IN PURSUIT OF SUSTAINABLE STAKEHOLDER VALUE

Summarised group results and
notice of annual general meeting 2019

PPC

FINANCIAL HIGHLIGHTS

Headline earnings per share increased **33%** to **20 cents**	Basic earnings per share **up 60%** at **16 cents**
Group revenue increased **1%** to **R10,4 billion**	Group reported EBITDA increased by **4%** to **R1,9 billion**
Group overheads reduced by **19%** or **R260 million**	

PPC

Johan Claassen, CEO, said: "PPC has been able to produce a solid set of results, by delivering on its strategic priorities. The group has been successful in executing on its FOH-FOUR strategic priorities, with key focus areas being financial, operational, human capital and customers. This has resulted in significant cost savings, as part of our R70/tonne savings initiatives. These actions will position the group well for the future. In the Rest of Africa (RoA), the Zimbabwe results were impacted by the change in functional currency, which reduced revenue and EBITDA contributions. Pleasingly, the Democratic Republic of Congo (DRC) business achieved positive EBITDA in a challenging market. In Rwanda, the business achieved increased output benefiting from the debottlenecking in the first half of the financial year. Positive free cash flow generated was used to repay debt obligations, which remained within targeted levels. The group's liquidity position was well managed with a smoother debt maturity profile".

Johannes Theodorus Claassen
Chief executive officer

MAJOR ACHIEVEMENTS IN THE YEAR

- Group overheads reduced by 19% or R260 million
- Group EBITDA increased by 4% to R1,9 billion
- DRC contributed EBITDA of R108 million
- EBITDA cash conversion ratio 1,0 times

GROUP PERFORMANCE

Group revenue increased by 1% to R10 409 million (March 2018: R10 271 million) supported by a 1% increase in overall cement volumes to 5,9 million tonnes.

Cost of sales increased by 6% to R8 399 million (March 2018: R7 924 million) compared with the previous year. The higher cost of sales is attributed to DRC, southern Africa cement and the materials division. The southern African cement and materials businesses experienced above inflation input cost pressures, as well as once-off unplanned maintenance costs. The DRC was fully accounted for in the period for the first time. The business benefited from the restructuring of the PPC head office and the R70/tonne cost savings initiatives in southern Africa. Group overheads decreased significantly by 19%, resulting in a cost reduction of R260 million. As a result, group EBITDA increased by 4% to R1 946 million (March 2018: R1 880 million) at an EBITDA margin of 18,7% (March 2018: 18,3%). In addition, the DRC business made a positive EBITDA contribution of R108 million.

Finance costs increased marginally by 1% to R681 million (March 2018: R675 million). Lower finance charges in South Africa were offset by higher finance costs in RoA. South Africa's finance costs decreased by 31% to R234 million (March 2018: R337 million), while RoA's finance costs increased by 33% to R447 million (March 2018: R338 million). The DRC accounted for the majority of the increase in RoA finance charges.

Taxation declined by 97% to R6 million in the current year (March 2018: R205 million).

The basic earnings per share of 16 cents per share was outside the previously published range as reported on 21 June 2019, due to the fair value loss on the Zimbabwe government bonds.

Net movement in cash and cash equivalents excluding the investment in government bonds and the stock market of R324 million in Zimbabwe, was an inflow of R126 million (March 2018: outflow of R59 million). This was aided by improved working capital management which resulted in a release of R63 million, and a 54% reduction in cash taxation paid of R151 million (March 2018: R330 million). Capital investments in property, plant and equipment decreased by 16% to R773 million (March 2018: R921 million).

Gross debt increased from R4 682 million in March 2018 to R5 002 million at the end of March 2019. Rand weakness increased gross debt by R630 million. Net debt to EBITDA for March 2019 was 2,3 times (March 2018: 2,0 times). Excluding the investment of R324 million in government bonds and the Zimbabwe Stock Market, net debt to EBITDA would have been 2,2 times, which is within target range.

CEMENT SOUTHERN AFRICA

In southern Africa (including Botswana), cement volumes declined by 2% to 3%. Volume declines were experienced in South Africa against the backdrop of a challenging market, where both the consumer segment and construction industry came under pressure. Cement imports increased by 84% to 1,0 million tonnes for calendar year 2018, albeit off a relatively low base. Imports received via Durban increased by 89% to more

than 600 000 tonnes, while imports received in the Cape rose by 48% to 209 000 tonnes. Continued increase in the production of blended product contributed to a more competitive inland market.

Realised average selling prices for southern Africa increased by 1% to 2%, as the business continued with its drive of increasing cement prices to recover operational costs. Selling prices were increased by 8 to 12% in January 2019. The full benefit is expected to be realised in the new financial year.

Overall, revenue for Cement southern Africa declined by 1% to R5 431 million (March 2018: R5 499 million).

Cost of sales rose by 6%, driven primarily by a 10% increase in distribution costs on a per tonne basis. This was a result of a 30% increase in fuel prices for the period under review. All other production costs were well controlled within the 5% to 7% range.

The combination of lower revenue growth and an increase in costs resulted in EBITDA contracting by 20% to R957 million (March 2018: R1 200 million) and margins declining from 21,8% to 17,6%. Non-recurring items relating to commissioning of SK9 and the unplanned Dwaalboom shutdown amounted to R78 million. Excluding these non-recurring items the like-for-like EBITDA margins were 19%.

The business has made good progress in terms of the R70/tonne saving initiatives. Cumulatively, the business has achieved R60/tonne in savings since October 2017. This comprises R40/tonne in cost efficiencies and R20/tonne in overhead reduction. PPC will continue to drive operational cost efficiencies in order to achieve targeted savings.

MATERIALS BUSINESS

The materials business remains an integral part of the cement route-to-market strategy. Revenue increased by 7% to R2 152 million (March 2018: R2 010 million) and the business generated EBITDA of R140 million (March 2018: R192 million).

Lime

The lime division grew revenue by 4% to R834 million (March 2018: R801 million), with higher prices in certain products compensating for volume declines of 6%. Lime has significant exposure to the steel and allied sectors, where volumes remain constrained. EBITDA contracted by 9% to R123 million (March 2018: R135 million), due to lower volumes, higher input costs and higher maintenance costs.

Aggregates and readymix

Revenue increased by 9% to R1 318 million (March 2018: R1 209 million), supported by higher prices and marginally improved volumes in all segments. EBITDA contracted to R17 million (March 2018: R57 million), due to higher fuel and maintenance costs. The market remains competitive due to a muted construction industry.

REST OF AFRICA CEMENT

Revenue increased by 2% to R2 826 million (March 2018: R2 762 million) on volume growth of 10%. Volumes were supported by ramp up of DRC and positive contribution from Rwanda post the debottlenecking in the first half of the financial year. The difficult trading conditions in Zimbabwe had an adverse impact on overall volume growth and price realisation. EBITDA increased by 10% to R810 million (March 2018: R736 million), and EBITDA margins improved from 26,7% to 28,7%. Non-recurring items relating to the CIMERWA debottlenecking amounted to R100 million. Excluding this amount, EBITDA margins are within the guidance range of 30% to 35%.

Zimbabwe

The published results for PPC Zimbabwe for the first half of the 2019 financial year were based on an exchange rate of 1RTGS$:1US$. The reported results of PPC Zimbabwe being consolidated in PPC group from 1 October 2018 to March 2019, were based on the commercial exchange rate of 3,5RTGS$:1US$.

Revenue declined by 20% to R1 447 million (March 2018: R1 813 million) against the backdrop of a weaker cement market, clinker shortages and a depreciation in the functional currency in the second half of the financial year. The successful implementation of our route-to-market strategy has enabled PPC to offset some of these headwinds, with volumes declining by 5%.

EBITDA contracted by 20% to R461 million (March 2018: R573 million), however, margins were maintained at 32%. PPC Zimbabwe is operationally self-sufficient and continues to drive local procurement and exports to reduce forex requirements.

PPC Zimbabwe continues to service its debt obligations with in-country cash resources. Legacy debt has been registered with the Reserve Bank of Zimbabwe and will be settled on a 1:1 basis. Management has implemented contingency measures to mitigate the impact of the liquidity challenges.

Rwanda

CIMERWA achieved revenue growth of 10% to R885 million (March 2018: R804 million) on the back of a 5% increase in volumes. Revenues were supported by higher realised cement prices in US dollar. EBITDA declined by 9% to R246 million (March 2018: R270 million). EBITDA was impacted by the planned shutdown as a result of the debottlenecking, and additional costs related to clinker imports during the shutdown period. This resulted in a non-recurring EBITDA impact of approximately R100 million. Clinker production returned to normalised levels following the completion of phase 1 of the project, and the debottlenecking will allow for higher capacity utilisation going forward.

The outlook for economic growth remains positive, with forecast GDP growth of more than 7% in 2019, supported by all major economic sectors. CIMERWA remains well positioned to benefit from growth in the region.

DRC

PPC Barnet achieved revenue of R494 million in the period (March 2018: R144 million), driven by a ramp up in production output. Route-to-market initiatives supported the company in achieving a market share of 25% to 30% for the period. Pricing remains constrained due to overcapacity and muted demand. The company achieved an EBITDA of R108 million (March 2018: R(105) million), at a margin of 22%. EBITDA benefited from stringent cost control and entrenchment of route-to-market strategies.

The post-election backdrop should create a platform to unlock latent cement demand. Economic GDP growth in the DRC is projected to increase by 4,3% in 2019, primarily supported by mining activity.

Ethiopia

Habesha, which is still in the ramp-up phase, reported an equity-accounted loss of R67 million for the period. While Habesha achieved volumes of more than 500 000 tonnes, the business performance was constrained by sub-optimal plant performance and pricing challenges. A quick results action plan is being implemented to resolve the operational challenges.

Ethiopia remains a compelling investment proposition for PPC in the long term, supported by low cement per capita consumption and higher projected GDP growth rates of above 7%.

OUTLOOK

The operating environment in South Africa remains challenging, given weak demand and competitive pressures. PPC is committed to achieving sustainable price increases, optimising operational efficiencies and a reduction in financial leverage. In addition, PPC will continue to focus on achieving its R70/tonne profitability initiatives and continue to assess opportunities to refine our network and optimise our support structure.

In Zimbabwe, the business continues to focus on cash preservation, self-sufficiency and optimising operations. In Rwanda, CIMERWA is expected to capitalise on the investment to expand capacity, with an anticipated growth in output. The ramp up in the DRC continues, with a focus on maximising EBITDA. PPC Barnet remains well positioned to take advantage of growth in that market.

DIVIDEND

The board has decided not to declare a dividend to shareholders.

Sandton
18 July 2019

Sponsor
Merrill Lynch South Africa (Pty) Ltd

PPC
Anashrin Pillay
Head investor relations
Tel: +27 (0) 11 386 9000

Financial communications adviser
Instinctif Partners
Gift Dlamini
Tel: +27 (0) 11 050 7536

ABRIDGED AUDITED SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2019

	Notes	**Year ended 31 March 2019 Audited Rm**	Year ended 31 March 2018 Audited Rm	% change
Revenue	2	**10 409**	10 271	1
Cost of sales		**8 399**	7 924	6
Gross profit		**2 010**	2 347	(14)
Administrative and other operating expenditure		**1 083**	1 343	(19)
Operating profit before item listed below:		**927**	1 004	(8)
Empowerment transactions IFRS 2 charges		**33**	48	
Operating profit		**894**	956	(6)
Fair value and foreign exchange (loss)/gains	3.1	**(9)**	143	
Finance costs	4	**681**	675	1
Investment income		**95**	52	
Profit before equity-accounted earnings		**299**	476	(37)
Loss from equity-accounted investments		**(67)**	(60)	
Impairments	5	**(82)**	(174)	
Profit before taxation		**150**	242	(38)
Taxation	6	**6**	205	(97)
Profit for the year		**144**	37	289
Attributable to:				
Shareholders of PPC Ltd		**235**	149	58
Non-controlling interests		**(91)**	(112)	19
Other comprehensive profit/(loss), net of taxation				
Items that will be reclassified to profit or loss on disposal		**1 304**	(598)	318
Translation of foreign operations	3.2	**1 304**	(598)	318
Total comprehensive profit/(loss)		**1 448**	(561)	
Attributable to:				
Shareholders of PPC Ltd		**1 453**	(347)	519
Non-controlling interests		**(5)**	(214)	98
EARNINGS PER SHARE (CENTS)	7			
Basic		**16**	10	60
Diluted		**16**	10	60

ABRIDGED AUDITED SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2019

	Notes	31 March 2019 Audited Rm	31 March 2018* Audited Rm
ASSETS			
Non-current assets		**14 665**	12 910
Property, plant and equipment	8	**12 587**	11 393
Goodwill	9	**236**	230
Other intangible assets	10	**558**	557
Equity-accounted investments		**149**	182
Other non-current assets*	11	**333**	297
Financial assets*	11	**582**	6
Deferred taxation assets	17	**220**	245
Current assets		**3 071**	3 262
Inventories		**1 276**	1 182
Trade and other receivables*	13	**1 166**	1 151
Taxation receivable*		**177**	93
Cash and cash equivalents	14	**452**	836
Non-current assets held for sale	12	**92**	34
Total assets		**17 828**	16 206
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	15	**3 943**	3 984
Other reserves		**2 251**	967
Retained profit		**3 031**	2 817
Equity attributable to shareholders of PPC Ltd		**9 225**	7 768
Non-controlling interests		**115**	120
Total equity		**9 340**	7 888
Non-current liabilities		**5 628**	5 909
Provisions	16	**427**	526
Deferred taxation liabilities	17	**844**	1 042
Long-term borrowings	18	**4 064**	4 079
Other non-current liabilities	19	**293**	262
Current liabilities		**2 860**	2 409
Short-term borrowings	18	**938**	603
Trade and other payables*	20	**1 919**	1 735
Taxation payable*		**3**	71
Total equity and liabilities		**17 828**	16 206

** The prior year amounts have been re-presented for enhanced disclosure as detailed in notes 11, 13 and 20.*

ABRIDGED AUDITED SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2019

	Notes	**Year ended 31 March 2019 Audited Rm**	Year ended 31 March 2018 Audited Rm
Cash flow from operating activities			
Operating cash flows before movements in working capital		**1 917**	1 889
Working capital movements		**63**	411
Cash generated from operations		**1 980**	2 300
Finance costs paid		**(618)**	(592)
Investment income received		**46**	52
Taxation paid		**(151)**	(330)
Cash available from operations		**1 257**	1 430
Dividends paid		**(4)**	–
Net cash inflow from operating activities		**1 253**	1 430
Cash flow from investing activities			
Acquisition of additional shares in an equity-accounted investment		**–**	(42)
Investment in Zimbabwe government bonds		**(310)**	–
Investment in Zimbabwe Stock Market		**(14)**	–
Investment in intangible assets		**(24)**	(6)
Investment in property, plant and equipment (adjusted for capital expenditure accruals)		**(773)**	(921)
Proceeds from disposal of property, plant and equipment		**9**	29
Other investing activities		**12**	28
Net cash outflow from investing activities		**(1 100)**	(912)
Cash flow from financing activities[a]			
Borrowings repaid before repayment of the notes	18	**(290)**	(597)
Proceeds from the sale of shares held by consolidated BBBEE entity		**–**	36
Purchase of PPC Ltd shares in terms of the FSP share incentive scheme	15	**(41)**	(16)
Repayment of notes		**(20)**	–
Net cash outflow from financing activities		**(351)**	(577)
Net movement in cash and cash equivalents		**(198)**	(59)
Cash and cash equivalents at the beginning of the year		**836**	990
Exchange rate movements on opening cash and cash equivalents		**(186)**	(95)
Cash and cash equivalents at the end of the year		**452**	836

[a] *In 2019, the non-cash changes on borrowings amounted to R621 million arising from unfavourable unrealised foreign exchange differences. Refer to note 24 for the relevant currency conversions.*

ABRIDGED AUDITED SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2019

		Other	
	Stated capital Rm	Foreign currency translation reserve Rm	Movement in financial asset Rm
Balance at 31 March 2017 (audited)	3 919	891	14
IFRS 2 charges	–	–	–
Sale of shares, treated as treasury shares, by consolidated BBBEE entity	64	–	–
Shares purchased in terms of FSP incentive scheme treated as treasury shares	(72)	–	–
Total comprehensive (loss)/income	–	(496)	–
Vesting of shares held by certain BBBEE 1 entities	73	–	–
Balance at 31 March 2018 (audited)	3 984	395	14
Adjustment as a result of new standards adopted during the year (refer note 1)	–	–	–
Balance at 1 April 2018	3 984	395	14
Dividends declared	**–**	**–**	**–**
IFRS 2 charges	**–**	**–**	**–**
Shares distributed to BBBEE 1 beneficiaries	**–**	**–**	**–**
Shares purchased in terms of FSP incentive scheme treated as treasury shares	**(41)**	**–**	**–**
Total comprehensive income/(loss)	**–**	**1 218**	**–**
Balance at 31 March 2019 (audited)	**3 943**	**1 613**	**14**

reserves				
Equity compensation reserve Rm	Retained profit Rm	Equity attributable to shareholders of PPC Ltd Rm	Non-controlling interests Rm	Total equity Rm
559	2 668	8 051	334	8 385
72	–	72	–	72
–	–	64	–	64
–	–	(72)	–	(72)
–	149	(347)	(214)	(561)
(73)	–	–	–	–
558	2 817	7 768	120	7 888
–	(17)	(17)	–	(17)
558	2 800	7 751	120	7 871
–	**(4)**	**(4)**	**–**	**(4)**
72	**–**	**72**	**–**	**72**
(6)	**–**	**(6)**	**–**	**(6)**
–	**–**	**(41)**	**–**	**(41)**
–	**235**	**1 453**	**(5)**	**1 448**
624	**3 031**	**9 225**	**115**	**9 340**

SEGMENTAL INFORMATION

for the year ended 31 March 2019

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

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

	Consolidated		Cement Southern Africa[a]	
	31 March 2019 Audited Rm	31 March 2018 Audited Rm	**31 March 2019 Audited Rm**	31 March 2018 Audited Rm
Revenue				
Gross revenue	**10 683**	10 524	**5 643**	5 704
Intersegment revenue[d]	**(274)**	(253)	**(212)**	(205)
Total revenue[e]	**10 409**	10 271	**5 431**	5 499
Operating profit before item listed below	**927**	1 004	**570**	827
Empowerment transactions IFRS 2 charges	**33**	48	**–**	–
Operating profit	**894**	956	**570**	827
Fair value and foreign exchange (loss)/gains	**(9)**	143	**10**	(19)
Finance costs	**681**	675	**222**	265
Investment income	**95**	52	**61**	42
Profit before equity-accounted earnings	**299**	476	**419**	585
Earnings from equity-accounted investments	**(67)**	(60)	**–**	–
Impairments	**(82)**	(174)	**(82)**	11
Profit before taxation	**150**	242	**337**	596
Taxation	**6**	205	**(122)**	202
Profit/(loss) for the year	**144**	37	**459**	394
Attributable to:				
Shareholders of PPC Ltd	**235**	149	**459**	394
Non-controlling interests	**(91)**	(112)	**–**	–
	144	37	**459**	394
Basic earnings per share (cents)	**16**	10	**30**	26
Depreciation and amortisation	**1 019**	876	**387**	373
EBITDA[f]	**1 946**	1 880	**957**	1 200
EBITDA margin (%)	**18,7**	18,3	**17,6**	21,8
Assets				
Non-current assets (excluding equity-accounted investments)	**14 516**	12 728	**4 294**	4 272
Equity-accounted investments	**149**	182	**–**	–
Non-current assets held for sale	**92**	34	**–**	–
Current assets	**3 071**	3 262	**1 371**	1 235
Total assets	**17 828**	16 206	**5 665**	5 507
Investments in property, plant and equipment	**817**	801	**572**	460
Liabilities				
Non-current liabilities	**5 628**	5 909	**2 026**	2 181
Current liabilities	**2 860**	2 409	**1 069**	796
Total liabilities	**8 488**	8 318	**3 095**	2 977
Capital commitments (refer to note 21)	**245**	596	**186**	482

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

Cement		Materials business					
Rest of Africa[b]		Lime		Aggregates and readymix		Group services and other[c]	
31 March 2019 Audited Rm	31 March 2018 Audited Rm	**31 March 2019 Audited Rm**	31 March 2018 Audited Rm	**31 March 2019 Audited Rm**	31 March 2018 Audited Rm	**31 March 2019 Audited Rm**	31 March 2018 Audited Rm
2 826	2 762	**896**	849	**1 318**	1 209	**–**	–
–	–	**(62)**	(48)	**–**	–	**–**	–
2 826	2 762	**834**	801	**1 318**	1 209	**–**	–
331	389	**86**	95	**(63)**	(22)	**3**	(285)
2	2	**–**	–	**–**	–	**31**	46
329	387	**86**	95	**(63)**	(22)	**(28)**	(331)
(6)	(69)	**–**	1	**3**	(1)	**(16)**	231
447	338	**38**	24	**27**	20	**(53)**	28
64	18	**22**	18	**17**	15	**(69)**	(41)
(60)	(2)	**70**	90	**(70)**	(28)	**(60)**	(169)
(67)	(61)	**–**	–	**–**	–	**–**	1
–	(168)	**–**	–	**–**	(17)	**–**	–
(127)	(231)	**70**	90	**(70)**	(45)	**(60)**	(168)
7	34	**17**	24	**(9)**	18	**113**	(73)
(134)	(265)	**53**	66	**(61)**	(63)	**(173)**	(95)
(43)	(153)	**53**	66	**(61)**	(63)	**(173)**	(95)
(91)	(112)	**–**	–	**–**	–	**–**	–
(134)	(265)	**53**	66	**(61)**	(63)	**(173)**	(95)
(3)	(10)	**4**	4	**(4)**	(4)	**(11)**	(6)
479	347	**37**	40	**80**	79	**36**	37
810	736	**123**	135	**17**	57	**39**	(248)
28,7	26,7	**14,8**	16,8	**1,3**	4,7		
8 281	6 638	**309**	309	**629**	672	**1 003**	837
146	179	**–**	–	**–**	–	**3**	3
92	34	**–**	–	**–**	–	**–**	–
1 109	1 375	**245**	214	**324**	327	**22**	111
9 628	8 226	**554**	523	**953**	999	**1 028**	951
143	235	**46**	41	**37**	48	**19**	17
6 032	5 608	**11**	32	**345**	264	**(2 786)**	(2 176)
1 330	1 186	**129**	83	**164**	170	**168**	174
7 362	6 794	**140**	115	**509**	434	**(2 618)**	(2 002)
17	50	**1**	2	**3**	38	**38**	25

[e] Revenue from external customers generated by the group's material foreign operations is as follows:
Botswana R516 million (2018: R438 million)
DRC R494 million (2018: R144 million)
Rwanda R885 million (2018: R804 million)
Zimbabwe R1 447 million (2018: R1 813 million).

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

NOTES TO THE ABRIDGED AUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

1. BASIS OF PREPARATION

The abridged audited summarised consolidated financial statements are prepared in accordance with the provisions of the Companies Act of South Africa, the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council, and contain at a minimum the requirements of IAS 34 *Interim Financial Reporting*. The accounting policies applied in the preparation of the abridged audited summarised consolidated financial statements were derived in terms of IFRS. These abridged audited summarised consolidated financial statements do not include all the information required for the full consolidated annual financial statements.

The accounting policies and methods of computation used are consistent with those used in the preparation of the consolidated annual financial statements for the year ended 31 March 2018, except where the group has adopted new or revised accounting standards, amendments and interpretations, including the consequential amendment of those standards to other standards, which became effective during the period under review.

A copy of the auditor's report on the annual consolidated financial statements is available on the company's website at **www.ppc.africa**, together with the financial statements identified in the respective auditor's report.

New standards, amendments to standards and interpretations adopted in the current financial period

IFRS 9 *Financial Instruments*

The standard became effective in the current reporting year requiring the group to make adjustments to retained earnings as a result of adopting the standard.

The impact of the adoption of this standard and the new accounting policy is disclosed below.

IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement* for the annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The group has applied IFRS 9 modified retrospective approach, with the initial application date of 1 April 2018 with no adjustments to comparative information for the period beginning 1 April 2017. The effect of adopting IFRS 9 resulted in a R17 million net decrease in opening equity balances.

The change did not have a material impact on the group's operating, investing and financing cash flows.

1. BASIS OF PREPARATION continued

New standards, amendments to standards and interpretations adopted in the current financial period continued

IFRS 9 *Financial Instruments* continued

(a) Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through other comprehensive income. The classification is based on two criteria: the group's business model for managing the assets; and whether the instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding.

The assessment of the group's business model was made as of the date of initial application, 1 April 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 April 2018. The assessment of whether contractual cash flows on debt instruments which solely comprised principal and interest was made based on the facts and circumstances as at the initial recognition of the assets. Investment in government bonds, trade receivables and other loan receivables previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as debt instruments at amortised cost.

There are no changes in classification and measurement for the group's financial liabilities.

(b) Impairment

The adoption of IFRS 9 has fundamentally changed the group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward looking expected credit loss (ECL) approach. IFRS 9 requires the group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

Upon the adoption of IFRS 9, on 1 April 2018, the group recognised additional impairment of R23 million, predominately relating to the ECL on trade receivables. This resulted in a net decrease in equity of R17 million (post-tax) as at 1 April 2018.

Refer to notes 11, 13 and 14 for ECL assessment performed as at 31 March 2019.

IFRS 15 *Revenue from Contracts with Customers*

On 1 April 2018 the group implemented IFRS 15 *Revenue from Contracts with Customers* which replaced IAS 18 *Revenue*. Revenue comprises the consideration received or receivable on contracts entered into with customers in the ordinary course of the entity's activities. Revenue is shown net of taxes, cash discounts, settlement discounts and rebates given to customers. Revenue is recognised as the amount of the transaction prices allocated to each performance obligation and this is determined by the amount that depicts the consideration to which the entity expects to be entitled in exchange for transferring the goods and services promised to the customer.

Revenue is recognised on the sale of goods when control is transferred to the customer. Revenue from providing services is recognised when the service has been performed.

The group aligned its measurement and recognition principles of revenue with that of IFRS 15 upon adoption. There is no material impact on the measurement and recognition of revenue.

1. BASIS OF PREPARATION continued

New standards, amendments to standards and interpretations to be adopted in the next financial period

IFRS 16 *Leases* is effective for years commencing on or after 1 January 2019. The standard will be adopted by the PPC group for the financial reporting period commencing 1 April 2019. The group has completed an initial assessment of the potential impact of the adoption of IFRS 16 on its consolidated financial statements.

IFRS 16 requires a lessee to recognise a right-of-use asset and lease obligations for all leases except for short-term leases, or leases of low-value assets which the leases may be treated similarly to operating leases under the current standard IAS 17 if the exceptions are applied. A lessee measures its lease obligation at the present value of future lease payments, and recognises a right-of-use asset initially measured at the same amount as the lease obligation including costs directly related to entering into the lease. Right-of-use assets are subsequently treated in a similar way to other assets such as property, plant and equipment or intangible assets dependent on the nature of the underlying item.

PPC group has various rental agreements in place. In accordance with the above, right-of-use assets and lease obligations (liabilities) associated to these rentals would be recognised in the statement of financial position.

The group currently recognises the rental expense of the properties on a straight-line basis over the lease term. Upon the adoption of IFRS 16, the group's operating lease charge in profit or loss will be replaced by a depreciation charge in respect of the corresponding right-of-use assets, as well as an interest charge relating to the respective lease liabilities, which may in aggregate be different to the current operating lease charge.

PPC group will account for all leases under a single on-balance sheet model in a similar manner to finance leases under IAS 17, with the exception of the short-term and low-value leases. The group has prepared an impact assessment on each subsidiary.

Based on the assessment performed, the estimated impact of IFRS 16 on the group's 2020 financial year-end will be the following:

- The group will recognise a potential right-of-use asset of R92 million and a corresponding lease liability of R92 million
- The group will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. PPC group will potentially recognise depreciation of R22 million and an interest expense of R10 million. The depreciation of the asset is based on the lower of the remaining lease period or the useful life of the asset

Management continues to assess the implications of the remaining insignificant individual leases in which the group is the lessee, which may cause the final impact to differ from the estimates provided above.

1. BASIS OF PREPARATION continued

Change in accounting estimate

During the year, the group reassessed the useful lives of its property, plant and equipment 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 2019 is a decrease in the depreciation expense of R17 million.

Management have assessed the discount rate applied in determining the decommissioning and rehabilitation provision for Cement southern Africa. In the current year there was a change in estimate, which is applied prospectively. The impact of the change in discount rate applied amounted to R89 million reduction to the provision for rehabilitation and decommissioning, with a R59 million reduction to cost of sales and R30 million reduction to the decommissioning asset.

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

Going concern

At year-end, current assets of R3 071 million (2018: R3 262 million) exceeded current liabilities of R2 860 million (2018: R2 409 million) by R211 million (2018: R853 million).

PPC's cash flows are under pressure due to the economic environment PPC operates in as well as pricing pressures in the South African market.

Group debt position has increased since the beginning of the financial year mainly due to the weaker rand/dollar closing exchange rate which was R14,42 (March 2018: R11,82).

To mitigate the liquidity risk, management has adopted the following risk management plan:

- Refinancing maturing debt and increasing loan facilities from R2,4 billion to R3,1 billion. The loan facility of R700 million has been approved by the lenders. At the date of this report the group had committed borrowing facilities of R2,4 billion and 70% (2018: 72%) of these facilities were utilised. R731 million of the committed borrowing facilities were unutilised at the reporting date. These numbers exclude project funding in Rwanda, DRC and Zimbabwe
- The R3,1 billion facility, as well as the cost saving measures that the group is currently exploring provides additional headroom
- Negotiation of the DRC debt to reschedule the capital repayments for a further two years are in progress with the lenders
- The covenant ratio target for group debt to EBITDA has been favourably amended and confirmed by a revised agreement between PPC and the lenders
- Improved debtors collection measures have been implemented in order to increase cash inflows
- Dividends due from PPC Zimbabwe and the outstanding rights offer proceeds have been invested in government bonds

1. BASIS OF PREPARATION continued

Going concern continued

Furthermore, despite the deteriorating economic environment and the challenges being faced with processing of foreign payments by the banks in Zimbabwe. The directors believe that PPC Zimbabwe has the ability to continue in operation as a going concern for the foreseeable future. The change in the Zimbabwe functional currency resulted in the reduction of EBITDA by R108 million. PPC Zimbabwe has set out action plans to help ensure that operations are not interrupted due to difficulties in remitting payments to foreign suppliers. Through the action plans, PPC Zimbabwe is exploring various mitigation methods such as increasing export sales and obtaining a trade financing mechanism facility.

During the current year, CIMERWA was in breach of certain debt covenants with external funders. The directors have obtained waivers for the breach and are satisfied that the breach has been remediated.

Concerning PPC Zimbabwe, we concluded that there were no breaches of debt covenants on both IFRS and RTGS statutory accounts.

Both CIMERWA and PPC Zimbabwe are going concerns for the foreseeable future. In addition to the group's current trading position, forecasts and facilities in place, the directors believe that the group will be able to comply with its financial covenants and be able to meet its obligations as they fall due and accordingly have formed a judgement that it is appropriate to prepare the financial statements on a going concern basis.

Change of the Zimbabwe functional currency

Due to the deteriorating United States dollar (US$) liquidity issues in Zimbabwe the government created the real time gross settlement (RTGS) as an alternative method of payment which was fixed on a 1:1 parity with the US$. On 1 October 2018 the Reserve Bank of Zimbabwe announced that banks must separate foreign accounts from RTGS accounts with effect from 15 October 2018, thus officially recognising that actual foreign currency is different to RTGS. The result of the change was a reassessment of the functional currency of the entity. In determining the functional currency the entity assessed the currencies that influenced sales and expenses which revealed a mix between RTGS and US$. Management then concluded that the functional currency of PPC Zimbabwe is the RTGS$.

On 20 February 2019 the Reserve Bank of Zimbabwe announced that the RTGS would be recognised as an official currency and that an interbank foreign exchange market would be established to formalise trading in RTGS balances with other currencies.

The effect of the change meant that the US$ statement of financial position, as at 30 September 2018 needed to be fair valued to RTGS$. Further analysis on the currency movement between the US$/RTGS$ rate was performed at 31 March 2019, and the exchange differences were recorded in profit or loss in accordance with IAS 21.

1. BASIS OF PREPARATION continued

Change of the Zimbabwe functional currency continued

The application of the change in functional currency has been applied prospectively in our financial results for the 2019 reporting period. For inclusion in the summarised consolidated income statement of the group, results in respect of Zimbabwe have been translated at the average US$ exchange rate for the period up to 30 September 2018 and at the estimated RTGS$ rate for the remaining six months of the financial year. For inclusion in the consolidated statement of financial position, results have been translated at the estimated closing RTGS$ rate of 3,01 to US$ (being the interbank rate) and an average rate of 3,5. On 1 October 2018, an opening RTGS$ rate of 3,5 to the US$ was applied. The inputs considered in this estimate include the recent announcement to increase the fuel price for those settling in RTGS$, global relative fuel prices and the official inflation rate.

Financial impact of the change in functional currency (FC) on the group's key performance indicators

	FY2019 Before FC change*	**FY2019 Impact**	**FY2019 Reported**	FY2018 Reported
EBITDA	**2 054**	**(108)**	**1 946**	1 880
Profit attributable to shareholders of PPC Ltd	**287**	**(52)**	**235**	149
EPS	**19**	**(3)**	**16**	10
HEPS	**23**	**(3)**	**20**	15

** Assumes no change in functional currency and 1:1 conversion between RTGS$ and US$, below are the sensitivities performed on the RTGS$ rate.*

	RTGS$3,5 to US$ – Reported	RTGS$6 to US$	RTGS$10 to US$
Group impact			
EBITDA	1 946	1 867	1 844
Profit attributable to shareholders of PPC Ltd	235	163	144
EPS	16	11	10
HEPS	20	15	14

These abridged audited summarised consolidated financial statements have been prepared under the supervision of MMT Ramano CA(SA), chief financial officer, and were approved by the board of directors on Thursday, 18 July 2019. The directors take full responsibility for the preparation of these abridged audited summarised consolidated financial statements.

2. REVENUE

Adoption of IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 replaces IAS 11 *Construction Contracts* and IAS 18 *Revenue*. The standard requires entities to identify the separate performance obligations and allocate the transaction price to the performance obligations in the contract by reference to their relative standalone selling prices. The group's primary revenue is derived from the sale of cementitious goods and as a result the group also earns incidental transport revenue from delivering these goods to customers. The incidental transport revenue has always been included as part of revenue earned, however, due to the adoption of IFRS 15, the aforementioned streams of revenue are two separate performance obligations, which are always met at the same time.

The group has the following revenue streams, which are all recognised at a point in time:

	Year ended 2019 Audited Rm	Year ended 2018 Audited Rm
Disaggregation of revenue		
Revenue from the sale of cementitious goods[a]	**9 071**	9 095
Revenue from transportation services	**1 338**	1 176
Total revenue	**10 409**	10 271
Major goods and services per primary geographical markets		
Cementitious goods	**9 071**	9 095
Southern Africa	**6 376**	6 462
Rest of Africa	**2 695**	2 633
Transport revenue	**1 338**	1 176
Southern Africa	**1 207**	1 047
Rest of Africa	**131**	129

[a] *Cementitious goods include the sale of cement, readymix, limestone, clinker, ash and aggregates.*

Timing of revenue recognition

Revenue from the sale of cementitious goods and transport is recognised at the same time, upon delivery, as management considers it as the point the control of the goods is transferred to the customers and the delivery obligation is fulfilled. Payment of the transaction price is also payable immediately at this point.

	Year ended 2019 Audited Rm	Year ended 2018 Audited Rm
3. FAIR VALUE AND FOREIGN EXCHANGE MOVEMENTS		
3.1 Fair value and foreign exchange (losses)/gains		
Movements in the fair value and foreign exchange gains are recognised in the income statement and comprise the following:		
Gain on remeasurement of put option liability (refer to note 22)	**–**	238
(Loss)/gain on unlisted collective investments	**(1)**	5
ECL on Zimbabwe government bonds	**(40)**	–
Gain/(loss) on translation of foreign currency denominated monetary items	**32**	(100)
	(9)	143

The fair value adjustment on the Zimbabwe government bonds was determined by applying an ECL of 12,7 % against the total asset recognised which resulted in an ECL of R40 million.

Included in the gain/(loss) on translation of foreign currency denominated monetary items, is a gain of R8 million arising from the remeasurement of the Zimbabwe monetary items following the change in functional currency, and a loss of R13 million (2018: R80 million) comprising the remeasurement following the devaluations of the Congolese franc against the US dollar and a fair value adjustment relating to the discounting of the non-current VAT receivable in the DRC. Furthermore, a remeasurement loss of R16 million (2018: R12 million) has been recorded against the US dollar denominated project funding in Rwanda. Also included in the loss on translation of foreign currency monetary items are losses or gains made on open forward exchange contracts held for capital purchases and working capital requirements.

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

3.2 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:

	Year ended 2019 Audited Rm	Year ended 2018 Audited Rm
PPC Zimbabwe*	**886**	(219)
CIMERWA Limitada	**144**	(168)
PPC DRC Barnet	**269**	(213)
PPC Botswana	**4**	–
PPC Mozambique	**1**	2
	1 304	(598)

* *Included in PPC Zimbabwe is a gain of R488 million arising from the change in the functional currency.*

The gain recorded in the current year is due to the weakening of the rand against the functional currencies of the group's subsidiaries. Details of the fair value hierarchies are disclosed in note 22.

NOTES TO THE ABRIDGED AUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2019

		Year ended 2019 Audited Rm	Year ended 2018 Audited Rm
4.	**FINANCE COSTS**		
	Bank and other short-term borrowings	**32**	305
	Notes	**10**	8
	Long-term loans and project funding	**569**	303
		611	616
	Capitalised to plant and equipment	**–**	(23)
	Finance costs before time value of money adjustments	**611**	593
	Interest on penalties	**3**	–
	Time value of money adjustments on rehabilitation and decommissioning provisions and put option liability	**67**	82
		681	675
	Southern Africa	**234**	337
	Rest of Africa	**447**	338

The total finance costs excluding time value of money adjustments, relate to borrowings held at amortised cost. For details of borrowings refer to note 18.

5.	**IMPAIRMENTS**		
	Impairment of property, plant, equipment and intangible assets	**(82)**	(182)
	Impairment of the VAT receivable in the DRC	**–**	(3)
	Profit on disposal of property, plant and equipment	**–**	11
	Gross impairments	**(82)**	(174)
	Taxation impact	**23**	56
	Net impairments	**(59)**	(118)

Impairment of property, plant, equipment and intangible assets

IAS 36 states that an entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. When there are indications that an asset is impaired, a recoverable amount is calculated and compared to the carrying value. During the year, an impairment of R82 million, relating to property, plant and equipment was recognised (refer to note 8).

	Year ended 2019 Audited Rm	Year ended 2018 Audited Rm
6. TAXATION		
The taxation charge comprises:		
Current taxation	**3**	332
Current year	**93**	347
Prior years	**(90)**	(15)
Deferred taxation	**(30)**	(127)
Current year	**(84)**	(119)
Prior years	**12**	(8)
Change in taxation rate	**42**	–
Withholding taxation	**33**	–
	6	205
	%	%
Taxation rate reconciliation		
A reconciliation of the standard South African normal taxation rate is shown below:		
Profit before taxation (excluding loss from equity-accounted investments)	**3**	68
Prior years' taxation impact	**36**	(7)
Profit before taxation, including prior years' taxation adjustments	**39**	61
Effective rate of taxation		
Income taxation effect of:	**(11)**	(33)
Expenditure not deductible in terms of legislation	**(15)**	(14)
Expenditure attributable to non-taxable income	**(5)**	(16)
Empowerment transactions and IFRS 2 charges not taxation deductible	**(4)**	(3)
Fair value adjustments on financial instruments not subject to taxation	**(4)**	22
Impact of s12I and s12L of the South African Income Tax Act	**58**	–
DRC ANAPI tax holiday	**6**	–
Prior year adjustment for forfeitable share plan movement	**(9)**	–
Foreign taxation rate differential	**7**	16
Deferred taxation not raised*	**(6)**	(23)
Change in taxation rate	**(19)**	–
ZIMRA voluntary disclosure programme interest reversal	**5**	–
Transfer pricing adjustment	**(10)**	(12)
Withholding taxation	**(15)**	(3)
South African normal taxation rate	**28**	28

** The deferred taxation not recognised is as a result of the portion of the deferred taxation asset relating to the assessed losses at PPC Aggregates Quarries Botswana and PPC Barnet DRC Manufacturing that has not been recognised due to the insufficient future taxable profits to fully utilise the asset. Furthermore, the deferred taxation asset has not been recognised by PPC Ltd's capital loss relating to BEE loans.*

NOTES TO THE ABRIDGED AUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2019

	Year ended 2019 Audited Cents	Year ended 2018 Audited Cents
7. EARNINGS AND HEADLINE EARNINGS		
Earnings per share		
Basic	**16**	10
Diluted	**16**	10
Headline earnings per share		
Basic	**20**	15
Diluted	**20**	15
Determination of headline earnings per share		
Earnings per share	**16**	10
Adjusted for items below, net of taxation:		
Impairment of property, plant, equipment and intangible assets	**3**	6
Loss/(profit) on sale of property, plant and equipment	**1**	(1)
Headline earnings per share	**20**	15
Headline earnings	**Rm**	Rm
Profit for the year	**144**	37
Impairment of property, plant, equipment and intangible assets	**82**	182
Taxation on impairment of property, plant, equipment and intangible assets	**(23)**	(58)
Profit/(loss) on sale of property, plant and equipment	**14**	(11)
Taxation on profit/(loss) on sale of property, plant and equipment	**(4)**	2
Headline earnings	**213**	152
Attributable to:		
Shareholders of PPC Ltd	**304**	231
Non-controlling interests	**(91)**	(79)
Cash earnings per share (cents)	**83**	95
Cash earnings per share is calculated using cash available from operations divided by the total weighted average number of shares in issue for the period.		
Cash conversion ratio	**1,0**	1,2

The basic earnings per share of 16 cents per share was outside the previously published range as reported on 21 June 2019, due to the fair value loss on the Zimbabwe government bonds.

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

The cash earnings per share (cents) and the cash conversion ratio are non-IFRS measures as described in the accounting policies of the company, which will be included in the annual financial statements for the year ended 31 March 2019.

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

For the weighted average number of shares used in the calculation, refer to note 15.

		Year ended 2019 Audited Rm	Year ended 2018 Audited Rm
8.	**PROPERTY, PLANT AND EQUIPMENT**		
	Net carrying value at the beginning of the period	**11 393**	12 531
	Additions	**793**	795
	Depreciation	**(952)**	(798)
	Disposals	**(23)**	(18)
	Other movements	**(127)**	(24)
	Impairments (refer to note 5)	**(82)**	(165)
	Translation differences	**1 585**	(928)
	Net carrying value at the end of the year	**12 587**	11 393
	Comprising:		
	Freehold and leasehold land, buildings and mineral rights	**2 330**	1 567
	Decommissioning assets	**68**	133
	Plant, vehicles, furniture and equipment	**10 189**	9 693
		12 587	11 393
	Property, plant and equipment pledged as security:		
	DRC	**3 475**	3 111
	Rwanda	**1 492**	1 321
	Zimbabwe	**2 372**	2 028
		7 339	6 460

For details on capital commitments, refer to note 21.

Cost capitalisation

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

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

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

8. PROPERTY, PLANT AND EQUIPMENT continued

Cost capitalisation continued

The cost of an item of PPE comprises:

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

During the current year, the Slurry Kiln 9 (SK9) was commissioned. The total costs capitalised into the project amounted to R1,4 billion. In accordance with IAS 16, profits of R18 million earned during the testing phase, comprising revenue (R74 million) less cost of sales (R56 million), has been written off against the capitalised cost of the project.

Impairment assessment – PPC Cement SA

IAS 36 provides that if there is an indication that an asset may be impaired, the recoverable amount of the asset (or, if appropriate, the cash-generating unit (CGU)) is determined. The recoverable amount of the CGU was determined to exceed the carrying amount, therefore no impairment has been recognised for the CGU. As the cement industry is a cyclical environment, manufacturers will go through troughs where some of the assets (kilns) will be idle when demand is down. However, maintenance on these assets will continue to ensure that when the market conditions improve they are in a position to take advantage. As a result it is quite key in this industry to review individual assets that form part of a CGU separately.

As at the end of the March 2019 financial year, a few of the PPC cement kilns were not in use due to market constraints. The cement industry is, however, a cyclical environment and the demand can pick up at any time when the market conditions become favourable.

PPC Cement SA identified the assets that are no longer in use but still have a carrying amount. In applying the requirements of IAS 36, PPC Cement SA decided to impair these assets. They will be derecognised from the fixed assets registers once a decision to scrap the assets has been taken. The total impairment recognised on these assets is R82 million, being the book value of these assets and is reflected under the Cement southern Africa segment in the segmental analysis.

Impairment assessment – Zimbabwe

As a result of the current economic environment, liquidity challenges and the change in functional currency in Zimbabwe, an impairment assessment was undertaken. In spite of the economic challenges, the financial performance of the business has been above our internal forecasts and prior year before the impact of the change in functional currency. The inclusion of the Harare mill has improved cash flows.

8. PROPERTY, PLANT AND EQUIPMENT continued

Impairment assessment – Zimbabwe continued

In performing the impairment review, a value-in-use methodology was applied. Cash flow projections were based on financial forecasts approved by management applying a 19% (2018: 16%) US dollar discount rate. The cash flow projections during the forecast period are based on similar pricing and margins to those currently being achieved by the business and takes into consideration the future trends within the industry, geographical location and expected growth in neighbouring countries. The values used reflect past experiences while the economic growth rates of approximately 3% per annum (2018: 2% per annum) are management's best estimates that have been prepared using leading financial institutions' forecasts.

Following the impairment assessment review, the recoverable amount of US$232 million (R3,3 billion) (2018: US$411 million (R4,9 billion)) for PPC Zimbabwe was calculated to be higher than its carrying amount resulting in no impairment. The reason for the significant decrease in the recoverable amount is due to the challenging economic conditions and the change in the functional currency. There are no indications that any reasonable possible change in the key assumptions on which the recoverable amount has been calculated would cause the carrying amount to exceed the recoverable amount of this CGU.

Zimbabwe is included under the Rest of Africa (RoA) segment.

Impairment assessment – DRC

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

Following impairment indicators being identified, management performed an impairment assessment. IAS 36 *Impairment of Assets* provides two options for assessing recoverable amounts and states that the recoverable amount is the higher of the fair value less cost to sell or value in use.

In performing the impairment review, a value-in-use methodology was applied. Cash flow projections were based on financial forecasts approved by management applying a 17% (2018: 17%) US dollar discount rate. The cash flow projections during the forecast period are based on similar pricing and margins to those currently being achieved by the business and takes into consideration the future trends within the industry, geographical location and expected growth in neighbouring countries. The values used reflect current industry performance and experiences while the economic growth rates of approximately 5% per annum (2018: 4% per annum) are management's best estimates that have been prepared using leading financial institutions' forecasts.

The DRC general elections were successfully held in December 2018, thereby improving the political stability, market confidence and subsequently the economic prospects.

Cement consumption grew by 43% to 539 000 tonnes from 378 000 tonnes. The country currently has a cement import ban in place and no exports have been recorded by the BCC since mid-2015. There is also a new 0,6 million tonne plant being constructed by Diamond cement in the DRC (Brazzaville). The IFC suggests that the country will reach a cement supply deficit by 2022.

Sales volumes have been softer than expected due to a number of external factors (economic, political, market activities of competitors some of whom are new entrants in the market). However, PPC Barnet DRC has in the past few months slowly improved the sales volume and subsequently revenue.

8. PROPERTY, PLANT AND EQUIPMENT continued

Impairment assessment – DRC continued

Real GDP growth was an estimated 4,0% in 2018, up from 3,7% in 2017, due to higher commodity prices and greater mining production. The primary sector continued to be the key driver of growth, sustained by a dynamic extraction sector.

Following the impairment assessment review, no further impairment was recognised as the calculated recoverable amount of US$271 million (R3,9 billion) (2018: US$265 million (R3,1 billion)) is above the carrying amount.

DRC is included under the Rest of Africa (RoA) segment.

9. GOODWILL

		Year ended 2019 Audited Rm	Year ended 2018 Audited Rm
Net carrying value at the beginning of the year		**230**	237
Translation differences		**6**	(7)
Net carrying value at the end of the year		**236**	230
Goodwill, net of impairments, is allocated to the following CGUs:			
CIMERWA Limitada	(Rest of Africa cement segment)	**31**	25
Cement SA (Pty) Limited	(Southern Africa cement segment)	**78**	78
Readymix	(Aggregates and readymix segment)	**127**	127
		236	230

Refer to note 22 for fair value hierarchy on goodwill.

CIMERWA Limitada (CIMERWA)

The recoverable amount for this CGU of R2 557 million (2018: R1 094 million) was determined based on a value-in-use calculation, using cash flow projections based on financial forecasts approved by management and covering an initial seven-year period and a post-forecast period of 13 years, bringing the total period of the cash flows to 20 years from the report date. The company's budgeting cycle time horizon is seven years and management believes this should provide a more accurate base for the value-in-use calculation. A Rwandan franc discount rate of 17% (2018: 18%) was used in the valuation. The significant increase in the recoverable amount compared to prior year is due to increased capacity and the debottlenecking of the plant during the year.

9. GOODWILL continued

CIMERWA Limitada (CIMERWA) continued

Cash flow projections during the forecast period of seven years were based on improved margins and profitability, following the commissioning of the new plant in September 2015, taking cognisance of an appropriate ramp-up period. Selling prices and cost of sales were forecast to increase at applicable inflation rates varying between 5,1% and 5,4% (2018: 5% and 6%), impacted by anticipated competitor activity in the earlier phase of the planning horizon. The cash flows post the forecast period had been extrapolated using specific growth rates of 7,3% (2018: 6,7%) per annum which is in line with the real inflation rate in Rwanda. The forecast period was limited to the life of mine, currently estimated at 20 years.

The forecast takes into consideration the future trends within the industry, geographical location and expected growth in neighbouring countries. The values used reflect past experiences while the economic growth rates are management's best estimates that have been prepared using leading financial institutions' forecasts.

In both the current and prior reporting periods, the recoverable amount was deemed to be higher than the current carrying value, resulting in no impairment being charged against profit and loss. CIMERWA is included under Cement Rest of Africa in the segmental analysis.

There are no indications that any reasonable possible change in the key assumptions on which the recoverable amount has been calculated would cause the carrying amount to exceed the recoverable amount of this CGU.

PPC Cement SA (Pty) Ltd

During the year PPC Cement SA (Pty) Ltd and Safika were integrated into one entity PPC Cement SA (Pty) Ltd. Therefore, for purposes of impairment testing, the goodwill is allocated to the integrated Cement SA entity.

The recoverable amount of R7 495 million (2018: R11 114 million) for the combined Cement SA CGUs was determined based on value-in-use calculations, using cash flow projections based on financial forecasts approved by management and covering an initial seven-year period. The company's budgeting cycle time horizon is seven years and management believes this should provide a more accurate base for the value-in-use calculation. A discount rate of 13% (2018: 13%) and terminal growth rate of 5,6% (2018: 5,5%) have been used in the valuation.

Cash flow projections during the forecast period are based on similar pricing and margins to those currently being achieved by the businesses. Selling prices and cost of sales are forecast to increase at rates linked to local inflation forecasts varying between 6% and 10% (2018: 6% and 10%). The values used reflect past experiences while the economic growth rates of approximately 2% (2018: 2%) per annum are management's best estimates that have been prepared using leading financial institutions' forecasts.

In both the current and prior reporting periods, the recoverable amount was deemed higher than the current carrying value, resulting in no impairment being charged against profit and loss. The Cement SA CGU is included under Cement Southern Africa in the segmental analysis.

There are no indications that any reasonable possible change in the key assumptions on which the recoverable amount has been calculated would cause the carrying amount to exceed the recoverable amount of this CGU.

9. GOODWILL continued

Readymix

During the 2017 reporting period the PPC group undertook to re-organise the manner in which it discloses its operating segments according to the business units which are managed by the group executive committee. One of these key segments is aggregates and readymix. Included in the readymix segment is the Pronto, 3Q Mahuma and Ulula Ash.

Applying judgement, management was of the opinion that the natural synergy between the operations of Pronto, 3Q Mahuma and Ulula Ash, will result in a greater total competitive advantage for the group and should therefore be considered as one CGU. Assessed as its own group of assets, the readymix business operation can be seen to generate revenue and incur expenses which are independent of other groups of assets within the PPC group. This can also be substantiated further by the manner in which the group discloses the performance of its different business units in its segmental information.

Therefore, for purposes of impairment testing, the goodwill is allocated to the combined readymix CGU. They represent the lowest level within the entity at which goodwill is monitored for internal management purposes.

The recoverable amount of R816 million (2018: R453 million) for the CGU was determined based on value-in-use calculations, using cash flow projections based on financial forecasts approved by management and covering an initial seven-year period, which is in line with the company's budgeting cycle time horizon as management believes this should provide a more accurate base for the value-in-use calculation. A discount rate of 14% (2018: 16%) and terminal growth rate of 2% (2018: 5,5%) have been used in the valuation.

The significant increase in the recoverable amount compared to the prior year is due to synergies in managing Pronto, Ulula and 3Q as a single CGU and the reduced management fees.

Cash flow projections during the forecast period are based on similar pricing and margins to those currently being achieved by the business, noting that selling prices achieved during the year are below last year. Selling prices and cost of sales are forecast to increase at rates linked to local inflation forecasts and vary between 6% and 10% (2018: 5% and 9%). The values used reflect past experiences while the economic growth rates of approximately 2% (2018: 2%) per annum are management's best estimates that have been prepared using leading financial institutions' forecasts.

Following the goodwill impairment assessment review, the recoverable amount of readymix was calculated to be higher than its carrying amount resulting in no impairment to goodwill.

It is estimated that a decrease in net cash flows by 45% (2018: 4%) would result in the carrying amount exceeding the recoverable amount.

		Year ended 2019 Audited Rm	Year ended 2018 Audited Rm
10.	**OTHER INTANGIBLE ASSETS**		
	Balance at the beginning of the year	**557**	677
	Disposals	**–**	–
	Additions	**24**	6
	Amortisation	**(67)**	(78)
	Impairments (refer to note 5)	**–**	(17)
	Translation differences	**44**	(31)
	Balance at the end of the year	**558**	557
	Comprising:		
	Right of use of mineral assets	**193**	166
	ERP development and other software	**106**	105
	Brand and trademarks and customer relationships	**259**	286
		558	557
11.	**FINANCIAL AND OTHER NON-CURRENT ASSETS**		
	Investment in Zimbabwe government bonds	**279**	6
	Investment in the Zimbabwe Stock Market	**14**	–
	PPC Zimbabwe financial asset	**289**	–
	Financial assets	**582**	6
	Unlisted collective investment	**141**	134
	VAT receivable	**101**	104
	Long-term receivable	**91**	59
	Other non-current assets	**333**	297

Investment in Zimbabwe government bonds

The investment in government bonds of R277 million, subsequent to the recognition of an ECL of R40 million, arises as a result of the requirement to invest the proceeds of the dividends of R232 million (2018: R66 million) and the rights issue proceeds of R85 million (2018: R82 million) which is invested in the 7% Zimbabwe government bonds for a period of one year. Per the Zimbabwe exchange control guidelines, these are treated as legacy debts and dividends pre-20 February 2019 (date of publication of Statutory Instrument 33). The investment was registered with the Zimbabwean authorities in accordance with Statutory Instrument 33 and therefore qualify for the 1:1 conversion of US$ to RTGS$. The remaining R2 million represents treasury bills issued in exchange for the funds previously expropriated by the Reserve Bank of Zimbabwe.

11. FINANCIAL AND OTHER NON-CURRENT ASSETS continued

Investment in Zimbabwe government bonds continued

In accordance with the requirements of IFRS 9, an ECL assessment was performed on the Zimbabwe government bonds taking into account a range of expected default rates on government bonds with similar credit profiles, which resulted in an ECL of R40 million.

In assessing the ECL default rate, the following was considered:

- The historical average recovery rate for sovereign bonds measured by Moody's in their Sovereign Default and Recovery Rates Study 1983 – 2016 is 65 %
- The recovery rate is measured by the ratio of the present value of cash flows received as a result of the distressed exchange versus those initially promised, discounted using yield to maturity immediately prior to default
- This methodology closer reflects IFRS 9
- Sub-Saharan African countries comprise a significant portion of sovereign defaults. The most recent at time of publication of the report was the 2016 by Mozambique where there was a loss of approximately 12 %

Based on the above it was determined that an ECL of 12,7 % was deemed appropriate.

As a result of the uncertainty around the expatriation of funds from Zimbabwe, the investment in government bonds has been classified as non-current.

Investment in the Zimbabwe Stock Market

The investment in the stock market relates to the investment in PPC and Old Mutual shares in Zimbabwe on the Zimbabwe Stock Exchange. This investment is held in RTGS$. The market value as at 31 March 2019 was RTGS$2,9 million (R14 million). As a result of the uncertainty around the expatriation of funds from Zimbabwe, the investment in the Zimbabwe Stock Market has been classified as non-current.

PPC Zimbabwe financial asset

The PPC Zimbabwe financial asset arose as a result of the US$ denominated Zimbabwe loan (refer to note 18). The loan was registered with the Zimbabwean authorities in accordance with Statutory Instrument 33 and therefore qualifies for the 1:1 conversion of US$ to RTGS$. The financial asset recognised represents the difference between the closing RTGS$ rate of 3,01 and the rate of 1, being the rate approved by the Zimbabwean authorities for the settlement of this loan. Fair value disclosure with regards to this financial instrument has been disclosed in note 22.

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 2019. Put options are also held over the value of the investments in order to protect the capital of the portfolio. At 31 March 2019, the value of the put options were not material. During the year, a further R9 million (2018: R7 million) was reinvested into the unit trusts. These funds are held to fund PPC's South African environmental obligations. Refer to note 14 for the restricted cash.

11. FINANCIAL AND OTHER NON-CURRENT ASSETS continued

VAT receivable

The group incurred VAT during the construction of the plant in the DRC. In the 2017 financial year, management received a letter from the DRC Finance Department which indicates that the VAT needs to be paid to PPC Barnet DRC on condition that the money is utilised for discharge of local suppliers and local salary obligations. The letter did not, however, state when the payments will be initiated. As a result of the uncertainty around the timing of receipt of the funds, the VAT receivable has been classified as non-current.

During the year, a loss of R13 million (2018: R80 million) comprising the remeasurement following devaluations of the Congolese franc against the US dollar and a fair value adjustment relating to the non-current VAT receivable was recorded and is reflected in fair value and foreign exchange gains/(losses) in the income statement (refer to note 3). Refunds amounting to R12 million (2018: R11 million) were received during the year. An amount of Rnil (2018: R3 million) assessed to be irrecoverable was impaired during the year.

Long-term receivable

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

The prior year balance, relating to financial assets of R6 million has been re-presented and disclosed separately on the face of the statement of financial position.

Refer to note 22 for financial instrument classifications in terms of IFRS 9 and the fair value disclosure required in terms of IFRS 13.

	Year ended 2019 Audited Rm	Year ended 2018 Audited Rm
12. NON-CURRENT ASSETS HELD FOR SALE		
Assets classified as held for sale	**92**	34

In September 2015, the PPC Zimbabwe board approved the disposal of houses at its Colleen Bawn and Bulawayo factories which was anticipated to be finalised in 12 months. The disposal has been delayed due to the government processing of the sectional title deeds and is now anticipated to be completed during the 2020 financial year. The houses have already been allocated to the employees through a systematic process and the agreements of sale have been drafted and are with the lawyers. It is management's view that the outstanding processes will be completed by September 2019. In the current year, a valuation of the houses was performed by an independent valuator and a fair value gain of R48 million was recognised for the houses which increased the recorded value for assets held for sale to R92 million (2018: R34 million). The fair value was estimated based on the market prices of similar properties. The movement from prior year was also impacted by the exchange rate movements (refer to note 24).

Zimbabwe is reported under the Rest of Africa (RoA) segment in the segmental report.

NOTES TO THE ABRIDGED AUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2019

		Year ended 2019 Audited Rm	Year ended 2018 Audited Rm
13.	**TRADE AND OTHER RECEIVABLES**		
	Trade receivables	**960**	958
	Loss allowance	**(49)**	(58)
	Net trade receivables	**911**	900
	Mark-to-market adjustments	**9**	1
	Proceeds due from the sale of PPC shares held by consolidated BBBEE entities	**–**	7
	Interest receivable	**23**	12
	Short-term portion of long-term receivable*	**35**	30
	Other financial receivables**	**39**	73
	Trade and other financial receivables	**1 017**	1 023
	Prepayments	**149**	115
	VAT receivable	**–**	13
		1 166	1 151
	Net trade receivables comprise	**911**	900
	Trade receivables that are neither past due nor impaired	**685**	704
	Trade receivables that are past due but not impaired	**226**	196

** This relates to the short-term portion of the long-term receivable due from the local electricity provider in the DRC, further details are disclosed in note 11.*

*** Included in other financial receivables is operating lease receivables and employee-related receivables.*

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

The prior year balances relating to taxation receivable of R93 million have been re-presented and disclosed separately on the face of the statement of financial position.

		Year ended 2019 Audited Rm	Year ended 2018 Audited Rm
14.	**CASH AND CASH EQUIVALENTS**		
	Balance at the end of the year	**452**	836
	Currency analysis:		
	Botswana pula	**66**	51
	Mozambican metical	**2**	7
	RTGS dollar (Zimbabwe)	**123**	–
	Rwandan franc	**42**	45
	South African rand	**62**	124
	United States dollar	**157**	609
		452	836

Cash and cash equivalents are recognised less of ECLs. During the current year, in line with the requirements of IFRS 9, cash and cash equivalents were assessed for ECLs by analysing the credit rating of each financial institution where PPC Ltd and its subsidiaries have invested cash. This resulted in an ECL of R6 million being recognised in the current year, of which R5 million relates to cash deposits held in Zimbabwe banks.

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents at the end of the year, as shown in the consolidated statement of cash flows, can be reconciled to the related items in the consolidated reporting position as shown above.

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 (refer to note 24).

Included in cash and cash equivalents is restricted cash:		
PPC Environmental Trust	**9**	8
PPC Zimbabwe	**44**	49
	53	57

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

In accordance with the requirements of lenders to PPC Zimbabwe, PPC Zimbabwe is required to deposit funds in an escrow account which can only be used for the purposes of making capital and interest repayments on the loan. Refer to note 18 for further details on the Zimbabwe loan.

14. CASH AND CASH EQUIVALENTS continued

PPC Zimbabwe

The rand value of the gross cash balances in Zimbabwe significantly reduced to R206 million (comprising RTGS$, US$, pula and rand) compared to R515 million at the end of March 2018 due to the introduction of the RTGS$ with a closing exchange rate of 3,01 to the US$. The introduction of the RTGS$ as the functional currency in Zimbabwe resulted in a 67 % devaluation against the US$ at year-end using the official interbank year end rate of US$1:RTGS$3,01. Furthermore, the decrease was also caused by the settlement of foreign creditors which improved over the period and the transfer of the dividend amounts owing to PPC Ltd which was invested in the Zimbabwe government bonds and listed shares in the Zimbabwe stock market.

The dividends due to PPC Ltd were registered as legacy debt in accordance with monetary policy requirements. The Reserve Bank of Zimbabwe confirmed that it will provide forex funds (when they become available) to settle the debt in exchange for RTGS funds at a rate of US$1:RTGS$1.

Please refer to the table below for analysis of the Zimbabwe cash:

	US$	Rand
Cash on hand – 31 March 2018	44	515
Cash on hand – 31 March 2019	14	206
Restricted cash	3	44
Percentage of cash restricted	7 %	8 %
Cash transferred – trading	9	118
Cash transferred – PPC Ltd non-resident account	16	220
Cash transferred rate	57 %	66 %

Comparatives not presented as changes in functional currency have been applied prospectively.

		Year ended 2019 Audited Shares 000	Year ended 2018 Audited Shares 000
15.	**STATED CAPITAL**		
	Authorised shares		
	Ordinary shares	**10 000 000**	10 000 000
	Preference shares	**20 000**	20 000
	Number of ordinary shares and weighted average number of shares		
	Total shares in issue at the beginning of the year	**1 591 760**	1 591 760
	Shares issued during the year	**1 354**	–
	Total shares in issue before adjustments for treasury shares	**1 593 114**	1 591 760
	Shares issued in terms of the second BBBEE transaction	**(37 382)**	(37 382)
	Shares held by consolidated BBBEE trusts and trust funding SPVs	**(20 144)**	(20 144)
	Shares held by consolidated Porthold Trust (Pvt) Limited	**(1 285)**	(1 285)
	Shares purchased in terms of the FSP share incentive scheme	**(27 146)**	(19 955)
	Shares held by the consolidated Safika Trust	**(1 354)**	–
	Total shares in issue (net of treasury shares)	**1 505 803**	1 512 994
	Weighted average number of shares, used for:		
	Earnings and headline earnings per share	**1 511 971**	1 510 163
	Dilutive earnings and headline earnings per share	**1 532 949**	1 531 802
	Cash earnings per share	**1 511 971**	1 510 163

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

15. STATED CAPITAL continued

Shares held by consolidated participants of the second BBBEE transaction

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

Shares held by consolidated BBBEE trusts and trust funding SPVs

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

Shares held by consolidated Porthold Trust Pvt Limited

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

FSP share incentive scheme

In terms of the forfeitable share plan (FSP) long-term incentive scheme, 27 145 639 shares (2018: 19 955 207) 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, nil shares (2018: 3 832 250 shares) vested.

In terms of IFRS requirements, 5% (2018: 5%) of the total shares in issue are treated as treasury shares following the consolidation of the various BBBEE entities, employee trusts and incentive share schemes.

Shares held by the consolidated Safika Consolidated Management Trust

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

		Year ended 2019 Audited Rm	Year ended 2018 Audited Rm
15.	**STATED CAPITAL** continued		
	Stated capital		
	Balance at the beginning of the year	**3 984**	3 919
	Sale of shares, treated as treasury shares, by consolidated BBBEE entity	**–**	62
	Shares purchased in terms of FSP share incentive scheme treated as treasury shares	**(41)**	(72)
	Vesting of shares held by certain BBBEE 1 entities	**–**	2
	Vesting of shares held in terms of the FSP share incentive scheme	**–**	73
	Balance at the end of the year	**3 943**	3 984
16.	**PROVISIONS**		
	Decommissioning and rehabilitation	**395**	495
	Post-retirement healthcare benefits	**32**	31
		427	526

16. PROVISIONS continued

Decommissioning and rehabilitation

Group companies are required to restore mining and processing sites at the end of their productive lives to an acceptable condition consistent with local regulations, and in line with group policy. PPC has set up an environmental trust in South Africa to administer the local funding requirements of its decommissioning and rehabilitation obligations. Currently, there are no such regulations in the other jurisdictions in which the group operates for the creation of a rehabilitation trust fund. The investments in the trust fund are carried at fair value through profit or loss and amount to R141 million (2018: R134 million) at year-end (refer to note 11).

Management have assessed the discount rate applied in determining the decommissioning and rehabilitation provision for Cement southern Africa. In the current year there was a change in estimate, which is applied prospectively. The impact of the change in discount rate applied amounted to R89 million reduction to the provision for rehabilitation and decommissioning, with a R59 million reduction to cost of sales and a R30 million reduction to the decommissioning asset, which is included in amounts reversed.

The majority of the decommissioning and rehabilitation provision relates to the South African operations. The key inputs used for calculating the provision in South Africa are (i) inflation rates of 4% (2018: 5,6%); (ii) risk-free discount rate of 6,8% to 9,9% (2018: 7,8%) and (iii) life of mine limited to a maximum of 30 years.

Post-retirement healthcare benefits (defined benefit plan)

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.

	Year ended 2019 Audited Rm	Year ended 2018 Audited Rm
17. DEFERRED TAXATION		
Net liability at the end of the year comprises:	**624**	797
Deferred taxation asset	**220**	245
Deferred taxation liability	**844**	1 042
Analysis of deferred taxation		
Property, plant, equipment and intangible assets	**1 284**	1 189
Other non-current assets	**50**	134
Current assets	**(6)**	(10)
Non-current liabilities	**(111)**	(124)
Current liabilities	**(65)**	(75)
Reserves	**4**	1
Taxation losses	**(532)**	(318)
	624	797

17. DEFERRED TAXATION continued

Deferred taxation assets

Deferred taxation assets are recognised to the extent it is probable that taxable profits will be available in future periods, against which deductible temporary differences can be utilised. The recognition of deferred tax assets is assessed at subsidiary level taking into account the applicable legal provisions of the country in which the PPC subsidiary recognising the deferred tax asset is registered. Further, the recognition of deferred tax assets take into account applicable tax rates, which may vary between reporting periods.

CIMERWA has accumulated tax losses over the last four years with a significant amount arising in 2015 from claiming a 50% investment deduction on the new plant. Article 29 of law no 16/2005 capped the utilisation of tax losses to a five-year period following the tax loss. A new income tax law, law no 016/2018 has been gazetted repealing law no 16/2005 of 18 August 2005 on direct income tax. This new law is applicable to CIMERWA. Article 32 of law no 016/2018, which came into force on 13 April 2018, states that the Rwandan Revenue Authority (RRA) may authorise the taxpayer who duly applies, for their loss carried forward of more than five tax periods if the tax payer fulfils requirements determined by an order of the Minister. The Ministerial order was published in the official gazette on 6 May 2018 indicating that a taxpayer may apply for losses to be carried forward more than five tax periods, subject to fulfilment of certain conditions. The deferred taxation asset recognised in CIMERWA is also affected by the maintenance of the existing shareholders. Any disposal of shares by the existing shareholders equal to or higher than 25% will result in the loss of the deferred taxation asset. An assessment of the new law and the conditions indicates that the CIMERWA deferred tax of R209 million (2018: R242 million) is recoverable.

The PPC Barnet DRC Manufacturing deferred tax asset of R173 million was assessed based on the DRC's tax laws applicable at 2019 year-end close. The assessment of the deferred tax recoverability was based on the subsidiary's approved business plans and compliance with DRC's tax laws and regulations, the recognised deferred taxation asset was assessed to be recoverable.

PPC Aggregates Quarries Botswana's deferred tax asset of R20 million was assessed for recoverability. The recoverability assessment has taken into account the approved business plan and Botswana's applicable tax laws and regulations and based on the assessment, no impairment was recognised during the year.

Pronto Building Materials deferred tax asset of R17 million recoverability assessment was based on applicable South African tax laws and the approved business plans and the assessment, no impairment was recognised during the year.

18. LONG-TERM BORROWINGS

Notes	Terms
PPC 002: five years	Unsecured notes, issued under the company's R6 billion domestic medium-term note programme, and are recognised net of capitalised transaction costs
PPC 003: five years	
South Africa long-term funding	R700 million amortising loan facility, maturing in 2021 with capital repayments of R175 million in 2019 and 2020 and R350 million in 2021
	R800 million general banking facility expiring in 2022
Project funding	
	US dollar denominated, repayable in monthly instalments over a 10-year period, starting March 2016
	Rwanda franc denominated, repayable in monthly instalments over a 10-year period, starting March 2016
	US dollar denominated, capital and interest payable biannually starting July 2017 ending January 2027, with a capital repayment holiday until January 2020
	US dollar denominated, interest payable biannually. Biannual repayments in equal instalments over five years starting December 2016
	Less: short-term portion of long-term borrowings
	Long-term borrowings
	Add: short-term borrowings, bank overdrafts and short-term portion of long-term borrowings
	Total borrowings
	Maturity analysis of total borrowings:
	One year
	Two years
	Three years
	Four years
	Five and more years
	Assets encumbered are as follows:
	Property, plant and equipment (refer to note 8)

The group had committed borrowing facilities of R2,4 billion and utilised 70% (2018: 72%) of these facilities at the date of this report. At reporting date, R731 million of borrowing facilities remain unutilised. These numbers exclude project funding in Rwanda, DRC and Zimbabwe.

Security	Interest rate	**Year ended 31 March 2019 Audited Rm**	Year ended 31 March 2018 Audited Rm
Unsecured	Three-month JIBAR plus 1,5 %	**–**	20
Unsecured	Three-month JIBAR plus 1,48 %	**111**	111
Unsecured	Variable rates at 270 basis points above three-month JIBAR	**523**	696
Unsecured	Variable rates at 305 basis points above three-month JIBAR	**796**	696
		3 201	2 889
Secured by CIMERWA's property, plant and equipment	Variable at 725 basis points above six-month US dollar LIBOR	**353**	347
Secured by CIMERWA's property, plant and equipment	Fixed rate of 16 %	**408**	300
Secured by PPC Barnet DRC's property, plant and equipment	Six-month US dollar LIBOR plus 975 basis points	**2 150**	1 763
Secured by PPC Zimbabwe's property, plant and equipment, inventory and trade and other receivables	Six-month US dollar LIBOR plus 700 basis points	**290**	479
		4 631	4 412
		(567)	(333)
		4 064	4 079
		5 002	4 682
		938	603
		943	764
		1 406	836
		483	1 192
		1 232	1 287
		5 002	4 682
		7 339	6 460

NOTES TO THE ABRIDGED AUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2019

		Year ended 2019 Audited Rm	Year ended 2018 Audited Rm
19.	**OTHER NON-CURRENT LIABILITIES**		
	Cash-settled share-based payment liability	**–**	2
	Put option liability	**274**	245
	Finance lease liabilities	**2**	5
	Liability to non-controlling shareholder in subsidiary company	**17**	14
		293	266
	Less: Short-term portion of other non-current liabilities	**–**	(4)
		293	262

Put option liability

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

Following the valuation of the put option, no fair value adjustment has been recognised as the fair value is the same as the current carrying amount.

Forecast EBITDA is based on financial forecasts approved by management, with pricing and margins similar to those currently being achieved by the business unit, albeit lower than in the prior year, while selling prices and costs are forecast to increase at local inflation projections and extrapolated using local GDP growth rates averaging 5% per annum (2018: 5%) taking cognisance of the plant production ramp-up and adjusted for the impact of competitor activity and political environment within the country and neighbouring countries. An EBITDA multiple of 7 times (2018: 7 times) was determined using comparison of publicly available information on other cement businesses operating in similar territories. The present value of the put option was calculated at R274 million (2018: R245 million). The increase in the liability follows the time value of money adjustments.

Refer to note 22 for sensitivity analysis.

Liability to non-controlling shareholder in subsidiary company

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

	Year ended 2019 Audited Rm	Year ended 2018 Audited Rm
20. TRADE AND OTHER PAYABLES		
Accrued finance charges	**4**	8
Cash-settled share-based payment liability (short-term portion)	**–**	2
Capital expenditure payables	**64**	45
Finance lease liabilities	**–**	1
Unclaimed dividends	**11**	11
Other financial payables*	**22**	57
Retentions held for plant and equipment	**316**	259
Trade payables and accruals	**1 368**	1 079
Trade and other financial payables	**1 785**	1 462
Payroll accruals	**138**	248
VAT (receivable)/payable	**(4)**	25
	1 919	1 735

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

The prior year balances relating to taxation payable of R71 million have been re-presented and disclosed separately on the face of the statement of financial position.

** Included in other financial payables is income received in advance and short-term provisions.*

21. COMMITMENTS		
Contracted capital commitments	**128**	339
Approved capital commitments	**117**	257
Capital commitments	**245**	596
Operating lease commitments	**121**	128
	366	724
Capital commitments		
Southern Africa	**228**	546
Rest of Africa	**17**	50
	245	596
Capital commitments are anticipated to be incurred:		
– Within one year	**245**	500
– Between one and two years	**–**	96
	245	596

The decrease in commitments follows the successful commissioning of Slurry expansion project (SK9).

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

NOTES TO THE ABRIDGED AUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 March 2019

22. FINANCIAL RISK MANAGEMENT

Fair value of assets and liabilities

	Notes	Level*	**Year ended 31 March 2019 Audited Rm**	Year ended 31 March 2018 Audited Rm
Financial assets				
The financial assets carried at fair value are classified into three categories as reflected below:				
At amortised cost				
Investment in Zimbabwe government bonds	11	2	**279**	6
Trade and other financial receivables	13	2	**1 017**	1 023
Cash and cash equivalents	14	1	**452**	836
At fair value through other comprehensive income				
Investment in the Zimbabwe Stock Market	11	1	**14**	–
At fair value through profit or loss				
Unlisted collective investments at fair value (held for trading)	11	2	**141**	134
PPC Zimbabwe financial asset	11	2	**289**	–
Total financial assets			**2 192**	1 999
Level 1			**466**	836
Level 2			**1 726**	1 163
Non-financial assets				
Assets held for sale	12	2	**92**	34
Goodwill#	9	3	**236**	230
Equity-accounted investments^		3	**625**	582
VAT receivable	11	2	**101**	104
Long-term receivable	11	2	**91**	59
Prepayments	13	2	**149**	115
Financial liabilities				
At amortised cost				
Long-term borrowings	18	2	**4 064**	4 079
Short-term borrowings	18	2	**938**	603
Finance lease liabilities	19	2	**2**	5
Liability to non-controlling shareholder in subsidiary company	19	2	**17**	14
Trade and other financial payables	20	2	**1 785**	1 462
At fair value through profit or loss				
Cash-settled share-based liability	19	2	**–**	2
Put option liability	19	3	**274**	245
Decommissioning and rehabilitation obligations	16	3	**395**	495
Total financial liabilities			**7 080**	6 410
Level 2			**6 806**	6 165
Level 3			**274**	245

 # The movement in the fair value of goodwill recognised relates to foreign currency exchange differences.

^ Relates to the fair value of the investment in associates which is different to the carrying amount of R149 million, determined using the equity-accounted method. The reported fair value is determined using discounted cash flows, which involves using unobservable inputs such as the forecast cash flows and the discount rate. An adjustment of 1% in the discount rate used will result in a movement of R56 million in the reported fair value.

22. FINANCIAL RISK MANAGEMENT continued

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

* Level 1 – financial assets and liabilities that are valued accordingly to unadjusted market prices for similar assets and liabilities. Market prices in this instance are readily available and the price represents regularly occurring transactions which have been concluded on an arm's length transaction.
* Level 2 – financial assets and liabilities are valued using observable inputs, other than the market prices noted in the level 1 methodology, and make reference to pricing of similar assets and liabilities in an active market or by utilising observable prices and market-related data.
* Level 3 – financial assets and liabilities that are valued using unobservable data, and requires management judgement in determining the fair value.

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

The fair value of unlisted investment has been valued based on the purchase agreement following the decision to dispose of the investment, while unlisted collective investment is valued using the closing unit price at year-end. Investment in government bonds is valued using the discounted face value of the bills. Further details are disclosed in note 11.

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

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

The PPC Zimbabwe financial asset (refer to note 11) should be valued using RTGS forward curves, however, these are not available. As a result of their being no other similar available market data, the financial asset has been valued at the year-end US$:RTGS$ exchange rate and no further fair value adjustment has been recognised.

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

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

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

22. FINANCIAL RISK MANAGEMENT continued

Level 3 sensitivity analysis

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

If the key unobservable inputs to the valuation model, being estimated EBITDA and net debt, were 1% higher/lower while all the other variables were held constant, the carrying amount of the put option liabilities would decrease/increase by R29 million.

The valuation of the put option liability follows the changes in the DRC operation's recoverable amount. During the current year, following an impairment review, management opted not to reverse the previously recognised impairment and as a result no fair value adjustment has been recognised on the put option liability.

	Year ended 2019 Audited Rm	Year ended 2018 Audited Rm
Movements in level 3 financial instruments		
Financial liability		
Balance at the beginning of the period	**245**	434
Remeasurements	**–**	(238)
Time value of money adjustments	**29**	49
Balance at the end of the year	**274**	245

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

23. EVENTS AFTER THE REPORTING DATE

Business combination

On 4 May 2019, Habesha Cement Share Company (Habesha), a cement manufacturing company incorporated in Ethiopia and currently accounted in the PPC group results as an investment in associate, granted PPC and Industrial Development Corporation (IDC) a right to appoint an additional board member. PPC and IDC have a 38% and 20% shareholding in Habesha respectively. PPC and IDC have signed a voting agreement, in terms of which they agreed to vote as a block on key matters pertaining to Habesha. Given PPC's technical knowledge and experience in the cement manufacturing industry and the fact that PPC has significant shareholding in Habesha compared to IDC, it is likely that PPC will be a key decision-maker in terms of the voting agreement.

Furthermore, PPC entered into an agreement with Habesha, in terms of which PPC is required to provide consulting and technical services. These services, among other include:

- Consulting services – such as developing strategic direction and objectives, providing commercial guidance and aligning the policies and procedures of Habesha to those of PPC
- Technical services – relating to finance, sales and marketing, treasury, human resources, legal and risk management

23. EVENTS AFTER THE REPORTING DATE continued

Business combination continued

Taking into account the two agreements, management believes that PPC has control over Habesha from 4 May 2019 and has the exposure to variable returns and ability to affect those returns.

In terms of IAS 10, this is considered to be a non-adjusting post-balance sheet event as the meeting where the resolution was passed to give IDC and PPC a right to appoint an additional board member took place after the reporting period. The potential evidence of control therefore never existed at year-end.

Effective from 4 May 2019, being the acquisition date, PPC will account for Habesha as a subsidiary and the financial results of Habesha will be consolidated into PPC group. PPC's share of profits will remain as 38%.

The acquisition accounting has not yet been finalised at the time of these financial statements as the event occurred after the reporting date and the acquisition of Habesha involved a complex analysis of among other things; the voting rights held directly by PPC, its voting agreement with the IDC, and the effect of its technical agreements with Habesha. As such the group will provide more information in its interim reporting on a final or preliminary basis dependent on the state of completion of the required accounting procedures at that time.

Refinancing strategy

Due to the expected liquidity constraints, in April 2019, the investment committee approved the engagement with the lenders for the funding facility package to be increased from R2,4 billion to R3,1 billion. This facility has been approved by the lenders and is considered to be a non-adjusting subsequent event in accordance with IAS 10.

Movement in RTGS$:US$ rate

At 31 March 2019, an official inter-bank rate of 3,01 between the US$ and RTGS$ has been used in the translation of the Zimbabwe results following the change in functional currency. This rate has since deteriorated to 8,83 at 18 July 2019, the date of approval of these abridged summarised consolidated annual financial statements. This rate was obtained from www.marketwatch.co.zw. For the sensitivity analysis on the RTGS$ rate refer to note 1.

Reserve Bank of Zimbabwe directive

On 24 June 2019, the government of Zimbabwe issued Statutory Instrument 142 which abolished the multi-currency system in Zimbabwe. Government has removed the multi-currency regime and restricted domestic transactions to local currency, renamed Zimbabwe dollar (ZWL), in an effort to enhance the affordability of goods and services in Zimbabwe.

Further to the SI 142 of 2019, the Reserve Bank of Zimbabwe, through a 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. Management has assessed the statutory requirements as announced by the Reserve Bank of Zimbabwe and applied the following measures to comply with these requirements:

TDB loan (refer to note 18)

- PPC Zimbabwe transferred the required funds to Stanbic Bank where the legacy debt was registered. The legacy debts funds that had been confirmed by RBZ to be settled at 1:1 mainly relate to the TDB loan balance of US$31 million. PPC Zimbabwe is in receipt of a letter from the RBZ already confirming the 1:1 settlement

23. EVENTS AFTER THE REPORTING DATE continued

TDB loan (refer to note 18) continued

- A written instruction was submitted by PPC Zimbabwe to Stanbic Bank to transfer the said TDB funds to the RBZ in line with the directive
- In addition, a written instruction was submitted to Stanbic instructing them to apply to the RBZ to settle the outstanding balance of the June 2019 TDB instalment of US$5 million on a 1:1 basis between the ZWL and the US$

Dividends and rights issue proceeds legacy debt invested in government bonds (refer to note 11)

- In order to comply with the above RBZ directive, PPC Ltd issued a written instruction to Stanbic to divest from the 7% savings bonds held with the RBZ and to transfer the equivalent RTGS$ funds of the legacy debt at 1:1 with the US$.
- Stanbic has subsequently confirmed that they have initiated the disinvestment process of the 7% RBZ savings bonds and are expecting the funds to be credited into PPC Ltd's non-resident account. These funds will then be transferred to the RBZ as directed

Management believes that this event is a non-adjusting post-balance sheet event as the instruction to transfer the legacy debt funds to RBZ is a condition that arose after year-end. Furthermore management believes that at year-end transactions relating to the Zimbabwe legacy debt are appropriately recognised and disclosed in these annual financial statements.

There are no events that occurred after the reporting date, other than those listed above, that may have a material impact on the group's reported financial position at 31 March 2019.

24. CURRENCY CONVERSION GUIDE

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

Approximate value of foreign currencies to the rand:

	Average		Closing	
	2019	2018	**2019**	2018
Botswana pula	**1,32**	1,28	**1,34**	1,22
US dollar	**13,63**	13,06	**14,42**	11,82
Rwandan franc	**0,02**	0,02	**0,02**	0,01
RTGS dollar (to the US dollar)	**3,50**	N/A	**3,01**	N/A
Mozambican metical	**0,20**	0,22	**0,23**	0,19

25. 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. In the ordinary course of business, PPC Group Shared Services Pty Limited, 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. Terms and conditions are determined on an arm's length basis. No impairment of receivables related to the amount of outstanding balances is required.

The following table shows transactions with the related parties that are included in the group's annual financial statements.

	Year ended 2019 Audited Rm	Year ended 2018 Audited Rm
Services rendered to a related party		
Habesha Cement Share Company	2	–
Amounts receivable from a related party		
Habesha Cement Share Company	2	–
Dividends received from a related party		
Olegra Pty Limited	1	1

Refer to note 23 for post-balance sheet events impacting the accounting treatment of the Habesha Cement Share Company by the PPC group.

26. OTHER DISCLOSURES

Contingent liabilities and guarantees

A PPC group supplier has instigated legal proceedings against the group for the possible damages relating to a contract. In terms of the contract, the supplier would provide certain services relating to sales and marketing. The total claim is estimated at R3 million.

Management believes that the claim has no merit, and is currently contesting the matter in court. In accordance with IAS 37, no provision has been made in these financial statements.

The total guarantees issued by the group, by means of a bank guarantee, in favour of the various suppliers was R102 million (2018: R102 million). Included in this amount are financial guarantees for the environmental rehabilitation and decommissioning obligations of the group to the DMR amounting to R76 million (2018: R76 million).

NOTICE OF ANNUAL GENERAL MEETING

PPC LTD
Incorporated in the Republic of South Africa
(Registration No: 1892/000667/06)
JSE share code: PPC
ISIN: ZAE000170049
ZSE share code: PPC
JSE code: PPC003
JSE ISIN: ZAG000117524
(PPC) or (the company)

Notice is hereby given that the 127th annual general meeting (AGM) of the company will be held at PPC offices, Addis Ababa and Lilongwe meeting rooms, 4th Floor, 148 Katherine Street, (corner Grayston Drive), Sandton, on Thursday, 29 August 2019 at 12:00 to consider the following business and, if deemed fit, to approve, with or without modification, the ordinary and special resolutions set out herein.

RECORD DATE

The board of directors of the company (board) has, in terms of section 59(1)(a) of the Companies Act 71 of 2008 (the Act), set the record date for the purpose of determining which shareholders of the company are entitled to receive notice of the AGM, on 19 July 2019, and has, in terms of section 59(1)(b) of the Act, set the record date, for purposes of determining which shareholders of the company are entitled to participate in and vote at the AGM, to be held on Thursday, 29 August 2019. Accordingly, the last day to trade will be on Tuesday, 20 August 2019 and only shareholders who are registered in the register of members of the company on Friday, 23 August 2019 will be entitled to participate in and vote at the AGM.

Shareholders are reminded that:

- A shareholder entitled to attend and vote at the AGM is entitled at any time to appoint a proxy (or more than one proxy) to attend, participate in and vote at the AGM in place of the shareholder, and shareholders are referred to the proxy form attached to this notice in this regard
- A proxy need not also be a shareholder of the company
- In terms of section 63(1) of the Act, any person attending or participating in a meeting of shareholders must present reasonably satisfactory identification and the person presiding at the shareholder meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as shareholder or as proxy for a shareholder) has been reasonably verified. Acceptable forms of verification include a green bar-coded or smart card identification document issued by the South African Department of Home Affairs, a South African driver's licence or a valid passport
- This notice of meeting includes the attached proxy form

ELECTRONIC PARTICIPATION IN THE AGM

Shareholders or their proxies may participate in the AGM by way of a teleconference call provided that, if they wish to do so:

- They must contact the company secretary (by email at the address Kristell.holtzhausen@ppc.co.za) by no later than 12:00 on 27 August 2019 to obtain a pin number and the dial-in details for such teleconference call
- They will be required to provide reasonably satisfactory identification, by prior arrangement with the company secretary
- They will be billed separately by their own telephone service providers for their telephone call to participate in the AGM

Shareholders participating in the AGM by electronic means shall not be entitled to exercise their votes at the AGM electronically. For shareholders wishing to vote, their shares will need to be represented at the meeting either in person, by proxy or by letter of representation, as provided for in this notice of the AGM.

Every person present and entitled to vote at the AGM will, on a show of hands, have one vote only and, on a poll, will have one vote for every ordinary share held or represented.

ORDINARY BUSINESS

PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The consolidated audited annual financial statements of the company and its subsidiaries, incorporating the reports of the auditor, audit committee and directors for the year ended 31 March 2019, as approved by the board on 18 July 2019, are hereby presented to the shareholders as required in terms of section 30(3)(d) read with section 61(8)(a) of the Act.

ORDINARY RESOLUTION NUMBER 1 – ELECTION OF NEW DIRECTOR

Resolved that, in terms of the Listings Requirements of the JSE Limited (JSE) (JSE Listings Requirements), article 25.8.1 of the MOI and section 68(1) read with section 70(3)(b)(i) of the Act, Mr Mark Richard Thompson be and is hereby elected to the board as an independent non-executive director with immediate effect.

Explanatory note

Mr Mark Richard Thompson was appointed to the board as an independent non-executive director with effect from 1 May 2019 in terms of clause 25.8.1 of the MOI. A brief curriculum vitae of Mr Mark Richard Thompson appears on page 103 of the integrated report.

In terms of clause 25.2 of the MOI and section 68(1) read with section 70(3)(b)(i) of the Act, this appointment must be confirmed at this AGM by a new election.

The percentage of voting rights required for ordinary resolution number 1 to be adopted: more than 50% (fifty percent) of the voting rights exercised in favour of the resolution by shareholders present at the AGM or represented by proxy and entitled to exercise voting rights on the resolution.

ORDINARY RESOLUTIONS NUMBER 2.1 TO 2.3 – RE-ELECTION OF RETIRING DIRECTORS

This ordinary resolution is to re-elect, each by way of a separate resolution, the following independent non-executive directors who retire by rotation in accordance with article 25.6.1 of the company's MOI but, being eligible to do so, offer themselves for re-election:

2.1 **Resolved that**, Ms Nonkululeko Gobodo, an independent director who is required to retire as a director of the company at this AGM be and is hereby re-elected, in terms of section 68(1) of the Act and article 25.2 of the MOI, as an independent director of the company with immediate effect.

2.2 **Resolved that**, Mr Anthony Charles Ball, an independent non-executive director who is required to retire as a director of the company at this AGM be and is hereby re-elected, in terms of section 68(1) of the Act and article 25.2 of the MOI, as an independent non-executive director of the company with immediate effect.

2.3 **Resolved that**, Mr Charles Naude, an independent non-executive director who is required to retire as a director of the company at this AGM be and is hereby re-elected, in terms of section 68(1) of the Act and article 25.2 of the MOI, as an independent non-executive director of the company with immediate effect.

Explanatory note
In terms of article 25.6.1 of the company's MOI, one-third of the company's non-executive directors are required to retire at every AGM. A retiring director is entitled to offer him/herself for re-election and Ms Nonkululeko Gobodo, Messrs Anthony Ball and Charles Naude who were identified to retire have offered themselves for re-election and the board, through the nominations committee, has recommended their re-election. A brief curriculum vitae of each director appears on pages 102 and 103 of the integrated report.

The percentage of voting rights required for ordinary resolutions number 2.1 to 2.3 to be adopted: more than 50% (fifty percent) of the voting rights exercised in favour of the resolution by shareholders present at the AGM or represented by proxy and entitled to exercise voting rights on the resolution.

ORDINARY RESOLUTIONS NUMBER 3.1 TO 3.4 – APPOINTMENT OF MEMBERS OF THE AUDIT COMMITTEE

To appoint, each by way of a separate resolution, the following independent non-executive directors as members of the audit committee:

3.1 **Resolved that**, subject to ordinary resolution 2.1 being approved, Ms Nonkululeko Gobodo, who is an independent non-executive director of the company, be and is hereby elected as a member of the audit committee with immediate effect to hold office until the next AGM.

3.2 **Resolved that**, Ms Noluvuyo Mkhondo, who is an independent non-executive director of the company, be and is hereby elected as a member of the audit committee with immediate effect to hold office until the next AGM.

3.3 **Resolved that**, subject to ordinary resolution number 1 being approved, Mr Mark Richard Thompson, who is an independent non-executive director of the company, be and is hereby elected as a member of the audit committee with immediate effect to hold office until the next AGM.

3.4 **Resolved that**, subject to ordinary resolution number 2.3 being approved, Mr Charles Naude, who is an independent non-executive director of the company, be and is hereby elected as a member of the audit committee with immediate effect to hold office until the next AGM.

Explanatory note
In terms of section 94(2) of the Act, at each AGM, the company is required to elect an audit committee comprising at least three members, each of whom must satisfy the requirements set out in section 94(4) of the Act.

The board, through the nominations committee, has recommended the election of Mmes Nonkululeko Gobodo, Noluvuyo Mkhondo, Messrs Mark Richard Thompson and Charles Naude to the audit committee for the financial year ending 31 March 2020. The nominations committee and the board are satisfied that each

member meets the requirements of section 94(4) of the Act and that each member meets the minimum qualification requirements for a member of an audit committee and that they, together, have adequate relevant knowledge and experience to equip the audit committee to perform its functions. A brief curriculum vitae of each member appears on pages 102 and 103 of the integrated report.

The percentage of voting rights required for each of ordinary resolutions number 3.1 to 3.4 to be adopted: more than 50% (fifty percent) of the voting rights exercised in favour of the resolution by shareholders present at the AGM or represented by proxy and entitled to exercise voting rights on the resolution.

ORDINARY RESOLUTION NUMBER 4 – REAPPOINTMENT OF EXTERNAL AUDITOR

Resolved that Deloitte & Touche Incorporated (Deloitte & Touche) (on recommendation by the audit committee and the board) be and is hereby appointed as external independent auditors of the company to hold office from this AGM until the conclusion of the next AGM of the company with Mr Andrew Mashifane (IRBA No 404859) from Deloitte & Touche as designated auditor, who will undertake the audit for the financial year ending 31 March 2020.

Explanatory note

In terms of section 90(1) of the Act, the auditor of the company must be appointed at the AGM each year. To be appointed as auditor, the auditor must satisfy the requirements of section 90(2) of the Act and section 22 of the JSE Listings Requirements. The audit committee and the board (based on the findings and recommendations of the audit committee) are satisfied that Deloitte & Touche meets the requirements of section 90(2) of the Act and section 22 of the JSE Listings Requirements.

Accordingly, the audit committee and the board have proposed the reappointment of Deloitte & Touche as independent auditor of the company for the period ending 31 March 2020 to hold office until the conclusion of the next AGM with Mr Mashifane (IRBA No 404859) as designated auditor.

The percentage of voting rights required for ordinary resolution number 4 to be adopted: more than 50% (fifty percent) of the voting rights exercised in favour of the resolution by shareholders present at the AGM or represented by proxy and entitled to exercise voting rights on the resolution.

ORDINARY RESOLUTIONS NUMBER 5.1 AND 5.2 – NON-BINDING ADVISORY ENDORSEMENTS OF THE COMPANY'S REMUNERATION POLICY AND REMUNERATION IMPLEMENTATION REPORT

For shareholders to endorse, through a non-binding advisory vote, PPC's remuneration policy and remuneration implementation report.

5.1 **Resolved that** the company's remuneration policy, as set out in the remuneration report on pages 123 to 139 of the integrated report of which this notice forms part, be and is hereby endorsed through a non-binding advisory vote, in accordance with the recommendations of South African King IV Report on Corporate Governance™* (King IV).

5.2 **Resolved that** the company's remuneration implementation report in relation to the remuneration policy, as set out in the remuneration report on pages 123 to 139 of the integrated report of which this notice forms part, be and is hereby endorsed through a non-binding advisory vote in accordance with the recommendations of King IV.

Explanatory note
In terms of principle 14 of King IV, the company's remuneration policy and implementation report should be tabled to the shareholders to endorse the non-binding advisory vote in the same manner as any other ordinary resolution tabled at the AGM. However, failure to endorse the non-binding advisory votes will not have any legal consequences for existing arrangements.

The percentage of voting rights required for ordinary resolutions number 5.1 and 5.2 to be endorsed: the minimum percentage of voting rights to adopt these resolutions as non-binding advisory votes are 50% (fifty percent) (plus one vote of the voting rights exercised by shareholders present at the AGM or represented by proxy and entitled to exercise their voting rights.

In the event that 25% (twenty-five percent) or more of the votes are cast against ordinary resolutions number 5.1 and/or 5.2, the company undertakes to engage with dissenting shareholders as to the reasons why and to appropriately address legitimate and reasonable objections and concerns raised.

ORDINARY RESOLUTION NUMBER 6 – TO PLACE UNISSUED SHARES UNDER THE CONTROL OF THE DIRECTORS

Resolved to place the undermentioned ordinary shares in the authorised but unissued share capital of the company at the disposal and under the control of the directors, until the next AGM of the company, who are hereby authorised and empowered, subject to the provisions of the Act and the JSE Listings Requirements, to issue and otherwise dispose of such shares to such person(s) on such terms and conditions and at such time(s) as the directors may from time to time in their discretion deem fit; subject to:

(a) A maximum amount of 79 655 715 (seventy-nine million six hundred and fifty-five thousand seven hundred and fifteen) ordinary shares, representing 5% (five percent) of the ordinary shares in issue as at the date of the notice of the AGM, excluding treasury shares, being placed at the disposal and under the control of the directors
(b) The company not being entitled and having no authority to issue any shares over and above the aforementioned threshold of 79 655 715 (seventy-nine million six hundred and fifty-five thousand seven hundred and fifteen) ordinary shares, representing 5% (five percent) of the ordinary shares in issue as at the date of the notice of the AGM, excluding treasury shares, whether such issue is pursuant to this ordinary resolution number 6 or pursuant to ordinary resolution number 7
(c) In the event of a sub-division or consolidation of issued equity securities, the existing authority will be adjusted accordingly to represent the same allocation ratio
(d) This resolution shall not authorise the directors to effect an issue of shares for cash as contemplated in the JSE Listings Requirements
(e) Such authority shall be utilised to effect or implement relevant corporate action including but not limited to rights offers, acquisition issues and/or acquisitions of any shares in any group company owned by any minorities

Explanatory note
It would be advantageous to grant the directors the necessary authority to enable the company to expeditiously take advantage of business opportunities (in the form of rights offers, acquisition issues and/or acquisitions of any shares in any group company owned by any minorities (as set out in paragraph (b) of the

resolution below)). In order to be able to do so, the company is required, in terms of clause 7.9 of its MOI, to have shareholder approval to issue shares in such circumstances.

The company understands that this authority cannot be open ended, and has therefore proposed that it be granted subject to:

(a) The restrictions set out below, particularly that the number of shares it is authorised to issue be limited to 5 % (five percent) of the ordinary shares in issue as at the date of this notice of AGM, excluding treasury shares

(b) The company not being entitled and having no authority to issue any shares over and above the aforementioned threshold of 79 655 715 (seventy-nine million six hundred and fifty-five thousand seven hundred and fifteen) ordinary shares, representing 5 % (five percent) of the ordinary shares in issue as at the date of the notice of the AGM, excluding treasury shares, whether such issue is pursuant to this ordinary resolution number 6 or pursuant to ordinary resolution number 7

The percentage of voting rights required for ordinary resolution number 6 to be adopted: more than 50 % (fifty percent) of the voting rights exercised in favour of the resolution by shareholders present at the AGM or represented by proxy and entitled to exercise voting rights on the resolution.

ORDINARY RESOLUTION NUMBER 7 – GENERAL AUTHORITY TO ISSUE SHARES FOR CASH

Resolved that the directors be and are hereby authorised as a general authority to issue the authorised but unissued shares in the capital of the company, for cash, subject to the Act, the MOI and the JSE Listings Requirements, provided that:

(a) The equity securities that are the subject of the issue for cash must be of a class already in issue or, where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue

(b) The equity securities must be issued to public shareholders, as defined in the JSE Listings Requirements, and not to related parties

(c) The securities which are the subject of a general issue for cash may not exceed a maximum amount of 79 655 715 (seventy-nine million six hundred and fifty-five thousand seven hundred and fifteen) ordinary shares, representing 5 % (five percent) of the ordinary shares in issue as at the date of the notice of the AGM, excluding treasury shares

- The company shall not be entitled and shall have no authority to issue any shares over and above the aforementioned threshold of 79 655 715 (seventy-nine million six hundred and fifty-five thousand seven hundred and fifteen) ordinary shares (which represents 5 % (five percent) of the ordinary shares in issue as at the date of the notice of the AGM, excluding treasury shares), whether such issue is pursuant to ordinary resolution number 6 or to this ordinary resolution number 7
- The authority shall be valid until the company's next AGM or for 15 (fifteen) months from the date on which the general issue for cash ordinary resolution was passed, whichever period is shorter (validity period)
- The calculation of the applicant's listed equity securities must be a factual assessment of the applicant's listed equity securities as at the date of the notice of AGM, excluding treasury shares
- Any equity securities issued under the authority during the validity period must be deducted from such number in sub-paragraph (c) above
- In the event of a sub-division or consolidation of issued equity securities during the validity period, the existing authority will be adjusted accordingly to represent the same allocation ratio

(d) The maximum discount at which equity securities may be issued is 10% (ten percent) of the weighted average traded price of such equity securities measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the issuer and the party subscribing for the securities. The JSE will be consulted for a ruling if the applicant's securities have not traded in such 30 (thirty) business day period

(e) After the company has issued equity securities in terms of an approved general issue for cash representing, on a cumulative basis within the validity period, 5% (five percent) of the number of equity securities in issue prior to that issue, the company shall publish an announcement containing full details of the issue, subject to the JSE Listings Requirements

Explanatory note

This ordinary resolution is required in order to authorise the company to affect a general issue of shares for cash, subject to compliance with the requirements of the JSE Listings Requirements. This authority would enable the board to consider wider corporate opportunities available to it (on an expedited basis), which may be advantageous in the current market, but subject to the restrictions set out below.

The company shall not be entitled and shall have no authority to issue any shares over and above the aforementioned threshold of 79 655 715 (seventy-nine million six hundred and fifty-five thousand seven hundred and fifteen) ordinary shares, which represent 5% (five percent) of the ordinary shares in issue as at the date of the notice of the AGM, (excluding treasury shares), whether such issue is pursuant to ordinary resolution number 6 or pursuant to this ordinary resolution number 7.

The percentage of voting rights required for ordinary resolution number 7 to be adopted: at least 75% (seventy-five percent) of the voting rights exercised in favour of the resolution by shareholders present at the AGM or represented by proxy and entitled to exercise voting rights.

ORDINARY RESOLUTION NUMBER 8 – AUTHORITY TO IMPLEMENT RESOLUTIONS

Resolved to authorise and empower any director or the company secretary, to do all such things and sign all such documents and take all such actions as they consider necessary, to implement the resolutions set out in this notice.

SPECIAL BUSINESS

SPECIAL RESOLUTIONS NUMBER 1.1 AND 1.2 – FINANCIAL ASSISTANCE IN TERMS OF SECTIONS 44 AND 45

1.1 Financial assistance in terms of section 44

Resolved that, the board may to the extent required, in terms of and subject to section 44 of the Companies Act, as the case may be, and the company's MOI, authorise the company to provide, by way of special resolution, financial assistance by way of a loan, guarantee, the provision of security or otherwise, to its subsidiaries and inter-related companies (excluding any director or prescribed officer of the company, or a person related to such director or prescribed officer), for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company, subject to the terms and conditions of section 44 of the Companies Act. No such financial assistance may be provided at any time in terms of this authority after the expiry of two years from the date of the adoption of this special resolution.

The purpose of this special resolution number 1 is to grant the board the authority to authorise the company to provide financial assistance by way of a loan, guarantee, the provision of security, or otherwise to its subsidiaries and inter-related companies (excluding any director or prescribed officer of the company, or a person related to such director or prescribed officer), for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company as contemplated in section 44 of the Companies Act.

The directors undertake that prior to the company providing the financial assistance as contemplated in section 44 of the Companies Act, the company will have satisfied the solvency and liquidity test as set out in section 4 of the Companies Act and that the terms under which the financial assistance is proposed to be given are fair and reasonable.

1.2 Financial assistance in terms of section 45 to related and inter-related companies or corporations

Resolved that, as a special resolution, in terms of section 45(3)(a)(ii) of the Act, shareholders of the company hereby approve of the company providing, at any time during the period of 2 (two) years from the date of passing this special resolution, any direct or indirect financial assistance as contemplated in section 45 of the Act to any 1 (one) or more related or inter-related companies or corporations of the company and/or to any 1 (one) or more members of any such related or inter-related company or corporation and/or to any 1 (one) or more persons related to any such company or corporation, provided that:

(a) The recipient or recipients of such financial assistance, the form, nature and extent of such financial assistance and the terms and conditions under which such financial assistance is to be provided, are determined by the board from time to time

(b) The board may not authorise the company to provide any financial assistance pursuant to this special resolution unless the board fulfils all the requirements of section 45 of the Act which it is required to fulfil in order to authorise the company to provide such financial assistance

(c) Such financial assistance to a recipient is, in the opinion of the board, required for the purpose of (i) meeting all or any of such recipient's operating expenses (including capital expenditure), and/or (ii) funding the growth, expansion, reorganisation or restructuring of the businesses or operations of such recipient, and/or (iii) funding such recipient for any other purpose which, in the opinion of the board, is directly or indirectly in the interests of the company

Explanatory note

The reason for special resolution number 1 is that the company advances loans and other financial assistance to subsidiaries and other related companies or corporations in its group. Shareholders are required to pass special resolution number 1 to approve the company providing such financial assistance, subject to the board performing the solvency and liquidity tests and subject further to the financial assistance falling within the category of assistance mentioned in sub-paragraph (c) of special resolution number 1 above.

Percentage of voting rights required for special resolution number 1 to be adopted: at least 75 % (seventy-five percent) of the voting rights exercised in favour of the resolution by shareholders present at the AGM or represented by proxy and entitled to exercise voting rights on the resolution.

SPECIAL RESOLUTIONS NUMBER 2.1 TO 2.14 – PRE-APPROVAL OF REMUNERATION OF NON-EXECUTIVE DIRECTORS

Resolved to approve in terms of section 66(8) read with 66(9) the remuneration to the non-executive directors, each by way of a separate special resolution, for their services to the company, as follows:

			Base fee for period 1 September 2019 to 31 August 2020 (excluding VAT)	Base fee for period 30 August 2018 to 31 August 2019 (excluding VAT)
2.1	Board	Chairman	1 193 865	1 193 865
2.2	Board	Each non-executive director	287 550	287 550
2.3	Audit and risk committee	Chairman	270 510	270 510
2.4	Audit and risk committee	Each non-executive director	136 320	136 320
2.5	Remuneration committee	Chairman	205 545	205 545
2.6	Remuneration committee	Each non-executive director	101 175	101 175
2.7	Social and ethics committee	Chairman	205 545	205 545
2.8	Social and ethics committee	Each non-executive director	101 175	101 175
2.9	Nominations committee	Chairman	155 490	155 490
2.10	Nominations committee	Each non-executive director	72 420	72 420
2.11	Investment committee	Chairman	205 545	205 545
2.12	Investment committee	Each non-executive director	101 175	101 175
2.13	Attendance fee for special meetings	Chairman	42 600	42 600
2.14	Attendance fee for special meetings	Member	21 300	21 300

Explanatory note
In terms of section 66(8) read with section 66(9) of the Act, except to the extent that the MOI provides otherwise, the company may pay remuneration to its directors for their service as directors and any such remuneration must be approved by special resolution of shareholders within the previous two years. The remuneration committee has proposed that no increases be granted to non-executive directors and the board has accepted the recommendations of the committee.

It is to be noted that the risk and compliance committee was dissolved and was incorporated into the audit, risk and compliance committee.

Further to that, the fee for the lead independent director is no longer needed, as an independent chairman of the board has been appointed.

Percentage of voting rights required for each of the special resolutions numbered 2.1 to 2.17 to be adopted: at least 75% (seventy-five percent) of the voting rights exercised in favour of the resolution by shareholders present at the AGM or represented by proxy and entitled to exercise voting rights on the resolution.

SPECIAL RESOLUTION NUMBER 3 – GENERAL AUTHORITY TO REPURCHASE SHARES

Resolved as a special resolution that the board is hereby authorised by way of a renewable general authority, in terms of the provisions of the JSE Listings Requirements, the Listings Requirements of the Zimbabwe Stock Exchange (ZSE), the Act and otherwise as permitted in the MOI, to approve a repurchase of ordinary shares of the company by the company and any of its subsidiaries, on such terms and conditions and in such amounts as the board may from time to time determine and provided that:

- In relation to repurchases effected through the JSE trading system:
  - (a) Any such repurchase of ordinary shares will be effected through the order book operated by the JSE trading system, including the trading system operated by the ZSE and done without any prior understanding or arrangement between the company and/or any of its subsidiaries and the counterparty
  - (b) This general authority will only be valid until the earlier of (i) the next AGM of the company; (ii) the variation or revocation of such general authority by special resolution by any subsequent meeting of shareholders; or (iii) the expiry of a period of 15 (fifteen) months from the date of passing this special resolution number 3
  - (c) Authorisation thereto is given in terms of the company's MOI (or the MOI of the relevant subsidiary, as the case may be)
  - (d) A press announcement will be published in accordance with, and giving such details as required in terms of the JSE Listings Requirements, where the company or its subsidiaries has/have repurchased ordinary shares constituting, on an aggregate basis, 3% (three percent) of the initial number of shares (the number of that class of ordinary shares in issue at the time that the general authority from shareholders is granted) and in respect of every 3% (three percent) in the aggregate of the initial number of shares thereafter
  - (e) The general repurchase by the company of ordinary shares in the aggregate in any one financial year does not exceed 10% (ten percent) of the company's issued ordinary share capital as at the beginning of the financial year

(f) The general repurchase by any subsidiaries of ordinary shares in the company in the aggregate does not exceed 10% (ten percent) of the company's issued ordinary share capital

(g) General repurchases by the company and/or any subsidiary of the company in terms of this authority may not be made at a price greater than 10% (ten percent) above the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the 5 (five) business days immediately preceding the date of repurchase of such ordinary shares by the company and/or any subsidiary of the company

(h) The company may at any point in time, only appoint one agent to effect any repurchase(s) on its or its subsidiaries' behalf

(i) The company and/or any of its subsidiaries may not repurchase securities during a prohibited period, as defined in paragraph 3.67 of the JSE Listings Requirements, unless the company and/or any of its subsidiaries has a repurchase programme in place where the dates and quantities of securities to be traded during the relevant period are fixed (and not subject to any variation) and full details of the programme have been submitted to the JSE in writing prior to the start of the prohibited period, and the company and/or its subsidiary, as the case may be, has instructed an independent third party, which makes its investment decisions in relation to its shares independently or, and uninfluenced by, the company and/or its subsidiary concerned, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE

After considering the effect of a maximum permitted repurchase of securities, the company and its subsidiaries are, as at the date of this notice convening the AGM of the company, able to fully comply with the JSE Listings Requirements. Nevertheless, at the time the contemplated repurchase is to take place, the directors of the company will ensure that:

- The company and the group will be able in the ordinary course of business to pay its debts for a period of 12 (twelve) months after the date of the notice of the AGM
- The assets of the company and the group will exceed the liabilities of the company and the group for a period of 12 (twelve) months after the date of the notice of the AGM. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited group annual financial statements
- The share capital and reserves of the company and the group will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of the notice of the AGM
- The working capital of the company and the group will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of the notice of the AGM
- A resolution by the board will authorise the repurchase, that the company and its subsidiary(ies) have passed the solvency and liquidity test and that from the date on which the test was last performed, there have been no material changes to the financial position of the group

In terms of the JSE Listings Requirements, the directors of the company hereby state that:

- The intention of the company and/or any of its subsidiaries is to use this authority only if at some future date the cash resources of the company exceed its requirements. In this regard the directors will take into account, inter alia, an appropriate capitalisation structure for the company, the long-term cash needs of the company, and will ensure that any such use is in the interest of the shareholders
- The method by which the company and/or any of its subsidiaries intends to repurchase securities and the date on which such repurchase will take place has not yet been determined

Explanatory note
In terms of the JSE Listings Requirements, the ZSE Listings Requirements, clause 17.1 of the MOI and section 48(2) of the Act, a company may repurchase some of its own shares and a subsidiary company may acquire shares in its holding company (both referred to as a repurchase).

The reason for special resolution number 3 is to grant the company or any of its subsidiaries a general authority in terms of the Act, the MOI, the JSE Listings Requirements and the ZSE Listings Requirements to implement a repurchase. This authority will be valid until the earlier of (i) the next AGM of the company; (ii) the variation or revocation of such general authority by special resolution by any subsequent meeting of shareholders; or (iii) the expiry of a period of 15 (fifteen) months from the date of passing this special resolution number 3. The passing of this special resolution will have the effect of authorising the company to undertake a general repurchase.

The percentage of voting rights required for special resolution number 3 to be adopted: at least 75% (seventy-five percent) of the voting rights exercised in favour of the resolution by shareholders present at the AGM or represented by proxy and entitled to exercise voting rights on the resolution.

FURTHER DISCLOSURES IN TERMS OF PARAGRAPH 11.26 OF THE JSE LISTINGS REQUIREMENTS

In terms of paragraph 11.26 of the JSE Listings Requirements, the following information is disclosed in the annual financial statements 2019:

- Major shareholders
- Share capital of the company

MATERIAL CHANGES

There has been no material change in the financial or trading position of the company or any of its subsidiaries since the end of the last financial period being, 31 March 2019, to the signature date of this notice of AGM.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are given on pages 102 and 103 of the integrated report, collectively and individually accept full responsibility for the accuracy of the information given in this notice, and certify that to the best of their knowledge and belief no facts have been omitted that would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this notice contains all information required by the Act and the JSE Listings Requirements.

VOTING, PROXIES AND LETTERS OF REPRESENTATION

A form of proxy is attached for the convenience of any PPC shareholder holding certificated shares who cannot attend the AGM but who wishes to be represented thereat. Forms of proxy may also be obtained on request from the company's registered office.

A shareholder holding shares in certificated form or who has dematerialised their shares with "own-name" registration, entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend, speak and vote in their stead. A proxy need not be a member of the company. For the convenience of registered certificated shareholders or shareholders who have dematerialised their shares with own-name registration, a form of proxy is attached. For administrative purposes, duly completed forms of proxy must be lodged at the registered office of the company or at the transfer secretaries at the addresses below by 12:00 on Tuesday, 27 August 2019 or presented to the chairman at the AGM prior to commencement of the meeting.

Shareholders who have dematerialised their shares and have not selected own-name registration must advise their CSDP or broker of their voting instructions if they are unable to attend the AGM but wish to be represented. Dematerialised shareholders without own-name registration should contact their CSDP or broker on the cut-off time for their voting instructions. If, however, such members wish to attend the AGM in person, they will need to request their CSDP or broker to provide the necessary letter of representation in terms of the custody agreement entered into between the dematerialised shareholder and their CSDP or broker.

By order of the board

K Holtzhausen
Company secretary

18 July 2019

Sandton

FORM OF PROXY

PPC LTD
Incorporated in the Republic of South Africa
(Registration No: 1892/000667/06)
JSE share code: PPC
ISIN: ZAE000170049
ZSE share code: PPC
JSE code: PPC003
JSE ISIN: ZAG000117524
(PPC) or (the company)

Only for use by registered holders of certificated ordinary shares in the company and the holders of dematerialised ordinary shares in the capital of the company in "own-name" form, at the annual general meeting (AGM) at PPC offices, Addis Ababa and Lilongwe meeting rooms, 4th Floor, 148 Katherine Street, (corner Grayston Drive), Sandton, Gauteng, on Thursday, 29 August 2019 at 12:00.

Holders of ordinary shares in the company (whether certificated or dematerialised) through a nominee must not complete this form of proxy but should timeously inform that nominee, or, if applicable, their participant or stockbroker of their intention to attend the AGM and request such nominee, participant or stockbroker to issue them with the necessary letter of representation to attend or provide such nominee, participant or stockbroker with their voting instructions should they not wish to attend the AGM in person but wish to be represented by proxy at the meeting.

I/We _____ of _____

Name and address in block letters _____

Telephone number _____ Cellphone number _____

Email address _____

Being a member(s) of the above company and holding _____ ordinary shares

therein, hereby appoint _____ of _____ or, failing him/her

the chairman of the meeting as my/our proxy to attend, speak and vote for me/us and on my/our behalf or to abstain from voting at the AGM of the company to be held at the PPC offices, Addis Ababa and Lilongwe meeting rooms, 4th Floor, 148 Katherine Street (corner Grayston Drive), Sandton, on Thursday, 29 August 2019 at 12:00, and at any postponement or adjournment of that meeting as follows:

		In favour of	Against	Abstain			In favour of	Against	Abstain
Ordinary resolutions					**Special resolutions**				
1	Ordinary resolution number 1 – Election of Mr Mark Richard Thompson				1	Special resolution number 1.1 – Financial assistance – section 44			
2	Ordinary resolution number 2.1 – Re-election of Ms Nonkululeko Gobodo				2	Special resolution number 1.2 – Financial assistance – section 45			
3	Ordinary resolution number 2.2 – Re-election of Mr Anthony Charles Ball				3	Special resolution number 2.1 – Remuneration – board chairman			
4	Ordinary resolution number 2.3 – Re-election of Mr Charles Naude				4	Special resolution number 2.2 – Remuneration – non-executive director			
5	Ordinary resolution number 3.1 – Appointment to audit committee – Ms Nonkululeko Gobodo				5	Special resolution number 2.3 – Audit and risk committee chairman			
6	Ordinary resolution number 3.2 – Appointment to the audit committee – Ms Noluvuyo Mkhondo				6	Special resolution number 2.4 – Audit and risk committee – member			
7	Ordinary resolution number 3.3 – Appointment to audit committee – Mr Mark Richard Thompson				7	Special resolution number 2.5 – Remuneration committee – chairman			
8	Ordinary resolution number 3.4 – Appointment to audit committee – Mr Charles Naude				8	Special resolution number 2.6 – Remuneration committee – member			
9	Ordinary resolution number 4 – Reappointment of external auditor Deloitte & Touche				9	Special resolution number 2.7 – Social and ethics committee – chairman			
10	Ordinary resolution number 5.1 – Non-binding advisory vote – remuneration policy				10	Special resolution number 2.8 – Social and ethics committee – member			
11	Ordinary resolution number 5.2 – Non-binding advisory vote – remuneration implementation report				11	Special resolution number 2.9 – Nominations committee – chairman			
12	Ordinary resolution number 6 – To place unissued shares under the control of directors				12	Special resolution number 2.10 – Nominations committee – member			
13	Ordinary resolution number 7 – General authority to issue shares for cash				13	Special resolution number 2.11 – Investment committee – chairman			
14	Ordinary resolution number 8 – Authority to implement resolutions				14	Special resolution number 2.12 – Investment committee – member			
					15	Special resolution number 2.13 – Special meetings – chairman			
					16	Special resolution number 2.14 – Special meetings – member			
					17	Special resolution number 3 – General authority to repurchase shares			

Insert an "X" in the relevant spaces above according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of ordinary shares than you own in the company, insert the number of ordinary shares held in respect of which you desire to vote (see note 2).

Signed at on 2019

Signature(s)

Assisted by (where applicable)

Each member is entitled to appoint a proxy (who need not be a member of the company) to attend, speak and vote in place of that member at the AGM.

Please read the notes on the proxy overleaf.

EXPLANATORY NOTES REGARDING PROXY

1. The form of proxy must only be used by shareholders who hold shares in certificated form or who are recorded on the sub-register in electronic form in "own name".
2. All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the AGM must provide the CSDP or broker with their voting instructions in terms of the relevant agreement entered into between them and the CSDP or broker.
3. A shareholder entitled to attend and vote at the AGM may insert the name of a proxy or the names of two or more alternate proxies of the shareholder's choice in the space provided, with or without deleting "the chairman of the AGM". The person whose name stands first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of such proxy(ies) whose names follow.
4. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by that shareholder in the appropriate space provided. If an "X" (cross) or a tick has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she deems fit in respect of all the shareholder's exercisable votes. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
5. A vote given in terms of an instrument of proxy will be valid in relation to the AGM despite the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the shares in respect of which the proxy is given, unless notice on any of the noted matters has been received by the transfer secretaries not less than 48 (forty-eight) hours before the start of the AGM.
6. If a shareholder does not indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the AGM be proposed, such proxy shall be entitled to vote as he/she thinks fit.
7. The chairman of the AGM may reject or accept any form of proxy which is completed and/or received other than in compliance with the Act, the MOI and these notes.
8. A shareholder's authorisation to the proxy including the chairman of the AGM, to vote on such shareholder's behalf, will be deemed to include the authority to vote on procedural matters at the AGM.
9. The completion of a form of proxy does not preclude any shareholder attending the AGM.
10. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company's transfer secretaries or waived by the chairman of the AGM.
11. A minor or any other person under legal incapacity or limited capacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries of the company.
12. Where there are joint holders of shares:
    - 12.1 Any one holder may sign the form of proxy
    - 12.2 The vote(s) of the senior shareholder (for that purpose seniority will be determined by the order in which the names of shareholders appear in the company's register of shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
13. Forms of proxy should be lodged with or mailed to the transfer secretaries, Computershare, PO Box 61051, Marshalltown, 2107 South Africa or Rosebank Towers, 15 Biermann Avenue, Computershare; 1st Floor, Rosebank, 2196 South Africa phone: +27 11 370 5000; fax: +27 11 688 5238; email: Proxy@Computershare.co.za and for Zimbabwean PPC shareholders, Corpserve Registrars Private Limited 2nd Floor, ZB Centre, corner 1st and Kwame Nkrumah Avenue, PO Box 2208, Harare, Zimbabwe phone: +263 475 8193; cellphone: +263 772 422 457. To enable the orderly arrangement of matters on the day of the AGM, shareholders appointing proxies are urged (but are not required) to submit the forms of proxies so as to be received by no later than 12:00 on 27 August 2019 at 12:00 (or 48 (forty-eight) hours before any adjournment of the AGM which date, if necessary, will be notified on SENS). Proxies may also be handed to the chairman at the AGM.

Phillip Jabulani Moleketi (61)
Independent chairman

Qualifications: Postgraduate Diploma in Economic Principles (University of London), AMP (Harvard), MSc (University of London)

Appointed March 2018

Areas of expertise and contribution: Experience in the fields of finance and economics including having previously held the position of Deputy Minister of Finance from 2004 to 2008

Other directorships: Brait SA, Development Bank of Southern Africa, Vodacom, Harith General Partners

Johannes Theodorus Claassen (60)
Chief executive officer

Qualifications: BEng (University of Stellenbosch), EDP (Wits Business School)

Appointed to board July 2017

Areas of expertise and contribution: Over 20 years' experience in all facets of the cement industry, including lime, Operational management and strategic leadership

Anthony Charles Ball (60)
Independent non-executive director

Qualifications: BCom (Hons) (University of Cape Town), MPhil (management studies) (Oxford University), CA(SA)

Appointed March 2018

Areas of expertise and contribution: Extensive experience in business building as well as investment skills

Other directorships: Allied Electronics Corporation Limited, Brait Private Equity, Value Capital Partners

Nonkululeko Gobodo (58)
Independent non-executive director

Qualification: CA(SA)

Appointed February 2017

Areas of expertise and contribution: Accounting, auditing, advisory, mergers and acquisitions, entrepreneurship and leadership consulting

Other directorships: Clicks Group Limited, Nonkululeko Leadership Consulting

Advocate Mojankunyane Gumbi (60)
Independent non-executive director

Qualifications: BProc (University of Limpopo), LLB (University of the Witwatersrand), Certificate in Trial Advocacy (University of Texas, Austin, USA)

Appointed April 2018

Areas of expertise and contribution: Political strategy, public policy, human rights and conflict resolution

Other directorships: Mojanku Gumbi advisory services, Moja Capital, Lexis Nexis

Noluvuyo Mkhondo (34)
Independent non-executive director

Qualification: BAcc (University of the Witwatersrand), MBA (London Business School), CA(SA)

Appointed March 2018

Areas of expertise and contribution: Investment banking and corporate finance experience including mergers and acquisition, investment evaluation, strategic long-term financial planning and cross-border transactions

Other directorships: Novus Holdings Limited, Value Capital Partners, Metair Investments Limited

Todd Moyo (61)
Independent non-executive director

Qualifications: CA(Z), CA(SA), RPA(Z), MCSZ

Appointed November 2013

Areas of expertise and contribution: Experience spans several economic sectors and disciplines including production, sales and marketing and information technology, Datlabs, National Foods Holdings, Delta Corporation

Charles Naude (63)
Independent non-executive director

Qualifications: BSc (Hons) (geology, chemistry) (University of Pretoria), MBL (Unisa)

Appointed January 2015

Areas of expertise and contribution: Over 30 years' experience in all facets of the cement industry, including aggregates, readymix and lime

Mmakeaya Magoro Tryphosa Ramano (47)
Chief financial officer

Qualification: CA(SA)

Appointed August 2011

Areas of expertise and contribution: Financial and strategic planning, corporate governance reform, industry analysis, corporate restructuring, profit improvement, policies and procedures

Other directorships: SA Express, Magommake Legacy

Mark Richard Thompson (66)
Independent non-executive director

Qualifications: BCom, LLB, BAcc, CA(SA)

Appointed 1 May 2019

Areas of expertise and contribution: Wide ranging international finance and general business experience in a highly competitive global industry as chief financial officer of Sappi Limited and, post his retirement from Sappi, non-executive positions in the FirstRand group, private equity, industry and construction.

Other directorships: Hudaco, Sasfin Bank, Bravo Group (private-equity owned), First Rand Insurance Company

NOTICE TO ZIMBABWEAN SHAREHOLDERS

PPC LTD

To all our Zimbabwean shareholders

Dear Shareholder

Please indicate your choice of receiving communication from PPC Ltd.
Important – please read and choose from the options below.

PPC Ltd is able to communicate shareholder information to you electronically using emails.
Electronic communication has a number of significant benefits for shareholders and the company:

- **Cost effective:** less printing and postage saves money for the company and shareholders.
- **Fast:** get all the latest shareholder communication simply by clicking on a link.
- **Secure:** your documents cannot be lost in the post or read by others.

OPTION A – SIGN UP FOR ELECTRONIC COMMUNICATIONS

☐ If you wish to receive electronic communications, please cross the box and provide us with your email address below:

Please print email address _____

_____

OPTION B – RECEIVE PRINTED COMMUNICATIONS IN THE POST

☐ If you wish to receive your annual report and accounts or other shareholder information in a printed format, please cross the box and provide us with your current address below:

Please print address _____

_____

IF YOU DO NOTHING

- If you do not indicate your preference to the company's registrar, you will not receive shareholder communications by post in the future.
- You may at any time request a printed copy of any shareholder communication.

Sign here – in order for your instructions to be executed, this section must be signed.
I/we authorise you to act in accordance with my/our instructions set out above.
I/we acknowledge that these instructions supersede and have priority over all previous instructions.

_____
Shareholder signature(s)

If you are signing this form in a representative capacity, please indicate in which capacity

_____ _____
Name of representative **Capacity of representative**

_____
Date

Please submit or post your completed and signed form to:
Corpserve Registrars (Private) Limited, 2nd Floor, ZB Centre, Corner 1st and Kwame Nkrumah Avenue, Harare.
PO Box 2208, Harare or email your signed scanned copy to: **corpserve@escrowgroup.org**
or **operationszim@escrowgroup.org**.

If you have any questions, please contact Corpserve Registrars (Private) Limited on +263 (04) 751 559/61.

ADMINISTRATION

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

DIRECTORS
PJ Moleketi (Chairman), JT Claassen (CEO), AC Ball, N Gobodo, MF Gumbi, NL Mkhondo, T Moyo*, CH Naude, MMT Ramano, MR Thompson
* 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
(PO Box 61051, Marshalltown, 2107, South Africa)

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

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

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