of interest on the receivable.

The company has entered into a sublease agreement with PPC Group Services (Pty) Ltd, a subsidiary, to sublet its leased building. It transfers substantially all of the risks and rewards of right of use of the building and is classified as a finance lease.

The maturity analysis of the lease receivable, including undiscounted lease payments to be received, is as follows:

	March 2022 Rm	March 2021 Rm
Less than one year	3	2
One to five years	2	5
Total undiscounted lease payments receivable	5	7
Unearned finance income	(1)	(1)
Net investment in the lease	4	6
Non-current finance lease receivable	2	4
Current finance lease receivable	2	2
	4	6

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

2. LEASES continued

2.2 Lease liabilities

The lease liability is initially measured at the present value of the remaining lease payments on the commencement date, discounted using the company's incremental borrowing rate. The lease liability is subsequently increased by interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate.

The reassessment of the lease liability is applied to remeasure the lease liability if a significant event or a significant change in circumstances occurs that changes the lease payments.

Discount rate

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The lease liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of the entity that is the counterparty to the lease contract, as at commencement date. This incremental borrowing rate was derived from the group's incremental borrowing rate.

	March 2022 Rm	March 2021 Rm
Net carrying value at the beginning of the year	6	45
Impact arising from modification of existing lease[(a)]	–	(11)
Lease payments made during the year[(b)]	(3)	(30)
Finance costs on lease liabilities	1	2
Net carrying value at the end of the year	4	6
Non-current lease liabilities	2	4
Current lease liabilities	2	2
	4	6
Maturity analysis – undiscounted contractual cash flows		
Less than one year	3	2
One to five years	2	5
	5	7
Breakdown of lease payments		
Fixed payments	4	6
Total payments	4	6
Amounts recognised in statement of profit or loss		
Finance income sublease	(1)	(2)
Finance costs on lease liabilities	1	2
Net effect	–	–

(a) *In the prior year a modification of the lease resulted in a R10 million gain recognised in profit or loss and R1 million as a modification to the right-of-use asset recognised by the sub-lessee. This modification in the company was recognised through the lease receivable balance.*

(b) *An upfront payment of R23 million was made in the prior year and was included in the lease payments.*

3. FINANCIAL ASSETS, INVESTMENTS IN SUBSIDIARIES AND OTHER NON-CURRENT ASSETS

3.1 Investments in subsidiaries

	March 2022 Rm	March 2021 Rm
Investments in subsidiaries		
Investments in subsidiaries at the beginning of the year	4 393	3 834
Increase in investment in PPC International Holdings (Pty) Ltd resulting from discounting of loan advances	–	139
Impairment of investments reversed (refer to note 15.1)	–	420
	4 393	4 393

The company elected to recognise its investments in subsidiaries at cost less accumulated impairment.

Impairment of investments
The valuation of the individual CGUs of the company's subsidiaries has been taken into account in assessing the underlying value of the investments. The value-in-use calculations were adjusted for debt and cash and compared to the carrying value of the investment. In the current year, no impairment or reversal of impairment has been recognised (2021: R420 million reversal of impairment) by the company. Refer to note 21 of the group annual financial statements for more detailed information regarding the various impairments recognised/reversed at a CGU level and the methodology followed for determining the underlying enterprise value of each subsidiary.

3.2 Financial assets

	March 2022 Rm	Reclassified March 2021 Rm
Non-current financial assets at fair value through profit or loss		
Cell captive investment[(a)]	19	7
Total non-current financial assets at fair value through profit or loss	19	7
Non-current financial assets at fair value through other comprehensive income		
Investment in Old Mutual shares on the Zimbabwe Stock Market	3	3
Total non-current financial assets at fair value through other comprehensive income	3	3
Total financial assets	22	10

(a) *The cell captive investment has been reclassified from other current assets to financial assets for enhanced disclosure.*

Investment in insurance cell captive
PPC invested in preference shares in Centriq Insurance Company Limited, a licensed cell captive insurer. The preference shares are governed by a preference share agreement (also called a subscription agreement) which confers certain rights and obligations on the shareholder and the insurer. Some of the main features include the fact that the shareholder (cell owner) gets the right to share in the profits of a specified book of insurance policies. If there are losses on the book, the cell owner has the obligation to recapitalise the cell. Capitalisation and recapitalisation of the cell is by way of a cash injection into the insurer, who allocates the capital to the cell.

The investment is initially measured at cost and subsequently at fair value, with changes recognised in profit or loss. The valuation of the cell captive is determined using the net asset value at each reporting date. The cell captive also recognises technical provisions of gross unearned reserve and the IBNR (incurred not yet reported) provision as required for insurance companies.

Investment in Old Mutual shares on the Zimbabwe Stock Exchange
This investment relates to the investment in 200 000 Old Mutual shares on the Zimbabwe Stock Exchange. The market value as at 31 March 2022 is R3 million (2021: R3 million). As a result of the uncertainty around the expatriation of funds from Zimbabwe, the investment has been classified as non-current.

The shares remain suspended on the Zimbabwe Stock Exchange. The Securities and Exchange Commission of Zimbabwe issued directive SS28/04/2021 for all dual listed counters that are suspended to be valued using the JSE price.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

3. FINANCIAL ASSETS, INVESTMENTS IN SUBSIDIARIES AND OTHER NON-CURRENT ASSETS continued

3.3 Other non-current assets at fair value through profit or loss

	March 2022 Rm	Reclassified[(a)] March 2021 Rm
Investment in Zimbabwe blocked funds		
Blocked funds at the beginning of the year	**50**	59
Transfer from cash and cash equivalents	**–**	8
Foreign exchange loss on financial assets	**(7)**	(68)
Fair value adjustment on financial assets	**(11)**	51
	32	50

[(a)] *The cell captive investment has been reclassified from other current assets to financial assets for enhanced disclosure.*

Investment in Zimbabwe blocked funds

No formal confirmation has been received from the Reserve Bank of Zimbabwe (RBZ) regarding repayment of this amount and as such the investment is classified as non-current. The investment is a statutory receivable and, as no repayment terms have been agreed, it is not a financial asset as defined. It is, however, PPC Ltd's policy to value the Zimbabwe blocked funds as if it was a financial asset, and therefore it is valued at fair value through profit or loss.

Hyperinflation, the challenging general economic environment and the unavailability of foreign currency in Zimbabwe were considered in the determination of an appropriate fair value adjustment to be applied to the blocked funds. Management assessed that there was an increase in the credit risk of the RBZ, resultant in the application of a fair value credit risk adjustment of 90% (2021: 85%) which resulted in a fair value adjustment of R292 million as at 31 March 2022 (2021: R281 million).

The net fair value loss on the Zimbabwe blocked funds of R18 million (2021: R17 million loss) comprises a decrease of the intrinsic value of R7 million (2021: R68 million decrease) and a credit risk fair value loss of R11 million (2021: R51 million gain).

3. FINANCIAL ASSETS, INVESTMENTS IN SUBSIDIARIES AND OTHER NON-CURRENT ASSETS continued

3.4 Amounts owing by subsidiaries included in non-current assets

	March 2022 Rm	March 2021 Rm
PPC International Holdings (Pty) Ltd		
Shareholders loan	**2 082**	2 081
Less: Impairment (refer to note 15.2)	**(25)**	–
Amounts owing by subsidiaries included in non-current assets	**2 057**	2 081

Amounts owing from PPC International Holdings (Pty) Ltd are unsecured, interest free and have no fixed date of repayment.

The shareholders loan is classified as a non-current asset because it has no fixed terms of repayment, management has no intention of calling the loan and accordingly it will not be settled within 12 months.

The valuation of the individual CGUs of the company's subsidiaries has been taken into account in assessing the underlying value of the investments and the impairment required on the equity loans. The value-in-use calculations were adjusted for debt and cash and compared to the carrying value of the investment. In the current year, an impairment of R25 million (2021: Rnil) has been recognised by the company. Refer to note 21 of the group annual financial statements for more detailed information regarding the various impairments recognised/reversed at a CGU level and the methodology followed for determining the underlying enterprise value of each subsidiary.

Impairment considerations
Judgements made by management and sources of estimation uncertainty
Due to the long-term nature of the shareholder loan, judgement is required in determining the recoverability and valuation of the loan. The balance is exposed to movements in exchange rates, changes in regulatory environments and the underlying equity value of the various investments in subsidiaries.

3.5 Amounts owing by subsidiaries included in current assets

	March 2022 Rm	March 2021 Rm
Amounts owing by subsidiaries	**172**	920
Expected credit losses reversed/(raised)	**32**	(702)
Amounts owing by subsidiaries included in current assets	**204**	218

The loans have no fixed terms of repayment, are unsecured and, where appropriate, interest is calculated using ruling market-related interest rates. The loans are classified as current as the company can demand repayment immediately.

Impairment considerations
Judgements made by management and sources of estimation uncertainty
The intercompany loan receivables are assessed for impairment in terms of IFRS 9 – *Financial instruments* which is based on the premise of providing for ECLs.

Management applies judgement in determining the ECLs. During the year an assessment of the recoverability of the BEE equity loans was conducted using the IFRS 9 ECL model, being the full lifetime ECL that result from all possible default events over the life of the financial instrument.

A reversal of ECL of R32 million (2021: R702 million raised) has been recognised in the current year.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

4. OTHER RECEIVABLES

	March 2022 Rm	March 2021 Rm
Interest receivable	–	1
VAT receivable	6	1
Dividend receivable	18	–
Prepayments	–	1
Other receivables[(a)]	90	–
	114	3

[(a)] *Other receivables represent DRC restructuring costs to be refunded by DRC subsidiaries (refer to note 22).*

No receivables have been pledged as security.

5. STATED CAPITAL

	March 2022 Shares	March 2021 Shares
Authorised ordinary shares	10 000 000 000	10 000 000 000
Issued ordinary shares		
Total shares in issue at the beginning of the year	1 593 114 301	1 593 114 301
Shares purchased in terms of the share incentive scheme	(4 084 644)	–
Shares repurchased and cancelled during the year[(a)]	(39 349 677)	–
Total shares in issue	1 549 679 980	1 593 114 301
Authorised preference shares	20 000 000	20 000 000

	Rm	Rm
Stated capital		
Balance at the beginning of the year	5 138	5 138
Shares purchased in terms of the share incentive scheme	(21)	–
Balance at the end of the year	5 117	5 138
Unissued shares		
Ordinary shares[(a)]	8 450 320 020	8 406 885 699
Preference shares	20 000 000	20 000 000

[(a)] *The shares were repurchased at 1 cent per share.*

Of the unissued ordinary shares at the end of the year, the directors have the authority until the next AGM to allot a maximum of 77 688 231 (2021: 79 655 715) shares subject to the provisions of the Companies Act and the JSE Listings Requirements.

6. DEFERRED TAXATION

	March 2022 Rm	March 2021 Rm
Movement		
Balance at the beginning of the year	**(11)**	(73)
Released to income statement	**8**	59
Charged to other comprehensive income	**–**	1
Prior year adjustments	**(4)**	2
Balance at the end of the year	**(7)**	(11)
Analysis of deferred taxation		
Non-current assets	**(70)**	(75)
Current liabilities	**2**	4
Non-current liabilities	**8**	7
Taxation losses	**53**	53
Deferred taxation liability	**(7)**	(11)

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 business plans, which include estimates and assumptions regarding economic growth, interest, inflation, tax rates and the competitive environment.

The PPC Ltd deferred tax asset recoverability was based on applicable South African tax laws and approved business plans. PPC Ltd currently has a tax loss of R196 million (2021: R190 million). The company has deferred tax temporary differences that will unwind in the foreseeable future and this will result in the utilisation of the deferred tax asset that resulted from the tax loss. The tax loss is expected to be recovered in the normal course of business and therefore the deferred tax asset has been recognised.

7. PROVISIONS

	March 2022 Rm	March 2021 Rm
Provision		
Provision for success fee – advisers	**–**	18
	–	18
Movement in the provisions		
Balance at the beginning of the year	**18**	–
Amounts added	**–**	18
Amounts utilised	**(18)**	–
Balance at the end of the year	**–**	18

The provision in the prior year related to management's estimates for success fees payable to advisers for the restructuring and refinancing project. All components of this project were substantially completed during the current financial year and known costs incurred but not paid at 31 March 2022 have been accrued for under trade payables and accruals (Refer to note 8).

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

8. TRADE AND OTHER PAYABLES

	March 2022 Rm	March 2021 Rm
Trade payables and accruals	63	35
Unclaimed dividends[(a)]	11	11
Finance costs accrued	10	5
Trade and other financial payables	84	51
Payroll accruals	6	16
	90	67

[(a)] *The unclaimed dividends have been disaggregated for enhanced disclosure. In the prior year the unclaimed dividends were included in trade payables and accruals.*

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

No interest is payable on overdue payments.

9. REVENUE

	March 2022 Rm	March 2021 Rm
Royalty fee for use of mining rights	5	4
Dividend income	230	101
Management fee	26	8
Interest received from subsidiaries	10	19
	271	132

Revenue from contracts with customers
Revenue is recognised at the amount of the transaction price that is allocated to each performance obligation and this is determined at an amount that depicts the consideration to which the company expects to be entitled in exchange for transferring the goods and services promised to the customer.

Revenue includes royalty fees and management fees.

Royalty fee for use of mining rights
Revenue is recognised on the use of the PPC Ltd mining rights by PPC Cement SA (Pty) Ltd and PPC Aggregates Quarries (Pty) Ltd.

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

Investment income
Investment income, which comprises dividend and interest income.

Dividend income
Dividend income is recognised when the right to receive payment is established.

Interest income
Interest income relates to interest earned on financial assets measured at amortised cost. Interest is recognised on a time proportionate basis, using the effective interest method and accrues in profit or loss.

10. OPERATING PROFIT/(LOSS)

	March 2022 Rm	March 2021 Rm
Operating profit includes:		
Auditors' remuneration	11	8
Professional fees relating to restructuring and refinancing project	44	40
Staff costs:		
Equity-settled share incentive scheme charge (refer to note 11)	8	5
Employees' remuneration	19	36

11. SHARED-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 company is required to calculate the fair value of the equity-settled instruments granted to employees in terms of the share option schemes, FSP and LTIP schemes.

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

11.1 Forfeitable share plan

The 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 grant date, 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 to meet these conditions the employee will forfeit the shares. The shares may then be sold by PPC and the net proceeds retained by the company. The performance conditions, that include both market and non-market-related conditions, are described in the remuneration report in the group integrated annual 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.

The fair value of the incentive is determined based on PPC Ltd share price. No expected dividends nor any other feature of the shares is incorporated into the determination of fair value.

In terms of IFRS 2 – *Share-based payment*, 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.

	Retention awards
Date of grant	01/10/2019
Number of shares granted to	
Directors	1 311 715
Management and prescribed officers	–
Average purchase price of shares acquired (R)	3,89
Estimated fair value per share at grant date (R)	3,89

On 1 October 2019, PPC granted 1 311 715 retention awards to a director. The vesting date is 1 October 2022.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

11. SHARED-BASED PAYMENTS continued

11.2 Long-term incentive plan

The LTIP was introduced on the 1 April 2020 and offers employees across the group participation in the LTIP with the aim of driving group performance in line with the company's strategy. In order to recognise contributions made by selected employees and provide an incentive for their continued performance and relationship with the group, the LTIP provides them with the opportunity of receiving a long-term incentive and to ensure that the company attracts and retains the core competencies required for formulating and implementing the company's business strategies.

On 1 April each year, a LTIP participant is allocated an incentive value being the participant's total guaranteed package multiplied by a relevant allocation percentage. Performance conditions are set annually for the performance period. At the end of the performance period (being a period of one year), the RTC will assess whether the performance conditions have been met and adjust the incentive value accordingly. PPC Ltd will then provide the cash to the CSDP to enable the CSDP to purchase PPC shares on the market to the value of the adjusted incentive value. The number of shares awarded to each participant can therefore only be determined at that time. The shares are held by an escrow agent until the release date. The employer companies will reimburse PPC Ltd for the cost of the shares. During the vesting period (three years post performance conditions being met), the employee is entitled to dividends and voting rights but may not dispose of the shares until the vesting conditions have been met and the shares have been released. Should any shares be forfeited in terms of the rules, PPC will instruct the escrow agent to sell the shares and return the cash to the employer company. The vesting condition is that the employee has to remain in the employ of the employer for a further three years after the performance conditions have been met.

The performance conditions, that include both market and non-market-related conditions, are described in the remuneration report in the group integrated annual report.

LTIP award	**Estimated number of awards as at 31 March 2022 – 2022 scheme[(a)]**	Actual number of awards as at 31 March 2022 – 2021 scheme[(b)]	Estimated number of awards as at 31 March 2021 – 2021 scheme[(b)]
Number of shares	**2 435 162**	4 229 908	5 689 165
Share price	**4,25**	3,93	2,40

(a) *At 31 March 2022 management estimated that 100% of the performance conditions will be met and estimate that 2 435 162 shares will be awarded to participating employees. This estimate is based on the share price as at 31 March 2022 of R4,25 per share.*
(b) *At 31 March 2021 management estimated that 100% of the performance conditions would be met and that 5 689 165 shares would be awarded, based on the share price at the time of R2,40 per share. In July 2021 the performance conditions were measured and determined to be exceeded, resulting in 4 610 554 shares being awarded at an average price of R3,93 per share. Between the award date and 31 March 2022 380 645 shares were forfeited in terms of the rules of the scheme. The remaining 4 229 908 shares will become unconditional on 1 April 2024.*

	2022 Rm	2021 Rm
The carrying amount of the LTIP in equity compensation reserve at year-end	**14**	5

12. FAIR VALUE AND FOREIGN EXCHANGE MOVEMENTS

	March 2022 Rm	March 2021 Rm
Loss on translation of foreign currency denominated monetary items	**(1)**	(97)
Foreign exchange loss on DRC deficiency loan	**–**	(109)
	(1)	(206)
Fair value loss Zimbabwe blocked funds[(a)]	**(18)**	(17)
	(19)	(223)

(a) *Refer to note 3.3 – non-current assets.*

Put option liability

In 2015 PPC Ltd entered into a Put Option Agreement with the IFC in terms of which the latter can put its investment or part thereof in PPC Barnet to PPC Ltd. The put option may be exercised between 24 September 2021 and 24 September 2026 and under further specific circumstances detailed in the agreement.

Refer to note 15 of the group annual financial statements for further details.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

13. FINANCE COSTS

	March 2022 Rm	March 2021 Rm
Bank and other short-term borrowings	2	4
Finance costs before related party, other interest and effects of discounting	2	4
Subsidiary companies[a]	100	44
Interest paid on penalties	–	5
Finance costs of lease liability[b]	1	2
	103	55

[a] *Refer to note 22 – related-party transactions.*
[b] *Refer to note 2 – leases.*

14. INVESTMENT INCOME

	March 2022 Rm	March 2021 Rm
Interest on deposits and non-current assets	2	–
Finance income on DRC deficiency loan	–	63
Finance income on the sublease[a]	1	2
	3	65

[a] *The finance income relates to the sublease of the Sandton office building to PPC Group Services (Pty) Ltd.*

The interest received or receivable from financial institutions, South African Revenue Services and from PPC Group Services (Pty) Ltd is not considered to be revenue as it does not arise from the company's course of ordinary activities.

15. IMPAIRMENTS AND REVERSAL OF IMPAIRMENTS

		Notes	March 2022 Rm	Restated[a] March 2021 Rm
	Reversal of impairment of investments (refer to note 3)	15.1	–	(420)
	Impairment of intercompany loans (refer to note 3)	15.2	25	–
			25	(420)
15.1	**Reversal of impairment of investments**			
	Investment in PPC South Africa Holdings (Pty) Ltd		–	(1 122)
	Investment in PPC Group Services (Pty) Ltd		–	(30)
	Investment in PPC International Holdings (Pty) Ltd		–	732
			–	(420)
15.2	**Impairment of intercompany loans**			
	PPC International Holdings (Pty) Ltd		25	–

[a] *Refer to note 1.4 for details regarding the prior period restatement.*

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

16. 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.

	March 2022 Rm	March 2021 Rm
South African normal taxation		
Current taxation	–	(9)
Prior year overprovision	–	(9)
Deferred taxation	(4)	(61)
Current year	(8)	(59)
Prior year overprovision	4	(2)
Withholding taxation	17	6
Total taxation charge/(credit)	13	(64)

	March 2022 %	March 2021 %
Reconciliation of taxation rate		
Effective tax rate	34,2	12,0
Prior year taxation impact	(10,7)	(2,1)
Non-taxable income including dividends received included in revenue	168,0	(5,3)
Expenditure not deductible in terms of taxation legislation[a]	(97,1)	1,6
Deferred tax not recognised on impairments and ECLs	(4,1)	20,3
Expenses not in the production of income[b]	(25,0)	1,0
Deficiency loan interest	–	(3,3)
Transfer pricing adjustment	–	2,5
Fair value adjustment of financial assets	8,1	0,2
Change in tax rate	(0,7)	–
Withholding taxation	(44,7)	1,1
South African normal taxation rate	28,0	28,0

[a] *Disallowed expenses includes interest, legal and consulting fees that are capital in nature.*
[b] *Expenditure attributable to non-taxable dividend received.*

17. FINANCE COSTS PAID

	March 2022 Rm	March 2021 Rm
Finance costs as per income statement charge (refer to note 13)	(103)	(55)
Subsidiary companies	100	44
Finance costs of lease liability	1	2
	(2)	(9)

18. INVESTMENT INCOME RECEIVED

	March 2022 Rm	March 2021 Rm
Interest on deposits and non-current assets (refer to note 14)	2	65
Finance income on DRC deficiency loan	–	(63)
SARS interest receivable	(1)	–
Finance income on sublease (refer to note 14)	(1)	(2)
	–	–

19. TAXATION PAID

	March 2022 Rm	March 2021 Rm
Net amounts receivable/(payable) at the beginning of the year	17	(14)
Credit/(charge) per income statement excluding deferred taxation (refer to note 16)	–	9
SARS interest receivable	1	–
Net amounts receivable at the end of the year	(18)	(17)
	–	(22)

20. CONTINGENT LIABILITIES

Contingent liabilities and guarantees

There were no contingent liabilities at year-end.

PPC Ltd, together with a number of its South African subsidiary companies, stand as guarantor on a joint and several basis for the facilities provided by the SA primary lenders: refer to note 14 and 36 of the group annual financial statements for more detail.

The total guarantees issued by the company, by means of a bank guarantee, in favour of various suppliers was R92 million (2021: R92 million). Included in this amount are financial guarantees for the environmental rehabilitation and decommissioning obligations of the group to the Department of Mineral Resources (DMR) amounting to R76 million (2021: R76 million).

21. FINANCIAL RISK MANAGEMENT

IFRS 9 – Financial instruments

IFRS 9 – *Financial instruments* provides guidance on the classification, measurement and recognition of financial assets and financial liabilities. 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.

The company's application of IFRS 9 – *Financial instruments* and the company's exposure to financial risks and how these risks could affect the company's future financial performance has been described below.

Financial assets – Classification and measurement

IFRS 9 – *Financial instruments* 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. Transaction costs for financial assets carried at fair value through profit or loss are expensed in profit or loss.

The company subsequently measures financial assets depending on whether these instruments are debt or equity instruments (from an issuer's perspective).

Debt instruments

Subsequent measurement of financial assets, that are considered to be debt instruments from an issuer's perspective, based on the company's (i) 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 other comprehensive income, except for 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 other comprehensive income is reclassified from equity to profit or loss.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

21. FINANCIAL RISK MANAGEMENT continued

Equity instruments
The company subsequently measures all financial assets that are considered to be equity instruments from an issuer's perspective, at fair value. Where the company has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the company's right to receive payments is established.

Financial liabilities – classification and measurement
The company recognises instruments where it has a contractual obligation (i) to deliver cash or another financial asset to another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the company, as financial liabilities. Financial liabilities are recognised once the company becomes a party to the contractual rights and obligations in the underlying contracts.

Under IFRS 9 – *Financial instruments* requirements, the company measures financial liabilities at either fair value or amortised cost. The company recognises all financial liabilities at amortised cost, unless the company is required to measure the financial liabilities at fair value or has opted to measure the liability at fair value.

All financial liabilities are initially measured at fair value, minus (in the case of financial liabilities not recognised at fair value through profit or loss) transaction costs that are directly attributable to the issuance of the financial instrument.

Financial liabilities that are subsequently measured at amortised cost are measured at the amount recognised on initial recognition minus principal prepayments, plus the cumulative amortisation using the effective interest method. The movements in financial liabilities that are subsequently measured at fair value are recognised in profit or loss, with changes in the fair value of these financial liabilities that are attributable to the company's own credit risk recognised in other comprehensive income. Where these financial liabilities are derecognised, the cumulative gain or loss previously recognised in other comprehensive income is not reclassified from equity to profit or loss. However, it may be reclassified within equity.

Derecognition of financial assets
Financial assets are derecognised when the right to receive cash flows from the asset has expired, the right to receive cash flows has been retained but an obligation to on pay them in full without material delay has been assumed or the right to receive cash flows has been transferred together with substantially all the risks and rewards of ownership.

Derecognition of financial liabilities
Financial liabilities are derecognised when their related obligations are discharged, cancelled or expire. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid is recognised in profit or loss as other income or finance costs.

Financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Capital risk management
The company manages its capital to ensure it will continue as a going concern, while maximising the return to stakeholders through the optimisation of debt and equity. Refer to note 25 for a detailed explanation as to management's going concern considerations.

The capital structure of the company consists of lease liabilities (note 2.2), and equity attributable to PPC Ltd shareholders, comprising stated capital (note 5), reserves and retained profit. Refer to note 28 of the group financial statements for information on how capital is managed for the group.

The company's debt at statement of financial position date was as follows:

	2022 Rm	2021 Rm
Lease liabilities	(4)	(6)
Total equity	6 393	6 357
Total capital	**6 389**	6 351

Financial instruments – expected credit losses
IFRS 9 – *Financial instruments* requires impairments to be determined based on an ECL model for financial assets carried at amortised cost or fair value through other comprehensive income. The company recognises an allowance for either a 12-month or lifetime ECL, depending on whether there has been a significant increase in credit risk. The company 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 fair value through other comprehensive income, lease receivables and certain loan commitments as well as financial guarantee contracts.

The company's financial instruments consist mainly of amounts owing by subsidiaries, other receivables and payables.

21. FINANCIAL RISK MANAGEMENT continued

Fair values of financial assets and liabilities

The classification of financial assets and liabilities are set out below.

	Notes	31 March 2022 Carrying amount Rm	31 March 2022 Fair value Rm	31 March 2022 Amortised cost Rm	31 March 2021 Carrying amount Rm	31 March 2021 Fair value Rm	31 March 2021 Amortised cost Rm
Financial assets							
At amortised cost							
Other financial receivables	4	90	–	90	1	–	1
Amounts owing by subsidiaries – non-current	3.4	2 057	–	2 057	2 081	–	2 081
Amounts owing by subsidiaries – current	3.5	204	–	204	218	–	218
At fair value through other comprehensive income							
Investment in Old Mutual shares on Zimbabwe Stock Market	3.2	3	3	–	3	3	–
At fair value through profit or loss							
Investment in insurance cell captive	3.2	19	19	–	7	7	–
Zimbabwe blocked funds	3.3	32	32	–	50	50	–
Financial liabilities							
At amortised cost							
Amounts owing to subsidiaries	22	350	–	350	319	–	319
Trade and other financial payables	8	84	–	84	51	–	51

Liquidity risk management

Liquidity risk is the risk of the company being unable to meet its payment obligations when they fall due. Refer to note 28 of the group financial statements for information on how liquidity is managed.

The following table details the company'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 company can be required to pay. The amounts include interest accrued to the payment date.

	<1 year Rm	1 – 5 years Rm	>5 years Rm	Total Rm
2022				
Amounts owing to group companies	350	–	–	350
Trade and other financial payables	90	–	–	90
Lease liability	3	2	–	5
	443	2	–	445
2021				
Amounts owing to group companies	319	–	–	319
Trade and other financial payables	67	–	–	67
Lease liability	2	5	–	7
	388	5	–	393

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

21. FINANCIAL RISK MANAGEMENT continued

Fair values of financial assets and liabilities continued

	March 2022 Rm	March 2021 Rm
Credit risk management		
Maximum credit risk exposure	**2 351**	2 298

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

		2022		2021	
Country	**Counterparty**	**Long-term ratings**	**Rating definitions**	Long-term ratings	Rating definitions
South Africa	First National Bank/Rand Merchant Bank	**Ba2**	**Non-investment**	Ba2	Non-investment
	Standard Bank	**Ba2**	**Non-investment**	Ba2	Non-investment
	Nedbank	**Ba2**	**Non-investment**	Ba2	Non-investment
Zimbabwe	Stanbic	**Ba3**	**Non-investment**	B2/NP	Highly speculative

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 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.

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

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

In 2015, PPC Ltd entered into a put option agreement with the IFC in terms of which the latter can put its investment or part thereof in PPC Barnet to PPC Ltd. The put option may be exercised between 24 September 2021 and 24 September 2026 and under further specific circumstances detailed in the agreement. The agreement provides for the determination of the option price by way of a formula as follows:

(EBITDA x earnings multiple) – net financial debt

The option is out of the money and reflected at a zero fair value since 31 March 2020.

If the key unobservable inputs to the valuation model, being EBITDA and net financial debt, were 10% higher or lower, while all the other variables were held constant, the fair value of the put option would still be Rnil.

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.

21. FINANCIAL RISK MANAGEMENT continued

	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
2022				
Financial and other non-current assets				
At fair value through profit or loss				
Investment in insurance cell captive	–	–	19	19
Zimbabwe blocked funds	–	–	32	32
At fair value through other comprehensive income				
Investment in Old Mutual shares on Zimbabwe Stock Market	–	3	–	3
Net financial assets	–	3	51	54
2021				
Financial and other non-current assets				
At fair value through profit or loss				
Investment in insurance cell captive[(a)]	–	–	7	7
Zimbabwe blocked funds	–	–	50	50
At fair value through other comprehensive income				
Investment in Old Mutual shares on Zimbabwe Stock Market	–	3	–	3
Net financial assets	–	3	57	60

[(a)] *Cell Captive has been reclassified to level 3 to align to the group annual financial statements.*

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 require management's judgement in determining the fair value.

Movements in level 3 financial instruments

	2022 Rm	2021 Rm
Financial and other non-current assets (refer to note 3.2 and 3.3)[(a)]		
Balance at the beginning of the year	57	59
Transfer from cash and cash equivalents	–	15
Fair value adjustment	5	(68)
Fair value adjustment – credit risk	(11)	51
Balance at the end of the year	51	57

[(a)] *Cell captive has been reclassified to level 3 to align to the group annual financial statements.*

Remeasurements are recorded as fair value adjustments through profit or loss.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

22. RELATED-PARTY TRANSACTIONS

	March 2022 Rm	March 2021 Rm
Revenue – royalty fee for use of mining rights		
PPC Cement SA (Pty) Ltd	5	4
	5	4
Dividends received from		
PPC Botswana (Pty) Ltd	125	29
PPC Zimbabwe Ltd	95	72
PPC Ntsika Fund (Pty) Ltd	10	–
	230	101
Group Services rendered to/(from)		
PPC Cement SA (Pty) Ltd	(5)	–
PPC Group Services (Pty) Ltd	31	8
	26	8
Interest paid to		
PPC Cement SA (Pty) Ltd	97	43
PPC Group Services (Pty) Ltd	3	1
	100	44
Interest received from		
PPC Cement SA (Pty) Ltd	1	1
PPC Group Services (Pty) Ltd (refer to note 2.1)	1	2
PPC Lime Ltd	8	18
	10	21
PPC International Holdings (Pty) Ltd (refer investment income note 14)	–	63
	10	84
Other receivable		
PPC Barnet DRC Manufacturing Company SA	90	–
Amounts due by (non-current assets)		
PPC International Holdings (Pty) Ltd – Shareholders loan	2 057	2 081
Amounts due excluding finance lease receivable	2 057	2 081
PPC Group Services (Pty) Ltd (refer to note 2.1)	2	4
	2 059	2 085
Amounts due by (current assets)		
PPC Aggregate Quarries (Pty) Ltd	80	78
PPC Botswana (Pty) Ltd	9	–
Pronto Building Materials (Pty) Ltd	10	11
Ulula Ash (Pty) Ltd	4	4
3Q Mahuma Aggregates and Concrete (Pty) Ltd	7	7
PPC Lime Ltd	–	50
PPC Aggregate Quarries Botswana (Pty) Ltd	–	6
Kgale Quarries (Pty) Ltd	–	2
PPC Team Benefit Trust Funding SPV (Pty) Ltd	39	5
PPC Construction Industry Associations Trust Funding SPV (Pty) Ltd	19	23
PPC Education Trust Funding SPV (Pty) Ltd	9	12
PPC Community Trust Funding SPV (Pty) Ltd	14	8
PPC Zimbabwe Ltd	13	11
PPC Barnet DRC Manufacturing Company SA	–	1
Amounts due excluding finance lease receivable	204	218
PPC Group Services (Pty) Ltd (refer to note 2.1)	2	2
	206	220
Amounts due to (current liabilities)		
PPC Cement SA (Pty) Ltd	(146)	(90)
PPC Ntsika Fund (Pty) Ltd	–	(1)
PPC Group Services (Pty) Ltd	(198)	(228)
PPC Barnet DRC Manufacturing Company SA	(6)	–
	(350)	(319)

Refer to note 29 of the group annual financial statements for directors' emoluments paid to directors of the company who are considered related parties.

Refer to note 3.4 and 3.5 for the terms of the amounts due to subsidiaries.

23. EVENTS AFTER REPORTING DATE

Other than the events listed below, there have been no events after the reporting date that warrant disclosure in these annual financial statements.

Sale of PPC Lime

PPC and the purchaser of PPC Lime signed a further addendum to the binding sale and purchase agreement deferring the payment of the Deferred Consideration for PPC Lime from 31 March 2022 to 25 April 2022, which amount was duly received by PPC on such date. Refer to note 20 of the group annual financial statement for further details.

DRC restructuring

On 29 April 2022, all the conditions precedent to the various restructuring agreements with third-party lenders for the DRC were met and formal restructuring effective date notices were issued, refer to note 8 of the group annual financial statement for further details.

Zimbabwe Presidential Announcements

On 7 May 2022, the President of Zimbabwe announced various measures to restore confidence, preserve value and restore macro-economic stability in Zimbabwe. Among the various measures announced, the major highlight concerned exchange rate management which was subsequently clarified through an Exchange Control Circular No. 3 of 22 to authorised dealers issued on 9 May 2022.

On exchange rate management, the government amended the willing-buyer-willing-seller (interbank market rate) foreign exchange system put in place on 1 April 2022 by:

- Increasing the amount that an individual is permitted to purchase on this system to US$5 000 per day with a limit of US$10 000 per week
- Permitting the pricing of goods and services in the market to be at the prevailing willing-buyer-willing-seller rate (interbank market rate) plus a margin of up to 10%

Following this review by the government, management, based on their interpretation of IAS 21 – *The effects of foreign exchange rates*, has concluded that this interbank market rate meets the requirements of a spot exchange rate since it is an exchange rate that is available for immediate delivery through a legal mechanism. Management has therefore discontinued the use of the auction exchange rate and adopted the interbank market rate for financial reporting purposes. Subsequent to the date of the announcement the auction rate has devalued to such an extent that at 30 May 2022 the rate of US$1:ZWL290,89 is almost equal to the interbank rate of US$1:ZWL299,68 and as such the impact of the change is not expected to be material to PPC.

Sale of Habesha

On 27 May 2022, PPC International Holdings, a wholly-owned subsidiary of PPC, entered into a definitive sale agreement to sell 100% of its stake in Habesha for US$900 000. The sale is subject to various conditions precedent customary in nature for a sale and purchase transaction of shares in Ethiopia.

Financial Assistance

On 14 June 2022, the board adopted a resolution to provide financial assistance in the amount of US$1,250,000 to PPC International Holdings a wholly-owned subsidiary of PPC, to settle certain costs relating to the DRC restructuring. The board is satisfied that immediately after providing the financial assistance, PPC will satisfy the solvency and liquidity test as contemplated in section 4 of the Companies Act.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

24. ADDITIONAL DISCLOSURE

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

Description	Notes
Accounting policies	1.2
Share-based payments	18
Directors' remuneration and interest	29

25. GOING CONCERN

In determining the appropriate basis of preparation of the annual financial statements, the directors are required to consider whether the company can continue as a going concern for the foreseeable future.

The directors' assessment of going concern has focused on three principal areas, namely:

1. The sustainability, or viability, of the company, or its ability to continue trading as a going concern. The assessment has included, inter alia, current trading trends, basis of budget preparation and key assumptions underpinning the forecasts and the impact of stress testing on such forecasts
2. The solvency of the company: whether the fair value of assets exceeds the fair value of liabilities, including any contingent assets and liabilities to the extent applicable and likewise the ability to settle all debts as they fall due until at least 30 June 2023
3. The liquidity of the company for the next 12 months and beyond, considering whether the company has sufficient liquidity and headroom (the level of unutilised but available facilities) up to 30 June 2023.

The company forms part of the broader PPC group which operates a central treasury for the South African operations. In terms of these arrangements, PPC Cement SA is the only borrower in South Africa and funds the cash needs of the South African companies and all excess cash is swept to the central treasury account on a daily basis. The South African companies are jointly and severally liable for the facilities, the result of which is that the liquidity and going concern assessments of each South African entity is interlinked with the assessments of the group as a whole. A detailed assessment of the viability, solvency and liquidity is presented in note 36 of the 31 March 2022 audited consolidated group annual financial statements.

Company solvency

The company's balance sheet is technically solvent. The fair value of assets exceeds the fair value of liabilities for PPC Ltd, whereby the total fair value of assets is estimated at R6 844 million, compared to total balance sheet liabilities of R451 million.

Conclusion

Financial plans and forecasts inherently include uncertainty and any significant deviations in the assumptions made may cast doubt on the group's ability to continue as a going concern and its ability to realise assets and discharge liabilities in the normal course of business.

As the company is a guarantor in the group's pooled funding arrangements, its liquidity and ability to continue as a going concern is affected by the group's ability to execute on the actions as stated in this note. The uncertainty articulated affecting the group therefore directly affects the company.

The directors have considered the financial plans and forecasts in detail, including sensitivity analyses based on various adverse scenarios, and based on the information available to them and are of the opinion that the going concern assumption is appropriate in the preparation of the financial statements.

The directors have therefore prepared the financial statements on a going concern basis.

PPC LTD
SHAREHOLDER ANALYSIS
as at 31 March 2022

Company:	PPC Ltd
Register date:	1 April 2022
Issued share capital[(a)]	1 564 389 037

Shareholder spread	Number of shareholdings	%	Number of shares	%
1 – 1 000 shares	40 568	78,91	5 162 488	0,33
1 001 – 10 000 shares	7 213	14,03	26 351 390	1,68
10 001 – 100 000 shares	2 854	5,55	91 122 923	5,82
100 001 – 1 000 000 shares	606	1,18	188 947 076	12,08
1 000 001 shares and over	168	0,33	1 252 805 160	80,08
Totals	51 409	100,00	1 564 389 037	100,00

Distribution of shareholders	Number of shareholdings	%	Number of shares	%
American Depositary Receipts	1	0,00	663 068	0,04
Banks/brokers	125	0,24	176 748 179	11,30
Close corporations	109	0,21	11 911 599	0,76
Empowerment	11	0,02	26 425 184	1,69
Endowment funds	29	0,06	5 750 342	0,37
Individuals	49 449	96,19	207 490 442	13,26
Insurance companies	47	0,09	73 657 090	4,71
Investment companies	4	0,01	1 016 910	0,07
Medical schemes	23	0,04	9 837 431	0,63
Mutual funds	181	0,35	525 486 999	33,59
Other corporations	105	0,20	589 510	0,04
Private companies	332	0,65	52 256 183	3,34
Public companies	9	0,02	2 212 858	0,14
Retirement funds	250	0,49	418 450 177	26,75
Treasury shares	2	0,00	21 357 495	1,37
Trusts	732	1,42	30 535 570	1,95
Totals	51 409	100,00	1 564 389 037	100,00

Public/non-public shareholders	Number of shareholdings	%	Number of shares	%
Non-public shareholders	**21**	**0,04**	**280 156 888**	**17,91**
Directors and prescribed officers of the company	3	0,01	232 374 209	14,85
Empowerment holdings	16	0,03	26 425 184	1,69
Treasury shares	2	0,00	21 357 495	1,37
Public shareholders	**51 388**	**99,96**	**1 284 232 149**	**82,09**
Totals	**51 409**	**100,00**	**1 564 389 037**	**100,00**

[(a)] *This differs to note 5 in the company annual financial statements due to shares repurchased by PPC Ltd on 31 March 2022 and formally delisted after year-end.*

PPC LTD
SHAREHOLDER ANALYSIS continued

as at 31 March 2022

Beneficial shareholders holding 3% or more	Number of shares	%
Government Employees Pension Fund	167 059 142	10,68
Value Capital Partners H4 QI Hedge Fund	97 447 851	6,23
M&G Investments	95 529 275	6,11
Old Mutual	80 083 332	5,12
Sanlam	65 198 581	4,17
Eskom Pension & Provident Fund	60 107 177	3,84
Alexander Forbes Investments	52 531 967	3,36
Centaur Asset Management	47 198 068	3,02
Totals	665 155 393	42,52

Institutional shareholders holding 3% or more		
Value Capital Partners*	228 023 208	14,58
M&G Investments	225 520 729	14,42
Public Investment Corporation	132 215 366	8,45
Sanlam Investment Management	104 698 674	6,69
Camissa Asset Management	62 228 859	3,98
Ninety One	60 890 148	3,89
Centaur Asset Management	54 344 068	3,47
Totals	867 921 052	55,48

* *Value Capital Partners are investment advisers to third-party funds which have been aggregated and have an indirect interest in a fund.*

CORPORATE INFORMATION

PPC LTD
Incorporated in the Republic of South Africa
Registration number: 1892/000667/06
JSE code: PPC   ZSE code: PPC
JSE ISIN: ZAE 000170049
"PPC" or "company" or "group"

DIRECTORS
PJ Moleketi (chair), R van Wijnen* (CEO), AC Ball, B Berlin (CFO). N Gobodo, BM Hansen**, K Maphisa, NL Mkhondo, CH Naude, MR Thompson

* *Dutch*
** *Danish*

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Rosebank Towers, 15 Biermann Avenue, Rosebank
Private Bag X9000, Saxonwold, 2132

TRANSFER SECRETARIES ZIMBABWE
Corpserve (Pvt) Ltd
2nd Floor, ZB Centre, corner 1st Street and Union Avenue, Harare, Zimbabwe
(PO Box 2208, Harare, Zimbabwe)

COMPANY SECRETARY
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SPONSOR
Questco Corporate Advisory (Pty) Ltd
Ground Floor, Block C, Investment Place, 10th Road
Hyde Park, Johannesburg, 2196

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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