SUMMARISED AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

DRIVING PERFORMANCE TO SUSTAIN OUR PURPOSE

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We encourage feedback on our integrated reporting suite. Kindly direct feedback to the Group Company secretary, Ms Kristell Holtzhausen, kristell.holtzhausen@ppc.co.za, on +27(11) 386 9562.

Details for obtaining copies of the integrated report are also available from our Group Company secretary.

The full set of consolidated annual financial statements can be found at: www.ppc.africa/corporate/investors-media/financial-presentations-reports or from the Company secretary.

FINANCIAL HIGHLIGHTS

Group revenue
R10 241 million
(March 2019:
R10 494 million)

Group EBITDA
R1 604 million
(March 2019:
R1 946 million)

Loss per share
124 cents
(March 2019: Earnings per share 16 cents, restated)

Headline earnings per share
27 cents
(March 2019: 20 cents, restated)

WHAT WE DO

PPC is an iconic material and solutions provider of quality and consistent cement, aggregates, metallurgical-grade lime, burnt dolomite, limestone, readymix and fly ash. We also provide technical support to our customers.

WHO WE ARE

PPC's story stretches back over 128 years to where we were first incorporated on the outskirts of Pretoria in 1892. As the first cement plant in South Africa, we have established ourselves as a resilient organisation by adapting to ever-changing economic, operating and political environments. We are proud to be a leading provider of quality building materials and solutions in 80 % of the regions we operate in.

OUR VISION

To be a company that **provides world-class materials** and **solutions** into the basic services sector, while creating **sustainable value** for all **stakeholders**.

OUR PURPOSE

To **empower** people to experience a **better quality** of **life**.

COMMENTARY

Roland van Wijnen, CEO, said:

"FY20 was characterised by difficult trading conditions, especially in South Africa. The global COVID-19 pandemic, which emerged during the last month of the financial year, further exacerbated an already difficult trading cycle. We acted swiftly to implement protocols to protect our employees, improve our competitiveness and preserve cash. While we have seen a decline in our financial performance, we also see that the actions we have taken to reposition PPC to deliver sustainable value for all our stakeholders are beginning yield results. Post the resumption of trading in FY21, the performance across all of our core businesses has been encouraging. The Group capital restructuring remains a key priority. Over the next nine months, we will take the necessary strategic and operational actions needed to improve the financial position and performance of the Group. It is encouraging to see how PPC employees have come together to drive performance to sustain our purpose to empower people to experience a better quality of life."

Chief executive officer
Roland van Wijnen

GROUP PERFORMANCE

Group revenue declined by 2% to R10 241 million (March 2019: R10 494 million, restated). Excluding Zimbabwe, revenue declined by 7%, from R9 047 million to R8 380 million, mainly due to a decline in revenues from South Africa Cement.

Cost of sales reduced by 3% to R8 248 million (March 2019: R8 487 million, restated) compared with the previous year. Administration and other operating expenditure increased by 16% to R1 284 million (March 2019: R1 104 million, restated). This increase is primarily due to the impact of hyperinflation in Zimbabwe and an increase in fees paid to consultants.

Fair value adjustments and foreign exchange movements resulted in a gain of R151 million (March 2019: R126 million loss), mostly as a result of the revaluation of foreign denominated loan accounts. The Democratic Republic of the Congo (DRC) put option liability carrying value was reduced to zero, resulting in a remeasurement gain of R251 million for the year. The slower than anticipated ramp-up in the DRC resulted in no capital repayments having been made on the US$ denominated debt in the DRC, as well as more conservative cash flow forecasts, resulting in the option value being zero.

The fair value gain on the Zimbabwe financial asset of R7 million (2019: R236 million, restated) is after taking into account a 50% credit risk fair value adjustment of R161 million (2019: R37 million, restated), while the loss on the blocked funds of R258 million (2019: nil) include an 85% credit risk fair value adjustment of R332 million. The application of IAS 29 *Financial Reporting in Hyperinflationary Economies*, resulted in a net monetary gain amounting to R651 million (before tax).

Impairments before tax amounted to R3 074 million (March 2019: R76 million, restated), of which R2 767 million relates to the impairment of property, plant and equipment. R205 million relates to the impairment of goodwill and R102 million to the impairment of intangible assets. The uncertainty around the potential effects of COVID-19 on PPC's operating performance impacted the impairment assessments of cash-generating units, resulting in impairments of R1 946 million in South Africa Cement and Readymix, and of R1 128 million in the DRC.

Finance costs decreased by 4% to R652 million (March 2019: R676 million). South African finance costs decreased 6% to R216 million (March 2019: R229 million) and International finance costs declined by 2% to R436 million (March 2019: R447 million).

Cash available from operations decreased by R794 million, from R1 257 million to R463 million. The decrease in cash generated from operations is primarily due to the reduction in EBITDA from R1 946 million to R1 604 million, the stockpiling of strategic inventories and accumulation of critical spares. Trade receivables were negatively impacted by delays in payments from customers as businesses in the construction sector focused on cash preservation during the lockdown in the regions in which we operate. Trade payables were

also affected by capex retention payments of US$2,8 million in the DRC, as well as payments made to suppliers in FY20 as part of negotiations to extend payment terms. Cash preservation is a major focus area in the coming financial year.

Capital investments in property, plant and equipment decreased by 16% to R650 million (March 2019: R773 million).

Gross debt increased from R5 002 million in March 2019 to R5 800 million at the end of March 2020. The currency impact on the international debt is an increase of R638 million.

CEMENT SOUTH AFRICA AND BOTSWANA

PPC is the leading supplier of cement in these markets with an extensive footprint and distribution network. With our three mega-plant strategy, we focus on improving cost competitiveness by supplying products to customers from the three largest and most efficient plants in our portfolio.

Realised average selling prices for South Africa increased by between 8% and 10% as the business continued with its drive to increase cement prices to recover operational costs and improve returns. Cement volumes declined by between 15% and 20%, with the coastal regions experiencing a smaller decline. We estimate that the South Africa cement industry declined by between 7% and 10% for the period, driven by muted demand. The construction sector which accounts for a substantial proportion of our sales was weaker than the overall market. Retail demand, however, was supported by activity in the DIY market. Imports and blender activity further exacerbated the competitive environment, with cement imports increasing by 36% to 1.3 million tonnes from April 2019 to March 2020, compared with the similar period in the previous year. PPC and other industry players in conjunction with The Concrete Institute (TCI), submitted an application to the International Trade Administration Commission (ITAC), highlighting the impact of imports on domestic cement production. PPC continues to engage with the relevant authorities to ensure that non-conforming cement is not sold to the public to avoid the risk of collapsing structures.

Revenue in South Africa and Botswana declined by 11% to R4 843 million (March 2019: R5 431 million). The reduction in revenue, coupled with a reduced ability to absorb fixed costs from the decline in volumes, resulted in EBITDA contracting by 36% to R613 million (March 2019: R957 million) and margins declining from 17,6% to 12,7%.

MATERIALS BUSINESS

Aggregates, readymix and ash

Revenue decreased by 11% to R1 178 million (March 2019: R1 318 million), primarily as a result of reduced volumes in the aggregates division due to weak demand in the construction industry. EBITDA increased by 18% to R20 million (March 2019: R17 million) on improved cost management.

Lime

The lime division's revenue declined by 2% to R816 million (March 2019: R834 million) with volumes and pricing under pressure due to the decline in steel-related activity. EBITDA contracted by 11% to R110 million (March 2019: R123 million) on lower volumes and higher input costs.

INTERNATIONAL

The international operations hold leading positions in their respective markets and, despite challenging trading conditions in some markets, the businesses are well positioned to deliver sustainable value for stakeholders over the medium term. Shorter term, our focus is to optimise the businesses to enhance competitiveness and improve the quality of the products offered to customers.

Zimbabwe

Trading conditions in Zimbabwe were characterised by weak demand, unstable power supply and shortage of foreign currency. PPC Zimbabwe continues to supply quality products to its customers while remaining financially self-sufficient.

PPC also secured supply contracts for a substantial proportion of the large infrastructure projects in Zimbabwe, in US$, which assisted in alleviating some of the volume declines in the other segments of the market. The cost base was also restructured to match demand.

Cement volumes declined by between 15% and 20% in a market that contracted by a similar percentage. Cement pricing was adjusted to account for the increase in inflation and the devaluation of the local currency. Revenue increased by 29% to R1 861 million. Against the backdrop of a hyper-inflationary environment, severe weakening of the ZWL, regular power outages and a weaker cement market, EBITDA grew by 53% to R707 million (March 2019: R461 million). EBITDA margins improved to 38,0%, versus 31,9% in March 2019. PPC Zimbabwe continues to meet its debt obligations in-country.

Rwanda

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

CIMERWA achieved revenue growth of 6% to R936 million (March 2019: R885 million) due to increases in pricing and volumes. EBITDA declined by 8% to R226 million (March 2019: R246 million) because of higher operational costs incurred to improve the output of the plant and the lockdown imposed by the authorities. The plant is expected to reach normal capacity in the next 18 months.

DRC

PPC Barnet in the DRC achieved revenue growth of 5% to R607 million (March 2019: R579 million, restated), driven by higher pricing and translation gains. Volumes declined on the prior year. PPC estimates that market

demand increased by 4% to 8%, however, this was offset by an increase in imports from neighbouring countries. Cement producers in the DRC continue to lobby the authorities to increase the enforcement of existing laws banning the importation of cement into the DRC. The business generated EBITDA of R94 million (March 2019: R108 million) with corresponding margins of 15,5%. EBITDA benefitted from stringent cost control and entrenchment of our route-to-market strategies. The business is in the process of restructuring its debt.

OUTLOOK

Given the ongoing health crisis and its resultant impact on economic activity, we expect trading conditions to remain challenging over the current financial year. PPC will remain focused on cash preservation, improving cost competitiveness by lowering operational costs in line with activity levels, and positioning the business well for the recovery.

Sandton
8 October 2020

Sponsor
Merrill Lynch South Africa (Pty) Ltd

Financial communications adviser
Instinctif Partners
Louise Fortuin
Mobile: +27 11 050 7536

SUMMARISED AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 March 2020

	Notes	March 2020 Rm	Restated[(a)(b)] March 2019 Rm	Restated[(a)(b)] March 2018 Rm
ASSETS				
Non-current assets		**13 522**	14 488	12 797
Property, plant and equipment	3	**12 277**	12 600	11 406
Right-of-use assets	4.1	**112**	–	–
Goodwill	5	**48**	245	239
Other intangible assets	6	**458**	549	548
Equity-accounted investments	7	**3**	3	56
Financial assets	8	**309**	679	6
Other non-current assets	8	**289**	192	297
Deferred taxation assets	9.3	**26**	220	245
Non-current assets held for sale		**182**	92	34
Current assets		**3 389**	3 071	3 245
Inventories		**1 596**	1 276	1 182
Trade and other receivables		**1 281**	1 166	1 134
Taxation receivable		**114**	177	93
Cash and cash equivalents		**398**	452	836
Total assets		**17 093**	17 651	16 076
EQUITY AND LIABILITIES				
Capital and reserves				
Stated capital		**3 965**	3 936	3 984
Other reserves		**225**	2 195	1 017
Retained profit		**3 590**	2 767	2 536
Equity attributable to shareholders of PPC Ltd		**7 780**	8 898	7 537
Non-controlling interests		**(227)**	294	286
Total equity		**7 553**	9 192	7 823
Non-current liabilities		**2 607**	5 599	5 844
Provisions	10	**450**	427	526
Deferred taxation liabilities	9.3	**1 255**	838	1 046
Long-term borrowings	11	**766**	4 064	4 079
Lease liabilities	4.2	**90**	–	–
Other non-current liabilities	12	**46**	270	193
Current liabilities		**6 933**	2 860	2 409
Trade and other payables		**1 794**	1 919	1 735
Lease liabilities	4.2	**40**	–	–
Short-term portion of long-term borrowings	11	**5 034**	938	603
Taxation payable		**65**	3	71
		17 093	17 651	16 076

(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 AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS for the year ended 31 March 2020

	Notes	Year ended 31 March 2020 Rm	Restated[(a)] Year ended 31 March 2019 Rm
Revenue	13	**10 241**	10 494
Cost of sales		**(8 248)**	(8 487)
Gross profit		**1 993**	2 007
Expected credit losses on trade receivables		**(121)**	18
Administration and other operating expenditure		**(1 284)**	(1 104)
Operating profit before items listed below:		**588**	921
Empowerment transactions IFRS 2 charges		**(16)**	(33)
Fair value and foreign exchange gain/(loss)	14	**151**	(126)
Remeasurement gain/(loss) on put option		**251**	(51)
Fair value gain on Zimbabwe financial asset	8.1.3	**7**	236
Fair value loss on Zimbabwe blocked funds	8.2.1	**(258)**	–
Expected credit loss on Zimbabwe government bonds		**40**	(40)
Net monetary gain on hyperinflation in Zimbabwe	1.5	**651**	–
Impairments	15	**(3 074)**	(76)
(Loss)/profit before finance costs, investment income and equity-accounted investments		**(1 660)**	831
Finance costs	16	**(652)**	(676)
Investment income		**20**	95
(Loss)/profit before equity-accounted earnings		**(2 292)**	250
Profit/(loss) from equity-accounted investments	7	**1**	(60)
(Loss)/profit before taxation		**(2 291)**	190
Taxation	9.1	**(97)**	(28)
(Loss)/profit for the year		**(2 388)**	162
Attributable to:			
Shareholders of PPC Ltd		**(1 872)**	235
Non-controlling interests		**(516)**	(73)
		(2 388)	162
(Loss)/earnings per share (cents)	17.4		
Basic		**(124)**	16
Diluted		**(124)**	15

(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 have been restated for improved disclosure and transparency.

SUMMARISED AUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME for the year ended 31 March 2020

	Foreign currency translation reserve		Financial assets at fair value through other comprehensive income		Retained profit		Total comprehensive (loss)/income	
	March 2020 Rm	Restated[a] March 2019 Rm	March 2020 Rm	March 2019 Rm	March 2020 Rm	Restated[a] March 2019 Rm	March 2020 Rm	Restated[a] March 2019 Rm
(Loss)/profit for the year	**–**	–	**–**	–	**(2 388)**	162	**(2 388)**	162
Items that will be reclassified to profit or loss on disposal, net of tax								
Translation of foreign operations[b]	**(2 144)**	1 193	**–**	–	**–**	–	**(2 144)**	1 193
Revaluation of financial assets[c]	**–**	–	**(2)**	–	**–**	–	**(2)**	–
Other comprehensive (loss)/income	**(2 144)**	1 193	**(2)**	–	**–**	–	**(2 146)**	1 193
Total comprehensive (loss)/income	**(2 144)**	1 193	**(2)**	–	**(2 388)**	162	**(4 534)**	1 355
Attributable to:								
Shareholders of PPC Ltd	**(2 139)**	1 112	**(2)**	–	**(1 872)**	235	**(4 013)**	1 347
Non-controlling interests	**(5)**	81	**–**	–	**(516)**	(73)	**(521)**	8

[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 1.4.

[c] Revaluation of financial assets has tax impact of R0,5 million.

SUMMARISED AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2020

		Other reserves[a]						
	Stated capital Rm	Foreign currency translation reserve Rm	Financial assets at fair value through other comprehensive income Rm	Equity compensation reserve Rm	Retained profit Rm	Equity attributable to shareholders of PPC Ltd Rm	Non-controlling interests Rm	Total equity Rm
March 2020								
Balance at 31 March 2019	**3 936**	**1 571**	**–**	**624**	**2 767**	**8 898**	**294**	**9 192**
Movement for the year	**29**	**(2 139)**	**(2)**	**171**	**823**	**(1 118)**	**(521)**	**(1 639)**
IFRS 2 charges	**–**	**–**	**–**	**59**	**–**	**59**	**–**	**59**
Vesting of FSP share incentive scheme	**29**	**–**	**–**	**(29)**	**–**	**–**	**–**	**–**
Other movements	**–**	**–**	**–**	**(32)**	**32**	**–**	**–**	**–**
Zimbabwe hyperinflation impact[b]	**–**	**–**	**–**	**173**	**2 663**	**2 836**	**–**	**2 836**
Total comprehensive loss[c]	**–**	**(2 139)**	**(2)**	**–**	**(1 872)**	**(4 013)**	**(521)**	**(4 534)**
Balance at 31 March 2020	**3 965**	**(568)**	**(2)**	**795**	**3 590**	**7 780**	**(227)**	**7 553**
March 2019 restated[d]								
Balance at 31 March 2018 – previously stated	3 984	395	14	558	2 800[e]	7 751	120	7 871
Prior year adjustment FCTR in deficiency funding	–	42	–	–	(42)	–	–	–
Prior year adjustment PPE useful lives and impairments	–	–	–	–	9	9	–	9
Prior year adjustment available for sale financial asset reserve	–	–	(14)	–	14	–	–	–
Prior year adjustment loss from equity-accounted investment	–	12	–	–	(138)	(126)	–	(126)
Prior year adjustment put option	–	–	–	–	69	69	–	69
Prior year adjustment non-controlling interest	–	10	–	–	(176)	(166)	166	–
Balance at 1 April 2018 – restated	3 984	459	–	558	2 536	7 537	286	7 823
Movement for the year	(48)	1 112	–	66	231	1 361	8	1 369
Dividends declared	–	–	–	–	(4)	(4)	–	(4)
IFRS 2 charges	–	–	–	72	–	72	–	72
Shares distributed to BBBEE 1 beneficiaries	–	–	–	(6)	–	(6)	–	(6)
Treasury shares held by PPC Zimbabwe (refer to note 2)	(7)	–	–	–	–	(7)	–	(7)
Shares purchased in terms of FSP incentive scheme treated as treasury shares	(41)	–	–	–	–	(41)	–	(41)
Total comprehensive income/(loss)	–	1 112	–	–	235	1 347	8	1 355
Balance at 31 March 2019 – restated	3 936	1 571	–	624	2 767	8 898	294	9 192
Previously stated	3 943	1 613	14	624	3 031	9 225	115	9 340
2018 adjustment	–	64	(14)	–	(264)	(214)	166	(48)
2019 adjustment	(7)	(106)	–	–	–	(113)	13	(100)

[a] **Description of other reserves:**
The foreign currency translation reserve includes exchange differences arising on monetary items that form part of PPC's net investment in a foreign operation.
Financial assets at fair value through other comprehensive income include fair value changes and impairment adjustments on fair value through other comprehensive income assets. The cumulative gain or loss is recognised in the statement of profit or loss on derecognition of the financial assets.
Equity compensation reserve represents the increase in equity from the issuance of shares relating to the forfeitable share incentive scheme (FSP) and BEE transactions.
[b] Refer to note 1.5 for the hyperinflation impact on PPC Zimbabwe.
[c] The reduction in the foreign currency translation reserve is due to the devaluation of the Zimbabwean dollar against the South African rand.
[d] Refer to note 2 for details regarding the restatements as a result of a correction of prior period errors.
[e] After IFRS 9 transition adjustment.

SUMMARISED AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 March 2020

	Notes	Year ended[c] 31 March 2020 Rm	Restated[c] Year ended 31 March 2019 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating cash flows before movements in working capital		**1 645**	1 917
Working capital movements		**(448)**	63
Cash generated from operations		**1 197**	1 980
Finance costs paid	16.1	**(612)**	(618)
Investment income received		**18**	46
Taxation paid	9.2	**(140)**	(151)
Cash available from operations		**463**	1 257
Dividends paid		**–**	(4)
Net cash inflow from operating activities		**463**	1 253
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in Zimbabwe government bonds		**–**	(310)
Investment in Old Mutual shares listed on the Zimbabwe Stock Exchange[a]		**–**	(7)
Investment in other intangible assets	6	**(20)**	(24)
Investment in property, plant and equipment (adjusted for capital expenditure accruals)	3.1	**(650)**	(773)
Proceeds from disposal of property, plant and equipment		**8**	9
Other investing activities		**–**	12
Net cash outflow from investing activities		**(662)**	(1 093)
Net cash (outflow)/inflow before financing activities		**(199)**	160
CASH FLOWS FROM FINANCING ACTIVITIES[b]			
Borrowings repaid		**–**	(290)
Proceeds from borrowings raised		**152**	–
Purchase of PPC Ltd shares in terms of the FSP share incentive scheme		**–**	(41)
Repayment of notes		**–**	(20)
Repayment of lease liabilities	4.4	**(33)**	
Purchase of PPC Ltd shares in Zimbabwe stock exchange[b]		**–**	(7)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		**119**	(358)
Net movement in cash and cash equivalents		**(80)**	(198)
Cash and cash equivalents at the beginning of the year		**452**	836
Effect of exchange rate movements and Zimbabwe hyperinflation on cash and cash equivalents		**26**	(186)
Cash and cash equivalents at the end of the year		**398**	452

[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 R638 million (March 2019: R621 million) arising from unrealised foreign exchange differences. Refer to note 1.4 for the relevant currency conversions.

[c] The layout and level of detail presented in the statement of cash flows have been restated for improved disclosure and transparency.

SEGMENTAL INFORMATION

for the year ended 31 March 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 Group executive committee includes executive directors. The operating segments are initially identified based on the products produced and sold and then per geographical location. The key operating segments are Southern Africa cement, International cement, Lime, Aggregates and Readymix and Group shared services.

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

	Consolidated		Cement	
			Southern Africa[a]	
	31 March 2020 Rm	31 March 2019 Restated Rm	**31 March 2020 Rm**	31 March 2019 Restated Rm
Revenue				
Gross revenue	**10 478**	10 768	**5 038**	5 643
Inter-segment revenue[d]	**(237)**	(274)	**(195)**	(212)
Total revenue[e]	**10 241**	10 494	**4 843**	5 431
Operating profit before item listed below	**588**	921	**215**	564
Empowerment transactions IFRS 2 charges	**(16)**	(33)	**–**	–
Fair value and foreign exchange gains/(losses)[h][i]	**151**	(126)	**(19)**	10
Remeasurement gain/(loss) on put option	**251**	(51)	**–**	–
Fair value gain on Zimbabwe financial asset[i]	**7**	236	**–**	–
Fair value loss on Zimbabwe blocked funds[i]	**(258)**	–	**–**	–
Expected credit loss on Zimbabwe government bonds	**40**	(40)	**–**	–
Net monetary gain on hyperinflation in Zimbabwe	**651**	–	**–**	–
Impairments	**(3 074)**	(76)	**(1 819)**	(76)
(Loss)/profit before finance costs, investment income and equity-accounted investments	**(1 660)**	831	**(1 623)**	498
Finance costs	**(652)**	(676)	**(235)**	(222)
Investment income	**20**	95	**78**	61
(Loss)/profit before equity-accounted earnings	**(2 292)**	250	**(1 780)**	337
Earnings from equity-accounted investments	**1**	(60)	**–**	–
(Loss)/profit before taxation	**(2 291)**	190	**(1 780)**	337
Taxation	**(97)**	(28)	**454**	130
(Loss)/profit for the year	**(2 388)**	162	**(1 326)**	467

Cement		Materials business					
International[b]		Lime Southern Africa[a]		Aggregates and Readymix Southern Africa[a]		Group services and other[c]	
31 March 2020 Rm	31 March 2019 Restated Rm	**31 March 2020 Rm**	31 March 2019 Restated Rm	**31 March 2020 Rm**	31 March 2019 Restated Rm	**31 March 2020 Rm**	31 March 2019 Restated Rm
3 404	2 911	**858**	896	**1 178**	1 318	**–**	–
–	–	**(42)**	(62)	**–**	–	**–**	–
3 404	2 911	**816**	834	**1 178**	1 318	**–**	–
566	331	**73**	86	**(66)**	(63)	**(200)**	3
(1)	(2)	**–**	–	**–**	–	**(15)**	(31)
(73)	(279)	**(5)**	–	**–**	3	**248**	140
–	–	**–**	–	**–**	–	**251**	(51)
7	236	**–**	–	**–**	–	**–**	–
–	–	**–**	–	**–**	–	**(258)**	–
–	–	**–**	–	**–**	–	**40**	(40)
651	–	**–**	–	**–**	–	**–**	–
(1 128)	–	**–**	–	**(127)**	–	**–**	–
22	286	**68**	86	**(193)**	(60)	**66**	21
(436)	(447)	**(28)**	(38)	**(7)**	(27)	**54**	58
11	64	**16**	22	**8**	17	**(93)**	(69)
(403)	(97)	**56**	70	**(192)**	(70)	**27**	10
–	(60)	**–**	–	**–**	–	**1**	–
(403)	(157)	**56**	70	**(192)**	(70)	**28**	10
(506)	(5)	**(19)**	(17)	**3**	9	**(29)**	(145)
(909)	(162)	**37**	53	**(189)**	(61)	**(1)**	(135)

SEGMENTAL INFORMATION continued

for the year ended 31 March 2020

	Consolidated		Cement Southern Africa[a]	
	31 March 2020	31 March 2019 Restated	**31 March 2020**	31 March 2019 Restated
	Rm	Rm	**Rm**	Rm
Attributable to:				
Shareholders of PPC Ltd	**(1 872)**	235	**(1 326)**	467
Non-controlling interests	**(516)**	(73)	**–**	–
	(2 388)	162	**(1 326)**	467
Basic earnings per share (cents)	**(124)**	16	**(88)**	31
Depreciation and amortisation	**1 016**	1 025	**398**	393
EBITDA[f]	**1 604**	1 946	**613**	957
EBITDA margin (%)[g]	**15,7%**	18,7 %	**12,7%**	17,6 %
Assets				
Non-current assets (excluding equity-accounted investments)	**13 519**	14 485	**2 908**	4 307
Equity-accounted investments[h]	**3**	3	**–**	–
Non-current assets held for sale	**182**	92	**–**	–
Current assets	**3 389**	3 071	**1 250**	1 371
Total assets	**17 093**	17 651	**4 158**	5 678
Investments in property, plant and equipment and intangibles (refer to notes 3 and 6)	**572**	817	**311**	572
Liabilities				
Non-current liabilities	**2 607**	5 599	**113**	2 030
Current liabilities	**6 933**	2 860	**2 467**	1 069
Total liabilities	**9 540**	8 459	**2 580**	3 099
Capital commitments	**485**	245	**155**	186

[a] Southern Africa comprises South Africa and Botswana.
[b] International comprises Zimbabwe, Rwanda, DRC, Mozambique and cross-border sales from Southern Africa.
[c] Group shared services and other comprises Group shared services, BEE entities and Group eliminations.
[d] Segments are disclosed net of inter-segment transactions.
[e] Revenue from external customers generated by the Group's material foreign operations is as follows:

Botswana	R509 million (2019: R516 million)
DRC	R607 million (2019: R579 million, restated)
Rwanda	R936 million (2019: R885 million)
Zimbabwe	R1 861 million (2019: R1 447 million)

Cement		Materials business					
International[b]		Lime Southern Africa[a]		Aggregates and Readymix Southern Africa[a]		Group services and other[c]	
31 March 2020 Rm	31 March 2019 Restated Rm	**31 March 2020 Rm**	31 March 2019 Restated Rm	**31 March 2020 Rm**	31 March 2019 Restated Rm	**31 March 2020 Rm**	31 March 2019 Restated Rm
(393)	(89)	**37**	53	**(189)**	(61)	**(1)**	(135)
(516)	(73)	**–**	–	**–**	–	**–**	–
(909)	(162)	**37**	53	**(189)**	(61)	**(1)**	(135)
(25)	(6)	**2**	4	**(13)**	(4)	**–**	(9)
454	479	**37**	37	**86**	80	**41**	36
1 020	810	**110**	123	**20**	17	**(159)**	39
30,0%	28,7%	**13,5%**	14,8%	**1,7%**	1,3%		
9 645	8 244	**312**	309	**466**	629	**188**	996
–	–	**–**	–	**–**	–	**3**	3
182	92	**–**	–	**–**	–	**–**	–
1 596	1 109	**240**	245	**296**	324	**7**	22
11 423	9 445	**552**	554	**762**	953	**198**	1 021
180	143	**29**	46	**28**	37	**24**	19
5 464	5 999	**19**	11	**355**	345	**(3 344)**	(2 786)
4 047	1 330	**95**	129	**182**	164	**142**	168
9 511	7 329	**114**	140	**537**	509	**(3 202)**	(2 618)
269	17	**–**	1	**52**	3	**9**	38

[f] EBITDA is defined as operating profit before empowerment transactions IFRS 2 charges, depreciation and amortisation.

[g] EBITDA margin is defined as EBITDA divided by Total Revenue.

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

[i] 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.

NOTES TO THE SUMMARISED AUDITED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2020

1. BASIS OF PREPARATION

The summarised audited consolidated financial statements have been prepared in accordance with the provisions of the JSE Limited 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 audited consolidated financial statements were derived in terms of IFRS. These summarised audited consolidated financial statements do not include all the information required for the full consolidated financial statements. The summarised audited 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.

The Group audited consolidated financial statements and these summarised 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 Thursday, 8 October 2020. The directors take full responsibility for the preparation of these summarised audited consolidated financial statements.

These summarised audited consolidated financial statements are prepared in accordance with International Financial Reporting Standards and the accounting policies are consistent with the prior year except where the Group has adopted new or revised accounting standards, amendments and interpretations of those standards, which became effective during the year in review. The Group adopted the following standard during the year:

Standard, amendment or interpretation	Impact on the financial statements
Amendments to IFRS 9 Prepayment Features with Negative Compensation	No significant impact on the Group financial statements
Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures	No significant impact on the Group financial statements
Amendments to IAS 19 Plan Amendment, Curtailment or Settlement	No significant impact on the Group financial statements
Annual Improvements to IFRS Standards 2015 2017 Cycle: IFRS 3, IFRS 11, IAS 12 and IAS 23	No significant impact on the Group financial statements
IFRS 16 *Leases*	Refer to note 1.6
IFRIC 23 *Uncertainty over Income Tax Treatments*	Refer to note 1.7

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

1. BASIS OF PREPARATION continued

1.1 Accounting policies

All accounting policies applied in the preparation of these financial statements are in compliance with IFRS and is applied in the full consolidated financial statements from which these summarised financial statements are derived from.

1.2 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.

The following are the critical judgements and sources of estimation uncertainty that management has made in the process of applying the Group accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Significant judgements made by management

Property, plant and equipment (note 3)

Costs to be capitalised to a project (including exploration evaluation)

Commissioning date

Impairment assessment

Nil book value assets

Goodwill (note 5)

Impairment assessment

Impairments (note 15)

Cash-generating unit determination

Investment in Zimbabwe blocked funds and financial assets (note 8)

Recoverability and valuation of the asset

Deferred taxation assets (note 9.3)

Recoverability of the deferred taxation assets arising from taxation losses (including the deferred taxation asset in CIMERWA)

1. BASIS OF PREPARATION continued

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

Sources of estimation uncertainty

Property, plant and equipment (note 3)

Decommissioning provisions

Useful lives and residual values

Impairment assessment

Goodwill (note 5)

Impairment assessment

Provisions (note 10)

Calculation of the decommissioning and rehabilitation obligations

Put option liability valuation

Financial asset and other non-current assets (note 8)

Recoverability and valuation of financial assets

Deferred taxation assets (note 9.3)

Recoverability of the deferred taxation assets arising from taxation losses (including the deferred taxation asset in CIMERWA)

Trade and other receivables

Expected credit losses of trade and other receivables

Inventories

Provision for obsolete inventory

Other intangible assets (note 6)

Reserves estimates

Useful lives

Assets classified as held for sale

DRC and Zimbabwe assets reflected as non-current assets held for sale

Share-based payments

Fair value of cash and equity-settled instruments

Equity-accounted investments (note 7)

Valuation of equity-accounted investments

Hyperinflation in Zimbabwe (note 1.5)

Gain or losses on the net monetary position

1. BASIS OF PREPARATION continued

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

Sources of estimation uncertainty continued

The assessment of COVID-19 as part of accounting judgements and sources of estimation uncertainty

Management has considered all the possible financial effects the COVID-19 global pandemic could have on the measurement, presentation and disclosure in the summarised audited consolidated financial statements. Key areas are considered in the table below:

COVID-19 consideration	Assessment	Potential impact	Note reference
Events after reporting date	COVID-19 was assessed as being a condition that existed in the Group's operations as at 31 March 2020. Recognised assets and liabilities at reporting date are therefore presented, measured and disclosed after taking into account the effect or impact of material adjusting subsequent events as these provide further information about the COVID-19 condition which existed at 31 March 2020.	Medium	Note 20
Financial asset impairment (expected credit losses and fair value adjustments)	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. The total ECL provision increased by R39 million as a result of incorporating the impacts of COVID-19 into the ECL model.	High	

NOTES TO THE SUMMARISED AUDITED CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

COVID-19 consideration	Assessment	Potential impact	Note reference
IFRS 16 *Leases* in which the Group is the lessee	The incremental borrowing rate applied to calculate the present value of the lease liability decreased due to the decrease in the repo rate as set by the South African Reserve Bank's Monetary Policy Committee. This is applicable to leases entered into from 1 April 2020 onwards.	Low	Note 4
Non-financial asset impairment (goodwill, property, plant and equipment, intangible assets and right-of-use asset)	Non-financial assets are assessed for impairment annually or 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. Management also considered various scenario analyses with respect to the impact of COVID-19 on the cash flow projections, given the evidence available at the time of finalising the summarised audited consolidated financial statements.	High	Note 15
Inventories	The Group considered whether it was necessary to write down inventories to net realisable value as a result of COVID-19. These write-downs were considered due to reduced movement in inventory and inventory obsolescence due to lower than expected sales volumes. Strong inventory management controls implemented during the year resulted in an overall lower stock holding and therefore COVID-19 had a minimal impact on inventory valuations.	Low	

COVID-19 consideration	Assessment	Potential impact	Note reference
Revenue	There was a significant impact of COVID-19 on revenue from cementitious goods after 31 March 2020, as the Group's operations were impacted by government directives to close during the level 5 lockdown regulations. Revenue to 31 March 2020 was not impacted. Revenue is recognised net of volume rebates which is estimated based on accumulated experience to arrive at the most likely amount. The estimate of volume rebates was considered and determined to have a minimal impact on the rebate liability recognised.	Low	Note 13
Deferred tax assets recoverability	The Group assessed the impact of COVID-19 on the recoverability of deferred tax assets. The Group took into consideration the impact of COVID-19 on future taxable income, which resulted in significant impairments relating to certain deferred tax assets within the Group.	High	Note 9
Credit risk	The Group's maximum exposure to credit risk is represented by the carrying amount of the Group's financial assets. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. There was a material change in the Group's exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the 2020 financial year due to the impact of COVID-19.	High	

COVID-19 consideration	Assessment	Potential impact	Note reference
Liquidity risk	The Group assessed the impact of the lockdown on the cash resources on hand and available from committed facilities together with the possibility of default by customers. The Group is prioritising its spending with a focus on reducing non-essential costs and making operations more efficient. The Group's liquidity and access to facilities is continuously monitored in line with the Group's adjusted budgets, seasonal funding requirements and the parameters of the debt financial covenants. The Group has sufficient headroom on its committed facilities as at the date of these financial statements. These metrics continue to be continually assessed.	High	
Going concern	At the date of approving the audited consolidated financial statements, the directors have satisfied themselves that the Group is a going concern and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements including the effects of possible prolonged periods of reduced operations due to COVID-19. Refer to note 21 for details on the Group's liquidity considerations.	High	Note 21

1. BASIS OF PREPARATION continued

1.3 Going concern

The directors have considered all of the considerations mentioned in note 21, 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 21 for the detailed going concern assessment.

1.4 Foreign currency conversion guide

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

Approximate value of foreign currencies relative to the rand.

	Average rate		Closing rate	
	2020	2019	**2020**	2019
Botswana pula	**1.36**	1.32	**1.49**	1.34
US dollar	**14.83**	13.63	**17.78**	14.42
Rwandan franc	**0.02**	0.02	**0.02**	0.02
Mozambican metical	**0.24**	0.20	**0.26**	0.23
RTGS dollar	**–**	3.89	**–**	4.79
Zimbabwe dollar (ZWL)	**0.71**	–	**0.71**	–

NOTES TO THE SUMMARISED AUDITED CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

1. BASIS OF PREPARATION continued

1.5 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 500% by the end of August 2019
- 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, compared to a rate of 25 ZWL dollar to 1 US dollar at 31 March 2020
- Due to the restricted ability 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.

Application of hyperinflationary accounting

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

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

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

Comparative amounts in the Group financial statements have not been restated for changes in the price level as the presentation currency of the Group is that of a non-hyperinflationary economy.

The economy of Zimbabwe was assessed to be hyperinflationary effective 1 July 2019. IAS 29 states that hyperinflation is applicable for an entity from the beginning of the reporting period in which it identifies hyperinflation. PPC Group therefore adopted hyperinflation accounting from 1 April 2019. PPC Group did not restate the prior year results as PPC reports in a stable currency. PPC Zimbabwe's hyperinflated results were converted at the closing rate on 31 March 2020.

The initial adoption of IAS 29 resulted in an uplift for net asset value and profit after tax with R3 593 million and R757 million respectively. The results, net assets and cash flows were translated from ZWL to ZAR at a closing rate of ZWL1 to ZAR0.71106.

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

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

Date	Base year	General price index	Inflation rate
31 March 2020	**2019**	**810.4**	**676.4**

NOTES TO THE SUMMARISED AUDITED CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

1. BASIS OF PREPARATION continued

1.5 IAS 29 *Financial Reporting In Hyperinflationary Economies* continued

Hyperinflation impact

	31 March 2020 including hyper-inflation Rm	31 March 2020 hyper-inflation adjustment Rm	31 March 2020 excluding hyper-inflation Rm
Statement of profit or loss			
Revenue	10 241	1 028	9 213
EBITDA[(a)]	1 604	394	1 210
Profit after tax	(2 388)	757	(3 145)
Earnings per share (cents)			
Basic	(124)	50	(174)
Diluted	(124)	50	(174)
Statement of financial position			
Property, plant and equipment	12 277	4 037	8 240
Inventories	1 596	266	1 330
Retained profit	3 590	3 420	170
Total comprehensive (loss)/income	(1 872)	757	(2 629)
Opening balances	5 462	2 663	2 799
Other reserves	225	173	52
Equity compensation reserve	795	173	622
Financial assets at fair value through other comprehensive income	(2)	–	(2)
FCTR	(568)	–	(568)
Deferred taxation liabilities	1 255	946	309

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

1. BASIS OF PREPARATION continued

1.6 Adoption of IFRS 16 *Leases*

IFRS 16 *Leases*

IFRS 16 *Leases* which replaces IAS 17 *Leases* and related interpretations was adopted for the period starting 1 April 2019. The new standard no longer requires a distinction between finance and operating leases for lessees but requires lessees to recognise a lease liability representing its obligation to make future lease payments and a corresponding right-of-use asset representing its rights to use the underlying assets. In the summarised consolidated statement of profit or loss, the expenses comprise a depreciation charge reflecting the consumption of economic benefits and an interest expense reflecting the unwinding of the lease liability which is accounted for as a finance cost. In the cash flow statement, the portion of the lease payments reflecting the repayment of the lease liability is presented within financing activities whereas the interest portion is presented in the cash flow from operating activities in accordance with the Group's accounting policy.

The Group applied the new standard in accordance with the modified retrospective approach without restatement of the 2019 comparatives in accordance with the transitional provisions of IFRS 16. Leases that previously were accounted for as operating leases under IAS 17 were recognised at the present value of the remaining lease payments as of 1 April 2019 and discounted with the incremental borrowing rate as of that date if they met the definition of a lease in IFRS 16.

Adjustments recognised on adoption of IFRS 16 *Leases*

Accounting for lessees:

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which were previously classified as operating leases under the principles of IAS 17, excluding low value leases or those leases with a remaining lease term of less than 12 months (ie short-term leases). The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 April 2019. The weighted average incremental borrowing rate used to measure the lease liabilities on 1 April 2019 ranged between 6% and 13% (Botswana: 6,39%, Zimbabwe: 9,88%, Rwanda: 10,12%, South Africa: 10,51% and DRC: 12,62%). The right-of-use assets were measured at an amount equal to the lease liability, adjusted for any prepayments or accruals.

1. BASIS OF PREPARATION continued

1.6 Adoption of IFRS 16 *Leases* continued

Practical expedients applied on adoption of IFRS 16

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases.
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application.
- Relied on previous assessments on whether leases are onerous contracts as opposed to performing an impairment review on 1 April 2019.
- Elected to separate non-lease components from lease components for leased buildings.
- The Group is applying the exemption for short-term and low-value leases, the costs of which are expensed on a monthly basis.

The Group has elected to reassess whether a contract is, or contains a lease at the date of initial application.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis, over the lease term, as an expense in profit or loss. The Group defines low-value leases as leases of assets that are below the Group's capitalisation threshold of R100 000. Low-value assets comprise mostly IT equipment and small items of office furniture which are not considered fundamental to the Group.

Lease liability

The following is a reconciliation of total operating lease commitments at 31 March 2019, as disclosed in the prior year financial statements, to the lease liability recognised on 1 April 2019:

	Rm
Operating lease commitments as at 31 March 2019	121
Operating lease commitments not disclosed at 31 March 2019	47
Undiscounted future lease payments from operating leases	168
Effect of discounting	(35)
Total lease liability as at 1 April 2019	133
Current lease liability	34
Non-current lease liability	99
Total lease liability as at 1 April 2019	133

Right-of-use assets

The right-of-use assets as at 1 April 2019 amounted to R122 million, which is comprised of as follows:

	Rm
Discounted former operating lease commitments as at 1 April 2019	133
Net amount accrued and prepaid lease expenses	(11)
Right-of-use assets as at 1 April 2019	122

There were no onerous lease contracts that would require an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of property, plant and equipment:	Rm
Property and plant	22
Buildings	66
Land	16
Vehicles	18
Right-of-use assets as at 1 April 2019	122

Disclosure on the leases differences between 30 September 2019 and 31 March 2020

The IFRS 16 assessment as disclosed in the 31 March 2019 financial statements estimated the right-of-use assets and corresponding lease liabilities to be R92 million. IFRS 16 (which replaces IAS 17) was adopted as IFRS 16 is applicable for all periods beginning on or after 1 January 2019.

The impact of IFRS 16 and its transition provisions were disclosed for the first time in the Groups unaudited interim 30 September 2019 results. The right-of-use assets of R133 million and lease liabilities of R133 million as reported in the Groups interim results differ from the IFRS 16 estimated impact of R92 million, as reported in the March 2019 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 Groups interim results as at 30 September 2019.

The Group applied the new standard in accordance with the modified retrospective approach without restatement of the 2019 comparatives in accordance with the transitional provisions of IFRS 16. Leases that previously were accounted for as operating leases under IAS 17 were recognised at the present value of the remaining lease payments as of 1 April 2019. At the time of reporting the Groups unaudited interim results, 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 in these March 2020 results. 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 are now correctly reported at R122 million.

1. BASIS OF PREPARATION continued

1.7 Adoption of IFRIC 23 *Uncertainty Over Income Tax Treatments*

IFRIC 23 in relation to the presentation of liabilities or assets related to uncertain tax treatments clarifies the application of the recognition and measurement requirements in IAS 12 *Income Taxes* and the presentation requirements in IAS 1 *Presentation of Financial Statements* when there is uncertainty over income tax treatments. The Group presents uncertain income tax liabilities as part of the Groups tax liabilities based on amounts expected to be paid to the tax authorities.

IFRIC 23 became effective for periods beginning on or after 1 January 2019.

The interpretation does not alter the Group's current accounting treatment, in terms of the use of significant judgements or estimates that the Group applies in determining its taxable profit or loss, tax bases, unused tax losses, unused tax credits and tax rates. At each reporting period, the Group assesses whether the facts and circumstances around the judgements and estimates have changed.

This change in accounting policy has been accounted for using the modified retrospective approach without restating comparative information. Prior year adjustments arising from the adoption of this IFRIC are therefore recognised in opening retained earnings on 1 April 2019. This was, however, not applicable to PPC and therefore, there was no impact recognised in opening retained earnings relating to IFRIC 23.

The Group is involved in various direct tax matters specific to the respective jurisdictions in which the Group operates. These matters may not necessarily be resolved in a manner that is favourable to the Group. If the Group concludes that it is probable that the taxation authority will accept an uncertain tax treatment, it will recognise the uncertain tax treatment. If the Group concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it will use either the "most likely amount" or "expected value" method to predict the resolution of the uncertainty.

Refer to note 9 for the transition impact of IFRIC 23.

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 (refer to note 7). 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.

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. In the 2019 financial year the 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 at 31 March 2019:

	31 March 2019 Rm	31 March 2018 Rm
Profit for the period (previously stated)	**144**	
Correction of error – loss from equity-accounted investment	**7**	
Profit for the year (restated)	**151**	
Equity-accounted investments (previously stated)	**149**	182
Equity-accounted investment – opening balance adjustment	**(126)**	–
Correction of error – loss from equity-accounted investment	**7**	(138)
Correction of error – foreign currency translation reserve	**(27)**	12
Equity-accounted investments (restated)	**3**	56
Retained profit (previously stated)	**3 031**	2 800
Retained profit – opening balance adjustment	**(138)**	–
Correction of error – loss from equity-accounted investment	**7**	(138)
Retained profit (restated)	**2 900**	2 662
Foreign currency translation reserve (previously stated)	**1 613**	395
Foreign currency translation reserve – opening balance adjustment	**12**	–
Correction of error – foreign currency translation reserve	**(27)**	12
Foreign currency translation reserve (restated)	**1 598**	407
Earnings per share (previously stated) – basic and diluted (cents)	**16**	
Correction of error – loss from equity-accounted investment (cents)	**–**	
Earnings per share (restated) – basic and diluted (cents)	**16**	
Headline Earnings per share (previously stated) – basic and diluted (cents)	**20**	
Correction of error – loss from equity-accounted investment (cents)	**–**	
Headline earnings per share (restated) – basic and diluted (cents)	**20**	

In the 2019 annual financial statements the recoverable amount of the Group's investment in Habesha was disclosed as R625 million. This was an error resulting from clerical errors in the formulas applied. The recoverable amount was in fact zero.

NOTES TO THE SUMMARISED AUDITED CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

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 consolidated financial statements for the financial year ended 31 March 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 31 March 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 R161 million. No similar adjustment was applied for credit risk on this asset in the prior year. 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 (ECL) 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 correction of this error results in the following restatements at 31 March 2019:

	31 March 2019 Rm
Consolidated income statement (extract)	
Fair value gain on Zimbabwe financial asset (previously stated)	**–**
Correction of error – fair value loss on Zimbabwe financial asset	(37)
Correction of error – fair value gain on Zimbabwe financial asset[a]	273
Fair value gain on Zimbabwe financial asset (restated)	**236**
Profit for the period (as previously stated)	**144**
Correction of error – fair value and foreign exchange gains[1]	1
Correction of error – fair value loss on Zimbabwe financial asset[2]	(37)
Correction of error – taxation[2]	10
Profit for the year (restated)	**118**

	31 March 2019 Rm
Consolidated statement of financial position (extract)	
Financial assets (as previously stated)	582
Correction of error – investment in PPC Ltd shares[1]	(7)
Correction of error – PPC Zimbabwe financial asset[2]	(37)
Correction of error – unlisted collective investment[b]	141
Financial assets (restated)	679
Consolidated statement of financial position (extract)	
Deferred taxation liabilities (as previously stated)	844
Correction of error – taxation[2]	(10)
Deferred taxation liabilities (restated)	834
Consolidated statement of changes in equity (extract)	
Stated capital (as previously stated)	3 943
Correction of error – PPC Zimbabwe treasury shares[1]	(7)
Stated capital (restated)	3 936
Consolidated statement of cash flows (extract)	
Net cash outflow from investing activities (as previously stated)	(1 100)
Correction of error – investment in PPC Ltd shares[1]	7
Net cash outflow from investing activities (restated)	(1 093)
Net cash outflow from financing activities (as previously stated)	(351)
Correction of error – PPC Zimbabwe treasury shares[1]	(7)
Net cash outflow from financing activities (restated)	(358)
Earnings per share (as previously stated) – basic and diluted (cents)	16
Correction of error – fair value and foreign exchange gains[1]	–
Correction of error – fair value loss on Zimbabwe financial asset[2]	(2)
Correction of error – taxation[2]	1
Earnings per share (restated) – basic and diluted (cents)	15
Headline earnings per share (as previously stated) – basic and diluted (cents)	20
Correction of error – fair value and foreign exchange gains[1]	–
Correction of error – fair value loss on Zimbabwe financial asset[2]	(2)
Correction of error – taxation[2]	1
Headline earnings per share (restated) – basic and diluted (cents)	19
Number of shares (previously stated)	1 505 803 483
Correction of error – PPC Zimbabwe treasury shares[1]	(986 237)
Number of shares (restated)	1 504 817 246

[a] Fair value gain on Zimbabwe financial asset has been disaggregated from Fair value and foreign exchange gain/(loss) for enhanced disclosure.

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

[1] Refer note 2.2.1

[2] Refer 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:

	31 March 2019 Rm	31 March 2018 Rm
Retained profit (previously stated)	**3 031**	2 800
Correction of error – available-for-sale financial assets reserve	**14**	14
Retained profit (restated)	**3 045**	2 814
Available-for-sale financial asset reserve (previously stated)	**14**	14
Correction of error – available-for-sale financial assets reserve	**(14)**	(14)
Available-for-sale financial asset reserve (restated)	**–**	–

2. PRIOR PERIOD RESTATEMENTS continued

2.4 CIMERWA goodwill

A financial statement classification error was noted between intangible assets and the goodwill of CIMERWA in 2017. As a result of the incorrect classification, the Goodwill disclosed for CIMERWA of R41 million at 31 March 2017 was understated by R9 million. As a result, the amount disclosed at 31 March 2019 was incorrect.

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

	31 March 2019 Rm	31 March 2018 Rm
Consolidated statement of financial position (extract)		
Goodwill (previously stated)	**236**	230
Correction of error	**9**	9
Goodwill (restated)	**245**	239
Other intangible assets (previously stated)	**558**	557
Correction of error	**(9)**	(9)
Other intangible assets (restated)	**549**	548

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) Ltd (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 31 March 2019 was R764 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 31 March 2018 and 31 March 2019, PPC recognised exchange differences of R116 million and R59 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 is 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.

2. PRIOR PERIOD RESTATEMENTS continued

2.5 Foreign currency translation reserve and exchange differences continued

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

The correction of this error results in the following restatements at 31 March 2019:

	31 March 2019 Rm	31 March 2018 Rm
Fair value and foreign exchange loss (previously stated)	**(9)**	
Correction of error – foreign currency gain	**116**	
Correction of error – expected credit loss on Zimbabwe government bonds[(a)]	**40**	
Correction of error – fair value gain on Zimbabwe financial asset[(a)]	**(273)**	
Fair value and foreign exchange loss (restated)	**(126)**	
Profit for the period (previously stated)	**144**	
Correction of error – foreign currency gain	**116**	
Correction of error – deferred tax expense	**(32)**	
Profit for the year (restated)	**228**	
Other comprehensive income (previously stated)	**1 304**	
Correction of error – foreign currency gain	**(116)**	
Correction of error – deferred tax expense	**32**	
Other comprehensive income (restated)	**1 220**	
Retained profit (previously stated)	**3 031**	2 800
Retained profit – opening balance adjustment	**(42)**	–
Correction of error – foreign currency gain/(loss)	**116**	(59)
Correction of error – deferred tax expense	**(32)**	17
Retained profit (restated)	**3 073**	2 758
Foreign currency translation reserve (previously stated)	**1 613**	395
Retained profit – opening balance adjustment	**42**	–
Correction of error – foreign currency gain/(loss)	**(116)**	59
Correction of error – deferred tax expense	**32**	(17)
Foreign currency translation reserve (restated)	**1 571**	437
Earnings per share (previously stated) – basic and diluted (cents)	**16**	
Correction of error – foreign currency gain (cents)	**8**	
Correction of error – deferred tax expense (cents)	**(2)**	
Earnings per share (restated) – basic and diluted (cents)	**22**	
Headline Earnings per share (previously stated) – basic and diluted (cents)	**20**	
Correction of error – foreign currency gain (cents)	**8**	
Correction of error – deferred tax expense (cents)	**(2)**	
Headline earnings per share (restated) – basic and diluted (cents)	**26**	

(a) ECL on Zimbabwe government bonds and fair value gain of Zimbabwe financial asset 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) Ltd 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 deprecation 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.

At 31 March 2019 PPC Cement SA (Pty) Ltd 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 are 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 have been corrected by restating each of the affected financial statement line items for the prior periods as follows:

	31 March 2019 Rm	31 March 2018 Rm
Consolidated income statement (extract)		
Cost of sales (as previously stated after restatement)[(b)]	**8 484**	
Correction of error – depreciation	**3**	
Cost of sales (restated)	**8 487**	
Administration and other operating expenditure (as previously stated)	**1 083**	
Correction of error – administration and other operating expenditure	**3**	
Correction of error – expected credit losses on trade receivables[(a)]	**18**	
Administrative and other operating expenditure (restated)	**1 104**	
Impairments (as previously stated)	**82**	
Correction of error – impairments	**(6)**	
Impairments (restated)	**76**	
Taxation (as previously stated)	**6**	
Correction of error – taxation	**–**	
Taxation (restated)	**6**	

[(a)] Expected credit loss on trade receivables has been disaggregated from administration and other operating expenditure for enhanced disclosure.

[(b)] Outbound logistics costs of R85 million have been restated from revenue to cost of sales (refer to note 2.9).

2. PRIOR PERIOD RESTATEMENTS continued

2.6 Assessment of useful life and impairment of assets continued

	31 March 2019 Rm	31 March 2018 Rm
Consolidated statement of changes in equity (extract)		
Retained profit (as previously stated)	**3 031**	2 800
Correction of error – Retained profit	**9**	9
Retained profit (restated)	**3 040**	2 809
Consolidated statement of financial position (extract)		
Property, plant and equipment (as previously stated)	**12 587**	11 393
Correction of error – Property, plant and equipment	**13**	13
Property, plant and equipment (restated)	**12 600**	11 406
Deferred taxation liability (as previously stated)	**844**	1042
Correction of error – Deferred tax	**4**	4
Deferred taxation liability (restated)	**848**	1 046
Earnings per share (previously stated) – basic and diluted (cents)	**16**	
Correction of error	**–**	
Earnings per share (restated) – basic and diluted (cents)	**16**	
Headline earnings per share (previously stated) – basic and diluted (cents)	**20**	
Correction of error	**–**	
Headline earnings per share (restated) – basic and diluted (cents)	**20**	

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:

2. PRIOR PERIOD RESTATEMENTS continued

2.7 DRC put option continued

	31 March 2019 Rm	31 March 2018 Rm
Profit for the period (previously stated)	**144**	
Correction of error – remeasurement	**(51)**	
Correction of error – finance costs	**5**	
Profit for the year (restated)	**98**	
Retained profit (previously stated)	**3 031**	2 800
Retained profit – opening balance adjustment	**69**	–
Correction of error – remeasurement	**(51)**	43
Correction of error – finance costs	**5**	26
Retained profit (restated)	**3 054**	2 869
Other non-current liabilities (previously stated)	**293**	262
Opening balance adjustment	**(69)**	–
Correction of error – put option remeasurement	**51**	(43)
Correction of error – put option finance costs	**(5)**	(26)
Other non-current liabilities (restated)	**270**	193
Earnings per share (previously stated) – basic and diluted (cents)	**16**	
Correction of error	**(3)**	
Earnings per share (restated) – basic and diluted (cents)	**13**	
Headline earnings per share (previously stated) – basic and diluted (cents)	**20**	
Correction of error	**(3)**	
Headline earnings per share (restated) – basic and diluted (cents)	**17**	

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 resulted in the following restatements at 31 March 2019:

	31 March 2019 Rm	31 March 2018 Rm
Non-controlling interest (previously stated)	**115**	120
Non-controlling interest – opening balance adjustment	**166**	–
Correction of error – foreign currency translation reserve	**(5)**	(10)
Correction of error – retained profit	**18**	176
Non-controlling interest (restated)	**294**	286
Foreign currency translation reserve (previously stated)	**1 613**	395
Foreign currency translation reserve – opening balance adjustment	**10**	–
Correction of error – non-controlling interest	**5**	10
Foreign currency translation reserve (restated)	**1 628**	405
Retained profit (previously stated)	**3 031**	2 800
Retained profit – opening balance adjustment	**(176)**	–
Correction of error – non-controlling interest	**(18)**	(176)
Retained profit (restated)	**2 837**	2 624

2. PRIOR PERIOD RESTATEMENTS continued

2.8 Non-controlling interest continued

	31 March 2019 Rm	31 March 2018 Rm
Attributable to shareholders of PPC Ltd (previously stated)	235	
Correction of error – non-controlling interest	(18)	
Attributable to shareholders of PPC Ltd (restated)	217	
Attributable to non-controlling interests (previously stated)	(91)	
Correction of error – non-controlling interest	18	
Attributable to non-controlling interests (restated)	(73)	
Basic earnings per share (previously stated)	16	
Correction of error – non-controlling interest	(1)	
Basic earnings per share (restated)	15	
Diluted basic earnings per share (previously stated)	16	
Correction of error – non-controlling interest	(1)	
Diluted basic earnings per share (restated)	15	
Headline earnings per share (previously stated)	20	
Correction of error – non-controlling interest	(1)	
Headline earnings per share (restated)	19	
Diluted headline earnings per share (previously stated)	20	
Correction of error – non-controlling interest	(1)	
Diluted headline earnings per share (restated)	19	

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NOTES TO THE SUMMARISED AUDITED CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

2. PRIOR PERIOD RESTATEMENTS continued

2.9 Summary of prior period restatements

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

	Previously stated dr/(cr) Rm	Prior period error note	
		2.1 Rm	2.2 Rm
Statement of profit or loss			
Cost of sales[a]	**8 484**	–	–
Expected credit losses on trade receivables	**–**	–	–
Administration and other operating expenditure	**1 083**	–	–
Fair value and foreign exchange gains	**9**	–	273
Remeasurement gain/(loss) on put option	**–**	–	–
Fair value gain on Zimbabwe financial asset	**–**	–	(236)
Expected credit losses on Zimbabwe government bonds	**–**	–	–
Impairments	**82**	–	–
Finance costs	**681**	–	–
(Loss)/profit from equity-accounted investments	**67**	(7)	–
Taxation	**6**	–	(10)
Net profit	**(144)**	(7)	27
Statement of financial position			
Property, plant and equipment	**12 587**	–	–
Goodwill	**236**	–	–
Other intangible assets	**558**	–	–
Equity-accounted investment	**149**	(146)	–
Financial asset	**582**	–	97
Other non-current assets	**333**	–	(141)
Stated capital	**(3 943)**	–	7
Other reserves	**(2 251)**	15	
Retained profit	**(3 031)**	131	27
Deferred tax liability	**(844)**	–	10
Other non-current liabilities	**(293)**	–	–
Non-controlling interests	**(115)**	–	–
Earnings per share	**16**	–	(2)
Headline earnings per share	**20**	–	(2)

[a] Outbound logistics costs of R85 million have been reclassified from revenue to cost of sales as follows:

	Revenue Rm	Cost of sales Rm
Originally stated	10 409	8 402
Reclassification	85	85
Restated 2019	10 494	8 487

Prior period error note						
2.3 Rm	2.4 Rm	2.5 Rm	2.6 Rm	2.7 Rm	2.8 Rm	**Restated dr/(cr) Rm**
–	–	–	3	–	–	**8 487**
–	–	–	(18)	–	–	**(18)**
–	–	–	21	–	–	**1 104**
–	–	(156)	–	–	–	**126**
–	–	–	–	51	–	**51**
–	–	–	–	–	–	**(236)**
–	–	40	–	–	–	**40**
–	–	–	(6)	–	–	**76**
–	–	–	–	(5)	–	**676**
–	–	–	–	–	–	**60**
–	–	32	–	–	–	**28**
–	–	(84)	–	46	–	**(162)**
–	–	–	13	–	–	**12 600**
–	9	–	–	–	–	**245**
–	(9)	–	–	–	–	**549**
–	–	–	–	–	–	**3**
–	–	–	–	–	–	**679**
–	–	–	–	–	–	**192**
–	–	–	–	–	–	**(3 936)**
14	–	42	–	–	(15)	**(2 195)**
(14)	–	(42)	(9)	(23)	194	**(2 767)**
–	–	–	(4)	–	–	**(838)**
–	–	–	–	23	–	**270**
–	–	–	–	–	(179)	**(294)**
–	–	6	–	(3)	(1)	**16**
–	–	6	–	(3)	(1)	**20**

2. PRIOR PERIOD RESTATEMENTS continued

2.9 Summary of prior period restatements continued

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

	2018 Previously stated dr/(cr) Rm	2.1 Rm	2.2 Rm
Statement of financial position			
Property, plant and equipment	**11 393**		
Goodwill	**230**		
Intangibles	**557**		
Equity-accounted investment	**182**	(126)	
Deferred tax liability	**(1 042)**		
Other non-current liabilies	**(262)**		
Other reserves	**(967)**	(12)	
Retained profit	**(2 800)**	138	
Non-controlling interest	**(120)**		

	2.3 Rm	2.4 Rm	2.5 Rm	2.6 Rm	2.7 Rm	2.8 Rm	**2018 Restated dr/(cr) Rm**
				13			**11 406**
		9					**239**
		(9)					**548**
							56
				(4)			**(1 046)**
					69		**(193)**
	14		(42)			(10)	**(1 017)**
	(14)		42	(9)	(69)	176	**(2 536)**
						(166)	**(286)**

3. PROPERTY, PLANT AND EQUIPMENT

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

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

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

Judgements made by management and sources of estimation uncertainty

Cost capitalisation

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

The cost of an item of property, plant and equipment is recognised as an asset if it meets the following requirements:

- It is probable that future economic benefits associated with the item will flow to the entity
- The cost of the item can be measured reliably

The cost of an item of PPE comprises:

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

Judgements made by management and sources of estimation uncertainty continued

Cost capitalisation continued

During the prior year, the Slurry Kiln 9 (SK9) was commissioned, however, there is still minor work outstanding as reflected in the capital work-in-progress analysis below. The total costs capitalised into the project amounted to R1,4 billion. In accordance with IAS 16, profits of R18 million earned during the testing phase, comprising of revenue (R74 million) less cost of sales (R56 million), has been written off against the capitalised cost of the project.

Exploration and evaluation costs

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

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

Decommissioning assets and provisions

The cost of PPE may also include the estimated costs of decommissioning the assets and site rehabilitation costs to the extent that they relate to the asset. Estimating the future costs of these obligations is complex as most of the obligations will only be fulfilled in the foreseeable future. Furthermore, the resulting provisions and assets are influenced by changing technologies and regulations, life of mine, political, environmental, safety, business and statutory considerations across the various jurisdictions in which PPC operates.

Useful lives, residual values and nil book value assets

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

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

3. PROPERTY, PLANT AND EQUIPMENT continued

Useful lives and residual values and nil book value assets continued

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

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

During the year, the Group reassessed the useful lives of its PPE as required by IAS 16. The useful lives of the assets were adjusted to reflect more appropriately the pattern of the consumption of the future economic benefits embodied in the assets concerned. In accordance with IAS 16, this reassessment represents a change in an accounting estimate and is therefore applied prospectively in terms of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The impact of the change in applying the adjusted useful lives for the year ended 31 March 2020 is a decrease in the depreciation expense of R34 million. The future impact of this change is expected to be similar, if all variables remain constant.

Commissioning date

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

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

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

3. PROPERTY, PLANT AND EQUIPMENT continued

	Freehold and leasehold land, buildings and mineral rights Rm	Decom-missioning assets Rm	Plant, vehicles, furniture and equipment Rm	Total Rm
March 2020				
Cost	4 165	507	19 947	24 619
Accumulated depreciation and impairment	(1 199)	(98)	(11 045)	(12 342)
	2 966	409	8 902	12 277
Movements during the year				
Net carrying value at the beginning of the year (restated)	2 330	68	10 202	12 600
Additions	28	21	504	553
To enhance existing operations	22	21	398	441
To expand operations	6	–	106	112
Depreciation	(88)	–	(823)	(911)
Disposals	–	–	(61)	(61)
Impairments (refer to note 15)	(238)	–	(2 529)	(2 767)
Other movements[(a)]	102	143	(125)	120
Hyperinflation impact	883	224	2 965	4 072
Transfer to non-current assets held for sale	(28)	–	–	(28)
Translation differences	(23)	(47)	(1 231)	(1 301)
Net carrying value at the end of the year	2 966	409	8 902	12 277

Translation differences comprise:	Cost Rm	Accumulated depreciation Rm	Net carrying value Rm
Botswana	14	(11)	3
Rwanda	346	(110)	236
DRC	890	(356)	534
Zimbabwe[(b)]	(2 972)	897	(2 075)
Mozambique	1	–	1
Total	(1 721)	420	(1 301)

(a) Other movements:
- Includes the reclassification of assets between different categories
- Includes the movement in the remeasurement of the decommissioning assets (refer to note 10)
- Includes a reallocation of R2 million to intangible assets included under work in progress in the prior year (plant, vehicles, furniture and equipment category) as a result of the SK9 project that was commissioned

(b) As a result of a significant devaluation of the Zimbabwean dollar (ZWL) against the South African rand (ZAR), from March 2019 to March 2020 of ZAR:ZWL4.79 to 0.71, the Group recognised a R2 billion decrease in PPE which is included in translation differences.

3. PROPERTY, PLANT AND EQUIPMENT continued

	Freehold and leasehold land, buildings and mineral rights Rm	Decom-missioning assets Rm	Plant, vehicles, furniture and equipment Rm	Capitalised leased plant[c] Rm	Total Rm
March 2019 (Restated)[a]					
Cost	2 985	151	16 973	138	20 247
Accumulated depreciation and impairment	(655)	(83)	(6 771)	(138)	(7 647)
	2 330	68	10 202	–	12 600
Movements during the year					
Net carrying value at the beginning of the year as previously reported[a]	1 567	133	9 693	–	11 393
Correction of prior period errors	–	–	13	–	13
Restated balance at the beginning of the year	1 567	133	9 706	–	11 406
Additions	78	3	712	–	793
To enhance existing operations	15	–	377	–	392
To expand operations	63	3	335	–	401
Depreciation	(84)	(5)	(869)	–	(958)
Disposals	–	–	(24)	–	(24)
Impairments (refer to note 15)	(1)	–	(75)	–	(76)
Other movements[b]	415	(78)	(460)	–	(123)
Reallocation from inventory	–	–	(3)	–	(3)
Translation differences	355	15	1 215	–	1 585
Net carrying value at the end of the year	2 330	68	10 202	–	12 600
Translation differences comprise					
Cost					1 997
Accumulated depreciation					(412)
					1 585

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

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

[c] These assets were scrapped in 2020.

3. PROPERTY, PLANT AND EQUIPMENT continued

	March 2020 Rm	March 2019 Rm
Carrying amount of assets pledged as security:		
DRC	**2 798**	3 475
Rwanda	**1 591**	1 492
Zimbabwe	**4 608**	2 372
	8 997	7 339

Refer to note 11 for details on borrowings that require security.
The increase in assets pledged as security is due to foreign currency movements (refer to note 1.5)

	March 2020 Rm	March 2019 Rm
Capital work in progress included in plant, vehicles, furniture and equipment:		
DRC	**9**	6
Rwanda	**23**	13
Zimbabwe	**8**	23
Slurry expansion project	**130**	78
Slurry other	**11**	157
De Hoek	**62**	17
Dwaalboom	**21**	126
Other	**17**	26
	281	446

The Slurry expansion project of the construction of a 3 000 tonne per day production line (SK9) was commissioned during the prior period, this project incorporated the latest energy efficient technology and the replacement of SK8's electrostatic precipitator with a bag filter in order to ensure compliance with environmental legislation. The project cost is estimated at R1,4 billion. The R130 million reflected in work in progress is for work that still needs to be completed on the project as at 31 March 2020.

Included in other are PPC Cement SA (Pty) Ltd capex projects in Hercules, Jupiter and Riebeeck West (cement plants across South Africa).

Other information

The cost of land included in freehold and leasehold land, buildings and mineral rights amounts to R158 million (2019: R216 million).

3. PROPERTY, PLANT AND EQUIPMENT continued

Judgements made by management and sources of estimation uncertainty

The value-in-use amounts were determined using the discount rates and assumptions detailed in note 15.

Impairment of individual assets – assets with carrying amounts but no longer in use.

As the cement industry is a cyclical environment, manufacturers will go through troughs where some of the assets (kilns) will be idle when demand is reduced. Maintenance on these assets will continue to ensure that when the market conditions improve the Company is in a position to utilise the kilns to cater for the increased demand levels. As a result it is key in this industry to review individual assets that form part of a cash-generating unit separately. As at the end of the March 2020 financial year, a few of the PPC cement kilns were not in use due to market constraints. Demand can, however, pick up at any time when the market conditions become favourable. Management identified the assets that are no longer in use but still have a carrying amount. In applying the requirements of IAS 36, the Company decided to impair these assets as their carrying amount will exceed their recoverable amount.

Included in the assets that were impaired in the current year is the kiln at Slurry (Slurry Kiln 7) that was damaged due to the collapse of the clinker bucket conveyor gantry (clinker conveyor 1 and clinker conveyor 2) earlier in the year. The total impairment recognised on these assets is R17 million (2019: R76 million, restated) being the carrying amount of these asset.

Impairment considerations

Impairment losses have been recognised on plant and equipment where the carrying value exceeded the recoverable amount. Refer to note 15 for more information on impairment of cash-generating units.

3.1 Cash flow from investment in property, plant and equipment

	31 March 2020 Rm	31 March 2019 Rm
Acquisition of property, plant and equipment	**553**	793
Movement in capital expenditure payables	**56**	(20)
Movement in retentions held for plant and equipment	**41**	–
	650	773

4. LEASES

Leases – Prior to the adoption of IFRS 16 on 1 April 2019

Leases are classified as finance leases or operating leases at the inception of the lease.

In the capacity of a lessee

Finance leases are recognised as assets and liabilities at the lower of the fair value of the asset and the present value of the minimum lease payments at the date of commencement of the lease. Finance costs represent the difference between the total leasing commitments and the fair value of the assets acquired. Finance costs are charged to profit or loss over the term of the lease and at interest rates applicable to the lease on the remaining balance of the obligations. Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease or another basis if more representative of the time pattern of the lessee's benefit.

In the capacity of a lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

This note provides information for leases where the Group is a lessee. The Group has adopted IFRS 16 for the first time and detail is provided in note 1.6 adoption of IFRS 16 *Leases*.

4.1 Right-of-use assets

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

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

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

The lease term determined by the Group comprises:

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

NOTES TO THE SUMMARISED AUDITED CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

4. LEASES continued

4.1 Right-of-use assets continued

	Property and plant Rm	Vehicles Rm	Land Rm	Buildings Rm	Total Rm
March 2020					
Cost	35	24	21	72	152
Accumulated depreciation and impairment	(13)	(4)	(5)	(18)	(40)
	22	20	16	54	112
Movements during the year					
Recognised on adoption of IFRS 16 on 1 April 2019	22	18	16	66	122
Additions	13	6	5	6	30
Depreciation	(13)	(4)	(5)	(18)	(40)
Net carrying value at the end of the year	22	20	16	54	112

The right-of-use assets in relation to the leased properties do not meet the definition of an investment property.

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

In 2013, the Company signed a 10-year lease for its head office and this lease comprises the majority of the buildings classification. The lease contains annual escalations of 8% for the offices and an operating costs annual escalation of 10,5%. The lease has a five-year renewal period with an initial renewal escalation rate at the prevailing market rate. The Group does not intend to renew its head office building lease.

4. LEASES continued

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.

Discount rate

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The lease liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of the Group entity that is the counterparty to the lease contract, as at 1 April 2019. These incremental borrowing rates were derived from the external third-party borrowing rate of the particular group entity.

	31 March 2020 Rm
Recognised on adoption of IFRS 16 on 1 April 2019	133
New leases capitalised during the year	30
Lease payments made during the year	(47)
Finance costs	14
Net carrying value at the end of the year	**130**
Non-current lease liabilities	90
Current lease liabilities	40
	130
MATURITY ANALYSIS – UNDISCOUNTED CONTRACTUAL CASH FLOWS	
Less than one year	54
One to five years	104
	158
BREAKDOWN OF LEASE PAYMENTS	
Fixed payments	36
Variable payments	11
Total payments	47

4. LEASES continued

4.3 Amounts recognised in the statement of profit or loss

	31 March 2020 Rm
Depreciation on right-of-use asset	**40**
Finance cost on lease liabilities	**14**
Expenses relating to leases of low-value assets	**1**
Expenses relating to variable lease payments	**8**
Expenses relating to short-term leases	**3**
Net effect	**66**

4.4 Amounts recognised in statement of cash flow

The total cash outflow for leases in 2020 was R47 million, including R14 million for finance costs resulting in a net cash flow of R33 million.

		31 March 2020 Rm	Restated[a] 31 March 2019 Rm
5. GOODWILL			
Cost		**351**	333
Accumulated impairments		**(303)**	(88)
		48	245
Movements of goodwill			
Net carrying value at the beginning of the year as previously reported[a]		**245**	230
Correction of prior period errors		**–**	9
Restated net carrying value at the beginning of the year		**245**	239
Impairments (refer to note 15)		**(205)**	–
Translation differences		**8**	6
Net carrying value at end of the year		**48**	245
Goodwill, net of impairments, is allocated to the following cash-generating units:			
CIMERWA Limitada[b]	(International cement segment)	**48**	40
PPC Cement SA (Pty) Ltd	(Southern Africa cement segment)	**–**	78
Readymix	(Aggregates and readymix segment)	**–**	127
		48	245

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

[b] The increase in the goodwill of CIMERWA is due to the exchange rate fluctuation between the Rwf and ZAR.

5. GOODWILL continued

Judgements made by management and sources of estimation uncertainty

Impairment is determined by assessing the recoverable amount of the cash-generating unit (CGU) to which the goodwill is allocated. The recoverable amounts of the CGUs are assessed by determining the value in use of the CGU. These assessments use cash flow projections based on the most recent financial budgets approved by the board for the next five years. Cash flows beyond the five-year period are extrapolated using the growth rates as stated in note 15.

CIMERWA Limitada (CIMERWA)

The recoverable amount for this CGU of R3 103 million (2019: R2 557 million) was determined based on a value-in-use assessment, using cash flow projections based on financial forecasts approved by the board and over a five-year valuation period.

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

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

Inland cash-generating unit (PPC Cement SA (Pty) Ltd)

During the prior year PPC Cement SA (Pty) Ltd and Safika Cement Holdings (Pty) Ltd were integrated into one entity, PPC Cement SA (Pty) Ltd. For purposes of impairment assessments, the goodwill was allocated to the integrated Cement SA entity.

During the current year management reassessed the previously identified CGUs (refer to note 15) and as a result also revised the allocation of goodwill acquired in the Safika business combination. Management determined majority of revenue is derived from the Inland business unit which also manufactures the products, thus the Inland business unit is expected to benefit from the synergies of that business combination. The Inland business unit represents the lowest level within the entity at which goodwill is monitored for internal management purposes.

The recoverable amount of the Inland business unit CGU of R2 486 million was determined based on a value-in-use assessment, using cash flow projections based on financial forecasts approved by the board over a five-year valuation period. The carrying amount of R3 951 million exceeded the recoverable amount which resulted in an impairment of R1 465 million in the Inland business unit. The R78 million impairment was applied to the Safika goodwill resulting in the goodwill being fully impaired in the current financial year.

The Inland CGU is included under Cement Southern Africa in the segmental analysis.

NOTES TO THE SUMMARISED AUDITED CONSOLIDATED FINANCIAL STATEMENTS continued

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5. GOODWILL continued

Readymix – Gauteng region

The goodwill arose in 2014 when PPC acquired Pronto Holdings. Pronto is a prominent Gauteng-based readymix and fly ash supplier, with nine readymix batching plants at the time of acquisition. The acquisition provided PPC with additional ways to increase its cement distribution channel while also expanding its range of complementary products available to the building and construction industry.

Currently the readymix business unit operate 27 plants that is located in various regions. The revised CGU's in readymix are as follows:

- Readymix – Gauteng region
- Readymix – East region
- Readymix – West region
- Readymix – Nelspruit
- Readymix – Projects

Management applied judgement and determined that the goodwill should be allocated to the nine readymix plants upon acquisition as these plants have benefitted the most from the synergies of the business combination. Accordingly management allocated the goodwill to the Gauteng region on this basis.

The recoverable amount for the Readymix Gauteng region CGU of R246 million was determined based on a value-in-use assessment, using cash flow projections based on financial forecasts approved by the board, over a five-year valuation period. The carrying amount of R362 million exceeded the recoverable amount which resulted in an impairment of R116 million in the Readymix Gauteng region. Management resolved to impair the full goodwill amount of R127 million.

The Gauteng region CGU is included under Southern Africa – Aggregates and Readymix in the segmental analysis.

	Rights to mineral asset use Rm	ERP development and other software Rm	Brand, trademarks and customer relationships Rm	Total Rm
6. OTHER INTANGIBLE ASSETS				
2020				
Cost	**264**	**466**	**554**	**1 284**
Accumulated amortisation and impairments	**(36)**	**(372)**	**(418)**	**(826)**
	228	**94**	**136**	**458**
Movements during the year				
Net carrying value at the beginning of the year (restated)	**184**	**106**	**259**	**549**
Additions	**6**	**14**	**–**	**20**
Amortisation	**(2)**	**(27)**	**(37)**	**(66)**
Impairments (refer to note 15)	**–**	**(7)**	**(95)**	**(102)**
Hyperinflation impact	**–**	**12**	**–**	**12**
Other movements	**3**	**(5)**	**–**	**(2)**
Translation differences	**37**	**1**	**9**	**47**
Net carrying value at the end of the year	**228**	**94**	**136**	**458**
2019				
Cost	214	396	535	1 145
Accumulated amortisation and impairments	(30)	(290)	(276)	(596)
	184	106	259	549
Movements during the year				
Net carrying value at the beginning of the year as reported	166	105	286	557
Correction of prior period error[(a)]	(9)	–	–	(9)
Restated balance at the beginning of the year	157	105	286	548
Additions	–	24	–	24
Amortisation	(2)	(28)	(37)	(67)
Translation differences	29	5	10	44
Net carrying value at the end of the year	184	106	259	549

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

6. OTHER INTANGIBLE ASSETS continued

Judgements made by management and sources of estimation uncertainty

Reserves estimates

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

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

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

Useful lives	Method	Rate
Mineral rights – DRC[(a)]	Units of production	Estimated total units of production
Mineral rights – Other	Straight-line	Estimated life of mine
ERP development and other software	Straight-line	2 to 10 years
Brand and trademarks	Straight-line	2 to 15 years
Customer relationships	Straight-line	2 to 5 years

[(a)] The DRC plant operates well below capacity, and as such the life of mine straight-line method is not appropriate.

Brands and trademarks are amortised on a straight-line basis over a period not exceeding 15 years, while customer relationships are amortised over a five-year period.

Mineral assets are amortised over the life of mine, while software is amortised over an average of seven to 10 years. The life of mine varies between five and 276 years, but the amortisation is limited to 30 years. There has not been a substantial change in the life of mine in the current financial year.

Brand, trademarks and customer relationships

Included in brand, trademarks and customer relationships are brand and trademarks of R125 million (2019: R238 million), contracted and non-contracted customer relationships of R11 million (2019: R21 million). At year-end, brand and trademarks and customer relationships have an estimated average remaining useful life of eight years and one year respectively .

The Group has conducted an impairment assessment on all brands, trademarks and customer relationships as part of annual impairment reviews. The impairment review was conducted as part of the assessment performed on the CGUs (refer to note 15). This assessment resulted in an impairment of R95 million being recognised during the year relating to the IDM and Castle brands that arose as part of the acquisition of Safika by PPC Group in 2014. Safika was integrated into Cement South Africa during the 2019 financial year. As a result of the integration management reassessed the current portfolio of brands in use and identified brands that will not be used to generate future cash flows. It was therefore decided to impair these brands as they became redundant.

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

7. EQUITY-ACCOUNTED INVESTMENTS

The investment in the associate is carried at cost and adjusted for post-acquisition changes in the Group's share of net assets of the associate less any impairment. Any long-term debt interests, which in substance form part of the Group's net investment in the associate, are also included in the total carrying value of the associate. Losses of an associate in excess of the Group's interest in that associate are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Where a Group entity transacts with an associate of the Group, unrealised profits or losses are eliminated to the extent of the Group's interest in the relevant associate.

					Carrying value, including loans advanced	
Name	Nature of business	Principal place of business	Shareholding 2020 %	Financial year-end[(a)]	**31 March 2020 Rm**	31 March 2019 Restated[(d)] Rm
Incorporated in South Africa						
Olegra Oil (Pty) Ltd	Used oil collection and filling station	South Africa	29	February	**3**	3
Incorporated in Ethiopia						
Habesha Cement Share Company	Cement manufacturer	Ethiopia	38	December	**–**	–
					3	3

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

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

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	2020 Rm	2019 Restated[d] Rm
7. EQUITY-ACCOUNTED INVESTMENTS continued		
Equity-accounted investments		
Investments at cost at the beginning of the year	**3**	56
Share of retained loss:	**–**	(61)
Share of current year's net profit/(loss)[b][d]	**1**	(60)
Share of associate dividend[c]	**(1)**	(1)
Translation differences	**–**	8
Investment at the end of the year	**3**	3

[b] Share of current year's net profit is made up of a loss of zero (2019: R61 million) from Habesha and a profit of R1 million (2019: R1 million) from Olegra.

[c] The share of associate dividend relates to Olegra and is included in investment income.

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

	2020 Rm	2019 Restated[d] Rm
Valuation of interest in equity-accounted investments		
Recoverable amount of unlisted equity-accounted investments, including loans advanced	**–**	–

The majority of the share of prior year losses is as a result of a remeasurement loss recorded against the US dollar denominated borrowings following the devaluation of the Ethiopian birr against the US dollar. In the current year, Habesha also made losses as the plant is still in the ramp-up phase.

The investment in Habesha is zero at 31 March 2019 due to recognition of PPC's share of losses. The cumulative unrecognised share of losses at 31 March 2020 is:

	31 March 2020
Habesha	
Unrecognised loss for March 2019	**(55)**
Unrecognised loss for March 2020	**(168)**
Total cumulative unrecognised share of losses	**(223)**

7. EQUITY-ACCOUNTED INVESTMENTS continued

Key financial information of material associates[e]

	Habesha Cement Share Company		Olegra Oil (Pty) Ltd	
	31 March 2020	31 March 2019 Restated	**31 March 2020**	31 March 2019
Revenue	**364**	448	**40**	39
(Loss)/profit for the year	**(430)**	(292)	**4**	3
Other comprehensive income	**1**	–	**–**	–
Total comprehensive loss	**(429)**	(292)	**4**	3
Non-current assets	**1 937**	1 618	**2**	2
Current assets	**367**	290	**10**	9
Non-current liabilities	**1 979**	1 293	**–**	–
Current liabilities	**529**	610	**2**	2
Net assets	**(204)**	5	**10**	9

[e] In the prior financial year the key financial information of material associates of the Group was aggregated. The disclosure has been represented for enhanced disclosure purposes.

	Notes	31 March 2020 Rm	Restated[b] 31 March 2019 Rm
8. OTHER NON-CURRENT ASSETS			
8.1 Financial assets			
Non-current financial assets at amortised cost			
Investment in Zimbabwe government bonds	8.1.1	–	279
Total non-current financial assets at amortised cost		**–**	279
Non-current financial assets at fair value through profit or loss			
Unlisted collective investment[a]	8.1.2	**143**	141
PPC Zimbabwe financial asset	8.1.3	**161**	252
Total non-current financial assets at fair value through profit or loss		**304**	393
Non-current financial assets at fair value through other comprehensive income			
Investment in Old Mutual shares listed on the Zimbabwe Stock Exchange[b]	8.1.4	**5**	7
Total non-current financial assets at fair value through other comprehensive income		**5**	7
Total financial assets		**309**	679

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

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

	Notes	31 March 2020 Rm	Restated[b] 31 March 2019 Rm
8.2 Other non-current assets			
Zimbabwe blocked funds	8.2.1	**59**	–
VAT receivable	8.2.2	**125**	101
Long-term receivable	8.2.3	**105**	91
Other non-current assets		**289**	192

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.

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

8. OTHER NON-CURRENT ASSETS continued

8.1.1 Investment in Zimbabwe government bonds

On 24 June 2019, the government of Zimbabwe issued Statutory Instruments (SI) 142 which abolished the multi-currency system in Zimbabwe. The Zimbabwe government removed the multi-currency regime and restricted domestic transactions to local currency, renamed the Zimbabwe dollar (ZWL), in an effort to enhance the affordability of goods and services in Zimbabwe. Further to SI 142 of 2019, the Reserve Bank of Zimbabwe (RBZ), through directive RU 102/2019 dated 25 June 2019, announced that it will implement the support measures to buttress and strengthen the local unit of account. This was disclosed in the PPC Ltd 31 March 2019 annual financial statements as a post-balance sheet event.

Certain dividend receipts and rights issue proceeds held in Zimbabwe were invested in 7% Zimbabwe government bonds as at 31 March 2019, but were subsequently transferred to the RBZ and registered as legacy debt that qualifies for the 1:1 conversion of US$ to RTGS$. The investment is now referred to as blocked funds.

The investment was classified as a financial asset at amortised cost.

8.1.2 Unlisted collective investment

This comprises an investment by the PPC Environmental Trust in the Old Mutual Capital Builder Portfolio, with the fair value being calculated using the ruling prices on 31 March 2020. During the year, a further R9 million (2019: R9 million) was reinvested into the unit trusts. These funds are held to fund PPC's South African environmental obligations.

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

8.1.3 PPC Zimbabwe financial asset

The PPC Zimbabwe financial asset arose when the US$ denominated Zimbabwe loan (refer to note 11) was registered with the 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 as restricted cash and this amount qualifies for the 1:1 conversion of US$ to ZWL.

Refer to note 18 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 in note 8.2.1. 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 R161 million as at 31 March 2020 (2019: R37 million, restated).

8. OTHER NON-CURRENT ASSETS continued

8.1.3 **PPC Zimbabwe financial asset** continued

The net fair value gain on the Zimbabwe financial asset of R7 million (2019: R236 million) comprises an increase of the intrinsic value of R131 million (2019: R273 million) and a credit risk fair value loss of R124 million (2019: R37 million).

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

8.1.4 **Investment in Old Mutual shares listed 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 31 March 2020 is ZWL7 660 000 (R5 446 720). As a result of the uncertainty around the expatriation of funds from Zimbabwe, the investment has been classified as non-current.

IFRS 13 provides for the recognition of publicly traded investments at the quoted market price. It should be noted, however, that the full value of this investment may not be realisable, considering the hyperinflationary economy and uncertainty around repatriation of funds from Zimbabwe. Using the JSE Securities Exchange share price as at 31 March 2020 the value of the investment is R2 million. Subsequent to year-end, the share has been suspended on the ZSE and the fungibility has been cancelled.

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

8.2.1 **Zimbabwe blocked funds**

As detailed above, 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.

8. OTHER NON-CURRENT ASSETS continued

8.2.1 **Zimbabwe blocked funds** continued

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 R334 R332 million, against the Zimbabwe blocked funds which resulted in a fair value loss of R292 million for the year.

The net fair value loss on Zimbabwe blocked funds of R258 million comprises an increase of the intrinsic value of R74 million and a credit risk fair value loss of R332 million.

8.2.2 **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. This is expected to be recovered through utilisation of VAT output credit after the expiry of the tax holiday period in the next two years.

The majority of the movement in the balance from the prior year is due to foreign exchange fluctuations. Zero (2019: R12 million) refunds were received during the year.

8.2.3 **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 18 for the fair value disclosure required in terms of IFRS 13.

NOTES TO THE SUMMARISED AUDITED CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

	31 March 2020 Rm	Restated[a] 31 March 2019 Rm
9. TAXATION		
9.1 Income tax		
South African normal taxation		
Current taxation	**53**	(54)
Current year	**42**	36
Prior years	**11**	(90)
Deferred taxation	**(516)**	21
Current year	**(453)**	15
Prior years	**(63)**	6
Foreign normal taxation		
Current taxation	**189**	57
Current year	**172**	57
Prior years	**17**	–
Deferred taxation	**364**	(29)
Current year	**328**	(77)
Prior years	**36**	6
Change in tax rate	**–**	42
Withholding taxation	**7**	33
Taxation charge	**97**	28

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

	31 March 2020 Rm	Restated[a] 31 March 2019 Rm
9. TAXATION continued		
9.1 Income tax continued		
Taxation rate reconciliation		
(Loss)/profit before taxation	**(4)**	15
Prior years' taxation impact	**(1)**	41
(Loss)/profit before taxation, excluding prior years' taxation adjustments	**(5)**	56
Income taxation effect of:		
Foreign taxation rate differential	**–**	8
Expenditure attributable to non-taxable income	**–**	(5)
Transfer pricing adjustment	**1**	(11)
Expenditure not deductible in terms of taxation legislation	**–**	(24)
Withholding taxation	**–**	(16)
Fair value adjustments on financial instruments not taxable or deductible	**(2)**	(4)
Empowerment transactions and IFRS 2 charges not taxation deductible	**–**	(5)
Prior year adjustment for forfeitable share plan movement	**–**	(11)
Normalised taxation rate	**(6)**	(12)
Taxation effect of the following transactions		
Deferred taxation not raised[b]	**17**	(7)
Impairment of investments and property, plant and equipment	**15**	–
Effect of equity accounting for an investment	**–**	(9)
Impairment of capitalised costs	**1**	–
Impact of sections 12I and 12L of the South African Income Tax Act	**–**	66
DRC tax holiday due to the ANAPI investment code[c]	**–**	6
Change in taxation rate	**–**	(22)
Adjusted taxation rate before Zimbabwe	**27**	22
Fair value loss on Zimbabwe blocked funds	**4**	–
Tax effect of Zimbabwe hyperinflation and SI 33	**(3)**	6
South African normal taxation rate	**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 not recognised is as a result of the deferred taxation asset relating to the assessed losses at Pronto Building Materials and 3Q Mahuma Concrete that has not been recognised due to insufficient future taxable profits to fully utilise the asset.

[c] ANAPI – The Democratic Republic of Congo National Agency for Investment Promotion.

		31 March 2020 Rm	Restated[(a)] 31 March 2019 Rm
9.	**TAXATION** continued		
9.2	**Taxation paid**		
	Net amounts receivable at the beginning of the year	**(174)**	(22)
	Charge per income statement (excluding deferred taxation and interest on penalties)	**242**	3
	Impact of foreign rate differences and other non-cash flow movements	**23**	(4)
	Net amounts receivable at the end of the year	**49**	174
		140	151
9.3	**Deferred taxation**		
	Net liability at the beginning of the year comprises:	**618**	801
	Deferred taxation asset	**220**	245
	Deferred taxation liability	**838**	1 046
	Income statement release	**(125)**	(94)
	Prior year taxation adjustment	**(25)**	12
	Deferred taxation impact of expected credit loss on opening retained income	**–**	(6)
	Change in tax rate	**–**	(42)
	Effect of hyperinflation accounting on deferred taxation	**756**	–
	Translation differences	**5**	(53)
	Net liability at the end of the year comprises:	**1 229**	618
	Deferred taxation asset	**26**	220
	Deferred taxation liability	**1 255**	838
	Analysis of deferred taxation		
	Property, plant and equipment	**1 698**	1 242
	Other non-current assets	**201**	33
	Current assets	**(5)**	(6)
	Non-current liabilities	**(174)**	(111)
	Current liabilities	**(125)**	(65)
	Reserves	**1**	4
	Taxation losses	**(367)**	(479)
		1 229	618

(a) Refer to note 2 for details regarding the restatements as a result of a correction of prior period errors. Refer to note 2.9 for the impact on 2018.

9. TAXATION continued

9.3 Deferred taxation continued

Judgements made by management and sources of estimation uncertainty

Current tax

The Group is subject to direct 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, budgets, 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.

Recent material amendments to legislation

The Group has taken note of South Africa's Finance Minister's announcement in the budget speech on 26 February 2020 relating to the future limitation on the utilisation of assessed losses to 80% of taxable income, with effect from the 2021 financial year. The amendment will result in the assessed losses in South Africa being utilised over a longer period. This does not affect the recoverability of the assessed losses.

Uncertain tax positions

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

9. TAXATION continued

9.3 Deferred taxation continued

Judgements made by management and sources of estimation uncertainty continued

Uncertain tax positions

The impact of applying IFRIC 23 is as follows:

	31 March 2020 Rm
Impact on statement of profit or loss	
Finance costs	1
Taxation	11
	12
Impact on statement of financial position	
Taxation payable	9
Deferred tax liability	3
Non-current liabilities	12

		31 March 2020 Rm	Restated[(a)] 31 March 2019 Rm
10.	**PROVISIONS**		
10.1	Decommissioning and rehabilitation	412	395
10.2	Post-retirement healthcare benefits	38	32
		450	427

(a) The put option has been restated due to a prior period error (refer to note 2).

10. PROVISIONS continued

	Decom-missioning and rehabilitation Rm	Post-retirement healthcare benefits Rm	Total Rm
Movement in the long-term provisions			
2020			
Balance at the beginning of the year	**395**	**32**	**427**
Amounts added	**81**	**–**	**81**
Amounts reversed/utilised	**(104)**	**–**	**(104)**
Other movements[(a)]	**1**	**13**	**14**
Time value of money adjustments	**29**	**–**	**29**
Translation differences	**10**	**(7)**	**3**
Balance at the end of the year	**412**	**38**	**450**
To be incurred:			
Within one year	**4**	**–**	**4**
Between two to five years	**30**	**–**	**30**
More than five years	**378**	**38**	**416**
	412	**38**	**450**
2019			
Balance at the beginning of the year	495	31	526
Amounts added	8	–	8
Amounts reversed/utilised	(178)	–	(178)
Other movements	–	(1)	(1)
Time value of money adjustments	38	–	38
Translation differences	32	2	34
Balance at the end of the year	395	32	427
To be incurred:			
Between two and five years	29	–	29
More than five years	366	32	398
	395	32	427

(a) Includes the impact of hyperinflation of R12 million.

10. PROVISIONS continued

Judgements made by management and sources of estimation uncertainty

10.1 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 R143 million (2019: R141 million) at year-end (refer to note 8).

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

The estimation of the costs to remediate the mining sites and affected processing sites as well as the determination of the other key inputs above have been based, where possible, on external independent third-party information. The determination of the risk-free discount rates have been based, where available, on long-dated government risk free bond rates or such other rate that can be reasonably applied for the purposes of determining the present value of the future estimated cash flows. The discount rates for International operations were determined with reference to the most appropriate government bond in the relevant country, factoring in the life of mine or plant. The South African operations discount rates were determined using a yield curve using the government bonds with various maturity dates to extrapolate along the yield curve in order to obtain an internally generated discount rate. The South African curve used yielded a rate between 10% and 12%.

	31 March 2020 Rm	31 March 2019 Rm
Breakdown of decommissioning and rehabilitation obligations per entity		
PPC Cement SA	**156**	205
PPC Lime	**19**	43
3Q Mahuma	**10**	11
PPC Aggregates SA	**8**	8
PPC Aggregates Botswana	**16**	12
CIMERWA	**3**	5
PPC Barnet DRC	**28**	3
PPC Zimbabwe	**172**	108
	412	395

10. PROVISIONS continued

10.1 Decommissioning and rehabilitation obligations

The key inputs used for calculating the provision

	Inflation rates		Risk-free discount rate	
	2020 %	2019 %	**2020 %**	2019 %
South Africa	**5**	4	**9 – 12**	6,9 – 9,9
Botswana	**5**	4	**4**	4
DRC	**2**	2	**8**	11
Rwanda	**6**	6	**13**	7
Zimbabwe (US$)[a]	**2**	2	**5**	5

Life of mine limited to a maximum of 30 years.

[a] The Zimbabwe cost estimation was based on US$ and therefore the inflation and discount rate used in as key input was based on US$ rates.

Sensitivity analysis

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

	2020 2% higher	**2020 2% lower**	2019 2% higher	2019 2% lower
Discount rate				
South Africa	**(43)**	**42**	(66)	101
Botswana	**(1)**	**(2)**	(1)	1
DRC	**(8)**	**25**	(1)	2
Rwanda	**(1)**	**1**	(2)	2
Zimbabwe	**(62)**	**101**	(43)	72

	2020 1% higher	**2020 1% lower**	2019 1% higher	2019 1% lower
Inflation rates				
South Africa	**(77)**	**47**	(34)	26
Botswana	**–**	**–**	–	–
DRC	**(14)**	**3**	(14)	3
Rwanda	**(1)**	**1**	(1)	1
Zimbabwe	**(45)**	**36**	(45)	36

NOTES TO THE SUMMARISED AUDITED CONSOLIDATED FINANCIAL STATEMENTS continued

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10. PROVISIONS continued

10.2 Post-retirement healthcare benefits

PPC Group has defined benefit plans for qualifying former employees in respect of post-employment healthcare benefits. The defined benefit plans post-employment healthcare benefits are administered by Corner House Pensioners, Cement and Concrete Institute Pensioners and PPC Zimbabwe Ltd, funds that are legally separated from the PPC Group.

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

Included in the provision are the following:

	Valuation method	Actuarial valuation date[a]	31 March 2020	Restated[b] 31 March 2019
Cement and Concrete Institute employees	Projected unit credit	February 2020	**8**	9
Corner House Pension Fund and Lime Acres continuation members	Projected unit credit	February 2020	**15**	15
Porthold Post-retirement Medical Fund	Projected unit credit	September 2018	**13**	8
Indemnite de Fin de Carriere – End of Career Allowance	Projected unit credit	December 2019	**2**	–
			38	32

[a] The liabilities are revalued every three years.

[b] The 31 March 2019 provision analysis as reported did not agree to the balance of the provision as disclosed above of R32 million. The correct analysis has now been disclosed in these financials and agrees to the total reported provision of R32 million as at 31 March 2019. No further disclosure is required as the total reported provision remains at R32 million for 31 March 2019.

10. PROVISIONS continued

10.2 Post-retirement healthcare benefits

Cement and Concrete Institute employees

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

Corner House Pension Fund and Lime Acres continuation members

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

Porthold Post-retirement Medical Fund

The provision relates to healthcare benefits for both active and retired employees who joined the medical aid scheme on or after 1 October 2001.

Indemnite de Fin de Carriere – End of Career Allowance

Qualifying employees are entitled, upon departure for retirement from PPC Barnet DRC, to compensation at the end of their career (Article 38 of the Interprofessional Collective Agreement(IFC)).

10. PROVISIONS continued

Defined benefit plans

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

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

The movement in the post-retirement medical benefit fund is a gain of R6 million (2019: R1 million) for the year, the closing balance at 31 March 2020 amounted to R38 million (2019: R32 million).

South Africa

The most recent actuarial valuations of the plan assets and the present value of the defined benefit liability were carried out at 29 February 2020 by Alexander Forbes Health (Pty) Ltd of the Actuarial Society of South Africa.

The actuarial valuation method used to determine the present value of the defined benefit liability, and the related current service cost and past service cost is the projected unit credit method prescribed by IAS 19. Future benefits valued are projected using specific actuarial assumptions and the liability for in-service members is accrued over expected working lifetime.

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

Discount rate – 9,0%.
Healthcare cost inflation – 7,30%.
Post-retirement mortality assumption– PA(90) ultimate rated down two years + 1,0% pa from 2006.

10. PROVISIONS continued

10.2 Post-retirement healthcare benefits continued

Zimbabwe

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

The following key parameters were used in the valuation:

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

DRC

This compensation, equal to the gross annual salary at the end of the career for qualifying employees of the company, must be provisioned, at least in proportion to the acquired rights by the employee as soon as the employee has acquired one year of service.

The most recent actuarial valuations of the present value of the defined benefit liability were carried during December 2019 by Frank Okry Nonvignon of the Association des Actuaires du Bénin. The following methodology was adopted:

- The probable present value of the total provision guarantee payment upon retirement
- The present value of the amount to be provisioned each year over the entire remaining working life
- The present value of the possible actuarial debt generated by the fact that the provision should have been made upon hiring, as rights acquired by the employee

In order to undertake the valuation, it is necessary to determine the relevant assumptions. The most significant assumptions used for the current valuations are outlined below.

Employee turnover rate – 4%
Average annual rate of return on investments – 0%
Post-retirement mortality assumption – Life table in use in CIMA's zone (West and Center Africa) Table CIMA F.

Defined contribution plans

The total cost charged to the income statement of R103 million (2019: R110 million) represents contributions paid to these schemes by the Group at rates specified in the rules of the schemes. At 31 March 2020, all contributions due in respect of the current reporting period had been paid over to the schemes.

NOTES TO THE SUMMARISED AUDITED CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

	Terms
11. BORROWINGS	
Notes	
PPC 003: five years	
South Africa long-term funding	
	R350 million amortising loan facility maturing in 2021
	R800 million general banking facility expiring in 2022
	R300 million general banking facility expiring in 2023
	Capitalised transaction costs[(a)]
Project funding	
	USD53 million, repayable in monthly instalments over a 10-year period starting March 2016
	RWF35 billion, repayable in monthly instalments over a 10-year period starting March 2016
	USD55 million, interest payable bi-annually. Bi-annual repayments in equal instalments over five years starting December 2016
	USD163 million, capital and interest payable bi-annually starting July 2017 ending January 2027, with a capital repayment holiday until January 2020.
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.

Security	Interest rate	31 March 2020 Rm	31 March 2019 Rm
		–	111
Unsecured	Three-month JIBAR plus 1,48 %	**–**	111
		1 442	1 319
Unsecured	Variable rates at 270 basis points above three-month JIBAR	**350**	525
Unsecured	Variable rates at 305 basis points above three-month JIBAR	**800**	800
Unsecured	Variable rates at 335 basis points above three-month JIBAR	**300**	–
		(8)	(6)
		3 761	3 201
Secured by CIMERWA's property, plant and equipment (refer to note 3)	Variable at 725 basis points above six-month US dollar LIBOR	**248**	353
Secured by CIMERWA's property, plant and equipment (refer to note 3)	Fixed rate of 16 %	**483**	408
Secured by PPC Zimbabwe's property, plant and equipment (refer to note 3), inventory and trade and other receivables	Six-month US dollar LIBOR plus 700 basis points	**361**	290
Secured by PPC Barnet DRC's property, plant and equipment (refer to note 3)	Six-month US dollar LIBOR plus 975 basis points	**2 669**	2 150
		5 203	4 631
		513	311
		24	–
		–	–
		60	60
		597	371
		5 800	5 002

	Terms	31 March 2020 Rm	31 March 2019 Rm
11. BORROWINGS continued			
Broken down as follows:			
Long-term borrowings			
South Africa[b]		–	1 319
CIMERWA		**586**	629
Zimbabwe		**180**	146
DRC		–	1 970
		766	4 064
Short-term portion of long-term borrowings			
South Africa		**1 442**	111
CIMERWA		**145**	132
Zimbabwe		**181**	144
DRC[c]		**2 669**	180
		4 437	567
Short-term facilities and bank overdrafts[d]		**597**	371
		5 800	5 002
Maturity analysis of total borrowings:			
One year		**5 034**	938
Two years		**361**	943
Three years		**201**	1 406
Four years		**204**	483
Five and more years		–	1 232
		5 800	5 002
Carrying amount of assets encumbered			
Property, plant and equipment (refer to note 3)		**8 997**	7 339

[b] At 31 March 2020 the Group had committed borrowing facilities in South Africa of R2,8 billion, of which 72% (2019: 70%) was utilised. At that date, PPC did not meet all its bank covenants, and as such all term debt is disclosed as short term debt. Given this fact, and the impact of COVID-19 on facility terms, PPC had to agree a revised facility package with the South African banking group which provides sufficient liquidity for the foreseeable future. As part of these revised agreements, the lenders waived the covenants for 31 March 2020 and 30 June 2020 and as such the term debt remains payable as indicated above. Refer to note 21 for further details.

[c] As at 31 March 2020, the DRC lenders had the ability to call for payment of the debt due to non-payment of interest (event of default). As such the term debt is reflected as short term. Refer to note 21 for further details regarding the DRC funding.

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

	31 March 2020 Rm	Restated[a] 31 March 2019 Rm
12. OTHER NON-CURRENT LIABILITIES		
Finance lease liabilities	–	2
Liability to non-controlling shareholder in subsidiary company	22	17
Interest rate swap liability	24	–
Put option liability	–	251
	46	270

[a] The put option has been restated due to a prior period error (refer to note 2.7). Refer to note 2.9 for the impact on 2018.

Judgements made by management and sources of estimation uncertainty

Finance lease liability

The Group leases certain motor vehicles under finance leases. The average lease term ranges between one and five years and the average effective borrowing rates are linked to the prime overdraft rate. The obligations under the finance leases are secured by the lessor's charge over the leases assets.

The Group applied IFRS 16 on the modified retrospective approach, which allows the cumulative effect of initially applying the standard to be recognised at the date of initial application, with no restatement of comparative financial information required.

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) Ltd 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. PPC Group loan facilities amount to R5,8 billion as at 31 March 2020. The interest rates on all the facilities are 100% floating and are linked to both JIBAR (rand loans) and LIBOR (US dollar loans) plus various margins (refer to note 11). In terms of PPC's financial risk management policy, the Group's target is to maintain the ratio of 25% fixed interest rate and 75% floating interest rate. The objective is to manage interest rate risk, reduce the earnings volatility and improve the certainty of interest cash flows.

PPC Group entered into an interest rate swap with the following terms of the transaction:

12. OTHER NON-CURRENT LIABILITIES continued

Put option liability

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

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 did not include the deficiency loan in the net financial debt, resulting in the carrying value of the put option obligation being higher than the fair value (refer to note 2.7).

The ramp-up of the DRC plant has been slower than originally anticipated, particularly due to the increased competition in that country. The COVID-19 pandemic further impacted the outlook of the plant performance due to government directives to lock down the main commercial district. This crisis is expected to have a prolonged impact on the performance of the business which is driven by an expected slow recovery of contractor and large scale projects in the DRC. EBITDA projections are further impacted by the exchange rate deterioration of the Congolese Franc (CDF) against the US$.

As a result of the slower than anticipated ramp-up, no capital repayments have been made on the US$ denominated debt. This, together with the more conservative EBITDA forecasts, results in the option being out of the money and reflected at a zero fair value.

If the key unobservable inputs to the valuation model, being estimated EBITDA and net debt, were 10% higher/lower while all the other variables were held constant, the fair value of the put option liability will still be zero.

	31 March 2020 Rm	Restated 31 March 2019 Rm
Put option liability		
Balance at the beginning of the year	**251**	176
Remeasurements	**(251)**	51
Time value of money adjustments	**–**	24
Balance at the end of the year	**–**	251

13. 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:

	31 March 2020 Rm	Restated[b] 31 March 2019 Rm
Disaggregation of revenue[a]		
Revenue from the sale of cementitious goods	**10 241**	10 494
Total revenue	**10 241**	10 494
Major goods and services per primary geographical markets		
Cementitious goods	**10 241**	10 494
South Africa	**6 181**	6 902
Botswana	**656**	681
Zimbabwe	**1 861**	1 447
Democratic Republic of Congo	**607**	579
Rwanda	**936**	885

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 sub-categories of cementitious goods.

[a] During the current year, 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 in the 2019 annual financial statements. 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 31 March 2019 was disaggregated between revenue from sale of cementitious goods (R9 071 million) and revenue from transportation services (R1 338 million). There is no impact on the total revenue (R10 409 million) disclosed in the 31 March 2019 annual financial statements for the Group.

[b] Outbound logistics costs of R85 million was incorrectly netted off revenue in the prior year and has now been reclassified to cost of sales.

13. 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.

14. FAIR VALUE AND FOREIGN EXCHANGE MOVEMENTS

Items included in the financial statements of each entity in the Group are measured using the entity's functional currency. The Group financial statements are presented in South African rand, which is the functional and presentation currency of the Company.

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.

14. FAIR VALUE AND FOREIGN EXCHANGE MOVEMENTS continued

Translation of foreign operations

The results, 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 or translated at exchange rates at the date of the transaction, where applicable
- 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 results, 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.

Judgements made by management

Valuation of financial instruments

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

14.1 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;

	31 March 2020 Rm	Restated[(a)] 31 March 2019 Rm
Fair value loss on ineffective portion of cash flow hedge[(b)]	**(6)**	–
Fair value loss on remeasurement of interest rate swap liability (refer to note 12)	**(24)**	–
Fair value loss on unlisted collective investments	**(9)**	(1)
Foreign exchange gain on translation of foreign currency denominated monetary items[(c)]	**190**	(125)
	151	(126)

[(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.
[(c)] Gain on translation of foreign currency denominated monetary items.

14. FAIR VALUE AND FOREIGN EXCHANGE MOVEMENTS continued

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

- A gain of R2 million (March 2019: loss R13 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 R13 million (March 2019: R16 million) has been recorded against the US dollar-denominated project funding in Rwanda

	31 March 2020 Rm	Restated[a] 31 March 2019 Rm
14.2 Translation of foreign operations		
Movements in the translation of foreign operations are recognised in the statement of comprehensive income. The Group's foreign currency translation reserve arises from the following foreign subsidiaries:		
PPC Zimbabwe[b]	**(2 109)**	886
CIMERWA Limitada	**83**	144
PPC DRC Barnet	**(125)**	158
PPC Botswana	**7**	4
PPC Mozambique	**–**	1
	(2 144)	1 193

[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 USD as a result of Zimbabwe being a hyperinflationary economy.

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

Details on fair value hierarchies are disclosed in note 18.

Details on foreign exchange rates can be found in note 1.4.

	31 March 2020 Rm	Restated[a] 31 March 2019 Rm
15. IMPAIRMENTS		
Impairment of other intangible assets (refer to note 6)	**(102)**	–
Impairment of property, plant and equipment (refer to note 3)	**(2 767)**	(76)
Impairment of goodwill (refer to note 5)	**(205)**	–
Gross impairments	**(3 074)**	(76)
Taxation impact	**519**	21
Net impairments	**(2 555)**	(55)

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

Impairment of property, plant and equipment, goodwill and other intangible assets

IAS 36 states that an entity shall assess assets for impairment at the end of each reporting period or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. When an impairment indicator exists, the recoverable amount of an asset is calculated and compared to the carrying value. During the year an impairment of R2 767 million relating to property, plant and equipment (refer to note 3) and R205 million relating to goodwill were recognised (refer to note 5) and R102 million relating to other intangible assets was recognised (refer to note 6).

Judgements made by management and sources of estimation uncertainty

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

The recoverable amounts of the CGUs are determined using value-in-use assessments. These calculations use cash flow projections based on the most recent financial budgets approved by the board for the next five years. These financial budgets are the quantification of management strategies derived from the strategic planning process followed across the Group and adjusted for the estimated impact of COVID-19 on the various businesses in the medium term as well as the expected prolonged recovery from this global crisis. The process ensures that significant risks and sensitivities are appropriately considered and factored into the strategic plans.

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

15. IMPAIRMENTS continued

Impairment indicators

IAS 36 requires assets within its scope to be tested for impairment when indicators of impairment exist at the end of a reporting period (IAS 36.9). As a result of the changes in the current economic environment related to the COVID-19 pandemic, increased competitor activity in the territories in which we operate, as well as the general construction industry experiencing an economic downturn in the industry, the Group considered whether they are experiencing any conditions (eg decreased revenues, order cancellations, supply chain disruptions, plant closures or declines in share price) that indicate that their assets should be assessed for impairment.

The Group operates in six countries, supplying quality products to several markets across the continent. The recent outbreak of COVID-19 has significantly affected the countries in which the Group operates. The closure of the Group's plants during the lockdown and the uncertain economic outlook is anticipated to have a material impact on the Group's operations and ability to generate cash flows in the short to medium term. This uncertainty is factored into the impairment assessment of the Group's CGUs. The cash flows utilised in the assessment were adjusted for the impact that COVID-19 would potentially have on volumes and other key inputs into the cash flow drivers used for the impairment assessments.

15. IMPAIRMENTS continued

The global COVID-19 health pandemic had a significant impact on the expected future cash flows of the Group, resulting in the following impairments for the Group.

Impairments	Rm	Reasons for impairments
Inland business unit (PPC Cement SA)	1 465	The Inland business unit was impacted by the expected slow recovery of the construction and industrial sectors, as well as the increase in blender activity which had a negative impact on cash flow projections for the business unit.
Property, plant and equipment	1 380	
Goodwill	78	
Intangibles	7	
PPC Barnet DRC – property, plant and equipment	1 128	The ramp-up of the DRC plant has been slower than originally anticipated, particularly due to the increased competition in the DRC. The government directives as a result of the COVID-19 global health pandemic further impacted the plants performance, as decisions were made to have the main commercial district locked down during the lockdown regulations. The cost of coal, being an imported commodity, has a significant impact on the EBITDA margins of the DRC operations. The CGU's cash flows projections were further impacted by the exchange rate deterioration of the Congolese franc (CDF) against the United Stated dollar.
Coastal business unit (PPC Cement SA) – property, plant and equipment	242	The closure of the AMSA – Saldanha steel plant as announced in November 2019 has also negatively impacted cash flow projections for the CGU. Cash flow projections are further impacted by the increase in imported cement in the coastal region.
Readymix (Gauteng region)– Goodwill	127	The Gauteng region is further impacted by the increased competitiveness from blended cement producers which have an impact on sales volumes.
Impairment of individual assets in PPC Cement SA (Pty) Ltd	17	Refer to note 3 for the details of individual assets that were impaired in PPC Cement SA (Pty) Ltd, relating to PPE.
Intangibles – Safika brands	95	The Group has conducted an impairment assessment on all brands, trademarks and customer relationships as part of annual impairment reviews. This assessment resulted in an impairment of R95 million being recognised during the year relating to the IDM and Castle brands that arose as part of the acquisition of Safika by PPC Group in 2014. These brands are no longer in use and have been fully impaired in the current financial year.
	3 074	

15. IMPAIRMENTS continued

Reassessment of previously identified CGUs

During the current financial year, management reassessed the aggregation of assets for the Group's previously identified CGUs. The reassessment was triggered by the restructuring activities taking place within the Group, which included the closure of the Saldanha plant, conversion of integrated cement plants into milling facilities and the optimisation of the readymix business unit.

A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Identification of an asset's CGU involves judgement and the following key judgements were used to identify the CGUs:

- Level of interdependency of cash inflows
- Considering whether an active market exists for a particular product.

The result of the reassessment of the CGUs are as follows:

PPC Cement SA

The PPC Cement SA legal entity consist of 10 plants which are within South Africa and located in the Eastern Cape, Gauteng, Limpopo, North West and Western Cape. The plants located in the Western Cape (Piketberg, Riebeeck-West and Saldanha) are referred to as the Coastal business unit. The plant in the Eastern Cape is located in Port Elizabeth. The rest of the plants (Johannesburg, Pretoria, Dwaalboom, Mahikeng and Meyerton) are referred to as the Inland business unit. This is consistent with how management monitors the business and generates cash inflows largely independently from each other.

In the previous financial year the PPC Cement SA legal entity was viewed as one CGU. Based on an assessment performed during the current year the CGUs were identified as follows:

- Inland
- Coastal
- Port Elizabeth

Readymix and Fly Ash business unit

The Readymix business unit consist of three legal entities which include 3Q Mahuma Concrete (Pty) Ltd, Pronto Building Materials (Pty) Ltd and Ulula Ash (Pty) Ltd. Previously the three legal entities were viewed as one CGU. Based on the assessment performed during the current year the CGU were identified as follows:

- Readymix – Gauteng region
- Readymix – East region
- Readymix – West region
- Readymix – Nelspruit
- Readymix – Projects
- Ulula Ash

15. IMPAIRMENTS continued

Readymix and Fly Ash business unit

The Readymix entities operate 27 plants in the following regions: East region (Mpumalanga), West (Rustenburg), Projects, Gauteng South, Gauteng North and Nelspruit. Each region includes plants which produce readymix concrete with plants in reasonable proximity to each other. Each plant is able to produce any strength of concrete depending on market requirements. The readymix plants mainly sell to external customers with minimal volumes supplied internally. The Readymix business unit is managed at a national level with the operations managers' having the ability to deploy mixer trucks from one plant to a customer that falls into another plant's area in order to maximise capacity utilisation across all plants.

The Fly Ash business is housed in Ulula Ash statutory entity. Ulula Ash is a fly ash entity that operates in Mpumalanga. Ash is produced at the Kriel power station and SAPPI operation in Ngodwana. Fly Ash is used in the extension process of the production of concrete and cement. Fly ash is largely distributed to external customers, but some is supplied internally to either of the readymix entities, PPC Cement SA or PPC Botswana depending on the demand. The fly ash plants supply to customer bases that are interdependent of each other as a consequence of the distance between the two plants. The Fly Ash business has been identified as a single CGU.

These amendments represent a change in accounting estimate in terms of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and are accounted for prospectively. The impairment loss recognised for the current financial period would have remained unchanged had the CGUs not been reassessed and amended.

Key assumptions used for value-in-use assessments:

	Inflation		Discount rate	
	31 March 2020 %	31 March 2019 %	**31 March 2020 %**	31 March 2019 %
PPC Cement SA	**4 – 10**	6 – 10	**15**	13
PPC Aggregates SA	**4 – 10**	6 – 10	**17**	15
PPC Lime	**4 – 10**	6 – 10	**16**	14
Readymix	**4 – 10**	6 – 10	**16**	14
Ulula Ash	**4 – 10**	6 – 10	**16**	14
PPC Botswana Cement	**3 – 6**	3 – 6	**11**	11
PPC Aggregates Botswana	**3 – 6**	3 – 6	**11**	11
PPC Zimbabwe (USD)	**2**	2 – 4	**19**	19
CIMERWA	**5**	5	**20**	17
PPC Barnet DRC	**8 – 10**	8 – 11	**18**	17
Growth rate				
South African operations			**4**	4
International operations			**1,9 – 5**	5

15. IMPAIRMENTS continued

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

31 March 2020	Segment	Recoverable amount	(Impairment)/ headroom
Inland business unit	Southern Africa – Cement	2 486	(1 465)
Coastal business unit	Southern Africa – Cement	691	(242)
Port Elizabeth plant	Southern Africa – Cement	145	15
PPC Botswana Cement	Southern Africa – Cement	904	834
PPC Aggregates SA	Southern Africa – Aggregates and Readymix	209	56
Readymix – Gauteng region	Southern Africa – Aggregates and Readymix	246	(127)
Readymix – East region	Southern Africa – Aggregates and Readymix	34	3
Readymix – West region	Southern Africa – Aggregates and Readymix	32	7
Readymix – Nelspruit	Southern Africa – Aggregates and Readymix	19	12
Readymix – Projects	Southern Africa – Aggregates and Readymix	52	49
Ulula Ash	Southern Africa – Aggregates and Readymix	195	139
PPC Aggregates Botswana	Southern Africa – Aggregates and Readymix	182	308
PPC Lime	Southern Africa – Lime	596	196
PPC Zimbabwe	International – Cement	2 885	2 209
CIMERWA	International – Cement	3 103	1 124
PPC Barnet DRC	International – Cement	2 865	(1 128)

Discount rate increase 2,5%	Discount rate decrease 2,5%	Growth rate increase 1%	Growth rate decrease 1%	Cash flows increase/ decrease 5%
Impact on impairment and headroom				
(495)	783	171	(143)	124
(124)	194	42	(35)	35
(16)	24	5	(4)	7
(241)	590	128	(91)	41
(32)	48	10	(8)	10
(36)	57	13	(9)	13
(7)	11	2	(2)	2
(5)	8	2	(1)	2
(5)	7	2	(1)	1
(9)	13	3	(2)	3
(31)	46	10	(8)	10
(59)	146	32	80	8
(90)	136	28	(24)	30
(332)	452	84	(75)	120
(351)	488	94	(83)	133
(412)	645	42	(6)	232

15. IMPAIRMENTS continued

31 March 2019	Segment	Recoverable amount	Impairment[a]
PPC Cement SA	Southern Africa – Cement	7 495	–
PPC Botswana Cement	Southern Africa – Cement	1 387	–
PPC Aggregates SA	Southern Africa – Aggregates and Readymix	269	–
Readymix business unit	Southern Africa – Aggregates and Readymix	816	–
PPC Aggregates Botswana	Southern Africa – Aggregates and Readymix	210	–
PPC Lime	Southern Africa – Lime	1 074	–
PPC Zimbabwe	International – Cement	3 353	–
CIMERWA	International – Cement	2 557	–
PPC Barnet DRC	International – Cement	3 914	–
		21 075	–

[a] Management assessed whether the change in previously identified CGUs will have an impact on the prior year impairment assessment. The result of this assessment did not change the outcome of the prior year impairment assessments and would therefore have not resulted in impairments in the prior year.

Events after reporting period

The above impairment assessment did not (and at times could not) take into account certain key factors that if considered, would have resulted in lower impairment being recognised.

Higher sales volumes

The impairment assessment is based on the projection of future cash flows. There is, therefore, considerable judgement applied in the determination of the recoverable amount. Estimated sales volumes have a significant impact on the outcome of the recoverable amount against which assets' carrying values are compared. In light of the unprecedented economic conditions brought about by the COVID-19 pandemic, PPC had projected conservative sales volumes as at year-end. Subsequent to the lifting of the lockdown restrictions from level 4 to 3, the Company has realised (especially in the Inland region) monthly sales volumes that have exceeded the prior year, the forecast volumes that were adjusted for the impact of COVID-19 and the monthly plan's volume. These higher than expected sales volumes were not foreseen at the time the impairment assessment was performed.

15. IMPAIRMENTS continued

Events after reporting period continued

Restructuring

Another factor that was not be taken into account in the impairment assessment was the planned restructuring that was approved after the reporting date (refer to note 20). This was due to the fact that at the end of the financial year-end, such plans had not been formally approved by the board. IAS 36:44 states that "Future cash flows shall be estimated for the asset in its current condition. Estimates of future cash flows shall not include estimated future cash inflows or outflows that are expected to arise from a future restructuring to which an entity is not yet committed." However, the Company has demonstrated such commitment to restructuring and improving its financial standing. PPC has commenced with the S189 process across its South African operations. The cost savings flowing from the restructure will result in lower future cash outflows and therefore a higher recoverable amount against which the assets' carrying values can be assessed.

Impairment result

Had all the above been considered at the time the impairment assessment was performed at the reporting date, the overall impairment booked would have been less than the R1,7 billion impairment of the South African cement assets.

16. FINANCE COSTS

	31 March 2020 Rm	Restated 31 March 2019 Rm
Bank and other short-term borrowings	**31**	32
Notes	**6**	10
Interest expense on lease liabilities	**14**	–
Long-term loans and project funding	**581**	569
Finance costs before time value of money adjustments and interest on penalties	**632**	611
Interest on penalties	**3**	3
Time value of money adjustments on rehabilitation and decommissioning provisions	**17**	38
Time value of money adjustments on put option liability[(a)(b)]	**–**	24
	652	676
Southern Africa	**216**	229
International	**436**	447

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

(a) In the current year the put option is out of the money and reflected at a zero fair value (refer to note 12), therefore no interest has been recognised in the current year on the unwinding of the put option.

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

	31 March 2020 Rm	Restated 31 March 2019 Rm
16. FINANCE COSTS continued		
16.1 Finance costs paid		
Finance costs as per income statement charge	**652**	676
Time value of money adjustments on rehabilitation and decommissioning provisions and put option liability	**(17)**	(62)
Interest on penalties	**(3)**	–
Movement in accrued finance costs	**(20)**	4
	612	618

	31 March 2020 shares	Restated[(a)] 31 March 2019 shares
17. EARNINGS AND HEADLINE EARNINGS PER SHARE		
17.1 Number of shares and weighted average number of shares		
Total shares in issue	**1 593 114 301**	**1 593 114 301**
Treasury shares	**(86 325 889)**	**(80 821 975)**
Weighted average number of shares for calculation of basic earnings per share	**1 506 788 412**	**1 512 292 326**
Adjusted for:		
Shares held by consolidated Safika Trust treated as treasury shares[(b)]	**1 354 347**	**902 898**
FSP share incentive scheme shares not expected to vest	**7 911 823**	**20 978 548**
Weighted average number of shares for calculation of diluted earnings per share	**1 516 054 582**	**1 534 173 772**

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

(b) The March 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.

17. EARNINGS AND HEADLINE EARNINGS PER SHARE continued

17.2 The treasury shares comprise the following:

Shares held by consolidated participants of the second BBBEE transaction

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

Shares held by consolidated BBBEE trusts and trust funding SPVs

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

Shares held by consolidated Porthold Trust Pvt Ltd

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

FSP incentive scheme

In terms of the forfeitable share plan (FSP) incentive scheme, 23 767 987 shares (2019: 27 145 639 shares) are held in total for participants of this long-term incentive scheme. The shares are treated as treasury shares during the vesting periods of the awards. During the year, 3 384 804 shares (2019: nil shares) vested.

In terms of IFRS requirements, 5% (2019: 5%) of the total shares in issue are treated as treasury shares following the consolidation of the various BBBEE entities, employee trusts and incentive share schemes.

Shares held by the Safika Consolidated Management Trust

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

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

Cash conversion ratio is calculated using cash generated from operations divided by EBITDA.

		31 March 2020 Rm	31 March 2019 Restated[a] Rm
17.	**EARNINGS AND HEADLINE EARNINGS PER SHARE** continued		
17.3	**Basic earnings**		
	Net profit for the year – Refer to the restatement note 2, for the prior period errors	**(2 388)**	162
	Attributable to:		
	Shareholders of PPC Ltd	**(1 872)**	235
	Non-controlling interests	**(516)**	(73)
		(2 388)	162
17.4	**(Loss)/earnings per share**		
	Basic	**(124)**	16
	Diluted	**(124)**	15

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.

17. EARNINGS AND HEADLINE EARNINGS PER SHARE continued

17.5 Headline earnings[a]

	31 March 2020 Rm	31 March 2019 Restated[a] Rm
Headline earnings is calculated as follows:		
(Loss)/profit for the year	**(2 388)**	162
Adjusted for:		
Impairment of property, plant and equipment and intangible assets (refer to note 15)	**2 869**	76
Taxation on impairments	**(519)**	(21)
Impairment of goodwill (refer to note 15)	**205**	–
Loss on sale of assets	**53**	14
Taxation on loss on sale of assets	**(15)**	(4)
Headline earnings	**205**	227
Attributable to:		
Shareholders of PPC Ltd	**406**	300
Non-controlling interests	**(201)**	(73)
17.6 Headline earnings per share		
Basic	**27**	20
Diluted	**27**	20

[a] The Group early adopted circular 1/2019, which is only applicable for 31 December 2020 year-ends.

18. 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 8.

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

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

The PPC Zimbabwe financial asset (refer to note 8) should be valued using RTGS forward curves, however, these are not available. As a result of there being no other similar available market data the financial asset has been valued at the year-end US$:ZWL$ (2019: US$:RTGS$) exchange rate and further credit risk adjustment was recognised.

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

18. FINANCIAL RISK MANAGEMENT continued

Fair value hierarchy disclosures

	Notes	Carrying amount (by measurement basis)				
		Amortised cost	Fair value Level 1	Fair value Level 2	Fair value Level 3	Total
2020						
Financial assets						
At amortised cost						
Trade and other financial receivables		933	–	–	–	933
Cash and cash equivalents		398	–	–	–	398
At fair value through other comprehensive income						
Investment in Old Mutual shares on the Zimbabwe Stock Exchange	8	–	5	–	–	5
At fair value through profit or loss						
Unlisted collective investments at fair value (held for trading)	8	–	–	143	–	143
PPC Zimbabwe financial asset	8	–	–	–	161	161
Zimbabwe blocked funds	8	–	–	–	59	59
Financial liabilities						
At amortised cost						
Long-term borrowings	11	766	–	–	–	766
Short-term borrowings	11	5 034	–	–	–	5 034
Lease liabilities	4.2	130	–	–	–	130
Liability to non-controlling shareholder in subsidiary company	12	22	–	–	–	22
Trade and other financial payables		1 794	–	–	–	1 794
At fair value through profit or loss						
Interest rate swap liability	12	–	–	24	–	24

18. FINANCIAL RISK MANAGEMENT continued

Fair value hierarchy disclosures continued

	Notes	Carrying amount (by measurement basis) Amortised cost	Fair value Level 1	Fair value Level 2	Fair value Level 3	Total
2019 – Restated[a]						
Financial assets						
At amortised cost						
Investment in Zimbabwe government bonds	8	279	–	–	–	279
Trade and other financial receivables		1017	–	–	–	1 017
Cash and cash equivalents		452	–	–	–	452
At fair value through other comprehensive income						
Investment in Old Mutual shares on the Zimbabwe Stock Exchange[a]	8	–	7	–	–	7
At fair value through profit or loss						
Unlisted collective investments at fair value (held for trading)	8	–	–	141	–	141
PPC Zimbabwe financial asset[a]	8	–	–	–	252	252
Financial liabilities						
At amortised cost						
Long-term borrowings	11	4 064	–	–	–	4 064
Short-term borrowings	11	938	–	–	–	938
Finance lease liabilities	12	2	–	–	–	2
Liability to non-controlling shareholder in subsidiary company	12	17	–	–	–	17
Trade and other financial payables		1 785	–	–	–	1 785

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

18. FINANCIAL RISK MANAGEMENT continued

Fair value hierarchy disclosures continued

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

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

Level 3 – financial assets and liabilities that are valued using unobservable data, and requires management judgement in determining the fair value. Refer to notes 8 and 12 for quantitative information and significant assumptions on the unobservable inputs used to determine fair values for financial assets and liabilities respectively.

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

Level 3 sensitivity analysis

Financial instrument	Valuation technique	Key unobservable inputs	Sensitivity %	Carrying value (Rm)	Increase or decrease (Rm)
PPC Zimbabwe financial asset	US$:ZWL$ exchange rate	Credit risk adjustment of 50 %	1 % higher and 1 % lower	161	3
Zimbabwe blocked funds	US$:ZWL$ exchange rate	Credit risk adjustment of 85 %	1 % higher and 1 % lower	59	4

Movements in level 3 financial instruments

	2020 Rm	2019 Rm
Financial assets at fair value through profit or loss		
Balance at the beginning of the period	**252**	–
New financial assets recognised	**317**	273
Fair value adjustments	**205**	(37)
Fair value adjustment – credit risk	**(456)**	–
Translation differences	**8**	16
Repayment	**(106)**	–
Balance at the end of the period	**220**	252

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

19. ADDITIONAL DISCLOSURE

Contingent liabilities and guarantees

At 31 March 2020, there is a number of tax disputes ongoing in PPC Barnet DRC. The Group does not recognise the contingent liabilities in the statement of financial position until future events indicate that it is probable that an outflow of resources will take place and a reliable estimate can be made, at which time a provision is recognised. The most significant matters relates to custom duties on importation of equipment and also penalties levied on building tax in 2018. Based on internal and external legal and technical advice obtained, the Group remains confident that it has a robust legal case to contest these exposures. The total estimated exposure to the tax disputes is R60 million.

The total guarantees issued by the Group, by means of a bank guarantee, in favour of the various suppliers were R102 million (2019: R102 million). Included in this amount are financial guarantees for the environmental rehabilitation and decommissioning obligations of the Group to the DMR amounting to R76 million (2019: R76 million).

20. EVENTS AFTER REPORTING DATE

Closure of PPC Saldanha

The closure of Arcelor Mittal South Africa (AMSA) Saldanha plant in December 2019, had a significant impact on PPC Cement SA (Pty) Ltd from the offtake of Lime and dolomite from PPC Lime Ltd, as well as the supply of slag, filter dust granules and coal fines which were used in the production of cement. PPC spent a greater part of the year engaging with AMSA on alternative solutions following the closure of its operations. In spite of these engagements, there has been no indication that AMSA will be able to resume operations in the foreseeable future. PPC has investigated options around supplying other sources of slag into the market up until COVID-19 reduced the overall demand, which was assessed and not considered viable, due to international pricing and shipping/transport costs at the time.

On 8 May 2020, an announcement to the business of the decision to wind down PPC Saldanha was issued. The consultative retrenchment process, in line with section 189(3) retrenchment guidelines were implemented and the process was concluded with all employees exiting the Company by end of June 2020 at a cost of R3,7 million. This is considered to be a non-adjusting event as the decision to close the operations of Saldanha was announced on 8 May 2020.

20. EVENTS AFTER REPORTING DATE continued

Carbon tax bill

Carbon Tax was legislated under the Customs and Excise Act as an environmental levy on greenhouse gas emissions. Carbon Tax was implemented on 1 June 2019 at an initial tax rate of R120 per tonne of carbon dioxide equivalent and is expected to increase at an annual rate of Consumer Price Index (CPI) plus 2% until the end of 2022, and thereafter at the applicable CPI rate. The first increase was effective on 1 January 2020, which increased the rate to R127 per tonne. The final rules and forms for the implementation of carbon tax were released by SARS on 23 December 2019.

The Trade Exposure and Performance Benchmark allowances legislation were still in draft form when the initial estimates was calculated. On 19 June 2020, the final regulations for the Trade Exposure and Performance Benchmark allowances were published. The level of allowances for different sectors remains largely unchanged between the draft and the final trade exposure allowance regulations. These allowances result in a reduced carbon tax liability for the Group.

The President of South Africa, Mr Cyril Ramaphosa, announced a three-month delay in the first carbon tax payments as part of an extensive set of financial measures worth R500 billion which government implemented in order to assist companies to deal with the COVID-19 pandemic. The payment date was postponed from 29 July 2020 to 29 October 2020.

COVID-19

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, which is considered to be an adjusting event. 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 its operates in, however, with the easing of restrictions have subsequently reopened all production plants.

COVID-19 events that arose after the reporting date, that provide additional information in relation to assets and liabilities in existence at 31 March 2020, have been considered adjusting events after reporting date. New events which occur after 31 March 2020, which do not relate to existing assets and liabilities related to COVID-19 at the reporting date are considered to be non-adjusting events after reporting date, and these, together with their related financial effects, have been disclosed to the extent that they are considered to be material.

The duration and impact of the COVID-19 pandemic remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Group for future periods. If the impact of the pandemic is more or less severe, certain line items on the statement of financial position may be impacted in future reporting periods. These include, but is not limited to, the carrying amount of property, plant and equipment, inventories and trade receivables.

If the impact of the pandemic is more or less severe, certain line items on the statement of financial position may be impacted in future reporting periods. These include, but are not limited to, the carrying amount of property, plant and equipment, inventories and trade receivables.

20. EVENTS AFTER REPORTING DATE continued

Listing of CIMERWA shares on the Rwanda Stock Exchange

CIMERWA PLC (RSE: CMR) was listed on 3 August 2020 by introduction on the Rwanda Stock Exchange Main Investment Market Segment (MIMS). The event marked the listing of the tenth company in the Rwanda market and the fifth local company to list on the Rwanda Stock Exchange. CIMERWA received approval from the Capital Markets Authority and the Rwanda Stock Exchange to list a free float of 344 575 560 shares (49% of 703 219 520 total shares) worth Rwf41 349 067 200 (approximately US$43 million) now available for trading to the investor community at Rwf120 per share on the Rwanda Stock Exchange. The 49% constitutes shares owned by AGDF Corporate Trust on behalf of the government of Rwanda, Rwanda Social Security Board, Rwanda Investment Group, and Sonarwa Holdings Ltd.

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 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 .

Funding and financial restructuring

Subsequent to 31 March 2020 PPC has engaged with various lenders as part of its response to COVID-19 and the group-wide refinancing and restructuring project announced in November 2019. Refer to note 21 for further details.

21. GOING CONCERN ASSESSMENT

Introduction

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

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

1. The sustainability, or viability, of the Group, or its ability to continue trading as a going concern. The assessment has included, inter alia, 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 September 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 September 2021, taking into account current available facilities and the impact of the restructuring which is currently underway.

21. GOING CONCERN ASSESSMENT continued

Group restructuring and refinancing project

As at 31 March 2020, the Group had borrowings of R5,8 billion. The directors are of the view that such levels of debt are not sustainable and earlier in the 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 initiative was enhanced with the appointment of Antony Ball in June 2020 as an executive director (formerly a non-executive director) to lead the project.

The events, conditions, judgements and assumptions related to the implementation of the restructuring and refinancing project inherently include material uncertainty on the timing of future cash flows and 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 need to restructure and refinance is a combination of:

1. The investment in PPC Barnet in the Democratic Republic of the Congo (DRC) in 2014 in which PPC Ltd assumed the role as a project sponsor and resulting contingent claims against PPC Ltd to provide ongoing deficiency funding to PPC Barnet as a result of the unsustainable level of debt in the DRC operations; and
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 restructuring and refinancing project seeks to achieve the following objectives:

- Reach agreement with South African lenders to provide ongoing access to unutilised facilities, reset of covenants, deferral of capital and interest payments and extend renewal dates of the general banking and working capital facilities to provide greater financial flexibility
- Reach arrangement with PPC Barnet's lenders (the PPC Barnet Lenders) on its capital and interest obligations as a precursor to agreeing a sustainable capital structure for PPC Barnet and relieve PPC Ltd of its deficiency loan funding obligations
- 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 non-core asset sales and 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

It is the directors' view that successful implementation of the restructuring and refinancing project is fundamental to the ability of the Group to continue as a going concern (and likewise to remove related uncertainty).

21. GOING CONCERN ASSESSMENT continued

Funding confirmation from South African lenders

Over the past six months, PPC had extensive engagement with its South African lenders who provide it with various short and long-term facilities. In August 2020, it concluded a new working capital facility with one of its South African lenders and an overarching term sheet relating to its other facilities with its two primary South African lenders (SA Primary Lenders).

The term sheet with the SA Primary Lenders has been approved by their respective credit committees and provides for:

- The R800 million of short-term banking facilities that were in place at financial year-end, will continue in place under similar terms until at least September 2021;
- The R1,85 billion long-term facilities that were in place at financial year-end (but were reclassified as short term as set out in note 11 due to certain financial covenants not being met) will remain in place, with the extension of tenor of one of the facilities by an additional six months to 30 September 2021;
- A deferral of scheduled interest and capital repayments on long-term facilities until March 2021;
- Establishing security, via a security pool arrangement, to be finalised by November 2020. The security package shall comprise a pledge and cession of the shares, mortgage bonds over select immovable properties, pledge and cession of debtors and general notarial bonds over inventory of selected South African and Botswana entities;
- A waiver and condonement of covenant breaches at 31 March and 30 June 2020 under the existing facilities and ongoing compliance with amended covenants (set out further in this note) and maintenance of sufficient liquidity headroom relative to forecast levels; and
- A commitment to reduce the level of gearing in South Africa through a combination of an equity capital raise of a minimum of R750 million by 31 March 2021 and the sale of PPC Lime by 31 December 2021. The equity capital raise is conditional on the resolution of the DRC exposure.

The terms of the revised facilities with the SA Primary Lenders are conditional on the completion of amendments to facility agreements by 15 October 2020 and security pool legal documentation by 31 October 2020 and such legal documentation becoming unconditional in accordance with its terms, including the set-up of the security pool arrangement by 30 November 2020. The Group and SA Primary Lenders' legal counsel have commenced the process of amending the facility agreements in line with the terms contained in the term sheet and setting-up the security pool arrangement.

PPC has also signed a new working capital facility with its third South African lender for R175 million, providing access to ongoing liquidity until December 2021. The terms of the facility are similar to those of the term sheet with the SA Primary Lenders, including entering into a security pool arrangement and a commitment to de-gear the South African business, but only provide for one financial covenant, being a monthly liquidity cover ratio of 200% of utilised short-term facilities.

21. GOING CONCERN ASSESSMENT continued

Funding confirmation from South African lenders continued

The facilities as at 31 March 2020 and revised facilities as at 31 August 2020 are shown in the table below:

	31 March 2020 R'm	31 August 2020 R'm
Short-term facilities		
Available	1 000	800
Utilised	569	458
Unutilised	431	342
% headroom	43%	43%
Long-term facilities[(a)]		
Available	1 850	1 850
Utilised	1 450	1 450
Unutilised	400	400
% headroom	22%	22%
Total facilities		
Available	2 850	2 650
Utilised	2 019	1 908
Unutilised	831	742
% headroom	29%	28%

[(a)] These long-term facilities are classified as short-term in the annual financial statements as PPC did not meet its covenants at 31 March 2020. Refer to note 16 of the annual financial statements.

The revised facilities provide adequate headroom and management forecasts indicate continuing headroom across total facilities of between 20% and 46% through to September 2021.

The revised facilities have new financial covenants that are aligned to management's revised forecasts post-COVID-19 and which provide PPC with sufficient financial flexibility for the foreseeable future. For reference, if sales volumes underperformed in relation to the forecast by 20% or more on a recurring basis over the forecast period, it is probable that there would be covenant breaches. The new financial covenants for the SA Primary Lenders are set out in the table below:

Covenant	30 September 2020	31 December 2020	31 March 2021	30 June 2021	Thereafter
Obligor interest cover	0.75x	1.00x	2.00x	3.00x	4.00x
Obligor gross debt to EBITDA	14.25x	9.00x	5.00x	3.00x	2.50x
Group gross debt to EBITDA	6.50x	5.50x	4.5x	3.5x	3.00x

21. GOING CONCERN ASSESSMENT continued

Funding confirmation from South African lenders continued

A key term of the new working capital facility and term sheet is an undertaking by PPC Ltd to de-gear the South African business through a conditional rights issue of not less than R750 million by 31 March 2021 and the sale of PPC Lime (subject to achieving an acceptable price level) by December 2021, to be applied to reduce the South African debt.

The rights issue is conditional on the resolution of the DRC exposure. While the final timing, quantum and the terms of any rights issue will only be determined once the other restructuring and refinancing steps have been achieved, it is currently envisaged to be between R750 million and R1,25 billion, of which a minimum of R750 million will be used to reduce the SA debt.

Completion of the rights issue

PPC Ltd has received a commitment from one of its key shareholders, Value Capital Partners, to support the rights issue and underwrite up to R333 million of any rights issue, subject to the resolution of the DRC exposure. PPC Ltd has not yet approached its other shareholders but is confident that shareholders would support a rights issue on the basis of the resolution of the DRC exposure and in order to preserve value in the Group.

PPC Ltd has also engaged with select investment banks and received two conditional positive expressions of interest to jointly manage and underwrite the proposed rights offer. The conditions include, inter alia, resolution of the DRC exposure, Value Capital Partners ongoing support and underwriting commitment and market conditions being conducive for a capital raise of this nature.

There is no absolute certainty around the resolution of the DRC exposure nor that equity capital market conditions may be conducive to raising capital at the time of the envisaged rights issue.

However, considering precedent rights offers completed on the Johannesburg Stock Exchange, management and the board is confident that the rights offer will be successful, and the requisite level of capital will be raised.

Sale of PPC Lime

Management consider PPC Lime to be a non-core asset and have committed to its SA banks to sell the business by December 2021, subject to an appropriate price being achieved. PPC Lime is a market leader in its field, resilient, profitable and cash generative. PPC tested the market in 2019 and strong market interest was received.

The key risk relating to the sale of PPC Lime is that difficult macro-economic conditions may prevail at the time of sale, which could negatively impact on the attractiveness of the business and price achievable. Salient financial information relating to PPC Lime is disclosed in the segment report in the annual financial statements.

21. GOING CONCERN ASSESSMENT continued

DRC exposure

In terms of agreements entered into between, inter alia, PPC Ltd, PPC Barnet and the PPC Barnet Lenders in 2014 and amended in 2018, PPC Barnet or the PPC Barnet Lenders are entitled to request funding from PPC Ltd to meet operating cash flow shortfalls, and to service interest and capital on senior loans advanced to PPC Barnet by the PPC Barnet Lenders. Such requests are in the form of deficiency funding notices, and funds so advanced are in the form of subordinated loans in PPC Barnet entities and termed deficiency loans.

As at 15 January 2020, deficiency loans totalled US$71,2 million and PPC Ltd advised the PPC Barnet Lenders that there was no further capacity for providing deficiency loans. At this point, PPC Barnet was generating operating profit, but not at a level to enable servicing of interest and capital to the PPC Barnet Lenders. PPC Barnet was also in breach of financial covenants. From that date to the date of approval of the annual financial statements by the board of directors, PPC Barnet, or the PPC Barnet Lenders, were entitled to send deficiency notices which would likely to be in the amount of US$28 million in order to service interest and capital. Rather, PPC Ltd has been in a state of an informal standstill since 15 January 2020 and no notices have been issued, nor does PPC Ltd believe that PPC Barnet or the PPC Barnet Lenders have an intention of doing so. Furthermore, the board of directors believes that the conduct of the PPC Barnet Lenders is consistent with an acknowledgement that it is in the best interests of all parties to restructure the existing debt.

Further to the state of informal standstill, fortifying its intentions to seek consensual outcome to the position in the DRC, PPC Ltd and PPC Barnet have received written confirmation of agreement to the terms contained in a term sheet with the PPC Barnet Lenders, the terms of which are conditional on internal approvals of each of the DRC Lenders, providing for a standstill to allow for the implementation of a long-term restructuring plan. The term sheet provides for:

- Initial standstill period to 31 December 2020, with possibility of extension to 31 March 2021 subject to certain extension milestones, which are process-related and not considered to be onerous to being met, related to the long-term restructuring plan
- Forbearance of unpaid principal amortisation to date and scheduled principal amortisation until the end of the standstill period
- Forbearance of unpaid interest to date and scheduled interest until the end of the standstill period
- Payment of a standstill fee of approximately US$2 million
- Conditional that CIMERWA and Habesha have both signed standstill agreements with their respective lenders
- Negative covenants customary of an arrangement of this nature, including restrictions on incurring additional debt outside of the existing Group facilities, dividend restrictions, capital expenditure remaining in line with current budgets and certain financial conduct undertakings with respect to other Group companies

Subject to final credit approval of the PPC Barnet Lenders, the Group will commence the process of finalising a standstill agreement based on the term sheet.

21. GOING CONCERN ASSESSMENT continued

DRC exposure

The finalisation of the standstill agreement with the PPC Barnet Lenders is an important element in providing stability to the operations as a precursor to agreeing a sustainable capital structure for PPC Barnet and relieve PPC Ltd of its deficiency loan funding obligations.

In addition to the loan owing to PPC Barnet lenders, PPC Barnet has a current liability of US$19 million payable to Sinoma International Engineering Company (Sinoma), a technical supplier who built the DRC plant. This amount has not been factored into the current liquidity plan for settlement within the next 18 months. This amount has been payable from October 2019; however, Sinoma has not attempted to recover this amount through liquidation. Sinoma continued to do business with the Group in other regions. It is unlikely that Sinoma will force PPC Barnet into liquidation. If Sinoma demands settlement, the Company will not be able to settle the amount.

PPC Ltd and its advisers have commenced preparation of marketing materials to raise capital in PPC International. While initial market soundings have been positive, there can be no certainty that market conditions may be conducive to the capital raise in the future or that sufficient investor interest may materialise at the time of the capital raise.

Ongoing liquidity

As at 31 March 2020 the DRC operations had total debt of US$163 million outstanding and as set out in note 16 on borrowings, such levels of debt are significantly in excess of sustainable levels.

Management's cash flow forecasts for the DRC demonstrate cash headroom in excess of US$4 million to September 2021, subject to the legal completion of an agreed short-term facility of US$5 million with Ecobank. This assumes a continuation of the effective standstill in place since January 2020, with no further cash funding required from PPC Ltd.

Other operations

Zimbabwe

Despite operating in a challenging hyperinflationary economy, PPC Zimbabwe continues to generate cash surpluses and operate as a going concern, with no compromises or payment plans required. The cash flow forecasts reflect an assumed reduction in sales volumes (approximately 15%) due to the impact of COVID-19. However, cash headroom remains sufficient for the next 12 months and a minimum cash balance in excess of US$21 million is forecast over the period to September 2021.

There is uncertainty around the ability of the Central Bank (RBZ) to meet the payments of the third-party loan as they become due. However, payment of an outstanding payment due on 30 June 2020 has been settled (US$6 million) and as such the RBZ has honoured all payments to date.

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

21. GOING CONCERN ASSESSMENT continued

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 September 2021.

To mitigate and anticipate the possible impact of the global pandemic, a formal standstill of seven months of interest plus capital from 1 April 2020 has been agreed with the Rwanda Lenders and credit approved by the requisite majority of the syndicate.

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

Ethiopia (Habesha)

Habesha is an associate in which PPC Ltd sees long-term value and has an option to move to control. As part of this, PPC Ltd 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 (value in use calculations in note 15 being used as a proxy for fair value) exceeds the fair value of liabilities for the Group, with the total carrying amount of assets at R17,1 billion, compared to total (lender) debt of R5,8 billion and total balance sheet liabilities of R9,6 billion.

The aforementioned is based on detailed impairment testing of PPC's cash-generating units, resulting in impairment of property, plant and equipment of R3,1 billion (refer to note 15).

There is no obligation on PPC Ltd to fund international obligations, except for deficiency notices issuable by PPC Barnet or the PPC Barnet Lenders. While PPC Barnet entities have been issued invoices for capital and interest due, as at the date of finalisation of the annual financial statements, PPC Ltd has not been presented with any deficiency notices. Discussions with the PPC Barnet Lenders continue in good faith as detailed above. The PPC Barnet Lenders have acknowledged that it is in the best interests of all parties to restructure the existing debt and that a standstill on debt-related payments will facilitate this process.

PPC Ltd has carefully considered the unexpected circumstance of PPC Barnet or the PPC Barnet Lenders changing their current position and issuing deficiency notice to PPC Ltd. While legally possible, it would be inconsistent with the discussions and inconsistent too with the developmental mandates of the PPC Barnet Lenders. The legal position in this circumstance is that the nature of any potential claim is complicated by the financial assistance provisions of the South African Companies Act, resulting in options open to PPC Ltd to resist a claim for some time, and specifically for the next 12 months from the date of approval of the annual financial statements by the board of directors ie period relevant to a going concern assessment.

There can be no assurance that the Group will be successful with its strategic initiatives and balance sheet restructuring plans. If such initiatives and plans are not successful, the Group may be forced to limit its business activities or be unable to continue as a going concern, which will have a material adverse effect on our consolidated results of operations and financial condition.

NOTES TO THE SUMMARISED AUDITED CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

21. GOING CONCERN ASSESSMENT continued

Operational performance in line with cash flow forecasts

PPC Ltd 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. The forecasts run through these models demonstrate adequate headroom as described above, which addresses the risk of the forecasts not being achieved.

In South Africa, monthly volumes and EBITDA from May to August 2020 are better than management's COVID-19 adjusted budget. This is attributed to higher than anticipated post-lockdown volumes and the windfall of the absence of cheap imports. The forecasts, however, continue to assume the headwind effect of imports and remain unadjusted in this regard. The Group's application to the International Grade Administration Commission to prevent cheap imports has been submitted, which if approved would represent upside.

The directors have also reviewed the current trading and cash flow projections as part of their assessment. Although the directors believe the initiatives will be successful and have prepared the consolidated and company financial statements on a going concern basis, material uncertainties exist that may cast significant doubt on the Group and Company's ability to continue as going concerns.

Conclusion

The events, conditions, judgements and assumptions described above inherently include material uncertainty on the timing of future cash flows and the potential values of cash received in the respective PPC International capital raise and PPC Ltd rights issue, and therefore 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 Company, and the actions that remain outstanding, 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.

AUDITOR'S REPORT

With respect to the consolidated financial statements for the year ended 31 March 2020, the auditors, Deloitte & Touche, have issued an unmodified audit opinion in terms of the International Standards on Auditing, with a paragraph on material uncertainty relating to going concern. Events and other matters indicate that material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. A copy of the auditor's report on the consolidated financial statements, together with the consolidated financial statements, is available on the following link: www.ppc.africa/corporate/investors-media/financial-presentations-report.

These summarised consolidated financial statements for the year ended 31 March 2020 have been audited by Deloitte & Touche. The auditor's report on the summarised consolidated financial statements is included on page 118.

The auditor's report does not necessarily report on all of the information contained in these financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain and read a copy of the auditor's report and obtain the accompanying financial information from PPC Ltd's registered office.

Any reference to future financial performance included in this announcement has not been audited or reported on by the Company's auditors.

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF PPC LIMITED

Opinion

The summarised consolidated financial statements PPC Limited, which comprise the summarised consolidated statement of financial position as at 31 March 2020, the summarised consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of PPC Limited for the year ended 31 March 2020.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of PPC Limited, in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, set out in note 1 to the summarised financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

Summarised consolidated Financial Statements

The summarised consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to financial statements. Reading the summarised consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The Audited consolidated Financial Statements and our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 8 October 2020. That report also includes:

- A Material Uncertainty Related to Going Concern Section that draws attention to Note 36 in the audited financial statements. Note 36 of the audited financial statements indicates that PPC Limited's consolidated current liabilities exceed its consolidated current assets by R3 544 million and the Company's current assets exceed the current liabilities by R228 million. These events or conditions, along with other matters as set forth in Note 36 of the audited financial statements indicate that a material uncertainty exists that may cast significant doubt on PPC Limited's ability to continue as a going concern. These matters are addressed in Note 21 of the summary financial statements.
- The communication of key audit matters as reported in the auditor's report of the audited financial statements.

Directors' Responsibility for the Summarised consolidated Financial Statements

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the requirements of the JSE Listing Requirements for abridged reports, set out in note 1 to the summarised financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34, Interim Financial Reporting.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summarised consolidated financial statements are consistent, in all material respects, with the consolidated audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

Deloitte & Touche

Deloitte & Touche
Registered Auditors
Per: Patrick Ndlovu
Partner
8 October 2020

5 Magwa Crescent
Waterfall City
Waterfall
Docex 10 Johannesburg

ADMINISTRATION

PPC LTD
(Incorporated in the Republic of South Africa)
(PPC or Company or Group)
Company registration number: 1892/000667/06
JSE code: PPC
JSE ISIN: ZAE 000170049
ZSE code: PPC.ZW
JSE code: PPC003
JSE ISIN: ZAG000117524

DIRECTORS
PJ Moleketi (Chairman), R van Wijnen* (CEO), R van Dijk, AC Ball, N Gobodo, MF Gumbi, NL Mkhondo, T Moyo**, CH Naude, MR Thompson
** Dutch* *** Zimbabwean*

Post the AGM held on 29 August 2019, Mr J Claassen and Ms T Romano resigned as executive directors of the Company. They were replaced by Mr R van Wijnen and Ms R van Dijk, who were appointed as executive directors by the board during October and November 2019 respectively.

REGISTERED OFFICE
148 Katherine Street, Sandton, South Africa
(PO Box 787416, Sandton 2146, South Africa)

TRANSFER SECRETARIES
Computershare Investor Services (Pty) Ltd
Rosebank Towers, 15 Biermann Avenue, Rosebank
(Private Bag X9000, Saxonwold, 2132, South Africa)

TRANSFER SECRETARIES ZIMBABWE
Corpserve (Pvt) Ltd
4th Floor, Intermarket Centre, Corner 1st Street/ Kwame Nkrumah Avenue, Harare Zimbabwe
(PO Box 2208, Harare, Zimbabwe)

COMPANY SECRETARY
K Holtzhausen
148 Katherine Street, Sandton, South Africa
(PO Box 787416, Sandton 2146, South Africa)

SPONSOR
Merrill Lynch South Africa (Pty) Ltd
The Place, 1 Sandton Drive, Sandton, South Africa
(PO Box 651987, Benmore 2010, South Africa)

Bastion

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