STRENGTH BEYOND






Audited provisional summarised consolidated financial statements for the year ended 31 March 2018

FINANCIAL HIGHLIGHTS

Cash generated from operations after working capital up **23%** to **R2,3 billion**

Net operating cash flow after investment activities improved by **R1,8 billion**

Group EBITDA excluding non-recurring costs up **2%** like-for-like up 4% and 17% higher than reported

Group revenue increased **7%** to **R10,3 billion**

Group reported EBITDA declined 9% to **R1,9 billion**, due to non-recurring costs and inclusion of DRC for the first time

Strong performance from rest of Africa cement operations, reflected in **14% EBITDA growth** with the DRC detracting from the performance

Maintained southern Africa cement EBITDA margin at **22%** in a tough environment

Basic earnings per share up **25%** to 10 cents

Headline earnings per share increased **114%** to **15 cents**

Net debt down **R900 million** to R3,8 billion, net debt/EBITDA 2,0x which improved financial position

Finance costs reduced by **9%**, like-for-like down 32%

Impairment of **R165 million** to DRC plant detracted from the performance

BEYOND STRENGTH

Johan Claassen, CEO, said: "The group has achieved key milestones in delivering on its FOH-FOUR strategic priorities. Our performance has been resilient against the backdrop of challenging economic and political environments in markets in which we operate. While our rest of Africa operations, particularly Zimbabwe and Rwanda, achieved good results, our materials division faced reduced demand and increased competition. Our results have also been impacted by a number of significant abnormal items: corporate action, impairment of Democratic Republic of the Congo (DRC) operations and restructuring costs. In 2017, we concentrated on getting back to basics and refocusing by introducing the FOH-FOUR strategic priorities: optimising the financial, operational and human capital of the group. Addressing these priorities has laid an important foundation that will enable the group to create long-term sustainable value for stakeholders in future."

MAJOR ACHIEVEMENTS IN THE PERIOD

- Announced BEE III transaction terms to comply with regulations
- Restructured DRC funding agreements, including two-year capital holiday
- Implemented R2 billion debt-funding package in South Africa (RSA)
- Implemented value-based management system
- Launched R50/tonne savings initiatives in RSA
- Reduced capital expenditure by R1,1 billion
- Commissioned DRC and Ethiopian plants
- Group safety – lost-time injury frequency rate down from 0,40 to 0,25

Johannes Theodorus Claassen
Chief executive officer

COMMENTARY continued

GROUP PERFORMANCE

The group's attributable headline earnings and headline earnings per share for the year increased by 172% and 114% to R231 million (2017: R85 million) and 15 cents (2017: 7 cents) respectively. Group revenue rose 7% to R10 271 million (2017: R9 641 million), impacted by the strengthening of average rand exchange rates against most foreign currencies. Group gross profit rose 3% on the strong performance of the Zimbabwe and Rwanda operations. On a constant-currency basis, revenue grew by 14%, accounting for the 7% strengthening in the rand against the US dollar to an average rate for the year of 13,06 (2017: 14,08). Excluding DRC sales, which were included for the first time for five months, like-for-like growth was 5%. Total cement volumes increased 6% to 5,9 million tonnes.

Group cost of sales rose 8% to R7 924 million (2017: R7 359 million). Excluding the impact of DRC, like-for-like growth was 6%, in line with growth in the producer price index (PPI). Operational efficiencies and introducing the R50/tonne savings initiatives in South Africa contributed to good cost control.

Administration and other operating expenditure rose 28% to R1 343 million (2017: R1 049 million), with the DRC accounting for R146 million (2017: R35 million) of the cost. Administration costs were further impacted by corporate action, restructuring, separation costs and other non-recurring costs totalling R145 million. Like-for-like administration costs, excluding the impact of non-recurring costs and DRC, would have risen 4%. The head office workforce was restructured, which is expected to generate future savings of some R20 million per annum.

Group EBITDA declined 9% to R1 880 million (2017: R2 065 million) while the EBITDA margin was 18,3% (2017: 21,4%). The DRC operation contributed an EBITDA loss of R105 million (2017: R39 million loss). Excluding the impact of once-off costs and exchange rates, EBITDA would have risen 2%, with corresponding EBITDA margin of 19,7%. In addition, excluding the impact of the DRC, like-for-like EBITDA would have risen 4%, and corresponding margins maintained compared with last year.

Finance costs reduced 9% to R675 million (2017: R741 million), reflecting the benefits of the rights issue as well as liquidity and guarantee facility agreement fees incurred in the prior period. Additionally, finance costs for the DRC were expensed post-commissioning. On a like-for-like basis, excluding the impact of the DRC, finance costs would have reduced by 32%. Optimisation of the capital structure and liquidity management are yielding positive results, with average cost of finance in RSA reducing from 13 to 14% to 10 to 11%.

In the results to March 2018, the DRC market continued to face uncertainty driven by political instability, lower cement demand and subdued selling prices. Furthermore, the competitive landscape remains challenging due to production capacity that is higher than market demand. The delayed elections have created uncertainty in the economy and most of the infrastructural projects have been put on hold or they are slow. As a result of these factors, management undertook an impairment assessment. Following the impairment assessment review, the recoverable amount of the DRC operation was considered lower than the current carrying value and an impairment of R165 million (US$14 million) was charged against property, plant and equipment for the year ended March 2018.

Taxation was 34% higher at R205 million (2017: R153 million) on increased profitability. However, the effective taxation rate reduced from 85% to 68%, excluding the impact of equity-accounted earnings. The high tax rate was mainly due to the non-deductibility of certain abnormal costs (including impairments) and Zimbabwe tax penalties. The sustainable tax rate for the group in future should range between 30% and 35%. Cash tax increased by only 11%.

Net profit attributable to PPC shareholders rose 60% to R149 million (2017: R93 million). Ethiopia, accounted for as an associate, contributed a net loss of R61 million due to foreign currency devaluation and finance costs being expensed to the income statement for three months. The DRC contributed an attributable net loss of R264 million (2017: R107 million loss). Basic earnings per share was 25% higher at 10 cents (2017: 8 cents) and headline earnings per share rose 114% to 15 cents (2017: 7 cents). On a like-for-like basis, EPS and HEPS increased to 33 cents and 37 cents respectively. Weighted average shares in issue increased from 1 137 million to 1 510 million for the period.

Net cash flow from operating activities increased 69% to R1 430 million (2017: R845 million). Positive working capital movements totalled R411 million and, coupled with lower finance costs and a lower effective taxation paid rate, contributed to improved cash generation. The focus on liquidity and capital management is paying off as PPC is refocusing to improve free cash flow generation.

Capital expenditure on property, plant and equipment decreased significantly to R921 million (2017: R2 058 million). The peak of the capex cycle was in 2017 and, in future, group capex will be concentrated on maintenance and efficiency improvements. Group net debt declined from R4 746 million in March 2017 to R3 846 million, while net debt to EBITDA improved from 2,3x to 2,0x. This is in line with our revised long-term gearing targets and covenants with lenders. There is significant headroom in the balance sheet.

The group has made significant progress in improving its liquidity and strengthening the balance sheet. Restructuring South African debt to a maturity profile of between three and four years, coupled with reduced effective interest rate costs of 10 to 11%, and the two-year capital holiday negotiated with lenders for the DRC project funding debt, will enable the group to achieve its optimal capital structure. The group made deficiency funding payments to the DRC totalling US$42 million (R556 million) in the period to deal with shortfalls in capital costs, interest cost and other working capital. This deficiency was reduced significantly by the renegotiated capital holiday.

SOUTHERN AFRICA CEMENT

Revenue from southern Africa cement, which includes Botswana, was marginally down, with realised average selling prices rising 2,5% although volumes declined 2 to 3%. Higher selling prices were achieved by implementing our focused route-to-market strategy. We estimate that volume performance was better than the overall market, despite a particularly depressed first quarter in 2018, where all regions recorded a slowdown. Total imports rose 32% compared with the same period last year, although off a low base. Import volumes into the Western Cape increased marginally by 6,5%. In Botswana, the market remained subdued with a marginal decline in volume demand. However, the region continues to deliver sustainable cost savings, with variable delivered cost per tonne marginally below the previous period. EBITDA declined 2,9%, with a slight decline in corresponding margins to 21,8%. In terms of the R50/tonne savings initiatives, PPC implemented price increases of 3 to 5% in January 2018. Restructuring initiatives for head office and operations are progressing well, as is the integration of Safika Cement. Together with modernising the Slurry complex, these initiatives are expected to deliver further cost benefits, in line with the three mega plant strategy.

REST OF AFRICA CEMENT

Revenue increased 30% to R2 762 million (2017: R2 119 million), while total volumes rose over 50% supported by robust volume growth in Rwanda and Zimbabwe. Selling prices were fairly stable. EBITDA grew by a robust 14,1% to R736 million, with EBITDA margins contracting from 30,4% to 26,7%. Zimbabwe and Rwanda contributed to the growth in profitability, while the DRC detracted from the performance as it is in ramp-up phase. Like-for-like EBITDA, excluding the impact of DRC, would have risen 23%, with corresponding margins marginally lower at 32,1%. In

COMMENTARY continued

achieving these results, PPC continued to focus on its FOH-FOUR strategic priorities by optimising operations and route-to-market strategies, while managing liquidity in-country.

Zimbabwe

Revenue grew by 34% to R1 813 million (2017: R1 352 million), supported by volumes increasing over 45% from last year, setting new sales records. A successful tobacco, cotton and grain harvest injected additional disposable income into the economy, with a late rainy season extending the period of construction activity. There was also an upsurge in construction activity as citizens converted monetary investments to property amid liquidity constraints. Average US dollar selling prices rose 3% from the prior period. EBITDA grew 31% to R572 million (2017: R438 million), with margins maintained at 32%. To mitigate current liquidity constraints, we significantly reduced our forex requirements by settling a power tariff account for our clinker-producing facility in-country.

Rwanda

CIMERWA continued to deliver robust volume growth of 20%, with annualised capacity utilisation above 65%. Revenue increased 10% to R804 million (2017: R733 million), although sales were constrained towards the end of the period by a planned maintenance shutdown. Realised cement prices were similar to last year. Costs were well controlled, with EBITDA margins maintained at 34%. The economic outlook remains positive, with major planned infrastructure projects expected to boost volumes.

DRC

The PPC Barnet factory was commissioned from November 2017. A R165 million impairment of the plant was recognised in the period. This was due to the plant not operating as expected given the country's prevailing economic and political climate. The DRC market remains challenging given the subdued economic climate. Volumes sold totalled 168 000 tonnes for the period, with a steady monthly improvement in achieving a market share of between 20% and 30% at the end of the reporting period. Revenue grew from R24 million in 2017 to R144 million for the period. Cost of sales amounting to R173 million (2017: R41 million) and overheads of R146 million (2017: R35 million) were recorded in the period. The business made an EBITDA loss of R105 million (2017: R39 million loss) for the period. Finance costs incurred rose to R117 million from R9 million in 2017. Route-to-market initiatives are steadily yielding positive results and volumes are expected to improve as we continue to ramp up.

Ethiopia

For accounting purposes, the commissioning date for the Habesha plant was 1 January 2018, and it was equity-accounted for three months in the reporting period. The business delivered about 300 000 tonnes for the period, with some 120 000 tonnes accounted for in the income statement and the remainder in the balance sheet. A net loss of R61 million was realised, mainly due to foreign currency translation losses and finance costs. Business performance for the review period was affected by instability in the country causing several operational disruptions. The economic outlook remains positive, which bodes well for cement demand.

MATERIALS BUSINESS

Lime

The lime division increased revenue 2% to R801 million, with volumes and selling prices similar to last year. Volumes were constrained by key steel-customer shutdowns and non-extension of a significant contract. Lime's EBITDA contracted 18% after higher variable costs for maintenance and raw material inputs.

Aggregates and readymix

Revenue declined marginally from last year, and EBITDA contracted materially. Readymix volumes and pricing were under pressure from significantly lower activity in the construction industry and intense competition in the Gauteng market. Aggregates' volumes contracted in line with the muted readymix market.

BLACK ECONOMIC EMPOWERMENT TRANSACTION

As a good corporate citizen we remain committed to transformation principles and improving the lives of all our stakeholders. In March 2018, we announced the terms of our top-up black economic empowerment (BEE) transaction. This transaction will allow PPC to comply with the Department of Mineral Resources (DMR) and the Department of Trade and Industry (DTI) in terms of ownership requirements and enables the company to compete on an equivalent BEE equity level with industry peers. The transaction will be implemented in the coming financial year.

GOVERNANCE

Board changes

Resignations

Mr Peter Nelson resigned as chairman of the board and non-executive director of PPC on 2 March 2018. Mr Nelson successfully led the company through a period of headwinds and achieved a number of significant milestones since his appointment to the board in January 2015. In addition, Mr Sydney Mhlarhi, Mrs Dawn Earp and Mr Tim Ross resigned as non-executive directors of PPC.

The board thanks these directors for their valuable contributions, professionalism and dedication to PPC and wishes them well in their future endeavours.

Appointments

In February 2018, Mr Johan Claassen, with 29 years' experience in the business, was appointed as chief executive officer, Mr Jabu Moleketi as chairman of the board, and Mr Anthony Ball and Ms Noluvuyo Mkhondo as non-executive directors. In April 2018, the board also appointed Mr Ignatius Sehoole and Advocate Mojankunyane Gumbi as non-executive directors. Collectively, these directors add significantly to the depth of skills on the board.

All appointments will be presented for confirmation by shareholders at the company's next annual general meeting.

PROSPECTS

The South African landscape remains an economically challenging trading environment, with minimal gross domestic product (GDP) growth projected for the next 12 months. The regulatory regime is increasingly adding to compliance costs in the RSA cement sector. The outlook for our materials division is also muted, as it is linked to infrastructure investment growth, with the lime division mainly exposed to the steel industry, and readymix and aggregates relying on construction projects. To mitigate this, management will implement the BEE III transaction to strategically position the business from a commercial and regulatory standpoint. The cement business, with its focused R50/tonne savings initiatives, will continue its disciplined approach to growing price and volume, and driving operational efficiencies. The business will continue to defend and maintain its leading position and competitive advantage from the perspectives of footprint, scale and efficiency.

COMMENTARY continued

In the rest of Africa, strong demand is expected to continue, driven by Zimbabwe and Rwanda businesses, while we ramp up in the DRC and Ethiopia. The political landscape is improving in Zimbabwe, with elections scheduled for July 2018. The CIMERWA plant has been modified to improve efficiencies to operate at optimal capacity and efficiency. Continued good growth in Rwanda's GDP should sustain demand, which currently appears to be exceeding supply. In the DRC, elections are scheduled for December 2018. We continue to ramp up in that country, despite being constrained by overcapacity and muted demand. In Ethiopia, the political landscape is expected to improve, with forecast strong growth in GDP of 7 to 8% supporting cement demand in the country.

PPC will continue to execute its FOH-FOUR strategic priorities over the next 12 to 18 months. The group will optimise capital allocation based on the value-based management system implemented, in pursuit of achieving an optimal capital structure through the cycle. The group will also continue to look at options with regard to PPC Barnet in the DRC, to further mitigate the group's risk exposure. We have completed our major capex investments and, in the process, enhanced and modernised our plants. Reduced capex, coupled with significantly lower interest rate charges, is expected to improve free cash flow going forward. The group remains well positioned to benefit from growth in the regions in which it operates.

On behalf of the board

PJ Moleketi
Chairman

JT Claassen
Chief executive officer

MMT Ramano
Chief financial officer

Sandton
15 June 2018

Audited summarised

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2018

	Notes	**Year ended 31 March 2018 Audited Rm**	Year ended 31 March 2017 Audited Rm	% change
Revenue		**10 271**	9 641	7
Cost of sales		**7 924**	7 359	8
Gross profit		**2 347**	2 282	3
Administrative and other operating expenditure		**1 343**	1 049	28
Operating profit before item listed below:		**1 004**	1 233	(19)
Empowerment transactions IFRS 2 charges		**48**	206	
Operating profit		**956**	1 027	(7)
Fair value and foreign exchange gains/(losses)	2	**143**	(124)	
Finance costs	3	**675**	741	(9)
Investment income		**52**	27	
Profit before equity-accounted earnings		**476**	189	152
(Loss)/earnings from equity-accounted investments		**(60)**	1	
Impairments and other exceptional items	4	**(174)**	(10)	
Profit before taxation		**242**	180	34
Taxation	5	**205**	153	34
Profit for the year		**37**	27	37
Attributable to:				
Shareholders of PPC Ltd		**149**	93	60
Non-controlling interests		**(112)**	(66)	
Other comprehensive loss, net of taxation				
Items that will be reclassified to profit or loss		**(598)**	(523)	
Cash flow hedges		**–**	(47)	
Taxation on cash flow hedges		**–**	13	
Translation of foreign operations		**(598)**	(489)	
Total comprehensive loss		**(561)**	(496)	
Attributable to:				
Shareholders of PPC Ltd		**(347)**	(295)	
Non-controlling interests		**(214)**	(201)	
EARNINGS PER SHARE (CENTS)	6			
Basic		**10**	8	25
Diluted		**10**	8	25

Audited summarised

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2018

	Notes	31 March 2018 Audited Rm	31 March 2017 Audited Rm
ASSETS			
Non-current assets		**12 910**	14 192
Property, plant and equipment	7	**11 393**	12 531
Goodwill	8	**230**	237
Other intangible assets	9	**557**	677
Equity-accounted investments		**182**	225
Other non-current assets	10	**303**	380
Deferred taxation assets	16	**245**	142
Non-current assets held for sale	11	**34**	38
Current assets		**3 262**	3 805
Inventories		**1 182**	1 163
Trade and other receivables	12	**1 244**	1 652
Cash and cash equivalents	13	**836**	990
Total assets		**16 206**	18 035
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	14	**3 984**	3 919
Other reserves		**967**	1 464
Retained profit		**2 817**	2 668
Equity attributable to shareholders of PPC Ltd		**7 768**	8 051
Non-controlling interests		**120**	334
Total equity		**7 888**	8 385
Non-current liabilities		**5 909**	5 626
Provisions	15	**526**	545
Deferred taxation liabilities	16	**1 042**	1 073
Long-term borrowings	17	**4 079**	3 555
Other non-current liabilities	18	**262**	453
Current liabilities		**2 409**	4 024
Short-term borrowings	17	**603**	2 181
Trade and other payables	19	**1 806**	1 843
Total equity and liabilities		**16 206**	18 035
Net asset book value per share (cents)		**513**	533

Audited summarised

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2018

	Notes	**Year ended 2018 Audited Rm**	Year ended 2017 Audited Rm
Cash flow from operating activities			
Operating cash flows before movements in working capital		**1 889**	2 101
Working capital movements		**411**	(230)
Cash generated from operations		**2 300**	1 871
Finance costs paid		**(592)**	(743)
Investment income received		**52**	21
Taxation paid		**(330)**	(296)
Cash available from operations		**1 430**	853
Dividends paid		**–**	(8)
Net cash inflow from operating activities		**1 430**	845
Cash flow from investing activities			
Acquisition of additional shares in an equity-accounted investment		**(42)**	–
Acquisition of additional shares in subsidiary		**–**	(18)
Investments in intangible assets		**(6)**	(19)
Investments in property, plant and equipment		**(921)**	(2 058)
Proceeds from disposal of property, plant and equipment		**29**	4
Other investing activities		**28**	–
Net cash outflow from investing activities		**(912)**	(2 091)
Cash flow from financing activities[(a)]			
Net borrowings repaid before repayment of the notes	17	**(597)**	(1 370)
Proceeds from the issuance of shares following rights issue (net of transaction costs)		**–**	3 722
Proceeds from the issuance of shares to strategic black partners in terms of the company's first BBBEE transaction	14	**–**	1 041
Proceeds from the sale of shares and nil paid letters by consolidated BBBEE entities		**–**	137
Proceeds from the sale of shares held by consolidated BBBEE entity		**36**	–
Purchase of PPC Ltd shares in terms of the FSP share incentive scheme	14	**(16)**	(74)
Repayment of notes	17	**–**	(1 614)
Net cash (outflow)/inflow from financing activities		**(577)**	1 842
Net movement in cash and cash equivalents		**(59)**	596
Cash and cash equivalents at the beginning of the year		**990**	460
Cash and cash equivalents acquired on acquisition of 3Q Mahuma Concrete	20	**–**	4
Exchange rate movements on opening cash and cash equivalents		**(95)**	(70)
Cash and cash equivalents at the end of the year		**836**	990

[(a)] *During the year, the non-cash changes on borrowings amounted to R457 million arising from favourable, unrealised foreign exchange differences.*

Audited summarised

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2018

	Stated capital Rm	Foreign currency translation reserve Rm
Balance at 31 March 2016 (audited)	(1 113)	1 245
Acquisition of 3Q, settled via the issue of shares (refer note 20)	135	–
Dividends declared	–	–
IFRS 2 charges	–	–
Increase in stated capital from issuance of shares following the rights issue (net of transaction costs)	3 805	–
Proceeds from sale of nil paid letters by consolidated BBBEE entities	–	–
Sale of shares, treated as treasury shares, by consolidated BBBEE entity	37	–
Shares issued to strategic black partners through the maturity of the company's first BBBEE transaction	1 041	–
Shares purchased in terms of FSP share incentive scheme treated as treasury shares	(74)	–
Total comprehensive (loss)/income	–	(354)
Vesting of shares held by certain BBBEE 1 entities	88	–
Balance at 31 March 2017 (audited)	**3 919**	**891**
IFRS 2 charges	**–**	**–**
Sale of shares, treated as treasury shares, by consolidated BBBEE entity	**64**	**–**
Shares purchased in terms of FSP share incentive scheme treated as treasury shares	**(72)**	**–**
Total comprehensive (loss)/income	**–**	**(496)**
Vesting of shares held in terms of FSP share incentive scheme	**73**	**–**
Balance at 31 March 2018 (audited)	**3 984**	**395**

[(a)] *In 2008 PPC announced its first broad-based black economic transaction for a period of eight years, which resulted in an effective BBBEE ownership of 15,29%. In terms of the transaction agreements, the 48 557 982 PPC shares held by the strategic black partners (SBPs) (including community service groups (CSGs)) were repurchased by PPC at R0,10 per share and the SBPs and CSGs were required to subscribe for new PPC shares at R66,84 per share, subject to their funding position. The SBPs and CSGs subscribed for 15 571 174 new PPC ordinary shares in December 2016.*

Other reserves						
Available-for-sale financial asset Rm	Hedging reserve Rm	Equity compensation reserve Rm	Retained profit Rm	Equity attributable to shareholders of PPC Ltd Rm	Non-controlling interests Rm	Total equity Rm
14	34	265	2 583	3 028	535	3 563
–	–	–	–	135	–	135
–	–	–	(8)	(8)	–	(8)
–	–	245	–	245	–	245
–	–	–	–	3 805	–	3 805
–	–	137	–	137	–	137
–	–	–	–	37	–	37
–	–	–	–	1 041	–	1 041
–	–	–	–	(74)	–	(74)
–	(34)	–	93	(295)	(201)	(496)
–	–	(88)	–	–	–	–
14	**–**	**559**	**2 668**	**8 051**	**334**	**8 385**
	–	**72**	**–**	**72**	**–**	**72**
–	**–**	**–**	**–**	**64**	**–**	**64**
–	**–**	**–**	**–**	**(72)**	**–**	**(72)**
–	**–**	**–**	**149**	**(347)**	**(214)**	**(561)**
–	**–**	**(73)**	**–**	**–**	**–**	**–**
14	**–**	**558**	**2 817**	**7 768**	**120**	**7 888**

SEGMENTAL INFORMATION

for the year ended 31 March 2018

The group discloses its operating segments according to the business units which are reviewed by the group executive committee. The operating segments are initially identified based on the products produced and sold

	Consolidated		Cement Southern Africa[a]	
	2018 Audited Rm	2017 Audited Rm	**2018 Audited Rm**	2017 Audited Rm
Revenue				
Gross revenue	**10 524**	9 878	**5 704**	5 712
Inter-segment revenue[d]	**(253)**	(237)	**(205)**	(205)
Total revenue[e]	**10 271**	9 641	**5 499**	5 507
Operating profit before item listed below	**1 004**	1 233	**827**	861
Empowerment transactions IFRS 2 charges	**48**	206	**–**	16
Operating profit	**956**	1 027	**827**	845
Fair value and foreign exchange gains/(losses)	**143**	(124)	**(19)**	(5)
Finance costs	**675**	741	**265**	214
Investment income	**52**	27	**42**	11
Profit before equity-accounted earnings	**476**	189	**585**	637
Earnings from equity-accounted investments	**(60)**	1	**–**	–
Impairments and other exceptional items	**(174)**	(10)	**11**	–
Profit/(loss) before taxation	**242**	180	**596**	637
Taxation	**205**	153	**202**	192
Profit/(loss) for the year	**37**	27	**394**	445
Attributable to:				
Shareholders of PPC Ltd	**149**	93	**394**	445
Non-controlling interests	**(112)**	(66)	**–**	–
	37	27	**394**	445
Basic earnings per share (cents)	**10**	8	**26**	39
Depreciation and amortisation	**876**	832	**373**	374
EBITDA[f]	**1 880**	2 065	**1 200**	1 235
EBITDA margin (%)	**18,3**	21,4	**21,8**	22,4
Assets				
Non-current assets	**12 910**	14 192	**4 272**	4 184
Non-current assets held for sale	**34**	38	**–**	–
Current assets	**3 262**	3 805	**1 235**	1 468
Total assets	**16 206**	18 035	**5 507**	5 652
Investments in property, plant and equipment	**801**	2 234	**460**	939
Liabilities				
Non-current liabilities	**5 909**	5 626	**2 181**	2 007
Current liabilities	**2 409**	4 024	**796**	792
Total liabilities	**8 318**	9 650	**2 977**	2 799
Capital commitments (refer note 21)	**596**	1 071	**482**	716

[a] *Southern Africa comprises South Africa and Botswana.*
[b] *Rest of Africa comprises Zimbabwe, Rwanda, DRC, Mozambique and cross-border sales from southern Africa.*
[c] *Shared services and other comprises group shared services, BEE and group eliminations.*
[d] *All sales are concluded at an arm's length. Segments are disclosed net of inter-segment revenue.*

and then per geographical location. The key operating segments are southern Africa cement, rest of Africa cement, lime, aggregates and readymix and group shared services.

Cement		Materials business					
Rest of Africa[b]		Lime		Aggregates and readymix		Group services and other[c]	
2018 Audited Rm	2017 Audited Rm	**2018 Audited Rm**	2017 Audited Rm	**2018 Audited Rm**	2017 Audited Rm	**2018 Audited Rm**	2017 Audited Rm
2 762	2 119	**849**	818	**1 209**	1 229	**–**	–
–	–	**(48)**	(32)	**–**	–	**–**	–
2 762	2 119	**801**	786	**1 209**	1 229	**–**	–
389	347	**95**	119	**(22)**	74	**(285)**	(168)
2	2	**–**	2	**–**	1	**46**	185
387	345	**95**	117	**(22)**	73	**(331)**	(353)
(69)	(153)	**1**	–	**(1)**	(1)	**231**	35
338	168	**24**	4	**20**	3	**28**	352
18	6	**18**	1	**15**	1	**(41)**	8
(2)	30	**90**	114	**(28)**	70	**(169)**	(662)
(61)	–	**–**	–	**–**	–	**1**	1
(168)	(10)	**–**	–	**(17)**	–	**–**	–
(231)	20	**90**	114	**(45)**	70	**(168)**	(661)
34	21	**24**	29	**18**	6	**(73)**	(96)
(265)	(1)	**66**	85	**(63)**	64	**(95)**	(565)
(153)	65	**66**	85	**(63)**	64	**(95)**	(565)
(112)	(66)	**–**	–	**–**	–	**–**	–
(265)	(1)	**66**	85	**(63)**	64	**(95)**	(565)
(10)	6	**4**	7	**(4)**	6	**(6)**	(50)
347	298	**40**	46	**79**	77	**37**	37
736	645	**135**	165	**57**	151	**(248)**	(131)
26,7	30,4	**16,8**	21,0	**4,7**	12,3		
6 817	8 113	**309**	319	**672**	726	**840**	850
34	38	**–**	–	**–**		**–**	–
1 375	1 334	**214**	210	**327**	315	**111**	478
8 226	9 485	**523**	529	**999**	1 041	**951**	1 328
235	1 181	**41**	26	**48**	57	**17**	31
5 608	5 619	**32**	117	**264**	215	**(2 176)**	(2 332)
1 186	1 382	**83**	86	**170**	176	**174**	1 588
6 794	7 001	**115**	203	**434**	391	**(2 002)**	(744)
49	310	**2**	9	**38**	9	**25**	27

[e] *Revenue from external customers generated by the group's material foreign operations is as follows: Botswana R438 million (2017: R427 million), DRC R144 million (2017: R24 million), Rwanda R804 million (2017: R733 million), and Zimbabwe R1 813 million (2017: R1 352 million).*

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

Notes to the audited summarised CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2018

1. BASIS OF PREPARATION

The audited provisional summarised consolidated financial statements are prepared in accordance with the provisions of the JSE Limited Listings Requirements for provisional reports, and the requirements of the Companies Act applicable to the summarised financial statements. The Listings Requirements require provisional 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 must also, as a minimum contain the information required by IAS 34 *Interim Financial Reporting*. The accounting policies applied in the preparation of the audited provisional summarised consolidated financial statements were derived in terms of IFRS. These audited provisional summarised consolidated financial statements do not include all the information required for the full consolidated annual financial statements and should be read in conjunction with the consolidated annual financial statements as at and for the year ended 31 March 2018.

The accounting policies and methods of computation used are consistent with those used in the preparation of the consolidated annual financial statements for the year ended 31 March 2017, except for the revised accounting standards that became effective during the current year, and which did not have a material impact on the reported results.

The group adopted the following two standards during the year:
– IAS 7 *Statement of Cash Flows:* amendments as a result of the disclosure initiative
– IAS 12 *Income Taxes:* amendment regarding the recognition of deferred tax assets for unrealised losses

These audited provisional summarised consolidated financial statements and the full set of consolidated annual financial statements have been prepared under the supervision of MMT Ramano CA(SA), chief financial officer, and were approved by the board of directors on 15 June 2018. The directors take full responsibility for the preparation of these provisional summarised consolidated financial statements and that the financial information has been correctly extracted from the underlying consolidated annual financial statements.

A copy of the consolidated financial statements from which these audited provisional summarised consolidated financial statements were derived will be available on the company's website, www.ppc.co.za, in due course. A copy of the consolidated financial statements is available for inspection at the company's registered office.

Auditor's opinion

These provisional summarised consolidated financial statements for the year ended 31 March 2018 have been audited by Deloitte & Touche, who expressed an unmodified opinion thereon. The auditors also expressed an unmodified opinion on the consolidated financial statements from which these provisional summarised consolidated financial statements were derived. Copies of the auditor's report on the provisional summarised consolidated financial statements and consolidated financial statements are available for inspection at the company's registered office. The auditor's report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of that report together with the accompanying financial information from the company's registered office. Any reference to future financial information included in this announcement has not been reviewed or reported on by the auditors.

	Year ended 2018 Audited Rm	Year ended 2017 Audited Rm
2. FAIR VALUE AND FOREIGN EXCHANGE GAINS/(LOSSES)		
Loss on ineffective portion of cash flow hedge	**–**	(9)
Gain on remeasurement of put option liability (refer note 22)	**238**	–
Gain on unlisted collective investments	**5**	1
Loss on translation of foreign currency denominated monetary items	**(100)**	(116)
	143	(124)

Included in loss on translation of foreign currency denominated monetary items is a loss of R80 million (2017: R112 million) comprising the remeasurement following devaluations of the Congolese franc against the US dollar and a fair value adjustment relating to the discounting of the non-current VAT receivable in the DRC. Furthermore, a remeasurement loss of R12 million (2017: R53 million) has been recorded against the US dollar denominated project funding in Rwanda. Also included in the loss on translation of foreign currency monetary items are profit and losses made on open forward exchange contracts held for capital purchases and working capital requirements.

Details on foreign exchange rates can be found in note 24.

	Year ended 2018 Audited Rm	Year ended 2017 Audited Rm
3. FINANCE COSTS		
Bank and other short-term borrowings	**305**	474
Notes	**8**	80
Long-term loans	**303**	345
	616	899
Capitalised to plant and equipment	**(23)**	(241)
Finance costs before BBBEE transaction and time value of money adjustments	**593**	658
BBBEE transaction	**–**	37
Time value of money adjustments on rehabilitation and decommissioning provisions and put option liability	**82**	46
	675	741
Southern Africa	**337**	573
Rest of Africa	**338**	168

Included in bank and other short-term borrowings in 2017 is R128 million which was incurred for the liquidity and guarantee facility raising fees.

The total finance costs, excluding time value of money adjustments, relate to borrowings held at amortised cost. For details of borrowings refer note 17.

Notes to the audited summarised CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2018

	Year ended 2018 Audited Rm	Year ended 2017 Audited Rm
4. IMPAIRMENTS AND OTHER EXCEPTIONAL ITEMS		
Impairment of property, plant, equipment and intangible assets	**(182)**	(10)
Impairment of the VAT receivable in the DRC	**(3)**	–
Profit on disposal of property, plant and equipment	**11**	–
Gross impairments and other exceptional items	**(174)**	(10)
Taxation impact	**56**	3
Net impairments and other exceptional items	**(118)**	(7)

Impairment

As a result of the economic and political uncertainty in the DRC, an impairment assessment was performed. The recoverable amount was calculated based on the fair value less cost to sell methodology and assessed to be lower than the carrying value with an impairment of R165 million recorded. In addition, an impairment of R17 million was recognised on the intangible assets relating to one of the aggregate quarries in Botswana.

In the prior year, CIMERWA recognised an impairment of R10 million relating to machinery that will no longer be utilised in the bagging and packing process.

Profit on disposal of property, plant and equipment

In the current year, PPC Botswana Cement (Pty) Ltd disposed of land resulting in a profit of R11 million.

5. TAXATION		
The taxation charge comprises:		
Current taxation	**332**	284
Current year	**345**	271
Prior years	**(15)**	13
Capital gains taxation	**2**	–
Deferred taxation	**(127)**	(154)
Current year	**(119)**	(177)
Prior years	**(8)**	23
Withholding taxation on dividends	**–**	23
	205	153

5. TAXATION continued

	Year ended 2018 Audited %	Year ended 2017 Audited %
Taxation rate reconciliation		
A reconciliation of the standard South African normal taxation rate is shown below:		
Profit before taxation (excluding earnings from equity-accounted investments)	**68**	85
Prior years' taxation impact	**(7)**	(20)
Profit before taxation, including prior years' taxation adjustments	**61**	65
Effective rate of taxation		
Income taxation effect of:	**(33)**	(37)
Disallowable charges, forex revaluations, permanent differences and impairments	**(42)**	(10)
Empowerment transactions and IFRS 2 charges not taxation deductible	**(3)**	(32)
Fair value adjustments on financial instruments not subject to taxation	**22**	–
Finance costs on BBBEE transaction not taxation deductible	**–**	(9)
Foreign taxation rate differential	**16**	12
Deferred taxation (not raised)/previously not recognised	**(23)**	15
Withholding taxation	**(3)**	(13)
South African normal taxation rate	**28**	28

Notes to the audited summarised

CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2018

	Year ended 2018 Audited Cents	Year ended 2017 Audited Cents
6. EARNINGS AND HEADLINE EARNINGS		
Earnings per share		
Basic	**10**	8
Diluted	**10**	8
Headline earnings per share		
Basic	**15**	7
Diluted	**15**	7
Determination of headline earnings per share		
Earnings per share	**10**	8
Adjusted for items below, net of taxation:		
Impairment of property, plant, equipment and intangible assets	**6**	–
Proceeds from insurance claim, net of taxation	**–**	(1)
Profit on sale of property, plant and equipment	**(1)**	–
Headline earnings per share	**15**	7
	Rm	Rm
Headline earnings		
Profit for the year	**37**	27
Impairments	**182**	10
Taxation on impairments	**(58)**	(3)
(Profit)/loss on sale of property, plant and equipment	**(11)**	10
Taxation on profit/(loss) sale of property, plant and equipment	**2**	(3)
Proceeds from insurance claim	**–**	(27)
Taxation on proceeds from insurance	**–**	8
Headline earnings	**152**	22
Attributable to:		
Shareholders of PPC Ltd	**231**	85
Non-controlling interests	**(79)**	(63)

6. EARNINGS AND HEADLINE EARNINGS continued

	Year ended 2018 Audited Rm	Year ended 2017 Audited Rm
Cash earnings per share (cents)	**95**	75
Cash earnings per share are calculated using cash available from operations divided by the total weighted average number of shares in issue for the year.		
Cash conversion ratio	**1,2**	0,9
Cash conversion ratio is calculated using cash generated from operations divided by EBITDA.		

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

For the weighted average number of shares used in the calculation, refer note 14.

Notes to the audited summarised

CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2018

		Year ended 2018 Audited Rm	Year ended 2017 Audited Rm
7.	**PROPERTY, PLANT AND EQUIPMENT**		
	Net carrying value at the beginning of the year	**12 531**	11 716
	Acquisition of subsidiary company (refer note 20)	**–**	98
	Additions	**795**	2 236
	Depreciation	**(798)**	(740)
	Disposals	**(18)**	(15)
	Other movements	**(24)**	99
	Impairments (refer note 4)	**(165)**	(10)
	Translation differences	**(928)**	(853)
	Net carrying value at the end of the year	**11 393**	12 531
	Comprising:		
	Freehold and leasehold land, buildings and mineral rights	**1 567**	742
	Decommissioning assets	**133**	164
	Plant, vehicles, furniture and equipment	**9 693**	11 624
	Capitalised leased plant	**–**	1
		11 393	12 531
	Assets pledged as security:		
	DRC	**3 111**	3 269
	Rwanda	**1 321**	2 072
	Zimbabwe	**2 028**	1 963
		6 460	7 304

Included in plant, vehicles, furniture and equipment are vehicles with a carrying value of R4 million (2017: R11 million) that have been used as security for finance lease obligations of R3 million (2017: R5 million).

7. PROPERTY, PLANT AND EQUIPMENT continued

Impairment assessment – DRC

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

In the year-end results to March 2018, the DRC market continued to face uncertainty driven by political instability, lower cement demand and subdued selling prices. Furthermore, the competitive landscape remains challenging due production capacity that is higher than market demand. General elections were anticipated to be held in December 2017, but these have subsequently been postponed to December 2018. The delayed elections have created uncertainty in the economy and most of the infrastructural projects have been put on hold or are slow and as a result the current monthly sales performance is not deemed to be a true indicator of the business's long-term performance. As a result of these factors, management undertook an impairment assessment.

IAS 36 *Impairment of Assets* provides two options for assessing recoverable amounts and states that the recoverable amount is the higher of the fair value less cost to sell or value in use.

In performing the impairment review, a fair value less cost to sell methodology was applied. IFRS 13.61 states that "an entity shall use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs". Taking the current political, environmental and economic circumstances into account, management believes that the valuation technique applied is the most appropriate method as it maximises the use of relevant observable inputs.

In performing the fair value less costs to sell valuation for the current reporting, the following key inputs were used:

- Fair value of the plant was calculated using the installed capacity of PPC's DRC plant of 1,2 million tonnes per annum and applying a construction cost per tonne of US$233. The construction cost per tonne was based on recent cement plants' construction costs in similar markets by independent cement producers, using information available in the public domain. The estimated replacement value was then reduced for annual wear and tear for one year applying a 30-year weighted average useful life, noting that the plant was only commissioned during this reporting period.
- An economic obsolescence provision was then applied to the fair value of the estimated plant replacement cost net of wear and tear. IFRS 13 requires that the replacement cost be adjusted for physical deterioration, technological/functional changes and economic or external obsolescence. The DRC plant, being fairly new, has not suffered any physical deterioration and management also concluded that the technology is not obsolete. Economic environment obsolescence has, however, been determined by adjusting the plant construction benchmark of US$233 per tonne by a country risk premium of 8,4% against the installed capacity of the plant.
- Management estimate that the only costs to sell will be legal and valuation costs. Based on PPC's recent legal transactions in both the DRC and South Africa, management estimates costs sell to be no more than US$5 million.

Following the impairment assessment review, the recoverable amount of the DRC operation of US$265 million was considered lower than the current carrying value and an impairment of R165 million (US$14 million) was charged against property, plant and equipment for the year ended March 2018.

Other valuation methodologies were applied to determine potential sensitivities. These valuation methodologies provided potential impairment ranges varying from US$6 million to US$22 million.

Notes to the audited summarised

CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2018

			Year ended 2018 Audited Rm	Year ended 2017 Audited Rm
8.	**GOODWILL**			
	Net carrying value at the beginning of the year		**237**	255
	Translation differences		**(7)**	(18)
	Net carrying value at the end of the year		**230**	237
	Goodwill, net of impairments, is allocated to the following cash-generating units:			
	CIMERWA Limitada	(Rest of Africa cement segment)	**25**	32
	Safika Cement Holdings (Pty) Ltd	(Southern Africa cement segment)	**78**	78
	Pronto Holdings (Pty) Ltd	(Aggregates and readymix segment)	**127**	127
			230	237
9.	**OTHER INTANGIBLE ASSETS**			
	Balance at the beginning of the year		**677**	766
	Acquisition of subsidiary company (refer note 20)		**–**	10
	Additions		**6**	19
	Amortisation		**(78)**	(92)
	Impairments (refer note 4)		**(17)**	–
	Translation differences		**(31)**	(26)
	Balance at the end of the year		**557**	677
	Comprising:			
	Right of use of mineral assets		**166**	203
	ERP development and other software		**105**	126
	Brand, trademarks and customer relationships		**286**	348
			557	677
10.	**OTHER NON-CURRENT ASSETS**			
	Unlisted collective investment		**134**	124
	VAT receivable		**104**	210
	Advance payments for plant and equipment		**–**	38
	Investment in government bonds		**6**	8
	Long-term receivable		**59**	–
			303	380

10. OTHER NON-CURRENT ASSETS continued

Unlisted collective investment

Comprises an investment by the PPC Environmental Trust in local unit trusts. These investments are held to fund PPC's South African environmental obligations.

VAT receivable

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

During the year, a loss of R80 million (2017: R112 million) comprising the remeasurement following devaluations of the Congolese franc against the US dollar and a fair value adjustment relating to the discounting of the non-current VAT receivable were recorded and are reflected as fair value and foreign exchange adjustments in the income statement (refer note 2). Refunds amounting to R11 million were received during the year.

Advance payments for plant and equipment

In terms of the construction agreements with the suppliers of the new cement plants in rest of Africa, a portion of the full contract price was required to be paid in advance of the plant construction. The advance payments were recycled to property, plant and equipment as the plants are constructed, and were secured by advance payment bonds.

Investment in government bonds

Represents government of Zimbabwe treasury bills carried at fair value. The initial face value of the treasury bills was US$706 831 (R8 million), repayable in three equal annual instalments from June 2017 to June 2019. In the current year, a first instalment of US$188 613 (R2 million) was received. Due to current liquidity constraints in Zimbabwe and uncertainty around receipt of the remaining instalments, the remaining value is still recognised as non-current.

Long-term receivable

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

Notes to the audited summarised

CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2018

		Year ended 2018 Audited Rm	Year ended 2017 Audited Rm
11.	**NON-CURRENT ASSETS HELD FOR SALE**		
	Assets classified as held for sale	**34**	38

In September 2015, the PPC Zimbabwe board approved the disposal of houses at its Colleen Bawn and Bulawayo factories which was anticipated to be finalised in 12 months. The disposal has been delayed due to the government processing of the sectional title deeds and is now anticipated to be completed during the 2019 financial year. No impairment loss was recognised on the initial reclassification as management concluded that the fair value (estimated based on market prices of similar properties) less costs to sell was higher than the current carrying amount. PPC Zimbabwe is included under the cement rest of Africa segment in the segmental analysis. The underlying assets are US dollar denominated and the year-on-year reduction follows the strengthen of the rand against the US dollar.

		Year ended 2018 Audited Rm	Year ended 2017 Audited Rm
12.	**TRADE AND OTHER RECEIVABLES**		
	Trade receivables	**958**	1 041
	Allowance for doubtful debts	**(58)**	(46)
	Net trade receivables	**900**	995
	Mark to market fair value hedge	**1**	27
	Other financial receivables	**115**	179
	Proceeds due from the rights offer for PPC shares listed on the Zimbabwe Stock Exchange	**–**	86
	Proceeds due from the sale of PPC shares held by consolidated BBBEE entities	**7**	37
	Trade and other financial receivables	**1 023**	1 324
	Prepayments	**115**	105
	Taxation receivable	**93**	124
	VAT receivable	**13**	99
		1 244	1 652

	Year ended 2018 Audited Rm	Year ended 2017 Audited Rm

12. TRADE AND OTHER RECEIVABLES continued

Proceeds due from the rights offer for PPC shares listed on the Zimbabwe Stock Exchange

Relates to the rights issue proceeds (concluded in September 2016) from the PPC shares listed on the Zimbabwe Stock Exchange. The amount receivable has been reclassified to cash and cash equivalents in the current year as the funds are considered freely available to PPC (refer note 13).

	2018	2017
Net trade receivables comprise	**900**	995
Trade receivables that are neither past due nor impaired	**704**	816
Trade receivables that would otherwise be impaired whose terms have been renegotiated	**–**	2
Trade receivables that are past due but not impaired	**196**	177

Refer note 22 for fair value of trade and other receivables.

13. CASH AND CASH EQUIVALENTS

	2018	2017
Balance at the end of the year	**836**	990
Currency analysis:		
Botswana pula	**51**	32
Mozambican metical	**7**	10
Rwandan franc	**45**	54
South African rand	**124**	422
United States dollar	**609**	472
	836	990

Included in cash and cash equivalents, under South African rand, is R82 million due from the rights issue (concluded in September 2016) for PPC shares listed on the Zimbabwe Stock Exchange. The amount receivable has been reclassified to cash and cash equivalents in the current year as the funds are considered freely available to PPC. The current liquidity issues in Zimbabwe have not allowed our Zimbabwe sponsors to facilitate the transfer of funds to South Africa. In light of the liquidity issues in Zimbabwe, the company continues to explore the most beneficial use of the funds while transfer to South Africa is not possible.

Cash and cash equivalents include cash on hand and cash on deposit, net of outstanding bank overdrafts, where there is a right of set-off. Amounts denominated in foreign currencies have been translated at ruling exchange rates at year-end (refer note 24).

Notes to the audited summarised

CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2018

		Year ended 2018 Audited Rm	Year ended 2017 Audited Rm
13.	**CASH AND CASH EQUIVALENTS** continued		
	Included in cash and cash equivalents is restricted cash:		
	PPC Environmental Trust	**8**	8
	PPC Zimbabwe	**49**	51
		57	59

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

In the prior year, PPC Zimbabwe's full cash and cash equivalents of R289 million were reflected as restricted. After due consideration in the current period, the prior year number has been restated to only reflect the funds included in the escrow account at March 2017 rather than PPC Zimbabwe's full cash and cash equivalents as restricted cash and cash equivalents. There has been no change to the overall cash and cash equivalent position as recorded in the prior year. In accordance with the requirements of lenders to PPC Zimbabwe, PPC Zimbabwe is required to deposit funds in an escrow account which can only be used for the purposes of making capital and interest repayments on the loan. The section below covers the position on PPC Zimbabwe's cash and cash equivalents.

PPC Zimbabwe

PPC Zimbabwe has cash and cash equivalents, net of restricted cash, of R466 million (2017: R237 million). The funds are freely available for use in Zimbabwe but due to the current economic environment, the transfer of funds outside of the country is limited. During the year, the Zimbabwe Central Bank through Exchange Control Operational Guide 8 (ECOGAD 8) introduced a foreign payments priority list that has to be followed when making foreign payments. Any foreign payment that is made is ranked based on the Central Bank prioritisation criteria and paid subject to the bank having adequate funds with its foreign correspondent banks. This has resulted in the delayed processing of payments of foreign telegraphic transfers. The delayed payments have resulted in an increase in the cash and cash equivalents balance and the foreign creditor balances compared to the prior year.

Included in PPC Zimbabwe's cash and cash equivalents are bond notes. Bond notes are debt instruments which have been disclosed under cash and cash equivalents as it meets the definition of cash and cash equivalents. These notes are pegged at 1:1 with the US dollar and is considered legal tender in Zimbabwe.

		Year ended 2018 Audited Shares 000	Year ended 2017 Audited Shares 000
14.	**STATED CAPITAL**		
	Authorised shares		
	Ordinary shares	**10 000 000**	10 000 000
	Preference shares	**20 000**	20 000
	Number of ordinary shares and weighted average number of shares		
	Total shares in issue at the beginning of the year	**1 591 760**	607 181
	Shares issued for the acquisition of 3Q (refer note 20)	**–**	17 566
	Shares issued in terms of the rights issue	**–**	1 000 000
	Shares issued to the SBPs and CSGs following the maturity of the company's first BBBEE transaction	**–**	15 571
	Shares purchased from the SBPs and CSGs following the maturity of the company's first BBBEE transaction	**–**	(48 558)
	Total shares in issue before adjustments for treasury shares	**1 591 760**	1 591 760
	Shares issued in terms of the second BBBEE transaction	**(37 382)**	(37 382)
	Shares held by consolidated BBBEE trusts and trust funding SPVs	**(20 144)**	(28 929)
	Shares held by consolidated Porthold Trust (Pvt) Ltd	**(1 285)**	(1 285)
	Shares purchased in terms of the FSP share incentive scheme	**(19 955)**	(14 013)
	Total shares in issue (net of treasury shares)	**1 512 994**	1 510 151
	Weighted average number of shares, used for:		
	Earnings and headline earnings per share	**1 510 163**	1 137 338
	Dilutive earnings and headline earnings per share	**1 531 802**	1 148 753
	Cash earnings per share	**1 510 163**	1 137 338

Notes to the audited summarised
CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2018

14. STATED CAPITAL continued

Shares are weighted for the period in which they are entitled to participate in the profits of the group.

Shares held by consolidated participants of the second BBBEE transaction

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

Shares held by consolidated BBBEE trusts and trust funding SPVs

In terms of IFRS 10 *Consolidated Financial Statements*, certain of the 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 share incentive scheme

In terms of the forfeitable share plan (FSP) long-term incentive scheme, 19 955 207 shares (2017: 14 013 429 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, 3 832 250 shares (2017: nil shares) vested.

In terms of IFRS requirements, 5% (March 2017: 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.

	Year ended 2018 Audited Rm	Year ended 2017 Audited Rm
14. STATED CAPITAL continued		
Stated capital		
Balance at the beginning of the year	**3 919**	(1 113)
Acquisition of 3Q Mahuma Concrete, settled via the issue of shares (refer note 20)	**–**	135
Increase in stated capital from issuance of shares following rights issue (net of transaction costs)	**–**	3 805
Sale of shares, treated as treasury shares, by consolidated BBBEE entity	**62**	37
Shares issued to SBPs following the maturity of the company's first BBBEE transaction	**–**	1 041
Shares purchased in terms of FSP share incentive scheme treated as treasury shares	**(72)**	(74)
Vesting of shares held by certain BBBEE 1 entities	**2**	88
Vesting of shares held in terms of the FSP share incentive scheme	**73**	–
Balance at the end of the year	**3 984**	3 919
15. PROVISIONS		
Decommissioning and rehabilitation	**495**	509
Post-retirement healthcare benefits	**31**	36
	526	545

Decommissioning and rehabilitation

Group companies are required to restore mining and processing sites at the end of their productive lives to an acceptable condition consistent with local regulations, and in line with group policy. PPC has set up an environmental trust in South Africa to administer the local funding requirements of its decommissioning and rehabilitation obligations. Currently, there are no such regulations in the other jurisdictions in which the group operates for the creation of a rehabilitation trust fund. The investments in the trust fund are carried at fair value through profit or loss and amount to R134 million (2017: R124 million) (refer note 10).

Post-retirement healthcare benefits

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

Notes to the audited summarised

CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2018

	Year ended 2018 Audited Rm	Year ended 2017 Audited Rm
16. DEFERRED TAXATION		
Net liability at the end of the year comprises:	**797**	931
Deferred taxation asset	**245**	142
Deferred taxation liability	**1 042**	1 073
Analysis of deferred taxation		
Property, plant, equipment and intangible assets	**1 189**	1 416
Other non-current assets	**134**	120
Current assets	**(10)**	14
Non-current liabilities	**(124)**	(113)
Current liabilities	**(75)**	(66)
Reserves	**1**	(83)
Taxation losses	**(318)**	(357)
	797	931

Included in the net deferred taxation balance is an assessed loss of R242 million (2017: R262 million) relating to CIMERWA's taxation losses. In terms of local legislation, taxation losses need to be utilised within five years from the initial year of assessment. This assessment involves significant judgement as it requires management to project available taxable profits over a five-year period. Management has relied on the same projections used in assessing impairments. At year-end, and based on the approved business plans, the company considered it probable that these taxation losses will be offset against future taxable profits.

Following the assessment of the future recoverability of deferred taxation assets, the deferred taxation assets were fully impaired at PPC Barnet DRC Trading and 3Q Mahuma Concrete totalling R54 million. Furthermore, an impairment of R6 million was recorded against PPC Aggregate Quarries Botswana.

				Year ended 2018 Audited Rm	Year ended 2017 Audited Rm
17. LONG-TERM BORROWINGS					
	Terms	**Security**	**Interest rate**		
Notes					
PPC 002	Unsecured notes, issued under the company's R6 billion domestic medium-term note programme, and are recognised net of capitalised transaction costs	Unsecured	Three-month JIBAR plus 1,5 %	**20**	20
PPC 003		Unsecured	Three-month JIBAR plus 1,48 %	**111**	111
South Africa long-term funding	Interest is payable bi-annually with a bullet capital repayment in June 2018. Loan was settled in March 2018 through long-term loans secured as noted below	Unsecured	Variable rates at 585 basis points above JIBAR	**–**	1 565
	R700 million amortising loan facility, maturing in 2021 with capital repayments of R175 million in 2019 and 2020 and R350 million in 2021	Unsecured	Variable rates at 270 basis points above three-month JIBAR	**696**	–
	R800 million general banking facility expiring in 2022	Unsecured	Variable rates at 305 basis points above three-month JIBAR	**696**	–

Notes to the audited summarised CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2018

17. LONG-TERM BORROWINGS continued

	Terms	Security	Interest rate	**Year ended 2018 Audited Rm**	Year ended 2017 Audited Rm
Project funding				**2 889**	3 685
	US dollar denominated, repayable in monthly instalments over a 10-year period, starting March 2016	Secured by CIMERWA's property, plant and equipment	Variable at 725 basis points above six-month US dollar LIBOR	**347**	569
	Rwanda franc denominated, repayable in monthly instalments over a 10-year period, starting March 2016	Secured by CIMERWA's property, plant and equipment	Fixed rate of 16%	**300**	435
	US dollar denominated, capital and interest payable bi-annually starting July 2016 ending January 2025	Secured by PPC Barnet DRC's property, plant and equipment	Six-month US dollar LIBOR plus 975 basis points	**1 763**	2 043
	US dollar denominated, interest payable biannually. Biannual repayments in equal instalments over five years starting December 2016	Secured by PPC Zimbabwe's property, plant, equipment, inventory, trade and other receivables	Six-month US dollar LIBOR plus 700 basis points	**479**	638

	Year ended 2018 Audited Rm	Year ended 2017 Audited Rm
17. LONG-TERM BORROWINGS continued		
Total long-term borrowings	**4 412**	5 381
Less: Short-term portion of long-term borrowings	**(333)**	(1 826)
Long-term borrowings	**4 079**	3 555
Add: Short-term borrowings, bank overdrafts and short-term portion of long-term borrowings	**603**	2 181
Total borrowings	**4 682**	5 736
Maturity analysis of total borrowings:		
One year	**603**	2 181
Two years	**764**	570
Three years	**836**	669
Four years	**1 192**	568
Five and more years	**1 287**	1 748
	4 682	5 736
Assets encumbered are as follows:		
Plant and equipment (refer note 7)	**6 460**	7 304

Notes to the audited summarised CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2018

	Year ended 2018 Audited Rm	Year ended 2017 Audited Rm
18. OTHER NON-CURRENT LIABILITIES		
Cash-settled share-based payment liability	**2**	1
Put option liability	**245**	434
Finance lease liabilities	**5**	5
Liability to non-controlling shareholder in subsidiary company	**14**	16
	266	456
Less: Short-term portion of other non-current liabilities	**(4)**	(3)
	262	453

Put option liability

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

Forecast EBITDA is based on financial forecasts approved by management, with pricing and margins similar to those currently being achieved by the business unit, albeit lower than in the prior year, while selling prices and costs are forecast to increase at local inflation projections and extrapolated using local GDP growth rates averaging 5% per annum taking cognisance of the plant production ramp-up and adjusted for the impact of competitor activity and political environment within the country and neighbouring countries. An EBITDA multiple of 7 times (2017: 8 times) was determined using comparison of publicly available information on other cement businesses operating in similar territories. The present value of the put option was calculated at R245 million (2017: R434 million).

The decline in the liability follows the reduction in the EBITDA multiple applied, market dynamics putting pressure on volumes and selling prices and exchange rate.

Liability to non-controlling shareholder in subsidiary company

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

		Year ended 2018 Audited Rm	Year ended 2017 Audited Rm
19.	**TRADE AND OTHER PAYABLES**		
	Accrued finance charges	**8**	7
	Cash-settled share-based payment liability (short-term portion)	**2**	1
	Capital expenditure payables	**45**	171
	Finance lease liabilities	**1**	2
	Other financial payables	**156**	42
	Retentions held for plant and equipment	**259**	297
	Trade payables and accruals	**991**	944
	Trade and other financial payables	**1 462**	1 464
	Payroll accruals	**248**	227
	VAT payable	**25**	46
	Taxation payable	**71**	106
		1 806	1 843

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

Notes to the audited summarised

CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2018

	Year ended 2018 Audited Rm	Year ended 2017 Audited Rm
20. ACQUISITION OF SUBSIDIARY COMPANY		
Fair value of assets and liabilities acquired at date of acquisition:		
Property, plant and equipment		98
Intangible assets		10
Other non-current assets		3
Cash and cash equivalents		4
Other current assets		102
Other non-current liabilities		(6)
Current liabilities		(76)
Net fair value of assets and liabilities acquired		135

3Q Mahuma Concrete

In the prior financial year, all the transaction terms to acquire 100% of 3Q Mahuma Concrete (Pty) Ltd (3Q) were achieved and 3Q became a wholly owned group subsidiary. The acquisition was settled via the issuance of 17 565 872 new PPC shares. The fair value of the shares for asset acquisition, using the ruling share price of R7,68 on the effective date of the transaction, amounted to R135 million.

The commercial rationale for the transaction was to progress the company's channel management strategy that serves as a complementary platform for cement growth in South Africa. PPC's strategic intention is to be a provider of materials and solutions into the basic services sector. Cementitious distribution channels, including readymix, is increasingly being utilised as conduit to grow and sustain cement sales volumes. The acquisition provides PPC with a further complementary platform to grow its service offering in this market segment. The South African market is evolving towards a concrete delivery model, which requires complementary building materials including cement, aggregates and readymix. Controlling cement distribution channels is vital, with customers and end-users requiring integrated solutions.

Fair values of intangible assets were valued by an independent specialist and amounted to R11 million, the significant portion thereof relating to the 3Q brand. These intangible assets will be amortised over a five-year period. The fair value adjustments to property, plant and equipment amounted to R11 million and relate to trucks and these were valued using insurable replacement values.

	Year ended 2018 Audited Rm	Year ended 2017 Audited Rm
21. COMMITMENTS		
Contracted capital commitments	**339**	549
Approved capital commitments	**257**	522
Capital commitments	**596**	1 071
Operating lease commitments	**128**	115
	724	1 186
Capital commitments		
Southern Africa	**546**	760
Rest of Africa	**50**	311
	596	1 071
Capital commitments are anticipated to be incurred:		
– Within one year	**500**	1 046
– Between one and two years	**96**	8
– Beyond two years	**–**	17
	596	1 071

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

Notes to the audited summarised CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2018

22. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The financial assets and liabilities carried at fair value are classified into three categories as reflected below:

	Notes	Level*	**Year ended 2018 Audited Rm**	Year ended 2017 Audited Rm
Financial assets				
Loans and receivables				
Mark to market hedges	12	1	**1**	27
At fair value through profit and loss				
Unlisted collective investments at fair value (held for trading)	10	2	**134**	124
Total financial assets			**135**	151
Level 1			**1**	27
Level 2			**134**	124
Financial liabilities				
At fair value through profit and loss				
Cash-settled share-based liability	18	2	**2**	1
Put option liability	18	3	**245**	434
Derivatives				
Derivative financial instruments		2	**–**	1
Total financial liabilities			**247**	436
Level 2			**2**	2
Level 3			**245**	434

Methods and assumptions used by the group in determining fair values:

*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.

22. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES continued

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 cash and cash equivalents, trade and other financial receivables and trade and other financial payables approximate their respective carrying amounts of these financial instruments because of the short period to maturity. Where the short period to maturity is extended, the company then discounts the current carrying using the latest available borrowing rates against the expected maturity period.

The put option liability has been calculated using EBITDA forecasts prepared by management and discounted to present value.

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

Level 3 sensitivity analysis

Financial instrument	Valuation technique	Main assumptions	Increase/ decrease Rm
Put option liability	Earnings multiple	EBITDA and net debt	29

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

Notes to the audited summarised
CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2018

	Year ended 2018 Audited Rm	Year ended 2017 Audited Rm
22. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES continued		
Movements in level 3 financial instruments		
Financial liability		
Balance at the beginning of the year	**434**	415
Fair value adjustments	**(238)**	–
Time value of money adjustments	**49**	19
Balance at the end of the year	**245**	434

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

23. EVENTS AFTER THE REPORTING DATE

There are no events that occurred after the reporting date that may have a material impact on the group's reported financial position at 31 March 2018.

	Average		Closing	
	2018	2017	**2018**	2017
24. CURRENCY CONVERSION GUIDE				
Approximate value of foreign currencies to the rand:				
Botswana pula	**1,28**	1,32	**1,22**	1,26
US dollar	**13,06**	14,08	**11,82**	13,43
Rwandan franc	**0,02**	0,02	**0,01**	0,02

ADMINISTRATION

PPC LTD

(Incorporated in the Republic of South Africa)
Company registration number: 1892/000667/06
JSE/ZSE code: PPC
JSE ISIN: ZAE000170049
JSE code: PPC002
JSE ISIN: ZAG000111212
JSE code: PPC003
JSE ISIN: ZAG000117524
(PPC or company or group)

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