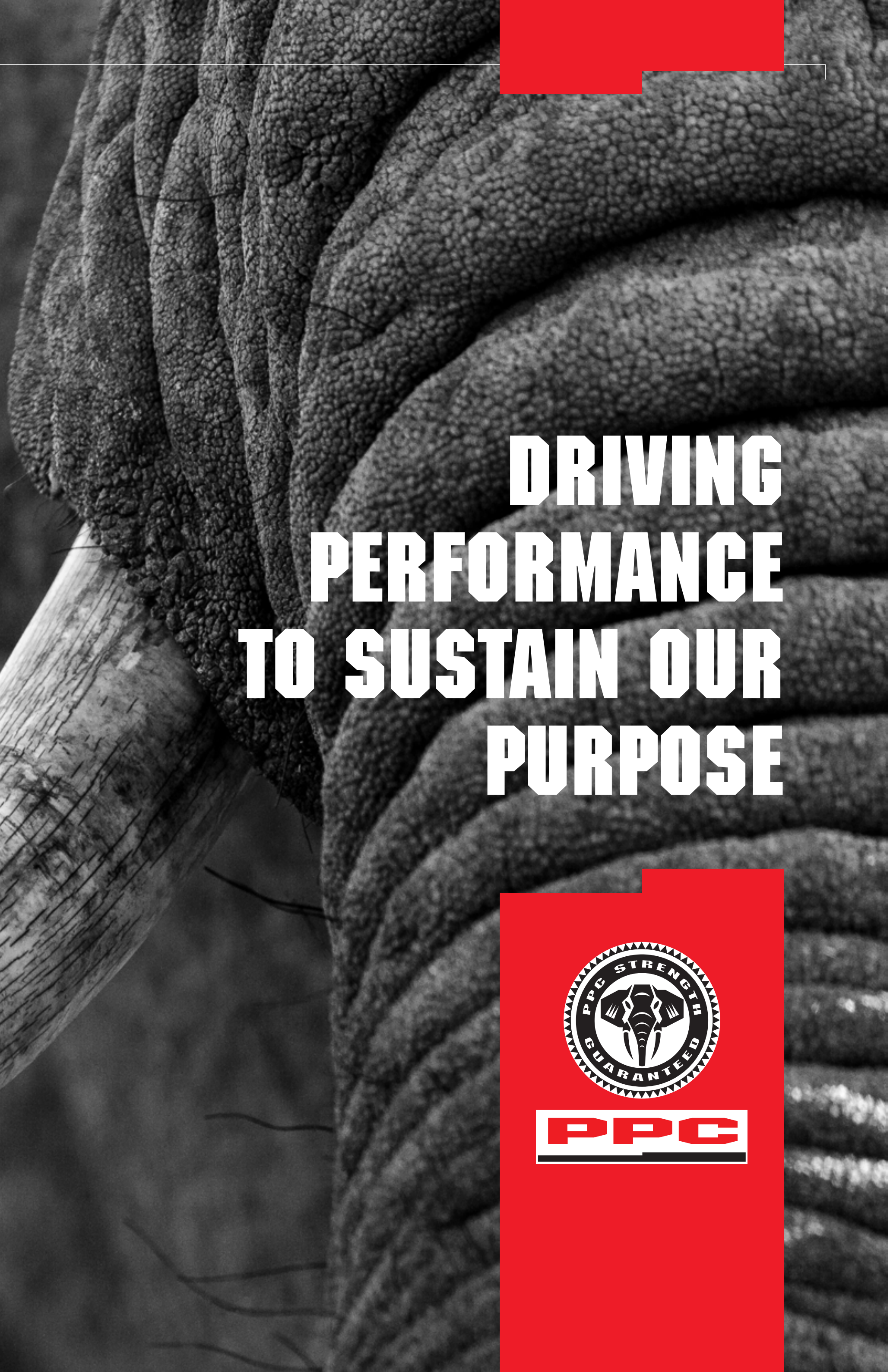


# DRIVING PERFORMANCE TO SUSTAIN OUR PURPOSE

SUMMARISED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

# CONTENTS

## RESULTS OVERVIEW




**PPC LTD** Incorporated in the Republic of South Africa **Company registration number:** 1892/000667/06

**JSE code:** PPC **JSE ISIN:** ZAE000170049 **ZSE code:** PPC.ZW **JSE code:** PPC003 **JSE ISIN:** ZAG000117524

**Directors:** PJ Moleketi (Chairman), R van Wijnen# (CEO), R van Dijk (CFO), AC Ball, N Gobodo, NL Mkhondo, T Moyo**, CH Naude, MR Thompson # *Dutch* ** *Zimbabwean*

**Registered office:** 148 Katherine Street, Sandton, South Africa – PO Box 787416, Sandton, 2146, South Africa



**Company secretary:** K Holtzhausen, kristell.holtzhausen@ppc.co.za, +27 11 386 9562

**Financial communications adviser:** Instinctif Partners, Louise Fortuin, louise.fortuin@instinctif.com, +27 11 447 3030

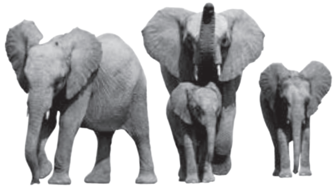


**Sponsor:** Merrill Lynch South Africa Pty Limited


*These results and other information are available on the PPC website:*

**www.ppc.africa**

# STRENGTH BEYOND EXISTENCE



## Group revenue

**R5 006 million**

(Sept 2019: R4 948 million)

## Group EBITDA

**R996 million**

(Sept 2019: R868 million)

## Earnings per share

**19 cents**

(Sept 2019: 32 cents restated)

## Headline earning per share

**19 cents**

(Sept 2019: 32 cents restated)

## Cash flow generated from operations

**R981 million**

(Sept 2019: R503 million)

## Dividend

The Group did not declare a dividend in the current or previous period

# COMMENTARY

**CEO**
**Roland van Wijnen**

"After a difficult start to the financial year as a result of the COVID-19-related trading restrictions across the jurisdictions in which we operate, I am pleased that we are once again able to serve our customers and play our part in keeping the economy going. My gratitude goes to my colleagues who have been working diligently to keep our operations running while observing stringent health and safety protocols. Our business has benefited from a strong recovery in cement sales in all our markets, post the easing of the lockdown restrictions, and this has resulted in improved financial performance for the Group. Our efforts to improve cost competitiveness and reposition PPC on a sound financial footing are yielding encouraging results and we are making good progress on our capital restructuring project, which remains a key priority for the Group."

## GROUP PERFORMANCE

Despite the initial COVID-19 related trading restrictions, Group revenue increased by 1 % to R5 006 million (September 2019: R4 948 million) due to robust cement sales, post the easing of COVID-19 restrictions across the jurisdictions in which the Group operates.

Cost of sales reduced by 4 % to R3 895 million (September 2019: R4 042 million, restated) compared with the previous year due to cost savings, the decline in volumes and a reduction in depreciation and amortisation. Administration and other operating expenditure declined by 10 % to R492 million (September 2019: R548 million, restated) driven by the successful efforts to improve cost competitiveness. Group EBITDA increased by 15 % to R996 million (September 2019: R868 million) with an EBITDA margin of 19,9 % (September 2019: 17,5 %). Operating profits increased by 77 % to R610 million (September 2019: R344 million, restated).

Fair value adjustments and foreign exchange movements resulted in a loss of R366 million (September 2019: R120 million loss, restated), mostly as a result of the revaluation of foreign-denominated intercompany loan accounts. The fair value gain on the Zimbabwe financial asset of R139 million (September 2019: R113 million, restated) consists of intrinsic value gain of R202 million and credit risk fair value loss of R63 million (September 2019: R76 million) while Zimbabwe blocked funds resulted in a fair value loss of R10 million (September 2019: R212 million loss, restated). The application of IAS 29 *Financial Reporting in Hyperinflationary Economies* resulted in a net monetary gain amounting to R326 million (September 2019: R514 million).

Finance costs increased by 5% to R330 million (September 2019: R313 million, restated) due to currency movements on foreign currency-denominated debt. South African finance costs decreased by 5% to R106 million (September 2019: R111 million, restated) while international finance costs increased by 11% to R224 million (September 2019: R202 million). Excluding unfavourable currency movements, international finance costs declined by 6%.

Taxation decreased to R109 million relative to R195 million, restated in September 2019.

After taking into account the above fair value adjustments and hyperinflation, earnings and headline earnings attributable to shareholders of PPC Ltd declined by 37% to R287 million.

Net cash inflow from operating activities amounted to R769 million (September 2019: R244 million, restated). Cash generation benefitted from improvements in EBITDA and a reduction in working capital absorption to R21 million (September 2019: R342 million absorption). Cash generation and preservation remain a key priority for the Group. Capital investments in property, plant and equipment decreased by 26% to R166 million (September 2019: R225 million).

Gross debt amounted to R5 218 million at 30 September 2020 (September 2019: R5 131 million). Gross debt declined by R582 million from 31 March 2020. The currency impact on foreign currency-denominated debt is a reduction of R304 million from 31 March 2020 to 30 September 2020.

## CEMENT SOUTH AFRICA AND BOTSWANA

PPC experienced muted cement sales in April and May 2020 as a result of COVID-19-related trading restrictions in South Africa. Cement sales have since rebounded with double-digit year-on-year growth since June 2020. The increase in volumes is primarily retail led. PPC is also beginning to experience the positive impact of increased infrastructure spending.

Over the first six months of FY21, PPC South Africa and Botswana cement volumes declined by 5% to 10% with declines in the coastal regions offsetting growth in the inland areas. Q1 cement sales declined by more than 35%, followed by a strong rebound of 20% to 25% in Q2. The sales momentum has continued into October and November.

PPC estimates that the South African cement industry sales volumes were in line with prior year despite the COVID-19-related sales restrictions. A shortage of extenders has impacted blender activity and this has benefited integrated cement producers such as PPC. The availability of non-conforming cement in the market remains a concern for the industry over the medium term.

Cement imports continue to pose a threat to the sustainability of the South African cement industry. Although imports of cement and clinker decreased by approximately 6% to 621 609 tonnes in the current reporting period due to the lockdown restrictions, this is likely to change as the global economy reopens. PPC, in conjunction with The Concrete Institute (TCI) and other industry players have applied to the relevant authorities for relief against unfair competition. All the necessary documentation and processes have been completed. PPC has received a verification report confirming receipt of all required information for the application process and is now awaiting the initiation of an investigation by the regulator.

Revenue in South Africa and Botswana declined by 8% to R2 355 million (September 2019: R2 555 million). Average realised selling prices were flat on prior year as change in the product mix offset the impact of price increases. EBITDA reduced by 8% to R337 million (September 2019: R367 million) with an EBITDA margin of 14,3% (September 2019: 14,4%).

## MATERIAL BUSINESS

### Aggregates, readymix and ash

Revenue decreased by 20% to R514 million (September 2019: R645 million), primarily as a result of reduced volumes in the aggregates division. Demand for aggregates is beginning to benefit from increased infrastructure spend with double-digit year-on-year volume growth in September. EBITDA decreased to a loss of R6 million (September 2019: R35 million) due to the decline in volumes.

### Lime

The lime division's revenue declined by 36% to R279 million (September 2019: R434 million) with volumes and pricing under pressure due to the decline in steel-related activity. The shut-down of operations by a major customer further reduced demand for lime products. A number of initiatives have been implemented to improve the performance of this business. EBITDA contracted by 56% to R22 million (September 2019: R50 million) primarily due to a similar decline in volumes. With the reported shortage of locally manufactured steel, PPC expects demand to recover in the latter part of the financial year.

## INTERNATIONAL

### Zimbabwe

Although trading conditions in Zimbabwe were characterised by a challenging economic environment and the impact of COVID-19 related lockdown restrictions, domestic cement volumes grew by 5% to 10%, supported by ongoing infrastructure projects.

PPC Zimbabwe cement sales grew in the similar range, supported by an increase in volumes of 35% to 40% in Q2. The positive sales momentum has continued into October and November, albeit at a normalised rate.

Revenue increased by 60% to R797 million (September 2019: R497 million). Cement pricing was adjusted to account for the increase in inflation and the devaluation of the local currency. Realised selling prices in US$ increased by 23%. EBITDA improved by 62% to R326 million (September 2019: R201 million) and EBITDA margins improved to 40,9%, versus 40,4% in September 2019.

PPC Zimbabwe continues to meet its debt obligations in-country while remaining financially self-sufficient, and recently declared a dividend to its shareholders of US$6,6 million, of which PPC is entitled to US$4,7 million. PPC received US$4,4 million after withholding tax.

### Rwanda

In Rwanda, CIMERWA continues to benefit from robust cement demand, driven by large infrastructure projects, growth in the retail market and export demand from the eastern DRC.

Like the other jurisdictions in which PPC operates, cement sales were affected by COVID-19-related restrictions imposed by the authorities. CIMERWA cement sales in Q1 were broadly in line with prior year, with a strong recovery in Q2. For the six months ended 30 September 2020, CIMERWA achieved revenue growth of 28% to R659 million (September 2019: R514 million), supported by a 10% increase in volumes, stable pricing in US$ and translation gains. EBITDA increased by 35% to R211 million (September 2019: R156 million) due to higher revenues and stringent cost control. EBITDA margins improved to 32,0% from 30,4% in September 2019.

### DRC

PPC Barnet in the DRC achieved revenue growth of 33% to R402 million (September 2019: R303 million), driven by volume growth of 8%, higher pricing in US$ and translation gains. EBITDA improved by 64% to R133 million (September 2019: R81 million) with corresponding margins of 33,1%. EBITDA benefited from stringent cost control, entrenchment of our route to market strategies, as well as the positive EBITDA impact of clinker and cement inventory movements in the period.

## RESTRUCTURING AND REFINANCING UPDATE

PPC continues to make good progress against key milestones in its restructuring and refinancing project with the objective of implementing a sustainable capital structure and improving the investment prospects of the Group.

In South Africa, PPC has signed facilities agreements with its two primary South African lenders, who provide R1,85 billion of long-term facilities and R625 million of short-term facilities. The final terms of these agreements are substantially the same as those disclosed in note 36 to audited consolidated financial statements for the year ended 31 March 2020. PPC is also finalising documentation relating to the provision of security, including a security pool arrangement comprising immovable property, debtors and inventory.

PPC has also agreed revised terms with its third South African lender for a working capital facility of R175 million, which has now removed the requirement of being part of the security pool arrangement.

In the DRC, PPC has signed a formal standstill agreement with its DRC lenders. The final terms of the agreement are substantially the same as those of the termsheet agreed at the end of August 2020, as disclosed in note 36 to the audited consolidated financial statements for the year ended 31 March 2020. PPC is actively engaging with the DRC lenders, who have now appointed financial and legal advisers, on a detailed restructuring plan.

Following a number of unsolicited approaches regarding PPC Lime, PPC has decided to accelerate the sale of PPC Lime and appointed financial advisers to manage a structured sales process of the business. PPC is targeting deal certainty by the end of Q1 2021.

## OUTLOOK

Although the Group is experiencing positive sales momentum across most of its markets, PPC remains cautious on the outlook for the rest of FY21, given the ongoing health crisis and its resultant impact on economic activity. PPC will remain focused on cash preservation and improving cost competitiveness by lowering operational costs.

Sandton

7 December 2020

### Sponsor

Merrill Lynch South Africa (Pty) Limited

### PPC

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# SUMMARISED UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2020

| | Notes | 30 September[b] 2020 Unaudited Rm | Restated[a],[b] 30 September 2019 Unaudited Rm | 31 March[b] 2020 Audited Rm |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | **11 958** | 14 091 | 13 522 |
| Property, plant and equipment | 3 | **10 816** | 12 329 | 12 277 |
| Right-of-use assets | 4.1 | **110** | 107 | 112 |
| Goodwill | 5 | **44** | 246 | 48 |
| Other intangible assets | 6 | **419** | 523 | 458 |
| Equity-accounted investments | | **3** | 4 | 3 |
| Financial assets | 7.1 | **262** | 529 | 309 |
| Other non-current assets | 7.2 | **272** | 257 | 289 |
| Deferred taxation assets | 8.3 | **32** | 96 | 26 |
| **Non-current assets held for sale** | | **151** | 165 | 182 |
| **Current assets** | | **4 052** | 3 300 | 3 389 |
| Inventories | | **1 857** | 1 552 | 1 596 |
| Trade and other receivables | 9 | **1 378** | 1 229 | 1 281 |
| Taxation receivable | | **112** | 120 | 114 |
| Cash and cash equivalents | 10 | **705** | 399 | 398 |
| **Total assets** | | **16 161** | 17 556 | 17 093 |
| **EQUITY AND LIABILITIES** | | | | |
| **Capital and reserves** | | | | |
| Stated capital | 11.1 | **3 965** | 3 965 | 3 965 |
| Other reserves | 11.2 | **(2 524)** | 334 | 225 |
| Retained profit | | **5 835** | 4 315 | 3 590 |
| **Equity attributable to shareholders of PPC Ltd** | | **7 276** | 8 614 | 7 780 |
| Non-controlling interests | 11.3 | **(259)** | 273 | (227) |
| **Total equity** | | **7 017** | 8 887 | 7 553 |
| **Non-current liabilities** | | **2 254** | 5 482 | 2 607 |
| Provisions | 12 | **424** | 347 | 450 |
| Deferred taxation liabilities | 8.3 | **1 047** | 1 097 | 1 255 |
| Long-term borrowings | 13 | **664** | 3 930 | 766 |
| Lease liabilities | 4.2 | **58** | 85 | 90 |
| Other non-current liabilities | 14 | **61** | 23 | 46 |
| **Current liabilities** | | **6 890** | 3 187 | 6 933 |
| Trade and other payables | 15 | **2 261** | 1 907 | 1 794 |
| Lease liabilities | 4.2 | **29** | 35 | 40 |
| Short-term portion of long-term borrowings | 13 | **4 554** | 1 201 | 5 034 |
| Taxation payable | | **46** | 44 | 65 |
| **Total equity and liabilities** | | **16 161** | 17 556 | 17 093 |

(a) *Refer to note 2 for details regarding the restatements as a result of a correction of prior period errors.*

(b) *The layout and level of detail presented in the statement of financial position has been restated for improved disclosure and transparency.*

# SUMMARISED UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 September 2020

| | Notes | Six months[b] ended 30 September 2020 Unaudited Rm | Restated[a],[b] Six months ended 30 September 2019 Unaudited Rm | Twelve months[b] ended 31 March 2020 Audited Rm |
|---|---|---|---|---|
| **Revenue** | 16 | **5 006** | 4 948 | 10 241 |
| Cost of sales | | **(3 895)** | (4 042) | (8 248) |
| **Gross profit** | | **1 111** | 906 | 1 993 |
| Expected credit losses on trade receivables | | **(9)** | (14) | (121) |
| Administrative and other operating expenditure | | **(492)** | (548) | (1 284) |
| **Operating profit before items listed below:** | | **610** | 344 | 588 |
| Empowerment transactions IFRS 2 charges | | **(1)** | (16) | (16) |
| Fair value and foreign exchange (loss)/gain | 17 | **(366)** | (120) | 151 |
| Remeasurement gain on put option | | **–** | 251 | 251 |
| Fair value gain on Zimbabwe financial asset | 7.1.2 | **139** | 113 | 7 |
| Fair value loss on Zimbabwe blocked funds | 7.2.1 | **(10)** | (212) | (258) |
| Expected credit loss on Zimbabwe government bonds | | **–** | 40 | 40 |
| Net monetary gain on hyperinflation in Zimbabwe | | **326** | 514 | 651 |
| Impairments | 18 | **–** | – | (3 074) |
| **Profit/(loss) before finance costs, investment income and equity-accounted investments** | | **698** | 914 | (1 660) |
| Finance costs | 19 | **(330)** | (313) | (652) |
| Investment income | | **14** | 10 | 20 |
| **Profit/(loss) before equity-accounted earnings** | | **382** | 611 | (2 292) |
| Profit from equity-accounted investments | | **1** | 1 | 1 |
| **Profit/(loss) before taxation** | | **383** | 612 | (2 291) |
| Taxation | 8.1 | **(109)** | (195) | (97) |
| **Profit/(loss) for the period** | | **274** | 417 | (2 388) |
| Attributable to: | | | | |
| Shareholders of PPC Ltd | | **287** | 459 | (1 872) |
| Non-controlling interests | | **(13)** | (42) | (516) |
| | | **274** | 417 | (2 388) |
| **Earnings/(loss) per share (cents)** | 20 | | | |
| Basic | | **19** | 32 | (124) |
| Diluted | | **19** | 31 | (124) |

[a] *Refer to note 2 for details regarding the restatements as a result of a correction of prior period errors.*
[b] *The layout and level of detail presented in the statement of profit or loss has been restated for improved disclosure and transparency.*

# SUMMARISED UNAUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the six months ended 30 September 2020

| | Notes | Foreign currency translation reserve<br>**30 September 2020 Unaudited Rm** | Restated[a]<br>30 September 2019 Unaudited Rm | 31 March 2020 Audited Rm |
|---|---|---|---|---|
| **(Loss)/profit for the year** | | **–** | | – |
| **Items that will be reclassified to profit or loss on disposal, net of tax** | | | | |
| Translation of foreign operations[b] | 17.2 | **(2 865)** | (1 888) | (2 144) |
| Revaluation of financial assets[c] | | **–** | – | – |
| **Other comprehensive (loss)/income** | | **(2 865)** | (1 888) | (2 144) |
| **Total comprehensive (loss)/income** | | **(2 865)** | (1 888) | (2 144) |
| Attributable to: | | | | |
| Shareholders of PPC Ltd | | **(2 846)** | (1 909) | (2 139) |
| Non-controlling interests | | **(19)** | 21 | (5) |

[a] *Refer to note 2 for details regarding the restatements as a result of a correction of prior period errors.*
[b] *The currency conversion guide is presented in note 1.5.*
[c] *Revaluation of financial assets has a tax impact of R0,7 million.*

| | Financial assets at fair value through other comprehensive income | | | Retained profit | | | Total comprehensive loss | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Restated(a) | | | Restated(a) | | | Restated(a) | |
| | **30 September 2020 Unaudited Rm** | 30 September 2019 Unaudited Rm | 31 March 2020 Audited Rm | **30 September 2020 Unaudited Rm** | 30 September 2019 Unaudited Rm | 31 March 2020 Audited Rm | **30 September 2020 Unaudited Rm** | 30 September 2019 Unaudited Rm | 31 March 2020 Audited Rm |
| | **–** | – | – | **274** | 417 | (2 388) | **274** | 417 | (2 388) |
| | **–** | – | – | **–** | – | – | **(2 865)** | (1 888) | (2 144) |
| | **(3)** | (3) | (2) | **–** | – | – | **(3)** | (3) | (2) |
| | **(3)** | (3) | (2) | **–** | – | – | **(2 868)** | (1 891) | (2 146) |
| | **(3)** | (3) | (2) | **274** | 417 | (2 388) | **(2 594)** | (1 474) | (4 534) |
| | | | | | | | | | |
| | **(3)** | (3) | (2) | **287** | 459 | (1 872) | **(2 562)** | (1 453) | (4 013) |
| | **–** | – | – | **(13)** | (42) | (516) | **(32)** | (21) | (521) |

# SUMMARISED UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2020

| | **Six months ended 30 September 2020 Unaudited Rm** | Restated[a] Six months ended 30 September 2019 Unaudited Rm | Twelve months ended 31 March 2020 Audited Rm |
|---|---|---|---|
| **Balance at 1 April** | **7 553** | 9 192 | 9 192 |
| Total comprehensive loss[b] | **(2 562)** | (1 453) | (4 013) |
| Profit/(loss) for the year | **287** | 459 | (1 872) |
| Other comprehensive (loss) | **(2 849)** | (1 912) | (2 141) |
| IFRS 2 charges | **18** | 41 | 59 |
| Zimbabwe hyperinflation impact[c] | **2 040** | 1 129 | 2 836 |
| Equity attributable to shareholders of PPC | **7 049** | 8 909 | 8 074 |
| Non-controlling interest | **(32)** | (21) | (521) |
| **Closing balance** | **7 017** | 8 888 | 7 553 |

[a] *Refer to note 2 for details regarding the restatements as a result of a correction of prior period errors.*

[b] *The reduction in the foreign currency translation reserve is due to the devaluation of the Zimbabwean dollar against the South African rand.*

[c] *Refer to note 1.6 for the hyperinflation impact on PPC Zimbabwe.*

# SUMMARISED UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 September 2020

| | Notes | Six months ended 30 September 2020 Unaudited Rm | Restated[(a)] Six months ended 30 September 2019 Unaudited Rm | Twelve months ended 31 March 2020 Audited Rm |
|---|---|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| Operating cash flows before movements in working capital | | **1 002** | 845 | 1 645 |
| Working capital movements | | **(21)** | (342) | (448) |
| **Cash flow generated from operations** | | **981** | 503 | 1 197 |
| Finance costs paid | | **(149)** | (288) | (612) |
| Investment income received | | **10** | 6 | 18 |
| Taxation paid | | **(73)** | 23 | (140) |
| **Net cash inflow from operating activities** | | **769** | 244 | 463 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Investment in intangible assets | | **(5)** | (1) | (20) |
| Investment in property, plant and equipment (adjusted for capital expenditure accruals) | | **(166)** | (225) | (650) |
| Proceeds from disposal of property, plant and equipment | | **–** | 6 | 8 |
| **Net cash outflow from investing activities** | | **(171)** | (220) | (662) |
| **Net cash inflow/(outflow) before financing activities** | | **598** | 24 | (199) |
| **CASH FLOWS FROM FINANCING ACTIVITIES[(b)]** | | | | |
| Net borrowings repaid before repayment of the notes | | **(305)** | (13) | – |
| Net proceeds from borrowings raised | | **–** | – | 152 |
| Repayment of lease liabilities[(c)] | | **(21)** | (21) | (33) |
| **Net cash (outflow)/inflow from financing activities** | | **(326)** | (34) | 119 |
| **Net movement in cash and cash equivalents** | | **272** | (10) | (80) |
| Cash and cash equivalents at the beginning of the year | | **398** | 452 | 452 |
| Effect of exchange rate movements and Zimbabwe hyperinflation on cash and cash equivalents | | **35** | (43) | 26 |
| **Cash and cash equivalents at the end of the period** | 10 | **705** | 399 | 398 |

[(a)] *Refer to note 2 for details regarding the restatements as a result of a correction of prior period errors.*

[(b)] *During the period the unfavourable non-cash changes on borrowings amounted to R304 million (September 2019: R141 million; March 2020: R638 million) arising from unrealised foreign exchange differences. Refer to note 1.5 for the relevant currency conversions.*

[(c)] *Repayment of lease liabilities has been reclassified from cash flow from operating activities to cash flow from financing activities for enhanced disclosure.*

# SEGMENTAL INFORMATION

for the six months ended 30 September 2020

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 operating segments are initially identified based on the products produced and sold and then per geographical location. The key operating segments are southern Africa cement, International cement, lime, aggregates and readymix and Group shared services.

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

| | Consolidated | | | Cement: South Africa and Botswana | | |
|---|---|---|---|---|---|---|
| | **30 Sept 2020 Unaudited Rm** | 30 Sept 2019 Restated Unaudited Rm | 31 March 2020 Audited Rm | **30 Sept 2020 Unaudited Rm** | 30 Sept 2019 Restated Unaudited Rm | 31 March 2020 Audited Rm |
| **Revenue** | | | | | | |
| Gross revenue | **5 090** | 5 087 | 10 478 | **2 439** | 2 663 | 5 038 |
| Intersegment revenue[c] | **(84)** | (139) | (237) | **(84)** | (108) | (195) |
| **Total revenue[d]** | **5 006** | 4 948 | 10 241 | **2 355** | 2 555 | 4 843 |
| **Operating profit before item listed below** | **610** | 344 | 588 | **220** | 164 | 215 |
| Empowerment transactions IFRS 2 charges | **(1)** | (16) | (16) | **–** | – | – |
| Fair value and foreign exchange gains/(losses)[g][h] | **(366)** | (120) | 151 | **(34)** | 4 | (19) |
| Remeasurement gain/(loss) on put option | **–** | 251 | 251 | **–** | – | – |
| Fair value gain on Zimbabwe financial asset[h] | **139** | 113 | 7 | **–** | – | – |
| Fair value loss on Zimbabwe blocked funds[h] | **(10)** | (212) | (258) | **–** | – | – |
| Expected credit loss on Zimbabwe government bonds | **–** | 40 | 40 | **–** | – | |
| Net monetary gain on hyperinflation in Zimbabwe | **326** | 514 | 651 | **–** | – | – |
| Impairments | **–** | – | (3 074) | **–** | – | (1 819) |
| **Profit/(loss) before finance costs, investment income and equity-accounted investments** | **698** | 914 | (1 660) | **186** | 168 | (1 623) |
| Finance costs | **(330)** | (313) | (652) | **(123)** | (108) | (235) |
| Investment income | **14** | 10 | 20 | **61** | 23 | 78 |
| **Profit/(loss) before equity-accounted earnings** | **382** | 611 | (2 292) | **124** | 83 | (1 780) |
| Earnings from equity-accounted investments | **1** | 1 | 1 | **–** | | – |
| **Profit/(loss) before taxation** | **383** | 612 | (2 291) | **124** | 83 | (1 780) |
| Taxation | **(109)** | (195) | (97) | **(33)** | (25) | 454 |
| **Profit/(loss) for the period** | **274** | 417 | (2 388) | **91** | 58 | (1 326) |
| Attributable to: | | | | | | |
| Shareholders of PPC Ltd | **287** | 459 | (1 872) | 91 | 58 | (1 326) |
| Non-controlling interests | **(13)** | (42) | (516) | – | – | – |
| | **274** | 417 | (2 388) | **91** | 58 | (1 326) |

| | Cement | | | Materials business | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | International[(a)] | | | Lime South Africa | | | Aggregates and readymix South Africa and Botswana | | | Group services and other[(b)] | | |
| | **30 Sept 2020 Unaudited Rm** | 30 Sept 2019 Restated Unaudited Rm | 31 March 2020 Audited Rm | **30 Sept 2020 Unaudited Rm** | 30 Sept 2019 Restated Unaudited Rm | 31 March 2020 Audited Rm | **30 Sept 2020 Unaudited Rm** | 30 Sept 2019 Restated Unaudited Rm | 31 March 2020 Audited Rm | **30 Sept 2020 Unaudited Rm** | 30 Sept 2019 Restated Unaudited Rm | 31 March 2020 Audited Rm |
| | **1 858** | 1 314 | 3 404 | **279** | 465 | 858 | **514** | 645 | 1 178 | **–** | – | – |
| | **–** | – | – | **–** | (31) | (42) | **–** | – | – | **–** | – | – |
| | **1 858** | 1 314 | 3 404 | **279** | 434 | 816 | **514** | 645 | 1 178 | **–** | – | – |
| | **478** | 207 | 566 | **1** | 27 | 73 | **(46)** | (7) | (66) | **(43)** | (47) | (200) |
| | **(1)** | – | (1) | **–** | – | – | **–** | – | – | **–** | (16) | (15) |
| | **(251)** | (113) | (73) | **1** | – | (5) | **(1)** | – | – | **(81)** | (11) | 248 |
| | **–** | – | | **–** | – | – | **–** | – | – | **–** | 251 | 251 |
| | **139** | 113 | 7 | **–** | – | – | **–** | – | – | **–** | – | – |
| | **–** | – | – | **–** | – | – | **–** | – | – | **(10)** | (212) | (258) |
| | **–** | – | | **–** | – | | **–** | – | | **–** | 40 | 40 |
| | **326** | 514 | 651 | **–** | – | – | **–** | – | – | **–** | – | – |
| | **–** | – | (1 128) | **–** | – | – | **–** | – | (127) | **–** | – | – |
| | **691** | 721 | 22 | **2** | 27 | 68 | **(47)** | (7) | (193) | **(134)** | 5 | 66 |
| | **(224)** | (202) | (436) | **(14)** | (10) | (28) | **(8)** | (3) | (7) | **39** | 10 | 54 |
| | **6** | 7 | 11 | **9** | 6 | 16 | **4** | 3 | 8 | **(66)** | (29) | (93) |
| | **473** | 526 | (403) | **(3)** | 23 | 56 | **(51)** | (7) | (192) | **(161)** | (14) | 27 |
| | **–** | – | – | **–** | – | – | **–** | – | – | **1** | 1 | 1 |
| | **473** | 526 | (403) | **(3)** | 23 | 56 | **(51)** | (7) | (192) | **(160)** | (13) | 28 |
| | **(92)** | (132) | (506) | **1** | (8) | (19) | **1** | (2) | 3 | **14** | (28) | (29) |
| | **381** | 394 | (909) | **(2)** | 15 | 37 | **(50)** | (9) | (189) | **(146)** | (41) | (1) |
| | **394** | 436 | (393) | **(2)** | 15 | 37 | **(50)** | (9) | (189) | **(146)** | (41) | (1) |
| | **(13)** | (42) | (516) | **–** | – | – | **–** | – | – | **–** | – | – |
| | **381** | 394 | (909) | **(2)** | 15 | 37 | **(50)** | (9) | (189) | **(146)** | (41) | (1) |

# SEGMENTAL INFORMATION continued

for the six months ended 30 September 2020

| | Consolidated | | | Cement – South Africa and Botswana | | |
|---|---|---|---|---|---|---|
| | **30 Sept 2020 Unaudited Rm** | 30 Sept 2019 Restated Unaudited Rm | 31 March 2020 Audited Rm | **30 Sept 2020 Unaudited Rm** | 30 Sept 2019 Restated Unaudited Rm | 31 March 2020 Audited Rm |
| Basic earnings per share (cents) | **19** | 32 | (124) | **6** | 4 | (88) |
| Depreciation and amortisation | **386** | 524 | 1 016 | **117** | 203 | 398 |
| EBITDA[e] | **996** | 868 | 1 604 | **337** | 367 | 613 |
| EBITDA margin (%)[f] | **19,9** | 17,5 | 15,7 | **14,3** | 14,4 | 12,7 |
| **Assets** | | | | | | |
| Non-current assets (excluding equity-accounted investments) | **11 955** | 14 087 | 13 519 | **2 905** | 4 284 | 2 908 |
| Equity-accounted investments[h] | **3** | 4 | 3 | **–** | – | – |
| Non-current assets held for sale | **151** | 165 | 182 | **–** | – | – |
| Current assets | **4 052** | 3 300 | 3 389 | **1 302** | 1 347 | 1 250 |
| **Total assets** | **16 161** | 17 556 | 17 093 | **4 207** | 5 631 | 4 158 |
| Investments in property, plant and equipment and intangibles (refer to notes 3 and 6) | **151** | 196 | 572 | **102** | 123 | 311 |
| **Liabilities** | | | | | | |
| Non-current liabilities | **2 254** | 5 482 | 2 607 | **100** | 2 256 | 113 |
| Current liabilities | **6 890** | 3 187 | 6 933 | **2 456** | 987 | 2 467 |
| **Total liabilities** | **9 144** | 8 669 | 9 540 | **2 556** | 3 243 | 2 580 |
| Capital commitments (refer note 23) | **242** | 309 | 485 | **128** | 233 | 155 |

*(a) International comprises Zimbabwe, Rwanda, DRC 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 intersegment transactions.*

*(d) Revenue from external customers generated by the Group's material foreign operations is as follows:*

*Botswana R201 million (September 2019: R312 million; March 2020: R509 million).*
*DRC R402 million (September 2019: R303 million; March 2020: R607 million).*
*Rwanda R659 million (September 2019: R514 million; March 2020: R936 million).*
*Zimbabwe R797 million (September 2019: R497 million; March 2020: R1 861 million)*

*(e) EBITDA is defined as operating profit before empowerment transactions, IFRS 2 charges, depreciation and amortisation.*

*(f) EBITDA margin is defined as EBITDA divided by total revenue.*

*(g) Refer to note 2 for details regarding the restatements as a result of a correction of prior period errors.*

*(h) Fair value adjustment loss on Zimbabwe blocked funds and fair value adjustments on Zimbabwe financial assets have been disaggregated from fair value and foreign exchange (losses)/gains to enhance disclosure.*

| Cement | | | Materials business | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| International[a] | | | Lime South Africa | | | Aggregates and readymix South Africa and Botswana | | | Group services and other[b] | | |
| **30 Sept 2020 Unaudited Rm** | 30 Sept 2019 Restated Unaudited Rm | 31 March 2020 Audited Rm | **30 Sept 2020 Unaudited Rm** | 30 Sept 2019 Restated Unaudited Rm | 31 March 2020 Audited Rm | **30 Sept 2020 Unaudited Rm** | 30 Sept 2019 Restated Unaudited Rm | 31 March 2020 Audited Rm | **30 Sept 2020 Unaudited Rm** | 30 Sept 2019 Restated Unaudited Rm | 31 March 2020 Audited Rm |
| **26** | 30 | (25) | **–** | 1 | 2 | **(3)** | (1) | (13) | **(10)** | (2) | – |
| **192** | 235 | 454 | **21** | 23 | 37 | **40** | 42 | 86 | **16** | 21 | 41 |
| **670** | 436 | 1 020 | **22** | 50 | 110 | **(6)** | 35 | 20 | **(27)** | (20) | (159) |
| **36,0** | 33,2 | 30,0 | **7,9** | 11,5 | 13,5 | **(1)** | 5,4 | 1,7 | | | |
| **8 154** | 8 018 | 9 645 | **294** | 323 | 312 | **431** | 620 | 466 | **171** | 842 | 188 |
| **–** | – | – | **–** | – | – | **–** | – | – | **3** | 4 | 3 |
| **151** | 165 | 182 | **–** | – | – | **–** | – | – | **–** | – | – |
| **2 212** | 1 397 | 1 596 | **254** | 249 | 240 | **301** | 321 | 296 | **(17)** | (14) | 7 |
| **10 517** | 9 580 | 11 423 | **548** | 572 | 552 | **732** | 941 | 762 | **157** | 832 | 198 |
| **43** | 32 | 180 | **1** | 20 | 29 | **2** | 7 | 28 | **3** | 14 | 24 |
| **5 081** | 6 136 | 5 464 | **18** | 56 | 19 | **334** | 313 | 355 | **(3 279)** | (3 279) | (3 344) |
| **3 950** | 1 754 | 4 047 | **95** | 88 | 95 | **216** | 200 | 182 | **173** | 158 | 142 |
| **9 031** | 7 890 | 9 511 | **113** | 144 | 114 | **550** | 513 | 537 | **(3 106)** | (3 121) | (3 202) |
| **91** | 25 | 269 | **2** | 1 | – | **6** | 28 | 52 | **15** | 22 | 9 |

# NOTES TO THE SUMMARISED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 September 2020

## 1. BASIS OF PREPARATION

The summarised unaudited consolidated financial statements have been prepared in accordance with the provisions of the JSE Limited (JSE) Listings Requirements for abridged reports, and the requirements of the Companies Act of South Africa applicable to the summary financial statements. The Listings Requirements require the abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council, and contain at a minimum the information required by IAS 34 *Interim Financial Reporting*. The accounting policies applied in the preparation of the summarised unaudited consolidated financial statements were derived in terms of IFRS. These summarised unaudited consolidated financial statements do not include all the information required for the full consolidated financial statements. The summarised unaudited consolidated 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 that are measured at fair value less costs to sell.

These summarised unaudited consolidated financial statements have been prepared under the supervision of R van Dijk CA(SA), chief financial officer, and were approved by the board of directors on Monday, 7 December 2020. The directors take full responsibility for the preparation of these summarised unaudited consolidated financial statements.

### 1.2 Accounting policies

All accounting policies applied in the preparation of these summarised unaudited consolidated financial statements are in compliance with IFRS and consistent with those applied in the 31 March 2020 audited consolidated annual financial statements.

### 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.

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.

### 1.4 Going concern

The directors have taken into account all the considerations mentioned in note 24, including detailed consideration of all financial plans and forecasts, the actions taken by the Group, 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. Refer to note 24 for further details.

### 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 summarised unaudited consolidated financial statements are presented in South African rand, which is the functional and presentation currency of the Group.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

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.

# 1. BASIS OF PREPARATION continued

## 1.5 Foreign currency conversion guide continued

**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; and
- 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.

Approximate value of foreign currencies relative to the rand.

| | Average rate | | | Closing rate | | |
|---|---|---|---|---|---|---|
| | **September 2020** | September 2019 | March 2020 | **September 2020** | September 2019 | March 2020 |
| Botswana pula | **1,46** | 1,35 | 1,36 | **1,44** | 1,36 | 1,49 |
| US dollar | **17,25** | 14,57 | 14,83 | **16,65** | 15,17 | 17,78 |
| Rwandan franc | **0,02** | 0,02 | 0,02 | **0,02** | 0,02 | 0,02 |
| Zimbabwe dollar (ZWL) | **0,21** | 0,998 | 0,71 | **0,21** | 0,998 | 0,71 |

## 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* (IAS 29), applicable to entities operating in Zimbabwe with financial periods ended on or after 1 July 2019.

The PPC Group concurs with this classification, supported by the following factors:

- There was a rapid increase in official inflation rates during the period, with the reported June 2019 month-on-month inflation reaching 39 %, and a year-on-year inflation of 176 %
- Other key economic fundamental variables in the form of electricity, fuel prices, salary costs, coal and outbound logistics have significantly escalated in the period under consideration leading to an unstable economic situation where increases of above 300 % were experienced as at 1 April 2019 and has further escalated on average above 659.4 % by the end of September 2020
- There was significant deterioration in the interbank Zimbabwean dollar (ZWL) exchange rate during the period. Trading commenced at a closing interbank rate of 2.5 ZWL dollar to 1 US dollar during February 2019, the exchange rate increased to 81.44 ZWL dollar to 1 US dollar at 30 September 2020
- Due to the restrictions to access funds in Zimbabwe, some investors have opted to convert cash into listed equities on the Zimbabwe Stock Exchange as well as using excess funds to acquire other entities in order to preserve value

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

| | Base year | General price index | Inflation rate |
|---|---|---|---|
| 30 September 2020 | **2020** | **2 205,2** | **659,4** |

## 1. BASIS OF PREPARATION continued

### 1.6 IAS 29 *Financial Reporting in Hyperinflationary Economies* continued

Hyperinflation impact

| | 30 September 2020 Including Hyperinflation Rm | 30 September 2020 Hyperinflation Adjustment Rm | 30 September 2020 Excluding Hyperinflation Rm |
|---|---|---|---|
| **Statement of profit or loss** | | | |
| Revenue | 5 006 | 149 | 4 857 |
| EBITDA[(a)] | 996 | 70 | 926 |
| Profit/(loss) for the period | 274 | 324 | (50) |
| **Earnings/(loss) per share (cents)** | | | |
| Basic | 19 | 21 | (2) |
| Diluted | 19 | 21 | (2) |
| **Statement of financial position** | | | |
| Property, plant and equipment | 10 816 | 3 449 | 7 367 |
| Right-of-use-assets | 110 | 6 | 104 |
| Inventories | 1 857 | 550 | 1 307 |
| Retained profit | 5 835 | 5 673 | 162 |
| Other reserves | (2 524) | (2 270) | (254) |
| Deferred taxation liabilities | 1 047 | 747 | 300 |
| Provisions | 424 | 9 | 415 |

[(a)] *EBITDA is defined as operating profit before empowerment transactions IFRS 2 charges, depreciation and amortisation.*

## 2. PRIOR PERIOD RESTATEMENTS

### 2.1 Investment in equity-accounted associate

Habesha Cement Share Company (Habesha) is an Ethiopian equity-accounted investment held by PPC. PPC holds 38 % of the ordinary shares in Habesha. In accordance with the requirements of IAS 28 *Investments in Associates and Joint Ventures* (IAS 28), the investment was initially recognised at cost and subsequently measured using the equity method, to recognise PPC's share of post-acquisition losses in Habesha.

Habesha reported the first-time adoption of IFRS in the December 2019 annual financial statements. With the exception of IFRS 16, that was applied using the modified retrospective approach, the Company applied the changes retrospectively and therefore adjusted the results for the financial year 2018.

Per IAS 28.35, if an associate uses accounting policies that differ from those of the investor, the associate financial statements are adjusted to reflect the investor's accounting policies for the purpose of applying the equity method.

In the prior year, PPC did not adjust Habesha's results to comply with IFRS and therefore made an error when calculating the share of losses attributable to PPC. Per IAS 8, this is a prior period error and this must be adjusted retrospectively.

## 2. PRIOR PERIOD RESTATEMENTS continued

### 2.1 Investment in equity-accounted associate continued

Per IAS 28.38, if an investor's share of losses of an associate equals or exceeds its interest in the associate, the investor discontinues recognising its share of further losses. At 30 September 2019, the impairment and share of losses that were calculated exceeded the investment and therefore the share of losses were recognised up to the investment.

The correction of this error results in the following restatements:

| | 30 September 2019 Rm |
|---|---|
| **Loss for the period (previously stated)** | (23) |
| Correction of error – Loss from equity-accounted investment | 55 |
| Correction of error – Impairment of equity-accounted investment | 93 |
| **Profit for the period (restated)** | 125 |
| Equity-accounted investments (previously stated) | 4 |
| Equity-accounted investment – Opening balance adjustment | (146) |
| Correction of error – Loss from equity-accounted investment | 55 |
| Correction of error – Impairment of equity-accounted investment | 93 |
| Correction of error – Foreign currency translation reserve | (2) |
| **Equity-accounted investments (restated)** | 4 |
| Retained profit (previously stated) | 3 036 |
| Retained profit – Opening balance adjustment | (131) |
| Correction of error – Loss from equity-accounted investment | 55 |
| Correction of error – Impairment of equity-accounted investment | 93 |
| **Retained profit (restated)** | 3 053 |
| Foreign currency translation reserve (previously stated) | (346) |
| Foreign currency translation reserve – Opening balance adjustment | (15) |
| Correction of error – Foreign currency translation reserve | (1) |
| **Foreign currency translation reserve (restated)** | (362) |
| Loss per share (previously stated) – Basic and diluted (cents) | (0,4) |
| Correction of error – Loss from equity-accounted investment (cents) | 4 |
| Correction of error – Impairment of equity-accounted investment (cents) | 6 |
| **Earnings per share (restated) – basic and diluted (cents)** | 10 |
| Headline earnings per share (previously stated) – basic and diluted (cents) | 6 |
| Correction of error – Loss from equity-accounted investment (cents) | 4 |
| **Headline earnings per share (restated) – basic and diluted (cents)** | 10 |

## 2. PRIOR PERIOD RESTATEMENTS continued

### 2.2 Financial assets

**1. Treasury shares held by PPC Zimbabwe**

PPC Zimbabwe holds an investment in PPC Ltd shares (986 237 shares) listed on the Zimbabwe Stock exchange, which were purchased in February 2019. The shares were incorrectly recognised as an investment in the PPC Ltd summarised unaudited consolidated financial statements at 30 September 2019. The shares should have been treated as treasury shares.

**2. Fair value adjustment of the Zimbabwe financial asset**

The PPC Zimbabwe financial asset arose when the US$-denominated Zimbabwe loan was registered with the Reserve Bank of Zimbabwe (RBZ) in accordance with Statutory Instrument 33. In terms of Statutory Instrument 33, the loan qualifies as legacy debt and a Zimbabwe dollar amount equivalent to the US$ loan balance was transferred to the RBZ and this amount qualifies for the 1:1 conversion of US$ to ZWL. The financial asset is classified as fair value through profit or loss.

At 30 September 2020 the Group applied a 50 % fair value credit risk adjustment against the PPC Zimbabwe financial asset which resulted in a fair value adjustment of R101 million. No similar adjustment was applied for credit risk on this asset at 31 March 2019. Through the JSE Proactive Monitoring Process, the JSE questioned why no fair value adjustment was accounted for at 31 March 2019, while at the same date the Group adjusted for credit risk relating to other Zimbabwe assets, such as the government bonds.

This prompted management to reconsider the risk adjustment in light of the conditions and facts available at the time, and concluded that a fair value adjustment in line with the expected credit loss adjustment on the Zimbabwe government bonds as at that date, would have been appropriate. Consequently, the 31 March 2019 results have been restated to take into account an adjustment of R37 million on the PPC Zimbabwe financial asset. The R37 million is subsequently reversed through the statement of profit or loss before the credit loss is made for 30 September 2019.

The correction of this error results in the following restatements at 30 September 2019:

| | 30 September 2019 Rm |
|---|---|
| **Consolidated statement of profit or loss (extract)** | |
| **Fair value loss on Zimbabwe financial asset (previously stated)** | (76) |
| Correction of error – Fair value and foreign exchange gains[(1)] | 3 |
| Correction of error – Fair value gain on Zimbabwe financial asset[(a)(2)] | 37 |
| Correction of error – Unlisted collective investment[(b)] | 124 |
| **Fair value gain on Zimbabwe financial asset (restated)** | 88 |
| **Loss for the period (as previously stated)** | (23) |
| Correction of error – Fair value and foreign exchange gains[(1)] | (3) |
| Correction of error – Taxation[(1)] | 1 |
| Correction of error – Fair value loss on Zimbabwe financial asset[(2)] | 37 |
| Correction of error – Taxation[(2)] | (10) |
| **Profit for the period (restated)** | 2 |

*((a) Fair value gain of Zimbabwe financial asset has been disaggregated from fair value (loss)/gain for enhanced disclosure.*

*(b) Unlisted collective investment has been reclassified from other non-current assets to financial assets for enhanced disclosure.*

*(1) Refer to note 2.2.1.*

*(2) Refer to note 2.2.2.*

# 2. PRIOR PERIOD RESTATEMENTS continued

## 2.2 Financial assets continued

### Fair value adjustment of the Zimbabwe financial asset continued

| | 30 September 2019 Rm |
|---|---|
| **Consolidated statement of financial position (extract)** | |
| **Financial assets (as previously stated)** | 417 |
| Correction of error – Investment in PPC Ltd shares[1] | (1) |
| Correction of error – PPC Zimbabwe financial asset[2] | 37 |
| Correction of error – Unlisted collective investment[b] | 143 |
| Correction of error – Zimbabwe blocked funds[c] | (67) |
| **Financial assets (restated)** | 529 |
| **Consolidated statement of financial position (extract)** | |
| **Deferred taxation liabilities (as previously stated)** | (186) |
| Correction of error – Taxation[1] | (1) |
| Correction of error – Taxation[2] | 10 |
| **Deferred taxation liabilities (restated)** | (177) |
| **Consolidated statement of changes in equity (extract)** | |
| **Stated capital (as previously stated)** | 3 972 |
| Correction of error – PPC Zimbabwe treasury shares[1] | (7) |
| **Stated capital (restated)** | 3 965 |
| **Loss per share (as previously stated) – basic and diluted (cents)** | (0,4) |
| Correction of error – Fair value loss on Zimbabwe financial asset[2] | 2 |
| **Earnings per share (restated) – basic and diluted (cents)** | 2 |
| **Headline earnings per share (as previously stated) – basic and diluted (cents)** | 6 |
| Correction of error – Fair value loss on Zimbabwe financial asset[2] | 2 |
| **Headline earnings per share (restated) – basic and diluted (cents)** | 8 |
| **Number of shares (previously stated)** | 1 509 481 483 |
| Correction of error – PPC Zimbabwe treasury shares[1] | (986 237) |
| **Number of shares (restated)** | 1 508 495 246 |

[a] *Fair value gain of Zimbabwe financial asset has been disaggregated from fair value (loss)/gain for enhanced disclosure.*
[b] *Unlisted collective investment has been reclassified from other non-current assets to financial assets for enhanced disclosure.*
[c] *Zimbabwe blocked funds has been reclassified from financial assets to other non-current assets for enhanced disclosure.*
[1] *Refer to note 2.2.1.*
[2] *Refer to note 2.2.2.*

## 2. PRIOR PERIOD RESTATEMENTS continued

### 2.3 Available-for-sale financial assets reserve

The cumulative gain in the available-for-sale financial asset reserve, as disclosed in the Group statement of changes in equity for the financial year ended 30 September 2015, amounted to R81 million. This related to the 6,75% shareholding that PPC Ltd held in Ciments du Bourbon, a company incorporated in Reunion.

During the 2016 financial year, PPC Ltd disposed of its entire shareholding in Ciments du Bourbon, as disclosed in note 5 of the March 2016 PPC Ltd Group financial statements. This disposal should have resulted in the available-for-sale financial asset reserve, in the statement of changes in equity, being zero at the end of the financial year 2016.

In terms of the requirements of IAS 39 *Financial Instruments: Recognition and Measurement*, paragraph 55(b), on disposal, the cumulative gain or loss recognised in other comprehensive income within the available-for-sale financial asset reserve should have been reclassified from equity to profit or loss

However, a closing balance of R14 million in the available-for-sale financial asset reserve, relating to the cumulative gain or loss previously recognised in the available-for-sale financial reserve, which should have been reclassified from equity to profit or loss on disposal, was erroneously reported in the statement of changes in equity for the year ended 31 March 2016. This amount should have been recognised in profit or loss, and the closing balance of the available-for-sale financial asset reserve reduced to zero. This represents a prior period error. The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

| | 30 September 2019 Rm |
|---|---|
| **Retained profit (previously stated)** | 3 036 |
| Increase – Available-for-sale financial asset reserve | 14 |
| **Retained profit (restated)** | 3 050 |
| **Available-for-sale financial asset reserve (previously stated)** | 11 |
| Decrease – Available-for-sale financial asset reserve | (14) |
| **Available-for-sale financial asset reserve (restated)** | (3) |

## 2. PRIOR PERIOD RESTATEMENTS continued

### 2.4 CIMERWA goodwill

In 2017, a financial statement classification error was made between intangible assets and the goodwill of CIMERWA. As a result of the incorrect classification, the goodwill disclosed for CIMERWA of R41 million was understated by R9 million. As a result, the amount disclosed at 30 September 2019 was incorrect.

The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows.

| | 30 September 2019 Rm |
|---|---|
| **Consolidated statement of financial position extract** | |
| **Goodwill (previously stated)** | 237 |
| Correction of error | 9 |
| **Goodwill (restated)** | 246 |
| **Other intangible assets (previously stated)** | 550 |
| Correction of error | (9) |
| **Other intangible assets – restated** | 541 |

The correction of the error does not have an impact on earnings per share and headline earnings per share

### 2.5 Foreign currency translation reserve and exchange differences

PPC Ltd (PPC) provides deficiency funding to PPC Barnet DRC Manufacturing (PPC DRC), for which the flow of funds is as follows: PPC issues a loan to PPC International Holding Pty Limited (PPC Int), a holding company in South Africa, which in turn issues a loan to PPC Barnet DRC Holding (PPC Mauritius), a holding company in Mauritius. The funds are then transferred from PPC Mauritius to PPC DRC. The first payment was advanced in 2017. The DRC deficiency loan balance at 30 September 2019 was R804 million (US$53 million). The DRC deficiency loan does not carry any guarantee or collateral in the event of default, is interest free and payable on demand. IAS 21 *The Effects of Changes in Foreign Exchange Rates* states that 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 accounted for in other comprehensive income and accumulated in the foreign currency translation reserve.

At 30 September 2019, PPC recognised exchange differences of R45 million (before taxation) respectively, that arose from translation of the DRC deficiency loan in the statement of profit or loss in its separate financial statements. In the PPC consolidated financial statements, the exchange differences were accounted for in other comprehensive income and accumulated in the foreign currency translation reserve, as PPC considered the exchange differences to have arisen from the net investment in the foreign operation. PPC management concluded that the "settlement is neither planned nor likely to occur in the foreseeable future" for the DRC deficiency loan, however, it was expected to be repaid in 2027. Due to the expected repayment in 2027, the DRC deficiency loan should not have been considered to be part of the net investment in the foreign operation and, accordingly the exchange differences should have been recorded in the statement of profit or loss in PPC consolidated financial statements.

The identified error has been corrected retrospectively in September 2019, the impact of which has increased the profit for the period and reduced other comprehensive income.

## 2. PRIOR PERIOD RESTATEMENTS continued

### 2.5 Foreign currency translation reserve and exchange differences continued

The correction of this error results in the following restatements at 30 September 2019:

| | 30 September 2019 Rm |
|---|---|
| **Fair value and foreign exchange loss (previously stated)** | (270) |
| Correction of error – Foreign currency gain | 45 |
| Fair value loss on Zimbabwe blocked funds[(b)] | 212 |
| Expected credit loss on Zimbabwe government bonds[(b)] | (40) |
| Fair value gain on Zimbabwe financial asset[(b)] | 48 |
| **Fair value and foreign exchange loss (restated)** | (5) |
| **Loss for the period (previously stated)** | (23) |
| Correction of error – Foreign currency gain | 45 |
| Correction of error – Deferred tax expense | (13) |
| **Profit for the period (restated)** | 9 |
| **Other comprehensive loss (previously stated)** | (1 950) |
| Correction of error – Foreign currency gain | (45) |
| Correction of error – Deferred tax expense | 13 |
| **Other comprehensive loss (restated)** | (1 982) |
| **Retained profit (previously stated)** | 3 036 |
| Retained profit – Opening balance adjustment | 42 |
| Correction of error – Foreign currency gain | 45 |
| Correction of error – Deferred tax expense | (13) |
| **Retained profit (restated)** | 3 110 |
| **Foreign currency translation reserve (previously stated)** | 346 |
| Retained profit – Opening balance adjustment | (42) |
| Correction of error – Foreign currency gain/(loss) | (45) |
| Correction of error – Deferred tax expense | 13 |
| **Foreign currency translation reserve (restated)** | 272 |
| **Loss per share (previously stated) – basic and diluted (cents)** | (0,4) |
| Correction of error – Foreign currency gain (cents) | 3 |
| Correction of error – Deferred tax expense (cents) | (1) |
| **Earnings per share (restated) – basic and diluted (cents)** | 2 |
| **Headline earnings per share (previously stated) – basic and diluted (cents)** | 6 |
| Correction of error – Foreign currency gain (cents) | 3 |
| Correction of error – Deferred tax expense (cents) | (1) |
| **Headline earnings per share (restated) – basic and diluted (cents)** | 8 |

(b) *Expected credit loss on Zimbabwe government bonds, fair value gain of Zimbabwe financial asset and fair value loss of Zimbabwe blocked funds have been disaggregated from fair value (loss)/gain for enhanced disclosure.*

## 2. PRIOR PERIOD RESTATEMENTS continued

### 2.6 Assessment of useful life and impairment of assets

In 2015 PPC Cement SA Pty Limited performed a useful life assessment of its fixed assets and extended the useful lives of certain assets. As per IAS 8 the change in accounting estimate was applied prospectively and the depreciation in the 2015 financial year was accordingly adjusted. In each subsequent financial year, an adjustment had to be processed in order for the depreciation charge to agree to the revised useful life. These adjustments were, however, not processed and thus resulted in a higher depreciation charge against the statement of profit or loss. The overall impact in retained earnings at 31 March 2018 and 31 March 2019 was R9 million and R7 million respectively.

At 31 March 2019 PPC Cement SA Pty Limited performed an asset verification process and identified assets that were no longer in use as a result of market constraints. This resulted in assets with a carrying amount of R82 million being impaired as no future cash flows were expected to be derived from these assets. In the current financial year, however, the entity identified assets with a carrying amount of R6 million that were included in the R82 million of assets impaired but which should not have been impaired. This represents a prior period error as the entity was able to derive future cash flows from the use of the assets.

These items represent errors and has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

| | 30 September 2019 Rm |
|---|---|
| **Consolidated statement of changes in equity (extract)** | |
| **Retained profit (as previously stated)** | 3 031 |
| Increase in retained income | 9 |
| **Retained profit (restated)** | 3 040 |
| **Consolidated statement of financial position (extract)** | |
| **Property, plant and equipment (as previously stated)** | 12 587 |
| Increase property, plant and equipment | 13 |
| **Property, plant and equipment (restated)** | 12 600 |
| **Deferred taxation liability (as previously stated)** | 844 |
| Increase in deferred tax | 4 |
| **Deferred taxation liability (restated)** | 848 |

## 2. PRIOR PERIOD RESTATEMENTS continued

### 2.7 DRC put option

PPC 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. 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 valuation of the option by way of a predetermined formula as follows:

(EBITDA x earnings multiple) – net financial debt.

In previous years PPC erroneously excluded the deficiency loan in the net financial debt resulting in the carrying value of the put option obligation being higher than the present value of the expected exercise price. The prior year figures have consequently been restated and the impact of such restatement is set out below:

| | 30 September 2019 Rm |
|---|---|
| **Loss for the period (previously stated)** | (23) |
| Correction of error – Remeasurement | 251 |
| Correction of error – Finance costs | 14 |
| **Profit for the period (restated)** | 242 |
| **Retained profit (previously stated)** | 3 036 |
| Retained profit – Opening balance adjustment | 23 |
| Correction of error – Remeasurement | 251 |
| Correction of error – Finance costs | 14 |
| **Retained profit (restated)** | 3 324 |
| **Other non-current liabilities (previously stated)** | 311 |
| Opening balance adjustment | (23) |
| Correction of error – Put option remeasurement | (251) |
| Correction of error – Put option finance costs | (14) |
| **Other non-current liabilities (restated)** | 23 |
| **Loss per share (previously stated) – basic and diluted (cents)** | (0,4) |
| Correction of error | 18 |
| **Earnings per share (restated) – basic and diluted (cents)** | 18 |
| **Headline earnings per share (previously stated) – basic and diluted (cents)** | 6 |
| Correction of error | 18 |
| **Headline earnings per share (restated) – basic and diluted (cents)** | 24 |

## 2. PRIOR PERIOD RESTATEMENTS continued

### 2.8 Non-controlling interest

In the previous years, the Group incorrectly accounted for non-controlling interest. The correction of these errors results in the following restatements at 30 September 2019:

| | 30 September 2019 Rm |
|---|---|
| **Non-controlling interest (previously stated)** | 110 |
| Non-controlling interest – Opening balance adjustment | 179 |
| Correction of error – Foreign currency translation reserve | 9 |
| Correction of error – Retained profit | (25) |
| **Non-controlling interest (restated)** | 273 |
| **Foreign currency translation reserve (previously stated)** | (346) |
| Foreign currency translation reserve – Opening balance adjustment | 15 |
| Correction of error – Non-controlling interest | (9) |
| **Foreign currency translation reserve (restated)** | (340) |
| **Retained profit (previously stated)** | 3 036 |
| Retained profit – Opening balance adjustment | (194) |
| Correction of error – Non-controlling interest | 25 |
| **Retained profit (restated)** | 2 867 |
| **Attributable to shareholders of PPC Ltd (previously stated)** | (6) |
| Correction of error – Non-controlling interest | 25 |
| **Attributable to shareholders of PPC Ltd (restated)** | 19 |
| **Attributable to non-controlling interests (previously stated)** | (17) |
| Correction of error – Non-controlling interest | (25) |
| **Attributable to non-controlling interests (restated)** | (42) |
| **Basic loss per share (previously stated)** | (0,4) |
| Correction of error – Non-controlling interest | 2 |
| **Basic earnings per share (restated)** | 2 |
| **Diluted basic loss per share (previously stated)** | (0,4) |
| Correction of error – Non-controlling interest | 2 |
| **Diluted basic earnings per share (restated)** | 2 |
| **Headline earnings per share (previously stated)** | 6 |
| Correction of error – Non-controlling interest | 2 |
| **Headline earnings per share (restated)** | 8 |
| **Diluted headline earnings per share (previously stated)** | 6 |
| Correction of error – Non-controlling interest | 2 |
| **Diluted headline earnings per share (restated)** | 8 |

## 2. PRIOR PERIOD RESTATEMENTS continued

### 2.9 Right-of-use assets

The impact of IFRS 16 and its transition provisions were disclosed for the first time in the Group's summarised unaudited consolidated financial statements at 30 September 2019. The right-of-use assets of R133 million and lease liabilities of R133 million as reported differ from the IFRS 16 estimated impact of R92 million, as reported in the March 2019 annual financial statements, as a result of a more rigorous review of the IFRS 16 lease identification criteria per the standard. These rigorous reviews resulted in an increase in the lease liabilities and right-of-use assets reported in the Group's interim results as at 30 September 2019.

At 30 September 2019, the reversal of the lease accrual and transitional adjustments were made through opening retained earnings as part of the modified retrospective approach. This was an incorrect interpretation at the time and the correct application of the reversal of the lease accrual and transitional adjustments have been applied. The reversal of the lease accrual should correctly be adjusted to the right of use assets upon transition into IFRS 16. The right of use assets recognised on adoption of IFRS 16 are now correctly reported at R122 million (refer to note 4.1).

| | 30 September 2019 Rm |
|---|---|
| **Right-of-use assets (previously stated)** | 117 |
| Correction of error – Right-of-use assets – cost | (11) |
| Correction of error – Right-of-use assets – accumulated depreciation | 1 |
| **Right-of-use-assets (restated)** | 107 |
| **Retained profit (previously stated)** | 3 036 |
| Correction of error – Right-of-use assets – lease accrual | 11 |
| Correction of error – Right-of-use assets – depreciation | (1) |
| **Retained profit (restated)** | 3 046 |

## 2. PRIOR PERIOD RESTATEMENTS continued

### 2.10 Zimbabwe hyperinflation

At 30 September 2019 PPC adopted IAS 29 – Hyperinflation for the first time. During the 31 March 2020 year-end audit, a thorough review of the hyperinflation workings were undertaken and certain errors were identified and corrected. This prompted management to review the 30 September 2019 workings and management noted that similar errors were present. These errors related mainly to retained profit and property, plant and equipment not being hyperinflated correctly. The correction of these errors results in the following restatements:

| | 30 September 2019 Rm |
|---|---|
| **Loss for the period (previously stated)** | **(23)** |
| Correction of error – Cost of sales | (19) |
| Correction of error – Administration and other operating expenditure | (1) |
| Correction of error – Net monetary gain on hyperinflation in Zimbabwe | (29) |
| Correction of error – Taxation | 13 |
| **Loss for the period (restated)** | **(59)** |
| **Non–current assets (previously stated)** | **12 664** |
| Correction of error – Property, plant and equipment | 1 406 |
| Correction of error – Other intangible assets | (18) |
| Correction of error – Non-current assets held for sale | 94 |
| **Non–current assets (restated)** | **14 146** |
| **Reserves (previously stated)** | **7 309** |
| Correction of error – Equity compensation reserve | 70 |
| Correction of error – FCTR | 75 |
| Correction of error – Retained profit | 1 023 |
| **Reserves (restated)** | **8 477** |
| **Non–current liabilities (previously stated)** | **5 429** |
| Correction of error – Provisions | (48) |
| Correction of error – Deferred tax liabilities | 362 |
| **Non–current liabilities (restated)** | **5 743** |
| **Loss per share (previously stated) – basic and diluted (cents)** | **(0.4)** |
| Correction of error – Cost of sales | (1) |
| Correction of error – Net monetary gain on hyperinflation in Zimbabwe | (2) |
| Correction of error – Taxation | 1 |
| **Earnings per share (restated) – basic and diluted (cents)** | **(2)** |
| **Headline earnings per share (previously stated) – basic and diluted (cents)** | **6** |
| Correction of error – Cost of sales | (1) |
| Correction of error – Net monetary gain on hyperinflation in Zimbabwe | (2) |
| Correction of error – Taxation | 1 |
| **Headline earnings per share (restated) – basic and diluted (cents)** | **4** |

## 2. PRIOR PERIOD RESTATEMENTS continued

### 2.11 Summary of prior period restatements

The cumulative impact of the above prior year restatements is presented below.

| | 2019 Previously stated dr/(cr) | 2.1 | 2.2 | 2.3 |
|---|---|---|---|---|
| **Statement of profit or loss** | | | | |
| Cost of sales | 4 023 | – | – | – |
| Administration and other operating expenditure | 547 | – | – | – |
| Fair value and foreign exchange gains | 264 | – | 121 | – |
| Remeasurement gain/(loss) on put option | – | – | – | – |
| Fair value gain/(loss) on Zimbabwe financial asset | – | – | (161) | – |
| Fair value loss on Zimbabwe blocked funds | – | – | – | – |
| Expected credit loss on Zimbabwe government bonds | – | – | – | – |
| Net monetary gain on hyperinflation in Zimbabwe | (543) | – | – | – |
| Finance costs | 327 | – | – | – |
| Profit/(loss) from equity accounted investments | 54 | (55) | – | – |
| Impairment of equity accounted investment | 93 | (93) | – | – |
| Taxation | 186 | – | 9 | – |
| Net profit | 23 | (148) | (31) | – |
| **Statement of financial position** | | | | |
| Property, plant and equipment | 10 910 | – | – | – |
| Right-of-use-assets | 117 | – | – | – |
| Goodwill | 237 | – | – | – |
| Other intangible assets | 550 | – | – | – |
| Equity accounted investment | 4 | – | – | – |
| Financial asset | 417 | – | 112 | – |
| Other non-current assets | 333 | – | (76) | – |
| Non-current assets held for sale | 71 | – | – | – |
| Stated capital | (3 972) | – | 7 | |
| Other reserves | (300) | 16 | – | 14 |
| Retained profit | (3 036) | (16) | (34) | (14) |
| Provisions | (395) | – | – | – |
| Deferred tax liability | (708) | – | (10) | – |
| Other non-current liabilities | (311) | – | – | – |
| Non-controlling interest | (110) | – | – | – |
| Earning per share | (0.4) | 10 | 2 | – |
| Headline earning per share | 6 | 4 | 2 | – |

| 2.4 | 2.5 | 2.6 | 2.7 | 2.8 | 2.9 | 2.10 | 2019 Restated dr/(cr) |
|---|---|---|---|---|---|---|---|
| – | – | – | – | – | – | 19 | 4 042 |
| – | – | – | – | – | – | 1 | 548 |
| – | (265) | – | – | – | – | – | 120 |
| – | – | – | (251) | – | – | – | (251) |
| – | 48 | – | – | – | – | – | (113) |
| – | 212 | – | – | – | – | – | 212 |
| – | (40) | – | – | – | – | – | (40) |
| – | – | – | – | – | – | 29 | (514) |
| – | – | – | (14) | – | – | – | 313 |
| – | – | – | – | – | – | – | (1) |
| – | – | – | – | – | – | – | – |
| – | 13 | – | – | – | – | (13) | 195 |
| – | (32) | – | (265) | – | – | 36 | (417) |
| – | – | 13 | – | – | – | 1 406 | 12 329 |
| – | – | – | – | (10) | – | – | 107 |
| 9 | – | – | – | – | – | – | 246 |
| (9) | – | – | – | – | – | (18) | 523 |
| – | – | – | – | – | – | – | 4 |
| – | – | – | – | – | – | – | 529 |
| – | – | – | – | – | – | – | 257 |
| – | – | – | – | – | – | 94 | 165 |
| – | – | – | – | – | – | – | (3 965) |
| – | 87 | – | – | – | (6) | (145) | (334) |
| – | (74) | (9) | (288) | 10 | 169 | (1 023) | (4 315) |
| – | – | – | – | – | – | 48 | (347) |
| – | (13) | (4) | – | – | – | (362) | (1 097) |
| – | – | – | 288 | – | – | – | (23) |
| – | – | – | – | – | (163) | – | (273) |
| – | 2 | – | 18 | – | 2 | (2) | 32 |
| – | 2 | – | 18 | – | 2 | (2) | 32 |

| | Six months ended 30 September 2020 Unaudited Rm | Restated[(a)] Six months ended 30 September 2019 Unaudited Rm | Twelve months ended 31 March 2020 Audited Rm |
|---|---|---|---|
| **3. PROPERTY, PLANT AND EQUIPMENT** | | | |
| Net carrying value at the beginning of the period | **12 277** | 12 587 | 12 600 |
| Correction of prior period errors | **–** | 13 | – |
| Restated net carrying value at the beginning of the period | **12 277** | 12 600 | 12 600 |
| Additions | **147** | 219 | 553 |
| Depreciation | **(339)** | (461) | (911) |
| Disposals | **–** | (4) | (61) |
| Impairments | **–** | – | (2 767) |
| Other movements | **(4)** | (9) | 120 |
| Hyperinflation impact | **2 268** | 1 733 | 4 072 |
| Transfer to non-current assets held for sale | **–** | – | (28) |
| Translation differences | **(3 533)** | (1 749) | (1 301) |
| Net carrying value at the end of the period | **10 816** | 12 329 | 12 277 |
| **Comprising:** | | | |
| Freehold and leasehold land, buildings and mineral rights | **1 281** | 1 429 | 2 966 |
| Decommissioning assets | **227** | 63 | 409 |
| Plant, vehicles, furniture and equipment | **9 308** | 10 837 | 8 902 |
| | **10 816** | 12 329 | 12 277 |
| **Carrying amount of assets pledged as security:** | | | |
| DRC | **2 386** | 3 528 | 2 798 |
| Rwanda | **1 423** | 1 463 | 1 591 |
| Zimbabwe | **3 661** | 2 209 | 4 608 |
| | **7 470** | 7 200 | 8 997 |

[(a)] *Refer to note 2 for details regarding the restatements as a result of a correction of prior period errors.*

Refer to note 13 for details on borrowings that require security.

| | Net carrying value | Net carrying value | Net carrying value |
|---|---|---|---|
| **Translation differences comprise:** | | | |
| Botswana | **(1)** | – | 3 |
| Rwanda | **(137)** | 41 | 236 |
| DRC | **(164)** | 169 | 534 |
| Zimbabwe[(b)] | **(3 231)** | (1 959) | (2 075) |
| Mozambique | **–** | – | 1 |
| **Total** | **(3 533)** | (1 749) | (1 301) |

[(b)] *As a result of a significant devaluation of the Zimbabwean dollar (ZWL) against the South African rand (ZAR), from March 2020 to September 2020 of ZAR:ZWL 0.711 to 0.208, the Group recognised a R3.2 billion decrease in property, plant and equipment.*

| | Six months ended 30 September 2020 Unaudited Rm | Restated[(a)] Six months ended 30 September 2019 Unaudited Rm | Twelve months ended 31 March 2020 Audited Rm |
|---|---|---|---|
| **4. LEASES** | | | |
| **4.1 Right-of-use assets** | | | |
| Recognised on adoption of IFRS 16 on 1 April 2019 | | 133 | 122 |
| Correction of prior period errors | | (11) | – |
| Restated amount recognised on adoption of IFRS 16 on 1 April 2019 | | 122 | 122 |
| Net carrying value at the beginning of the period | **112** | | |
| Additions | **24** | – | 30 |
| Depreciation | **(20)** | (15) | (40) |
| Disposals | **(5)** | – | – |
| Translation differences | **(1)** | – | – |
| Net carrying value at the end of the period | **110** | 107 | 112 |
| **Comprising:** | | | |
| Property and plant | **13** | 22 | 22 |
| Vehicles | **22** | 17 | 20 |
| Land | **23** | 14 | 16 |
| Buildings | **52** | 54 | 54 |
| | **110** | 107 | 112 |

[(a)] *Refer to note 2 for details regarding the restatements as a result of a correction of prior period errors.*

## 4.2 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.

| | Six months ended 30 September 2020 Unaudited Rm | Six months ended 30 September 2019 Unaudited Rm | Twelve months ended 31 March 2020 Audited Rm |
|---|---|---|---|
| Non-current lease liabilities | **58** | 85 | 90 |
| Current lease liabilities | **29** | 35 | 40 |
| | **87** | 120 | 130 |

# NOTES TO THE SUMMARISED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS continued

for the six months ended 30 September 2020

| | Six months ended 30 September 2020 Unaudited Rm | Restated[a] Six months ended 30 September 2019 Unaudited Rm | Twelve months ended 31 March 2020 Audited Rm |
|---|---|---|---|
| **4. LEASES** continued | | | |
| **4.2 Lease liabilities** continued | | | |
| **Maturity analysis – undiscounted contractual cash flows** | | | |
| Less than one year | **39** | 43 | 54 |
| One to five years | **65** | 92 | 104 |
| | **104** | 135 | 158 |
| **Breakdown of lease payments** | | | |
| Fixed payments | **26** | 22 | 36 |
| Variable payments | **1** | 4 | 11 |
| **Total payments** | **27** | 26 | 47 |
| **4.3 Amounts recognised in profit or loss** | | | |
| Depreciation on right-of-use asset | **20** | 15 | 40 |
| Finance cost on lease liabilities | **6** | 8 | 14 |
| Expenses relating to leases of low value assets | **5** | 1 | 1 |
| Expenses relating to variable lease payments | **–** | 4 | 8 |
| Expenses relating to short term leases | **1** | 3 | 3 |
| **Net effect** | **32** | 31 | 66 |

[a] *Refer to note 2 for details regarding the restatements as a result of a correction of prior period errors.*

In 2013, PPC entered into a 10-year lease agreement whereby the entire building and all parking bays were leased to PPC by Growthpoint. Over the years, there has been a significant reduction in the number of people who occupy the PPC head office. During the financial year a new lease with Growthpoint has been negotiated where PPC leases one floor and a limited number of parking bays. The result of the lease renegotiation is as follows:

- The lease term for the renegotiated lease expires in December 2023 as per original agreement
- Monthly rentals are reduced
- Annual escalations fixed at 8 %
- An upfront payment of R23 million made to exit the original lease agreement
- A gain of R10 million has been recognised in the statement of profit or loss as a result of the lease modification

| | | Six months ended 30 September 2020 Unaudited Rm | Restated[a] Six months ended 30 September 2019 Unaudited Rm | Twelve months ended 31 March 2020 Audited Rm |
|---|---|---|---|---|
| **5. GOODWILL** | | | | |
| Net carrying value at the beginning of the period | | **48** | 236 | 245 |
| Correction of prior period errors | | **–** | 9 | – |
| Restated net carrying value at the beginning of the period | | **48** | 245 | 245 |
| Impairments | | **–** | – | (205) |
| Translation differences | | **(4)** | 1 | 8 |
| Net carrying value at end of the period | | **44** | 246 | 48 |
| Goodwill, net of impairments, is allocated to the following cash-generating units: | | | | |
| CIMERWA Limitada[b] | (International cement segment) | **44** | 41 | 48 |
| PPC Cement SA Pty Limited | (Southern Africa cement segment) | **–** | 78 | – |
| Readymix | (Aggregates and readymix segment) | **–** | 127 | – |
| | | **44** | 246 | 48 |

[a] *Refer to note 2 for details regarding the restatements as a result of a correction of prior period errors.*
[b] *The movement in the goodwill of CIMERWA is due to the exchange rate fluctuation between Rwf and ZAR.*

| | | | Six months ended 30 September 2020 Unaudited Rm | Restated[a] Six months ended 30 September 2019 Unaudited Rm | Twelve months ended 31 March 2020 Audited Rm |
|---|---|---|---|---|---|
| **6.** | **OTHER INTANGIBLE ASSETS** | | | | |
| | **Movements during the year** | | | | |
| | Net carrying value at the beginning of the period | | **458** | 558 | 549 |
| | Correction of prior period errors | | **–** | (9) | – |
| | Restated net carrying value at the beginning of the period | | **458** | 549 | 549 |
| | Additions | | **5** | 1 | 20 |
| | Amortisation | | **(26)** | (40) | (66) |
| | Impairments | | **–** | – | (102) |
| | Hyperinflation impact | | **7** | 8 | 12 |
| | Other movements | | **4** | – | (2) |
| | Translation differences | | **(29)** | 5 | 47 |
| | **Net carrying value at the end of the period** | | **419** | 523 | 458 |
| | **Comprising:** | | | | |
| | Rights to mineral use | | **235** | 199 | 228 |
| | Software | | **47** | 62 | 94 |
| | Brands, trademarks and customer relationships | | **137** | 262 | 136 |
| | | | **419** | 523 | 458 |
| **7.** | **FINANCIAL AND OTHER NON-CURRENT ASSETS** | | | | |
| **7.1** | **Financial assets** | | | | |
| | Unlisted collective investment[b] | 7.1.1 | **152** | 143 | 143 |
| | PPC Zimbabwe financial asset | 7.1.2 | **108** | 385 | 161 |
| | **Total non-current financial assets at fair value through profit or loss** | | **260** | 528 | 304 |
| | Investment in Old Mutual shares on the Zimbabwe Stock Exchange | 7.1.3 | **2** | 1 | 5 |
| | **Total non-current financial assets at fair value through other comprehensive income** | | **2** | 1 | 5 |
| | **Total financial assets** | | **262** | 529 | 309 |

[a] *Refer to note 2 for details regarding the restatements as a result of a correction of prior period errors.*

[b] *Unlisted collective investment has been reclassified from other current assets to financial assets for enhanced disclosure.*

### 7.1.1 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 30 September 2020. At 30 September 2020, a further R5 million (September 2019: R5 million; March 2020: R9 million) was reinvested into the unit trusts. These funds are held to fund PPC's South African environmental obligations. Refer to note 10 for the restricted cash.

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

## 7. FINANCIAL AND OTHER NON-CURRENT ASSETS continued

### 7.1.2 PPC Zimbabwe financial asset

The PPC Zimbabwe financial asset arose when the US$ denominated Zimbabwe loan (refer note 13) was registered with the Reserve Bank of Zimbabwe in accordance with Statutory Instrument 33. In terms of Statutory Instrument 33, the loan qualifies as legacy debt and a Zimbabwe dollar amount equivalent to the US$ loan balance was transferred to the RBZ as restricted cash (refer to note 10) and this amount qualifies for the 1:1 conversion of US$ to ZWL.

Refer to note 22 for fair value disclosure with regards to this financial instrument.

Hyperinflation, the challenging general economic environment, the unavailability of foreign currency in Zimbabwe and the further uncertainty created by the COVID-19 pandemic were considered in the determination of the appropriate fair value credit risk adjustment to be applied. A formal agreement has been reached between PPC and the RBZ in terms of which the RBZ utilises the legacy debt to make direct payment on the Zimbabwe loan. To date, these payments have all been honoured, with the last payment being made in June 2020. The next payment is due in December 2020. No Agreement has been reached with the RBZ regarding the repayment of the blocked funds, and no repayment has been received, hence the 85% fair value adjustment noted below. Considering that an agreement has been reached between PPC and the RBZ and the fact that it is being honoured, the credit risk relating to the financial asset is regarded to be lower than that of the blocked funds and as such it is appropriate to reduce the fair value adjustment from the 85% applied to the blocked funds when considering the fair value adjustment of the Zimbabwe financial asset. To that end the Group applied a 50% fair value credit risk adjustment against the PPC Zimbabwe financial asset which resulted in a fair value adjustment of R107 million as at 30 September 2020 (September 2019: R76 million at 18%; March 2020: R161 million at 50%).

The net fair value gain on the Zimbabwe financial asset of R139 million (September 2019: R113 million; March 2020: R7 million) comprises an increase of the intrinsic value of R202 million (September 2019: R152 million; March 2020: R131 million) and a credit risk fair value loss of R63 million (September 2019: R39 million; March 2020: R124 million).

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

### 7.1.3 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 (ZSE). The market value as at 30 September 2020 is ZWL 10 million (R2 million). As a result of the uncertainty around the expatriation of funds from Zimbabwe, the investment has been classified as non-current.

Refer to note 2 for the restated investment on the ZSE.

| | | Six months ended 30 September 2020 Unaudited Rm | Restated[(a)] Six months ended 30 September 2019 Unaudited Rm | Twelve months ended 31 March 2020 Audited Rm |
|---|---|---|---|---|
| **7. FINANCIAL AND OTHER NON-CURRENT ASSETS** continued | | | | |
| **7.2 Other non-current assets** | | | | |
| Zimbabwe blocked funds | 7.2.1 | **57** | 67 | 59 |
| VAT receivable | 7.2.2 | **132** | 108 | 125 |
| Long-term receivable | 7.2.3 | **83** | 82 | 105 |
| **Other non-current assets** | | **272** | 257 | 289 |

(a) *Refer to note 2 for details regarding the restatements as a result of a correction of prior period errors.*

**Judgements made by management and sources of estimation uncertainty**

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

### 7.2.1 Zimbabwe blocked funds

The Zimbabwe blocked funds arose on divestment from the previously held Zimbabwe government bonds. No profit or loss adjustment occurred on reclassification of the instrument.

No formal confirmation has been received from the RBZ regarding repayment of this amount and as such the investment is classified as non-current. The investment is statutory receivable and as no repayment terms have been agreed, it is not a financial asset as defined. It is however PPC 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 the appropriate expected credit loss to be applied to the blocked funds. In light of these factors, the further uncertainty created by the COVID-19 pandemic and the absence of any formal confirmation from the RBZ of repayment terms of the blocked funds, the Group applied an 85 % fair value adjustment of R323 million at 30 September 2020.

The net fair value loss on the Zimbabwe blocked funds of R10 million (September 2019: R212 million; March 2020: R258 million) comprises a decrease of the intrinsic value of R19 million (September 2019: R55 million; March 2020: R74 million) and a credit risk fair value adjustment decrease of R9 million (September 2019: R267 million; March 2020: R332 million).

## 7. FINANCIAL AND OTHER NON-CURRENT ASSETS continued

### 7.2 Other non-current assets continued

#### 7.2.2 VAT receivable

The Group paid VAT during the construction of the plant in the DRC. In the 2017 financial year, correspondence was received from the DRC Finance Department confirming that the VAT will be repaid to PPC Barnet DRC on condition that the money is utilised for discharge of local suppliers and local salary obligations. The correspondence did not however state when the payments would be initiated. As a result of the uncertainty around the timing of receipt of the funds, the VAT receivable has been classified as non-current. Despite this, the recoverability has been assessed and considering it is a receivable from the fiscus the risk of non-collection is regarded as being low.

No refunds were received at 30 September 2020 . The current period movement is due to foreign currency fluctuation.

#### 7.2.3 Long-term receivable

During the construction of the DRC plant, PPC Barnet DRC entered into an agreement whereby PPC and the local power corporation would build the necessary power facility to supply electricity to the plant. In terms of this agreement, the portion initially contributed by PPC would be recovered through electrical usage of the plant. When PPC pays the power corporation, a portion of the amount owing is withheld and offset against this non-current asset.

Refer to note 22 for the fair value disclosure required in terms of IFRS 13.

| | **Six months ended 30 September 2020 Unaudited Rm** | Restated[(a)] Six months ended 30 September 2019 Unaudited Rm | Twelve months ended 31 March 2020 Audited Rm |
|---|---|---|---|
| **8. TAXATION** | | | |
| **8.1 Income tax** | | | |
| **South African normal taxation** | | | |
| Current taxation | **14** | 22 | 53 |
| Current period | **14** | 22 | 42 |
| Prior periods | **–** | – | 11 |
| Deferred taxation | **(4)** | 17 | (516) |
| Current period | **(22)** | 30 | (453) |
| Prior periods | **18** | (13) | (63) |
| **Foreign normal taxation** | | | |
| Current taxation | **58** | 55 | 189 |
| Current period | **57** | 55 | 172 |
| Prior periods | **1** | – | 17 |
| Deferred taxation | **41** | 96 | 364 |
| Current period | **40** | 87 | 328 |
| Prior periods | **1** | 9 | 36 |
| Withholding taxation | **–** | 5 | 7 |
| Taxation charge | **109** | 195 | 97 |

(a) *Refer to note 2 for details regarding the restatements as a result of a correction of prior period errors.*

# NOTES TO THE SUMMARISED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS continued

for the six months ended 30 September 2020

| | Six months ended 30 September 2020 Unaudited % | Restated[(a)] Six months ended 30 September 2019 Unaudited % | Twelve months ended 31 March 2020 Audited % |
|---|---|---|---|
| **8. TAXATION** continued | | | |
| **8.2 Taxation rate reconciliation** | | | |
| Profit/(loss) before taxation | **29** | 32 | (4) |
| Prior periods' taxation impact | **(3)** | (3) | (1) |
| Profit/(loss) before taxation, excluding prior periods' taxation adjustments | **26** | 29 | (5) |
| Income taxation effect of: | | | |
| Foreign taxation rate differential | **1** | 1 | – |
| Expenditure attributable to non-taxable income | **(3)** | (1) | – |
| Transfer pricing adjustment | **(2)** | (1) | 1 |
| Expenditure not deductible in terms of taxation legislation | **(1)** | (1) | – |
| Withholding taxation | **(1)** | (1) | – |
| Fair value adjustments on financial instruments not taxable or deductible | **–** | 12 | (3) |
| Empowerment transactions and IFRS 2 charges not taxation deductible | **–** | (1) | – |
| Expected credit loss provisions impact | **–** | (13) | – |
| Non-taxable income – Environmental trust | **1** | 1 | – |
| **Normalised taxation rate** | | | |
| Taxation effect of the following transactions | **21** | 25 | (7) |
| Deferred taxation not raised[(b)] | **–** | – | 18 |
| Impairment of investments | **(4)** | – | 15 |
| Impairment of capitalised costs | **–** | – | 1 |
| **Adjusted taxation rate before Zimbabwe** | **17** | 25 | 27 |
| Fair value loss on Zimbabwe blocked funds | **1** | – | 4 |
| Tax effect of Zimbabwe hyperinflation and SI 33 | **10** | 6 | – |
| TDB loan at 1:1 financial asset | **–** | (3) | (3) |
| South African normal taxation rate | **28** | 28 | 28 |

(a) *Refer to note 2 for details regarding the restatements as a result of a correction of prior period errors.*

(b) *The deferred taxation asset not recognised is as a result of the deferred taxation asset relating to the assessed losses at DRC Manufacturing Company, Pronto Building Materials and 3Q Mahuma Concrete that has not been recognised due to insufficient future taxable profits to fully utilise the asset.*

| | Six months ended 30 September 2020 Unaudited Rm | Restated[(a)] Six months ended 30 September 2019 Unaudited Rm | Twelve months ended 31 March 2020 Audited Rm |
|---|---|---|---|
| **8. TAXATION** continued | | | |
| **8.3 Deferred taxation** | | | |
| Net liability at the end of the period comprises: | **1 015** | 1 001 | 1229 |
| Deferred taxation asset | **32** | 96 | 26 |
| Deferred taxation liability | **1 047** | 1 097 | 1 255 |
| **Analysis of deferred taxation** | | | |
| Property, plant and equipment | **1 517** | 1 200 | 1 698 |
| Other non-current assets | **124** | 87 | 201 |
| Current assets | **38** | 64 | (5) |
| Non-current liabilities | **(181)** | (78) | (174) |
| Current liabilities | **(101)** | (35) | (125) |
| Reserves | **1** | 373 | 1 |
| Taxation losses | **(383)** | (610) | (367) |
| | **1 015** | 1 001 | 1 229 |

[(a)] *Refer to note 2 for details regarding the restatements as a result of a correction of prior period errors.*

**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 recognised, the Group has made estimates in assessing whether future taxable profits will be available. Future taxable profits are determined based on forecasts and 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.

## 9. TRADE AND OTHER RECEIVABLES

| | Six months ended 30 September 2020 Unaudited Rm | Six months ended 30 September 2019 Unaudited Rm | Twelve months ended 31 March 2020 Audited Rm |
|---|---|---|---|
| Trade receivables | 1 122 | 1 019 | 995 |
| Loss allowance on trade receivables | (131) | (63) | (170) |
| Net trade receivables | 991 | 956 | 825 |
| Foreign exchange contracts | 4 | – | 13 |
| Interest receivable | 11 | – | 13 |
| Short-term portion of long-term receivable[(a)] | 26 | 31 | 36 |
| Other financial receivables[(b)] | 57 | 45 | 46 |
| Trade and other financial receivables | 1 089 | 1 032 | 933 |
| Prepayments[(c)] | 267 | 175 | 313 |
| VAT receivable | 22 | 22 | 35 |
| | 1 378 | 1 229 | 1 281 |

[(a)] *This relates to the short-term portion of the long-term receivable due from the local electricity provider in the DRC. Further details are disclosed in note 7.2.3.*

[(b)] *Other financial receivables relate to employee-related receivables and deposits paid.*

[(c)] *The main increase in prepayments relates to a hyperinflation adjustment of R24 million (September 2019: R1 million; March 2020: R97 million).*

## 10. CASH AND CASH EQUIVALENTS

| | Six months ended 30 September 2020 Unaudited Rm | Six months ended 30 September 2019 Unaudited Rm | Twelve months ended 31 March 2020 Audited Rm |
|---|---|---|---|
| **Currency analysis:** | | | |
| Botswana pula | 75 | 83 | 113 |
| Mozambican metical | 1 | 1 | 1 |
| Zimbabwe dollar | 27 | 85 | 159 |
| Rwandan franc | 203 | 48 | 3 |
| South African rand | 92 | 36 | 32 |
| United States dollar | 307 | 146 | 90 |
| **Balance at the end of the period** | 705 | 399 | 398 |

Cash and cash equivalents are recognised net of expected credit losses. During the current period, in line with the requirements of IFRS 9, cash and cash equivalents were assessed for expected credit losses by analysing the credit rating of each financial institution where PPC Ltd and its subsidiaries have invested cash. This resulted in an expected credit loss of R4 million (September 2019: R5.8 million; March 2020: R7 million) being recognised in the current year.

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).

| | Six months ended 30 September 2020 Unaudited Rm | Six months ended 30 September 2019 Unaudited Rm | Twelve months ended 31 March 2020 Audited Rm |
|---|---|---|---|
| **10. CASH AND CASH EQUIVALENTS** continued | | | |
| **Included in cash and cash equivalents is restricted cash:** | | | |
| PPC Environmental Trust | **9** | 9 | 9 |
| PPC Zimbabwe | **3** | 30 | 13 |
| PPC Ltd | **–** | – | 2 |
| | **12** | 39 | 24 |

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

Cash and cash equivalents held by PPC Zimbabwe relates to the remaining balance of the legacy debt counterparty funds which were transferred to RBZ for the settlement of the TDB loan. The TDB loan was registered as a legacy debt in accordance with the requirements of the February 2019 Monetary Policy Statement whereby legacy debts would be settled by the RBZ at the exchange rate of US$1 to ZWL1.

Cash and cash equivalent held by PPC Ltd relates to money market account held in Stanbic Zimbabwe, and due to Zimbabwe exchange guidelines these funds cannot be repatriated to South Africa.

| | Six months ended 30 September 2020 Unaudited Shares | Restated[(a)] Six months ended 30 September 2019 Unaudited Shares | Twelve months ended 31 March 2020 Audited Shares |
|---|---|---|---|
| **11. STATED CAPITAL AND RESERVES** | | | |
| **11.1 Stated capital** | | | |
| **Authorised ordinary shares** | **10 000 000 000** | 10 000 000 000 | 10 000 000 000 |
| Refer to note 20 for total shares in issue. | | | |
| **Authorised preference shares** | **20 000 000** | 20 000 000 | 20 000 000 |
| Twenty million preference shares of R1 000 each. No preference shares have been issued. | | | |
| | **Rm** | Rm | Rm |
| **Stated Capital** | | | |
| Balance at the beginning of the period | **3 965** | 3 936 | 3 936 |
| Vesting of shares held in terms of the FSP share incentive scheme | **–** | 29 | 29 |
| Balance at the end of the period | **3 965** | 3 965 | 3 965 |

| | Six months ended 30 September 2020 Unaudited Shares | Restated[a] Six months ended 30 September 2019 Unaudited Shares | Twelve months ended 31 March 2020 Audited Shares |
|---|---|---|---|
| **11. STATED CAPITAL AND RESERVES** continued | | | |
| **11.1 Stated capital** continued | | | |
| **Unissued shares** | | | |
| Ordinary shares | **8 406 885 699** | 8 406 885 699 | 8 406 885 699 |
| Preference shares | **20 000 000** | 20 000 000 | 20 000 000 |
| | **Rm** | Rm | Rm |
| **11.2 Other reserves** | | | |
| Foreign currency translation reserve[a] | **(3 414)** | (368) | (568) |
| Equity compensation reserve | **895** | 705 | 795 |
| Financial assets at fair value through other comprehensive income | **(5)** | (3) | (2) |
| | **(2 524)** | 334 | 225 |

[a] *Refer to note 2 for details regarding the restatements as a result of a correction of prior period errors.*

Other reserves consist of:

**Foreign currency translation reserve**
The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

The reserve declined due to the devaluation of Zimbabwe dollar against the South African rand.

**Equity compensation reserve**
Equity compensation reserve relates to equity from the issuance of shares relating to the forfeitable share incentive scheme and BEE transactions.

| | Six months ended 30 September 2020 Unaudited Rm | Restated[a] Six months ended 30 September 2019 Unaudited Rm | Twelve months ended 31 March 2020 Audited Rm |
|---|---|---|---|
| **11.3 Non-controlling interest** | | | |
| **Non-controlling interest reconciliation** | | | |
| **Balance at the beginning of the period** | **(227)** | 294 | 294 |
| Net loss attributable to non-controlling interests | **(13)** | (42) | (516) |
| Foreign currency translation reserve | **(19)** | 21 | (5) |
| **Balance at the end of the period** | **(259)** | 273 | (227) |

[a] *Refer to note 2 for details regarding the restatements as a result of a correction of prior period errors.*

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.

| | Six months ended 30 September 2020 Unaudited Rm | Six months ended 30 September 2019 Unaudited Rm | Twelve months ended 31 March 2020 Audited Rm |
|---|---|---|---|
| **12. PROVISIONS** | | | |
| Decommissioning and rehabilitation | 401 | 322 | 412 |
| Post-retirement healthcare benefits | 23 | 25 | 38 |
| | 424 | 347 | 450 |

### 12.1 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 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 R152 million (September 2019: R143 million; March 2020: R143 million) at year-end (refer to note 7.1.1).

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 of 10% to 12%.

### 12.2 Post-retirement healthcare benefits

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

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

## 13. BORROWINGS

| Notes | Terms | Security |
|---|---|---|
| PPC 003: five years | | Unsecured |
| **South Africa** | | |
| | R350 million amortising loan facility, maturing in 2021 | Unsecured[b] |
| | R800 million general banking facility expiring in 2022 | Unsecured[b] |
| | R300 million general banking facility expiring in 2023 | Unsecured[b] |
| | Capitalised transaction costs[a] | |
| **International** | | |
| | US$53 million, repayable in monthly instalments over a 10-year period starting March 2016 | Secured by CIMERWA's property, plant and equipment (refer to note 3) |
| | RWF35 billion, repayable in monthly instalments over a 10-year period starting March 2016 | Secured by CIMERWA's property, plant and equipment (refer to note 3) |
| | US$55 million, interest payable bi-annually. Biannual repayments in equal instalments over five years starting December 2016 | Secured by PPC Zimbabwe's property, plant and equipment (refer to note 3), inventory and trade and other receivables |
| | US$163 million, capital and interest payable biannually starting July 2017 ending January 2027, with a capital repayment holiday until January 2020 | Secured by PPC Barnet DRC's property, plant and equipment (refer to note 3) |
| **Short term facilities and bank overdrafts** | | |
| South African short-term facilities and overdrafts | | |
| CIMERWA | | |
| Zimbabwe | | |
| DRC | | |
| **Total borrowings** | | |

[a] *The prior year capitalised transaction costs have been disaggregated from the respective loan facility for enhanced disclosure.*

[b] *As at 30 September 2020, the Group is in the process of establishing a security SPV for the purpose of providing security to its South African lenders. The Group is unable to determine the carrying value of those assets included in the SPV until negotiations are final.*

| | **Six months ended 30 September 2020 Unaudited Rm** | Six months ended 30 September 2019 Unaudited Rm | Twelve months ended 31 March 2020 Audited Rm |
|---|---|---|---|
| **Interest rate** | | | |
| Three-month JIBAR plus 1,48 % | **–** | 111 | – |
| | **1 444** | 1 350 | 1 442 |
| Variable rates at 270 basis points above three-month JIBAR | **350** | 525 | 350 |
| Variable rates at 305 basis points above three-month JIBAR | **800** | 640 | 800 |
| Variable rates at 335 basis points above three-month JIBAR | **300** | 190 | 300 |
| | **(6)** | (5) | (8) |
| | **3 484** | 3 452 | 3 761 |
| Variable at 725 basis points above six-month US dollar LIBOR | | | |
| | **239** | 249 | 248 |
| Fixed rate of 16 % | **497** | 477 | 483 |
| Six-month US dollar LIBOR plus 700 basis points | | | |
| | **243** | 452 | 361 |
| Six-month US dollar LIBOR plus 975 basis points | | | |
| | **2 505** | 2 274 | 2 669 |
| | **4 928** | 4 913 | 5 203 |
| | **287** | 142 | 513 |
| | **–** | – | 24 |
| | **–** | – | – |
| | **3** | 76 | 60 |
| | **290** | 218 | 597 |
| | **5 218** | 5 131 | 5 800 |

# NOTES TO THE SUMMARISED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS continued

for the six months ended 30 September 2020

| | Six months ended 30 September 2020 Unaudited Rm | Six months ended 30 September 2019 Unaudited Rm | Twelve months ended 31 March 2020 Audited Rm |
|---|---|---|---|
| **13. BORROWINGS** continued | | | |
| **Broken down as follows:** | | | |
| **Long-term portion of long-term borrowings** | | | |
| South Africa[b] | **–** | 1 176 | – |
| CIMERWA | **583** | 585 | 586 |
| Zimbabwe | **81** | 226 | 180 |
| DRC | **–** | 1 943 | – |
| | **664** | 3 930 | 766 |
| **Short-term portion of long-term borrowings** | | | |
| South Africa | **1 444** | 286 | 1 442 |
| CIMERWA | **153** | 141 | 145 |
| Zimbabwe | **162** | 226 | 181 |
| DRC[c] | **2 505** | 330 | 2 669 |
| | **4 264** | 983 | 4 437 |
| Short-term facilities and bank overdrafts[d] | **290** | 218 | 597 |
| | **5 218** | 5 131 | 5 800 |
| **Maturity analysis of total borrowings:** | | | |
| One year | **2 591** | 1 201 | 5 034 |
| Two years | **622** | 729 | 361 |
| Three years | **552** | 1 321 | 201 |
| Four years | **579** | 515 | 204 |
| Five and more years | **874** | 1 365 | – |
| | **5 218** | 5 131 | 5 800 |
| **Carrying amount of assets encumbered**[e] | | | |
| Property, plant and equipment (refer to note 3) | **7 470** | 7 200 | 8 997 |

[a] *The prior year capitalised transaction costs have been disaggregated from the respective loan facility for enhanced disclosure.*

[b] *At 30 September 2020 the Group had committed borrowing facilities in South Africa of R2,7 billion, of which 70% (September 2019: 55%; March 2020: 72%) was utilised. At that date, as for 31 March 2020, PPC did not meet all its bank covenants, and as such all term debt is disclosed as short-term debt. PPC is in the process of finalising a revised banking facility package which provides sufficient liquidity for the foreseeable future. As part of these revised agreements, the lenders have effectively waived the covenants for 30 September 2020 and as such the term debt remains payable as indicated in the table above.*

[c] *As at 30 September 2020, the DRC lenders had the ability to call for payment of the debt due to non-payment of interest (event of default), but have not done so to date. As such the term debt is reflected as short term.*

[d] *Short-term facilities and bank overdrafts include borrowings from Rand Merchant Bank, First National Bank, Standard Bank and Nedbank.*

[e] *As at 30 September 2020, the Group is in the process of establishing a security SPV for the purpose of providing security to its South African lenders. The Group is unable to determine the carrying value of those assets included in the SPV until negotiations are final.*

| | Six months ended 30 September 2020 Unaudited Rm | Restated[(a)] Six months ended 30 September 2019 Unaudited Rm | Twelve months ended 31 March 2020 Audited Rm |
|---|---|---|---|
| **14. OTHER NON-CURRENT LIABILITIES** | | | |
| Liability to non-controlling shareholder in subsidiary company | **20** | 19 | 22 |
| Interest rate swap liability | **41** | 4 | 24 |
| | **61** | 23 | 46 |

(a) *Refer to note 2 for details regarding the restatements as a result of a correction of prior period errors.*

### Judgements made by management and sources of estimation uncertainty

**Liability to non-controlling shareholder in subsidiary company**

The liability relates to interest accrued on a US dollar-denominated loan into the DRC group of companies by non-controlling shareholders. The loans, excluding interest, were converted to equity in September 2015. Thereafter interest ceased to accrue and the interest amount will be repaid once the external funding of the DRC has been settled. The increase from prior year relates to the impact of foreign currency translation.

**Interest rate swap liability**

On 30 July 2019, PPC Cement SA Pty Limited entered into an interest rate swap with Rand Merchant Bank (RMB) in order to manage interest rate movement risk, reduce the earnings volatility and improve the certainty of interest cash flows.

# NOTES TO THE SUMMARISED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS continued

for the six months ended 30 September 2020

| | Six months ended 30 September 2020 Unaudited Rm | Six months ended 30 September 2019 Unaudited Rm | Twelve months ended 31 March 2020 Audited Rm |
|---|---|---|---|
| **15. TRADE AND OTHER PAYABLES** | | | |
| Accrued finance charges | **43** | 32 | 24 |
| Capital expenditure payables | **13** | 57 | 8 |
| Unclaimed dividends | **11** | 11 | 11 |
| Other financial payables | **38** | 12 | 48 |
| Retentions held for plant and equipment[(a)] | **296** | 333 | 341 |
| Carbon Tax accrual | **78** | 37 | 49 |
| Trade payables and accruals | **1 414** | 1 273 | 1 103 |
| Trade and other financial payables[(b)] | **1 893** | 1 755 | 1 584 |
| Income received in advance[(c)] | **4** | 2 | 11 |
| Payroll accruals | **315** | 124 | 187 |
| VAT payable/(receivable) | **49** | 26 | 12 |
| | **2 261** | 1 907 | 1 794 |

(a) *This relates to capital retention payments related to the PPC DRC Barnet plant. This is due and payable within 12 months.*

(b) *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.*

(c) *Income received in advance balance of R2 million at 30 September 2019 has been disaggregated from other financial payables for enhanced disclosure. PPC Zimbabwe sold houses at its Colleen Bawn and Bulawayo factories to employees, however, the title deeds are not yet transferred.*

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

## 16. 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 streams, which are all recognised at a point in time:

| | **Six months ended 30 September 2020 Unaudited Rm** | Six months ended 30 September 2019 Unaudited Rm | Twelve months ended 31 March 2020 Audited Rm |
|---|---|---|---|
| **Disaggregation of revenue**[(a)] | | | |
| Revenue from the sale of cementitious goods | **5 006** | 4 948 | 10 241 |
| **Total revenue** | **5 006** | 4 948 | 10 241 |
| **Major goods and services per primary geographical markets** | | | |
| Cementitious goods | **5 006** | 4 948 | 10 241 |
| South Africa | **2 896** | 3 319 | 6 181 |
| Botswana | **252** | 315 | 656 |
| Zimbabwe | **797** | 497 | 1 861 |
| Democratic Republic of Congo | **402** | 303 | 607 |
| Rwanda | **659** | 514 | 936 |

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.

(a) *At 31 March 2020, management reconsidered the revenue recognition principles applied by the Group and concluded that the transportation of cementitious product does not constitute a separate performance obligation, as was disclosed at 30 September 2019 unaudited financial results. This conclusion was reached on the basis that control over the cementitious product only transfers to the Group's customers on delivery of the cementitious products to end customers. There is thus only one performance obligation which is the sale of cementitious products to customers. The total revenue as at 30 September 2019 was disaggregated between revenue from sale of cementitious goods (R4 274 million) and revenue from transportation services (R674 million). There is no impact on the total revenue (R4 948 million) disclosed in the 30 September 2019 unaudited financial results for the Group.*

## 16. REVENUE FROM CONTRACTS WITH CUSTOMERS continued

### 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 was 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.

## 17. FAIR VALUE AND FOREIGN EXCHANGE MOVEMENTS

### 17.1 Fair value and foreign exchange gains

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

| | **Six months ended 30 September 2020 Unaudited Rm** | Restated[a] Six months ended 30 September 2019 Unaudited Rm | Twelve months ended 31 March 2020 Audited Rm |
|---|---|---|---|
| Fair value loss on ineffective portion of cash flow hedge[b] | **(6)** | (4) | (6) |
| Fair value loss on remeasurement of interest rate swap liability (refer to note 17) | **(17)** | – | (24) |
| Fair value (gain)/loss on unlisted collective investments | **4** | (6) | (9) |
| Foreign exchange (loss)/gain on translation of foreign currency denominated monetary items | **(347)** | (110) | 190 |
| | **(366)** | (120) | 151 |

[a] *Refer to note 2 for details regarding the restatements as a result of a correction of prior period errors.*

[b] *Losses on open forward exchange contracts held for capital purchases and working capital requirements.*

## 17. FAIR VALUE AND FOREIGN EXCHANGE MOVEMENTS continued

### 17.1 Fair value and foreign exchange gains continued

Included in the gain/(loss) on translation of foreign currency denominated monetary items is the following:

- A loss of R16 million (September 2019: gain R2 million; March 2020: gain R2 million) comprising the remeasurement following devaluations of the Congolese franc against the US dollar of the non-current VAT receivable in the DRC
- A remeasurement loss of R4 million (September 2019: R7 million; March 2020: R13 million) has been recorded against the US dollar-denominated project funding in Rwanda

### 17.2 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:

| | **Six months ended 30 September 2020 Unaudited Rm** | Restated[(a)] Six months ended 30 September 2019 Unaudited Rm | Twelve months ended 31 March 2020 Audited Rm |
|---|---|---|---|
| PPC Zimbabwe[(b)] | **(2 858)** | (1 982) | (2 109) |
| CIMERWA Limitada | **(100)** | 29 | 83 |
| PPC DRC Barnet | **96** | 65 | (125) |
| PPC Botswana | **(3)** | – | 7 |
| | **(2 865)** | (1 888) | (2 144) |

[(a)] *Refer to note 2 for details regarding the restatements as a result of a correction of prior period errors.*

[(b)] *PPC Zimbabwe was significantly impacted by the devaluation of ZWL to the US$ as a result of Zimbabwe being a hyperinflationary economy.*

Details on fair value hierarchies are disclosed in note 22.

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

# NOTES TO THE SUMMARISED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS continued

for the six months ended 30 September 2020

| | **Six months ended 30 September 2020 Unaudited Rm** | Restated[(a)] Six months ended 30 September 2019 Unaudited Rm | Twelve months ended 31 March 2020 Audited Rm |
|---|---|---|---|
| **18. IMPAIRMENTS** | | | |
| Impairment of other intangible assets | **–** | – | (102) |
| Impairment of property, plant and equipment | **–** | – | (2 767) |
| Impairment of goodwill | **–** | – | (205) |
| Gross impairments | **–** | – | (3 074) |
| Taxation impact | **–** | – | 519 |
| Net impairments | **–** | – | (2 555) |

[(a)] *Refer to note 2 for details regarding the restatements as a result of a correction of prior period errors.*

Management considered whether there were any changes in the operations or business that would indicate a change in the CGUs identified as at 31 March 2020. The conclusion was that there were not and as such the number of and classification of CGUs remained the same.

Considering the decrease in the WACC rates for South Africa between 31 March and 30 September 2020, and the headroom identified as at 31 March 2020, no impairment tests were required for any South African CGUs. Management did, however, consider whether it would be appropriate to reverse a part of or all of the impairments on Cement Inland and Cement Coastal, considering the improvement in trade. However, management is not convinced that the CGU's recoverable amount has increased either significantly or permanently, and does not believe it is appropriate to reverse the 31 March 2020 impairments of Cement Inland and Cement Coastal.

| | **Six months ended 30 September 2020 Unaudited Rm** | Six months ended 30 September 2019 Unaudited Rm | Twelve months ended 31 March 2020 Audited Rm |
|---|---|---|---|
| **19. FINANCE COSTS** | | | |
| Bank and other short-term borrowings | **41** | 36 | 31 |
| Notes | **–** | 5 | 6 |
| Interest expense on lease liabilities | **6** | 8 | 14 |
| Long-term loans and project funding | **274** | 254 | 581 |
| Finance costs before time value of money adjustments and interest on penalties | **321** | 303 | 632 |
| Interest on penalties | **1** | – | 3 |
| Time value of money adjustments on rehabilitation and decommissioning provisions | **8** | 10 | 17 |
| | **330** | 313 | 652 |
| Southern Africa | **106** | 111 | 216 |
| International | **224** | 202 | 436 |

The total finance costs excluding time value of money adjustments and interest on penalties, relates to financial liabilities held at amortised cost.

| | Six months ended 30 September 2020 Unaudited Shares | Restated[(a)] Six months ended 30 September 2019 Unaudited Shares | Twelve months ended 31 March 2020 Audited Shares |
|---|---|---|---|
| **20. EARNINGS AND HEADLINE EARNINGS** | | | |
| **20.1 Number of shares and weighted average number of shares** | | | |
| **Total shares in issue** | **1 593 114 301** | 1 593 114 301 | 1 593 114 301 |
| Treasury shares | **(84 919 403)** | (88 009 102) | (86 325 888) |
| **Weighted average number of shares for calculation of basic earnings per share** | **1 508 194 898** | 1 505 105 198 | 1 506 788 412 |
| Adjusted for: | | | |
| Shares held by consolidated Safika Trust treated as treasury shares[(b)] | **1 354 347** | 1 354 347 | 1 354 347 |
| FSP share incentive scheme shares not expected to vest | **7 911 823** | 26 857 687 | 7 911 823 |
| **Weighted average number of shares for calculation of diluted earnings per share** | **1 517 461 068** | 1 533 317 232 | 1 516 054 582 |

(a) *Refer to note 2 for details regarding the restatements as a result of a correction of prior period errors.*

(b) *The September 2019 weighted average number of shares for the Safika Trust has been amended to correctly reflect the weighting, as the shares were issued in August 2018. This adjustment has no impact on earnings per share or headline earnings per share*

| | Six months ended 30 September 2020 Unaudited Rm | Restated[(a)] Six months ended 30 September 2019 Unaudited Rm | Twelve months ended 31 March 2020 Audited Rm |
|---|---|---|---|
| **20.2 Basic earnings** | | | |
| **Profit/(loss) for the period** | **274** | 417 | (2 388) |
| Attributable to: | | | |
| Shareholders of PPC Ltd | **287** | 459 | (1 872) |
| Non-controlling interests | **(13)** | (42) | (516) |
| | **274** | 417 | (2 388) |
| **20.3 Earnings/(loss) per share** | | | |
| Basic | **19** | 32 | (124) |
| Diluted | **19** | 31 | (124) |

In terms of paragraph 41 of IAS 33, potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations. As at 31 March 2020 the Group reflects a net loss resulting in the potential ordinary shares being anti-dilutive. PPC therefore does not treat potential shares as dilutive.

# NOTES TO THE SUMMARISED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS continued

for the six months ended 30 September 2020

| | **Six months ended 30 September 2020 Unaudited Rm** | Restated[a] Six months ended 30 September 2019 Unaudited Rm | Twelve months ended 31 March 2020 Audited Rm |
|---|---|---|---|
| **20. EARNINGS AND HEADLINE EARNINGS** continued | | | |
| **20.4 Headline earnings** | | | |
| Headline earnings is calculated as follows: | | | |
| **Profit/(loss) for the period** | **274** | 417 | (2 388) |
| Adjusted for: | | | |
| Impairment of property, plant and equipment and intangible assets | **–** | – | 2 869 |
| Taxation on impairments | **–** | – | (519) |
| Impairment of goodwill | **–** | – | 205 |
| (Loss)/profit on sale of assets | **–** | (2) | 53 |
| Taxation on loss on sale of assets | **–** | 1 | (15) |
| **Headline earnings** | **274** | 416 | 205 |
| Attributable to: | | | |
| Shareholders of PPC Ltd | **287** | 458 | 406 |
| Non-controlling interests | **(13)** | (42) | (201) |
| **20.5 Headline earnings per share** | | | |
| Basic | **19** | 32 | 27 |
| Diluted | **19** | 31 | 27 |

[a] *Refer to note 2 for details regarding the restatements as a result of an error.*

| | Six months ended 30 September 2020 Unaudited Rm | Six months ended 30 September 2019 Unaudited Rm | Twelve months ended 31 March 2020 Audited Rm |
|---|---|---|---|
| **21. COMMITMENTS** | | | |
| Contracted capital commitments | **110** | 190 | 120 |
| Approved capital commitments | **127** | 119 | 365 |
| **Capital commitments** | **237** | 309 | 485 |
| Lease commitments not reflected in measurement of lease liabilities | **5** | 3 | 2 |
| | **242** | 312 | 487 |
| **Capital commitments** | | | |
| Southern Africa | **146** | 284 | 216 |
| International | **91** | 25 | 269 |
| | **237** | 309 | 485 |
| Capital commitments are anticipated to be incurred: | | | |
| Within one year | **210** | 294 | 249 |
| Between one and two years | **27** | 15 | 236 |
| | **237** | 309 | 485 |

## 22. FINANCIAL RISK MANAGEMENT

### Methods and assumptions used by the Group in determining fair values

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

The fair value of unlisted investment has been valued based on the purchase agreement following the decision to dispose of the investment, while unlisted collective investment is valued using the closing unit price at year-end. Investment in government bonds is valued using the discounted face value of the bills. Further details are disclosed in note 7.

The fair value of loans receivable and payable are 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 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 end of the period US$:ZWL$ (2019: US$:RTGS$) exchange rate and further credit risk adjustment was recognised.

| | Note | Level | **Six months ended 30 September 2020 Unaudited Rm** | Six months ended 30 September 2019 Unaudited Rm | Twelve months ended 31 March 2020 Audited Rm |
|---|---|---|---|---|---|
| **22. FINANCIAL RISK MANAGEMENT** continued | | | | | |
| **Fair value hierarchy disclosures** | | | | | |
| **2020** | | | | | |
| **Financial assets** | | | | | |
| **At amortised cost** | | | | | |
| Trade and other financial receivables | 9 | | **1 089** | 1 032 | 933 |
| Cash and cash equivalents | 10 | | **705** | 399 | 398 |
| **At fair value through other comprehensive income** | | | | | |
| Investment in Old Mutual shares on the Zimbabwe Stock Exchange | 7.1.3 | 1 | **2** | 1 | 5 |
| **At fair value through profit or loss** | | | | | |
| Unlisted collective investments at fair value (held for trading) | 7.1.1 | 2 | **152** | 143 | 143 |
| PPC Zimbabwe financial asset | 7.1.2 | 3 | **108** | 385 | 161 |
| Zimbabwe blocked funds | 7.2.1 | 3 | **57** | 67 | 59 |
| **Financial liabilities** | | | | | |
| **At amortised cost** | | | | | |
| Long-term borrowings | 13 | | **664** | 3 930 | 766 |
| Short-term borrowings | 13 | | **4 554** | 1 201 | 5 034 |
| Lease liabilities | 4.2 | | **87** | 120 | 130 |
| Liability to non-controlling shareholder in subsidiary company | 14 | | **20** | 19 | 22 |
| Trade and other financial payables | 15 | | **1 893** | 1 755 | 1 584 |
| **At fair value through profit or loss** | | | | | |
| Interest rate swap liability | 14 | 2 | **41** | 4 | 24 |

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, 9 and 14 for quantitative information and significant assumptions on the unobservable inputs used to determine fair values for financial assets and liabilities respectively.

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

[a] *Refer to note 2 for details regarding the restatements as a result of a correction of prior period errors.*

## 22. FINANCIAL RISK MANAGEMENT continued

### Level 3 sensitivity analysis

| Financial instrument | Valuation technique | Key unobservable inputs | Sensitivity % | Carrying value Rm | Increase/ decrease Rm |
|---|---|---|---|---|---|
| PPC Zimbabwe financial asset | US$:ZWL$ exchange rate | Credit risk adjustment of 50 % | 1 % higher and 1 % lower | 108 | 2 |
| Zimbabwe blocked funds | US$:ZWL$ exchange rate | Credit risk adjustment of 85 % | 1 % higher and 1 % lower | 57 | 1 |

### Movements in level 3 financial instruments

| | 30 September 2020 Rm | 31 March 2020 Rm |
|---|---|---|
| **Financial assets at fair value through profit or loss** | | |
| Balance at the beginning of the period | **220** | 252 |
| New financial assets recognised | **6** | 317 |
| Fair value adjustments | **185** | 205 |
| Fair value adjustments – credit risk | **(53)** | (456) |
| Repayment | **(80)** | (106) |
| FCTR | **(113)** | 8 |
| **Balance at the end of the period** | **165** | 220 |

## 23. EVENTS AFTER THE REPORTING DATE

### Restructuring across the Group

As a response to the adverse financial effect of the COVID-19 pandemic and subsequent lockdowns, PPC has embarked on a programme of restructuring across the Group. Selective temporary plant closures are under investigation and various restructuring initiatives are underway. In certain South African business units the consultative retrenchment process, in line with section 189(3) retrenchment guidelines has been initiated. The company is unable to determine the financial impact until such time as the section 189(3) consultation process is concluded for the South African business.

### Competition Commission settlement

In October 2020, PPC concluded a settlement agreement with the Competition Commission (Commission), in relation to a complaint initiated by the Commission in the period following the demise of the lawful cartel in 1996, during which PPC entered into collusive agreements and/or arrangements in contravention of sections 4(1)(b)(i) and (ii) of the Competition Act No. 89 of 1998 (Act). These agreements and/or arrangements involved indirectly fixing prices for cement and dividing the cement market through, inter alia, the allocation of market shares. In the settlement agreement reached with the Commission, PPC admitted that it had engaged in the above conduct, which is in contravention of sections 4(1)(b)(i) and (ii) of the Act. Pursuant to the settlement agreement, PPC was granted final immunity from prosecution and an administrative penalty.

## 24. GOING CONCERN ASSESSMENT

### Introduction

In determining the appropriate basis of preparation of the summarised unaudited consolidated financial statement, 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, the impact of turnaround plans, 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 November 2021
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 30 November 2021, taking into account current available facilities and the impact of the restructuring which is currently underway

### Group restructuring and refinancing project

As at 30 September 2020, the Group had borrowings of R5,2 billion (31 March 2020: R5,8 billion). The directors remain of the view that these levels of debt are not sustainable and in the previous financial year commenced a restructuring and refinancing project with the objective of de-risking the Group's balance sheet and implementing a sustainable capital structure. The particulars around the project have been disclosed in detail in the 31 March 2020 consolidated annual financial statements, note 36.

The need to restructure and refinance is a combination of:

1. The investment in PPC Barnet in the Democratic Republic of Congo (DRC) in 2014 in which PPC Limited assumed the role as a project sponsor and resulting contingent claims against PPC Limited to provide ongoing deficiency funding to PPC Barnet as a result of the unsustainable level of debt in the DRC operations
2. The subdued trading conditions, primarily in South Africa, resulting in reduced profitability and unsustainable levels of debt in the South African operations in relation to this reduced profitability, which has been exacerbated by the economic effects of the COVID-19 pandemic

The events, conditions, judgements and assumptions related to the implementation of the restructuring and refinancing project remain fundamentally consistent with those disclosed in the aforementioned note 36, and inherently include material uncertainty on the timing of future cash flows. Any significant deviations may cast significant 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 Group continues to make good progress against the key milestones in the restructuring and refinancing project. In South Africa, PPC has signed facilities agreements with its two primary South African lenders, who provide R1.85 billion of term and long-term revolving credit facilities and R625 million of short-term facilities. The final terms of these agreements are substantially the same as those disclosed in note 36 of the audited consolidated financial statements for the year ended 31 March 2020. As is customary for pooled banking arrangements of this nature, the facilities agreements provide for cross guarantees between the respective PPC SA entities and PPC Botswana (Pty) Limited.

PPC is also finalising documentation relating to the provision of security, including a security pool arrangement comprising the pledge and cession of shares and shareholder claims over various PPC SA entities, registration of mortgage bonds over select immovable property and general notarial bonds over inventory and the cession over the book debts of PPC Cement SA (Pty) Limited and PPC Lime Limited. PPC expects the registration of the full security package to be completed by the end of January 2021.

PPC has also agreed revised terms with its third South African lender for a working capital facility of R175 million, which has now removed the requirement of being part of the security pool arrangement. As is customary for pooled banking arrangements of this nature, limited guarantees have been provided by the larger PPC SA entities that make use of the working capital facility.

## 24. GOING CONCERN ASSESSMENT continued

In the DRC, a formal standstill agreement has been concluded with the DRC Lenders. The final terms of the agreement are substantially the same as those of the termsheet agreed at the end of August 2020, as disclosed in note 36 of the audited consolidated financial statements for the year ended 31 March 2020. PPC is actively engaging with the DRC Lenders, who have now appointed financial and legal advisors, on a detailed restructuring plan. PPC is targeting agreeing the basis of the restructuring plan with the DRC Lenders before the end of this calendar year.

Following a number of unsolicited approaches regarding PPC Lime Limited, PPC has decided to accelerate its sale and appointed financial advisors to manage a structured sales process of the business. PPC is targeting deal certainty by the end of Q1 2021.

In addition to the above mentioned actions, the following objectives remain to be achieved as part of the restructuring and refinancing project:

- Raise capital at the intermediate holding company of the Group's interests in the DRC, Rwanda, Zimbabwe and Ethiopia ("PPC International") to enable a sustainable capital structure and fund growth initiatives in those operations and support the restructuring claims of the PPC Barnet Lenders
- Raise capital from shareholders by way of a rights issue in the range of R750 million to R1.25 billion in order to strengthen the balance sheet and enable the broader restructuring. The final timing, quantum and the terms of any rights issue would only be determined once the other steps, most notably the restructure of the funding in the DRC, have been achieved, but is targeted for completion by 31 March 2021.

### Group liquidity

The Group has developed and utilised detailed liquidity models in its liquidity forecasting. These models and the reasonableness of assumptions contained therein have been reviewed and tested internally, as well as by external consultants and the various lender groups. These forecasts remain conservative, despite better than anticipated trading since lockdown was lifted, and show adequate headroom on facilities and covenants.

Due to better than expected trading since lockdown, the SA Group's facility utilisation has improved as follows:

| | 31 March 2020 Rm | 30 September 2020 Rm | 30 November 2020 Rm |
|---|---|---|---|
| **Short-term facilities** | | | |
| Available | 1 000 | 800 | 800 |
| Utilised | 569 | 381 | 264 |
| Unutilised | 431 | 419 | 536 |
| *% headroom* | *43* | *52* | *67* |
| **Long-term facilities**[(a)] | | | |
| Available | 1 850 | 1 850 | 1 850 |
| Utilised | 1 450 | 1 450 | 1 450 |
| Unutilised | 400 | 400 | 400 |
| *% headroom* | *22* | *22* | *22* |
| **Total facilities** | | | |
| Available | 2 850 | 2 650 | 2 650 |
| Utilised | 2 019 | 1 831 | 1 714 |
| Unutilised | 831 | 819 | 936 |
| *% headroom* | *29* | *31* | *35* |

*(a) These long-term facilities are classified as short-term in the summarised financial statements as PPC did not meet its covenants at 30 September 2020. Refer to note 13 of the summarised financial statements.*

## 24. GOING CONCERN ASSESSMENT continued

### DRC exposure

The terms of the executed DRC standstill agreement are in line with those disclosed in note 36 to the 31 March 2020 consolidated annual financial statements. A standstill fee of $2 million has been agreed and paid subsequent to the reporting date.

PPC has presented a restructuring plan to the DRC Lenders and negotiations for an amicable and sustainable solution are now underway.

**Ongoing liquidity**

The agreed short-term facility of $5 million with Ecobank has now been finalised and executed. Management's cash flow forecasts for the DRC demonstrate cash headroom in excess of $4 million to 30 November 2021.

### Other operations

**Zimbabwe**

PPC Zimbabwe is a going concern on a standalone basis and there is no funding required from PPC Limited or elsewhere within the Group. Subsequent to the reporting date a dividend of $6 million was paid by PPC Zimbabwe of which $4.4 million is attributable to PPC Ltd.

**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 R150 million is forecast over the period to November 2021.

**Ethiopia (Habesha)**

Habesha is an associate in which PPC sees long-term value and has an option to move to control. As part of this, PPC Limited will look to facilitate the re-capitalisation of the business given its long-term strategic value, as part of the greater group-wide restructure.

### Group solvency

On a consolidated basis, the fair value of assets exceeds the fair value of liabilities for the Group, with the estimated total carrying value of assets estimated at R16,2 billion, compared to total (lender) debt of R5,2 billion and total balance sheet liabilities of R9,1 billion.

### Conclusion

The events, conditions, judgements and assumptions described above inherently include material uncertainty on the timing of future cash flows, the successful completion of the DRC restructuring including agreement on the restructuring plan and the potential values of cash received in the respective PPC International capital raise related thereto, and implementation of the PPC Limited rights issue and sale of PPC Lime. Any significant deviations may cast significant 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 all of the above, including detailed consideration of all financial plans and forecasts, the actions taken by the Group, the actions that remain outstanding and the level of detail of the disclosures made in these summarised financial statements, 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.

## 25. ADDITIONAL DISCLOSURE

On 11 March 2020, the World Health Organization declared the novel coronavirus (COVID-19) outbreak a global health pandemic. This resulted in economic consequences due to a national lockdown in South Africa that was effective on 26 March 2020. COVID-19 is an unprecedented challenge for humanity and for the global economy with its effects subject to significant levels of uncertainty. The short-term effects are due to national lockdowns implemented by local governments in order to reduce the spread of the virus which resulted in a reduction of trade activity and a disruption in supply chains due to a restriction on local and foreign travel. The long-term effects are rather uncertain at this stage. In response to the significant decreases in demand resulting from social distancing efforts, quarantines, South African border closures and lockdown restrictions related to the spread of COVID-19, the Group had temporarily closed its cement production plants across the territories it operates in, however, with the easing of restrictions have subsequently reopened all production plants.

COVID-19 pandemic had the following impact for the six months ended 30 September 2020:

- There was a significant impact of COVID-19 on revenue from cementitious goods at 31 March 2020, as the Group's operations were impacted by Government directives to close during the level 5 lockdown regulations. However, the cement sales have since rebounded with double digit year on year growth since June 2020
- The Group has based the measurement of expected credit losses (ECL) on an unbiased, probability-weighted amount that is determined by evaluating a range of possible outcomes and reflecting time value of money. IFRS 9 requires information at the reporting date about past events, current conditions and forecasts of future economic conditions. All of these were used in calculating the ECL on financial assets
- Non-financial assets are assessed for impairment annually and whenever there are indicators of impairment in terms of IAS 36 Impairment of assets. In determining the recoverable amount of the cash generating unit (CGU), the Group considered several sources of estimation uncertainty and made certain assumptions or judgements about the future

Although the Group is experiencing positive sales momentum across most of its markets, the Group remains cautious on the outlook for the rest of 2021 financial year, given the ongoing health crisis and its resultant impact on economic activity. The Group will remain focused on cash preservation and improving cost competitiveness by lowering operational costs.

# SUPPLEMENTARY INFORMATION RELATED TO SHORT- AND LONG-TERM INCENTIVES

## INTRODUCTION

The remuneration report included in the integrated annual report (IAR) for the financial year 2020 (FY20) indicated that Short Term Incentive (STI) payments for FY20 were deferred due to the global pandemic with the anticipation of a proposal from management to the remuneration committee (REMCO) to completely cancel STI payments for FY20 at the REMCO meeting in November 2020. In addition, the report indicated that details on the STI targets, as well as targets for the Long Term Incentives (LTI) will be disclosed with the interim results for FY21.

## FY20 STI PAYMENTS

As anticipated management has proposed to REMCO to cancel all payments of STI related to FY20 due to the economic impact of the global pandemic. REMCO has accepted the proposal.

## FY21 STI TARGETS

The STI targets for business performance, which accounts for 50 % of the STI, were confirmed to be based on EBITDA margin and free (operating) cash flow as indicated in the IAR for FY20. The targets were reset on the basis of a revised budget prepared by management in July and subsequently reviewed by the Board. It is advised that the target for EBITDA margin at Group level following the revised budget is slightly lower compared to the original target due to the impact of COVID-19 related restrictions. The Group's free cash flow target is higher compared to the original target due to the impact of cash preservation measures.

The STI targets for personal performance, which accounts for 50 % of the STI, defined for the CEO include:

1. Specific achievements related to the ongoing capital restructure
2. Improvements of the Lost Time Injury Frequency Rate as well as key environmental indicators (emissions, clinker factor, and water usage)
3. Improvement of industrial performance measured by Overall Equipment Efficiency (OEE) and key cost drivers (heat consumption, electricity consumption and productivity)
4. Specific achievements related to employee engagement and the enhancement of the PPC Value Creation Framework with standard KPIs across all elements implemented across all countries and business units

The targets for the measurement of the STI element related to the personal performance of the CEO were cascaded throughout the organisation.

## FY21 LTI TARGETS

The LTI performance indicators disclosed in the IAR FY20 are (1) Share price appreciation (total shareholder return (TSR) and (2) Delta PPC economic value creation (PEVC). Due to the strategic importance of the capital restructure project the REMCO has decided to replace (1) Share price appreciation (total shareholder return (TSR) with specific achievements related to the ongoing capital restructure. The second indicator remains in place. However, the target has been adjusted higher in line with the revised budget and specifically the higher free cash flow target which is a major driver of the PEVC. The PEVC is calculated by deducting the free cash flow from the theoretical capital charge that in turn is calculated by multiplying the invested capital with the weighted cost of capital.

# ADMINISTRATION

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(PPC or company or Group)
Company registration number: 1892/000667/06
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JSE ISIN: ZAE 000170049
ZSE code: PPC.ZW
JSE code: PPC003
JSE ISIN: ZAG000117524

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