DRIVING PERFORMANCE TO SUSTAIN OUR PURPOSE

Audited annual financial statements 2021

PPC

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FEEDBACK

We encourage feedback on our integrated reporting suite.

Kindly direct feedback to the group company secretary,

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

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

www.ppc.africa

APPROVAL
OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

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

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

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

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

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

The annual financial statements have been compiled under the supervision of B Berlin CA(SA) (chief financial officer (CFO)) and have been audited in terms of section 29(1) of the Companies Act.

The directors are of the opinion that the company and the group have adequate resources to continue in operation for the foreseeable future based on forecasts and available cash resources and accordingly the annual financial statements have been prepared on a going concern basis (refer to note 35, and, in the case of the company, note 27).

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

The annual financial statements of the company and the group for the year ended 31 March 2021 as set out on pages 1 to 139 were approved by the board of directors at its meeting held on 18 June 2021 and are signed on its behalf by:

PJ Moleketi
Chairman

R van Wijnen
Chief executive officer

B Berlin
Chief financial officer

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

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

(a) The annual financial statements set out on pages 1 to 139, fairly present in all material respects the financial position, financial performance and cash flows of PPC Limited and its consolidated subsidiaries in terms of International Financial Reporting Standards;

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

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

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

R van Wijnen
Chief executive officer

B Berlin
Chief financial officer

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

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CERTIFICATE BY COMPANY SECRETARY

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

K Ross
Company secretary

18 June 2021

PREPARER OF THE FINANCIAL STATEMENTS

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

B Berlin
Chief financial officer

18 June 2021

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF PPC LTD

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OPINION

We have audited the consolidated and separate financial statements of PPC Limited (the company and group) set out on pages 19 to 137, which comprise the consolidated and separate statements of financial position as at 31 March 2021, and the consolidated and separate statements of profit or loss, the consolidated and separate statements of other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of PPC Limited and its subsidiaries as at 31 March 2021, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

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

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

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

We draw attention to the consolidated and separate statements of financial position and to note 35 on the going concern included in the consolidated financial statements and note 27 in the separate financial statements, which indicate that the group's consolidated current liabilities exceed its consolidated current assets by R231 million and the company's current assets exceed the current liabilities by R166 million. The notes disclose that the group's process in its endeavours to de-gear towards a sustainable debt capacity is ongoing. The details of the various actions and their milestones are disclosed in the going concern and related notes to the consolidated and separate financial statements. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the group and company's ability to continue as a going concern. Our opinion is not modified in this respect.

KEY AUDIT MATTERS

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

In addition to the matter described in the "Material uncertainty related to going concern" section, we have determined the matters described below to be the Key Audit Matters to be communicated in our report. No key audit matters were identified with regard to the separate financial statements.

MATERIAL WEAKNESSES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

International Accounting Standard ("IAS") 1: *Presentation of Financial Statements*, provides the requirements to be applied in preparing and presenting general purpose financial statements in accordance with International Financial Reporting Standards ("IFRS"). Strong internal controls over the financial reporting process are key to ensuring that financial statements are reliable and fairly presented. In the prior year, management reported to shareholders that their review of internal controls, supported by the review of the internal auditors, indicated a severe breakdown in internal controls, including controls over financial reporting.

Our 2020 external audit confirmed that there was a material breakdown in internal controls over financial reporting. In particular, severe gaps in controls over financial reporting such as the consolidation process, the preparation and review of the Annual Financial Statements and the completeness and accuracy of information, were identified. Challenges were experienced in obtaining sufficient and appropriate evidence, particularly in areas requiring judgement and estimation.

While mitigating actions have been taken and are in progress to improve the internal control environment for the 2021 financial year, it is our view that weaknesses in the overall internal control environment are still prevalent. Controls over the group consolidation and Annual Financial Statement preparation process have been strengthened, however, gaps are still present in more routine monitoring and review controls at a group level and in the components financial reporting and closing processes.

Due to the significant and pervasive impact the internal controls have on financial reporting and the overall efficiency, level of expertise and effort associated with the audit, we consider this to be a Key Audit Matter. We adopted a fully substantive audit approach to the audit of the financial statements.

Our audit required extensive involvement from senior audit personnel, auditor's internal specialists and individuals with specialised knowledge.

How the matter was addressed in the audit

Our procedures to respond to the impact of the breakdown in internal controls over financial reporting included:

- Execution of focused substantive procedures at component and group level, placing no reliance on internal controls
- Focused procedures on financial closing procedures at component level
- An assessment of the journal entries processed at component level and as part of the consolidation. In line with global best practice we have used our internal fraud expert in our risk assessment to help us identify areas where override of controls could occur and where applicable amended our audit procedures
- Regular meetings with our component auditors, in particular review of their error schedules and the corrections made as a result of the errors identified. We obtained an understanding of the nature and cause of the errors to evaluate whether the audit approach was sufficiently altered to address the potential impact on other account balances or other components.
- Re-performed procedures on management's calculations in support of the different levels of aggregation in the consolidation process
- Assessed the adequacy of disclosures with reference to detailed IFRS checklists, and involved our internal IFRS specialists in our initial reviews of the annual financial statements

Based on the audit procedures performed and the level of expertise and effort associated with the current year audit, we are satisfied that our audit procedures were sufficient to mitigate the impact of the breakdown of controls over financial reporting.

IMPAIRMENT ASSESSMENT OF PROPERTY, PLANT AND EQUIPMENT, AND OTHER INTANGIBLE ASSETS FOR PPC CEMENT SA

As disclosed in notes 2, 4 and 21 of the consolidated financial statements the group's property, plant and equipment ("PPE") and other intangible assets have been tested for impairment in terms of IAS 36 *Impairment of assets* ("IAS 36"). IAS 36 requires that PPE and other intangible assets be tested for impairment whenever an impairment indicator exists.

The Directors performed an impairment assessment over the PPE and other intangible assets relating to the Inland and Coastal cash generating units ("CGUs") relating to PPC Cement SA, by assessing the recoverable amount of these CGUs through the determination of the value-in-use amounts ("VIU") and comparing these to their carrying amounts at 31 March 2021. VIUs for these CGUs were determined using a discounted cash flow model. PPC Cement SA's inland and coastal CGUs were impaired in the prior year. In the current year the VIUs for these CGUs exceeded their carrying amounts significantly resulting in the reversal of R1 448 million of impairments that were incurred in the prior year. This reversal of impairments was as a result of benefits arising from cost saving initiatives and restructures and improved trading conditions with the post Covid 19 lock down recovery being better than anticipated as well as improved macro-economic data which resulted in improved discount rates compared with prior year.

We considered the impairment reversal assessment of all these CGUSs to be a matter of most significance and a key audit matter due to the significant Directors' judgement applied along with significant estimation in determining the value-in-use of the CGUs and selecting the appropriate key inputs of:

- revenue growth rates;
- EBITDA margins;
- weighted average cost of capital ("WACC rates") and
- terminal values.

How the matter was addressed in the audit

Our audit procedures included the following:

- Assessed the design and implementation of relevant controls on management's budgeting and forecasting approval process
- Challenged and assessed assumptions used in determining the number of CGUs in each segment
- Evaluated whether the VIU model used by the Directors complies with the requirements of IAS 36
- Robustly challenged and reviewed key assumptions and inputs made by the Directors in estimating future cash flows, with particular focus on revenue growth rates, EBITDA margins and terminal growth rates
- Engaged our internal corporate finance specialists to assist with validating the assumptions used to calculate the discount rates and recalculating these rates
- Reviewed the appropriateness of the disclosure in the consolidated financial statements.

We found that the assumptions used by the Directors were comparable with pre-covid 19 historical performance and the expected future outlook and the discount rates used were appropriate in the circumstances. The expected future outlook is based on current evidence available and takes into account the restructures implemented in the current year.

We have reviewed the disclosures in notes 2, 4 and 21 to the consolidated financial statements which contain the key assumptions utilised and the sensitivities which could arise should these assumptions vary and we consider these to be appropriate.

CLASSIFICATION OF PPC BARNET AND PPC LIME UNDER IFRS 5 AS NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

As disclosed in note 9 of the consolidated financial statements the group has classified certain as PPC Barnet DRC Holdings and its DRC subsidiaries (PPC Barnet) and PPC Lime Limited (PPC Lime) and PPC Aggregate Quarries Botswana Proprietary Limited (PPC Aggregates Quarries) as non-current assets held for sale, due to pending sales of PPC Lime and PPC Aggregates Quarries and the pending restructure of PPC Barnet that will result in a loss of control. The results and assets and liabilities have therefore been excluded from the consolidated statement of profit and loss and the consolidated statement of financial position.

The determination of whether the PPC Barnet and PPC Lime transactions qualify for this classification at 31 March 2021 required the application of significant judgement and we therefore considered them to be Key Audit Matters.

INDEPENDENT AUDITOR'S REPORT continued

PPC Barnet

On 31 March 2021 PPC Ltd entered into a binding agreement with PPC Barnet's lenders terminating their right of recourse to PPC Ltd. Simultaneously, PPC Ltd entered into a binding term sheet to restructure the debt in PPC Barnet and to reorganise the governance of PPC Barnet. On implementation of the Restructuring, PPC Ltd will lose control of PPC Barnet, leading PPC Ltd to elect a policy, that loss of control is a deemed disposal within the scope of IFRS 5. All the parties to the term sheet agreed that the long-stop date for the Restructuring to occur is 30 September 2021 from which this date PPC Ltd will no longer consolidate its stake in PPC Barnet. As the terms of the Restructure have been agreed between PPC and the PPC Barnet's Lenders and the implementation of the Restructure as set out in the term sheet is largely of an administrative nature, it is highly probable that the Restructure will be complete by 30 September 2021. As PPC Barnet is a separate geographical component, it has been accounted for as a discontinued operation.

Management assesses the restructuring agreements against the requirements of IFRS 5 and as a disposal group held for sale and discontinued operation.

PPC Lime

PPC Ltd actively commenced a process to sell PPC Lime in January 2021.

PPC Ltd appointed financial advisers to manage a structured sales process and by 31 March 2021 preferred bidders had completed their due diligence and certain of such preferred bidders had submitted binding offers. Subsequent to the year-end the Board approved that PPC Ltd enter into binding substantive agreements for the sale of 100 % of PPC Lime and on 2 May 2021, PPC South Africa Holdings Proprietary Limited, a wholly-owned subsidiary of PPC Ltd, entered into transaction agreements with Kgatelopele Lime Proprietary Limited, to dispose of the entire issued share capital of PPC Lime. The transaction is subject to certain conditions precedent normal for a transaction of this nature, which PPC Ltd expects to be met before 31 December 2021.

Management assessed the conditions precedent, the purchase price and the breakage clauses, applied these against the requirements of IFRS 5 and classified PPC Lime as a disposal group held for sale and discontinued operation.

How the matter was addressed in the audit

Our audit procedures to address the key audit matter included the following:

- Assessed the PPC Barnet restructuring agreements, relevant documents and accounting papers prepared by management
- Assessed the binding offers and the transaction agreement related to PPC Lime
- Engaged with our accounting technical specialists on the accounting treatment of the above restructure and sale of PPC Lime
- Challenged management on their judgement on the likelihood of the achievement of the conditions precedent
- Evaluated the determination of the purchase price of PPC Lime
- Reviewed the determination of the impairment and loss on the IFR5 impairment loss calculation
- Evaluated the disclosures in the consolidated financial statements in terms of IFRS 5

In respect of PPC Barnet we considered the agreements and concurred with management assessment that control would be lost on implementation of the Restructuring.

In respect of PPC Lime we considered the conditions precedent, the purchase price and the breakage clauses and concurred with management's assessment.

We have reviewed the disclosures in note 9 to the consolidated financial statements which contain judgements made by the Directors and we consider these to be appropriate.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Audited Annual Financial Statements for the year ended 31 March 2021 ", which includes the Directors' Report, the Audit Risk and Compliance Committee's Report, the Certificate by Company Secretary as required by the Companies Act of South Africa and the Chief Executive Officer and Chief Financial Officer Responsibility Statement, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of PPC Limited for 19 years.

Deloitte & Touche
Registered Auditor
Per: Patrick Ndlovu
Partner
18 June 2021

5 Magwa Crescent
Waterfall City
Waterfall

DIRECTORS' REPORT

for the year ended 31 March 2021

The PPC board of directors has pleasure in presenting its report on the financial statements of the company and group for the year ended 31 March 2021.

NATURE OF THE BUSINESS

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

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

REFINANCING AND RESTRUCTURING PROJECT (GOING CONCERN)

To strengthen our balance sheet and improve the investment prospects of PPC, we have embarked on a detailed refinancing and restructuring project, which will ensure that the group is sustainably capitalised and self-sufficient on a standalone basis across the regions where we operate. This will be implemented over the course of FY22. Refer to note 35 of the audited consolidated financial statements.

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

REVIEW OF OPERATIONS

The group has, in accordance with IFRS 5 *Non-current assets held for sale*, accounted for PPC Lime, Botswana Aggregates and PPC Barnet as discontinued operations. Accordingly, the assets, liabilities and profit or loss are reported separately in the financial statements for the year ended 31 March 2021.

GROUP PERFORMANCE FROM CONTINUING OPERATIONS

The group experienced volatile and challenging trading conditions in most of its markets due to the ongoing COVID-19 pandemic and its impact on economic activity. The group's results were adversely impacted by the 75% depreciation of the Zimbabwean dollar against the South African rand, thus reducing PPC Zimbabwe's contribution to group profitability.

Group revenue for the year increased by 3% to R8 938 million (March 2020: R8 671 million) due to a recovery in cement sales following the easing of lockdown restrictions imposed by the relevant authorities at the beginning of the 2021 financial year. Opportunistic cement sales resulting from PPC's ability to respond to an increase in demand in some markets also contributed positively to revenue growth. Excluding Zimbabwe, group revenue increased by 7%.

Cost of sales reduced by 1% to R6 877 million (March 2020: R6 792 million) compared with the previous year. Lower depreciation expense, and efficiency gains offset increases in input cost inflation. Administration and other operating expenditure, including once-off capital restructuring and refinancing costs of R81 million, decreased by 14% to R1 007 million (March 2020: R1 170 million). Administration and other operating expenditure benefited from efforts to improve the group's cost competitiveness.

Group EBITDA increased by 16% to R1 598 million (March 2020: R1 381 million) with an EBITDA margin of 17,9% (March 2020: 15.9%) due to increased cement sales and lower costs. Excluding PPC Zimbabwe, group's EBITDA from continuing operations increased by 66%.

Earnings per share ("EPS") for the period for continuing operations increased to 65 cents (March 2020: 43 cents loss) while headline earnings per share for continuing operations ("HEPS") reduced to 3 cents (March 2020: 54 cents). Operating profit increased by 75% year-on-year from R600 million to R1 051 million. Headline earnings from continuing operations, however, decreased from R787 million to R77million, due to the impact of the following non-cash pre-tax items impacted headline earnings:

- Fair value adjustments and foreign exchange movements resulted in a loss of R376 million (March 2020: R151 million gain), mainly due to the strengthening of the South African rand against the US dollar during the year. The South African rand depreciated against the US dollar in the prior year.
- A profit of R251 million in the previous year relating to the DRC put option.
- A net fair value gain on the Zimbabwe financial asset of R256 million (2020: R7 million).
- A net fair value loss on the Zimbabwe blocked funds of R17 million (2020: R258 million).
- Accounting for Zimbabwe in terms of IAS 29 *Financial reporting in hyperinflationary economies*, resulted in a net monetary loss of R200 million (March 2020: R651 million gain).

Excluding the above in both the current and the prior year, headline earnings would have changed from a loss of R15 million in the prior year to a profit of R414 million in the current year.

Finance costs decreased by 19% to R283 million (March 2020: R349 million) due to lower average borrowings. Finance costs in South Africa decreased by 19% to R161 million (March 2020: R199 million), while finance costs in the international operations decreased by 19% to R122 million (March 2020: R150 million). The decrease in finance costs due to a reduction in debt levels in South Africa and Zimbabwe. Excluding unfavourable currency movements, finance costs in the international operations decreased by 26%.

The group taxation charge for the year amounts to R742 million relative to a credit of R181 million in March 2020. The effective cash tax rate is 26%, however, the impact of non-cash deferred tax adjustments due to Zimbabwe hyperinflation and deferred tax not raised on certain assessed losses resulted in a disclosed effective tax rate 42%.

Discontinued operations, which include PPC Barnet, PPC Lime and Botswana Aggregates, generated a loss of R1 141 million (March 2020: R1 710 million) for the year. Impairments of R761 million for PPC Barnet at the consolidated level to reflect the economic position post the restructuring agreements entered into on 31 March 2021, negatively impacted the results of the discontinued operations and the total group.

The total loss for the year, including discontinued operations, reduced to R118 million compared with a loss of R2 388 million in the previous year. Total headline earnings, including discontinued operations, reduced to a loss of R303 million compared with a gain of R205 million in the prior year.

Cash available from operations amounted to R1 022 million (March 2020: R273 million, outflow). Cash generation benefited from improvements in EBITDA, reduction in working capital absorption and lower finance cost paid. Cash generation and preservation is a key performance measure for PPC.

DIRECTORS' REPORT continued

Net cash outflow from investing activities reduced to R392 million (March 2020: R 662 million) mainly due to a 36 % reduction in investment in property, plant, and equipment. Net cash inflow before financing activities improved to R972 million (March 2020: R289 million outflow).

Gross debt amounted to R2 628 million on 31 March 2021 (March 2020: R5 800 million). The R3 172 million decline in gross debt includes R2 482 million relating to the DRC transferred to liabilities associated with assets held for sale and disposal groups.

CEMENT SOUTH AFRICA AND BOTSWANA

South Africa and Botswana cement volumes increased by approximately 6 %, driven by sales to the retail sector with robust demand experienced in the rural and informal markets.

Growth in the inland areas offset declines in the coastal regions and Botswana. A muted recovery in commercial construction activity and the unavailability of slag following the closure of Saldanha steel accounted for the decrease in sales in the coastal regions. In the last quarter of the financial period, sales trends suggest stabilisation in demand in the coastal areas.

The industry has engaged the relevant authorities to have locally produced cement classified as a designated product. The designation will make it compulsory for locally produced cement to be used in government-funded construction projects and prohibit the use of imported cement in such projects. Upon implementation, the local cement industry is expected to benefit from increased demand once the Government´s infrastructure build programme gathers momentum.

Cement imports, which continue to threaten the industry, rebounded after the easing of lockdown restrictions. PPC estimates that cement imports increased by 8 % to 1 438 million tonnes and accounted for approximately 8 % of demand for the twelve months ended March 2021. Together with The Concrete Institute and other industry players, PPC continues to engage the relevant authorities for assistance against unfair competition. PPC has submitted all the necessary documentation and has received a verification report to that effect. The industry is now awaiting the initiation of an investigation by the regulator.

South Africa and Botswana cement revenues increased by 7 % to R5 196 million (March 2020: R4 843 million). The inland region and Botswana accounted for 73 % of cement sales relative to 66 % in the prior year. EBITDA improved by 41 % to R866 million (March 2020: R613 million) with a margin of 16.7 % (March 2020: 12.7 %). EBITDA margin benefited from increased cement sales, higher realised prices and stringent cost control.

MATERIALS BUSINESS

AGGREGATES, READYMIX AND ASH

The materials business lost six weeks of sales due to the hard lockdown and could not recover the lost sales. Post the easing of the trading restrictions, ash sales benefited from increased cement demand and the shortage of alternative extenders like slag. Muted readymix demand in the rural areas offset a recovery in Gauteng. Demand for aggregates increased due to construction demand in Gauteng, while sales to the steel sector reduced.

Revenues for the materials division decreased by 4 % to R991 million (March 2020: R1 031 million) due to a decline in volumes across all segments of the business. EBITDA reduced to a loss of R8 million (March 2020: R4 million profit). Management is implementing several initiatives to improve the profitability of this business.

INTERNATIONAL

ZIMBABWE

Despite the challenging economic environment and the impact of COVID-19 related lockdown restrictions on sales, PPC Zimbabwe cement volumes increased by approximately 10 %, supported by ongoing infrastructure projects. PPC implemented price increases in local currency to offset input cost inflation and the devaluation of the local currency.

Revenue decreased by 13 % to R1 623 million (March 2020: R1 861 million). The impact of hyperinflation accounting and the 75 % depreciation of the Zimbabwean dollar (ZWL) against the South African rand reduced PPC Zimbabwe's contribution to the group's financial performance. In functional currency, PPC Zimbabwe's revenues increased by 251 %. EBITDA in South African rands declined by 32 % to R481 million (March 2020: R707 million) with EBITDA margin contracting to 29.6 %, versus 38.0 % in March 2020. In functional currency, EBITDA increased by 173 % to ZWL2 718 million (March 2020: ZWL994 million). In light of the prevailing economic conditions affecting the value of the Zimbabwean dollar, PPC Zimbabwe is focused on cash preservation and maximising US$ EBITDA. The business is financially self-sufficient and declared and paid a cash dividend to PPC of US$4.4 million in December 2020. Subsequent to the year-end, a further dividend of US$2.6 million was paid to PPC. The Reserve Bank of Zimbabwe continues to honour its obligation to settle PPC Zimbabwe's debt from legacy funds with a further US$11.2 million paid during FY21. Management expects the debt to be fully repaid during the FY22 year.

RWANDA

COVID-19 trading restrictions imposed by the Rwandan authorities impacted cement sales for the year. After the initial lockdowns in April 2020, the authorities imposed a second lockdown in early 2021, resulting in a slowdown in economic activity. Despite these challenges, CIMERWA grew cement sales benefiting from infrastructure projects, growth in the retail market, and export demand from the eastern DRC. Cement sales also benefited from a school building program by the government, which is unlikely to be repeated in FY22.

During the period under review, a new cement producer in Rwanda commenced operations, but, to date, the impact on CIMERWA´s cement sales are negligible as demand in Rwanda exceeds domestic production.

CIMERWA achieved revenue growth of 21 % to R1 128 million (March 2020: R936 million), supported by an 8 % increase in volumes, price growth in US$, and translation gains. EBITDA increased by 51 % to R342 million (March 2020: R226 million) due to higher revenues and stringent cost control. EBITDA margins improved to 30.3 % from 24.1 % in March 2020. Costs incurred to enhance the output of the plant impacted EBITDA in March 2020.

DISCONTINUED OPERATIONS

The group classified PPC Barnet DRC Holdings and its DRC subsidiaries (PPC Barnet), PPC Lime Limited (PPC Lime) and PPC Aggregate Quarries Botswana Proprietary Limited (PPC Aggregates Quarries) as non-current assets held for sale, due to pending sales of PPC Lime and PPC Aggregates Quarries and the pending restructuring of PPC Barnet which will result in a loss of control. The results and assets and liabilities have therefore been extracted from the consolidated statement of profit and loss and the consolidated statement of financial position and separately disclosed as discontinued operations.

DIRECTORS' REPORT continued

As previously communicated to shareholders, PPC has embarked on a restructuring and refinancing project to align the business with its revised strategy and implement a sustainable capital structure. In terms of the strategy, PPC identified PPC Lime and PPC Aggregates Quarries as non-core operations. In addition, the settlement agreement and related agreements reached with PPC Barnet's lenders effectively derisk PPC from future economic downside risks and directs most of the economics of PPC Barnet to the lenders. Given that limited economic benefits are expected to flow to PPC in the near term. The group assessed the criteria of IFRS 5 and concluded that the agreement entered into to restructure the DRC, met the requirements to present the DRC as held for sale.

DRC

PPC Barnet in the DRC achieved revenue growth of 26 % to R766 million (March 2020: R607 million), driven by volume growth of 16 %, higher pricing in US$ and translation gains. EBITDA improved by 46 % to R142 million (March 2020: R97 million) with corresponding margins of 18.5 %. EBITDA benefited from stringent cost control and entrenchment of a new route to market strategy. Although PPC Barnet continues to experience positive cement demand, the market's overall supply and demand dynamics are unfavourable, with the industry operating at suboptimal levels of capacity utilisation. The manufacturing capacity in the addressable market far exceeds demand. PPC estimates industry cement production capacity of 2.3 million tonnes relative to demand of 1.2 million tonnes. Given the supply and demand imbalances in the market, PPC Barnet cannot generate sufficient cash flow to service its debt repayment obligations based on its current capital structure.

PPC LIME

Revenue declined by 26 % to R604 million (March 2020: R816 million), with volumes and pricing under pressure due to the decline in activity in the steel and allied sectors. The COVID-19 related lockdowns also hurt sales. Initiatives are underway to optimise costs and diversify the customer base to mitigate these challenges, and a strong recovery is expected. Strict cost management and focus on networking capital reduction have resulted in a more robust cash generation than the prior year. EBITDA contracted by 97 % to R3 million (March 2020: R110 million) due to the decline in volumes.

BOTSWANA AGGREGATES

Revenue declined by 13 % to R128 million (March 2020:R147 million). EBITDA declined by 50 % to R8 million (March 2020: R16 million).

RESTRUCTURING AND REFINANCING UPDATE

On 31 March 2021, PPC signed a settlement agreement and a restructuring term sheet with the senior lenders to the DRC operations. The settlement agreement extinguishes all future obligations on PPC to provide deficiency funding to the DRC. Moreover, the terms of the restructuring term sheet will result in PPC losing control over the DRC on implementation and hence the investment in the DRC has been accounted for as a non-current asset held for sale.

OUTLOOK

Despite the recovery in cement demand in most of its markets, PPC is mindful of the prevailing uncertainties around the COVID-19 pandemic and its impact on economic activity. PPC will remain focused on improving cost competitiveness and cash generation. It will take the necessary strategic and operational measures to ensure that it can continue to serve its customers, protect its employees, and implement strategic initiatives to ensure financial sustainability through all demand cycles.

FINANCIAL RESULTS

ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with IFRS and in the manner required by the Companies Act of 2008. The principal accounting policies have been applied consistently with the previous year.

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

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

BORROWING FACILITIES

At 31 March 2021, total borrowings amounted to R2 628 million (2020: R3 071 million) excluding the borrowings associated with discontinued operations, split across the various jurisdictions as follows:

	2021 Rm	2020 Rm
South Africa	**1 894**	1 955
CIMERWA	**595**	755
Zimbabwe	**139**	361
	2 628	3 071

DIRECTORS' REPORT continued

On 31 March 2021, PPC signed a settlement agreement and a restructuring term sheet with the senior lenders to the DRC operations. The settlement agreement extinguishes all future obligations on PPC to provide deficiency funding to the DRC. Moreover, the terms of the restructuring term sheet will result in PPC losing control over the DRC on implementation and hence the investment in the DRC has been accounted for as a non-current asset held for sale – see further below in note 9.

IMPAIRMENT TESTING

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

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

Individual material assets included in PPE were considered for impairment. During the year, certain assets that are no longer in use with carrying amounts were identified. These assets were impaired and derecognised from the asset register. The total impairment recognised for these assets was R3 million (2020: R17 million).

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

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

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

Impairments and impairment reversals	Rm
Impairments of CGU's during the current financial year comprise:	
Readymix (Gauteng region)	(100)
Impairment of individual assets in PPC Cement SA (Pty) Ltd	(3)
PPC Aggregates SA	(34)
Impairment of individual assets in PPC Zimbabwe	(1)
Impairment reversals of CGU's during the current financial year comprise:	
Inland business unit (PPC Cement SA)	1 263
Coastal business unit (PPC Cement SA)	192
Net impairment reversal before tax	1 317

SIGNIFICANT ACCOUNTING MATTERS

GOING CONCERN

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

Based on the expectation that the group's current trading position and forecasts will be met, and taking the expected availability of banking facilities into account, the directors believe that the group and company will be able to comply with their financial covenants and be able to meet the conditions and events upon which the going concern conclusion is based, and accordingly have concluded that it is appropriate to prepare the financial statements on a going concern basis.

Refer to note 35 of the annual financial statements for details relating to the going concern assessment.

VALUATION OF THE RBZ DERIVATIVE ASSET HELD IN PPC ZIMBABWE

The PPC Zimbabwe financial asset arose when the US$ denominated Zimbabwe loan (refer to note 7) 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 blocked funds and this amount qualifies for the 1:1 conversion of US$ to ZWL.

Hyperinflation, the challenging general economic environment, the unavailability of foreign currency in Zimbabwe and the continuing 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 blocked funds to make direct payment on the Zimbabwe loan. To date, these payments have all been honoured, with the last payment being made in December 2020. To this end, the group applied a 50% fair value credit risk adjustment against the PPC Zimbabwe financial asset of R114 million resulting in in a fair value adjustment of R57 million for the year and a balance of R57 million as at 31 March 2021 (refer to note 7.1.2).

VALUATION OF ZIMBABWE BLOCKED FUNDS OWNED BY PPC LTD

At 31 March 2021 PPC Ltd holds blocked funds in Zimbabwe. The blocked funds do not meet the requirements of a financial asset, but PPC applies the measurement at fair value through profit or loss (FVTPL) to determine the carrying value of the asset. The blocked funds are first translated from ZWL to rand and the exchange rate difference is recorded in foreign exchange gains and losses, after which a fair value adjustment is applied.

Hyperinflation, the challenging general economic environment and the unavailability of foreign currency in Zimbabwe were considered in the determination of the appropriate fair value adjustment to be applied to the blocked funds. In light of these factors, the continued uncertainty created by the COVID-19 pandemic and the absence of any formal confirmation from the Reserve Bank of Zimbabwe (RBZ)

DIRECTORS' REPORT continued

of repayment terms of the blocked funds, the company continued to apply an 85 % fair value credit risk adjustment to the blocked funds of R331 million, resulting in a fair value adjustment of R281 million as at 31 March 2021 (refer to note 7.2.1).

The net fair value loss on the Zimbabwe blocked funds of R17 million (2020: R258 million loss) comprises a decrease of the intrinsic value of R68 million (2020: R74 million increase) and a credit risk fair value gain of R51 million (2020: R332 million loss).

ACCURACY OF THE HYPERINFLATION RESULTS FOR PPC ZIMBABWE

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

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

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

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

- Non-monetary assets and liabilities opening balances were indexed up using the ZCPI at 31 March 2019
- The current period movements were indexed up from the date of initial recording using the ZCPI applicable throughout the year
- Net monetary loss for the current period was recognised in profit or loss and disclosed separately on the face of the statement of profit or loss
- On consolidation, PPC Zimbabwe hyperinflation accounts were translated at the closing exchange rate at 31 March 2021 as per IAS 29 principles

Refer to note 1.6 for more details.

VALUATION OF THE IFC PUT OPTION

In 2015, PPC entered into a put option agreement with the IFC in terms of which the latter could put its investment or part thereof in PPC Barnet DRC Holdings to PPC. The put option may be exercised up to 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

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

NON-CURRENT ASSETS HELD FOR SALE AND DISPOSAL GROUPS

The group classified PPC Barnet DRC Holdings and its DRC subsidiaries (PPC Barnet), PPC Lime Limited (PPC Lime) and PPC Aggregate Quarries Botswana (Pty) Ltd (PPC Aggregates Quarries) as non-current assets held for sale due to pending sales of PPC Lime and PPC Aggregates Quarries and the pending restructure of PPC Barnet which will result in a loss of control. The results and assets and liabilities have been extracted from the consolidated statement of profit or loss and the consolidated statement of financial position and separately disclosed as discontinued operations.

In terms of IFRS *5 Non-current assets held for sale and discontinued operations,* the carrying amounts of these disposal groups are limited to the value of the deemed disposal. In the case of PPC Barnet, the value of the deemed disposal of the disposal group is zero and accordingly an impairment loss of R761 million has been recognised on PPC Barnet.

Refer to note 9 of the consolidated annual financial statements for more details.

EVENTS AFTER REPORTING DATE

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

FINANCIAL REPORTING PROCESS

Given the breakdown in internal financial controls that led to restatements and prior period errors in the previous reporting period, PPC embarked on a number of initiatives during FY21 under the oversight of the ARCC. These are elaborated on in the ARCC report.

The ARCC's overall assessment of the group's internal controls over financial reporting is that, notwithstanding the significant improvements that have been made, significant deficiencies in the system remain, specifically in the internal financial controls at the business unit levels. These deficiencies have been reported by ARCC to the board of directors. However, adequate measures have been taken where appropriate to provide reasonable assurance that the annual financial statements fairly present in all material respects the financial position, performance and cash flows of the group and the company in accordance with the accounting standards. Rectification actions have been identified for implementation in FY22 to close deficiency gaps. The board will closely monitor progress in this regard.

The ARCC reviewed the expertise of both the chief financial officer (CFO) for the year ended 31 March 2021 and the new CFO appointed on 1 April 2021 under whose supervision the FY21 annual financial statements have been prepared and were satisfied that both had the qualifications and experience to discharge their duties. The ARCC also reviewed the functioning of the finance department as a whole and while measurable improvements have been noted, there are a number of initiatives that will be implemented in FY22 to strengthen the finance function further and enhance its effectiveness.

MATERIAL RISKS

GROUP CAPITAL STRUCTURE

Over several years, various factors have caused PPC to have a capital structure that it considers to be inadequate. PPC intends to ensure that each operation has a specific fit-for-purpose capital structure independent to that of the group.

DIRECTORS' REPORT continued

SUB-STANDARD QUALITY OF IMPORTED CEMENT

The cement and construction industries are key strategic sectors in the growth of South Africa's economy. To remain sustainable, the cement industry must be protected from unfair competition and the import of sub-standard materials.

CLIMATE CHANGE – NEED TO REDUCE ENVIRONMENTAL IMPACT

The industry is associated with significant outputs of carbon dioxide emissions during the manufacturing process. It is imperative that the group develops strategies to reduce its emissions and, in turn, reduce its impact on the environment.

INTERNAL CONTROLS

PPC has identified certain weaknesses in its financial control environment. A more robust control environment is necessary to improve financial reporting.

REGULATORY ENVIRONMENT

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

EMPLOYEE PERFORMANCE AND ENGAGEMENT

High-performing engaged employees are critical to PPC's success. By developing a committed, engaged and focused workforce, PPC believes that it can reinforce and strengthen its place as a leader in the industry.

SUBSIDIARY COMPANIES

Details of the group's subsidiaries can be found in note 33 to the annual financial statements. There has been no change in the shareholding of operating subsidiaries during the year.

PROPERTY, PLANT AND EQUIPMENT

At March 2021, the group's net investment in PPE amounted to R9 577 million (excluding discontinued operations) (2020: R12 277 million), details of which are set out in note 2 to the consolidated financial statements.

There has been no change in the nature of the PPE or to the policies relating to the use thereof during the year.

Impairment assessments of individual material assets and all CGUs were undertaken for the 2021 financial year. Details of these impairments have been discussed earlier in this report. Discussion around the methodology applied is included in note 21 to the consolidated financial statements.

Details of the group capital commitments of R144 million (2020: R485 million) can be found in note 26.

STATED CAPITAL

On 31 March 2021, the issued stated capital of the company was 1 593 114 301 (2020: 1 593 114 301) no par value shares.

During the current reporting period, no shares (2020: 7 152 shares) were purchased in terms of the group's long-term employee incentive scheme, the forfeitable share plan.

At year-end, stated capital amounted to R3 965 million (2020: R3 965 million).

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

Details of authorised, issued and unissued shares at 31 March 2021 are disclosed in notes 13 and 24 to the consolidated financial statements.

DIVIDENDS

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

No dividend has been declared during the current reporting year.

REGISTER OF MEMBERS

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

Details of the transfer secretaries can be found in the administration section on page 140.

Details relating to the beneficial shareholders owning more than 3 % of the issued stated capital of the company appear on page 139 in this report.

DIRECTORS' INTEREST IN THE ISSUED SHARES OF THE COMPANY

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

	Number of shares as at 31 March 2021	%	Number of shares as at 31 March 2020	%
Roland van Wijnen	**4 225 718**	**0,27**	4 225 718	0,27
Anthony Ball and Nono Mkhondo indirect non-beneficial through Value Capital Partners	**257 923 156**	**16,19**	249 739 392	15,68
	262 148 874	**16,46**	253 965 110	15,95

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

DIRECTORS' REPORT continued

CORPORATE GOVERNANCE

The group subscribes to the code of good corporate practices and conduct as contained in the King IV report on corporate governance. The PPC board has satisfied itself that the company has complied in all material aspects with the codes as well as the JSE Listings Requirements. The group King IV compliance supplementary report 2021 is available at www.ppc.africa

COMPLIANCE WITH APPLICABLE LAWS:

The board hereby confirms that the company is:

- In compliance with the provisions of the Companies Act or laws of establishment, specifically relating to its incorporation;
- Operating in conformity with its MOI and/or relevant constitutional documents.

DIRECTORS

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

Name	Designation	Date of appointment
Phillip Jabulani (Jabu) Moleketi	Non-executive independent chair	March 2018
Roland van Wijnen	Executive director – CEO	June 2019
Brenda Berlin	Executive director – CFO	April 2021
Anthony Charles Ball	Executive director	March 2018
Nonkululeko Gobodo	Non-executive director	February 2017
Kunyala Maphisa	Non-executive director	February 2021
Noluvuyo Mkhondo	Non-executive director	March 2018
Todd Moyo	Non-executive director	November 2013
Charles Naude	Non-executive director	January 2015
Mark Richard Thompson	Non-executive director	May 2019

At the annual general meeting (AGM) held on 16 November 2020, Mr R van Wijnen and Ms R van Dijk were appointed as executive directors, while Mr J Moleketi and Ms N Mkhondo were re-elected as non-executive directors. Ms R van Dijk resigned on 31 March 2021. Ms B Berlin was appointed as CFO on 1 April 2021 and Ms K Maphisa was appointed as a non-executive director on 1 February 2021. Mr A Ball was appointed as an executive director in June 2020. He was previously a non-executive director.

Advocate M Gumbi, who was also identified to retire at the 2020 AGM, did not offer herself for re-election. The board thanked Adv Gumbi for her contribution as non-executive director.

Ms N Gobodo, Mr C Naude and Mr Todd Moyo are required to retire by rotation in terms of the company's memorandum of incorporation. Mr Moyo will not offer himself for re-election at the upcoming 2021 AGM. Details of other directors' re-elections will be provided in the notice to the AGM. Abbreviated CVs for each director will be provided in the notice to the AGM.

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

In accordance with Principle 7 paragraph 10 of King IV, the board approved a policy on Directors Diversity, which became effective from 4 December 2019. In accordance with that policy, the PPC nominations committee (NOMCO) reviews and assesses board composition on behalf of the board and recommends the appointment of new directors.

BOARD COMMITTEES

Audit risk and compliance committee (ARCC)

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

The committee comprises at least three NEDs elected by shareholders at the AGM on recommendation from the NOMCO. All members of the ARCC are independent NEDs with the appropriate qualifications. Furthermore, the chair of the board is not eligible to chair the ARCC. The ARCC met eight times during the financial year of which four were extraordinary meetings. The committee comprised the following members throughout the period:

Membership as at 31 March 2021	Meeting attendance	Appointed to committee
Mark Thompson (chair)	8/8	19 July 2019
Nonkululeko Gobodo	8/8	7 March 2017
Noluvuyo Mkhondo	8/8	30 August 2018

Attendees by invitation

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

Social, ethics and transformation committee (SETCO)

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

DIRECTORS' REPORT continued

The committee comprises at least three directors or prescribed officers, the majority of whom are independent NEDs, with the required skills and experience to fulfil their duties pertaining to the company's matters, business and sectors. The committee met four times during the year, of which one was an extraordinary meeting. The committee comprised the following members at year-end:

Membership as at 31 March 2021	Meeting attendance	Appointed to committee
Nonkululeko Gobodo (chair)	4/4	10 November 2017
Jabu Moleketi	3/4	16 March 2018
Mojankunyane Gumbi[(1)]	4/4	2 December 2019
Roland van Wijnen	4/4	6 November 2019

[(1)] *Mojankunyane resigned from the board and SETCO with effect from 16 November 2020.*

Attendees by invitation
Managing director South Africa operations and Botswana
CFO
Head group legal and compliance and group company secretary
Group human resources (HR) executive[(2)]

[(2)] *Resigned with effect from 31 December 2020.*

Nominations committee (NOMCO)

The NOMCO has an independent oversight role, recommending potential senior and executive candidates to the board for consideration and final approval while considering the diversity of the position in terms of gender, race, skills, experience and expertise.

The committee comprises at least three NEDs, the majority of whom are independent, with the required skills and experience to fulfil their duties. NOMCO met four times during the year, of which one was an extraordinary meeting. The committee comprised the following members at year-end:

Membership as at 31 March 2021	Meeting attendance	Appointed to committee
Jabu Moleketi (chair)	4/4	16 March 2018
Noluvuyo Mkhondo	3/4	16 March 2018
Todd Moyo	4/4	13 October 2016

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

Remuneration committee (REMCO)

The REMCO assists the board with overseeing and managing PPC's remuneration philosophy and policies to ensure PPC remunerates fairly, responsibly and transparently, promoting the achievement of strategic objectives and positive outcomes in the short, medium and long term.

The REMCO comprises at least three NEDs, the majority of whom are independent, with the required skills and experience in remuneration matters, as well as PPC's business and sector. The committee met three times during the year and comprised the following members at year-end:

Membership as at 31 March 2021	Meeting attendance	Appointed to committee
Noluvuyo Mkhondo (chair)[(1)]	3/3	18 June 2020
Anthony Ball[(1)]	2/2	10 December 2019
Charles Naude	3/3	26 March 2016
Todd Moyo	3/3	16 May 2016

[(1)] *Anthony was appointed as chair of the REMCO on 10 December 2019 and stepped down as chair on 18 June 2020 on his appointment as executive director. Noluvuyo was appointed as a member and chair of the REMCO, replacing Anthony, on 18 June 2020.*

Attendees by invitation
CEO
CFO
Group head remuneration and benefits
Group head legal and compliance and group company secretary
Group HR executive[(2)]
External advisers

[(2)] *Resigned with effect from 31 December 2020.*

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

SPECIAL RESOLUTIONS

At the AGM held on 16 November 2020, the following special resolutions were approved:

- Granting approval for the company to enter into intercompany loans by way of financial assistance – sections 44 and 45 of the Companies Act with subsidiaries and other related entities within the group
- Authorised the company to pay remuneration to non-executive directors for their services as non-executive directors
- General authority to repurchase own shares or acquisition of the company's shares by a subsidiary company.

SPECIAL RESOLUTIONS PASSED BY SUBSIDIARY COMPANIES

No special resolutions were passed by subsidiaries of the company.

COMPANY SECRETARY

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

ARCC

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

AUDITOR

Deloitte & Touche was reappointed as auditor to the company at the AGM held on 16 November 2020.

AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT

I am pleased to present our report to the shareholders on the activities of the ARCC for the year ended 31 March 2021.

Chair
Mark Thompson

OUR TERMS OF REFERENCE

The ARCC has formal terms of reference that were reviewed during the year and approved by the board. It is satisfied that it has dealt with all matters delegated to it in terms of its approved terms of reference during the year ended 31 March 2021.

COMPOSITION, MEETING ATTENDANCE AND ASSESSMENT

The committee comprises at least three non-executive directors (NEDs) elected by shareholders on the recommendation of the NOMCO. All members of the ARCC are independent NEDs with the appropriate qualifications.

The ARCC met eight times during FY21, of which four of these meetings related to finalising the FY20 annual financial statements . As of the date of this report, the committee comprised the following independent NEDs:

Committee member	Qualifications	Meeting attendance	Appointed to committee
M Thompson (chair)	CA(SA), BCom, LLB, BAcc	8/8	19 July 2019
N Gobodo	CA(SA)	8/8	7 March 2017
N Mkhondo	CA(SA), BAcc, MBA	8/8	30 August 2018

In addition to the eight meetings referred to above, the ARCC met two additional times subsequent to the year-end to review and finalise the FY21 annual financial statements.

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

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

Subsequent to the year-end, a third-party service provider was appointed by PPC's board to evaluate, among others, the ARCC's performance during FY21, which was found to be satisfactory and effective in discharging its duties.

ROLES AND RESPONSIBILITIES

The ARCC is a statutory committee established in terms of section 94 of the Companies Act, and is a committee of the board. In addition to its specific statutory responsibilities, the board has assigned additional responsibilities to the committee in terms of the JSE Limited (JSE) Listings Requirements and King Code on Corporate Governance for South Africa, 2016 (King IV). In summary, the ARCC's responsibilities include:

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

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

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

APPOINTMENT OF AN INDEPENDENT EXTERNAL AUDITOR

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

- In terms of the provisions of section 94 of the Companies Act, nominated Deloitte & Touche (Deloitte) for reappointment as PPC's external auditor for FY21
- Decided to address the audit rotation during FY22, given that Deloitte has been the group's external auditor for more than 10 years and is required to rotate off the audit for FY2024
- Approved Deloitte's terms of engagement, audit plan and fees for the year

- Ensured that the appointment of Deloitte complies with the Companies Act, JSE Listings Requirements, King IV, and all other relevant legislation
- Satisfied itself with both the credentials of the firm and Mr Patrick Ndlovu as the designated audit partner, both of whose appointment was approved at PPC's AGM on 16 November 2020
- Satisfied itself that Deloitte and the designated audit partner are independent of the group, as set out in section 94(8) of the Companies Act.

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

FINANCIAL STATEMENTS

The committee reviewed the audited annual financial statements, short-form announcements and accompanying reports to shareholders and other announcements on the group's FY21 results. The committee oversaw the preparation of PPC's annual financial statements in terms of IFRS and other appropriate standards as required by the JSE, taking into account the findings from the JSE's Reporting back on proactive monitoring of financial statements in 2020 and Combined findings of the JSE proactive monitoring of financial statements: Reviews done 2011 to 2019. This included a review of significant accounting policies, key accounting items (including the significant matters mentioned in the directors' report), areas of significant judgement and material assumptions and estimates made by management. In the committee's view these were appropriate and it recommended the annual financial statements for approval by the board.

Last year the committee reported that there were severe shortcomings in the group's financial reporting processes, internal financial controls and accounting systems and practices which led to the restatements and prior period errors in the previous reporting period. In light of this, the committee oversaw various initiatives aimed at remediating these shortcomings during FY21. A number of these are referred to below:

i. Following the departure of the erstwhile CFO in October 2019, an interim CFO was appointed pending the appointment of an appropriately experienced, permanent candidate. The new, permanent CFO commenced employment on 15 February 2021 and formally stepped into the CFO role on 1 April 2021.
ii. The interim CFO, guided and supported by the ARCC, undertook a review of the resources, expertise and structure of the group's finance functions, internal financial control environment, financial reporting process and accounting systems – this review led to many of the remedial actions referred to below.
iii. Third parties were engaged, inter alia to advise on specific complex accounting issues, assist with the development of certain financial and accounting models, and to advise on the development of a policy to assess materiality levels for financial reporting.
iv. The group reporting department has been restructured with suitably qualified and experienced senior personnel. A new head of group reporting and tax has been appointed supplemented by a new position of Specialist: Internal Control. This has resulted in progress and will continue, in due course, to ensure appropriate internal financial controls are in place and are operating effectively.
v. A major project has commenced to standardise the accounting systems and charts of accounts across all the companies within the group, thus standardising, simplifying and streamlining the reporting process and improving the quality of financial and management information
vi. Financial policies and procedures are being reviewed and updated in order to promote consistent application across the group.
vii. Projects to centralise and automate various accounting functions across the group have been initiated.
viii. A third-party service provider has been engaged to develop a tool to better enable PPC Zimbabwe to determine its hyperinflation results, with the aim of reducing the prevalence of errors that have occurred in the past.
ix. Existing high-level controls over key balances and monthly internal control checklists have been reinforced and strengthened.
x. A project has commenced the implementation of SAP governance risk compliance (GRC), a tool that allows for a formal system of documenting, tracking and assessing risks and controls as part of the internal control function in the finance department.
xi. A formal process has been embedded to identify significant accounting matters (for example where complex accounting, non-business-as-usual transactions or transactions where significant judgements or estimates are involved) and to require technical papers on each which are presented to the auditor and the committee.
xii. A big four audit firm has been engaged in a major project to assist management with a gap analysis of internal financial reporting controls. The firm also assisted in providing a framework for management to document controls, the control deficiencies and the remediation required in each case.

As required by the new JSE Listings Requirements (paragraph 3.84(k) thereof) the CEO and CFO have disclosed to the committee and the auditor a comprehensive list of the deficiencies in design and operational effectiveness of the internal financial controls, together with a description of the actions required to be taken to remediate these deficiencies. The committee is satisfied that the rectification actions will improve the effectiveness of the internal financial controls, particularly at the business unit level, and was pleased to note that there has been significant improvement in other internal controls over financial reporting such as the identification and thorough consideration and review of key accounting matters and the consolidation and review processes.

The committee's overall assessment of the group's internal controls over financial reporting is that, notwithstanding the great efforts of management and the improvements that have been made, significant deficiencies in the system remain, but that, in the current year, adequate measures have been taken where appropriate to provide reasonable assurance that the annual financial statements fairly present in all material respects the financial position, performance and cash flows of the group and the company in accordance with the accounting standards.

OTHER RESPONSIBILITIES

Internal audit

The committee is responsible for overseeing the internal audit function and the appointment and remuneration of the chief audit executive. The committee was satisfied with the performance of the chief audit executive and the internal audit function, although areas for improvement were noted.

During the year, the committee:

- Reviewed and approved the group's internal audit plan, along with amendments thereto, the internal audit charter and budget, and satisfied itself that the plan makes provision for effectively addressing the critical risk areas of the business
- Monitored the progress internal audit made compared to the plan
- Reviewed internal audit's compliance with its charter and considered whether the internal audit function has the necessary resources, budget and standing in PPC to discharge its functions
- Ensured that the internal audit function is independent, adequately qualified and resourced, and that its scope of work and access to required information was not restricted

AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT continued

- Reviewed the extent to which the internal audit function has coordinated with other internal and external assurance providers in providing assurance coverage
- Reviewed the internal audit results and significant audit findings together with the relevant management comments and action plans as well as the results of internal audit's annual assessment of the effectiveness of internal controls

Overall, the internal audit function is performing well, with several improvements implemented over the past year. Improvements in collaboration between the teams in the various jurisdictions are being managed effectively thereby eliminating decentralisation of individual plans and improving standardisation in testing.

Combined assurance

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

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

Tax function

As a sub-set of its overall responsibility for financial reporting, the committee also has specific responsibility for the tax function. This function has been completely restructured and is starting to function more effectively with further improvements expected in the forthcoming financial year. The tax function has been assisted by an external firm of tax specialists, which will continue for at least another year.

Treasury function

The treasury function is responsible for managing key financial risks, including those related to interest rates, foreign exchange rates and liquidity. The function further manages and monitors ongoing financial exposures giving rise to these risks, and recommends appropriate hedging strategies to manage identified exposures.

Overall, the treasury function is organised and stable, effectively managing reporting and operational requirements and incorporating well-defined structures and clear communication. From a group perspective, the function made good progress to ensure debt is optimally structured and balanced. The function also continuously monitors debt maturities and financial risks and exposures to ensure that these are appropriately mitigated and addressed.

Looking ahead, it is critical that keyman dependencies are reduced within the team, documentation of key processes is refined, and transactional work currently maintained on spreadsheets is automated to reduce human error.

Risk management

The ARCC is responsible for overseeing the group's risk governance framework and policy, as well as a plan for risk management so as to assist the group in achieving its strategic goals. Furthermore, the committee oversees risk disclosure and reporting procedures.

In the prior year, the committee oversaw the adoption of a revised risk management policy and framework which aims to provide a clear and systematic approach across the group to the identification of risks and opportunities, the documentation of mitigating actions, and the allocation of clear accountability. More information on risk management can be found, in due course, in the integrated report.

The committee is satisfied with the progress made to date, specifically as it relates to improving and establishing the elements of governance around risk management, while embedding a culture of risk and opportunity management throughout the group.

The next stage in enhancing the new risk management system is to develop and implement a revised scoring system for each category and sub-category of risk, and to set risk appetites and risk indicators for each.

Information technology

The ARCC exercises ongoing oversight over IT management within PPC, and determines the direction for how IT is governed within the group.

Overall, the IT function is considered stable, with room for improvement. To enhance efficiencies within the group, the function is working with the component operations to review, streamline and automate processes and systems. The function remains updated with developments in technology and in the reskilling of its employees.

In general, the committee is satisfied with the governance around the group's IT function. It is monitoring progress against identified improvement areas and specifically, the major projects to improve the automation of financial and operating processes across the group.

Compliance with laws and regulations

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

Overall, the group legal and policy compliance function is making good progress in systemising compliance risk management, standardising policies and providing structured training and advice on compliance risk mitigation. With the introduction of a centralised compliance monitoring and reporting system, the successful entrenchment of a compliance culture throughout the group is anticipated.

The committee is satisfied that all relevant regulatory compliance matters were considered during the preparation of the group's FY21 annual financial statements.

CFO AND FINANCE FUNCTION

The committee satisfied itself on the effectiveness of the finance function as a whole as well as the qualifications of experience of the CFO. Ms Ronel van Dijk was the group CFO for the year ended 31 March 2021. The committee satisfied itself that Ms van Dijk is suitably qualified and experienced and has adequately discharged her duties. Subsequent to the year-end, on 1 April 2021, Ms Brenda Berlin assumed the role of group CFO. The FY21 annual financial statements have been prepared under the supervision of Ms Berlin and similarly, the committee has satisfied itself as to her qualifications and experience in enabling her to discharge this duty.

OPINION

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

On behalf of the ARCC

Mark Thompson
Chair

18 June 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2021

	Notes	March 2021 Rm	March 2020 Rm
ASSETS			
Non-current assets		**10 147**	13 522
Property, plant and equipment	2	**9 577**	12 277
Right-of-use assets	3.1	**68**	112
Goodwill	4	**38**	48
Other intangible assets	5	**194**	458
Equity-accounted investments	6	**–**	3
Financial assets	7.1	**196**	309
Other non-current assets	7.2	**50**	289
Deferred taxation assets	8.3	**24**	26
Current assets		**2 676**	3 389
Inventories	10	**1 111**	1 596
Trade and other receivables	11	**993**	1 281
Taxation receivable		**115**	114
Cash and cash equivalents	12	**457**	398
Assets held for sale and held by disposal groups	9.1	**2 984**	182
Total assets		**15 807**	17 093
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	13.1	**3 965**	3 965
Other reserves	13.2	**(2 731)**	225
Retained profit		**5 649**	3 590
Equity attributable to shareholders of PPC Ltd		**6 883**	7 780
Non-controlling interests	13.3	**(153)**	(227)
Total equity		**6 730**	7 553
Non-current liabilities		**2 855**	2 603
Provisions	14	**219**	446
Deferred taxation liabilities	8.3	**1 621**	1 255
Long-term borrowings	15	**983**	766
Lease liabilities	3.2	**32**	90
Other non-current liabilities	16	**–**	46
Current liabilities		**2 923**	6 937
Provisions	14	**30**	4
Trade and other payables	17	**1 167**	1 794
Lease liabilities	3.2	**28**	40
Short-term borrowings	15	**1 645**	5 034
Taxation payable		**30**	65
Other current liabilities	16	**23**	–
Liabilities associated with assets held for sale and disposal groups	9.2	**3 299**	–
Total equity and liabilities		**15 807**	17 093

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

as at 31 March 2021

	Notes	March 2021 Rm	March[a] 2020 Rm
Continuing operations			
Revenue	18	**8 938**	8 671
Cost of sales		**(6 877)**	(6 792)
Gross profit		**2 061**	1 879
Expected credit losses on trade receivables		**(3)**	(109)
Administration and other operating expenditure		**(1 007)**	(1 170)
Operating profit before items listed below:		**1 051**	600
Empowerment transactions IFRS 2 charges	19.3	**–**	(16)
Fair value and foreign exchange movements	20	**(376)**	151
Remeasurement gain on put option	16	**–**	251
Fair value gain on Zimbabwe financial asset	7.1.2	**256**	7
Fair value loss on Zimbabwe blocked funds	7.2.1	**(17)**	(258)
Expected credit loss on Zimbabwe government bonds		**–**	40
Net monetary (loss)/gain on hyperinflation in Zimbabwe	1.6	**(200)**	651
Reversal of impairments/(impairments)	21	**1 317**	(1 946)
Profit/(loss) before finance costs, investment income and equity-accounted investments		**2 031**	(520)
Finance costs	22	**(283)**	(349)
Investment income	23	**15**	9
Profit/(loss) before equity-accounted investments		**1 763**	(860)
Profit from equity-accounted investments	6	**2**	1
Profit/(loss) before taxation		**1 765**	(859)
Taxation	8.1	**(742)**	181
Profit/(loss) for the year from continuing operations		**1 023**	(678)
Loss for the year from discontinued operations	9.3	**(1 141)**	(1 710)
Loss for the year		**(118)**	(2 388)
Attributable to:			
Shareholders of PPC Ltd – continuing operations		**983**	(652)
Shareholders of PPC Ltd – discontinued operations		**(794)**	(1 220)
Non-controlling interests		**(307)**	(516)
		(118)	(2 388)
Earnings/(loss) per share (cents)	24.4		
Basic – group		**12**	(124)
Diluted – group		**13**	(124)
Basic – continuing operations		**65**	(43)
Diluted – continuing operations		**65**	(43)
Basic – discontinued operations		**(53)**	(81)
Diluted – discontinued operations		**(52)**	(81)

[a] *The 2020 comparative figures have been represented to disclose discontinued operations separately. Refer to note 9.*

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2021

	Foreign currency translation reserve		Financial assets at fair value through other comprehensive income (FVTOCI)		Retained profit		Total comprehensive loss	
	March 2021 Rm	March 2020 Rm	**March 2021 Rm**	March 2020 Rm	**March 2021 Rm**	March 2020 Rm	**March 2021 Rm**	March 2020 Rm
Loss for the year	**–**	–	**–**	–	**(118)**	(2 388)	**(118)**	(2 388)
Items that will be reclassified to profit or loss on disposal								
Translation of foreign operations[a]	**(3 101)**	(2 144)	**–**	–	**–**	–	**(3 101)**	(2 144)
Revaluation of financial assets[b]	**–**	–	**(2)**	(2)	**–**	–	**(2)**	(2)
Other comprehensive loss net of taxation	**(3 101)**	(2 144)	**(2)**	(2)	**–**	–	**(3 103)**	(2 146)
Total comprehensive loss	**(3 101)**	(2 144)	**(2)**	(2)	**(118)**	(2 388)	**(3 221)**	(4 534)
Attributable to:								
Shareholders of PPC Ltd – continuing operations	**(3 065)**	(2 139)	**(2)**	(2)	**983**	(652)	**(2 084)**	(2 793)
Shareholders of PPC Ltd – discontinued operations	**–**	–	**–**	–	**(794)**	(1 220)	**(794)**	(1 220)
Non-controlling interests	**(36)**	(5)	**–**	–	**(307)**	(516)	**(343)**	(521)

[a] *The currency conversion guide is presented in note 1.5.*
[b] *Revaluation of financial assets has tax impact of R0,6 million (2020: R0,5 million).*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2021

	Stated capital Rm	Other reserves[a] Foreign currency translation reserve[b] Rm	Other reserves[a] Financial assets at FVTOCI Rm	Other reserves[a] Equity compen-sation reserve Rm	Retained profit Rm	Equity attributable to share-holders of PPC Ltd Rm	Non-controlling interests Rm	Total equity Rm
March 2021								
Balance at 31 March 2020	3 965	(568)	(2)	795	3 590	7 780	(227)	7 553
Movement for the year	–	(3 065)	(2)	111	2 059	(897)	74	(823)
IFRS 2 charges	–	–	–	21	–	21	–	21
Other movement	–	–	–	(24)	14	(10)	–	(10)
Reclassification of non-controlling interest on put option	–	–	–	–	(422)	(422)	422	–
Zimbabwe hyperinflation impact[c]	–	–	–	114	2 278	2 392	–	2 392
Total comprehensive income/(loss)[d]	–	(3 065)	(2)	–	189	(2 878)	(343)	(3 221)
Dividends declared	–	–	–	–	–	–	(5)	(5)
Balance at 31 March 2021	3 965	(3 633)	(4)	906	5 649	6 883	(153)	6 730
March 2020								
Balance at 31 March 2019	3 936	1 571	–	624	2 767	8 898	294	9 192
IFRS 2 charges	–	–	–	59	–	59	–	59
Vesting of forfeitable share incentive scheme (FSP) share incentive scheme	29	–	–	(29)	–	–	–	–
Other movement	–	–	–	(32)	32	–	–	–
Zimbabwe hyperinflation impact	–	–	–	173	2 663	2 836	–	2 836
Total comprehensive loss	–	(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

[a] Description of other equity reserves:
The foreign currency translation reserve includes exchange differences arising on monetary items that form part of PPC's net investment in a foreign operation.
Financial assets at FVTOCI include fair value changes and impairment adjustments on FVTOCI 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 FSP and Broad-based black economic empowerment (B-BBEE) transactions.
[b] An amount of R102 million will be recycled through profit or loss in FY22 when control is lost over PPC Barnet DRC.
[c] Refer to note 1.6 for the hyperinflation impact on PPC Zimbabwe.
[d] The reduction in the foreign currency translation reserve is due to the devaluation of the ZWL against the ZAR.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2021

	Notes	March 2021 Rm	March[a] 2020 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	25.1	**1 375**	728
Finance costs paid	22.1	**(219)**	(316)
Taxation paid	8.2	**(134)**	(139)
Cash available from operations		**1 022**	273
Net operating activities from discontinued operations		**342**	190
Net cash inflow from operating activities		**1 364**	463
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in intangible assets	5	**(16)**	(18)
Investment in property, plant and equipment (adjusted for capital expenditure accruals)	2	**(367)**	(552)
Proceeds from disposal of property, plant and equipment		**10**	8
Net investing activities from discontinued operations		**(19)**	(100)
Net cash outflow from investing activities		**(392)**	(662)
Net cash inflow/(outflow) before financing activities		**972**	(199)
CASH FLOWS FROM FINANCING ACTIVITIES[B]			
Repayment of borrowings	25.2	**(538)**	–
Proceeds from borrowings raised	25.2	**250**	152
Repayment of lease liabilities	3.4	**(39)**	(32)
Dividends paid to non-controlling interest		**(5)**	–
Net financing activities from discontinued operations		**(5)**	(1)
Net cash outflow from financing activities		**(337)**	119
Net movement in cash and cash equivalents		**635**	(80)
Cash and cash equivalents at the beginning of the year		**398**	452
Effect of exchange rate movements on cash and cash equivalents – continuing operations		**(148)**	11
Effect of exchange rate movements on cash and cash equivalents – discontinued operations		**(15)**	15
Cash and cash equivalents at the end of the year		**870**	398
Cash and cash equivalents comprise			
Cash and cash equivalents – continuing operations	12	**457**	398
Cash and cash equivalents – discontinued operations	9	**413**	–
Group cash and cash equivalents at the end of the year		**870**	398

[a] *The 2020 comparative figures have been represented to disclose discontinued operations separately. Refer to note 9.*

[b] *During the period the favourable non-cash changes on borrowings amounted to R710 million, (March 2020: unfavourable R638 million) arising from unrealised foreign exchange differences. Refer to note 1.5 for the relevant currency conversions.*

SEGMENTAL INFORMATION

for the year ended 31 March 2021

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

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

			Cement			
	Consolidated		South Africa and Botswana		International[a]	
	March 2021 Rm	March 2020 Rm	**March 2021 Rm**	March 2020 Rm	**March 2021 Rm**	March 2020 Rm
Revenue						
Gross revenue	**9 140**	8 866	**5 398**	5 038	**2 751**	2 797
Inter-segment revenue[c]	**(202)**	(195)	**(202)**	(195)	**–**	–
Total revenue[d]	**8 938**	8 671	**5 196**	4 843	**2 751**	2 797
Operating profit before items listed below	**1 051**	600	**587**	215	**638**	662
Empowerment transactions IFRS 2 charges	**–**	(16)	**–**	–	**–**	(1)
Fair value and foreign exchange (losses)/gains	**(376)**	151	**4**	(19)	**(260)**	(78)
Remeasurement gain on put option	**–**	251	**–**	–	**–**	–
Fair value gain on Zimbabwe financial asset	**256**	7	**–**	–	**256**	7
Fair value loss on Zimbabwe blocked funds	**(17)**	(258)	**–**	–	**–**	–
Expected credit loss on Zimbabwe blocked funds	**–**	40	**–**	–	**–**	–
Net monetary (loss)/gain on hyperinflation in Zimbabwe	**(200)**	651	**–**	–	**(200)**	651
Reversals of impairments/(impairments)	**1 317**	(1 946)	**1 450**	(1 819)	**2**	–
Profit/(loss) before finance costs, investment income and equity-accounted investments	**2 031**	(520)	**2 041**	(1 623)	**436**	1 241
Finance costs	**(283)**	(349)	**(234)**	(235)	**(122)**	(149)
Investment income	**15**	9	**158**	78	**5**	3
Profit/(loss) before equity-accounted earnings	**1 763**	(860)	**1 965**	(1 780)	**319**	1 095
Earnings from equity-accounted investments	**2**	1	**–**	–	**–**	–
Profit/(loss) before taxation	**1 765**	(859)	**1 965**	(1 780)	**319**	1 095
Taxation	**(742)**	181	**(570)**	454	**(199)**	(252)
(Loss)/profit for the year from continuing operations	**1 023**	(678)	**1 395**	(1 326)	**120**	843
Loss for the year from discontinued operations	**(1 141)**	(1 710)	**–**	–	**(1 098)**	(1 752)
Profit/(loss) for the year	**(118)**	(2 388)	**1 395**	(1 326)	**(978)**	(909)
Attributable to:						
Shareholders of PPC Ltd – continuing operations	**983**	(652)	**1 395**	(1 326)	**80**	869
Shareholders of PPC Ltd – discontinued operations	**(794)**	(1 220)	**–**	–	**(751)**	(1 262)
Non-controlling interests	**(307)**	(516)	**–**	–	**(307)**	(516)
	(118)	(2 388)	**1 395**	(1 326)	**(978)**	(909)
Basic – continuing operations	**65**	(43)	**93**	(88)	**5**	57
Basic – discontinued operations	**(53)**	(81)	**–**	–	**(50)**	(82)
Depreciation and amortisation	**547**	781	**279**	398	**165**	261
EBITDA[f]	**1 598**	1 381	**866**	613	**803**	923
EBITDA margin (%)[f]	**17,9**	15,9	**16,7**	12,7	**29,2**	33,0
Assets						
Non-current assets (excluding equity-accounted investments)	**10 147**	13 519	**4 378**	2 908	**6 137**	9 645
Equity-accounted investments	**–**	3	**–**	–	**–**	–
Assets held for sale and held by disposal groups	**2 984**	182	**–**	–	**2 439**	182
Current assets	**2 676**	3 389	**1 324**	1 250	**1 149**	1 596
Total assets	**15 807**	17 093	**5 702**	4 158	**9 725**	11 423
Investments in property, plant and equipment and intangibles (refer to notes 2 and 5)	**396**	572	**251**	311	**108**	180
Liabilities						
Non-current liabilities	**2 855**	2 603	**652**	112	**4 967**	5 464
Liabilities associated with assets held for sale and disposal groups	**3 299**	–	**–**	–	**3 114**	–
Current liabilities	**2 923**	6 937	**2 129**	2 467	**499**	4 047
Total liabilities	**9 077**	9 540	**2 781**	2 579	**8 580**	9 511
Capital commitments (refer to note 26)	**144**	485	**27**	155	**101**	269

SEGMENTAL INFORMATION continued

for the year ended 31 March 2021

Materials business					
Lime		Aggregates and readymix		Group services and other[b]	
South Africa		South Africa and Botswana			
March 2021 Rm	March 2020 Rm	March 2021 Rm	March 2020 Rm	March 2021 Rm	March 2020 Rm
–	–	991	1 031	–	–
–	–	–	–	–	–
–	–	991	1 031	–	–
–	–	(84)	(77)	(90)	(200)
–	–	–	–	–	(15)
–	–	(1)	–	(119)	248
–	–	–	–	–	251
–	–	–	–	–	–
–	–	–	–	(17)	(258)
–	–	–	–	–	40
–	–	–	–	–	–
–	–	(135)	(127)	–	–
–	–	(220)	(204)	(226)	66
–	–	(26)	(6)	99	41
–	–	13	8	(161)	(80)
–	–	(233)	(202)	(288)	27
–	–	–	–	2	1
–	–	(233)	(202)	(286)	28
–	–	24	8	3	(29)
–	–	(209)	(194)	(283)	(1)
(33)	37	2	5	(12)	–
(33)	37	(207)	(189)	(295)	(1)
–	–	(209)	(194)	(283)	(1)
(33)	37	2	5	(12)	–
–	–	–	–	–	–
(33)	37	(207)	(189)	(295)	(1)
–	–	(14)	(12)	(19)	–
(2)	1	–	–	(1)	–
–	–	76	81	27	41
–	–	(8)	4	(63)	(159)
–	–	–	0,4		
–	312	240	466	(608)	188
–	–	–	–	–	3
467	–	78	–	–	–
–	240	221	296	(18)	7
467	552	539	762	(626)	198
9	29	10	28	18	24
–	19	289	352	(3 053)	(3 344)
147	–	38	–	–	–
–	95	184	186	111	142
147	114	511	538	(2 942)	(3 202)
–	–	1	52	15	9

[a] *International comprises Zimbabwe, Rwanda, DRC, Mozambique and cross-border sales from Southern Africa.*
[b] *Group shared services and other comprises group shared services, BEE entities and group eliminations.*
[c] *Segments are disclosed net of inter-segment transactions.*
[d] *Revenue from external customers generated by the group's material foreign operations is as follows:*
Botswana R432 million (2020: R509 million)
DRC R766 million (2020: R607 million)
Rwanda R1 128 million (2020: R936 million)
Zimbabwe R1 623 million (2020: R1 861 million)
[e] *EBITDA is defined as operating profit before empowerment transactions IFRS 2 charges, depreciation and amortisation.*
[f] *EBITDA margin is defined as EBITDA divided by total revenue.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2021

1. BASIS OF PREPARATION

The consolidated financial statements of PPC Ltd group comprise the company and its subsidiaries and the group's interest in associates (together referred to as the group and individually as group entities). The consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB), and Interpretations issued by the IFRS Interpretations Committee (IFRIC) and effective for the group at 31 March 2021 and comply with the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Johannesburg Stock Exchange (JSE) Listings Requirements and the requirements of the South African Companies Act. The 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 which are measured at fair value less costs to sell.

These group consolidated financial statements have been prepared under the supervision of B Berlin CA(SA), CFO, and were approved by the board of directors on Friday, 18 June 2021. The directors take full responsibility for the preparation of these consolidated annual financial statements.

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

Standard, amendment or interpretation	Impact on the financial statements
Amendments to IFRS 3 *Definition of a business*	No significant impact on the group financial statements
Amendments to IAS 1 and IAS 8 *Definition of material*	No significant impact on the group financial statements
The Conceptual Framework for Financial Reporting	No significant impact on the group financial statements
Amendments to IFRS 9, IAS 39 and IFRS 7 *Interest rate benchmark reform*	No significant impact on the group financial statements
COVID-19-related rent concessions (Amendment to IFRS 16)	No significant impact on the group financial statements

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

1.1 Basis of consolidation

The group consolidates all of its subsidiaries. Refer to Subsidiaries and non-controlling interests note 33 for details about the group subsidiaries.

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

All subsidiaries, with the exception of CIMERWA and the PPC Barnet DRC entities, have the same financial year-end as the company. The financial year-end of the respective DRC incorporated entities is December which is prescribed by local legislation, while CIMERWA has a September financial year-end. For the purpose of preparing these consolidated financial statements, an external audit has been performed on the financial results of these two entities for the year ended 31 March 2021.

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

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (refer to note 6) after initially being recognised at cost.

Management accounts together with the financial statements are used to align earnings of equity-accounted investments, noting that both Habesha Cement Share Company as well as Olegra Oil (Pty) Ltd have a different year-end to that of the group, being December and February respectively.

1.2 Accounting policies

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

1. BASIS OF PREPARATION continued

1.3 Significant judgements made by management and sources of estimation uncertainty

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

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

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

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

Significant judgements made by management
PPE (note 2)
Costs to be capitalised to a project (including exploration evaluation)
Commissioning date
Impairment assessments
Nil book value assets

Goodwill (note 4)
Impairment assessments

Impairments (note 21)
CGU determination

Investment in Zimbabwe blocked funds and financial assets (note 7)
Recoverability and valuation of the asset

Deferred taxation assets (note 8)
Recoverability of the deferred taxation assets arising from taxation losses

Sources of estimation uncertainty
PPE (note 2)
Decommissioning provisions
Useful lives and residual values
Impairment assessments

Goodwill (note 4)
Impairment assessments

Provisions (note 14)
Calculation of the decommissioning and rehabilitation obligations

Financial asset and other non-current assets (note 7)
Recoverability and valuation of financial assets

Other non-current liabilities (note 16)
Put option liability valuation

Trade and other receivables (note 11)
Expected credit losses of trade and other receivables

Inventories (note 10)
Provision for obsolete inventory

Other intangible assets (note 5)
Reserves estimates
Useful lives

Assets classified as held for sale and disposal groups (note 9)
PPC Barnet DRC, Botswana Aggregates, PPC Lime and PPC Zimbabwe assets reflected as non-current assets held for sale

Share-based payments (note 19)
Fair value of cash and equity-settled instruments

Equity-accounted investments (note 6)
Valuation of equity-accounted investments

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

1. BASIS OF PREPARATION continued

1.4 Going concern

The directors have considered whether the group can continue as a going concern in the foreseeable future and concluded that it can, taking into account all the considerations mentioned in note 35. On that basis, these consolidated annual financial statements have been prepared on the going concern basis.

Refer to note 35 for the detailed going concern assessment.

1.5 Foreign currency conversion guide

Functional and presentation currency

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

Translation of foreign operations

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

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

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

Approximate value of foreign currencies relative to the rand.

	Average rate		Closing rate	
	2021	2020	**2021**	2020
Botswana pula	**1.42**	1.36	**1.33**	1.49
US dollar	**16.26**	14.83	**14.77**	17.78
Rwandan franc	**0.02**	0.02	**0.01**	0.02
Mozambican metical	**0.23**	0.24	**0.22**	0.26
Zimbabwean dollar (ZWL)	**0.18**	0.71	**0.18**	0.71

1. BASIS OF PREPARATION continued

1.6 IAS 29 *Financial reporting in hyperinflationary economies*

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

The PPC group 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 had further escalated on average above 500 % by the end of August 2019
- There was significant deterioration in the interbank ZWL exchange rate during the period. Trading commenced at a closing interbank rate of ZWL2,5 to US$1 during February 2019, compared to a rate of ZWL25 to US$1 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 (ZSE) as well as using excess funds to acquire other entities in order to preserve value
- The economy in Zimbabwe remained hyperinflationary during the 2021 financial year with year-on-year inflation reaching 241 % as at 31 March 2021

Application of hyperinflationary accounting

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

Hyperinflationary accounting requires transactions and balances to be stated in terms of the measuring unit current at the end of the reporting period in order to account for the effect of loss of purchasing power during the period. The group uses the ZCPI as the general price index to restate amounts as 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 re-stated to reflect the change in the general price index from 1 April 2019 (date of application of IAS 29 *Financial reporting in hyperinflationary economies*) to the end of the reporting period. An impairment loss is recognised in profit or loss if the remeasured amount of a non-monetary item exceeds its estimated recoverable amount. No adjustment has been made for those non-monetary assets and liabilities carried at fair value. Gains or losses on the net monetary position have been recognised in the statement of profit or loss. All items recognised in the income statement are restated by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred unless they relate to items already accounted for at fair value, with the corresponding adjustment presented in the statement of profit or loss. All components of equity are restated by applying a general price index from the beginning of the period or the date of contribution, if later. All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

The economy of Zimbabwe was assessed to be hyperinflationary effective 1 July 2019. IAS 29 *Financial reporting in hyperinflationary economies* states that hyperinflation is applicable for an entity from the beginning of the reporting period in which it identifies hyperinflation. PPC group therefore adopted hyperinflation accounting from 1 April 2019. PPC group did not restate the prior year results as PPC reports in a stable currency. PPC Zimbabwe's hyperinflated results were converted at the closing rate on 31 March 2021.

During the current year, the impact of IAS 29 *Financial reporting in hyperinflationary economies* impact resulted in an uplift for net asset value and a loss for the year of R3 058 million (2020: R3 593 million) and R225 million (2020: profit R757 million) respectively. The results, net assets and cash flows were translated from ZWL to ZAR at a closing rate of ZWL1 to R0,1764 (2020: R0,71106).

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

1. BASIS OF PREPARATION continued

1.6 IAS 29 *Financial reporting in hyperinflationary economies* continued

Application of hyperinflationary accounting continued

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

Date	Base year	General price index	Inflation rate
3/31/2021	2019	**2 759.8**	**240.6**

Hyperinflation impact	31 March 2021 Including hyperinflation Rm	31 March 2021 Hyperinflation adjustment Rm	31 March 2021 Excluding hyperinflation Rm
Statement of profit or loss			
Revenue	8 938	367	8 571
EBITDA[(a)]	1 598	136	1 462
Profit for the year from continuing operations	1 023	(225)	1 248
Earnings per share (cents)			
Basic – continuing operations	65	(15)	80
Diluted – continuing operations	65	(15)	80
Statement of financial position			
PPE	9 577	3 719	5 858
Right-of-use assets	68	1	67
Other intangible assets	194	10	184
Inventories	1 111	195	916
Trade and other receivables	993	25	968
Retained profit	5 649	5 472	177
Total comprehensive income /(loss)	189	(225)	414
Other movement	14	–	14
Reclassification of non-controlling interest on put option	(422)	–	(422)
Opening balances	5 868	5 697	171
Other Reserves	(2 731)	(2 414)	(317)
Equity Compensation Reserve	906	289	617
Financial assets at FVTOCI	(4)	–	(4)
FCTR	(3 633)	(2 703)	(930)
Long-term provisions	219	11	208
Short-term provisions	30	–	30
Deferred taxation liabilities	1 621	882	739

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

2. PPE

Items of 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 appropriate
Mineral rights	Straight line	Up to 30 years, limited to life of mine where appropriate
Plant	Straight line	Up to 35 years, limited to life of mine where appropriate
Vehicles	Straight line	Up to 10 years
Furniture and equipment	Straight line	Up to 6 years
Leasehold improvements	Straight line	Written off over the lease period or a shorter period if appropriate
Decommissioning asset	Straight line	Up to 30 years, limited to life of mine where appropriate
Capitalised leased plant	Straight line	Written off over the lease period or a shorter period if appropriate

[a] *Mineral rights comprise capitalised exploration and evaluation costs*

Judgements made by management and sources of estimation uncertainty

Cost capitalisation

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

The cost of an item of PPE 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.

Exploration and evaluation costs

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

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

Decommissioning assets and provisions

The cost of 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

2. PPE continued

Judgements made by management and sources of estimation uncertainty continued

Useful lives and 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.

In line with the requirements of IAS 16 *Property, plant and equipment*, 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 *Accounting policies, changes in accounting estimates and errors* 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. At that time they will be derecognised from the fixed assets register.

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

During the year, the group reassessed the useful lives of its PPE as required by IAS 16 *Property, plant and equipment*. The useful lives of the assets were adjusted to reflect more appropriately the pattern of the consumption of the future economic benefits embodied in the assets concerned. In accordance with IAS 16 *Property, plant and equipment*, this reassessment represents a change in an accounting estimate and is therefore applied prospectively in terms of IAS 8 *Accounting policies, changes in accounting estimates and errors*. The impact of the change in applying the adjusted useful lives for the year ended 31 March 2021 is a decrease in the depreciation expense of R10 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 are 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 standards
- The plant has been turned over to operations from the construction team
- A specified percentage of design capacity for the plant has been achieved over a continuous period
- The ability to produce the product in a saleable form and within specifications (in accordance with regulatory specifications)
- The ability to sustain ongoing production over a certain period

2. PPE continued

Judgements made by management and sources of estimation uncertainty continued

Commissioning date continued

	Freehold and leasehold land, buildings and mineral rights[(a)] Rm	Decommissioning assets Rm	Plant, vehicles, furniture and equipment Rm	Total Rm
March 2021				
Cost	2 874	353	14 467	17 694
Accumulated depreciation and impairments	(770)	(91)	(7 256)	(8 117)
	2 104	262	7 211	9 577
Movements during the year				
Net carrying value at the beginning of the year	2 966	409	8 902	12 277
Additions	18	11	358	387
To enhance existing operations	14	6	257	277
To expand operations	4	5	101	110
Depreciation	(72)	(6)	(573)	(651)
Disposals	(1)	–	(12)	(13)
(Impairments)/impairment reversals (refer to note 21)	(283)	(6)	935	646
Other movements[(b)]	105	13	(76)	42
Hyperinflation impact[(c)]	763	157	1 789	2 709
Transfer to assets held for sale and held by disposal groups (refer to note 9)	(524)	(16)	(1 081)	(1 621)
Translation differences	(868)	(300)	(3 031)	(4 199)
Net carrying value at the end of the year	2 104	262	7 211	9 577

	Cost Rm	Accumulated depreciation Rm	Net carrying value Rm
Translation differences comprise:			
Botswana	(15)	12	(3)
Rwanda	(491)	171	(320)
DRC	(797)	362	(435)
Zimbabwe[(d)]	(5 190)	1 749	(3 441)
Mozambique	(1)	1	–
Total	(6 494)	2 295	(4 199)

[(a)] *Mineral rights comprise capitalised exploration and evaluation costs.*

[(b)] *Other movements include:*

– reclassification of assets between different categories.

– movement in the remeasurement of the decommissioning assets (refer to note 14).

– a reallocation of R4 million to Intangible assets included under work in progress in the prior year (plant, vehicles, furniture and equipment category).

– reclassification of critical spares from inventory of R22 million.

– R11 million under work in progress that has not met the capitalisation criteria and was expensed in the statement of profit or loss.

[(c)] *Hyperinflation resulted in a R3 179 million uplift of the carrying amount of PPE, which comprise:*

	Rm
Hyperinflation impact included in opening balance	*4 037*
Additions	*15*
Depreciation	*(7)*
Hyperinflation impact on current year	*2 709*
Translation differences	*(3 035)*
Net impact	*3 719*

[(d)] *As a result of a significant devaluation of the ZWL against the ZAR, from March 2020 to March 2021, of ZAR:ZWL 0,711 to 0,18, the group recognised a R3 billion decrease in the net carrying value of PPE which is included in translation differences.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

2. PPE continued

Judgements made by management and sources of estimation uncertainty continued

Commissioning date continued

	Freehold and leasehold land, buildings and mineral rights[(a)] Rm	Decommissioning assets Rm	Plant, vehicles, furniture and equipment Rm	Total Rm
March 2020				
Cost	4 165	507	19 947	24 619
Accumulated depreciation and impairments	(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	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 21)	(238)	–	(2 529)	(2 767)
Other movements	102	143	(125)	120
Hyperinflation impact	883	224	2 965	4 072
Transfer to assets held for sale and held by disposal groups (refer to note 9)	(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

[(a)] *Mineral rights are capitalised exploration and evaluation costs.*

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

	March 2021 Rm	March 2020 Rm
Carrying amount of assets pledged as security:		
PPC Cement SA	**2 202**	–
DRC[(a)]	**–**	2 798
Rwanda	**1 164**	1 591
Zimbabwe	**3 955**	4 608
	7 321	8 997

[(a)] *Transferred to assets held for sale and held by disposal groups. Refer to note 9.*

2. PPE continued

Judgements made by management and sources of estimation uncertainty continued

Commissioning date continued

The Slurry expansion project was completed during the current financial year and an amount of R130 million was transferred from work in progress to PPE.

Other information

The cost of land included in freehold and leasehold land, buildings and mineral rights amount to R197 million (2020: R158 million).

Judgements made by management and sources of estimation uncertainty

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

Impairment of an individual asset – mineral right asset

PPC Cement SA has impaired a mineral right asset of R3 million in the current year (2020 impairment of individual assets: R17 million). PPC Cement SA will no longer accrue any economic benefits (or future cash flows) inherent in the asset either through use or sale resulting in a recoverable amount of nil.

Impairment and impairment reversal considerations

Impairment losses have been recognised on plant and equipment where the carrying value exceeded the recoverable amount. Impairments previously recognised on plant and equipment have been reversed where the recoverable amount exceeded the carrying amount. The reversals were limited to what the carrying amount would have been had it not been impaired previously. Refer to note 21 for more information on impairment of CGUs.

	March 2021 Rm	March[a] 2020 Rm
Cash flow from investment in PPE		
Acquisition of PPE	**361**	496
Movement in capital expenditure payables (refer to note 17)	**6**	56
	367	552

[a] *The 2020 comparative figures have been represented to disclose discontinued operations separately. Refer to note 9.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

3. LEASES

In the capacity of a lessee

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

3.1 Right-of-use assets

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

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

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

The lease term determined by the group comprises:

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

3. LEASES continued

3.1 Right-of-use assets continued

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

	Property and plant Rm	Vehicles Rm	Land Rm	Buildings Rm	Total Rm
March 2020					
Cost	35	24	21	72	152
Accumulated depreciation and impairments	(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, kilometres travelled or output. These leases provide greater flexibility in terms of usage, such as for certain types of trucks and vehicles where operating levels depend on production capacity and demand.

In 2013, the company signed a ten-year lease for its head office and this lease comprises the majority of the buildings classification. The lease contained annual escalations of 8% for the offices and an operating costs annual escalation of 10,5%. The lease had a five-year renewal period with an initial renewal escalation rate at the prevailing market rate. During the financial year the company renegotiated the terms of the lease and the result of the lease renegotiation is as follows:

- The lease term for the renegotiated lease expires in December 2023 as per the original agreement. There is no option to renew.
- Monthly rentals per square metre were reduced.
- Square metres occupied were reduced by approximately 77%.
- Annual escalations fixed at 8% for the lease payments and operating costs.
- An upfront payment of R23 million made to exit the original lease agreement.

A gain of R10 million has been recognised in the statement of profit or loss as a result of the lease modification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

3. LEASES continued

3.2 Lease liabilities

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

The assessment of the lease term is reviewed if a significant event or a significant change in circumstances occurs 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 2020. This incremental borrowing rate was derived from the external third-party borrowing rate of the particular group entity.

	March 2021 Rm	March 2020 Rm
Net carrying value at the beginning of the year	130	–
Recognised on adoption of IFRS 16 on 1 April 2019	–	133
New leases capitalised during the year	–	30
Modification of existing leases – gain	(10)	–
Modification of existing leases – decrease in right-of-use asset	(1)	
Lease payments made during the year[(a)]	(53)	(47)
Finance costs	10	14
Translation differences	(1)	
Transfer to assets held for sale and held by disposal groups (refer to note 9)	(15)	–
Net carrying value at the end of the year	**60**	130
Non-current lease liabilities	32	90
Current lease liabilities	28	40
	60	130
Maturity analysis – undiscounted contractual cash flows		
Less than one year	35	54
One to five years	33	104
	68	158
Breakdown of lease payments		
Fixed payments	45	36
Variable payments	2	11
Total payments	**47**	47

3.3 Amounts recognised in statement of profit or loss[(b)]

	March 2021 Rm	March 2020 Rm
Depreciation on right-of-use asset	34	34
Interest expense on lease liabilities	8	12
Expenses relating to leases of low-value assets[(c)]	–	1
Expenses relating to short-term leases[(c)]	12	3
Modification of existing leases	(10)	–
Right-of-use asset impairment[(d)]	6	–
Net effect	**50**	50

(a) Lease payments made during the year include R23 million cancellation fee as a result of lease renegotiation. Included in the R53 million lease payments is R5 million relating to discontinued operations.
(b) The note has been represented to exclude the discontinued operations (Refer to note 9)
(c) These expenses relate to rental expenses that do not meet the IFRS 16 recognition criteria.
(d) This excludes right-of-use asset impairment of R2 million relating to the DRC that has been transferred to discontinued operations.

3.4 Amounts recognised in the statement of cash flow

The total cash outflow for leases accounted for in terms of IFRS 16 in 2021 was R47 million (2020: R47 million), including R8 million (2020: R14 million) for finance costs, resulting in a net cash outflow for lease payments of R39 million (2020: R32 million). Included in cash flows from operating activities is R12 million (2020: R4 million) relating to short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability.

4. GOODWILL

	March 2021 Rm	March 2020 Rm
Cost	**326**	351
Accumulated impairments	**(288)**	(303)
	38	48
Movements of goodwill		
Net carrying value at the beginning of the year	**48**	245
Impairments (refer to note 21)	**–**	(205)
Translation differences	**(10)**	8
Net carrying value at the end of the year	**38**	48
Goodwill, net of impairments, is allocated to the following CGUs:		
CIMERWA[(a)]	**38**	48
	38	48

[(a)] *The decrease in the goodwill of CIMERWA is due to the exchange rate fluctuation between the Rwf and ZAR*

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

CIMERWA
The recoverable amount for this CGU of R2 520 million (2020: R3 103 million) was determined based on a value-in-use assessment, using cash flow projections based on financial forecasts approved by the board and over a five-year valuation period.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

5. OTHER INTANGIBLE ASSETS

	Rights to mineral asset use Rm	ERP development and other software Rm	Brand, trademarks and customer relationships Rm	Total Rm
2021				
Cost	53	439	528	1 020
Accumulated amortisation and impairments	(8)	(352)	(466)	(826)
	45	87	62	194
Movements during the year				
Net carrying value at the beginning of the year	228	94	136	458
Additions	–	9	–	9
Amortisation	(2)	(18)	(27)	(47)
(Impairments)/impairment reversals (refer to note 21)	(48)	1	(35)	(82)
Hyperinflation impact[a]	–	8	–	8
Other movements	(2)	4	–	2
Transfer to assets held for sale and held by disposal groups (refer to note 9)	(96)	–	–	(96)
Translation differences	(35)	(11)	(12)	(58)
Net carrying value at the end of the year	45	87	62	194
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	184	106	259	549
Additions	6	14	–	20
Amortisation	(2)	(27)	(37)	(66)
Hyperinflation impact	–	12	–	12
Impairments	–	(7)	(95)	(102)
Other movements	3	(5)	–	(2)
Translation differences	37	1	9	47
Net carrying value at the end of the year	228	94	136	458

[a] *Hyperinflation resulted in a R10 million uplift of the carrying amount of other intangible assets, which comprise:*

	Rm
Hyperinflation impact included in opening balance	*12*
Amortisation	*(1)*
Hyperinflation impact on current year	*8*
Translation differences	*(9)*
Net impact	*10*

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.

5. OTHER INTANGIBLE ASSETS continued

Judgements made by management and sources of estimation uncertainty continued

Reserves estimates continued

Useful lives	Method	Rate
Mineral rights	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

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 estimates in the current financial year.

Brand, trademarks and customer relationships

Included in brand, trademarks and customer relationships are brands and trademarks of R60 million (2020: R125 million), contracted and non-contracted customer relationships of R2 million (2020: R11 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. Management assessed all brands, trademarks and customer relationships for impairment, and impaired brands and customer relationships in readymix to the value of R34 million and brands in PPC Zimbabwe for R1 million (refer to note 21).

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

6. EQUITY-ACCOUNTED INVESTMENTS

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

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

Name	Nature of business	Principal place of business	Shareholding 2021 %	Financial year-end	Carrying value, including loans advanced 2021 Rm	2020 Rm
Incorporated in South Africa						
Olegra Oil (Pty) Ltd	Used oil collection and filling station	South Africa	–	February	**–**	3
Incorporated in Ethiopia						
Habesha Cement Share Company	Cement manufacturer	Ethiopia	37.67	December	**–**	–
					–	3
Equity-accounted investments						
Investments at cost at the beginning of the year					**3**	3
Share of retained profit:					**1**	–
Share of current year's profit[(a)]					**2**	1
Share of associate dividend[(b)]					**(1)**	(1)
Disposal of equity-accounted investment[(b)]					**(4)**	–
Investment at the end of the year					**–**	3

[(a)] *Share of current year's net profit is made up of zero from Habesha and a profit of R2 million (2020: R1 million) from Olegra.*

[(b)] *The share of associate dividend relates to Olegra and is included in investment income. On 31 March 2021, the group disposed of its equity-accounted investment in Olegra for an amount of R5,5 million.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

6. EQUITY-ACCOUNTED INVESTMENTS continued

At year-end, Habesha Cement Share Company (Habesha) comprises the group's only investment in equity-accounted investments. Therefore only the valuation methodology and assumptions relating to the investment are disclosed.

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

During the year, the group purchased an option for US$1.5 million to increase its stake in Habesha by 13% through a new share issue for cash at a fair value determined by Habesha's auditor. The option proceeds were to be used by Habesha to, amongst other things, appoint a financial adviser to restructure the business. The option was not exercised by the PPC group and expired on 31 March 2021.

The investment in Habesha is zero at 31 March 2021 due to the recognition of PPC's share of losses. The cumulative unrecognised share of losses at 31 March 2021 is:

	31 March 2021	31 March 2021
Habesha		
Unrecognised net loss for March 2021	(238)	–
Unrecognised net loss for March 2020	(168)	(168)
Unrecognised net loss for March 2019	(55)	(55)
Total comprehensive loss	(461)	(223)

	Habesha Cement Share Company	
	31 March 2021	31 March 2020
Key financial information of material associates		
Revenue	515	364
Loss for the year	(632)	(445)
Other comprehensive income	1	1
Total comprehensive income	(631)	(444)
Non-current assets	1 349	1 937
Current assets	214	367
Non-current liabilities	1 717	1 979
Current liabilities	325	529
Net assets	(479)	(204)

7. OTHER NON-CURRENT ASSETS

		Notes	March 2021 Rm	March 2020 Rm
7.1	**Financial assets**			
	Non-current financial assets at FVTPL			
	Unlisted collective investment	7.1.1	**129**	143
	PPC Zimbabwe financial asset	7.1.2	**57**	161
	Cell captive investment	7.1.3	**7**	–
	Total non-current financial assets at FVTPL		**193**	304
	Non-current financial assets at FVTOCI			
	Investment in Old Mutual shares on the ZSE	7.1.4	**3**	5
	Total non-current financial assets at FVTOCI		**3**	5
	Total financial assets		**196**	309
7.2	**Other non-current assets**			
	Zimbabwe blocked funds	7.2.1	**50**	59
	VAT receivable	7.2.2	**–**	125
	Long-term receivable	7.2.3	**–**	105
	Other non-current assets		**50**	289

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.

7.1.1 Unlisted collective investment

This comprises an investment by the PPC Environmental Trust in the Old Mutual Capital Builder Portfolio, with the fair value being calculated using the ruling prices on 31 March 2021. During the year, a further R6 million (2020: R9 million) was reinvested into the unit trusts. These funds are held to fund PPC's South African environmental obligations. At 31 March 2021, R23 million was held on behalf of PPC Lime and this amount has been transferred to non-current assets held for sale (refer to note 9). Cash held by the PPC Environmental Trust is restricted cash. Refer to note 12.

The financial asset is classified at FVTPL.

7.1.2 PPC Zimbabwe financial asset

The PPC Zimbabwe financial asset arose when the US$ denominated Zimbabwe loan (refer to note 15) 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 (refer to note 12) and this amount qualifies for the 1:1 conversion of US$ to ZWL.

Refer to note 28 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 continued 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 December 2020. The next payment is due in June 2021. 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 (refer to note 7.2.1 below) 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 R57 million as at 31 March 2021 (2020: R161 million).

The net fair value gain on the Zimbabwe financial asset of R256 million (2020: R7 million gain) comprises an increase of the intrinsic value of R152 million (2020: R131 million) and a credit risk fair value gain of R104 million (2020: R124 million loss).

The financial asset is classified at FVTPL.

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7. OTHER NON-CURRENT ASSETS continued

7.1.3 *Cell captive investment*

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

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

7.1.4 *Investment in Old Mutual shares on the ZSE*

This investment relates to the investment in 200 000 Old Mutual shares on the ZSE. The market value as at 31 March 2021 is R3 million (2020: R5 million). As a result of the uncertainty around the expatriation of funds from Zimbabwe, the investment has been classified as non-current.

IFRS 13 *Fair value measurement* 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 the repatriation of funds from Zimbabwe. During the previous financial year the share was suspended on the ZSE and the fungibility has been cancelled. The Securities and Exchange Commission of Zimbabwe issued directive SS28/04/2021 for all dual-listed counters that are suspended to be valued using the JSE price. The market value as at 31 March 2021 has accordingly been determined to be R3 million (2020: R5 million).

7.2.1 *Zimbabwe blocked funds*

In the 2019 financial year, 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 ZWL, in an effort to enhance the affordability of goods and services in Zimbabwe. Further to SI 142 of 2019, the RBZ, through directive RU 102/2019 dated 25 June 2019, announced that it would implement the support measures to buttress and strengthen the local unit of account.

Dividends, interest on savings bonds previously held and rights issue proceeds were transferred to the RBZ as a consequence of the abovementioned directive and registered as legacy debt that qualifies for the 1:1 conversion of US$ to ZWL. The investment is now referred to as blocked funds. During the current financial year R8 million (US$0,431 million) was transferred from a Stanbic account into the blocked funds account held by the RBZ.

The funds have not been released by the RBZ in the current financial year.

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 a statutory receivable and, as no repayment terms have been agreed, it is not a financial asset as defined. It is, however, PPC Ltd's policy to value the Zimbabwe blocked funds as if it was a financial asset, and therefore it is valued at FVTPL.

Hyperinflation, the challenging general economic environment and the unavailability of foreign currency in Zimbabwe were considered in the determination of the appropriate fair value adjustment to be applied to the blocked funds. In light of these factors, the continued uncertainty created by the COVID-19 pandemic and the absence of any formal confirmation from the Reserve Bank of Zimbabwe (RBZ) of repayment terms of the blocked funds, the company continued to apply an 85% credit risk fair value adjustment, which resulted in a fair value adjustment of R281 million as at 31 March 2021 (2020: R332 million).

The net fair value loss on the Zimbabwe blocked funds of R17 million (2020: R258 million loss) comprises a decrease of the intrinsic value of R68 million (2020: R74 million increase) and a credit risk fair value gain of R51 million (2020: R332 million loss).

7.2.2 *VAT receivable*

The group paid VAT during the construction of the plant in the DRC. In the 2017 financial year, correspondence was received from the DRC Finance Department confirming that the VAT will be repaid to PPC Barnet DRC on condition that the money is utilised for discharge of amounts owed to 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. The amount is expected to be recovered through utilisation of VAT output credit after the expiry of the tax holiday period in the next financial year.

The carrying value of the VAT receivable of R118 million has been transferred to non-current assets held for sale (refer to note 9).

7.2.3 *Long-term receivable*

During the construction of the DRC plant, PPC Barnet DRC entered into an agreement whereby PPC Barnet DRC 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 Barnet DRC would be recovered through electrical usage of the plant. When PPC Barnet DRC pays the power corporation, a portion of the amount owing is withheld and offset against this non-current asset.

The carrying value of the long-term receivable of R65 million has been transferred to non-current assets held for sale (refer to note 9).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

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8. TAXATION

8.1 Income tax accounting policy

Current tax

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

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

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

Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences.

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

Current and deferred tax is recognised in profit or loss.

Withholding tax

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

Judgements made by management and sources of estimation uncertainty

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

	March 2021 Rm	March[(a)] 2020 Rm
South African normal taxation		
Current taxation	8	33
Current year	16	30
Prior years	(8)	3
Deferred taxation	516	(518)
Current year	541	(457)
Prior years	(25)	(61)
Foreign normal taxation		
Current taxation	99	189
Current year	99	172
Prior years	–	17
Deferred taxation	108	108
Current year	108	72
Prior years	–	36
Withholding taxation	11	7
Taxation charge	**742**	(181)

(a) *The 2020 comparative figures have been represented to disclose discontinued operations separately. Refer to note 9.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

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8. TAXATION continued

8.1 Income tax accounting policy continued

	31 March 2021 %	31 March 2020 %
Taxation rate reconciliation		
Effective tax rate	42	21
Prior years' taxation impact	2	(1)
Income taxation effect of:		
Foreign taxation rate differential	1	(1)
Expenditure attributable to non-taxable income	(1)	1
Transfer pricing adjustment	(1)	1
Expenditure not deductible in terms of taxation legislation	–	1
Withholding taxation	(1)	–
Fair value adjustments on financial instruments not taxable or deductible	1	(7)
Deferred taxation not raised	(8)	1
Impairment of investments	–	6
Impairment of capitalised costs	–	1
ECL provision on Zimbabwe bonds	–	11
Fair value adjustment on Zimbabwe financial asset	2	
Tax effect of Zimbabwe hyperinflation and SI 33	(9)	(6)
South African normal taxation rate	**28**	**28**

	March 2021 Rm	March[(a)] 2020 Rm
8.2 Taxation paid		
Net amounts receivable at the beginning of the year	(48)	(174)
Charge per income statement (excluding deferred taxation)	114	242
Impact of foreign rate differences and other non-cash flow movements	(17)	23
Net amounts receivable at the end of the year	85	48
	134	139
8.3 Deferred taxation		
Net liability at the beginning of the year comprises:	1 229	618
Deferred taxation asset	26	220
Deferred taxation liability	1 255	838
Transfer to assets held for sale and disposal groups	(44)	–
Income statement charge/(release)	649	(125)
Prior year taxation adjustment	(25)	(25)
Deferred taxation impact of FCTR on the DRC deficiency loan	(58)	–
Effect of hyperinflation accounting on deferred taxation	557	756
Translation differences	(711)	5
Net liability at the end of the year comprises:	1 597	1 229
Deferred taxation asset	24	26
Deferred taxation liability	1 621	1 255
Analysis of deferred taxation		
PPE	1 944	1 698
Other non-current assets	145	201
Current assets	(23)	(5)
Non-current liabilities	(74)	(174)
Current liabilities	(184)	(125)
Reserves	15	1
Taxation losses	(226)	(367)
	1 597	1 229

[(a)] *The 2020 comparative figures have been represented to disclose discontinued operations separately. Refer to note 9.*

8. TAXATION continued

Judgements made by management and sources of estimation uncertainty

Current tax

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

Deferred tax

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

	March 2021 Rm	March 2020 Rm
Analysis of the group's deferred tax assets arising from taxation losses		
CIMERWA	**84**	205
PPC Aggregates Quarries Botswana	**–**	4
PPC Cement SA	**89**	142
PPC Ltd	**53**	–
PPC Group Shared Services	**–**	16
	226	367

Recoverability assessment of CIMERWA Cement Limitada deferred tax asset

CIMERWA has accumulated tax losses over the last seven years of R424 million (Rwf29 billion) with an amount of R768 million (Rwf51,7 billion) arising in 2015, as a result of a substantial investment allowance in terms of the Rwandan Investment Code, on the construction of the new plant. The value at risk of being derecognised if the deferred tax asset, which arose as a result of the investment allowance, is not recoverable at 31 March 2021 is R84 million (Rwf6 billion).

Carry forward of taxable losses beyond the five-year period

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

CIMERWA applied to the Rwanda Revenue Authority (RRA) to approve the carry forward of the taxable losses. The RRA authorised the application for a further two-year extension up until 30 September 2022. Based on management's estimates, the tax losses will be fully utilised within these two years.

Carrying forward of taxable losses – change in CIMERWA shareholding by more than 25%

In accordance with Article 32 of the Income Tax Law No 016/2018 of 13/04/2018 establishing taxes on income, if during a tax period, the direct and indirect ownership of the share capital or the voting rights of a company, whose shares are not traded on a recognised stock exchange changes more than 25% by value or by number, the tax losses incurred by that company in the tax period and previous tax periods cease to be carried forward.

49% of the issued shares of CIMERWA were trading on the Rwanda Stock Exchange (RSE) as at 31 March 2021. The successful listing of CIMERWA shares by introduction on the RSE on 3 August 2020 ensured that any changes in the CIMERWA shareholding of 25% or more occur on the stock exchange and therefore there is no risk of forfeiture of the deferred tax asset in line with article 32 of the income tax law above.

In assessing whether the tax losses should be carried forward, management determined that the listing of the shares on the RSE is sufficient reason to carry forward the tax losses, as the shares will now be traded on a recognised stock exchange and thus, the legislation would not apply.

The deferred tax assets in CIMERWA have not been impaired in the current financial year as the tax losses will be carried forward and are expected to be fully utilised. The key judgements and assumptions disclosed in note 21 were used in assessing the recoverability of the CIMERWA deferred tax asset. The cash flow projections were adjusted to take into consideration the impact of the Rwandan tax legislation.On that basis, the R84 million (Rwf6 billion) deferred tax asset noted above will be utilised by 30 September 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

8. TAXATION continued

8.3 Deferred taxation continued

Judgements made by management and sources of estimation uncertainty continued

Recoverability assessment of PPC Barnet DRC Manufacturing deferred tax asset

The recoverability of the PPC Barnet DRC Manufacturing deferred tax asset was assessed and determined based on the DRC's tax laws applicable at 31 March 2021. The tax losses arose as a result of the tax deductible expenditure exceeding the income for the 2018 to 2021 financial years. The tax deductible expenditure exceeded the income as the entity was in start-up phase which resulted in the high depreciation rates on the new plant and machinery. PPC Barnet DRC Manufacturing currently has a tax loss of R1,7 billion. The assessment of the recoverability of the deferred tax asset was based on the subsidiary's approved business plans and compliance with DRC's tax laws and regulations. Based on the approved business plans there will not be sufficient taxable income available in the future to utilise the unused tax losses. Even though the unused tax losses may be carried forward indefinitely the timing of the recoverability is uncertain. No deferred tax asset is therefore recognised.

Recoverability assessment of PPC Aggregates Quarries Botswana deferred tax asset

The PPC Aggregates Quarries Botswana deferred tax asset recoverability assessment took into account the approved business plan and Botswana's applicable tax laws and regulations. PPC Aggregate Quarries Botswana has a tax loss of R11 million (2020: R31 million). Tax losses must be utilised within a period of five years and the tax losses will be forfeited if not utilised within that period. The reduction in the tax loss is as a result of the expiry of the tax loss that arose in the 2016 financial year. The loss is as a result of tax deductible expenditure exceeding the taxable income; no impairment was recognised during the year. The corporate tax rate applicable to this jurisdiction is 22% (2020: 22%).

Recoverability assessment of PPC Cement SA deferred tax asset

The PPC Cement SA deferred tax asset recoverability was based on applicable South African tax laws and approved tax plans. PPC Cement SA currently has a tax loss of R317 million (2020: R510 million) and a deferred tax asset of R89 million (2020: R143 million). The corporate tax rate applicable to this jurisdiction is 28%. This loss is attributable to section 12I and 12L tax allowances which the company is entitled to claim in respect of improvements that were made to its Slurry plant on SK 9. PPC Cement SA is expected to fully utilise its tax losses by 2023 based on the approved budgets as at 31 March 2021.

When assessing the recoverability of the deferred tax asset, management took into consideration the key judgements and assumptions disclosed under note 21. The cash flow projections were adjusted for the impact of the Income Tax Act No 62 of 1968 in the determination that the tax cash outflows will commence from the 2023 financial year.

Recoverability assessment of PPC Lime deferred tax asset

The PPC Lime deferred tax asset recoverability was based on applicable South African tax laws and approved tax plans. PPC Lime currently has a tax loss of R5,6 million (2020: Rnil) and a deferred tax asset of R1,6 million (2020: Rnil). The corporate tax rate applicable to this jurisdiction is 28%. This loss is attributable to normal operating losses during the current year.

When assessing the recoverability of the deferred tax asset, management took into consideration the key judgements and assumptions disclosed under note 21. The cash flow projections were adjusted for the impact of the Income Tax Act in the determination that the tax cash outflows will commence from the 2022 financial year.

Recoverability assessment of PPC Group Shared Services deferred tax asset

The PPC Group Shared Services deferred tax asset recoverability was based on applicable South African tax laws and approved tax plans. PPC Group Shared Services currently has a tax loss of R78 million (2020: R57 million) and a deferred tax asset of Rnil (2020: R16 million). The corporate tax rate applicable to this jurisdiction is 28%. The tax loss is not expected to be recovered in the normal course of business.

In March 2021, the assessment of the future recoverability of the deferred taxation assets resulted in the R22 million deferred tax asset being fully impaired at PPC Group Shared Services. The impairment is as a result of the company's inability to generate taxable income within the foreseeable future.

Recoverability assessment of Pronto Building Materials deferred tax asset

The Pronto Building Materials deferred tax asset recoverability was based on applicable South African tax laws and approved tax plans. The corporate tax rate applicable to this jurisdiction is 28%. PPC Pronto Building Materials currently has a tax loss of R265 million (2020: R212 million). The losses relate to the business not performing well.

In March 2021, the assessment of the future recoverability of the deferred taxation assets resulted in the R16 million deferred tax asset being fully impaired at Pronto Building Materials. The impairment is as a result of the company's inability to generate taxable income within the foreseeable future.

8. TAXATION continued

8.3 Deferred taxation continued

Judgements made by management and sources of estimation uncertainty continued

Recoverability assessment of PPC Ltd deferred tax asset

The PPC Ltd deferred tax asset recoverability was based on applicable South African tax laws and approved tax plans. The corporate tax rate applicable to this jurisdiction is 28%. PPC Ltd currently has a tax loss of R190 million (2020: R29 million). The company has deferred tax liabilities that will unwind in the foreseeable future and this will result in the utilisation of the deferred tax asset that resulted from the tax loss. The tax loss is expected to be recovered in the normal course of business and therefore the deferred tax asset has been recognised.

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

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

	March 2021 Rm	March 2020 Rm
Impact on statement of profit or loss		
Finance costs	**1**	1
Taxation	**6**	11
	7	12
Impact on statement of financial position		
Taxation payable	**16**	9
Deferred tax liability	**3**	3
Non-current liabilities	**19**	12

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

9. ASSETS CLASSIFIED AS HELD FOR SALE AND DISPOSAL GROUPS

	Notes	31 March 2021 Rm	31 March 2020 Rm
Disposal of houses in PPC Zimbabwe		–	154
Disposal of land in PPC Barnet DRC Trading		–	28
Non-current assets held for sale	9.1	2 984	–
Liabilities associated with assets held for sale and disposal groups	9.2	(3 299)	–
		(315)	182

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

PPC Barnet DRC Holdings and its DRC subsidiaries (PPC Barnet)
On 31 March 2021 PPC Ltd entered into a binding agreement with PPC Barnet's lenders terminating their right of recourse to PPC Ltd. Simultaneously, PPC Ltd entered into a binding term sheet to restructure the debt in PPC Barnet and to reorganise the governance of PPC Barnet (the restructuring). On implementation of the restructuring, PPC Ltd will lose control of PPC Barnet, and therefore the restructuring is a deemed disposal within the scope of IFRS 5 *Non-current assets held for sale and discontinued operations*. All the parties to the term sheet agreed that the long-stop date for the restructuring to occur is 30 September 2021 from which date PPC Ltd will no longer consolidate its stake in PPC Barnet. As the terms of the restructure have been agreed between PPC and the PPC Barnet's lenders and the implementation of the restructure as set out in the term sheet is largely of an administrative nature, it is highly probable that the restructure will be complete by 30 September 2021. Because PPC Barnet is a separate geographical component, it has been accounted for as a discontinued operation.

The property, plant and equipment (PPE) was impaired in FY20 in the amount of R1 128 million. In the current year, it was considered whether further impairment or, alternatively, a reversal of the prior year impairment should be taken. Given, amongst other things, a decrease in the Investment Committee approved weighted average cost of capital for PPC Barnet of some 2%, it was evident that an impairment reversal would be appropriate at the PPC Barnet company level which, in accordance with IAS36, does not take into account the debt in the business. Regardless of whether the prior year impairment is reversed or not at the business unit level, upon classification of PPC Barnet as an asset held for sale at group level, the carrying amount (before an impairment reversal) was in excess of the fair value less cost to sell. Accordingly, an impairment loss of R761 million has been recognised on PPC Barnet in the consolidated annual financial statements.

PPC Barnet was previously presented in the international – cement segment.

PPC Lime Ltd (PPC Lime)
PPC Ltd indirectly holds 100% of the shares in PPC Lime. One of PPC Ltd's objectives, as part of the restructuring and refinancing project disclosed in the 31 March 2020 consolidated financial statements, was to raise capital from non-core asset sales. PPC Lime was identified by the board as non-core and PPC Ltd actively commenced a process to sell PPC Lime in January 2021.

PPC Ltd appointed financial advisers to manage a structured sales process and by 31 March 2021 preferred bidders had completed their due diligence and certain of such preferred bidders had submitted binding offers. Subsequent to the year-end the board approved that PPC Ltd enters into binding substantive agreements for the sale of 100% of PPC Lime and on 2 May 2021, PPC South Africa Holdings (Pty) Ltd, a wholly owned subsidiary of PPC Ltd, entered into transaction agreements with Kgatelopele Lime (Pty) Ltd, to dispose of the entire issued share capital of PPC Lime for an enterprise value of R520 million on a debt-free and cash-free basis. This R520 million was also subject to a positive or negative adjustment if the net working capital was above or below of an amount of R169 million. As at 31 March 2021, the net working capital of PPC Lime was R124 million which will result in net proceeds to PPC Ltd being reduced to R475 million The transaction is subject to certain conditions precedent normal for a transaction of this nature, which PPC Ltd expects to be met before 30 September 2021.

PPC Lime was previously presented in the South Africa – Lime segment.

PPC Aggregate Quarries Botswana (Pty) Ltd (PPC Aggregates Quarries)
PPC Ltd indirectly holds 100% of the shares in PPC Aggregate Quarries Botswana (Pty) Ltd. One of PPC Ltd's objectives, as part of the restructuring and refinancing project disclosed in the 31 March 2020 consolidated financial statements, was to raise capital from non-core asset sales. PPC Aggregate Quarries Botswana (Pty) Ltd was identified by the board as non-core and PPC Ltd actively commenced a process to sell PPC Aggregate Quarries Botswana (Pty) Ltd in January 2021.

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

PPC Aggregate Quarries Botswana (Pty) Ltd (PPC Aggregates Quarries) continued

PPC Ltd received expressions of interest from four prospective buyers and selected a preferred bidder. The preferred bidder completed its due diligence and subsequent to year-end a sale and purchase agreement has been signed. Management is of the opinion that the conditions precedent, that are customary for a transaction of this nature, will be met before 1 August 2021.

PPC Aggregates Quarries was previously presented in the South Africa and Botswana – Aggregates and readymix segment.

All the abovementioned entities have been classified as disposal groups held for sale and as discontinued operations. The comparative for the consolidated statement of profit or loss and consolidated statement of cash flows has been represented to show the discontinued operations separately from continuing operations.

9.1 Assets held for sale and by disposal groups

	PPC Barnet – DRC	PPC Lime	PPC Botswana aggregates	Total
PPE[(a)]	1 359	250	12	1 621
Right-of-use assets	5	5	–	10
Other intangibles	92	–	4	96
Financial assets	–	30	–	30
Other non-current assets	183	–	–	183
Deferred taxation assets	–	–	3	3
Inventory	221	79	27	327
Trade and other receivables	187	89	13	289
Taxation receivable	–	12	–	12
Cash and other equivalent	392	2	19	413
Total assets	**2 439**	**467**	**78**	**2 984**
9.2 Liabilities associated with assets held for sale and disposal groups				
Provisions	(60)	(22)	(14)	(96)
Deferred taxation liabilities	–	(41)	–	(41)
Lease liabilities	(8)	(6)	(1)	(15)
Other non-current liabilities	(18)	–	–	(18)
Trade and other payables	(544)	(85)	(23)	(652)
Short-term portion of long-term borrowings	(2 482)	–	–	(2 482)
Taxation payable	(2)	7	–	5
Total liabilities	**(3 114)**	**(147)**	**(38)**	**(3 299)**
Total equity	**(675)**	**320**	**40**	**(315)**

[(a)] *The DRC PPE are pledged as security.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

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

		31 March 2021 Rm	31 March 2020 Rm
9.3	**Discontinued operations**		
	Revenue	**1 498**	1 570
	Cost of sales	**(1 371)**	(1 456)
	Gross profit	**127**	114
	Expected credit losses on trade receivables	**(3)**	(12)
	Administration and other operating expenditure	**(168)**	(116)
	Operating profit before items listed below:	**(44)**	(14)
	Fair value and foreign exchange loss	**(20)**	–
	Impairments	**(761)**	(1 128)
	Loss before finance costs, investment income	**(825)**	(1 142)
	Finance costs	**(338)**	(314)
	Investment income	**10**	24
	Loss before taxation	**(1 153)**	(1 432)
	Taxation	**12**	(278)
	Loss for the year from discontinued operations	**(1 141)**	(1 710)
	Attributable to:		
	Shareholders of PPC Ltd	**(794)**	(1 220)
	Non-controlling interests	**(347)**	(490)
		(1 141)	(1 710)
	Loss per share (cents)		
	Basic – discontinued operations	**(53)**	(81)
	Diluted – discontinued operations	**(52)**	(81)
9.4	**Cash flows from discontinued operations**		
	Net operating cash flows from discontinued operations	**342**	190
	Net investing cash flows from discontinued operations	**(19)**	(100)
	Net financing cash flows from discontinued operations	**(5)**	(1)
	Effect of exchange rate movements on cash and cash equivalents	**(15)**	15
	Net increase in cash and cash equivalents	**303**	104

10. INVENTORIES

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

	March 2021 Rm	March 2020 Rm
Raw materials	**194**	323
Work in progress	**162**	178
Finished goods	**366**	643
Consumable stores	**609**	798
Inventory obsolescence	**(220)**	(346)
	1 111	1 596

Judgements made by management and sources of estimation uncertainty

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

Critical spares are major spare parts, the unavailability of which would result in substantial loss of sales, increased cost of production, or serious adverse environmental consequences. These spares are used only in connection with specific critical plant and equipment as opposed to general use (eg general bearings and tyres), and the spare parts are expected to be used for a period of more than 12 months. Due to its nature, these spare parts are held in inventory until used, when they are reclassified to PPE. Critical spares that amounted to R22 million were reclassified from inventory to PPE. Notwithstanding the aforesaid, it is group policy to account for all critical spares in excess of R250 000 in PPE.

Inventory written down to net realisable value amounted to R46 million (2020: R2 million) during the year.

The cost of inventories recognised as an expense in cost of sales during the year was R5 169 million (2020: R4 889 million).

Except for the inventory of PPC Zimbabwe of R137 million (2020: R402 million), PPC Cement SA R458 million and PPC Lime R79 million, no inventories have been pledged as security (refer to note 15 for further details on pledged inventory). Inventory includes hyperinflation impact of R195 million (2020: R266 million), arising from PPC Zimbabwe.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

11. TRADE AND OTHER RECEIVABLES

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

	March 2021 Rm	March 2020 Rm
Trade receivables	886	995
Loss allowance (refer to note 28)	(126)	(170)
Net trade receivables	760	825
Foreign exchange contracts (refer to note 28)	1	13
Interest receivable	–	13
Short-term portion of long-term receivable[(a)]	–	36
Other financial receivables[(b)]	54	46
Trade and other financial receivables	815	933
Prepayments[(c)]	166	313
VAT receivable	12	35
	993	1 281

[(a)] *This relates to the short-term portion of the long-term receivable due from the local electricity provider in the DRC. The current period carrying value was transferred to non-current assets held for sale (refer to note 9).*

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

[(c)] *The decrease is due to lower hyperinflation adjustment of R14 million (2020: R97 million) and transfer of the DRC carrying value of R115 million to non-current assets held for sale.*

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

Except for trade and other receivables of PPC Zimbabwe of R38 million (2020: R61 million), no receivables have been pledged as security.

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

12. CASH AND CASH EQUIVALENTS

Currency analysis	March 2021 Rm	March 2020 Rm
Botswana pula	**66**	113
Mozambican metical	**1**	1
Zimbabwe dollar	**29**	159
Rwandan franc	**67**	3
South African rand	**86**	32
United States dollar	**208**	90
Balance at the end of the year	**457**	398

Judgements made by management and sources of estimation uncertainty

Cash and cash equivalents are recognised net of expected credit losses. During the current year, in line with the requirements of IFRS 9 *Financial instruments*, cash and cash equivalents were assessed for expected credit losses by analysing the credit rating of each financial institution where PPC Ltd and its subsidiaries have invested cash. This resulted in an ECL of R7 million (2020: R7 million) being recognised in the current year, R7 million of which relates to cash deposits held in Zimbabwe banks. Refer to note 28 for detailed assessment.

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

Included in cash and cash equivalents is restricted cash:

Included in cash and cash equivalents is restricted cash:		
PPC Environmental Trust	**8**	9
PPC Zimbabwe	**1**	13
PPC Ltd	**–**	2
	9	24

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

Cash and cash equivalents held by PPC Zimbabwe relate to the remaining balance of the legacy debt counterparty funds that were transferred to RBZ to settle the TD Bank loan. The TD Bank loan was registered as a legacy debt in accordance with the requirements of the February 2019 Monetary Policy Statement whereby legacy debts would be settled by the RBZ at the exchange rate of USD1 to ZWL1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

13. STATED CAPITAL AND RESERVES

		31 March 2021 Shares	31 March 2020 Shares
13.1	**Stated capital**		
	Authorised ordinary shares	**10 000 000 000**	10 000 000 000
	Refer to note 24 for total shares in issue		
	Authorised preference shares	**20 000 000**	20 000 000
	Twenty million preference shares of R1 000 each. No preference shares have been issued.		

	Rm	Rm
Stated capital		
Balance at the beginning of the year	**3 965**	3 936
Vesting of shares held in terms of the FSP share incentive scheme	**–**	29
Balance at the end of the year	**3 965**	3 965

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

		Rm	Rm
13.2	**Other reserves**		
	Foreign currency translation reserve	**(3 633)**	(568)
	Equity compensation reserve	**906**	795
	Financial assets at FVTOCI	**(4)**	(2)
		(2 731)	225
13.3	**Non-controlling interest**		
	Non-controlling interest reconciliation		
	Balance at the beginning of the year	**(227)**	294
	Loss for the year attributable to non-controlling interests	**(307)**	(516)
	Reclassification of non-controlling interest on put option	**422**	–
	Dividends declared	**(5)**	–
	Foreign currency translation reserve	**(36)**	(5)
	Balance at the end of the year	**(153)**	(227)

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

Refer to note 33 for details of the non-controlling interests within the group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

14. PROVISIONS

		March 2021 Rm	March 2020 Rm
14.1	**Decommissioning and rehabilitation**	194	412
14.2	**Post-retirement healthcare benefits**	35	38
14.3	**Provision for success fee**	20	–
		249	450

	Decommissioning and rehabilitation Rm	Post-retirement healthcare benefits Rm	Provision for success fee Rm	Provision for DRC project supplier claims Rm	Total Rm
Movement in the long-term provisions					
2021					
Balance at the beginning of the year	412	38	–	–	450
Amounts added	19	9	26	20	74
Amounts reversed/utilised	(44)	–	–	–	(44)
Other movements[(a)]	(4)	9	–	4	9
Time value of money adjustments	6	–	–	–	6
Liabilities associated with assets held for sale and disposal groups	(59)	(10)	(6)	(21)	(96)
Translation differences	(136)	(11)	–	(3)	(150)
Balance at the end of the year	194	35	20	–	249
To be incurred:					
Within one year – included in current liabilities	8	2	20	–	30
More than one year – included in non-current liabilities	186	33	–	–	219
Between two to five years	–	9	–	–	9
More than five years	186	24	–	–	210
	194	35	20	–	249
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 – included in current liabilities	4	–	–	–	4
More than one year – included in non-current liabilities	408	38	–	–	446
Between two and five years	30	–	–	–	30
More than five years	378	38	–	–	416
	412	38	–	–	450

[(a)] *Includes the impact of hyperinflation of R8 million (2020: R12 million)*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

14. PROVISIONS continued

Judgements made by management and sources of estimation uncertainty

14.1 Decommissioning and rehabilitation obligations

Estimating these obligations is complex as most of the obligations will only be fulfilled sometime in the future. The provisions are influenced by changing regulations and technologies, life of mine, and political, environmental, safety, business and statutory considerations across the various jurisdictions in which PPC operates. Group companies are required to restore mining and processing sites at the end of their productive lives to an acceptable condition consistent with local regulations and in line with group policy.

In accordance with local legislation, PPC Ltd has set up an environmental trust in South Africa to administer the local funding requirements of its decommissioning and rehabilitation obligations. The investments in the trust are carried at FVTPL and amount to R129 million (2020: R143 million) at year-end (refer to note 7).

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

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

	March 2021 Rm	March 2020 Rm
Breakdown of decommissioning and rehabilitation obligations per entity		
PPC Cement SA	**116**	156
PPC Lime[(a)]	**–**	19
3Q Mahuma	**8**	10
PPC Aggregates SA	**8**	8
PPC Aggregates Botswana[(a)]	**–**	16
CIMERWA	**2**	3
PPC Barnet DRC[(a)]	**–**	28
PPC Zimbabwe	**60**	172
	194	412

[(a)] *Net carrying values are transferred to liabilities associated with non-current assets held for sale.*

	Inflation rates		Risk-free discount rate	
	2021 %	2020 %	**2021 %**	2020 %
The key inputs used for calculating the provision				
South Africa	**4**	5	**5 – 11**	9 – 12
Botswana	**3**	5	**4**	4
DRC	**2**	2	**10**	8
Rwanda	**5**	6	**12**	13
Zimbabwe	**2**	2	**8**	5
Life of mine limited to a maximum of 30 years				

14. PROVISIONS continued

Judgements made by management and sources of estimation uncertainty continued

14.1 Decommissioning and rehabilitation obligations continued

Sensitivity analysis

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

	2021 2% higher	2021 2% lower	2020 2% higher	2020 2% lower
Discount rates				
South Africa	(41)	65	(43)	42
Botswana	(1)	1	(1)	(2)
DRC	(7)	12	(8)	25
Rwanda	(1)	1	(1)	1
Zimbabwe	(22)	36	(62)	101

	2021 1% higher	2021 1% lower	2020 1% higher	2020 1% lower
Inflation rates				
South Africa	(30)	24	(77)	47
Botswana	–	–	–	–
DRC	(6)	4	(14)	3
Rwanda	–	–	(1)	1
Zimbabwe	(17)	13	(45)	36

14.2 Post-retirement healthcare benefits

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

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

Included in the provision are the following:

Post-retirement healthcare benefits	Valuation method	Actuarial valuation date	March 2021 Rm	March 2020 Rm
Cement and Concrete Institute employees	Projected unit credit	February 2021	7	8
Corner House Pension Fund and Lime Acres continuation members	Projected unit credit	February 2021	15	15
Porthold Post-retirement Medical Fund	Projected unit credit	September 2018[a]	13	13
Indemnite de Fin de Carriere – end of career allowance[b]	Projected unit credit	December 2019[a]	–	2
			35	38

[a] *The liabilities are revalued every three years.*
[b] *This relates to the DRC and has been transferred to liabilities associated with non-current assets held for sale.*

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

14. PROVISIONS continued

14.2 Post-retirement healthcare benefits continued

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)).

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 dependents of plan members are not insured by an external insurance company.

The movement in the post-retirement medical benefit fund is a gain of R3 million (2020: loss R6 million) for the year, the closing balance at 31 March 2021 amounted to R35 million (2020: R38 million).

South Africa

The most recent actuarial valuations of the plan assets and the present value of the defined benefit liability were carried out on 29 February 2021 by Alexander Forbes Health (Pty) Ltd of the Actuarial Society of South Africa.

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

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

Discount rate	9,40% (2020: 9,90%)
Healthcare cost inflation	7,20% (2020: 7,30%)

Post-retirement mortality assumption PA(90) ultimate rated down two years + 1,0% p.a. from 2006

Zimbabwe

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

The following key parameters were used in the valuation, which are consistent with 2020:

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 out 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 R74 million (2020: R103 million) represents contributions paid to these schemes by the group at rates specified in the rules of the schemes. At 31 March 2021, all contributions due in respect of the current reporting period had been paid over to the schemes.

14.3 Provision for success fee

During the 2020 financial year, the group commenced a restructuring and refinancing project with the objective of derisking the group's balance sheet and implementing a sustainable capital structure. This project continued during the year under review and is expected to be completed in the 2022 financial year. The service agreements with certain advisers on the project provide for the payment of success fees, subject to level of completion of deliverables and good faith negotiations. The success fees are subject to the extent to which the deliverables are met, when the deliverables are met and good faith negotiations at the appropriate time. The obligations are therefore current obligations of which the timing and quantum is uncertain and as such management has provided for the amount it believes is reasonable and that relates to the company. In considering the amount provided for. Management considered the terms of the various service agreements, the percentage deliverables that have been met and the significance of the deliverables that have been met.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

15. BORROWINGS

	Terms	Security	Interest rate	March 2021 Rm	March 2020 Rm
South Africa long-term funding				**1 691**	1 442
	R350 million amortising loan facility, maturing 30 September 2021	Secured	Variable rates at 370 basis points above three-month JIBAR	**350**	350
	R800 million general banking facility expiring 31 March 2022	Secured	Variable rates at 405 basis points above three-month JIBAR	**800**	800
	R300 million general banking facility expiring 19 June 2023	Secured	Variable rates at 425 basis points above three-month JIBAR	**300**	300
	R400 million general banking facility expiring 19 June 2024	Secured	Variable rates at 445 basis points above three-month JIBAR	**250**	–
	Capitalised transaction costs			**(9)**	(8)
Project funding				**602**	3 761
	US$53 million, repayable in monthly instalments over a 10-year period starting March 2016[(a)]	Secured by CIMERWA's PPE (refer to note 2)	Variable at 725 basis points above six-month US dollar LIBOR	**140**	248
	RWF35 billion, repayable in monthly instalments over a 10-year period starting March 2016[(b)]	Secured by CIMERWA's PPE (refer to note 2)	Fixed rate of 16%	**323**	483
	US$55 million, interest payable bi-annually. Bi-annual repayments in equal instalments over five years starting December 2016	Secured by PPC Zimbabwe's PPE (refer to note 2), inventory (refer to note 11) and trade and other receivables (refer to note 12)	Six-month US dollar LIBOR plus 700 basis points	**139**	361
	US$163 million, capital and interest payable bi-annually starting July 2017 ending January 2027[(c)]	Secured by PPC Barnet DRC's PPE (refer to note 2)	Six-month US dollar LIBOR plus 975 basis points	**–**	2 669
				2 293	5 203
Short-term facilities and bank overdrafts				**335**	597
South African short-term facilities and overdrafts[(d)]				**204**	513
CIMERWA				**131**	24
DRC				**–**	60
Total borrowings				**2 628**	5 800

(a) Interest amounting to R10 million has been capitalised to this loan balance.
(b) Interest amounting to R42 million has been capitalised to this loan balance.
(c) An amount of R2,5 billion, which includes R323 million capitalised interest, was transferred to liabilities associated with asset held for sale and disposal groups.
(d) Deferred interest amounting to R12 million is included in the short-term facilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

15. BORROWINGS continued

	March 2021 Rm	March 2020 Rm
Broken down as follows:		
Long-term portion of long-term funding		
South Africa[(a)]	542	–
CIMERWA	441	586
Zimbabwe	–	180
	983	766
Short-term portion of long-term funding		
South Africa	1 148	1 442
CIMERWA	23	145
Zimbabwe	139	181
DRC	–	2 669
	1 310	4 437
Short-term facilities and bank overdrafts	335	597
	2 628	5 800
Maturity analysis of total borrowings:		
One year	1 645	5 034
Two years	462	361
Three years	436	201
Four years	85	204
	2 628	5 800
Carrying amount of assets encumbered		
PPE (refer to note 2)	7 321	8 997
Inventories (refer to note 10)	674	402
Trade receivables (refer to note 11)	38	61

[(a)] *As disclosed in the FY20 annual financial statements, PPC did not meet all its bank covenants at 31 March 2020 and as such, all term debt was disclosed as short-term debt. The covenants were also not met at 30 June 2020 but subsequent to June 2020, PPC entered into revised facility agreements with the South African banking group and, as part of such agreements, the lenders waived the covenants for 31 March 2020 and 30 June 2020.*

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

The debt guarantor established for PPC and its subsidiaries' South African refinancing with the SA lenders is Maitlantic 6060 (RF) (Pty) Ltd (the SPV). The SPV is ringfenced, the effect of this is that its memorandum of incorporation only permits it to enter into the relevant finance documents associated with the South African PPC refinancing with the SA lenders.

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

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

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

The obligations of the SPV under the debt guarantor guarantees are limited to what the SPV recovers from the obligors. This is achieved in terms of a counter indemnity agreement that the SPV entered into with the obligors.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

16. OTHER NON-CURRENT LIABILITIES

	March 2021 Rm	March 2020 Rm
Included in other non-current liabilities		
Liability to non-controlling shareholder in subsidiary company[(a)]	–	22
Interest rate swap liability	–	24
Balance at the end of the year	–	46
Included in other current liabilities		
Interest rate swap liability	23	–
Balance at the end of the year	23	–

[(a)] *This 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. After that interest ceased to accrue and the interest amount will be repaid once the external funding of the DRC has been settled. The carrying value of R18 million has been transferred to liabilities associated with non-current assets held for sale. The decrease from the prior year relates to the impact of foreign currency translation.*

Judgements made by management and sources of estimation uncertainty

Interest rate swap liability

On 30 July 2019, PPC Cement SA (Pty) Ltd entered into an interest rate swap with RMB in order to manage interest rate movement risk, reduce the earnings volatility and improve the certainty of interest cash flows. PPC group debt amounts to R2,6 billion as at 31 March 2021 (excluding DRC debt). 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 15). 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:

- Originating date: 30 July 2019
- Maturity date: 31 March 2022
- Notional principal: R800 000 000
- Fixed-rate payer: PPC Cement SA (Pty) Ltd
- Fixed rate (yield): 9,978%
- Floating rate receiver: RMB
- Floating rate: three-month JIBAR
- Floating rate spread: plus 405 basis points
- Floating rate: three-month JIBAR
- Settlement dates: quarterly (September, December, March and June)
- JIBAR determination: set in advance, paid in arrears.

Put option liability

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

(EBITDA x earnings multiple) – net financial debt

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

17. TRADE AND OTHER PAYABLES

	March 2021 Rm	March 2020 Rm
Accrued finance charges[(a)]	8	24
Capital expenditure payables	2	8
Unclaimed dividends	11	11
Other financial payables	65	48
Retentions held for plant and equipment[(b)]	–	341
Carbon Tax accrual	56	49
Trade payables and accruals[(c)]	707	1 103
Trade and other financial payables	849	1 584
Income received in advance	2	11
Payroll accruals	304	187
VAT payable	12	12
	1 167	1 794

[(a)] Decreased due to interest capitalised to borrowings during the current year.
[(b)] This relates to capital retention payments related to the PPC DRC Barnet plant. The current period balance is transferred to liabilities associated with non-current assets held for sale (refer to note 9).
[(c)] Trade payables and accruals comprise outstanding trade purchases and other costs. PPC group's average payment terms are 30 days from the statement date. The group has financial risk management policies to ensure that all trade payables are paid within the payment terms, which results in insignificant interest charges.

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

18. REVENUE FROM CONTRACTS WITH CUSTOMERS

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

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

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

	March 2021 Rm	March[(a)] 2020 Rm
Disaggregation of revenue		
Revenue from the sale of cementitious goods	8 938	8 671
Total revenue	8 938	8 671
Major goods and services per primary geographical markets		
Cementitious goods	8 938	8 671
South Africa	5 755	5 365
Botswana	432	509
Zimbabwe	1 623	1 861
Rwanda	1 128	936

[(a)] The 2020 comparative figures have been represented to disclose discontinued operations separately. Refer to note 9.

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

18. 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 were recognised in the current year. Management will continue to reassess its ability to estimate the expected volume rebates reasonably.

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 has therefore been recognised by the group in this regard.

19. SHARE-BASED PAYMENTS

Judgements made by management and sources of estimation uncertainty

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

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

19.1 Equity-settled

Executive directors and certain senior employees have been granted equity-settled share appreciation rights in terms of PPC's long-term incentive plan in recognition of services rendered, to encourage long-term shareholder value creation and as an incentive to benefit from growth in the value of PPC in the medium and long term. The scheme was amended in 2015 to include equity-settled awards. The conditional awards would vest after the performance period of three years and to the extent that specific performance conditions had been satisfied. All grants are approved by the REMCO.

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

Equity-settled share appreciation rights granted:

	Year of award	2017
Date of grant		30/08/2016
Grant price (based on five-day volume-weighted average price or zero) revised for the effect of the rights offer (rand)		5.85
Number of rights granted (all with performance conditions)	**1 643 800**	1 643 800
Directors	**1 249 800**	1 249 800
Management (including prescribed officers)	**394 000**	394 000
Forfeited during the year – directors	**(1 249 800)**	(1 249 800)
Forfeited during the year – management	**(394 000)**	(394 000)
Forfeited in prior years – directors	**–**	–
Forfeited in prior years – management	**–**	–
Vesting date		30/08/2019
Expiry date (lapse if not exercised)		30/08/2022

The performance conditions for the share appreciation rights granted in 2017 were not met and therefore on 30 August 2019 the awards did not vest. No further equity-settled share appreciation rights were issued subsequent to 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

19. SHARE-BASED PAYMENTS continued

19.1 Equity-settled continued

In terms of IFRS 2 *Share-based payment*, the fair value at grant date of each equity-settled share appreciation right awarded will be expensed over the vesting period in return for services rendered. The service and performance conditions are taken into account in the number of instruments that are expected to vest. Subsequent revisions are made for changes in estimated attrition and probability of satisfaction of performance conditions. The carrying amount of the equity-settled share appreciation rights at year-end is nil (2020: nil).

19.2 Forfeitable share plan

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

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

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

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

	Total performance awards[a]	Total retention awards[a]	Retention awards	Performance awards	Retention awards	Performance awards	Retention awards	Performance awards	Retention awards
Date of grant			01/10/2019	25/03/2019		15/05/2017		30/08/2016	
Number of shares granted to directors	1 472 400	1 739 215	1 311 715	–	–	1 139 900	227 900	332 500	199 600
Number of shares granted to management and prescribed officers	12 071 100	13 625 100	–	3 121 500	2 721 400	4 915 200	6 003 100	4 034 400	4 900 600
Average purchase price of shares acquired (R)			3.89	5.71	5.71	7.53	7.53	8.72	8.72
Estimated fair value per share at grant date (R)			3.89	4.55	5.71	4.52	7.53	5.23	8.72

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

On 15 May 2020 the vesting period of the FSP's granted on 15 May 2017 came to an end. The performance conditions were not met and therefore the performance awards did not vest. However, 6 231 000 of the retention awards vested at a share price of R7.53 in the current year.

On 1 October 2019, PPC granted 1 311 715 retention awards to a director. The share price at grant date was R3.89.

On 30 August 2019 the vesting period of the FSP's granted on 30 August 2016 came to an end. The performance conditions were not met and therefore the 4 366 900 performance awards did not vest. However, 3 390 404 of the 5 100 200 retention awards vested at a share price of R8,72 in the prior year.

19.3 Empowerment transaction IFRS 2 charges

The empowerment charges reflected on the consolidated income statement comprise:

I. Second B-BBEE transaction – the current year's charge amounted to Rnil (2020: R15 million) and relates to the IFRS 2 charge on the employee share option element of the transaction. The total charge is amortised over the vesting period of the transaction, which matured during the previous financial year.

II. The annual IFRS 2 charge on the Zimbabwe indigenisation plan is Rnil (2020: R1 million).

19. SHARE-BASED PAYMENTS continued

19.4 Long-term incentive plan (LTIP)

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

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

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

LTIP award	2021 award Number of awards
Number of shares granted[(a)]	26 428 240
Estimated fair value per share at grant date (R)	2,40

[(a)] *At 31 March 2021 management estimated that 100% of the performance conditions will be met and estimate that 26 428 240 shares will be granted to participating employees. This estimate is based on the share price as at 31 March 2021.*

	2021 Rm	2020 Rm
The carrying amount of the LTIP in equity compensation reserve at year-end	16	–

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20. 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 ZAR, 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.

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 that 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.

20.1 Fair value and foreign exchange movements

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

	March 2021 Rm	March[(a)] 2020 Rm
Movements in the fair value and foreign exchange gains are recognised in the income statement and comprise the following:		
Fair value gain/(loss) on ineffective portion of economic hedge[(b)]	6	(6)
Fair value gain/(loss) on remeasurement of interest rate swap liability (refer to note 16)	1	(24)
Fair value loss on unlisted collective investments	(17)	(4)
Foreign exchange movements on translation of foreign currency denominated monetary items[(c)]	(366)	185
	(376)	151

(a) *The 2020 comparative figures have been represented to disclose discontinued operations separately. Refer to note 9.*
(b) *Gains on open forward exchange contracts held for capital purchases and working capital requirements.*
(c) *Loss on translation of foreign currency denominated monetary items.*

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

- A remeasurement loss of R8 million (2020: R10 million) has been recorded against the US dollar-denominated project funding in Rwanda.
- A remeasurement loss of R228 million (2020: R67 million) is due to the devaluation of ZWL against the US$ from ZWL25 to ZWL84,4, from 31 March 2020 at 31 March 2021.

20. FAIR VALUE AND FOREIGN EXCHANGE MOVEMENTS continued

20.2 Translation of foreign operations

Movements in the translation of foreign operations are recognised in the statement of comprehensive income. The group's foreign currency translation reserve arises from the following foreign subsidiaries:

	March 2021 Rm	March[(a)] 2020 Rm
PPC Zimbabwe[(b)]	**(3 028)**	(2 109)
CIMERWA	**(243)**	83
PPC DRC Barnett	**180**	(125)
PPC Botswana	**(11)**	7
PPC Mozambique	**1**	–
	(3 101)	(2 144)

[(a)] The 2020 comparative figures have been represented to disclose discontinued operations separately. Refer to note 9.
[(b)] PPC Zimbabwe was significantly impacted by the devaluation of ZWL to the US$ as a result of Zimbabwe being a hyperinflationary economy.

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

Details on fair value hierarchies are disclosed in note 28.

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

21. IMPAIRMENTS AND REVERSALS OF IMPAIRMENTS

	March 2021 Rm	March 2020 Rm
Impairment of intangible assets (refer to note 5)	**(83)**	(102)
Impairment of PPE (refer to note 2)	**(808)**	(2 767)
Impairment of goodwill (refer to note 4)	**–**	(205)
Impairment of right-of-use asset (refer to note 3)	**(8)**	–
Reversal of impairment of PPE (refer to note 2)	**1 454**	–
Reversal of impairment of intangible assets (refer to note 5)	**1**	–
Transfer to discontinued operations (refer to note 9)	**761**	1 128
Gross impairments and reversals of impairments	**1 317**	(1 946)
Taxation impact	**(369)**	519
Net impairments	**948**	(1 427)

Impairment of PPE, 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 R808 million relating to PPE (refer to note 2), R8 million relating to right-of-use assets (refer to note 3) and R83 million relating to other intangible assets were recognised (refer to note 5). Included in the above impairment losses is R761 million (R711 million – PPE, R2 million – right-of-use assets and R48 million – other intangible assets) relating to assets held for sale and disposal groups.

Impairments of PPE and other intangible assets raised in the prior year were reversed in the current year, resulting in a reversal of R1 454 million relating to PPE and R1 million relating to other intangible assets.

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21. IMPAIRMENTS AND REVERSALS OF IMPAIRMENTS continued

Judgements made by management and sources of estimation uncertainty

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

The recoverable amounts of the CGUs are determined using value-in-use assessments. These calculations use cash flow projections based on the most recent financial budgets approved by management and the board for the next five years. These financial budgets are the quantification of board-approved strategies derived from the strategic planning process followed across the group and adjusted for the estimated impact of COVID-19 on the various businesses in the short 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 WACC for each CGU , adjusted for risks associated with the geographical markets in which the CGUs operate. Additionally, management considers the impact of sales volumes both from a market and customer variation point of view, production efficiencies and the impact of fluctuations in overheads when determining the cash flow projections used in value-in-use calculations.

Impairment indicators

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

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

Impairments and impairment reversals	Rm	Reasons for impairments and impairment reversals
Impairments of CGU's during the current financial year comprise:		
Readymix (Gauteng region)	(100)	The Gauteng region continues to be adversely impacted by the increased competitiveness from blended cement producers, which impacts on sales volumes. Slowdown in the residential market has a negative effect on sales volumes. Management's outlook on volumes and prices for this CGU remains cautious.
Impairment of individual assets in PPC Cement SA (Pty) Ltd	(3)	Refer to note 2 for the details of individual PPE that impaired in PPC Cement SA (Pty) Ltd.
PPC Aggregates SA	(34)	PPC Aggregates SA has not recovered from the COVID-19 lockdown period to the same extent as the other CGUs in the group. This lack of recovery during the second half of the current financial year was taken into account in the business planning parameters which management believe are realistic. This approach has led to an impairment of R35 million.
Impairment of individual assets in PPC Zimbabwe	(1)	Refer to note 5 for the details of individual assets that were impaired in PPC Zimbabwe, relating to intangible assets.
Impairments reversals of CGU's during the current financial year comprise:		
Inland business unit (PPC Cement SA)	1 263	Improved market conditions were experienced in the construction and industrial sectors in the Inland business unit, with the post-COVID -19 lockdown recovery being better than originally anticipated. A number of cost-savings initiatives and restructures have also been implemented, improving the cash flow forecasts for this CGU. Improved macro-economic data resulted in improved discount rates compared to the prior year.
Coastal business unit (PPC Cement SA)	192	Improved market conditions were experienced in the construction and industrial sectors in the Coastal business unit. A number of cost-savings initiatives and restructures have been implemented, improving the cash flow forecasts for this CGU. The Coastal business unit also benefited from the government's infrastructure development strategies. Improved macro-economic data resulted in improved discount rates compared to the prior year.
Net impairment reversal	1 317	

21. IMPAIRMENTS AND REVERSALS OF IMPAIRMENTS continued

Impairment indicators continued

Key assumptions used for value-in-use calculations:

	Terminal growth rate		Discount rate	
	31 March 2021 %	31 March 2020 %	**31 March 2021 %**	31 March 2020 %
PPC Cement SA	**4**	4	**13**	15
PPC Aggregates SA	**4**	4	**17**	17
Readymix	**4**	4	**17**	16
PPC Botswana Cement	**5**	5	**14**	11
PPC Zimbabwe (US$)	**5**	5	**17**	19
CIMERWA	**5**	5	**16**	20

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 exceeding their recoverable amounts. If the discount rate and growth rate increase or decrease by 2,5% or 1% respectively, the impairment charge will (increase) or decrease and the headroom will increase or (decrease) as follows:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

21. IMPAIRMENTS AND REVERSALS OF IMPAIRMENTS continued

Impairment indicators continued

	Segment	Recoverable amount	(Impairment)/ headroom	Impact on impairment and headroom: WACC increase 2,5%	WACC decrease 2,5%	Growth rate increase 1%	Growth rate decrease 1%	Cash flow increase/ decrease 5%
31 March 2020 Rm								
Inland business unit	Southern Africa – Cement	2 486	(1 465)	(495)	783	171	(143)	124
Coastal business unit	Southern Africa – Cement	691	(242)	(124)	194	42	(35)	35
Port Elizabeth plant	Southern Africa – Cement	145	15	(16)	24	5	(4)	7
PPC Botswana Cement	Southern Africa – Cement	904	834	(241)	590	128	(91)	41
PPC Aggregates SA	Southern Africa – Aggregates and readymix	209	56	(32)	48	10	(8)	10
Readymix – Gauteng Region	Southern Africa – Aggregates and readymix	246	(127)	(36)	57	13	(9)	13
Readymix – East Region	Southern Africa – Aggregates and readymix	34	3	(7)	11	2	(2)	2
Readymix – West Region	Southern Africa – Aggregates and readymix	32	7	(5)	8	2	(1)	2
Readymix – Nelspruit	Southern Africa – Aggregates and readymix	19	12	(5)	7	2	(1)	1
Readymix – Projects	Southern Africa – Aggregates and readymix	52	49	(9)	13	3	(2)	3
Ulula Ash	Southern Africa – Aggregates and readymix	195	139	(31)	46	10	(8)	10
PPC Aggregates Botswana	Southern Africa – Aggregates and readymix	182	308	(59)	146	32	80	8
PPC Lime	Southern Africa – Lime	596	196	(90)	136	28	(24)	30
PPC Zimbabwe	International – Cement	2 885	2 209	(332)	452	84	(75)	120
CIMERWA	International – Cement	3 103	1 124	(351)	488	94	(83)	133
PPC Barnet DRC	International – Cement	2 865	(1 128)	(412)	645	42	(6)	232

Events after the reporting period

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

22. FINANCE COSTS

	March 2021 Rm	March[a] 2020 Rm
Bank and other short-term borrowings	**32**	23
Notes	**–**	6
Interest expense on lease liabilities	**8**	12
Long-term loans and project funding	**231**	295
Finance costs before time value of money adjustments and interest on penalties	**271**	336
Interest on penalties	**7**	3
Time value of money adjustments on rehabilitation and decommissioning provisions	**5**	10
	283	349
Southern Africa	**161**	199
International	**122**	150

[a] The 2020 comparative figures have been represented to disclose discontinued operations separately. Refer to note 9.

22.1 Finance costs paid

	March 2021 Rm	March[a] 2020 Rm
Finance costs as per income statement charge	**283**	349
Time value of money adjustments on rehabilitation and decommissioning provisions and put option liability	**(5)**	(10)
Interest on penalties	**(7)**	(3)
Movement in accrued finance costs	**13**	(20)
Capitalised/deferred finance costs[b]	**(65)**	–
	219	316

[a] The 2020 comparative figures have been represented to disclose discontinued operations separately. Refer to note 9.
[b] Capitalised/deferred finance costs include interest of R52 million capitalised to the CIMERWA borrowings and R12 million deferred interest relating to the South African long-term facilities.

23. INVESTMENT INCOME

	March 2021 Rm	March[a] 2020 Rm
Dividends on collective investment scheme	**6**	8
Interest received on cash and cash equivalents	**9**	1
	15	9

[a] The 2020 comparative figures have been represented to disclose discontinued operations separately. Refer to note 9.

24. EARNINGS AND HEADLINE EARNINGS PER SHARE

24.1 Number of shares and weighted average number of shares

	31 March 2021 Shares	31 March 2020 Shares
Total shares in issue	**1 593 114 301**	1 593 114 301
Treasury shares	**(84 902 185)**	(86 325 889)
Weighted average number of shares for calculation of basic earnings per share	**1 508 212 116**	1 506 788 412
Adjusted for:		
Shares held by consolidated Safika Trust treated as treasury shares	**1 354 347**	1 354 347
FSP share incentive scheme shares not expected to vest	**7 450 326**	7 911 823
Weighted average number of shares for calculation of diluted earnings per share	**1 517 016 789**	1 516 054 582

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

24. EARNINGS AND HEADLINE EARNINGS PER SHARE continued

24.2 The treasury shares

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

Shares held by consolidated participants of the second BBBEE transaction

Shares issued in terms of the second BBBEE transaction which was facilitated by means of a notional vendor funding (NVF) mechanism, with the transaction concluding on 30 September 2019. These shares participated in 20% of the dividends declared by PPC during the NVF period. Except for the Bafati Investment Trust, entities participating in this transaction are consolidated into the PPC group in terms of IFRS 10 *Consolidated financial statements* during the transaction term. The group is in the process of winding up these trusts and SPVs.

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. As a result, shares owned by these entities are carried as treasury shares on consolidation. The group is in the process of winding up these trusts and SPVs.

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 FSP incentive scheme, 23 750 769 shares (2020:23 767 987 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, 6 231 000 shares (2020: 3 384 804 shares) vested, but could not be transferred to the participants as the group was in a closed period due to it being under a cautionary announcement for the full year.

In terms of IFRS requirements, shares held by consolidated BBBEE entities, employee trusts and incentive share schemes are treated as treasury shares. As at 31 March 2021 a total of 5% (2020: 5%) of the total shares in issue are treated as treasury shares.

Shares held by the Safika consolidated Management Trust

Shares were issued in 2019 in order to retain and incentivise the Safika key management employees. This transaction was also facilitated through an NVF mechanism.

24.3 Basic earnings/(loss)

	Discontinued operations		Continuing operations		Group	
	March 2021 Rm	March 2020 Rm	**March 2021 Rm**	March 2020 Rm	**March 2021 Rm**	March 2020 Rm
(Loss)/profit for the year	**(1 141)**	(1 710)	**1 023**	(678)	**(118)**	(2 388)
Attributable to:						
Shareholders of PPC Ltd	**(794)**	(1 220)	**983**	(652)	**189**	(1 872)
Non-controlling interests	**(347)**	(490)	**40**	(26)	**(307)**	(516)
	(1 141)	(1 710)	**1 023**	(678)	**(118)**	(2 388)

24.4 (Loss)/earnings per share

	Discontinued operations		Continuing operations		Group	
	March 2021	March 2020	**March 2021**	March 2020	**March 2021**	March 2020
(Loss)/earnings per share						
Basic	**(53)**	(81)	**65**	(43)	**12**	(124)
Diluted	**(52)**	(81)	**65**	(43)	**13**	(124)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

24. EARNINGS AND HEADLINE EARNINGS PER SHARE continued

24.5 Headline earnings/(loss)

	Discontinued operations		Continuing operations		Group	
	March 2021 Rm	March 2020 Rm	**March 2021 Rm**	March 2020 Rm	**March 2021 Rm**	March 2020 Rm
Headline earnings/(loss)						
Headline earnings/(loss) is calculated as follows:						
(Loss)/profit for the year	**(1 141)**	(1 710)	**1 023**	(678)	**(118)**	(2 388)
Adjusted for:						
Reversal of impairment of PPE and intangible assets (refer to note 21)	**–**	–	**(1 455)**	–	**(1 455)**	–
Impairment of PPE, intangible assets and right-of-use assets (refer to note 21)	**761**	1 128	**138**	1 741	**899**	2 869
Taxation on impairments	**–**	–	**369**	(519)	**369**	(519)
Impairment of goodwill (refer to note 21)	**–**	–	**–**	205	**–**	205
Loss on sale of PPE	**–**	–	**4**	53	**4**	53
Profit on sale of equity-accounted associates	**–**	–	**(1)**	–	**(1)**	–
Taxation on loss on sale of assets	**–**	–	**(1)**	(15)	**(1)**	(15)
Headline (loss)/earnings	**(380)**	(582)	**77**	787	**(303)**	205
Attributable to:						
Shareholders of PPC Ltd	**(269)**	(407)	**37**	813	**(232)**	406
Non-controlling interests	**(111)**	(175)	**40**	(26)	**(71)**	(201)

24.6 Headline earnings/(loss) per share

	Discontinued March 2021	Discontinued March 2020	Continuing March 2021	Continuing March 2020	Group March 2021	Group March 2020
Basic	**(18)**	(27)	**3**	54	**(15)**	27
Diluted	**(17)**	(27)	**2**	54	**(15)**	27

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

25. STATEMENT OF CASH FLOWS

25.1 Cash generated from operations

	Notes	March 2021 Rm	March[a] 2020 Rm
Cash generated from operations			
Profit/(loss) before taxation		**1 765**	(859)
Adjustments for:			
Non-cash flow adjustment on the rehabilitation provision included in cost of sales		**(44)**	(56)
Amortisation and depreciation	2,3,5	**547**	781
Modification of existing leases		**(10)**	–
Loss on sale of PPE		**4**	52
Profit on sale of equity-accounted associate		**(1)**	–
ECL on Zimbabwe Stanbic		**(6)**	6
IFRS 2 charges (empowerment and FSPs)		**18**	55
Fair value and foreign exchange (gains)/losses	20.1	**376**	(151)
Remeasurement gain on put option		**–**	(251)
Fair value gain on Zimbabwe financial asset		**(256)**	(7)
Fair value loss on Zimbabwe blocked funds	7	**17**	258
ECL on Zimbabwe government bonds		**–**	(40)
Net monetary (gain)/loss on hyperinflation in Zimbabwe		**200**	(651)
(Impairment reversals)/impairments	21	**(1 317)**	1 946
Finance costs	22	**283**	349
Dividends received	23	**(6)**	(8)
Interest received	23	**(9)**	(1)
Profit from equity-accounted investment		**(2)**	(1)
Operating cash flows before movements in working capital		**1 559**	1 422
Movements in inventories		**(272)**	(177)
Movements in trade and other receivables		**(290)**	(145)
Movements in trade and other payables		**378**	(372)
Cash generated from operations		**1 375**	728

[a] *The 2020 comparative figures have been represented to disclose discontinued operations separately. Refer to note 9.*

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

	March 2021 Rm	March 2020 Rm
Balance at the beginning of the year	**5 800**	5 002
Current	**5 034**	938
Non-current	**766**	4 064
Cash flows	**(288)**	152
Repayment of borrowings	**(538)**	–
Proceeds from borrowings raised	**250**	152
Other movements	**(402)**	646
Capitalised transactions costs written off	**(79)**	8
Capitalised/deferred finance costs[a]	**387**	–
Effects of changes in foreign exchange rates	**(710)**	638
Balance at the end of the year before transfer to liabilities associated with non-current assets held for sale	**5 110**	5 800
Transfer to liabilities associated with assets held for sale and disposal groups	**(2 482)**	–
Balance at the end of the year	**2 628**	5 800
Comprising:		
Current	**1 645**	5 034
Non-current	**983**	766

[a] *Capitalised/deferred finance costs include interest of R323 million capitalised to the PPC Barnet DRC borrowings, R52 million capitalised to the CIMERWA borrowings and R12 million deferred interest relating to the South African long-term facilities.*

25. STATEMENT OF CASH FLOWS continued

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

	Notes	March 2021 Rm	March 2020 Rm
Balance at the beginning of the year		130	133
Current		40	34
Non-current		90	99
Cash flows		(43)	(33)
Repayment of lease liabilities		(43)	(33)
Other movements		(12)	30
Additions		–	30
Modification of existing leases		(11)	–
Effects of changes in foreign exchange rates		(1)	–
Balance at the end of the year before transfer to liabilities associated with non-current assets held for sale		75	130
Transfer to liabilities associated with assets held for sale and disposal groups		(15)	–
Balance at the end of the year		60	130
Comprising:			
Current		28	40
Non-current		32	90

26. COMMITMENTS

	March 2021 Rm	March 2020 Rm
Contracted capital commitments	115	120
Approved capital commitments	29	365
Capital commitments	144	485
Lease commitments not reflected in measurement of lease liabilities	5	2
	149	487
Capital commitments		
Southern Africa	43	216
International	101	269
	144	485
Capital commitments are anticipated to be incurred:		
Within one year	144	249
Between one and five years	–	236
	144	485

Lease commitments

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

	March 2021 Rm	March 2020 Rm
Lease commitments		
Land and buildings	5	1
Other	–	1
	5	2
Lease commitments are anticipated to be incurred:		
Within one year	5	2
	5	2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

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27. OPERATING PROFIT

	March 2021 Rm	March[(a)] 2020 Rm
Operating profit includes:		
Amortisation	47	65
Included in cost of sales	7	6
Included in operating costs	40	59
Auditor's remuneration	41	35
Audit fees	40	32
Other services	1	3
Depreciation	500	716
Included in cost of sales	447	652
Included in operating costs	53	64
Distribution costs included in cost of sales	1 346	1 272
Loss on sale of PPE	4	52
Profit on sale of equity-accounted investment	(1)	–
Lease commitments not reflected in measurement of lease liabilities[(b)]	3	13
Professional fees relating to restructuring and refinancing project	81	–
Carbon tax	47	33
Staff costs before capitalisation to plant and equipment[(c)]	1 395	1 515
Southern Africa	982	1 165
International	413	350
Including:		
Equity-settled share incentive scheme charge	21	38
Employees' remuneration	1 277	1 280
Staff restructuring costs	26	108
Retirement benefit contributions (refer to note 14)	74	89
	1 398	1 515
Less: Costs capitalised to plant and equipment	–	(5)
	1 398	1 510

(a) *The 2020 comparative figures have been represented to disclose discontinued operations separately. Refer to note 9.*
(b) *This consists of all rental expenses that do not meet the IFRS 16 recognition criteria.*
(c) *The prior year has been restated to exclude non-executive directors' emoluments.*

28. FINANCIAL RISK MANAGEMENT

IFRS 9 *Financial instruments*

IFRS 9 *Financial instruments* provides guidance on the classification, measurement and recognition of financial assets and financial liabilities and replaces IAS 39 *Financial instruments: recognition and measurement*. The standard establishes three measurement categories for financial assets: amortised cost, FVTOCI and FVTPL. Classification of financial assets into these categories is dependent on the entity's business model (which depicts its objectives with respect to the management of financial assets as a whole) and the characteristics of the contractual cash flows of the specific financial asset.

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

Financial assets – classification and measurement

IFRS 9 *Financial instruments* requires all financial assets to be initially recognised at fair value, including directly attributable transaction costs for all financial assets not measured at FVTPL. Transaction costs for financial assets carried at FVTPL are expensed in profit or loss.

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

28. FINANCIAL RISK MANAGEMENT continued

Financial assets – classification and measurement continued

Debt instruments

Subsequent measurement of financial assets, that are considered to be debt instruments from an issuer's perspective, based on (i) the group's business model within which the financial assets are managed and (ii) the contractual cash flow characteristics of the financial assets (whether the cash flows represent "solely payment of principal and interest"). Financial assets are measured at amortised cost if they are held within a business model whose objective it is to hold those assets for the purpose of collecting contractual cash flows and those cash flows comprise solely payments of principal and interest ("hold to collect").

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

Equity instruments

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

Financial liabilities – classification and measurement

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

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

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

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

Derecognition of financial assets

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

Derecognition of financial liabilities

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

28. FINANCIAL RISK MANAGEMENT continued

Financial instruments – impairment

IFRS 9 *Financial instruments* require impairments to be determined based on an ECL model for financial assets carried at amortised cost or fair value through OCI. PPC group recognises an allowance for either 12-month or lifetime ECLs, depending on whether there has been a significant increase in credit risk. PPC group measures the ECLs to reflect a probability-weighted outcome, the time value of money and the entity's best available forward looking information. The preceding probability-weighted outcome considers the possibility that a credit loss will occur and the possibility that no credit loss will occur, no matter how low the probability of credit loss occurrence might be. The ECL model applies to financial assets measured at amortised cost and fair value through OCI, lease receivables and certain loan commitments as well as financial guarantee contracts.

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

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

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

Capital risk management

The group manages its capital to ensure that entities in the group will continue as a going concern, while maximising the return to stakeholders through the optimisation of debt and equity. Refer to note 35 for a detailed explanation as to management's going concern considerations.

The capital structure of the group consists of debt (note 15), cash and cash equivalents (note 12), and equity attributable to PPC Ltd shareholders, comprising stated capital (note 13), reserves and retained profit.

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

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

	2021 Rm	2020 Rm
Cash and cash equivalents	**457**	398
Lease liabilities	**(60)**	(130)
Borrowings	**(2 628)**	(5 800)
Total equity	**6 730**	7 553
Total capital – continuing operations	**4 499**	2 021
Total capital – assets held for sale and disposal groups	**(2 085)**	–
Total capital	**2 415**	2 021

Treasury risk management

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

Foreign currency management

Trade and capital commitments

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

Forward exchange contracts are carried at fair value with the resultant profit or loss included in income. Fair value gain of the forward exchange contracts on hand at the reporting date is Rnil (31 March 2020: R13 million).

28. FINANCIAL RISK MANAGEMENT continued

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

	Notes	Botswana pula	US dollar	Zimbabwean dollar	Rwandan franc	Mozambican metical
2021						
Financial assets						
Trade and other financial receivables	11	35	15	966	4 170	–
Cash and cash equivalents	12	64	41	166	4 529	4
PPC Zimbabwe financial asset	7.1.3	–	–	347	–	–
Transfer to assets held for sale and held by disposal groups (refer to note 9)	9	(24)	(35)	–	–	–
		75	21	1 479	8 699	4
Financial liabilities						
Long-term borrowings	15	–	–	–	29 714	–
Short-term borrowings	15	–	168	786	10 351	–
Lease liabilities	3.2	2	–	20	24	–
Liability to non-controlling shareholder in subsidiary company	16	–	1	–	–	–
Trade and other financial payables	17	52	–	604	7 276	–
Decommissioning and rehabilitation obligations	14	11	1	340	172	–
Transfer to assets held for sale and held by disposal groups (refer to note 9)	9	(11)	(171)	–	–	–
		54	–	1 750	47 537	–
Net exposure		22	21	(271)	(38 838)	4
2020						
Financial assets						
Trade and other financial receivables	11	36	7	348	5 603	–
Cash and cash equivalents	12	76	3	261	829	3
PPC Zimbabwe financial asset	7.1.3	–	–	235	–	–
		112	10	844	6 432	3
Financial liabilities						
Long-term borrowings	15	–	150	254	31 347	–
Short-term borrowings	15	–	3	254	9 070	–
Lease liabilities	3.2	1	–	1	42	–
Liability to non-controlling shareholder in subsidiary company	16	–	2	–	–	–
Trade and other financial payables	17	50	38	200	6 763	(1)
Decommissioning and rehabilitation obligations	14	11	1	241	186	–
		62	194	950	47 408	(1)
Net exposure		50	(184)	(106)	(40 976)	4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

28. FINANCIAL RISK MANAGEMENT continued

Sensitivity analysis on net exposure

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

	Closing rate	Impact on total comprehensive income and shareholders' equity **5% increase**	 5% decrease
Significant foreign currency exposure			
2021			
Botswana pula	1,33	**2**	(2)
US dollar	14,77	**(90)**	90
ZWL	0,18	**(2)**	2
Rwandan franc	0,01	**(29)**	29
Mozambican metical	0,22	**–**	–
(Decrease)/increase in total comprehensive income		**(119)**	119
2020			
Botswana pula	1,49	4	(4)
US dollar	17,78	(164)	164
RTGS dollar	0,71	(4)	4
Rwandan franc	0,02	(38)	38
Mozambican metical	0,26	–	–
(Decrease)/increase in total comprehensive income		(202)	202

Hedge accounting applied in respect of foreign currency risk

Fair value of asset – foreign currency forward exchange

No foreign exchange contracts have been designated as cash flow or fair value hedges. The group has elected to continue applying the hedge accounting requirements of IAS 39 *Financial instruments: recognition and measurement*, pending the IASB's macro-hedging project being finalised.

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

	< 1 year Rm	1 – 3 years Rm	Total Rm
2021	**–**	**–**	**–**
2020	83	–	83

Total forward exchange contracts comprise the following:

	2021	2020
US dollar (US$m)	**–**	5
Average rate (R/US$)	**–**	17.78

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

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

28. FINANCIAL RISK MANAGEMENT continued

Interest rate management

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

Description	Years of repayment	2021 Rm	2020 Rm
Secured			
Long-term loans denominated in foreign currencies (refer to note 15)	2022 – 2025	**603**	3 761
Long-term loans (refer to note 15)	2022 – 2025	**1 690**	–
		2 293	3 761
Unsecured			
Short-term loans and bank overdrafts (refer to note 15)	2022	**335**	2 039
Unsecured, short-term loans bear interest at market rates		**335**	2 039

Sensitivity analysis – floating interest rate instruments

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

Floating interest rate instruments	Weighted average interest rates	Change in interest rate basis points	Impact on total comprehensive income and shareholders' equity: Increase Rm	Decrease Rm
South African rand loans	8,50%	100	**19**	(19)
US dollar loans	7,32%	100	**28**	(28)
Group interest rate sensitivity			**47**	(47)

An interest rate swap was executed in July 2019 on the R800 million term loan to convert a floating rate into a fixed rate. The fixed for floating swap was entered into with RMB at a 9,978% fixed rate. The swap was entered into to reduce the floating proportion of the interest rates. The fair value of the swap at the end of March 2021 is R23 million (31 March 2020: R24 million) in favour of the counterparty and therefore a liability to the group.

Rwanda's local RWF35 billion loan is fixed at 16% unless the Rwanda Central Bank raises their discount rate above 13,5%; the current rate is 4,5% and the highest it has been in seven years is 11,5%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

28. FINANCIAL RISK MANAGEMENT continued

Fair values of financial assets and liabilities

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

	Notes	Total carrying amount Rm	Fair value Rm	Amortised cost Rm
2021				
Financial assets				
The financial assets carried at fair value are classified into three categories as reflected below:				
At amortised cost		**1 272**	**–**	**1 272**
Trade and other financial receivables	11	**815**	**–**	**815**
Cash and cash equivalents	12	**457**	**–**	**457**
At FVTOCI		**3**	**3**	**–**
Investment in Old Mutual shares on the ZSE	7.1.4	**3**	**3**	**–**
At FVTPL		**243**	**243**	**–**
Unlisted collective investment (held for trading)	7.1.1	**129**	**129**	**–**
PPC Zimbabwe financial asset	7.1.2	**57**	**57**	**–**
Zimbabwe blocked funds	7.2.1	**50**	**50**	**–**
Cell captive investment	7.1.3	**7**	**7**	**–**
Financial liabilities				
At amortised cost		**3 537**	**–**	**3 537**
Long-term borrowings	15	**983**	**–**	**983**
Short-term borrowings	15	**1 645**	**–**	**1 645**
Lease liabilities	3.2	**60**	**–**	**60**
Trade and other financial payables	17	**849**	**–**	**849**
At FVTPL		**23**	**23**	**–**
Interest rate swap liability	16	**23**	**23**	**–**
2020				
Financial assets				
At amortised cost		1 331	–	1 331
Trade and other financial receivables	11	933	–	933
Cash and cash equivalents	12	398	–	398
At FVTOCI		5	5	–
Investment in Old Mutual shares on the ZSE[(a)]	7.1.4	5	5	–
At FVTPL		363	363	–
Unlisted collective investment (held for trading)	7.1.1	143	143	–
PPC Zimbabwe financial asset[(a)]	7.1.2	161	161	–
Zimbabwe blocked funds	7.2.1	59	59	–
Financial liabilities				
At amortised cost		7 536	–	7 536
Long-term borrowings	15	766	–	766
Short-term borrowings	15	5 034	–	5 034
Finance lease liabilities	3.2	130	–	130
Liability to non-controlling shareholder in subsidiary company	17	22	–	22
Trade and other financial payables	17	1 584	–	1 584
At FVTPL		24	24	–
Interest rate swap liability	16	24	24	–

[(a)] *Footnote to be supplied.*

28. FINANCIAL RISK MANAGEMENT continued

Credit risk management

Credit risk is the risk of financial loss to the group if a counterparty to a financial instrument fails to meet its contractual obligations. The potential exposure to credit risk is represented by the carrying amounts of trade and other receivables, cash and cash equivalents, short-term cash investments and Zimbabwe blocked funds.

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

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

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

Security held

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

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

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

Significant assumptions considered within the ECL model:

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

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28. FINANCIAL RISK MANAGEMENT continued

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

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

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

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

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

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

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

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

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

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

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

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

28. FINANCIAL RISK MANAGEMENT continued

Credit risk policy: Trade and other receivables

Trade receivables comprise a large, widespread customer base and credit risk arises from the possibility that customers may not be able to settle their obligations as agreed. To manage this risk, the granting of credit is controlled by application and account limits and the group only deals with creditworthy customers supported by appropriate collateral. The group credit committee, chaired by the group CFO, meets on a quarterly basis to monitor trade receivables and approve granting of account limits. The group annually re-evaluates counterparty limits and the financial reliability of its customers.

	2021 Rm	2020 Rm
Net trade receivables comprise	**760**	825
Trade receivables that are neither past due nor impaired	652	640
Trade receivables that would otherwise be impaired whose terms have been renegotiated	121	6
Trade receivables that are past due but not impaired	86	179
Transfer to assets held for sale and disposal groups	(99)	–
Loss allowance		
Balance at the beginning of the year	170	49
Allowance raised through profit or loss	3	121
Transfer to assets held for sale and disposal groups	(18)	–
Utilisation of allowance	(16)	(5)
Translation differences	(13)	5
Balance at the end of the year	**126**	170

	31 March 2021 Rm	ECL %	31 March 2020 Rm	ECL %
The ageing of the ECL at the reporting date				
Current due				
1 – 30 days	7	1,7	13	1,9
31 – 60 days	14	4,3	17	8,7
61 – 120 days	23	18,2	22	38,4
120 – 150 days	6	54,5	24	56,5
Greater than 150 days[(a)]	76	98,3	94	100,0
Total loss allowance	**126**		170	

[(a)] *Included in the greater than 150 days ageing bracket is a loss allowance of R23 million (31 March 2020: R40 million), specifically identified based on the group's risk management policies. These balances were moved from the other ageing brackets and have been fully provided for based on specific identification criteria: customer's financial difficulty, inability to pay and when it is perceived that there is no realistic prospect of recovery.*

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

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

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

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

The ageing of PPC's receivables represents the overdue profile, meaning that payment terms are considered. For example, on an account with 60 days' payment terms, the current bucket will contain invoices that are 1 to 60 days old, but they are still not overdue. According to the group's current trade and other receivables estimation methodology, overdue receivables of more than 120 days are fully provided for. For current receivables (ie not past due according to payment terms of contracts) and overdue no more than 120 days, a percentage ECL is determined.

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28. FINANCIAL RISK MANAGEMENT continued

Significant assumptions considered within the ECL model

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

Calculating the ECL using a provision matrix

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

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

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

Adjusting for forward looking estimates

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

In the light of the COVID-19 pandemic that currently prevails, management considered the significance of adjusting for forward looking information. Additional considerations management took into account in order to quantify this impact are:

- Economic, regulatory, technological environment such as industry outlook, GDP, employment, politics
- External market indicators
- Customer base

Potential considerations due to the COVID-19 pandemic:

- Overdue buckets – distinction between those due to administrative reasons and those due to credit risk
- Credit insurance
- Government initiatives
- The group utilised the same methodology to determine the ECL on trade receivables in all jurisdictions, except for Zimbabwe, where a shorter period of time was utilised to determine the trends. This was due to the changes in currency and the hyperinflationary environment rendering the information not comparable for a period longer than nine months. All other jurisdictions utilised 24 months of data

	Notes	2021 Rm	2020 Rm
Trade and other receivables	11	**815**	933
Cash and cash equivalents	12	**457**	398
Investment in Old Mutual shares in Zimbabwe on ZSE	7.1.4	**3**	5
Maximum credit risk exposure		**1 275**	1 336

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

28. FINANCIAL RISK MANAGEMENT continued

Adjusting for forward looking estimates continued

Country	Counterparty	2021 Long-term ratings	2021 Rating definitions	2020 Long-term ratings	2020 Rating definitions
South Africa	First National Bank/RMB	Ba2	Non-investment	Ba1	Non-investment
	Standard Bank	Ba2	Non-investment	Ba1	Non-investment
	Nedbank	Ba2	Non-investment	Ba1	Non-investment
Botswana	First National Bank	Ba1	Non-investment	Baa3	Lower medium
	Standard Chartered[a]	N/A	N/A	A2	Upper medium
	Barclays	Ba3	Non-investment	A2	Upper medium
	Stanbic	Ba3	Non-investment	Ba1	Non-investment
Zimbabwe	Stanbic	B2/NP	Highly speculative	B2/NP	Highly speculative
	PTA Bank[a]	N/A	N/A	B2/NP	Highly speculative
DRC	Raw Bank	Caa1/NP	Extremely speculative	Caa2/NP	Extremely speculative
	Procredit[a]	N/A	N/A	Baa3	Lower medium
	PTA Bank[a]	N/A	N/A	Baa3	Lower medium
Rwanda	Kenya Commercial Bank (KCB)	B2/NP	Highly speculative	B2/NP	Highly speculative
	PTA Bank[a]	N/A	N/A	Baa3	Lower medium
	East African Development Bank[a]	N/A	N/A	Baa3	Lower medium

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

ECL on cash and cash equivalents

	2021 Rm	2020 Rm
Zimbabwe	7	6
DRC	3	1
Transfer to discontinued operations	(3)	(1)
	7	6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

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28. FINANCIAL RISK MANAGEMENT continued

Collateral

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

	2021 Rm	2020 Rm
Fair value of collateral held	**182**	103

Collateral held comprises:

Security/collateral	Terms and conditions associated with use of collateral
Bank guarantees	The group will on occasion accept a bank guarantee as security from a debtor. In such instance, the bank undertakes to accept liability for the debt of the debtor to a limited amount. As at 31 March 2021, management considered R104 million (31 March 2020: R55 million) to be a reasonable estimate of the collateral held in the form of bank guarantees.
Notarial bond	The group takes notarial bonds over specified and, in certain instances, all the movable property of certain debtors. This gives the group a preference to the proceeds of such movable property of the debtor on the liquidation or sequestration of the debtor. As at 31 March 2021, management considered R17 million (31 March 2020: R1 million) to be a reasonable estimate of the collateral held in the form of notarial bonds.
Mortgage bond	The group may from time to time register a continuous covering mortgage bond over the immovable property of a debtor. This gives the group the right to execute against the property of the debtor if the debtor defaults. As at 31 March 2021, management considered R37 million (31 March 2021: R25 million) to be a reasonable estimate of the collateral held in the form of mortgage bonds.
Deed of suretyship	The group will occasionally request a deed of suretyship from the shareholders or directors of the debtor. In such instance the shareholders or directors assume personal liability for the debt provided to the debtor. As at 31 March 2021, management considered R9 million (31 March 2020: R8 million) to be a reasonable estimate of the collateral held in the form of deeds of suretyship.
Cross-company guarantee	At times the group will request a company within the same group of companies as the debtor to be a guarantor for the debtor's obligation. In such instance, should the debtor default on the obligation, the guarantor will make payment for the outstanding balance of the debtor. As at 31 March 2021, management considered R15 million (31 March 2020: R14 million) to be a reasonable estimate of the collateral held in the form of cross-company guarantees.

28. FINANCIAL RISK MANAGEMENT continued

Liquidity risk management

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

The company had committed borrowing facilities of R2,5 billion and utilised 81,5% (2020: 72%) of these facilities at 31 March 2021. At year-end, R483 million of borrowing facilities remain unutilised. These numbers exclude project finance in Rwanda, the DRC and Zimbabwe.

Banking facilities are only entered into with leading financial institutions.

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

	< 1 year Rm	1 – 5 years Rm	> 5 years Rm	Total Rm
2021				
Total borrowings	**2 070**	**1 670**	**–**	**3 740**
Trade and other financial payables	**422**	**–**	**–**	**422**
Lease liability	**35**	**33**	**–**	**68**
	2 528	**1 703**	**–**	**4 231**
2020				
Total borrowings	3 061	3 316	48	6 425
Trade and other financial payables	1 584	–	–	1 584
Lease liability	54	104	–	158
	4 699	3 420	48	8 167

Refer to note 15 for borrowings details.

Methods and assumptions used by the group in determining fair values

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

The fair value of unlisted collective investment is valued using the closing unit price at year-end. Further details are disclosed in note 8.

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

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

The PPC Zimbabwe financial asset (refer to note 8) should be valued using ZWL 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$:ZWL (2020: US$:ZWL) exchange rate and further credit risk adjustment was recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

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28. 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
2021						
Financial assets						
At amortised cost						
Trade and other financial receivables	11	815	–	–	–	815
Cash and cash equivalents	12	457	–	–	–	457
At FVTOCI						
Investment in Old Mutual shares on the ZSE[(a)]	7.1.4	–	–	3	–	3
At FVTPL						
Unlisted collective investments at fair value (held for trading)	7.1.2	–	–	129	–	129
PPC Zimbabwe financial asset	7.1.3	–	–	–	57	57
Zimbabwe blocked funds	7.2.1	–	–	–	50	50
Cell captive investment		–	–	–	7	7
Financial liabilities						
At amortised cost						
Long-term borrowings	15	983	–	–	–	983
Short-term borrowings	15	1 645	–	–	–	1 645
Lease liabilities	3.2	60	–	–	–	60
Liability to non-controlling shareholder in subsidiary company	16	–	–	–	–	–
Trade and other financial payables	17	1 167	–	–	–	1 167
At FVTPL						
Interest rate swap liability	16	–	–	23	–	23
2020						
Financial assets						
At amortised cost						
Trade and other financial receivables	11	933	–	–	–	933
Cash and cash equivalents	12	398	–	–	–	398
At FVTOCI						
Investment in Old Mutual shares on the ZSE	7.1.4	–	5	–	–	5
At FVTPL						
Unlisted collective investments at fair value (held for trading)	7.1.2	–	–	143	–	143
PPC Zimbabwe financial asset	7.1.3	–	–	–	161	161
Zimbabwe blocked funds	7.2.1	–	–	–	59	59
Financial liabilities						
At amortised cost						
Long-term borrowings	15	766	–	–	–	766
Short-term borrowings	15	5 034	–	–	–	5 034
Finance lease liabilities	3.2	130	–	–	–	4
Liability to non-controlling shareholder in subsidiary company	16	22	–	–	–	34
Trade and other financial payables	17	1 794	–	–	–	3 570
At FVTPL						
Interest rate swap liability	17	–	–	24	–	24

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

28. FINANCIAL RISK MANAGEMENT continued

Fair value hierarchy disclosures continued

Level 1 – financial assets and liabilities that are valued accordingly to unadjusted market prices for similar assets and liabilities. Market prices in this instance are readily available and the price represents regularly occurring transactions that 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 refer to pricing of similar assets and liabilities in an active market or by utilising observable prices and market-related data.

Level 3 – financial assets and liabilities that are valued using unobservable data, and require management's judgement to determine the fair value. Refer to notes 8, 12 and 17 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$:ZWL exchange rate	Credit risk adjustment of 50%	1% higher and 1% lower	57	1
Zimbabwe blocked funds	US$:ZWL exchange rate	Credit risk adjustment of 85%	1% higher and 1% lower	50	3
Cell captive investment	Net asset value	Cash and cash equivalents, Investment in unit trusts, Insurance fund liabilities	N/A	7	–

Movements in level 3 financial instruments	2021 Rm	2020 Rm
Financial assets at FVTPL		
Balance at the beginning of the period	**220**	252
New financial assets recognised	**15**	317
Fair value adjustments	**84**	205
Fair value adjustment – credit risk	**155**	(456)
Translation differences	**(121)**	8
Repayments	**(239)**	(106)
Balance at the end of the period	**114**	220

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

29. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party directly or indirectly has the ability to control or jointly control the other party or exercise significant influence over the other party or is a member of the key management of PPC group. In particular, this relates to associates, as transactions with the consolidated subsidiaries are eliminated. PPC regards non-executive directors, executive directors and the executive committee to be key management. In the prior year, in the ordinary course of business, PPC group Services (Pty) Ltd, a subsidiary of PPC Ltd, entered into various transactions with Habesha Cement Share Company, an associate of PPC Ltd. The effect of these transactions is included in the financial performance and results of the group. No impairment of receivables related to the amount of outstanding balances is required.

	31 March 2021 Rm	31 March 2020 Rm
The following table shows transactions with the related parties that are included in the group's annual financial statements.		
Services rendered to a related party		
Habesha Cement Share Company	–	1
Dividends received from a related party		
Olegra (Pty) Ltd	1	1

29.1 Executive directors and prescribed officers remuneration

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

	Basic salary R'000	Retirement and medical contributions R'000	Car allowance R'000	Cash incentives R'000	Retrenchment settlement R'000	LTIP reflected R'000	Other R'000	Total R'000
Executive directors	14 140	–	300	–	–	–	450	14 890
R van Wijnen[(1)]	9 398	–	300	–	–	–	350	10 048
R van Dijk[(2)]	4 450	–	–	–	–	–	100	4 550
AC Ball[(3)]	292	–	–	–	–	–	–	292
Prescribed officers	8 070	1 188	455	2 366	2 049	–	77	14 205
NL Lekula	3 606	498	–	1 283	–	–	5	5 392
M Ramafoko	2 609	435	367	1 083	–	–	41	4 535
P Mohlala[(4)]	1 855	255	88	–	2 049	–	31	4 278

Remuneration paid to executive directors and prescribed officers for the 12 months ended 31 March 2020.

	Basic salary R'000	Retirement and medical contributions R'000	Car allowance R'000	Cash incentives R'000	Retrenchment settlement R'000	LTIP reflected R'000	Other R'000	Total R'000
Executive directors	13 189	1 256	600	994	–	2 422	12 281	30 742
R van Wijnen[(1)]	4 625	–	150	777	–	–	252	5 804
R van Dijk[(2)]	1 813	–	–	217	–	–	125	2 155
JT Claassen[(5)]	4 394	742	225	–	–	1 762	6 760	13 883
MMT Ramano[(6)]	2 357	514	225	–	–	660	5 144	8 900
Prescribed officers	8 625	1 377	485	2 366	–	–	96	12 949
NL Lekula	3 582	529	–	1 283	–	–	27	5 421
M Ramafoko	2 590	460	367	1 083	–	–	31	4 531
P Mohlala[(4)]	2 453	388	118	–	–	–	38	2 997

(1) R van Wijnen was appointed as group CEO on 1 October 2019.
(2) R van Dijk was appointed as interim group CFO on 1 November 2019 and as group CFO on 30 April 2020. She resigned as the group CFO on 31 March 2021. Subsequent to her resignation as a director, she entered into a consultancy agreement with the company, the term of which expires on 30 September 2021.
(3) AC Ball was appointed executive director on 25 June 2020. He was previously a non-executive director.
(4) P Mohlala became a prescribed officer in April 2019 and resigned as a prescribed officer on 31 December 2020.
(5) JT Claassen resigned as group CEO on 30 September 2019. "Other" includes leave payout (R1,380 million), restraint of trade (R1,785 million) and notice pay (R3,570 million).
(6) MMT Ramano resigned as group CFO on 31 October 2019. "Other" includes restraint of trade (R3,858 million) and notice pay (R1,286 million). The company and MMT Ramano entered into a consultancy agreement commencing 1 November 2019 and ending on 30 June 2021.

Supplementary disclosures

B Berlin's employment commenced on 15 February 2021 and she was appointed as group CFO with effect from 1 April 2021. Her remuneration to 31 March 2021 is R713,000.

29. RELATED PARTY TRANSACTIONS continued

29.2 Non-executive directors remuneration

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

			Committee					
	Board fees R'000	Chairman fees R'000	NOMCO R'000	ARCC R'000	REMCO R'000	Social and ethics R'000	Strategy and investment R'000	Total R'000
PJ Moleketi	–	1 279	–	–	–	–	–	1 279
AC Ball[(1)]	70	–	–	–	38	–	35	143
N Gobodo	349	–	–	208	–	214	–	771
M Gumbi[(2)]	220	–	–	–	–	91	–	311
K Maphisa[(3)]	57	–	–	–	–	25	25	107
NL Mkhondo	349	–	68	208	103	–	–	728
T Moyo	349	–	68	–	95	–	–	512
CH Naude	349	–	–	–	95	–	209	653
M Thompson	349	–	–	334	–	–	111	794
	2 092	1 279	136	750	331	330	380	5 298

Remuneration paid to non-executive directors for the 12 months ended 31 March 2020.

			Committee						
	Board fees R'000	Chairman fees R'000	NOMCO R'000	ARCC R'000	REMCO R'000	Social and ethics R'000	Strategy and investment R'000	Special meetings R'000	Total R'000
PJ Moleketi	–	1 194	–	–	–	–	–	128	1 322
AC Ball	288	–	–	–	51	–	101	106	546
N Gobodo	288	–	54	203	–	206	–	106	857
M Gumbi	288	–	–	–	76	101	–	64	529
NL Mkhondo	288	–	72	136	76	–	76	127	775
T Moyo	288	–	72	–	179	–	–	64	603
CH Naude	288	–	–	102	101	–	206	170	867
M Thompson	264	–	–	192	–	–	51	106	613
	1 992	1 194	198	633	483	307	434	871	6 112

(1) AC Ball stepped down as a non-executive director and was appointed as an executive director on 24 June 2020.
(2) Resigned 16 November 2020.
(3) Appointed 1 February 2021.

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30. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Revised statements in issue not yet effective:	Effective date reporting period on or after	Possible implication on PPC
For adoption during 2022 financial year		
IFRS 4 *Insurance contracts* – interest rate benchmark reform phase 2:	1/1/2021	The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 amend requirements relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures. ▪ The amendment to IFRS 4 enables an insurer applying the temporary exemption from IFRS 9 to apply a practical expedient to account for a change in the contractual cash flows that are required by IBOR reform by updating the effective interest rate to reflect any change arising from the reform.
IFRS 7 *Financial instruments: disclosures* – interest rate benchmark reform phase 2	1/1/2021	The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 amend requirements relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures. ▪ The amendment to IFRS 7 requires a company to make additional disclosures in its financial statements so that investors can better understand the effects of IBOR reform on that company.
IFRS 9 *Financial instruments* – interest rate benchmark reform phase 2	1/1/2021	The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 amend requirements relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures. ▪ The amendments to IFRS 9 enable a company to apply a practical expedient to account for a change in the contractual cash flows required by IBOR reform by updating the effective interest rate to reflect any change arising from the reform ▪ The amendments to IFRS 9 enable (and require) companies to continue hedge accounting in circumstances when changes to hedged items and hedging instruments arise as a result of changes required by the IBOR reform, by requiring companies to amend their hedging relationships to reflect: – designating an alternative benchmark rate as the hedged risk; or – changing the description of the hedged item, including the designated portion, of the hedging instrument.
IFRS 16 *Leases* – interest rate benchmark reform phase 2	1/1/2021	The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 amend requirements relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures. ▪ The amendment to IFRS 16 enables a company to apply a practical expedient to account for a lease modification required by the IBOR reform.
IAS 39 *Financial instruments: recognition and measurement* – interest rate benchmark reform phase 2	1/1/2021	The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 amend requirements relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures. ▪ The amendments to IAS 39 enable (and require) companies to continue hedge accounting in circumstances when changes to hedged items and hedging instruments arise as a result of changes required by the IBOR reform by requiring companies to amend their hedging relationships to reflect: – designating an alternative benchmark rate as the hedged risk; – changing the description of the hedged item, including the designated portion, or of the hedging instrument; or – changing the description of how the entity would assess hedge effectiveness

30. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES CONTINUED

For adoption during 2023 financial year	Effective date reporting period on or after	Possible implication on PPC
IFRS 9 *Financial instruments* – interest rate benchmark reform phase 2	1/1/2022	Annual improvements to IFRS 2018 – 2020: The amendment clarifies which fees an entity includes when it applies the "10 %" test in assessing whether to derecognise a financial liability.
IAS 16 *PPE* – proceeds before intended use	1/1/2022	The amendments prohibit an entity from deducting from the cost of an item of PPE any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.
IAS 37 *Provisions, contingent liabilities and contingent assets* – onerous contracts – cost of fulfilling a contract	1/1/2022	The amendments specify which costs should be included in an entity's assessment whether a contract will be loss-making.
IFRS 1 *First-time adoption of IFRS* – annual improvements to IFRS 2018 – 2020:	1/1/2022	Extension of an optional exemption permitting a subsidiary that becomes a first-time adopter after its parent to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRS. A similar election is available to an associate or joint venture.
IFRS 3 *Business combinations* – reference to the conceptual framework	1/1/2022	The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
IAS 1 *Presentation of financial statements* – classification of liabilities as current or non-current	1/1/2023	Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.
IFRS 17 *Insurance contracts*	1/1/2023	The impact of this new standard is currently being assessed.

31. ADDITIONAL DISCLOSURE

Contingent liabilities and guarantees

At 31 March 2021, there are a number of tax disputes ongoing in PPC Barnet DRC, which has been classified as a disposal group. The group does not recognise contingent liabilities in the statement of financial position until future events indicate that it is probable that an outflow of resources will take place. A reliable estimate can be made, at which time a provision is recognised. The most significant matters relate to custom duties on the importation of equipment, consumption tax 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 R59 million.

The total guarantees issued by the group, by means of a bank guarantee, in favour of the various suppliers were R102 million (2020: R102 million). Included in this amount are financial guarantees for the group's environmental rehabilitation and decommissioning obligations to the Department of Mineral Resources (DMR) amounting to R76 million (2020: R76 million).

32. EVENTS AFTER REPORTING DATE

Other than the sale and purchase agreements entered into subsequent to the year-end for PPC Lime and PPC Aggregates Quarries and the meeting of the condition precedent contained in the agreement which terminated the lenders right of recourse to PPC Ltd in respect of the DRC (refer to note 9) there were no other events that occurred after the reporting date that warrant disclosure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

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33. SUBSIDIARIES AND NON-CONTROLLING INTERESTS

The consolidated annual financial statements for the year ended 31 March 2021 include the results and statements of financial position of the company, all of its subsidiaries, SPVs and companies controlled by the group.

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

The key trading subsidiaries and respective holding companies are:

			Proportion of ownership interest and voting power held by the group		
Name of subsidiary	Principal activity	Country of incorporation	2021	2020	Holding company
PPC Zimbabwe Ltd	Manufacturer and supplier of both bag and bulk cement for use within Zimbabwe and surrounding countries	Zimbabwe	**70%**	70 %	PPC Ltd
PPC Botswana (Pty) Ltd	Manufacturer, wholesaler and distributor of cementitious products, both bag and bulk, within Botswana	Botswana	**100%**	100 %	PPC Ltd
PPC South Africa Holdings (Pty) Ltd	Holding company for South Africa entities	South Africa	**100%**	100 %	PPC Ltd
PPC Cement SA (Pty) Ltd	Manufacturer and supplier of both bag and bulk cement for use within South Africa and surrounding countries	South Africa	**100%**	100 %	PPC South Africa Holdings (Pty) Ltd
PPC International Holdings (Pty) Ltd	Holding company for PPC's International investments	South Africa	**100%**	100 %	PPC Ltd
PPC Group Services (Pty) Ltd	Services to group entities	South Africa	**100%**	100 %	PPC Ltd
PPC Lime Ltd	Manufacturer and supplier of highly reactive lump lime, burnt lime and burnt dolomite for use in South Africa and other surrounding countries	South Africa	**100%**	100 %	PPC South Africa Holdings (Pty) Ltd
Pronto Holdings (Pty) Ltd	Holding company for readymix and fly ash entities	South Africa	**100%**	100 %	PPC South Africa Holdings (Pty) Ltd
Pronto Building Materials (Pty) Ltd	Manufacture and supplier of readymix concrete and dry mortar mix in Gauteng	South Africa	**100%**	100 %	Pronto Holdings (Pty) Ltd
Ulula Ash (Pty) Ltd	Manufacture and supplier of fly ash	South Africa	**100%**	100 %	Pronto Building Materials (Pty) Ltd
3Q Mahuma Concrete (Pty) Ltd	Manufacture and supplier of readymix concrete	South Africa	**100%**	100 %	Pronto Holdings (Pty) Ltd
Safika Cement Holdings (Pty) Ltd	Manufacturer and supplier of blended cement within South Africa	South Africa	**100%**	100 %	PPC Cement SA (Pty) Ltd
PPC Aggregate Quarries (Pty) Ltd	Manufacturer and supplier of stone, sand, road layer material and special aggregate-related products in Gauteng	South Africa	**100%**	100 %	PPC South Africa Holdings (Pty) Ltd
PPC Aggregate Quarries Botswana (Pty) Ltd	Manufacturer and supplier of stone, sand, road layer material and special aggregate-related products in Gaborone and Francistown	Botswana	**100%**	100 %	PPC Botswana (Pty) Ltd
CIMERWA Limitada	Manufacturer and supplier of both bag and bulk cement for use within Rwanda and surrounding countries	Rwanda	**51%**	51 %	PPC International Holdings (Pty) Ltd
PPC Barnet DRC Holdings	Holding company for PPC's expansion into the DRC cement market	Mauritius	**69%**	69 %	PPC International Holdings (Pty) Ltd
PPC Barnet DRC Trading SA	Supplier of bag cement for use within the DRC and surrounding countries	Democratic Republic of the Congo	**69%**	69 %	PPC Barnet DRC Holdings
PPC Barnet DRC Manufacturing SA	Manufacturer of both bag and bulk cement for use within the DRC and surrounding countries	Democratic Republic of the Congo	**69%**	69 %	PPC Barnet DRC Holdings
PPC Barnet DRC Quarrying SA	Owner of the mineral right in the DRC and responsible for the primary phase of quarrying(b)	Democratic Republic of the Congo	**69%**	69 %	PPC Barnet DRC Holdings
PPC Mozambique SA	Supplier of cement, sourced primarily from Zimbabwe and South Africa, into the Mozambique market mainly into the Maputo and Tete regions	Mozambique	**100%**	100 %	PPC International Holdings (Pty) Ltd
PPC Ntsika Fund (Pty) Ltd	The objective of the company is to provide financial support and active mentorship to small black-owned enterprises.	South Africa	**100%**	100 %	PPC Ltd

33. SUBSIDIARIES AND NON-CONTROLLING INTERESTS continued

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

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

	PPC Barnet DRC Holdings[(a)] 2021	CIMERWA 2021	PPC Zimbabwe Ltd 2021	PPC Barnet DRC Holdings 2020	CIMERWA 2020	PPC Zimbabwe Ltd 2020
Revenue	**766**	**1 128**	**1 629**	607	936	1 872
Net (loss)/profit for the year	**(1 096)**	**81**	**79**	(371)	(13)	831
Net (loss)/profit attributable to non-controlling interests	**(347)**	**40**	**–**	(490)	(26)	–
Dividends attributable to non-controlling interest	**–**	**–**	**(5)**	–	–	–
Non-controlling percentage interest	**31%**	**49%**	**0%**	31%	49%	0%
Current assets	**800**	**442**	**707**	334	307	983
Current liabilities	**3 036**	**262**	**261**	735	296	343
Current net assets/(liabilities)	**(2 235)**	**180**	**447**	(401)	11	640
Non-current assets	**1 639**	**678**	**4 069**	3 132	1 146	4 820
Non-current liabilities	**80**	**493**	**959**	4 137	642	1 369
Non-current net assets/liabilities	**1 560**	**185**	**3 110**	(1 005)	504	3 451
Equity attributable to non-controlling interests	**(675)**	**461**	**61**	(829)	536	66

[(a)] *PPC Barnet DRC Holdings has been classified as the disposal group held for sale (refer to note 9)*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

34. STRUCTURED ENTITIES

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

A structured entity often has some or all of the following features or attributes:

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

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

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

Name of consolidated structured entity	Main business objective
PPC Black Managers Trust	The objective of this trust is to facilitate black economic empowerment in terms of the framework established by the BBBEE Act, no. 53 of 2003 (as amended), the Mining Charter of South Africa and the Codes of Good Practice on BBBEE. In particular, this trust is aimed primarily at the upliftment of black persons who are employees of employer companies within the PPC group through providing grants and/or benefits to beneficiaries to facilitate projects relating to education, healthcare and other compassionate needs as recognised by the Board from time to time.
PPC Team Benefit Trust	The objective of this trust is to facilitate black economic empowerment in terms of the framework established by the BBBEE Act, no. 53 of 2003 (as amended), the Mining Charter of South Africa and the Codes of Good Practice on BBBEE. In particular, this trust is aimed primarily at the upliftment of black persons who are employees of employer companies within the PPC group through providing grants and/or benefits to beneficiaries to facilitate projects relating to education, healthcare and other compassionate needs as recognised by the Board from time to time.
PPC Black Managers Trust Funding SPV (Pty) Ltd	The objective of the company is to enable the PPC Black Managers Trust to eventually hold shares in PPC Ltd by providing funding for the transactions.
PPC Construction Industry Associations Trust Funding SPV (Pty) Ltd	The objective of the company is to enable the PPC Construction Industry Associations Trust to eventually hold shares in PPC Ltd by providing funding for the transactions.
PPC Community Trust Funding SPV (Pty) Ltd	The objective of the company is to enable the PPC Community Trust to eventually hold shares in PPC Ltd by providing funding for the transactions.
PPC Education Trust Funding SPV (Pty) Ltd	The objective of the company is to enable the PPC Education Trust to eventually hold shares in PPC Ltd by providing funding for the acquisition.
PPC Team Benefit Trust Funding SPV (Pty) Ltd	The objective of the company is to enable the PPC Team Benefit Trust to eventually hold shares in PPC Ltd by providing funding for the acquisition.
PPC Masakhane Trust	The objective of this trust is to confer share ownership rights upon the beneficiaries and to facilitate ownership by each beneficiary of PPC Ltd shares on the terms of the trust deed in order to facilitate economic empowerment amongst the PPC Ltd group's employees in South Africa achieve compliance by PPC with the BBBEE Act, the Mining Charter of South Africa and the Codes of Good Practice on BBBEE.

34. STRUCTURED ENTITIES continued

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

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

No dividends have been paid to the beneficiaries of this trust for the 2021 and 2020 financial years.

SPV entities

PPC Ltd has contractually committed to provide the funding to the above SPV entities with such financial support as is required to allow them to meet their financial obligations as and when they fall due over the course of the next 12 months from financial year-end, up until and including 31 March 2022.

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

Name of Unconsolidated structured entity	Main business objective	Interest in unconsolidated entity
PPC Bafati Investment Trust	The object of this trust is to confer rights upon the beneficiaries and to facilitate ownership by each beneficiary of PPC shares in the terms of the trust deed in order to facilitate economic empowerment in women and achieve maximum compliance by PPC with the BBBEE Act, the Mining Charter of South Africa and the Codes of Good Practice on BBBEE.	PPC Ltd allocated shares to the trust in terms of PPC's B-BBEE transaction, funded by NVF mechanism. The trust is entitled to receive a trickle dividend of 20% of any dividends declared by PPC Ltd and the balance of the dividend will be used to reduce the notional vendor loan.
PPC Construction Industry Associations Trust	The objective of this trust is to contribute to the empowerment of the construction industry associations selected as beneficiaries to this trust, in order to enable the construction industry associations to implement projects which contribute to the socio-economic upliftment of primarily black persons and previously disadvantaged communities.	PPC Ltd donated to the trust to finance the acquisition of all the shares in PPC Construction Industry Associations Trust Funding SPV (Pty) Ltd on 21 May 2008, in order to facilitate the PPC B-BBEE transaction which became effective on 15 December 2008.
PPC Community Trust	The objective of the trust is to contribute to the empowerment and upliftment of the designated communities in accordance with the spirit and purpose of the BBBEE Act, the Mining Charter of South Africa and the Codes of Good Practice on BBBEE. In particular, the trust is aimed at providing funding to projects in the designated communities which seek to benefit the designated groups.	PPC Ltd (PPC) donated to to the trust to finance the acquisition of all the shares in PPC Community Funding Trust SPV (Pty) Ltd on 21 May 2008, in order to facilitate the PPC B-BBEE transaction which became effective on 15 December 2008.
PPC Education Trust	The objective of this trust is to contribute to education and development in the cement manufacturing, mining, construction and related industries, in accordance with the spirit and purpose of the BBBEE Act, the Mining Charter of South Africa and the Codes of Good Practice on BBBEE. In particular, this trust is aimed at providing funding to education organisations or individuals for the purpose of sectorial skills development, learnerships and education. The funding provided by this trust will predominantly be aimed at the education of black persons.	PPC Ltd donated to the trust to finance the acquisition of all the shares in PPC Education Trust Funding SPV (Pty) Ltd on 21 May 2008, in order to facilitate the PPC B-BBEE transaction which became effective on 15 December 2008.
Maitlantic 6060 (RF) (Pty) Ltd (Maitlantic 6060 SPV) **Maitlantic 6060 Owner Trust**	The purpose of this trust and SPV is to house the security pool arrangements for the group (refer to note 15 for further details).	PPC Cement SA (Pty) Ltd donated R100 to the trust to finance the acquisition of all the shares in the SPV.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

35. GOING CONCERN ASSESSMENT

Introduction

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

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

1. The sustainability, or viability, of the group, or its ability to continue trading as a going concern. The assessment has included, inter alia, current trading trends, basis of budget preparation and key assumptions underpinning the forecasts and the impact of stress testing on such forecasts.
2. The solvency of the group: whether the fair value of assets exceeds the fair value of liabilities, including any contingent assets and liabilities to the extent applicable and likewise the ability to settle all debts as they fall due until at least 30 June 2022.
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 June 2022, taking into account current available facilities and the impact of the financial restructuring which is currently underway.

Group restructuring and refinancing project

As at 31 March 2021, the net debt in the South African operations was R1.9 billion (31 March 2020: R2.0 billion). The directors are of the view that such levels of debt are not sustainable and in the previous financial year commenced a restructuring and refinancing project with the objective of de-risking the group's balance sheet and implementing a sustainable capital structure. The 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 need to restructure and refinance was due to a combination of:

1. The investment in PPC Barnet in the Democratic Republic of Congo (DRC) in 2014 in which PPC Ltd assumed the role as a project sponsor with associated recourse to PPC Ltd and to provide ongoing deficiency funding to PPC Barnet, including, in the event of an acceleration of PPC Barnet's debt, the full amount of such debt ; and
2. The subdued trading conditions resulting in reduced profitability of the South African operations.

In the 31 March 2020 consolidated financial statements, it was stated that the restructuring and refinancing project sought to achieve, amongst others, 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 general banking and working capital facilities;
- Reach an 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 relieving PPC Ltd of its deficiency loan funding obligations; and
- 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. It was also noted that 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, had been achieved.

Progress on each of the above items during the financial year and after the year-end up to the last practicable date before publishing these annual financial statements, is dealt with below.

Funding confirmation from South African lenders

In August 2020, PPC Ltd concluded an overarching term sheet relating to its facilities with its two primary South African lenders (SA Primary Lenders). The term sheet with the SA Primary Lenders had been approved by their respective credit committees but were conditional on completion of:

- amendments to facility agreements that were completed by 17 December 2020; and
- security pool legal documentation that became unconditional in accordance with its terms on 15 December 2020.

On 31 March 2021, PPC Ltd and the SA Primary Lenders entered into agreements that provide for:

- R625 million of short-term banking facilities that were in place at financial year-end, will continue in place under similar terms until at least 30 June 2022.
- The R1,85 billion long-term facilities that were in place at financial year-end will remain in place, with facility settlement dates as set out below.

Quantum Rm	Settlement date
350	30 Sep 21
800	31 Mar 22
300	19 Jun 23
400	19 Jun 24
1 850	

35. GOING CONCERN ASSESSMENT continued

Funding confirmation from South African lenders continued

An amendment to the 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 as follows:

- A commitment to reduce the level of gearing through an equity capital raise of a minimum of R750 million to no later than 30 September 2021.
- A commitment to conclude the sale of PPC Lime Ltd (PPC Lime) by 30 June 2021, with the proceeds received by no later than 30 September 2021.
- The agreements with the SA Primary Lenders remained conditional on resolution of PPC Ltd's exposure to the DRC.

The facilities as at 31 March 2021 are shown in the table below:

	31 March 2021 Rm	31 March 2020 Rm
Short-term facilities		
Available	625	1 000
Utilised	309	569
Unutilised	316	431
% headroom	51	43
Long-term facilities		
Available	1 850	1 850
Utilised	1 700	1 450
Unutilised	150	400
% headroom	8	22
Total facilities		
Available	2 475	2 850
Utilised	2 009	2 019
Unutilised	466	831
% headroom	19	29

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

Covenant	31 March 2021	30 June 2021	Thereafter
Obligor Interest Cover	2.00x	3.00x	4.00x
Obligor Gross Debt to EBITDA	5.00x	3.00x	2.50x
Group Gross Debt to EBITDA	4.5x	3.5x	3.00x

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

35. GOING CONCERN ASSESSMENT continued

Funding confirmation from South African lenders continued

At 31 March 2021 all financial covenants were met and forecasts indicate that covenants will continue to be met through 30 June 2022. However, the repayment of the long-term facility of R800 million which becomes due and payable on 31 March 2022 will need to be refinanced. It is also anticipated that revised covenants will be agreed during the renegotiation/refinancing discussions with the SA Lenders referred to below.

Sale of PPC Lime

As stated above, a key term of the agreements with the SA Primary Lenders is the sale of PPC Lime by 30 June 2021. On 2 May 2021, PPC South Africa Holdings (Pty) Ltd, a wholly-owned subsidiary of PPC Ltd, entered into transaction agreements with Kgatelopele Lime Proprietary Ltd (the "Acquirer"), to dispose of the entire issued share capital of PPC Lime for a consideration of R520 million on a debt-free and cash-free basis. This R520 million was also subject to a positive or negative adjustment if the net working capital was respectively above or below an amount of R169 million. As at 31 March 2021, the net working capital of PPC Lime was R124 million which will result in net proceeds to PPC Ltd being reduced to R475 million.

The disposal is subject to the fulfilment of, inter alia, the following conditions precedent by 31 December 2021:

- Approval of the Disposal by the relevant competition authorities in terms of the Competition Act, Act 89 of 1998;
- Consent of the Minister of Mineral Resources and Energy in terms of section 11 of the Minerals and Petroleum Resources Development Act, Act 28 of 2002;
- Written proof being obtained to the satisfaction of PPC Lime and the Department of Mineral Resources and Energy that the Acquirer has made financial provision in respect of the rehabilitation liability of PPC Lime. In this regard, the current rehabilitation trust funds for PPC Lime held within the PPC group in terms of section 37A of the Income Tax Act, Act 62 of 1968, will be transferred to PPC Lime as part of the Disposal; and
- Exemption being granted in terms of section 119(6) of the Companies Act, Act 71 of 2008 from the application of Parts B and C of Chapter 5 of the Companies Act and the Takeover Regulations with respect to the implementation of the Disposal.

The effective date of the disposal will be the last day of the month in which the last of the conditions precedent, detailed above, have been met. PPC Ltd views these conditions precedent as typical for a transaction of this nature.

It is noted that there is a reciprocal break-fee of some R25 million that will become payable should either party breach any of their respective obligations and as a result of such breach, the conditions to the sale of PPC Lime are not met and the sale of PPC Lime is consequently not implemented.

In addition the Acquirer has strong BEE credentials that introduce limited risk to the execution of the divestment. Given the break fee and the strong BEE credentials of the Acquirer, the board is of the view that the conditions precedent will be met prior to 30 September 2021.

Re-financing of the long-term facilities

The revised facilities provide adequate headroom and management forecasts indicate continuing headroom across total facilities until 31 March 2022 when R800 million of long-term facilities become payable. It is envisaged that these facilities will be re-negotiated well in advance of this date, as part of the normalisation of facilities and terms following the internal de-gearing, continued operational performance in line with that achieved from June 2020 to 31 March 2021 (the non-COVID affected part of the year) and the provision to the SA Primary Lenders of security. Engagement with the SA Lenders in this regard has been initiated and negotiations are expected to commence early July 2021.

Management has commenced discussions with the SA Primary Lenders to review the need for the capital raise should the South African businesses continue to de-gear towards a sustainable debt capacity of circa two times EBITDA based on a rolling 12 month period. Management's detailed liquidity model indicates that based on the rolling 12 month rolling EBITDA to June 2021, the debt capacity of the group will exceed the debt required by the group. As a result, management and the board are confident that the SA Primary Lenders will either waive the need for a capital raise or reduce it by some 50%. Regardless, in the event of the capital raise remaining a requirement, the board is confident that it will be achievable by 30 September 2021. PPC Ltd has received a commitment from one of its key shareholders, Value Capital Partners, to support the capital raise and underwrite up to R333 million, subject to the resolution of the DRC exposure, which has now been achieved.

There is no absolute certainty that SA Primary Lenders will agree to waive the requirement for a capital raise and re-negotiate the facilities and covenants. However, considering the performance of the South African operations (dealt with further below), management and the board are confident that this will be successful and a sustainable level of appropriate facilities will be negotiated to meet the needs of the group, which will obviate the need for a capital raise.

35. GOING CONCERN ASSESSMENT continued

Resolution of DRC exposures

The restructuring and refinancing project reached a milestone on 31 March 2021, when PPC and the DRC Lenders entered into a binding agreement to settle the deficiency funding obligation and a term sheet to restructure the DRC business by no later than 30 September 2021. Therefore, as at 31 March 2021, conditional on payment of the final deficiency settlement amount of US$16.5 million by 15 April 2021, PPC no longer has any deficiency obligations to the DRC Lenders. The settlement amount was subsequently paid on 14 April 2021. As at 31 March 2021, PPC Barnet owes the DRC Lenders US$175 million (R2.5 billion), with no further recourse to PPC Ltd.

International operations

DRC

The term sheet referred to in the immediately preceding paragraph to restructure the DRC business by 30 September 2021 is binding on PPC Ltd and is in the best interest of the PPC Barnet Lenders to execute given the recourse to PPC Ltd has been expunged. The terms of the restructure will restore solvency and liquidity to PPC Barnet and has provided a degree of certainty with regards to future cash flows and 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 implementation of the terms of the restructure are largely administrative and PPC Ltd's and the PPB Barnet Lenders' respective advisers have already made progress in this regard.

Zimbabwe

Despite continuing to operate in a challenging hyperinflationary economy, PPC Zimbabwe generates cash surpluses and operates as a going concern, with no compromises or payment plans required. The cash flow forecasts reflect an assumed return to pre-COVID sales volumes and cash headroom remains sufficient for the next 12 months and a minimum cash balance in excess of US$10 million, before dividends, is forecast over the period to June 2022.

As referred to in note 7.1.2, there is uncertainty around the ability of the RBZ to meet the payments of the third party loan as they become due. However, payment of the outstanding instalment due on 31 December 2020 has been settled (US$6 million) and as such the RBZ has honoured all payments to date. Only two payments totalling US$9.3 million remain outstanding, US$5.1 million due on 30 June 2021 and US$4.2 million due on 31 December 2021.

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

Rwanda (CIMERWA)

CIMERWA continues to trade as a going concern with no expected cash shortfalls in the next 12 months and beyond. A minimum cash balance in excess of Rwf13 billion is forecast over the period to June 2022.

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 was agreed with the Rwanda Lenders and credit approved by the requisite majority of the syndicate. This concession expired on 31 October 2020 and the CIMERWA resumed the interest and loan repayments in November 2020.

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. Habesha has appointed advisers to develop a financial restructuring plan to optimise its capital structure, the results of which are expected to be presented to the Habesha board of directors towards mid-2021.

PPC Ltd has no obligation to support the business nor invest further capital and will assess the restructuring plan on its merits in due course.

Group solvency

On a consolidated basis, the fair value of assets exceeds the fair value of liabilities for the group, with total carrying value of assets at R15.8 billion (excluding discontinued operations), compared to total (lender) debt of R2.6 billion (excluding discontinued operations) and total balance sheet liabilities of R5.8 billion (excluding discontinued operations).

The aforementioned is based on detailed impairment testing of PPC's cash generating units, resulting in the reversal of prior year impairments recognised on property, plant and equipment of R1.5 billion and impairments amounting to R808 million (refer note 21).

There is no obligation on PPC Ltd to fund international obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

35. GOING CONCERN ASSESSMENT continued

Operational performance in line with cash flow forecasts

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

Overall, the PPC group met its pre-COVID budgets for volumes, revenues, EBITDA and EBITDA margins for the financial year ended 31 March 2021. The forecasts for the 2022 financial year remain conservative and continue to assume the headwind effect of imports and do not yet reflect the return to pre-COVID levels in its entirety.

Conclusion

The events, conditions, judgements and assumptions described above inherently include material uncertainty on the timing of future cash flows and the potential amounts of cash received in the de-gearing initiatives, as well as the renegotiation of funding facilities and covenants. Any significant deviations in the assumptions made 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 a 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.

The directors have therefore prepared the consolidated and company financial statements on a going concern basis.

COMPANY STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2021

	Notes	March 2021 Rm	Restated[a] March 2020 Rm	Restated[a] March 2019 Rm
ASSETS				
Non-current assets		**6 538**	6 651	7 474
Finance lease receivable	2.1, 24	**4**	36	–
Investments in subsidiaries	3.1	**4 393**	3 834	4 841
Financial assets	3.2	**3**	5	284
Other non-current assets	3.3	**57**	59	–
Amounts owing by subsidiaries	3.4, 24	**2 081**	2 717	2 349
Current assets		**240**	529	979
Other receivables	4	**3**	9	29
Amounts owing by subsidiaries	3.5, 24	**218**	509	893
Taxation receivable		**17**	–	50
Finance lease receivable	2.1, 24	**2**	9	–
Cash and cash equivalents	5	**–**	2	7
Total assets		**6 778**	7 180	8 453
EQUITY AND LIABILITIES				
Capital and reserves				
Stated capital	6	**5 138**	5 138	5 108
Other reserves[b]		**(733)**	(731)	(727)
Retained profit		**1 952**	2 416	3 258
Total equity		**6 357**	6 823	7 639
Non-current liabilities		**15**	109	270
Other non-current liabilities		**–**	–	251
Deferred taxation liability	7	**11**	73	19
Lease liabilities	2.2	**4**	36	–
Current liabilities		**406**	248	544
Short-term borrowings		**–**	–	134
Provisions	8	**18**	–	–
Trade and other payables	9	**67**	23	38
Lease liabilities	2.2	**2**	9	–
Taxation payable		**–**	14	–
Amounts owing to subsidiaries	24	**319**	202	372
Total equity and liabilities		**6 778**	7 180	8 453

[a] *Refer to note 1.4 for details regarding the restatements as a result of a correction of prior period errors*
[b] *Refer to statement of changes in equity for details of other reserves*

COMPANY STATEMENT OF PROFIT OR LOSS

for the year ended 31 March 2021

	Notes	March 2021 Rm	Restated[(a)] March 2020 Rm
Revenue	10	**132**	313
Administration and other operating expenditure		**(172)**	(134)
Operating (loss)/profit before IFRS 2 charges	11	**(40)**	179
Empowerment transactions – IFRS 2 charges		**–**	(15)
Operating (loss)/profit		**(40)**	164
Fair value and foreign exchange (losses)/gains	13	**(206)**	210
Fair value loss on Zimbabwe blocked funds		**(17)**	(258)
Fair value gain on DRC put option	14	**–**	251
Expected credit loss (ECL) on Zimbabwe government bonds		**–**	40
Finance costs	15	**(55)**	(39)
Investment income	16	**65**	44
(Loss)/profit before impairments and taxation		**(253)**	412
Impairments	17	**(282)**	(1 215)
Loss before taxation		**(535)**	(803)
Taxation	18	**64**	(70)
Loss for the year		**(471)**	(873)

[(a)] *Refer to note 1.4 for details regarding the restatements as a result of a correction of prior period errors.*

COMPANY STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2021

	Movement in financial assets Rm	Restated[a] Retained profit Rm	Total comprehensive income Rm
2021			
Loss for the year	**–**	**(471)**	**(471)**
Items that will be reclassified to profit or loss	**(2)**	**–**	**(2)**
Remeasurement of financial assets	**(3)**	**–**	**(3)**
Taxation impact on remeasurement of financial assets	**1**	**–**	**1**
Total comprehensive loss	**(2)**	**(471)**	**(473)**
2020			
Loss for the year (as previously stated)	–	(861)	(861)
Correction of error – IFRS 2 prior year restatement[a]	–	(12)	(12)
Loss for the year (restated)	–	(873)	(873)
Items that will be reclassified to profit or loss	(2)	–	(2)
Remeasurement of financial assets	(2)	–	(2)
Taxation impact on remeasurement of financial assets	–	–	–
Total comprehensive loss	(2)	(873)	(875)

[a] *Refer to note 1.4 for details regarding the restatements as a result of a correction of prior period errors.*

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2021

		Other reserves					
	Stated capital Rm	Movement in financial assets Rm	Equity compensation reserve Rm	Put options Rm	Total Rm	Retained profit Rm	Total Rm
2021							
Balance at the beginning of the year	**5 138**	**205**	**(513)**	**(423)**	**(731)**	**2 416**	**6 823**
Movement for the year	**–**	**(2)**	**–**	**–**	**(2)**	**(464)**	**(466)**
IFRS 2 charges	–	–	21	–	21	–	21
Total comprehensive loss	–	(2)	–	–	(2)	(471)	(473)
Transfer resulting from shares forfeited[a]	–	–	(21)	–	(21)	7	(14)
Balance at the end of the year	**5 138**	**203**	**(513)**	**(423)**	**(733)**	**1 952**	**6 357**
2020							
Balance at the beginning of the year (as previously stated)	5 108	207	(511)	(423)	(727)	3 208	7 589
Correction of error – IFRS 2 prior year restatement[b]	–	–	–	–	–	50	50
Balance at the beginning of the year (restated)	5 108	207	(511)	(423)	(727)	3 258	7 639
Movement for the year	30	(2)	(2)	–	(4)	(842)	(816)
IFRS 2 charges	–	–	59	–	59	–	59
Total comprehensive loss[b]	–	(2)	–	–	(2)	(873)	(875)
Transfer resulting from shares forfeited[a]	–	–	(31)	–	(31)	31	–
Vesting of the share incentive scheme	30	–	(30)	–	(30)	–	–
Balance at the end of the year (restated)	5 138	205	(513)	(423)	(731)	2 416	6 823

(a) *This includes amounts related to the company's directors and management transferred to retained profit and amounts transferred to group entities on intercompany loan account.*
(b) *Refer to note 1.4 for details regarding the restatements as a result of a correction of prior period errors.*

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 March 2021

	Notes	March 2021 Rm	Restated[a] March 2020 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash utilised in operations			
(Loss)/profit before impairments[a]		**(253)**	412
Adjustments for:			
IFRS 2 charges[a]		**5**	76
Fair value and foreign exchange movements	13	**223**	(203)
ECL on Zimbabwe government bonds		**–**	(40)
ECL on Zimbabwe money market account		**(6)**	6
Finance costs	15	**55**	39
Dividends received from subsidiary companies	24	**(101)**	(255)
Group fees from subsidiaries		**(8)**	(25)
Interest received from subsidiary companies included in Revenue		**(19)**	(23)
Investment income	16	**(65)**	(44)
Operating cash flows before movements in working capital		**(169)**	(57)
Movement in trade and other receivables		**6**	(7)
Movement in trade and other payables		**40**	(17)
Cash utilised in operations		**(123)**	(81)
Finance costs paid	19	**(9)**	(4)
Investment income received	20	**–**	16
Taxation (paid)/received	21	**(22)**	51
Net cash outflow from operating activities		**(154)**	(18)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in Zimbabwe government bonds		**–**	311
Investment in Zimbabwe blocked funds account		**(8)**	(311)
Movement in DRC deficiency loan		**(313)**	(262)
Movement in amounts owing by subsidiary companies		**503**	440
Net cash inflow from investing activities		**182**	178
Net cash inflow before financing activities		**28**	160
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings repaid		**–**	(23)
Movement in amounts owing to subsidiary companies		**–**	(19)
Repayment of notes		**–**	(111)
Lease repayments	2.2	**(30)**	(12)
Net cash outflow from financing activities		**(30)**	(165)
Net movement in cash and cash equivalents		**(2)**	(5)
Cash and cash equivalents at the beginning of the year		**2**	7
Cash and cash equivalents at the end of the year		**–**	2

[a] *Refer to note 1.4 for details regarding the restatements as a result of a correction of prior period errors.*

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 March 2021

1. BASIS OF PREPARATION

These financial statements are prepared in accordance with IFRS and interpretations adopted by the IASB in issue and effective for the company as at 31 March 2021 and the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act of South Africa using the historical cost convention except for certain financial instruments and liabilities which are stated at fair value.

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

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

The following standards were adopted in the current year:

Standard, amendment or interpretation	Impact on the financial statements
Amendments to IFRS 3 *Definition of a business*	No significant impact on the company financial statements
Amendments to IAS 1 and IAS 8 *Definition of material*	No significant impact on the company financial statements
The Conceptual Framework for Financial Reporting	No significant impact on the company financial statements
Amendments to IFRS 9, IAS 39 and IFRS 7 *Interest rate benchmark reform*	No significant impact on the company financial statements
COVID-19-related rent concessions (Amendment to IFRS 16)	No significant impact on the company financial statements

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

1.2 Accounting policies

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

1.3 Significant judgements made by management and sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

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

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

- Financial assets, investments in subsidiaries and other non-current assets (note 3)
  - Investments in subsidiaries
  - Zimbabwe blocked funds
  - Investment in Old Mutual shares on Zimbabwe stock market
  - Amounts owing by subsidiaries
- Fair value gain on DRC put option (note 14)
  - Put option liability
- Leases (note 2)

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

1. BASIS OF PREPARATION continued

1.4 Prior period restatements

FSP

The purpose of the FSP is to provide eligible employees with an incentive to deliver the PPC group strategy over the long term and to be a retention mechanism. Under the FSP, participants received both retention awards and performance awards for no consideration and had the right to participate in dividends and other shareholder rights from the grant date, but could only dispose of the shares after the vesting date. Vesting of the retention awards is generally subject to employment for a period of three years, and vesting of the performance awards is also subject to the satisfaction of certain performance conditions. Failure to meet these conditions will result in the employee forfeiting the shares.

In accordance with IFRS 2 *Share-based payment* the entity receiving the service from its employees shall measure the services as equity settled and recognise the expense (FSP charge) incurred for rendering the service in its separate or individual financial statements over the vesting period.

In the current financial year it was discovered that PPC Ltd, the settling entity, recognised the FSP charge for the shares awarded for all the companies in the group in the 2017, 2018 and 2019 financial years evenly over the vesting period in its financial statements, but only on-charged such charge at the vesting date to the receiving entity, as applicable. The correct accounting treatment would have been for each employer entity to recognise its IFRS2 charge evenly over the vesting period. The consolidated group accounts are not impacted.

In order to correct the prior period error the following corrections need to be made:

	31 March 2020 Rm	31 March 2019 Rm
Statement of financial position (extract)		
Deferred tax (liability)/asset (as previously stated)	**(58)**	1
Correction of error – deferred tax	**(15)**	(20)
Deferred tax liability (restated)	**(73)**	(19)
Amounts owing by subsidiaries (as previously stated)	**495**	866
Correction of error – IFRS 2 charge	**14**	27
Amounts owing by subsidiaries (restated)	**509**	893
Amounts owing to subsidiaries (as previously stated)	**(241)**	(415)
Correction of error – IFRS 2 charge	**39**	43
Amounts owing to subsidiaries (restated)	**(202)**	(372)
Statement of profit or loss (extract)		
Administrative and other operating expenditure (as previously stated)	**117**	
Correction of error – IFRS 2 charge[(a)]	**17**	
Administrative and other operating expenditure (restated)	**134**	
Taxation (as previously stated)	**75**	
Correction of error – deferred tax	**(5)**	
Taxation (restated)	**70**	
Statement of other comprehensive income (extract)		
Loss for the year (as previously stated)	**(861)**	
Correction of error – IFRS 2 charge[(a)]	**(17)**	
Correction of error – deferred tax	**5**	
Loss for the year (restated)	**(873)**	
Statement of changes in equity (extract)		
Retained profit at the end of the year (as previously stated)	**2 378**	3 208
Correction of error:		
IFRS 2 charge (2019 and prior)	**70**	70
Deferred tax thereon	**(20)**	(20)
IFRS 2 charge (2020)	**(17)**	–
Deferred tax thereon	**5**	–
Retained profit at the end of the year (restated)	**2 416**	3 258
Statement of cash flows (extract)		
Profit before impairments and taxation (as previously stated)	**429**	
Correction of error – IFRS 2 charge[(a)]	**(17)**	
Profit before impairments and taxation (restated)	**412**	
IFRS 2 charges (as previously stated)	**59**	
Correction of error – IFRS 2 charge	**17**	
IFRS 2 charges (restated)	**76**	

[(a)] *The correction of error includes the cumulative impact of the 2017 awards granted that have vested and/or were forfeited and then charged out to subsidiaries in FY20, when it should have been charged out over the vesting period.*

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

2. LEASES

2.1 Finance lease receivable

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

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

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

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

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

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

	March 2021 Rm	March 2020 Rm
Less than one year	2	13
One to five years	5	42
Total undiscounted lease payments receivable	7	55
Unearned finance income	(1)	(10)
Net investment in the lease	6	45
Non-current finance lease receivable	4	36
Current finance lease receivable	2	9
	6	45

2. LEASES continued

2.2 Lease liabilities

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

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

In 2013, the company signed a ten-year lease for its head office and this lease comprises the majority of the building's classification. The lease contained annual escalations of 8% for the offices and an operating costs annual escalation of 10,5%. The lease had a five-year renewal period with an initial renewal escalation rate at the prevailing market rate. During the financial year the company renegotiated the terms of the lease and the result of the lease renegotiation is as follows:

- The lease term for the renegotiated lease expires in December 2023 as per the original agreement. Therefore, there is no option to renew.
- Monthly rentals per square metre were reduced.
- Square metres occupied were reduced by approximately 77%.
- Annual escalations are fixed at 8% for the lease payments and operating costs.
- An upfront payment of R23 million was made to exit the original lease agreement.

Discount rate

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The lease liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of the entity that is the counterparty to the lease contract, as at 1 April 2020. This incremental borrowing rate was derived from the group's incremental borrowing rate.

	March 2021 Rm	March 2020 Rm
Net carrying value at the beginning of the year	45	–
Recognised on adoption of IFRS 16 on 1 April 2019	–	52
Impact arising from modification of existing lease[a]	(11)	–
Lease payments made during the year[b]	(30)	(12)
Finance costs	2	5
Net carrying value at the end of the year	**6**	**45**
Non-current lease liabilities	4	36
Current lease liabilities	2	9
	6	45
MATURITY ANALYSIS – UNDISCOUNTED CONTRACTUAL CASH FLOWS		
Less than one year	2	13
One to five years	5	42
	7	55
BREAKDOWN OF LEASE PAYMENTS		
Fixed payments	6	45
Total payments	6	45
AMOUNTS RECOGNISED IN STATEMENT OF PROFIT OR LOSS		
Finance income sublease	(2)	(5)
Interest expense on lease liabilities	2	5
Net effect	–	–

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

[b] *The upfront payment of R23 million noted above is included in the lease payments reflected here.*

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

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

3.1 Investments in subsidiaries

	March 2021 Rm	March 2020 Rm
Investments in subsidiaries are recognised at cost less any accumulated impairment losses.		
Investments in subsidiaries at the beginning of the year	**3 834**	4 841
Increase in investment in PPC International Holdings (Pty) Ltd resulting from discounting of loan advances	**139**	146
Impairment of investments reversed/(raised) refer to note 17.1	**420**	(1 153)
	4 393	3 834

Impairment of investments

The valuation of the individual CGUs of the company's subsidiaries has been taken into account in assessing the underlying value of the investments. The value-in-use calculations were adjusted for debt and compared to the carrying value of the investment. A reversal of impairment of R420 million (2020: R1 153 million impairment raised) has been recognised in the current year by the company. Refer to note 21 of the group annual financial statements for more detailed information regarding the various impairments recognised/reversed at a CGU level and the methodology followed for determining the underlying enterprise value of each subsidiary.

3.2 Financial assets

	March 2021 Rm	March 2020 Rm
Non-current financial assets at amortised cost		
Investment in Zimbabwe government bonds	**–**	277
ECL	**–**	40
Transfer to blocked funds account	**–**	(317)
	–	–
Non-current financial assets at FVTOCI		
Investment in Old Mutual shares on the ZSE	**3**	5

Investment in Old Mutual shares on the ZSE

This investment relates to the investment in 200 000 Old Mutual shares on the ZSE. The market value as at 31 March 2021 is R3 million (2020: R5 million). As a result of the uncertainty around the expatriation of funds from Zimbabwe, the investment has been classified as non-current.

IFRS 13 *Fair value measurement* provides for the recognition of publicly traded investments at the quoted market price. However, it should be noted, that the full value of this investment may not be realisable, considering the hyperinflationary economy and uncertainty around repatriation of funds from Zimbabwe. During the previous financial year the share was suspended on the ZSE and the fungibility has been cancelled. The Securities and Exchange Commission of Zimbabwe issued directive SS28/04/2021 for all dual-listed counters that are suspended to be valued using the JSE price. The market value as at 31 March 2021 has accordingly been determined to be R3 million (2020: R5 million).

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

3.3 Other non-current assets at FVTPL

	March 2021 Rm	March 2020 Rm
Investment in Zimbabwe blocked funds		
Blocked funds at the beginning of the year	**59**	–
Transfer from Zimbabwe government bonds account	**–**	317
Transfer from cash and cash equivalents	**8**	–
Foreign exchange (loss)/gain on financial assets	**(68)**	74
Fair value adjustment on financial assets	**51**	(332)
	50	59
Investment in insurance cell captive	**7**	–
	57	59

Investment in Zimbabwe blocked funds
In the 2019 financial year, the government of Zimbabwe issued Statutory Instruments (SI) 142 which abolished the multi-currency system in Zimbabwe. In addition, the Zimbabwe government removed the multi-currency regime and restricted domestic transactions to local currency, renamed the ZWL, in an effort to enhance the affordability of goods and services in Zimbabwe. Further to SI 142 of 2019, the 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.

Dividends, interest on savings bonds previously held and rights issue proceeds were transferred to the RBZ as a consequence of the abovementioned directive and registered as legacy debt that qualifies for the 1:1 conversion of US$ to ZWL. The investment is now referred to as blocked funds. During the current financial year R8 million (US$0,431 million) was transferred from a Stanbic account into the blocked funds account held by the RBZ (refer to note 5).

The funds have not been released by the RBZ in the current financial year.

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 a statutory receivable and as no repayment terms have been agreed, it is not a financial asset as defined. However, it is PPC's policy to value the Zimbabwe blocked funds as if it was a financial asset, and therefore it is valued at FVTPL.

Hyperinflation, the challenging general economic environment and the unavailability of foreign currency in Zimbabwe were considered to determine the appropriate fair value adjustment to be applied to the blocked funds. In light of these factors, the continued uncertainty created by the COVID-19 pandemic and the absence of any formal confirmation from the Reserve Bank of Zimbabwe (RBZ) of repayment terms of the blocked funds, the company continued to apply an 85% fair value adjustment, which resulted in a fair value adjustment of R281 million as at 31 March 2021 (2020: R332 million).

The net fair value loss on the Zimbabwe blocked funds of R17 million (2020: R258 million loss) comprises a decrease of the intrinsic value of R68 million (2020: R74 million increase) and a credit risk fair value gain of R51 million (2020: R332 million loss).

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

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

3.4 Amounts owing by subsidiaries included in non-current assets

	March 2021 Rm	March 2020 Rm
PPC International Holdings (Pty) Ltd		
DRC deficiency loan	**–**	585
Shareholders' loan	**2 081**	2 132
Amounts owing by subsidiaries included in non-current assets	**2 081**	2 717

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

The DRC deficiency loan is a subordinated long-term loan that is only repayable once all external loans have been settled. Following the execution of a settlement agreement and term sheet entered into with the DRC lenders, no repayment is expected in the foreseeable future and as such the loan has been fully impaired in the current year. Refer to note 17.

The shareholders' loan is considered to be equity as it has no repayment terms and management has no intention of requesting settlement. Accordingly as per the definition of a current asset, as the loan is not expected to be settled within 12 months, it is classified as a non-current asset.

3.5 Amounts owing by subsidiaries included in current assets

	March 2021 Rm	Restated[(a)] March 2020 Rm
Amounts owing by subsidiaries	**920**	571
Less: Impairment – refer to note 16.2	**(702)**	(62)
Amounts owing by subsidiaries included in current assets	**218**	509

[(a)] *Refer to note 1.4 for details regarding the restatements as a result of a correction of prior period errors*

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

Impairment considerations

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 company. These balances are exposed to movements in exchange rates, changes in the regulatory environment and underlying equity value of the various investments in subsidiaries.

The intercompany loans receivable are assessed for impairment in terms of IFRS 9 *Financial instruments* which are based on the premise of providing for expected credit losses.

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

As a result an impairment of R716 million on amounts owing by subsidiaries was recognised with a R14 million impairment reversal (2020: R62 million impairment) being recognised based on the fair value as at 31 March of the PPC shares held by the BEE entities.

4. OTHER RECEIVABLES

	March 2021 Rm	March 2020 Rm
Interest receivable	**1**	1
VAT receivable	**1**	5
Prepayments	**1**	3
	3	9

No receivables have been pledged as security.

5. CASH AND CASH EQUIVALENTS

	March 2021 Rm	March 2020 Rm
Cash and cash equivalents	**–**	2
Currency analysis:		
Zimbabwe dollar (ZWL)	**–**	2
Included in cash and cash equivalents is restricted cash:		
Zimbabwe	**–**	2
	–	2

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

Judgements made by management and sources of estimation uncertainty
Cash and cash equivalents are recognised net of ECLs. As at 31 March 2021 PPC Ltd has no cash, resulting in the reversal of a R6 million ECL raised during 2020. Refer to note 23 for detailed assessment.

PPC Zimbabwe
Cash and cash equivalents held by the company in the previous year relate to a money market account held in Stanbic Zimbabwe. Due to Zimbabwe exchange control guidelines, these funds cannot be repatriated to South Africa. The funds held with Stanbic are related to interest earned on the funds now invested in Zimbabwe blocked funds (refer to note 3.3). The balance of these funds amounting to R8 million was transferred to the blocked funds account in April 2020. Per the Zimbabwe exchange control guidelines interest earned pre-20 February 2019 is treated as legacy debts and was registered with the Zimbabwean authorities in accordance with Statutory Instrument 33 and therefore qualified for the 1:1 conversion of US$ to ZWL.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

6. STATED CAPITAL

	March 2021 Shares	March 2020 Shares
Authorised shares	**10 000 000 000**	10 000 000 000
Issued ordinary shares		
Ordinary shares		
Total shares in issue at the beginning of the year	**1 593 114 301**	1 593 114 301
Vesting of shares held in terms of the share incentive scheme	**–**	–
Total shares in issue (net of treasury shares)	**1 593 114 301**	1 593 114 301
Authorised preference shares	**20 000 000**	20 000 000

	Rm	Rm
Stated capital		
Balance at the beginning of the year	**5 138**	5 108
Vesting of the share incentive scheme	**–**	30
Balance at the end of the year	**5 138**	5 138
Share incentive scheme		
In terms of the forfeitable share incentive scheme, 4 169 468 shares (2020: 8 808 621 shares) are held for participants of this long-term incentive scheme. The shares are treated as treasury shares during the vesting periods of the awards in terms of IFRS. During the 2021 year, no shares vested (2020: 3 390 404).		
Unissued shares		
Ordinary shares	**8 406 885 699**	8 406 885 699
Preference shares	**20 000 000**	20 000 000

Of the unissued ordinary shares at the end of the year, the directors have the authority until the next AGM to allot a maximum of 79 655 715 shares subject to the provisions of the Companies Act of South Africa and the JSE Listings Requirements.

7. DEFERRED TAXATION

	March 2021 Rm	Restated[a] March 2020 Rm
Movement		
Balance at the beginning of the year (restated)	(73)	(19)
Released to income statement	59	(68)
Charged to other comprehensive income	1	–
Prior year adjustments	2	14
Balance at the end of the year	(11)	(73)
Analysis of deferred taxation		
Non-current assets	(75)	(112)
Current assets	–	(1)
Current liabilities	4	2
Non-current liabilities	7	38
Taxation losses	53	–
Deferred taxation liability	(11)	(73)

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

The PPC Ltd deferred tax asset recoverability was based on applicable South African tax laws and approved tax plans. The corporate tax rate applicable to this jurisdiction is 28%. PPC Ltd currently has a tax loss of R190 million (2020: R29 million). The company has deferred tax liabilities that will unwind in the foreseeable future and this will result in the utilisation of the deferred tax asset that resulted from the tax loss. The tax loss is expected to be recovered in the normal course of business and therefore the deferred tax asset has been recognised.

[a] *Refer to note 1.4 for details regarding the restatements as a result of a correction of prior period errors.*

8. PROVISIONS

	March 2021 Rm	March 2020 Rm
Provisions		
Provision for success fee – advisers	18	–
	18	–
Movement in the provisions		
Balance at the beginning of the year	–	–
Amounts added	18	–
Balance at the end of the year	18	–

During the 2020 financial year, the group commenced a restructuring and refinancing project with the objective of derisking the group's balance sheet and implementing a sustainable capital structure. This project continued during the year under review and is expected to be completed in the 2022 financial year. The service agreements with certain advisers on the project provide for the payment of success fees, subject to the level of completion of deliverables and good faith negotiations. The success fees are subject to the extent to which the deliverables are met, when the deliverables are met and good faith negotiations at the appropriate time. Therefore, the obligations are current obligations of which the timing and quantum are uncertain and as such management has provided for the amount it believes is reasonable and that relates to the company. In considering the amount provided for. Management considered the terms of the various service agreements, the percentage deliverables that have been met and the significance of the deliverables that have been met.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

9. TRADE AND OTHER PAYABLES

	March 2021 Rm	March 2020 Rm
Trade payables and accruals	**46**	17
Finance costs accrued	**5**	5
Trade and other financial payables	**51**	22
Payroll accruals	**16**	1
	67	23

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

No interest is payable on overdue payments.

10. REVENUE

	March 2021 Rm	March 2020 Rm
Royalty fee for use of mining rights	**4**	15
Dividend income	**101**	255
Management fee	**8**	25
Interest received from subsidiaries	**19**	18
	132	313

Revenue is recognised at the amount of the transaction price allocated to each performance obligation and this is determined at an 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.

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

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

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

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

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

11. OPERATING (LOSS)/PROFIT BEFORE EMPOWERMENT TRANSACTIONS

	March 2021 Rm	Restated[a] March 2020 Rm
Operating profit includes:		
Auditor's remuneration	8	6
Professional fees relating to restructuring and refinancing project	40	–
Staff costs:		
Equity-settled share incentive scheme charge[a] (refer to note 12.1)	5	13
Employees' remuneration	36	34
Retirement benefit contributions	–	2

[a] *Refer to note 1.4 for details regarding the restatements as a result of a correction of prior period errors*

12. SHARED-BASED PAYMENTS

Judgements made by management and sources of estimation uncertainty

Fair value used in calculating the amount to be expensed as a share-based payment is subject to a level of uncertainty. The company is required to calculate the fair value of the equity-settled instruments granted to employees in terms of the share option schemes, FSPs and long-term incentive plan schemes.

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

12.1 Equity-settled

Executive directors and certain senior employees have been granted equity-settled share appreciation rights in terms of PPC's long-term incentive plan in recognition of services rendered, encouraging long-term shareholder value creation and as an incentive to benefit from growth in the value of PPC in the medium and long term. The scheme was amended in 2015 to include equity-settled awards. The conditional awards would vest after the performance period of three years and to the extent that specific performance conditions had been satisfied. All grants are approved by the REMCO.

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

Equity-settled share appreciation rights granted:

	Year of award	2017
Date of grant		30/08/2016
Grant price (based on five-day volume-weighted average price or zero) revised for the effect of the rights offer (rand)		5.85
Number of rights granted (all with performance conditions)	1 249 800	1 249 800
Directors	950 237	950 237
Management (including prescribed officers)	299 563	299 563
Forfeited during the year – directors	(950 237)	(950 237)
Forfeited during the year – management	(299 563)	(299 563)
Forfeited in prior years – directors	–	–
Forfeited in prior years – management	–	–
Vesting date		30/08/2019
Expiry date (lapse if not exercised)		30/08/2022

The performance conditions for the share appreciation rights granted in 2017 were not met and therefore on 30 August 2019 the awards did not vest. No further equity-settled share appreciation rights were issued subsequent to 2017.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

12. SHARED-BASED PAYMENTS continued

12.1 Equity-settled continued

In terms of IFRS 2 *Share-based payment*, the fair value of each equity-settled share appreciation right awarded, which will be expensed over the vesting period in return for services rendered, is based on the five-day volume-weighted average price preceding the grant date and is not remeasured subsequently. The service and performance conditions are taken into account in the number of instruments that are expected to vest. Subsequent revisions are made for changes in estimated attrition and probability of satisfaction of performance conditions. The carrying amount of the equity-settled share appreciation rights at year-end is nil (2020: nil).

12.2 FSP

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

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

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

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

	Total performance awards[(a)]	Total retention awards[(a)]	Retention awards	Performance awards	Retention awards	Performance awards	Retention awards	Performance awards	Retention awards
Date of grant			01/10/2019	25/03/2019		15/05/2017		30/08/2016	
Number of shares granted to directors	688 300	1 499 815	1 311 715	–	–	562 200	112 400	126 100	75 700
Management and prescribed officers	334 800	224 300	–	–	–	53 900	52 500	280 900	171 800
Average purchase price of shares acquired (R)			3.89	5.71	5.71	7.53	7.53	8.72	8.72
Estimated fair value per share at grant date (R)			3.89	4.55	5.71	4.52	7.53	5.23	8.72

On 15 May 2020 the vesting period of the FSP's granted on 15 May 2017 came to an end. The performance conditions were not met and therefore the performance awards did not vest. However, 164 900 of the retention awards vested at a share price of R7.53.

On 1 October 2019, PPC granted 1 311 715 retention awards to a director. The share price at grant date was 3.89.

On 30 August 2019 the vesting period of the FSP's granted on 30 August 2016 came to an end. The performance conditions were not met and therefore the 407 000 performance awards did not vest. However, 134 300 of the 247 500 retention awards vested at a share price of R8,72.

12. SHARED-BASED PAYMENTS continued

12.3 Long-term incentive plan

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

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

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

LTIP award	2021 award Number of awards
Number of shares granted[(a)]	5 689 165
Estimated fair value per share at grant date (R)	2.40

[(a)] *At 31 March 2021 management estimated that 100% of the performance conditions will be met and estimate that 5 689 165 shares will be granted to participating employees. This estimate is based on the share price as at 31 March 2021.*

	2021 Rm	2020 Rm
The carrying amount of the LTIP in equity compensation reserve at year-end	5	–

13. FAIR VALUE AND FOREIGN EXCHANGE MOVEMENTS

	March 2021 Rm	March 2020 Rm
Fair value and foreign exchange gains		
(Loss)/gain on translation of foreign currency-denominated monetary items	(97)	341
Foreign exchange loss on DRC deficiency loan	(109)	(131)
	(206)	210
Fair value loss Zimbabwe blocked funds[(a)]	(17)	(258)
Fair value gain on DRC put option – (refer to note 14)	–	251
	(223)	203

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

14. FAIR VALUE GAIN ON DRC PUT OPTION

	March 2021 Rm	March 2020 Rm
Put option liability		
Balance at the beginning of the year	–	251
Fair value adjustment	–	(251)
Balance at the end of the year	**–**	–

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

(EBITDA x earnings multiple) – net financial debt

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

If the key unobservable inputs to the valuation model, being EBITDA and net financial debt, were 10% higher or lower, while all the other variables were held constant, the fair value of the put option would still be Rnil.

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

15. FINANCE COSTS

	March 2021 Rm	March 2020 Rm
Bank and other short-term borrowings	4	–
Notes	–	6
Finance costs before related party, other interest and effects of discounting	4	6
Subsidiary companies[(a)]	44	28
Interest paid on penalties	5	–
Finance costs of lease liability[(b)]	2	5
	55	39

[(a)] *Refer to note 24 – Related party transactions.*
[(b)] *Refer to note 2 – Leases.*

16. INVESTMENT INCOME

	March 2021 Rm	March 2020 Rm
Interest on deposits and non-current assets	–	1
Zimbabwe government bonds	–	(5)
	–	(4)
Finance income on DRC deficiency loan	63	43
Finance income on the sublease [(a)]	2	5
	65	44

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

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

17. IMPAIRMENTS AND REVERSAL OF IMPAIRMENTS

		Notes	March 2021 Rm	March 2020 Rm
	Impairment of investments (refer to note 3)	17.1	(420)	1 153
	Impairment of intercompany loans (refer to note 3)	17.2	702	62
			282	1 215
17.1	**Impairment/(reversal of impairment) of investments**			
	Investment in PPC South Africa Holdings (Pty) Ltd		(1 122)	1 123
	Investment in PPC Group Services (Pty) Ltd		(30)	30
	Investment in PPC International Holdings (Pty) Ltd		732	–
			(420)	1 153
17.2	**Impairment/(reversal of impairment) of intercompany loans**			
	Loans to/from BEE SPVs		(14)	62
	DRC deficiency loan		716	–
			702	62

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

18. TAXATION

Key judgement

Judgement is required in determining the estimate of the provision for income taxes at the reporting period. The company recognises provisions for taxation based on estimates of the taxes that are likely to become due. Where the final taxation outcome is different from the amounts that were initially recorded, such differences impact the income taxation and deferred taxation provisions in the period in which such determination is made.

	March 2021 Rm	Restated[(a)] March 2020 Rm
South African normal taxation		
Current taxation	(9)	13
Current year	–	17
Prior year overprovision	(9)	(4)
Deferred taxation	(61)	54
Current year	(59)	68
Correction of error – IFRS 2 restatement	–	(5)
Prior year overprovision	(2)	(9)
Withholding taxation	6	3
Total taxation (credit)/charge	(64)	70

	March 2021 %	Restated[(a)] March 2020 Rm %
Reconciliation of taxation rate:		
Effective tax rate	12,0	(8,7)
Prior year taxation impact	(2,1)	(1,6)
Non-taxable income including dividends received included in revenue	(5,3)	(8,9)
Expenditure not deductible in terms of taxation legislation	1,6	–
Deferred tax not recognised on impairments and ECL's	20,3	54,5
Expenses not in the production of income	1,0	1,0
Empowerment transaction and IFRS 2 charges not taxation deductible	–	0,5
Deficiency Loan Interest	(3,3)	(1,5)
Transfer pricing adjustment	2,5	1,0
Fair value adjustment of financial assets	0,2	(8,7)
Withholding taxation	1,1	0,4
South African normal taxation rate	28,0	28,0

[(a)] *Refer to note 1.4 for details regarding the restatements as a result of a correction of prior period errors.*

19. FINANCE COSTS PAID

	March 2021 Rm	March 2020 Rm
Finance costs as per income statement charge (refer to note 15)	(55)	(39)
Subsidiary companies	44	28
Finance costs of lease liability	2	5
Movement in accrued finance costs	–	2
	(9)	(4)

20. INVESTMENT INCOME RECEIVED

	March 2021 Rm	March 2020 Rm
Interest on deposits and non-current assets (refer to note 16)	**65**	44
Finance Income on DRC deficiency loan	**(63)**	(43)
Finance income on sublease (refer to note 16)	**(2)**	(5)
Interest on Zimbabwe government bonds over-accrued	**–**	5
Movement in accrued finance income	**–**	15
	–	16

21. TAXATION (PAID)/RECEIVED

	March 2021 Rm	March 2020 Rm
Net amounts (payable)/receivable at the beginning of the year	**(14)**	50
Credit/(charge) per income statement excluding deferred taxation (refer to note 18)	**9**	(13)
Net amounts (receivable)/payable at the end of the year	**(17)**	14
	(22)	51

22. CONTINGENT LIABILITIES

Contingent liabilities and guarantees

There were no contingent liabilities at year-end.

PPC Ltd, together with a number of its South African subsidiary companies, stands as guarantor on a joint and several basis for the facilities provided by the SA primary lenders. Please refer to note 15 and 35 of the group annual financial statements for more detail.

The total guarantees issued by the company, by means of a bank guarantee, in favour of various suppliers was R92 million (2020: R92 million). Included in this amount are financial guarantees for the environmental rehabilitation and decommissioning obligations of the group to the DMR amounting to R76 million (2020: R76 million).

23. FINANCIAL RISK MANAGEMENT

IFRS 9 *Financial instruments*

IFRS 9 *Financial instruments* provide guidance on the classification, measurement and recognition of financial assets and financial liabilities and replaces IAS 39. The standard establishes three measurement categories for financial assets: amortised cost, FVTOCI and FVTPL. Classification of financial assets into these categories is dependent on the entity's business model (which depicts its objectives with respect to the management of financial assets as a whole) and the characteristics of the contractual cash flows of the specific financial asset.

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

Financial assets – classification and measurement

IFRS 9 *Financial instruments* requires all financial assets to be initially recognised at fair value, including directly attributable transaction costs for all financial assets not measured at FVTPL. Transaction costs for financial assets carried at FVTPL are expensed in profit or loss.

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

Debt instruments

Subsequent measurement of financial assets, that are considered to be debt instruments from an issuer's perspective, based on the company's (i) business model within which the financial assets are managed and (ii) the contractual cash flow characteristics of the financial assets (whether the cash flows represent "solely payment of principal and interest"). Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold those assets for the purpose of collecting contractual cash flows and those cash flows comprise solely payments of principal and interest ("hold to collect").

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

23. FINANCIAL RISK MANAGEMENT continued

Equity instruments

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

Financial liabilities – classification and measurement

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

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

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

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

Derecognition of financial assets

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

Derecognition of financial liabilities

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

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

Financial instruments – impairment

IFRS 9 *Financial instruments* require impairments to be determined based on an ECL model for financial assets carried at amortised cost or FVTOCI. The company recognises an allowance for either a 12-month or lifetime ECL, depending on whether there has been a significant increase in credit risk. The company measures the ECLs to reflect a probability-weighted outcome, the time value of money and the entity's best available forward looking information. The preceding probability-weighted outcome considers the possibility that a credit loss will occur and the possibility that no credit loss will occur, no matter how low the probability of credit loss occurrence might be. The ECL model applies to financial assets measured at amortised cost and FVTOCI, lease receivables and certain loan commitments as well as financial guarantee contracts.

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

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

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

23. FINANCIAL RISK MANAGEMENT continued

Fair values of financial assets and liabilities

The carrying values of certain financial assets and liabilities, which are accounted for at historical cost, may differ from their fair values. The estimated fair values have been determined using available market information and approximate valuation methodologies.

	Notes	31 March 2021 Carrying amount Rm	31 March 2021 Fair value Rm	31 March 2021 Amortised cost Rm	31 March 2020 Carrying amount Rm	31 March 2020 Fair value Rm	31 March 2020 Amortised cost Rm
Financial assets							
At amortised cost							
Other financial receivables	4	**1**	**–**	**1**	1	–	1
Amounts owing by subsidiaries – non-current	3.4	**2 081**	**–**	**2 081**	2 717	–	2 717
Amounts owing by subsidiaries – current	3.5	**218**	**–**	**218**	509	–	509
Cash and cash equivalents	5	**–**	**–**	**–**	2	–	2
At FVTOCI							
Investment in Old Mutual shares on Zimbabwe stock market	3.2	**3**	**3**	**–**	5	5	–
At FVTPL							
Investment in insurance cell captive	3.3	**7**	**7**	**–**	–	–	–
Zimbabwe blocked funds	3.3	**50**	**50**	**–**	59	59	–
Financial liabilities							
At amortised cost							
Amounts owing to subsidiaries	24	**319**	**–**	**319**	202	–	202
Trade and other financial payables	9	**51**	**–**	**51**	22	–	22

	March 2021 Rm	March 2020 Rm
Credit risk management		
Maximum credit risk exposure	**2 300**	3 229

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

Country	Counterparty	2021 Long-term ratings	2021 Rating definitions	2020 Long-term ratings	2020 Rating definitions
South Africa	First National Bank/RMB	**Ba2**	**Non-investment**	Ba1	Non-investment
	Standard Bank	**Ba2**	**Non-investment**	Ba1	Non-investment
	Nedbank	**Ba2**	**Non-investment**	Ba1	Non-investment
Zimbabwe	Stanbic	**B2/NP**	**Highly speculative**	B2/NP	Highly speculative

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23. FINANCIAL RISK MANAGEMENT continued

Methods and assumptions used by the company in determining fair values

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

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

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

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

The put option liability has been calculated using EBITDA forecasts prepared by management and discounted to present value. Further details are disclosed in note 14.

	Valuation with reference to prices quoted in active markets Level 1 Rm	Valuation based on observable inputs Level 2 Rm	Valuation based on unobservable inputs Level 3 Rm	Total Rm
2021				
Financial and other non-current assets				
At FVTPL				
Investment in insurance cell captive	–	7	–	7
Zimbabwe blocked funds	–	–	50	50
At FVTOCI				
Investment in Old Mutual shares on Zimbabwe stock market	–	3	–	3
Net financial liabilities	–	10	50	60
2020				
Financial and other non-current assets				
At FVTPL				
Zimbabwe blocked funds	–	–	59	59
At FVTOCI				
Investment in Old Mutual shares on Zimbabwe stock market	5	–	–	5
Net financial liabilities	5	–	59	64

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

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

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

23. FINANCIAL RISK MANAGEMENT continued

Reclassification to level 2 financial assets

As set out in note 3.2, during the current financial year the company reclassified its investment in Old Mutual shares listed on the ZSE from level 1 to level 2 as a result of the suspension of trade in the shares on the ZSE on 23 June 2020. As the principal market for these shares is no longer active and trading in the shares on the JSE is not possible, the fair value of the investment has been determined using the most advantageous market, with the JSE share price considered the best alternative based on observable inputs.

Movements in level 3 financial instruments

	2021 Rm	2020 Rm
Financial and other non-current assets (refer to note 3.3)		
Balance at the beginning of the year	59	–
Transfer of Zimbabwe government bonds to blocked funds account	–	317
Transfer from cash and cash equivalents	8	–
Foreign exchange gains and interest income through profit or loss	(68)	74
Fair value adjustment	51	(332)
Balance at the end of the year	50	59
Financial liabilities (refer to note 14)		
Balance at the beginning of the year	–	251
Fair value adjustment	–	(251)
Balance at the end of the year	–	–

Remeasurements are recorded as fair value adjustments through profit or loss.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

24. RELATED PARTY TRANSACTIONS

	March 2021 Rm	Restated[(a)] March 2020 Rm
Revenue – royalty fee for use of mining rights		
PPC Cement SA (Pty) Ltd	4	14
PPC Aggregate Quarries (Pty) Ltd	–	1
	4	15
Dividends received from		
PPC South Africa Holdings (Pty) Ltd	–	222
PPC Botswana (Pty) Ltd	29	33
PPC Zimbabwe Ltd	72	–
	101	255
Group services rendered to		
PPC Cement SA (Pty) Ltd	–	30
PPC Botswana (Pty) Ltd	–	3
PPC Aggregate Quarries (Pty) Ltd	–	2
PPC Lime Ltd	–	5
PPC Aggregate Quarries Botswana (Pty) Ltd	–	1
Pronto Building Materials (Pty) Ltd	–	3
Ulula Ash (Pty) Ltd	–	1
3Q Mahuma Aggregates and Concrete (Pty) Ltd	–	2
PPC Group Services (Pty) Ltd	8	(22)
	8	25
Interest paid to		
PPC Cement SA (Pty) Ltd	43	27
PPC Group Services (Pty) Ltd	1	1
	44	28
Interest received from		
PPC Cement SA (Pty) Ltd	1	–
PPC Group Services (Pty) Ltd (refer to note 2.1)	2	5
PPC Lime Ltd	18	18
	21	23
PPC International Holdings (Pty) Ltd (refer to investment income note 16)	63	43
	84	66
Amounts due by (non-current assets)		
PPC International Holdings (Pty) Ltd		
– DRC Deficiency loan	–	585
– Shareholders loan	2 081	2 132
Amounts due excluding Finance lease receivable	2 081	2 717
PPC Group Services (Pty) Ltd (refer to note 2.1)	4	36
	2 085	2 753

[(a)] *Refer to note 1.4 for details regarding the restatements as a result of a correction of prior period errors.*

24. RELATED PARTY TRANSACTIONS continued

	March 2021 Rm	Restated[a] March 2020 Rm
Amounts due by (current assets)		
PPC Aggregate Quarries (Pty) Ltd	**78**	78
PPC Botswana (Pty) Ltd	**–**	18
Pronto Building Materials (Pty) Ltd	**11**	10
Ulula Ash (Pty) Ltd	**4**	4
3Q Mahuma Aggregates and Concrete (Pty) Ltd	**7**	7
PPC Cement SA (Pty) Ltd	**–**	255
PPC Lime Ltd	**50**	84
PPC Aggregate Quarries Botswana (Pty) Ltd	**6**	8
Kgale Quarries (Pty) Ltd	**2**	–
PPC Team Benefit Trust Funding SPV (Pty) Ltd	**5**	4
PPC Construction Industry Associations Trust Funding SPV (Pty) Ltd	**23**	16
PPC Education Trust Funding SPV (Pty) Ltd	**12**	8
PPC Community Trust Funding SPV (Pty) Ltd	**8**	6
PPC Zimbabwe Ltd	**11**	11
PPC Barnet DRC Manufacturing Company SA	**1**	–
Amounts due excluding Finance lease receivable	**218**	509
PPC Group Services (Pty) Ltd (refer lease note 2.1)	**2**	9
	220	518
Amounts due to (current liabilities)		
PPC Cement SA (Pty) Ltd	**(90)**	–
PPC Ntsika Fund (Pty) Ltd	**(1)**	(1)
PPC Group Services (Pty) Ltd	**(228)**	(195)
PPC Barnet DRC Manufacturing Company SA	**–**	(6)
	(319)	(202)

[a] *Refer to note 1.4 for details regarding the restatements as a result of a correction of prior period errors.*

Refer to note 29. of the group annual financial statements for directors' emoluments paid to directors of the company who are considered related parties.

25. EVENTS AFTER REPORTING DATE

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

On 31 March 2021 PPC Ltd entered into a binding agreement with PPC Barnet's lenders terminating their right of recourse to PPC Ltd. Simultaneously, PPC Ltd entered into a binding term sheet to restructure the debt in PPC Barnet and to reorganise the governance of PPC Barnet ("the restructuring"). On implementation of the restructuring, PPC Ltd will lose control of PPC Barnet, leading PPC Ltd to elect a policy, that loss of control is a deemed disposal within the scope of IFRS 5 *Non-current assets held for sale and discontinued operations*. All the parties to the term sheet agreed that the long-stop date for the restructuring to occur is 30 September 2021 from which date PPC Ltd will no longer consolidate its stake in PPC Barnet. As the terms of the restructure have been agreed between PPC and the PPC Barnet's lenders and the restructure implementation of the restructure as set out in the term sheet is largely of an administrative nature, it is highly probable that the restructure will be complete by 30 September 2021. Refer to note 27 – Going concern for further details.

PPC Lime Ltd (PPC Lime)

PPC Ltd indirectly holds 100% of the shares in PPC Lime. One of PPC Ltd's objectives, as part of the restructuring and refinancing project disclosed in the 31 March 2020 consolidated financial statements, was to raise capital from non-core asset sales. PPC Lime was identified by the board as non-core and PPC Ltd actively commenced a process to sell PPC Lime in January 2021.

PPC Ltd appointed financial advisers to manage a structured sales process. By 31 March 2021 preferred bidders had completed their due diligence and certain of such preferred bidders had submitted binding offers. Subsequent to the year-end the board approved that PPC Ltd enters into binding substantive agreements for the sale of 100% of PPC Lime and on 2 May 2021, PPC South Africa Holdings (Pty) Ltd, a wholly owned subsidiary of PPC Ltd, entered into transaction agreements with Kgatelopele Lime (Pty) Ltd, to dispose of the entire issued share capital of PPC Lime for an enterprise value of R520 million on a debt-free and cash-free basis.This R520 million was also subject to a positive or negative adjustment if the net working capital was above or below respectively of the amount of R169 million. As at 31 March 2021, the net working capital of PPC Lime was R124 million which will result in net proceeds to PPC Ltd being reduced to R475 million The transaction is subject to certain conditions precedent normal for a transaction of this nature, which PPC Ltd expects to be met before 31 December 2021. Refer to note 27 – Going concern for further details.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 31 March 2021

25. EVENTS AFTER REPORTING DATE continued

PPC Aggregate Quarries Botswana (Pty) Ltd (PPC Aggregates Quarries)

PPC Ltd indirectly holds 100% of the shares in PPC Aggregate Quarries Botswana (Pty) Ltd. One of PPC Ltd's objectives, as part of the restructuring and refinancing project disclosed in the 31 March 2020 consolidated financial statements, was to raise capital from non-core asset sales. PPC Aggregate Quarries Botswana (Pty) Ltd was identified by the board as non-core and PPC Ltd actively commenced a process to sell PPC Aggregate Quarries Botswana (Pty) Ltd in January 2021.

PPC Ltd received expressions of interest from four prospective buyers and selected a preferred bidder. The preferred bidder completed its due diligence and a binding. Subsequent to year-end a sale and purchase agreement has been signed. Management is of the opinion that the meeting of the conditions precedent are customary for a transaction of this nature will be met before 1 August 2021.

26. ADDITIONAL DISCLOSURE

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

Description	Notes
Accounting policies	1.2
Share-based payments.	19
Directors' remuneration and interest	29

27. GOING CONCERN

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

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

1. The sustainability, or viability, of the company, or its ability to continue trading as a going concern. The assessment has included, inter alia, current trading trends, basis of budget preparation and key assumptions underpinning the forecasts and the impact of stress testing on such forecasts.
2. The solvency of the company: whether the fair value of assets exceeds the fair value of liabilities, including any contingent assets and liabilities to the extent applicable and likewise the ability to settle all debts as they fall due until at least 30 June 2022.
3. The liquidity of the company for the next 12 months and beyond, considering whether the company has sufficient liquidity and headroom (the level of unutilised but available facilities) up to 30 June 2022, taking into account current available facilities and the impact of the financial restructuring which is currently underway.

A detailed assessment of the company's viability of the trading businesses (subsidiaries), solvency and liquidity has been undertaken to provide a conclusion at an individual entity and borrowing group level, as well as at a consolidated PPC Ltd level. Refer to note 35 of the group annual financial statements for further details of this assessment.

It is the directors' view that the ability of the company to continue as a going concern (and likewise to remove related uncertainty) is predicated on restructuring the group's South African and DRC debt:

1. The proposed group-wide restructuring provides for a series of events and actions to de-gear the group (via a combination of asset disposals, equity raising and other initiatives) while concurrently demonstrating sufficient liquidity and stability to support the assumption and assertion of a going concern for the group (and individual entities), beyond that of the next 12 months following signing of the financial statements
2. Progress to date, current status, time frames and key milestones of the group-wide restructuring have been reviewed and considered
3. Key mitigating factors and contingency planning available to the board have been explored and are included where applicable in response to the risks identified.

The salient aspects of each of these are covered separately for each of the operations of the company's Southern African and International subsidiaries in the aforementioned note 35 of the group annual financial statements.

The company's balance sheet is (technically) solvent. The fair value of assets exceeds the fair value of liabilities for PPC Ltd, whereby the estimated total fair value of assets is estimated at R6.8 billion, compared to total balance sheet liabilities of R421 million. It should be noted however that the current liabilities exceed the current assets by R166 million.

Following the execution of the settlement agreements with the DRC lenders, there is no obligation on PPC Ltd to fund international obligations.

27. GOING CONCERN continued

Conclusion

The events, conditions, judgements and assumptions described above and in the group annual financial statements, inherently include material uncertainty on the timing of future cash flows and therefore any significant deviations may cast significant doubt on the company's ability to continue as a going concern and its ability to realise assets and discharge liabilities in the normal course of business.

As the company is a guarantor in the group's pooled funding arrangements, its liquidity and ability to continue as a going concern is affected by the group's ability to execute on the actions as stated in this note. The material uncertainty articulated affecting the group therefore directly affects the company.

The directors have considered all of the above, including detailed consideration of all financial plans and forecasts, the actions taken by the company, 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.

PPC LTD
SHAREHOLDER ANALYSIS

as at 31 March 2021

Company: PPC Ltd
Register date: 26 March 2021
Issued share capital: 1 593 114 301

Shareholder spread	Number of shareholdings	%	Number of shares	%
1 – 1 000 shares	13 183	57,59	2 970 099	0,19
1 001 – 10 000 shares	5 992	26,18	22 639 810	1,42
10 001 – 100 000 shares	2 878	12,57	94 575 073	5,94
100 001 – 1 000 000 shares	676	2,95	206 443 255	12,96
1 000 001 shares and over	162	0,71	1 266 486 064	79,50
Total	22 891	100,00	1 593 114 301	100,00

Distribution of shareholders	Number of shareholdings	%	Number of shares	%
American depositary receipts	1	0,00	663 068	0,04
Banks/brokers	125	0,55	343 756 681	21,58
Close corporations	103	0,45	15 443 519	0,97
Empowerment	16	0,07	72 388 094	4,54
Endowment funds	33	0,14	9 270 131	0,58
Individuals	21 203	92,63	291 658 719	18,31
Insurance companies	32	0,14	14 846 637	0,93
Investment companies	5	0,02	645 348	0,04
Medical schemes	20	0,09	7 861 736	0,49
Mutual funds	101	0,44	478 671 458	30,05
Other corporations	55	0,24	691 468	0,04
Private companies	283	1,24	76 723 690	4,82
Public companies	9	0,04	554 857	0,03
Retirement funds	178	0,78	224 540 027	14,09
Treasury shares	1	0,00	23 434 803	1,47
Trusts	726	3,17	31 964 065	2,01
Total	22 891	100,00	1 593 114 301	100,00

Public/non-public shareholders	Number of shareholdings	%	Number of shares	%
Non-public shareholders	**21**	**0,09**	**358 015 141**	**22,47**
Directors and prescribed officers of the company	4	0,02	262 192 244	16,46
Empowerment holdings	16	0,07	72 388 094	4,54
Treasury shares	1	0,00	23 434 803	1,47
Strategic holdings (more than 10%)	0	0,00	0	0,00
Public shareholders	**22870**	**99,91**	**1 235 099 160**	**77,53**
Total	**22 891**	**100,00**	**1 593 114 301**	**100,00**

PPC LTD
SHAREHOLDER ANALYSIS continued

as at 31 March 2021

Beneficial shareholders holding 3% or more	Number of shares	%
Value Capital Partners H4 QI Hedge Fund	156 695 097	9,84
Prudential Investment Managers	94 206 358	5,91
Centaur Asset Management	51 170 000	3,21
Alexander Forbes Investments	55 264 567	3,47
Eskom Pension and Provident Fund	48 534 920	3,05
Totals	405 870 942	25,48

Institutional shareholders holding 3% or more		
Value Capital Partners	257 923 156	16,19
Prudential Investment Managers	230 908 937	14,49
Centaur Asset Management	59 554 700	3,74
Kagiso Asset Management	49 768 155	3,12
Totals	598 154 948	37,55

* *Value Capital Partners are investment advisers to third-party funds which have been aggregated and have an indirect interest in a fund advised to.*

CORPORATE INFORMATION

PPC LTD

Incorporated in the Republic of South Africa
Registration number: 1892/000667/06
JSE code: PPC ZSE code: PPC
JSE ISIN: ZAE 000170049
"PPC" or "company" or "group"

DIRECTORS

PJ Moleketi (chair), R van Wijnen* (CEO), AC Ball, B Berlin (CFO).
N Gobodo, K Maphisa**, NL Mkhondo, T Moyo**, CH Naude,
MR Thompson

* *Netherlands*
** *Zimbabwean*

REGISTERED OFFICE

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

TRANSFER SECRETARIES SOUTH AFRICA

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

TRANSFER SECRETARIES ZIMBABWE

Corpserve (Pvt) Ltd
2nd Floor, 2B Centre, corner 1st Street/Kwame Nkrumah Avenue
Harare, Zimbabwe
(PO Box 2208, Harare, Zimbabwe)

COMPANY SECRETARY

KR Ross
148 Katherine Street, Sandton, South Africa
(PO Box 787416, Sandton, 2146, South Africa)

SPONSOR

Sasfin Capital (Pty) Ltd
29 Scott Street, Waverley, Johannesburg, 2090
(P O box 95104, Grant Park 2051. South Africa)

FORWARD LOOKING STATEMENT

This report, including statements on the demand outlook, PPC's expansion projects and its capital resources and expenditure, contains certain forward looking views that are not historical facts and relate to other information which is based on forecasts of future results and estimates of amounts not yet determinable. By their nature, forward looking statements involve uncertainties and the risk that these forward looking statements will not be achieved. Although PPC believes the expectations reflected in these statements are reasonable, no assurance can be given that these expectations will prove correct. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, outcomes could differ materially from those set out in the forward looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment, other government action and business and operational risks.

Forward looking statements apply only as at the date on which they are made. PPC does not undertake to update or revise them, whether arising from new information, future events or otherwise. While PPC takes reasonable care to ensure the accuracy of information presented, it accepts no responsibility for any damages – be they consequential, indirect, special or incidental, whether foreseeable or unforeseeable – based on claims arising out of misrepresentation or negligence in connection with a forward looking statement. This report is not intended to contain any profit forecasts or profit estimates, and some information in this report may be unaudited.

Bastion

PPC Head Office
PPC Ltd Building
148 Katherine Street (Cnr Grayston Drive)
Sandton
Johannesburg

www.ppc.africa