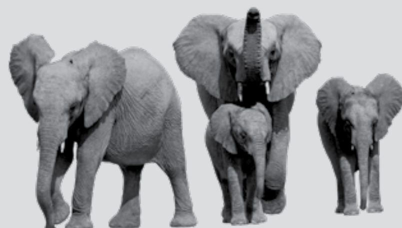
DELIVERING ON OUR STRATEGIC COMMITMENTS IN A CHALLENGING ENVIRONMENT

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

PPC



SALIENT FEATURES

Group revenue

R4 948 million

(Sept 2018: R5 597 million)

Loss per share of

0,4 cents

(Sept 2018: Earnings per share 21 cents)

Group EBITDA

R868 million

(Sept 2018: R1 039 million)

Headline earnings per share

6 cents

(Sept 2018: 21 cents)

Group results were adversely affected by the devaluation between the Zimbabwean dollar ("ZWL") and the South African rand and the application of the provisions of IAS 29 – *Financial Reporting in Hyperinflationary Economies*. Excluding PPC Zimbabwe Group revenue declined 1% to R4 502 million and Group EBITDA decreased by 3% to R667 million.

COMMENTARY

Roland van Wijnen, CEO said:
The positive operational results in Rwanda and the DRC have partially offset difficult and competitive market conditions in South Africa and Zimbabwe. PPC has continued its efforts to implement necessary price increases to lay the basis for a sustainable domestic cement industry in RSA. We remain focused on cost reductions and we have achieved cost savings of R65/tonne in South Africa as part of our R70 per tonne saving programme announced in 2017. While the profitability of the Group has declined, PPC continues to generate positive free cash flow.

Our focus in Zimbabwe remains to deliver our customers premium products and solutions at stable or improved EBITDA margins, as well as to ensure financial self-sufficiency of the business against the backdrop of a challenging macro-economic environment. The PPC Zimbabwe team has delivered on both these strategic imperatives.

GROUP PERFORMANCE

Group revenue declined by 12 % to R4 948 million (Sept 2018: R5 597 million) attributable to a 17 % decline in overall cement volumes to 2,6 million tonnes. Southern Africa cement and PPC Zimbabwe were the main contributors to the decline.

Cost of sales reduced by 10 % to R4 023 million (Sept 2018: R4 494 million) compared with the previous year. Overheads reduced by 4 % to R555 million (Sept 2018: R580 million). Excluding once-off restructuring costs of R83 million incurred during the period, overheads reduced by 19 %.

PPC reported cost savings of R60/tonne at the end of March 2019, and achieved additional cost savings of R5/tonne for the period towards PPC's saving target of R70/tonne.

Group EBITDA declined by 17 % to R868 million (Sept 2018: R1 039 million), resulting in an EBITDA margin of 17,5 % (Sept 2018: 18,6 %). Excluding the impact of the once-off restructuring costs EBITDA margin was 19,3 %.

COMMENTARY continued

The Group results are impacted by the significant currency devaluation between the ZWL and the South African rand ("ZAR") and the application of the provisions of IAS 29 that complicates comparability at a Group level. PPC Zimbabwe has applied hyperinflationary accounting from 1 April 2019 to 30 September 2019. The results, net assets and cash flows were then translated from ZWL into rand at a closing rate of 1 ZWL to 0,99 ZAR compared to 1 ZWL to 4,80 ZAR at March 2019, which had a material impact on the results.

Excluding PPC Zimbabwe, Group revenue declined by 1 % and cost of sales were maintained at R3 783 million. EBITDA declined by 3 % to R668 million (Sept 2018: R687 million), with margins maintained at 15 %.

The application of IAS 29 resulted in a net monetary gain amounting to R543 million (before tax).

Included in the fair value adjustment loss of R270 million is an estimated credit loss of R307 million relating to Zimbabwe financial assets, R76 million of which was raised against the PPC Zimbabwe financial asset arising as a result of the PPC Zimbabwe debt being settled by the Reserve Bank of Zimbabwe on a 1:1 basis as legacy debt. The remainder of the expected credit loss provision was raised against the PPC Limited blocked funds held by the Reserve Bank of Zimbabwe and cash deposited in a non-resident account with Stanbic in Zimbabwe. The balance of the fair value adjustment relates to the translation into rand of foreign assets and liabilities.

Finance costs decreased by 3 % to R327 million (Sept 2018: R336 million). Southern Africa finance costs increased by 13 % to R125 million (Sept 2018: R111 million) due to the application of IFRS 16 – *Leases*. International finance costs declined by 10 % to R202 million (Sept 2018: R225 million).

Taxation expense of R186 million (Sept 2018: R9 million credit), resulted in an effective tax rate of 114 %. Excluding the impact of provisions, expected credit losses, hyperinflation, the impairment and other non-deductible expenses, the effective tax rate is 33 %.

The equity investment in the integrated cement plant in Ethiopia was fully impaired, resulting in an impairment loss of R93 million.

Basic earnings per share was reduced to a 0,4 cents loss (Sept 2018: Earnings per share 21 cents) and headline earnings per share was 6 cents (Sept 2018: 21 cents).

Cash available from operations decreased from R581 million to R223 million, mainly as a result of an increase in working capital absorption of R342 million, which is significantly higher than the comparative period at R110 million due to the manufacturing cycle in the DRC, cash preservation strategies in Zimbabwe, increasing inventory levels and accounts payable.

Capital investments in property, plant and equipment decreased by 40 % to R225 million (Sept 2018: R377 million).

Gross debt increased marginally from R5 002 million in March 2019 to R5 131 million at the end of September 2019. The currency impact on the international debt is R193 million. On a constant currency basis the gross debt was approximately R4 938 million as at 30 September 2019. The southern African debt remained constant at R1 700 million.

CEMENT SOUTHERN AFRICA (INCLUDING BOTSWANA)

Realised average selling prices for southern Africa increased by 8 % – 10 %, as the business continued with its drive of increasing cement prices to recover operational costs and improve returns. PPC southern Africa cement volumes declined by 15 % – 20 %, where declines were less significant in the coastal regions. PPC estimated the South African cement industry declined by between 10 % and 15 % for the period, with consumer and construction sector demand still under severe pressure. The competitive environment was exacerbated by imports and blender activity. Cement imports increased by 5 % to 849 000 tonnes for calendar year August 2019. The Concrete Institute ("TCI") on behalf of the domestic cement industry submitted an application to the International Trade Administration Commission ("ITAC") highlighting the impact of imports on domestic cement production. The industry is continuously engaging with the relevant authorities to ensure that blended cement meets the requisite standards.

COMMENTARY continued

Revenue for Cement southern Africa declined by 8 % to R2 555 million (Sept 2018: R2 772 million). 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 reduction in revenue coupled with an increase in costs resulted in EBITDA contracting by 24 % to R367 million (Sept 2018: R481 million) and margins declining from 17,4 % to 14,4 %.

MATERIALS BUSINESS

Aggregates, readymix and ash

Revenue decreased by 8 % to R645 million (Sept 2018: R698 million), as a result of decreased volumes across all segments, as the market remained competitive due to a muted construction industry. EBITDA contracted to R35 million (Sept 2018: R40 million), due to higher fuel and maintenance costs.

Lime

The lime division grew revenue by 6 % to R434 million (Sept 2018: R409 million), with higher prices in certain products compensating for volume declines of 5 %. EBITDA contracted by 17 % to R50 million (Sept 2018: R60 million), due to lower fixed cost absorptions, higher coal costs and refractory costs.

INTERNATIONAL

Zimbabwe

Volumes declined by 30 % – 35 %, in line with the decrease in the overall market, while cement pricing was adjusted on a weekly basis to contend with the rapid increase in inflation and the devaluation in currency. Revenue declined by 54 % to R497 million (Sept 2018: R1 076 million) against the backdrop of a hyper-inflationary environment, severe weakening of the ZWL, regular power outages and a weaker cement market. EBITDA contracted by 43 % to R201 million (Sept 2018: R352 million), with EBITDA margins showing a marked improvement to 40 % versus 32 % in September 2018. PPC Zimbabwe is financially self-sufficient and is preserving cash by investing in inventory and accelerating capital expenditure.

Rwanda

CIMERWA achieved revenue growth of 28 % to R514 million (Sept 2018: R402 million) due to a 20 % increase in volumes. EBITDA increased by 70 % to R156 million (Sept 2018: R92 million), benefiting from increased volume output and an improved cost per tonne performance.

DRC

PPC Barnet DRC achieved revenue growth of 26 % to R303 million in the period (Sept 2018: R240 million), driven by stable pricing and production output in an oversupplied market. The business generated EBITDA of R81 million (March 2018: R60 million), with corresponding margins of 27 %. EBITDA benefited from stringent cost control and entrenchment of route-to-market strategies. The business is in the process of restructuring its debt.

OUTLOOK

Overall, PPC will remain focused on optimising operational cash generation through price and cost management in order to reduce financial leverage and strengthen the balance sheet. In southern Africa there are further opportunities to optimise the delivery network and related fixed and variable costs. However, the cement industry in South Africa needs to be protected from unfair competition in the form of imports and substandard products. Unfair competition contributes to an unsustainable pricing environment that threatens the financial viability of the local cement industry that is of strategic relevance to the country.

In Zimbabwe, the business is self-sufficient and will continue to focus on delivering to the market at stable EBITDA margins while managing cash and implementing strategies to preserve the longer-term value of the business. Despite the challenging trading conditions, the business remains well capitalised and is well positioned to benefit from local infrastructure projects and growth in the region.

In Rwanda, CIMERWA is expected to benefit from the improved growth in output following the progress of the debottlenecking project and the strong economic climate. The DRC business will focus on maximising EBITDA and restructuring its debt to reduce reliance on the Group.

PPC has initiated a comprehensive strategic review and certain initiatives necessary for sustainable value creation are underway. The outcomes of our strategic review will be communicated in due course.

COMMENTARY continued

RESULTS PRESENTATION

PPC will be hosting an analyst's results presentation today in Johannesburg at the JSE Auditorium, 1 Exchange Square, 2 Gwen Lane, Sandown at 10:00 SAST. The presentation will be webcast live and can be accessed via https://www.corpcam.com/PPC20112019. The results presentation and a copy of this announcement will be available on the company's website www.ppc.africa.

Sandton
20 November 2019

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 September 2019

	Notes	Six months ended 30 September 2019 Unaudited Rm	Six months ended 30 September 2018 Unaudited Rm	% change	Twelve months ended 31 March 2019 Audited Rm
Revenue	2	**4 948**	5 597	(12)	10 409
Cost of sales		**(4 023)**	(4 494)	(10)	(8 399)
Gross profit		**925**	1 103	(16)	2 010
Administrative and other operating expenditure		**(555)**	(580)	(4)	(1 083)
Operating profit before item listed below		**370**	523	(29)	927
Empowerment transactions IFRS 2 charges		**(16)**	(16)	–	(33)
Operating profit		**354**	507	(30)	894
Fair value and foreign exchange (loss)/gain	3.1	**(270)**	38	(811)	(9)
Finance costs	4	**(327)**	(336)	(3)	(681)
Net monetary gain	29	**543**	–	–	–
Investment income		**10**	62	(84)	95
Profit before equity-accounted earnings		**310**	271	14	299
Loss from equity-accounted investments		**(54)**	(19)	184	(67)
Impairments	5	**(93)**	(1)	9 200	(82)
Profit before taxation		**163**	251	(35,08)	150
Taxation	6	**(186)**	9	(2 167)	(6)
(Loss)/profit for the period		**(23)**	260	(109)	144
Attributable to:					
Shareholders of PPC Ltd		**(6)**	312	(102)	235
Non-controlling interests		**(17)**	(52)	(67)	(91)
Other comprehensive income/(loss), net of taxation					
Items that will be reclassified to profit or loss		**(1 950)**	779	(350)	1 304
Translation of foreign operations	3.2	**(1 947)**	779	(350)	1 304
Revaluation of other financial assets		**(3)**	–	(100)	–
Total comprehensive income/(loss)		**(1 973)**	1 039	(290)	1 448
Attributable to:					
Shareholders of PPC Ltd		**(1 968)**	997	(297)	1 453
Non-controlling interests		**(5)**	42	(112)	(5)
(Loss)/earnings per share (cents)	7				
Basic		**(0,4)**	21	(102)	16
Headline		**6**	21	(73)	20

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 September 2019

	Notes	30 September 2019 Unaudited Rm	30 September 2018 Unaudited Rm	31 March 2019 Audited Rm
ASSETS				
Non-current assets		**12 664**	14 000	14 665
Property, plant and equipment	8	**10 910**	12 403	12 587
Right-of-use assets	9	**117**	–	–
Goodwill	10	**237**	236	236
Other intangible assets	11	**550**	566	558
Equity-accounted investments		**4**	196	149
Other non-current assets*	12	**333**	321	333
Financial assets*	12	**417**	2	582
Deferred taxation assets	18	**96**	276	220
Non-current assets held for sale	13	**71**	41	92
Current assets		**3 300**	3 917	3 071
Inventories		**1 552**	1 255	1 276
Trade and other receivables*	14	**1 229**	1 175	1 166
Taxation receivable*		**120**	230	177
Cash and cash equivalents	15	**399**	1 257	452
Total assets		**16 035**	17 958	17 828
EQUITY AND LIABILITIES				
Capital and reserves				
Stated capital	16	**3 973**	3 984	3 943
Other reserves		**300**	1 686	2 251
Retained profit		**3 036**	3 112	3 031
Equity attributable to shareholders of PPC Ltd		**7 309**	8 782	9 225
Non-controlling interests		**110**	162	115
Total equity		**7 419**	8 944	9 340
Non-current liabilities		**5 429**	6 552	5 628
Provisions	17	**395**	533	427
Deferred taxation liabilities	18	**708**	1 149	844
Long-term borrowings	19	**3 930**	4 595	4 064
Other non-current liabilities	20	**311**	275	293
Lease liabilities	21	**85**	–	–
Current liabilities		**3 187**	2 462	2 860
Short-term borrowings	19	**1 201**	641	938
Lease liabilities	21	**35**	–	–
Trade and other payables*	22	**1 907**	1 803	1 919
Taxation payable*		**44**	18	3
Total equity and liabilities		**16 035**	17 958	17 828

** The prior year amounts have been re-presented for enhanced disclosures as detailed in notes 12, 14 and 22.*

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 September 2019

	Six months ended 30 September 2019 Unaudited Rm	Six months ended 30 September 2018 Unaudited Rm	Twelve months ended 31 March 2019 Audited Rm
Cash flow from operating activities			
Operating cash flows before movements in working capital	**824**	1 069	1 917
Working capital movements	**(342)**	(110)	63
Cash generated from operations	**482**	959	1 980
Finance costs paid	**(288)**	(312)	(618)
Investment income received	**6**	22	46
Taxation received/(paid)	**23**	(88)	(151)
Cash available from operations	**223**	581	1 257
Dividends paid	**–**	–	(4)
Net cash inflow from operating activities	**223**	581	1 253
Cash flow from investing activities			
Investment in Zimbabwe government bonds	**–**	–	(310)
Investment in Zimbabwe stock market	**–**	–	(14)
Investment in intangible assets	**(1)**	(3)	(24)
Investment in property, plant and equipment (adjusted for capital expenditure accruals)	**(225)**	(377)	(773)
Proceeds from disposal of property, plant and equipment	**6**	1	9
Other investing activities	**–**	15	12
Net cash outflow from investing activities	**(220)**	(364)	(1 100)
Cash flow from financing activities[(a)]			
Net borrowings repaid before repayment of the notes	**(13)**	48	(290)
Proceeds from the sale of shares held by consolidated BBBEE entity	**–**	7	–
Purchase of PPC Ltd shares in terms of the FSP share incentive scheme	**–**	–	(41)
Repayment of notes	**–**	–	(20)
Net cash outflow from financing activities	**(13)**	55	(351)
Net movement in cash and cash equivalents	**(10)**	272	(198)
Cash and cash equivalents at the beginning of the year	**452**	836	836
Effect of exchange rate movements and Zimbabwe hyperinflation on cash and cash equivalents	**(43)**	149	(186)
Cash and cash equivalents at the end of the year	**399**	1 257	452

[(a)] *During the period the unfavourable non-cash changes on borrowings amounted to R141 million, (September 2018: R588 million; March 2019: R621 million) arising from unrealised foreign exchange differences. Refer to note 26 for the relevant currency conversions.*

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2019

	Stated capital Rm	Other reserves: Foreign currency translation reserve Rm
Balance at 1 April 2018 (restated for new standards adjustments)	3 984	395
IFRS 2 charges	–	–
Restatement as a result of new standards adopted during the period	–	–
Total comprehensive income/(loss)	–	685
Balance at 30 September 2018 (unaudited)	3 984	1 080
Dividend 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)	–	533
Balance at 31 March 2019 (audited)	3 943	1 613
Adjustment as a result of new standards adopted during the year (note 1)	–	–
Balance at 1 April 2019	3 943	1 613
IFRS 2 charges	–	–
Vesting of shares held in terms of FSP incentive scheme	30	–
Total comprehensive (loss)/income	–	(1 959)
Balance at 30 September 2019 (unaudited)	3 973	(346)

Other reserves					
Financial asset at fair value through other comprehensive income Rm	Equity compensation reserve Rm	Retained profit Rm	Equity attributable to shareholders of PPC Ltd Rm	Non-controlling interests Rm	Total equity Rm
14	558	2 817	7 768	120	7 888
–	34	–	34	–	34
–	–	(17)	(17)	–	(17)
–	–	312	997	42	1 039
14	592	3 112	8 782	162	8 944
–	–	(4)	(4)	–	(4)
–	38	–	38	–	38
–	(6)	–	(6)	–	(6)
–	–	–	(41)	–	(41)
–	–	(77)	456	(47)	409
14	624	3 031	9 225	115	9 340
–	–	11	11	–	11
14	624	3 042	9 236	115	9 351
	41	–	41	–	41
–	(30)	–	–	–	–
(3)	–	(6)	(1 968)	(5)	(1 973)
11	635	3 036	7 309	110	7 419

SEGMENTAL INFORMATION

for the six months ended 30 September 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 operating segments are initially identified based on the products produced and sold and then per geographical location. The key operating segments are southern Africa cement, International cement, lime, aggregates and readymix and Group shared services.

	Consolidated			Cement Southern Africa[a]			Cement International[b]		
	30 September 2019 Unaudited Rm	30 September 2018 Unaudited Rm	31 March 2019 Audited Rm	**30 September 2019 Unaudited Rm**	30 September 2018 Unaudited Rm	31 March 2019 Audited Rm	**30 September 2019 Unaudited Rm**	30 September 2018 Unaudited Rm	31 March 2019 Audited Rm
Revenue									
Gross revenue	**5 087**	5 748	10 683	**2 663**	2 893	5 643	**817**	642	1 379
Intersegment revenue[d]	**(139)**	(151)	(274)	**(108)**	(121)	(212)			
Total revenue[e]	**4 948**	5 597	10 409	**2 555**	2 772	5 431	**817**	642	1 379
Operating profit before item listed below	**370**	523	927	**164**	282	570	**72**	(11)	32
Empowerment transactions IFRS 2 charges	**(16)**	(16)	(33)	**–**	–	–	**–**	–	–
Operating profit	**354**	507	894	**164**	282	570	**72**	(11)	32
Fair value and foreign exchange gains/(losses)	**(270)**	38	(9)	**4**	10	10	**(5)**	(7)	(14)
Finance costs	**(327)**	(336)	(681)	**(108)**	(109)	(222)	**(188)**	(199)	(393)
Net monetary gain	**543**	–	–	**–**	–	–	**–**	–	–
Investment income	**10**	62	95	**23**	28	61	**7**	1	15
Profit before equity-accounted earnings	**310**	271	299	**83**	211	419	**(114)**	(216)	(360)
Earnings from equity-accounted investments	**(54)**	(19)	(67)	**–**	–	–	**(55)**	(19)	(67)
Impairment of equity-accounted investments	**(93)**	–	–	**–**	–	–	**(93)**	–	–
Impairments	**–**	(1)	(82)	**–**	–	(82)	**–**	–	–
Profit before taxation	**163**	251	150	**83**	211	337	**(262)**	(235)	(427)
Taxation	**(186)**	9	(6)	**(25)**	50	122	**41**	52	60
Profit/(loss) for the year	**(23)**	260	144	**58**	261	459	**(221)**	(183)	(367)
Attributable to:									
Shareholders of PPC Ltd	**(6)**	312	235	**58**	261	459	**(204)**	(131)	(276)
Non-controlling interests	**(17)**	(52)	(91)	**–**	–	–	**(17)**	(52)	(91)
	(23)	260	144	**58**	261	459	**(221)**	(183)	(367)

Materials business											
Zimbabwe[g]			Lime			Aggregates, Readymix and Ash			Group services and other[c]		
30 September 2019 Unaudited Rm	30 September 2018 Unaudited Rm	31 March 2019 Audited Rm	**30 September 2019 Unaudited Rm**	30 September 2018 Unaudited Rm	31 March 2019 Audited Rm	**30 September 2019 Unaudited Rm**	30 September 2018 Unaudited Rm	31 March 2019 Audited Rm	**30 September 2019 Unaudited Rm**	30 September 2018 Unaudited Rm	31 March 2019 Audited Rm
497	1 076	1 447	**465**	439	896	**645**	698	1 318	**–**	–	–
			(31)	(30)	(62)		–	–		–	–
497	1 076	1 447	**434**	409	834	**645**	698	1 318	**–**	–	–
155	274	299	**27**	40	86	**(7)**	(2)	(63)	**(41)**	(60)	3
–	–	(2)	**–**	–	–	**–**	–	–	**(16)**	16	31
155	274	297	**27**	40	86	**(7)**	(2)	(63)	**(57)**	(76)	(28)
(32)	11	8	**–**	–	–	**–**	1	3	**(237)**	23	(16)
(14)	(26)	(54)	**(10)**	(17)	(38)	**(3)**	(11)	(27)	**(4)**	26	53
543	–	–	**–**	–	–	**–**	–	–	**–**	–	–
–	47	49	**6**	10	22	**3**	8	17	**(29)**	(32)	(69)
652	306	300	**23**	33	70	**(7)**	(4)	(70)	**(327)**	(59)	(60)
–	–	–	**–**	–	–	**–**	–	–	**1**	–	–
–	–	–	**–**	–	–	**–**	–	–	**–**	–	–
–	(1)	–	**–**	–	–	**–**	–	–	**–**	–	–
652	305	300	**23**	33	70	**(7)**	(4)	(70)	**(326)**	(59)	(60)
(176)	(63)	(67)	**(8)**	(10)	(17)	**(2)**	2	9	**(16)**	(22)	(113)
476	242	233	**15**	23	53	**(9)**	(2)	(61)	**(342)**	(81)	(173)
476	242	233	**15**	23	53	**(9)**	(2)	(61)	**(342)**	(81)	(173)
–	–	–	**–**	–	–	**–**	–	–	**–**	–	–
476	242	233	**15**	23	53	**(9)**	(2)	(61)	**(342)**	(81)	(173)

SEGMENTAL INFORMATION continued

for the six months ended 30 September 2019

	Consolidated			Cement Southern Africa[a]			Cement International[b]		
	30 September 2019 Unaudited Rm	30 September 2018 Unaudited Rm	31 March 2019 Audited Rm	**30 September 2019 Unaudited Rm**	30 September 2018 Unaudited Rm	31 March 2019 Audited Rm	**30 September 2019 Unaudited Rm**	30 September 2018 Unaudited Rm	31 March 2019 Audited Rm
Basic earnings per share (cents)	**(0,4)**	21	16	**4**	17	30	**(14)**	(9)	(19)
Depreciation and amortisation	**498**	516	1 019	**203**	199	387	**163**	158	317
EBITDA[f]	**868**	1 039	1 946	**367**	481	957	**235**	147	349
EBITDA margin (%)	**17,5**	18,6	18,7	**14,4**	17,4	17,6	**28,8**	22,9	25,3
Assets									
Non-current assets (excluding equity-accounted investments)	**12 660**	13 804	14 516	**4 284**	4 276	4 294	**5 402**	5 545	5 454
Equity-accounted investments	**4**	196	149	**–**	–	–	**–**	194	146
Non-current assets held for sale	**71**	41	92	**–**	–	–	**–**	–	–
Current assets	**3 300**	3 917	3 071	**1 347**	1 355	1 371	**886**	608	655
Total assets	**16 035**	17 958	17 828	**5 631**	5 631	5 665	**6 288**	6 347	6 255
Investments in property, plant and equipment	**196**	361	817	**123**	224	572	**16**	47	64
Liabilities									
Non-current liabilities	**5 429**	6 552	5 628	**2 252**	2 245	2 026	**5 354**	5 569	5 505
Current liabilities	**3 187**	2 462	2 860	**987**	796	1 069	**1 374**	838	1 020
Total liabilities	**8 616**	9 014	8 488	**3 239**	3 041	3 095	**6 728**	6 407	6 525
Capital commitments (refer note 21)	**309**	564	245	**233**	501	186	**–**	–	–

(a) Southern Africa comprises South Africa and Botswana.

(b) International comprises Rwanda, DRC, Mozambique and cross-border sales from southern Africa.

(c) Group services and other comprises Group shared services, BEE and Group eliminations.

(d) All sales are concluded at an arm's length. Segments are disclosed net of inter-segment revenue.

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

Botswana	*R312 million (September 2018: R264 million; March 2019: R516 million)*
DRC	*R303 million (September 2018: R240 million; March 2019: R494 million)*
Rwanda	*R514 million (September 2018: R402 million; March 2019: R885 million)*
Zimbabwe	*R497 million (September 2018: R1 076 million; March 2019: R1 447 million).*

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

(g) The Zimbabwe results include inter-group eliminations.

					Materials business						
Zimbabwe[g]			Lime			Aggregates, Readymix and Ash			Group services and other[c]		
30 September 2019 Unaudited Rm	30 September 2018 Unaudited Rm	31 March 2019 Audited Rm	**30 September 2019 Unaudited Rm**	30 September 2018 Unaudited Rm	31 March 2019 Audited Rm	**30 September 2019 Unaudited Rm**	30 September 2018 Unaudited Rm	31 March 2019 Audited Rm	**30 September 2019 Unaudited Rm**	30 September 2018 Unaudited Rm	31 March 2019 Audited Rm
32	16	16	**1**	2	4	**(1)**	–	(4)	**(23)**	(5)	(11)
46	78	162	**23**	20	37	**42**	42	80	**21**	19	36
201	352	461	**50**	60	123	**35**	40	17	**(20)**	(41)	39
40,4	32,7	31,9	**11,5**	14,7	14,8	**5,4**	5,7	1,3			
1 192	2 219	2 827	**323**	308	309	**620**	654	629	**839**	802	1 003
–	–	–	**–**	–	–	**–**	–	–	**4**	2	3
71	41	92	**–**	–	–	**–**	–	–	**–**	–	–
511	1 292	454	**249**	193	245	**321**	372	324	**(14)**	97	22
1 774	3 552	3 373	**572**	501	554	**941**	1 026	953	**829**	901	1 028
16	51	79	**20**	19	46	**7**	16	37	**14**	4	19
458	763	527	**56**	10	11	**313**	351	345	**(3 004)**	(2 386)	(2 786)
380	632	310	**88**	88	129	**200**	172	164	**158**	(64)	168
838	1 395	837	**144**	98	140	**513**	523	509	**(2 846)**	(2 450)	(2 618)
25	5	17	**1**	8	1	**28**	23	3	**22**	27	38

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 September 2019

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements are prepared in accordance with the provisions of the JSE Limited Listings Requirements for interim reports, and the requirements of the Companies Act of South Africa applicable to the interim financial results. The Listings Requirements require the condensed reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council, and contain the information required by IAS 34 *Interim Financial Reporting*. The accounting policies applied in the preparation of the unaudited condensed consolidated financial statements were derived in terms of IFRS.

These unaudited condensed consolidated financial statements have been prepared under the supervision of R van Dijk CA(SA), chief financial officer, and were approved by the board of directors on Monday, 18 November 2019. The directors take full responsibility for the preparation of these unaudited condensed consolidated 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 2019, 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.

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

IFRS 16 *Leases*

IFRS 16 *Leases* is effective for years commencing on or after 1 January 2019. The standard was adopted by the PPC Group for the current financial reporting period.

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 for 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 lease 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 previously recognised 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 has been 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 has accounted 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 definition of leases prior to the adoption of IFRS 16 will not be impacted (IAS 17 and IFRIC 4).

Based on the assessment performed the impact of IFRS 16 on the Group for the interim reporting period is as follows:

- the Group has recognised a right-of-use asset of R117 million and a corresponding lease liability of R120 million.
- the Group has recognised the interest on the lease liability and depreciation on the right-of-use asset of R8 million and R16 million respectively. The depreciation of the asset is based on the lower of the remaining lease period or the useful life of the asset.

1. BASIS OF PREPARATION continued

Management continues to assess the implications of the remaining insignificant individual leases in which the Group is the lessee.

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

1.1 Going concern

At period end, current assets of R3 300 million (September 2018: R3 917 million; March 2019: R3 071 million): exceeded current liabilities of R3 187 million (September 2018: R2 462 million; March 2019: R2 860 million) by R113 million (September 2018: R 1 455 million; March 2019: R211 million).

The Group debt position has increased by R129 million since the beginning of the financial year, mainly due to a weaker closing rand/dollar exchange rate which was R15,17 (September 2018: R14,15; March 2019: R14,42).

At the date of this report the Group had committed borrowing facilities of R3,1 billion and 55 % (2018: 70 %) of these facilities were utilised. R1,4 billion of the committed borrowing facilities were unutilised at the reporting date. These figures exclude project funding in Rwanda, DRC and Zimbabwe.

Negotiation with the lenders of the DRC debt to reschedule the capital repayments for a further two years are in progress.

The covenant ratio target for Group debt to EBITDA has been favourably amended from 3,0x to 3,5x.

Furthermore, despite the deteriorating economic environment the directors believe that PPC Zimbabwe has the ability to continue in operation as a going concern for the foreseeable future.

In addition to the Group's current trading position and 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 unaudited condensed consolidated financial statements on a going concern basis.

1.2 IAS 29 *Financial Reporting in Hyperinflationary Economies*

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

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

- There was a rapid increase in official inflation rates during the period, with the reported June month-on-month inflation reaching 39 %, and a year-on-year inflation of 176 %.
- Other key economic fundamental variables in the form of electricity, fuel prices, salary costs, coal, and outbound logistics have significantly escalated in the period under consideration leading to an unstable economic situation where increases of above 300 % were experienced as at 1 April 2019 and has further escalated on average above 500 % by the end of August 2019.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

continued

for the six months ended 30 September 2019

1. BASIS OF PREPARATION continued

1.2 IAS 29 *Financial Reporting in Hyperinflationary Economies* continued

- There was significant deterioration in the interbank Zimbabwean dollar (ZWL) exchange rate during the period. Trading commenced at a closing interbank rate of ZWL2,5 to US$1 during February 2019, compared to a rate of ZWL15,19 to US$1 at 30 September 2019.
- Due to the restricted ability to access funds in Zimbabwe, investors have opted to convert cash into listed equities on the Zimbabwe stock exchange as well as using excess funds to acquire other entities in order to preserve value.

Application of hyperinflationary accounting

The results of our operations with a functional currency of ZWL have been prepared in accordance with IAS 29 *Financial Reporting in Hyperinflationary Economies* as if the economy had been hyperinflationary from 1 April 2019.

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

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

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

1.3 Adoption of IFRS 16 *Leases*

IFRS 16 *Leases* was effective from 1 January 2019. The core principle of this standard is that the lessee and the lessor should recognise all rights and obligations arising from leasing arrangements on the statement of financial position. PPC Group elected, as permitted by IFRS 16, not to restate comparative financial statements. The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position on 1 April 2019. Under this approach, comparative information is not restated and the right-of-use asset at the date of initial application for leases previously classified as operating leases (IAS 17) is equal to the lease liability, adjusted for previously recognised prepaid or accrued lease payments relating to the leases. This approach adopted is the modified retrospective approach.

IFRS 16 eliminates the classification of leases for lessees as either operating or finance leases, as was required by IAS 17, and introduces a single lessee accounting model, where a right-of-use (ROU) asset together with a lease liability for the future payments is recognised for all leases with a term of more than 12 months, unless the underlying asset is of low value.

1. BASIS OF PREPARATION continued

Definition of a lease

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

All leases that meet the criteria as either a lease of a low-value asset or a short-term lease are accounted for on a straight-line basis over the lease term.

Short-term leases are defined as leases that, at the commencement date, have a lease term of 12 months or less.

A low-value lease is defined as a lease where the value of the underlying asset is less than R100 000. The value is determined for a new asset, regardless of the age of the underlying asset being leased.

On transition to IFRS 16, the Group elected to apply the practical expedient to apply IFRS 16 only to contracts that were previously identified as leases. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

Lessees

As a lessee the Group leases assets, including land and buildings, plant and equipment and vehicles. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases.

Significant accounting policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost (which is equal to the lease liability adjusted for previously recognised prepaid or accrued lease payments relating to that lease) and increased with initial direct cost incurred and the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset. The Group applies the cost model subsequent to the initial measurement of the right-of-use assets. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The lease liability is initially measured at the present value of the remaining lease payments on the commencement date, discounted using the Group's incremental borrowing rate. The lease liability is subsequently increased by interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate.

The assessment is reviewed if a significant event or a significant change in circumstances occurs that is within the control of the lessee.

Discount rate

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 April 2019. This incremental borrowing rate was derived from rates applicable to the Group's current borrowings.

Transition

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than a 12-month lease term
- Low-value assets. All leases that meet the criteria of a lease of a low-value asset are accounted for on a straight-line basis over the lease term
- Reliance on previous assessment of onerous leases
- Use a single discount rate for a portfolio of leases with reasonably similar characteristics
- Exclude initial direct costs for the measurement of the right-of-use asset at the date of initial application

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

continued

for the six months ended 30 September 2019

1. BASIS OF PREPARATION continued

Impacts on the financial statements on transition

On transition to IFRS 16, the Group recognised right-of-use assets, including additional lease liabilities. The impact on transition is recognised below as at 1 April 2019.

	Rm
Right-of-use asset	133
Lease liability	133

The total undiscounted operating lease commitments as at 31 March 2019 amount to R168 million, the lease liability as at 1 April 2019 amounted to R133 million. The undiscounted operating lease commitments balance was discounted using the Group's incremental borrowing rate curve which ranges from 6% to 13%.

	Rm
Operating lease commitments as at 31 March 2019	121
Add: Adjustments as a result of a different treatment of extension and termination options	–
Operating lease commitments as at 1 April 2019	121
Less: Short-term lease commitments	(5)
Add: Finance lease recognised at 1 April 2019	52
Total commitments to be discounted using the incremental borrowing rate at the date of initial application	**168**
Lease liabilities recognised as at 1 April 2019	**133**
Of which are:	
Current lease liabilities	34
Non-current lease liabilities	99

As a result of initially applying IFRS 16 in relation to the leases that were previously classified as operating leases, the Group recognised R117 million of right-of-use assets and R120 million of lease liabilities as at 30 September 2019.

2. REVENUE

Group revenue is derived from the sale of cementitious products and transportation. Revenue is recognised upon the completion of the performance obligation, being the delivery of the product to the customers. Revenue is recognised net of rebates and discounts provided to the customers.

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

	Six months ended 30 September 2019 Unaudited Rm	Six months ended 30 September 2018 Unaudited Rm	Twelve months ended 31 March 2019 Audited Rm
Disaggregation of revenue			
Revenue from the sale of cementitious goods[(a)]	**4 274**	4 886	9 071
Revenue from transportation services	**674**	711	1 338
Total revenue	**4 948**	5 597	10 409
Major goods and services per primary geographical markets			
Cementitious goods	**4 274**	4 886	9 071
Southern Africa	**3 010**	3 271	6 376
International	**1 264**	1 615	2 695
Transport revenue	**674**	711	1 338
Southern Africa	**624**	608	1 207
International	**50**	103	131

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.

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

continued

for the six months ended 30 September 2019

	Six months ended 30 September 2019 Unaudited Rm	Six months ended 30 September 2018 Unaudited Rm	Twelve months ended 31 March 2019 Audited Rm
3. FAIR VALUE AND FOREIGN EXCHANGE MOVEMENTS			
3.1 Fair value and foreign exchange gains			
Movements in the fair value and foreign exchange gains are recognised in the income statement and comprise the following:			
Loss on unlisted collective investments	**(6)**	(1)	(1)
Expected credit loss on Zimbabwe blocked funds and financial assets	**(307)**	–	(40)
Gain on translation of foreign currency denominated monetary items	**43**	39	32
	(270)	38	(9)

Expected credit loss on Zimbabwe blocked funds and financial assets

The fair value adjustment on Zimbabwe government bonds was determined by applying an expected credit loss (ECL) of 12,7% at March 2019 against the total asset recognised which resulted in an ECL of R40 million. In the current reporting period, an 18% ECL of R76 million was recognised against the Zimbabwe financial asset. An additional ECL of R225 million was recognised by applying 80% on the Zimbabwe blocked funds (previously classified as Zimbabwe government bonds), as well as an 80% ECL against the investment in Stanbic of R6 million.

Gain on translation of foreign currency denominated monetary items

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

- a gain of R2 million (September 2018: loss R3 million; March 2019: loss R13 million) comprising the remeasurement following devaluations of the Congolese franc against the US dollar and a fair value adjustment relating to the discounting of the non-current VAT receivable in the DRC.
- a remeasurement loss of R7 million (September 2018: R6 million; March 2019: R16 million) has been recorded against the US dollar-denominated project funding in Rwanda.
- losses and gains on open forward exchange contracts held for capital purchases and working capital requirements.

Details on foreign exchange rates can be found in note 26.

3. FAIR VALUE AND FOREIGN EXCHANGE MOVEMENTS continued

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:

	Six months ended 30 September 2019 Unaudited Rm	Six months ended 30 September 2018 Unaudited Rm	Twelve months ended 31 March 2019 Audited Rm
PPC Zimbabwe*	**(2 057)**	342	886
CIMERWA Limitada	**29**	165	144
PPC DRC Barnet	**81**	269	269
PPC Botswana	**–**	3	4
PPC Mozambique	**–**	–	1
	(1 947)	779	1 304

** In March 2019, included in PPC Zimbabwe was a gain of R488 million arising from the change in the functional currency.*

The loss recorded in the current period is due to the deterioration of the Zimbabwean dollar against the US dollar and the South African rand (refer note 26).

	Six months ended 30 September 2019 Unaudited Rm	Six months ended 30 September 2018 Unaudited Rm	Twelve months ended 31 March 2019 Audited Rm
4. FINANCE COSTS			
Bank and other short-term borrowings	**36**	7	32
Notes	**5**	5	10
Interest expense on lease liabilities	**8**	–	–
Long-term loans and project funding	**254**	297	569
Finance costs before time value of money adjustments	**303**	309	611
Interest on penalties	**–**	–	3
Time value of money adjustments on rehabilitation and decommissioning provisions and put option liability	**24**	27	67
	327	336	681
Southern Africa	**125**	111	234
International	**202**	225	447

The total finance costs excluding time value of money adjustments, relate to borrowings held at amortised cost. For details of borrowings refer to note 19.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

continued

for the six months ended 30 September 2019

	Six months ended 30 September 2019 Unaudited Rm	Six months ended 30 September 2018 Unaudited Rm	Twelve months ended 31 March 2019 Audited Rm
5. IMPAIRMENTS			
Impairment of property, plant, equipment and intangible assets	–	(1)	(82)
Impairment of equity-accounted investment[1]	(93)	–	–
Gross impairments	(93)	(1)	(82)
Taxation impact	–	–	23
Net impairments	(93)	(1)	(59)

[1] *The 38 % equity investment in Habesha Cement Share Company (Pty) Ltd in Ethiopia has been fully impaired.*

	Six months ended 30 September 2019 Unaudited Rm	Six months ended 30 September 2018 Unaudited Rm	Twelve months ended 31 March 2019 Audited Rm
6. TAXATION			
The taxation charge comprises:			
Current taxation	78	(57)	3
Current period	78	(34)	93
Prior periods	–	(23)	(90)
Deferred taxation	103	43	(30)
Current period	94	32	(84)
Prior periods	9	11	12
Change in taxation rate	–	–	42
In specie dividend	–	–	1
Withholding taxation	5	5	32
	186	(9)	6

6. TAXATION continued

	Six months ended 30 September 2019 Unaudited %	Six months ended 30 September 2018 Unaudited %	Twelve months ended 31 March 2019 Audited %
Taxation rate reconciliation*			
A reconciliation of the standard South African normal taxation rate is shown below:			
Profit before taxation	**114**	(4)	4
Prior periods' taxation impact	**(10)**	(4)	52
Profit before taxation, including prior periods' taxation adjustments	**104**	(8)	56
Effective rate of taxation			
Income taxation effect of:	**(76)**	36	(28)
Non-taxable net monetary gain as a result of hyperinflation	**93**	–	–
Deferred tax impact of hyperinflation	**(71)**	–	–
Expected credit loss provisions impact	**(47)**	–	–
Impairment of equity accounted investment	**(16)**	–	–
TDB loan at 1:1 financial asset	**(11)**	–	–
Equity accounted investment	**(9)**	(2)	(13)
Non-deductible expenditure – Expenditure not incurred in production of income	**(4)**	–	(24)
Transfer pricing adjustment	**(4)**	–	(14)
Withholding taxation	**(3)**	(2)	(21)
Non-deductible expenditure – IFRS 2 charges	**(3)**	(2)	(6)
Foreign taxation rate differential	**3**	8	11
Expenditure not deductible in terms of legislation	**(3)**	(6)	(17)
Unwind of interest paid – DRC put option	**(2)**	(1)	(5)
Non-taxable income – Environmental trust	**1**	1	2
Impact of sections 12(I) and 12(L) of the South African Income Tax Act	**–**	41	84
DRC ANAPI tax holiday	**–**	–	8
Prior period adjustment for forfeitable share plan movement	**–**	–	(3)
Deferred taxation not raised	**–**	(1)	(9)
Change in taxation rate	**–**	–	(28)
ZIMRA voluntary disclosure programme interest reversal	**–**	–	7
South African normal taxation rate	**28**	28	28

** The tax rate reconciliation has been re-presented for enhanced disclosure.*

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

continued

for the six months ended 30 September 2019

	Six months ended 30 September 2019 Unaudited Cents	Six months ended 30 September 2018 Unaudited Cents	Twelve months ended 31 March 2019 Audited Cents
7. EARNINGS AND HEADLINE EARNINGS			
Earnings per share			
Basic	**(0,4)**	21	16
Diluted	**(0,4)**	21	16
Headline earnings per share			
Basic	**6**	21	20
Diluted	**6**	21	20
Determination of headline earnings per share			
Earnings per share	**(0,4)**	21	16
Adjusted for items below, net of taxation:			
Impairment of equity-accounted investment	**6**	–	–
Impairment of property, plant, equipment and intangible assets	**–**	–	3
Loss/(profit) on sale of property, plant and equipment	**–**	–	1
Headline earnings per share	**6**	21	20
Headline earnings	**Rm**	Rm	Rm
Net profit for the period	**(23)**	260	144
Impairment of equity-accounted investment	**93**	–	–
Impairment of property, plant and equipment and intangible assets	**–**	1	82
Taxation on impairment of property, plant and equipment and intangible assets	**–**	–	(23)
Loss/(profit) on sale of property, plant and equipment	**(2)**	12	14
Taxation on profit/(loss) on sale of property, plant and equipment	**1**	(4)	(4)
Headline earnings	**69**	269	213
Attributable to:			
Shareholders of PPC Ltd	**86**	321	304
Non-controlling interests	**(17)**	(52)	(91)
Cash earnings per share (cents)*	**15**	38	83
Cash conversion ratio**	**0,6**	0,9	1,0

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

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

For the weighted average number of shares used in the calculation, refer note 16.

7. EARNINGS AND HEADLINE EARNINGS continued

Comparable earnings and headline earnings

Excluding the results of PPC Zimbabwe, the comparable earnings per share and headline earnings per share are as follows:

	Six months ended 30 September 2019 Unaudited Cents	Six months ended 30 September 2018 Unaudited Cents	Twelve months ended 31 March 2019 Audited Cents
Earnings/(loss) per share			
Basic	**(32)**	5	0,1
Headline	**(26)**	5	5,0

	Six months ended 30 September 2019 Unaudited Rm	Six months ended 30 September 2018 Unaudited Rm	Twelve months ended 31 March 2019 Audited Rm
8. PROPERTY, PLANT AND EQUIPMENT			
Net carrying value at the beginning of the period	**12 587**	11 393	11 393
Additions	**219**	357	793
Depreciation	**(442)**	(484)	(952)
Disposals	**(4)**	(13)	(23)
Other movements	**(9)**	(26)	(124)
Impairments (refer note 5)	**–**	(1)	(82)
Reallocation to inventory	**–**	–	(3)
Translation differences	**(1 441)**	1 177	1 585
Net carrying value at the end of the period	**10 910**	12 403	12 587
Comprising:			
Freehold and leasehold land, buildings and mineral rights	**1 429**	1 012	2 330
Decommissioning assets	**63**	134	68
Plant, vehicles, furniture and equipment	**9 418**	11 257	10 189
	10 910	12 403	12 587
Property, plant and equipment pledged as security:			
DRC	**3 528**	3 602	3 475
Rwanda	**1 463**	1 561	1 492
Zimbabwe	**338**	1 999	2 372

For details on capital commitments, refer note 23.

In accordance with the requirements of IAS 36 *Impairment of Assets*, an impairment review was performed for all cash-generating units (CGUs) which showed indicators of potential impairment. Following this review, no impairment was recognised as the value in use of all these CGUs was greater than the carrying amount. IAS 36.9 requires an entity to assess, at the end of each reporting date, whether there is an indication that an asset (property, plant and equipment) may be impaired. An impairment indicator assessment and calculation of recoverable amount will also be performed at the next reporting date, 31 March 2020.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

continued

for the six months ended 30 September 2019

	Six months ended 30 September 2019 Unaudited Rm	Six months ended 30 September 2018 Unaudited Rm	Twelve months ended 31 March 2019 Audited Rm
9. RIGHT-OF-USE ASSETS			
Opening balance*	–	–	–
Additions	133	–	–
Depreciation	(16)	–	–
Net carrying value at the end of the period	117	–	–
Comprising:			
Property and plant	22	–	–
Vehicles	17	–	–
Land	14	–	–
Buildings	64	–	–
	117	–	–
AMOUNTS RECOGNISED IN PROFIT OR LOSS			
Expenses relating to short-term leases (under 12 months)	3	–	–
Expenses relating to leases of low value assets (greater than 12 months but below R100 000)	1	–	–
Expenses relating to variable lease payments not included in the measurement of the lease liability	4	–	–
	8	–	–
BREAKDOWN OF LEASE PAYMENTS			
Fixed payments	22	–	–
Variable payments	4	–	–
Total payments	26	–	–

**IFRS 16 is a first-time adoption for PPC Group.*

		Six months ended 30 September 2019 Unaudited Rm	Six months ended 30 September 2018 Unaudited Rm	Twelve months ended 31 March 2019 Audited Rm
10. GOODWILL				
Net carrying value at the beginning of the period		**236**	230	230
Translation differences		**1**	6	6
Net carrying value at the end of the period		**237**	236	236
Goodwill, net of impairments, is allocated to the following CGUs:				
CIMERWA Limitada	(International cement segment)	**32**	31	31
Cement SA (Pty) Ltd	(Southern Africa cement segment)	**78**	78	78
Readymix	(Aggregates and readymix segment)	**127**	127	127
		237	236	236

Refer to note 24 for the fair value hierarchy on goodwill.

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	Six months ended 30 September 2019 Unaudited Rm	Six months ended 30 September 2018 Unaudited Rm	Twelve months ended 31 March 2019 Audited Rm
11. OTHER INTANGIBLE ASSETS			
Balance at the beginning of the period	**558**	557	557
Additions	**1**	3	24
Amortisation	**(40)**	(32)	(67)
Translation differences	**31**	38	44
Balance at the end of the period	**550**	566	558
Comprising:			
Right-of-use of mineral assets	**226**	189	193
ERP development and other software	**62**	78	106
Brand and trademarks and customer relationships	**262**	299	259
	550	566	558

	Six months ended 30 September 2019 Unaudited Rm	Six months ended 30 September 2018 Unaudited Rm	Twelve months ended 31 March 2019 Audited Rm
12. FINANCIAL AND OTHER NON-CURRENT ASSETS			
Investment in Zimbabwe government bonds	**–**	2	279
Zimbabwe blocked funds	**67**	–	–
Investment in the Zimbabwe stock market	**2**	–	14
PPC Zimbabwe financial asset	**348**	–	289
Financial assets	**417**	2	582
Unlisted collective investment	**143**	137	141
VAT receivable	**108**	108	101
Long-term receivable	**82**	76	91
Other non-current assets	**333**	321	333

Investment in Zimbabwe government bonds

On 24 June 2019, the government of Zimbabwe issued Statutory Instruments (SI) 142 which abolished the multi-currency system in Zimbabwe. The Zimbabwe government has removed the multi-currency regime and restricted domestic transactions to local currency, renamed the Zimbabwe dollar (ZWL), in an effort to enhance the affordability of goods and services in Zimbabwe. Further to SI 142 of 2019, the Reserve Bank of Zimbabwe, 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. This was disclosed in the PPC Ltd annual financial statements as a post-balance sheet event as at March 2019, and the following measures were taken to comply with these requirements:

In order to comply with the above RBZ directive for the dividends and rights issue proceeds, legacy debt was invested in government bonds. PPC Ltd issued a written instruction to Stanbic to divest from the 7% savings bonds held with the RBZ and to transfer the equivalent ZWL funds of the legacy debt at 1:1 with the US dollar.

The disinvestment from government bonds and payment into the Stanbic non-resident account took place on 2 July 2019 and an amount of ZWL21,9 million was then transferred to the RBZ per the directive issued on 24 June 2019. These funds are now referred to as blocked funds.

The Zimbabwe blocked funds is classified as a financial asset as per IAS 32.

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for the six months ended 30 September 2019

12. FINANCIAL AND OTHER NON-CURRENT ASSETS continued

Zimbabwe blocked funds

31 March 2019 year-end – assessment of credit losses

At year-end the ECL was based on Moody's sovereign default and recovery rate study of 12,715 % and since there is no rating for Zimbabwe it was based on the Mozambique sovereign defaults. As a result of the above an ECL of R40 153 716 was recognised.

30 September 2019 – assessment of credit losses

The following conditions prevailed at 30 September 2019:

(a) Liquidity challenges, this also applied to PPC as no letters or guarantees or payment plans have been received from the governor of the Reserve Bank

(b) The RBZ governor has verbally proposed a repayment to PPC Ltd over three years

(c) Depressed economy due to high inflation and depreciation of the ZWL compared to US$

(d) PPC Group recognition of Zimbabwe as a hyperinflation economy per IAS 29.

Based on the above prevalent conditions as at 30 September 2019 the Group applied an 80 % expected credit loss against the Zimbabwe blocked funds which resulted in an ECL of R267 million. A rate of 80 % was applied due to an absence of confirmation of payment from RBZ, which increased the Group's credit risk.

Investment in the Zimbabwe stock market

The investment in the stock market relates to the investment in PPC Ltd and Old Mutual shares in Zimbabwe on the Zimbabwe Stock Exchange. This investment is held in ZWL. The market value, after recognising the expected credit loss, as at 30 September 2019 was R2 million and March 2019 was 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.

Based on the above prevalent conditions in Zimbabwe, the Group applied an 80 % expected credit loss against the investment in Zimbabwe stock market which resulted in an ECL of R7,3 million as at 30 September 2019. The investment in Zimbabwe stock market is classified as a financial asset held at fair value through other comprehensive income. A rate of 80 % was applied due to an absence of confirmation of payment from RBZ, which increased the Group's credit risk.

PPC Zimbabwe financial asset

The PPC Zimbabwe financial asset arose as a result of the US$ denominated Zimbabwe loan (refer note 19). The loan was registered with the Zimbabwean authorities in accordance with Statutory Instrument 33 and therefore qualify for the 1:1 conversion of US$ to ZWL. In March 2019, the financial asset recognised represented the difference between the closing ZWL 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 24. Based on the above prevalent conditions in Zimbabwe, the Group applied an 18 % expected credit loss against the investment in the PPC Zimbabwe financial asset which resulted in an ECL of R76 million as at 30 September 2019. The ECL rate of 18 % was determined by applying the same methodology that was applied in March 2019 which yielded an ECL rate of 11 % at that reporting date. As at 30 September 2019 management was of the view that the Zimbabwe economy presented additional credit risk due to the economic environment. Management considered an additional ECL rate of 7 % to be prudent, given the increased credit risk in Zimbabwe.

12. FINANCIAL AND OTHER NON-CURRENT ASSETS continued

Unlisted collective investment

Comprises an investment by the PPC Environmental Trust in the Old Mutual Capital Builder Portfolio, with the fair value being calculated using the ruling prices on 30 September 2019. Put options are also held over the value of the investments in order to protect the capital of the portfolio. At 30 September 2019, the value of the put options were not material. During the period, a further R5 million (September 2018: R4 million; March 2019: R9 million) was reinvested into the unit trusts. These funds are held to fund PPC's South African environmental obligations. Refer to note 15 for the restricted cash.

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 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 period, a gain of R2 million (September 2018: loss R3 million; March 2019: loss R13 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 note 3). Refunds amounting to Rnil (September 2018: R12 million; March 2019: R12 million) were received 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.

Refer to note 24 for classification of the financial assets and liabilities.

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	Six months ended 30 September 2019 Unaudited Rm	Six months ended 30 September 2018 Unaudited Rm	Twelve months ended 31 March 2019 Audited Rm
13. NON-CURRENT ASSETS HELD FOR SALE			
Assets classified as held for sale	**71**	41	92

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 March 2020. In the current period no additional fair value gains were recognised. A valuation of the houses was last performed by an independent valuator in March 2019 and a fair value gain of R48 million was recognised accordingly. The fair value was estimated based on the market prices of similar properties. The movement from the prior period was also impacted by the exchange rate movements (refer note 26).

	Six months ended 30 September 2019 Unaudited Rm	Six months ended 30 September 2018 Unaudited Rm	Twelve months ended 31 March 2019 Audited Rm
14. TRADE AND OTHER RECEIVABLES			
Trade receivables	**1 019**	1 111	960
Loss allowance	**(63)**	(93)	(49)
Net trade receivables	**956**	1 018	911
Mark-to-market adjustments	**–**	–	9
Interest receivables	**–**	–	23
Short-term portion of long-term receivable*	**–**	–	35
Other financial receivables**	**45**	68	39
Trade and other financial receivables	**1 001**	1 086	1 017
Prepayments	**206**	89	149
VAT receivable	**22**	–	–
	1 229	1 175	1 166

* *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 12.*

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

	Six months ended 30 September 2019 Unaudited Rm	Six months ended 30 September 2018 Unaudited Rm	Twelve months ended 31 March 2019 Audited Rm
14. TRADE AND OTHER RECEIVABLES continued			
Net trade receivables comprise	**955**	1 018	911
Trade receivables that are neither past due nor impaired	**616**	848	685
Trade receivables that would otherwise be impaired whose terms have been renegotiated	**10**	16	–
Trade receivables that are past due but not impaired	**329**	154	226

In accordance with IFRS 9, an expected credit loss assessment was performed on trade receivables and resulted in a provision of R13 million (September 2018: R17 million; March 2019: R6 million) being raised at period end.

Refer to note 24 for fair value of trade and other receivables.

The September 2018 balance relating to taxation receivable of R230 million has been re-presented and disclosed separately on the face of the statement of financial position.

	Six months ended 30 September 2019 Unaudited Rm	Six months ended 30 September 2018 Unaudited Rm	Twelve months ended 31 March 2019 Audited Rm
15. CASH AND CASH EQUIVALENTS			
Balance at the end of the period	**399**	1 257	452
Currency analysis:			
Botswana pula	**83**	43	66
Mozambican metical	**1**	4	2
Zimbabwean ZWL	**85**	–	123
Rwandan franc	**48**	124	42
South African rand	**36**	120	62
United States dollar	**146**	966	157
	399	1 257	452

Cash and cash equivalents are recognised net of expected credit losses. During the current period, in line with the requirements of IFRS 9, cash and cash equivalents were assessed for expected credit losses by analysing the credit rating of each financial institution where PPC Ltd and its subsidiaries have invested cash. This resulted in an expected credit loss of R5,8 million (March 2019: R6 million) being recognised in the current year, all of which relate to an 80% expected credit loss on the Stanbic investment.

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 period 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 note 26).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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for the six months ended 30 September 2019

	Six months ended 30 September 2019 Unaudited Rm	Six months ended 30 September 2018 Unaudited Rm	Twelve months ended 31 March 2019 Audited Rm
15. CASH AND CASH EQUIVALENTS continued			
Included in cash and cash equivalents is restricted cash:			
PPC Environmental Trust	**9**	8	9
PPC Zimbabwe	**30**	57	44
	39	65	53

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

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.

	Six months ended 30 September 2019 Unaudited Shares 000	Six months ended 30 September 2018 Unaudited Shares 000	Twelve months ended 31 March 2019 Audited Shares 000
16. STATED CAPITAL			
Authorised shares	**10 000 000**	10 000 000	10 000 000
Ordinary shares	**20 000**	20 000	20 000
Preference shares			
Number of ordinary shares and weighted average number of shares	**1 593 114**	1 591 760	1 591 760
Total shares in issue at the beginning of the period	**3 390**	1 354	1 354
Shares issued during the period	**1 596 504**	1 593 114	1 593 114
Total shares in issue before adjustments for treasury shares	**(37 382)**	(37 382)	(37 382)
Shares issued in terms of the second BBBEE transaction	**(20 144)**	(20 144)	(20 144)
Shares held by consolidated BBBEE trusts and trust funding SPVs	**(1 285)**	(1 285)	(1 285)
Shares held by consolidated Porthold Trust (Private) Limited	**(26 858)**	(19 955)	(27 146)
Shares purchased in terms of the FSP share incentive scheme	**(1 354)**	(1 354)	(1 354)
Shares held by the consolidated Safika Trust	**1 509 481**	1 512 994	1 505 803
Total shares in issue (net of treasury shares)			
Weighted average number of shares, used for:	**1 509 481**	1 512 994	1 511 971
Earnings and headline earnings per share	**1 536 340**	1 532 949	1 532 949
Dilutive earnings and headline earnings per share	**1 509 481**	1 512 994	1 511 971
Cash earnings per share			

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

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.

16. 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 Ltd

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

FSP share incentive scheme

In terms of the forfeitable share plan (FSP) long-term incentive scheme, 26 857 687 shares (September 2018: 19 955 207 shares; March 2019: 27 145 639 shares) are held in total for participants of this long-term incentive scheme. The shares are treated as treasury shares during the vesting periods of the awards. During the period, 3 390 404 shares (September 2018: nil shares, March 2019: nil 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 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 notional vendor funding mechanism.

	Six months ended 30 September 2019 Unaudited Rm	Six months ended 30 September 2018 Unaudited Rm	Twelve months ended 31 March 2019 Audited Rm
Stated capital			
Balance at the beginning of the period	**3 943**	3 984	3 984
Shares purchased in terms of FSP incentive scheme treated as treasury shares	**–**	–	(41)
Vesting of shares held in terms of the FSP share incentive scheme	**30**	–	–
Balance at the end of the period	**3 973**	3 984	3 943

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	Six months ended 30 September 2019 Unaudited Rm	Six months ended 30 September 2018 Unaudited Rm	Twelve months ended 31 March 2019 Audited Rm
17. PROVISIONS			
Decommissioning and rehabilitation	**370**	508	395
Post-retirement healthcare benefits	**25**	25	32
	395	533	427

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 R143 million (September 2018: R137 million; March 2019: R141 million) at period end (refer note 12). Management have assessed the discount rate applied in determining the decommissioning and rehabilitation provision for Cement southern Africa. In the prior year there was a change in estimate, which was 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.

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.

	Six months ended 30 September 2019 Unaudited Rm	Six months ended 30 September 2018 Unaudited Rm	Twelve months ended 31 March 2019 Audited Rm
18. DEFERRED TAXATION			
Net liability at the end of the period comprises:	**612**	873	624
Deferred taxation asset	**96**	276	220
Deferred taxation liability	**708**	1 149	844
Analysis of deferred taxation			
Property, plant and equipment and intangible assets	**1 187**	1 446	1 284
Other non-current assets	**73**	11	50
Current assets	**64**	27	(6)
Non-current liabilities	**(78)**	(54)	(111)
Current liabilities	**(35)**	(89)	(65)
Reserves	**11**	(45)	4
Taxation losses	**(610)**	(423)	(532)
	612	873	624

Deferred taxation assets

Deferred taxation assets are recognised to the extent it is probable that taxable profits will be available in future periods, based on approved business plans, 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.

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19 LONG-TERM BORROWINGS

Notes	Terms
PPC 002: 5 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: 5 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
	R300 million general banking facility expiring in 2023
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 note 8)

The Group had committed borrowing facilities of R3,1 billion and utilised 55 % (March 2019: 70 %) of these facilities at the date of this report. At reporting date, R1,4 billion of borrowing facilities remain unutilised. These numbers exclude project finance in Rwanda, the DRC and Zimbabwe.

Security	Interest rate	Six months ended 30 September 2019 Unaudited Rm	Six months ended 30 September 2018 Unaudited Rm	Twelve months ended 31 March 2019 Audited Rm
Unsecured	Three-month JIBAR plus 1,5 %	**–**	20	–
Unsecured	Three-month JIBAR plus 1,48 %	**111**	111	111
Unsecured	Variable rates at 270 basis points above three-month JIBAR	**523**	697	523
Unsecured	Variable rates at 305 basis points above three-month JIBAR	**637**	796	796
Obligor cross default	Variable rates at 305 basis points above three-month JIBAR	**190**	–	–
		3 226	3 439	3 201
Secured by CIMERWA's property, plant and equipment	Variable at 725 basis points above six-month US dollar LIBOR	**249**	404	353
Secured by CIMERWA's property, plant and equipment	Fixed rate of 16 %	**477**	430	408
Secured by PPC Barnet DRC's property, plant and equipment	Six-month US dollar LIBOR plus 975 basis points	**2 274**	2 113	2 150
Secured by PPC Zimbabwe's property, plant and equipment, inventory and trade and other receivables	Six-month US dollar LIBOR plus 700 basis points	**226**	492	290
		4 687	5 063	4 631
		(757)	(468)	(567)
		3 930	4 595	4 064
		1 201	641	938
		5 131	5 236	5 002
		1 201	641	938
		729	872	943
		1 321	943	1 406
		515	1 339	483
		1 365	1 441	1 232
		5 131	5 236	5 002
		5 329	7 162	7 339

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	Six months ended 30 September 2019 Unaudited Rm	Six months ended 30 September 2018 Unaudited Rm	Twelve months ended 31 March 2019 Audited Rm
20. OTHER NON-CURRENT LIABILITIES			
Cash-settled share-based payment liability	**–**	1	–
Interest rate swap liability	**4**	–	–
Put option liability	**288**	256	274
Finance lease liabilities	**–**	2	2
Liability to non-controlling shareholder in subsidiary company	**19**	17	17
	311	276	293
Less: Short-term portion of other non-current liabilities	**–**	(1)	–
	311	275	293

Interest rate swap liability

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

PPC Group loan facilities amount to R5 billion as at 30 September 2019. The interest rates on all the facilities are 100 % floating and are linked to both JIBAR (rand loans) and LIBOR (US dollar loans) plus various margins. In terms of PPC's financial risk management policy, the Group's target is to maintain the ratio of 25 % fixed interest rate and 75 % floating interest rate. The objective is to manage interest rate risk, reduce the earnings volatility and improve the certainty of interest cash flows.

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

- Originating date: 30 July 2019
- Maturity date: 31 March 2022
- Notional principal: ZAR 800,000,000.00
- Fixed-rate payer: PPC Cement SA
- Fixed rate (yield): 9.978 %
- Floating-rate receiver: RMB
- Floating rate: three-month JIBAR
- Floating rate spread: plus 305 basis points
- Floating rate: three-month JIBAR
- Settlement dates: quarterly (September, December, March and June)
- JIBAR determination: set in advance, paid in arrears.

Put option liability

The 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.

The present value of the put option was calculated at R288 million (September 2018: R256 million; March 2019: R274 million). The increase in the liability follows the time value of money adjustments.

20. OTHER NON-CURRENT LIABILITIES continued

PPC Group has not elected to adopt the hedge accounting consistently with the previous reporting periods as it remains optional and can only be applied to hedging relationships that meet the qualifying criteria which PPC Group meets however, the transactions are currently immaterial.

Refer note 24 for sensitivity analysis.

Finance lease liabilities

These relate to the IAS 17 *Leases* as per the previous leasing standard. IFRS 16 has superceded IAS 17. Refer to note 21.

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.

	Six months ended 30 September 2019 Unaudited Rm	Six months ended 30 September 2018 Unaudited Rm	Twelve months ended 31 March 2019 Audited Rm
21. LEASE LIABILITIES			
Non-current lease liabilities	**85**	–	–
Current lease liabilities	**35**	–	–
	120	–	–
MATURITY ANALYSIS – UNDISCOUNTED CONTRACTUAL CASH FLOWS			
Less than one year	**35**	–	–
One to five years	**85**	–	–
More than five years	**–**	–	–
	120	–	–
22. TRADE AND OTHER PAYABLES			
Accrued finance charges	**32**	4	4
Cash-settled share-based payment liability (short-term portion)	**–**	1	–
Capital expenditure payables	**57**	10	64
Unclaimed dividends	**–**	–	11
Other financial payables*	**14**	4	22
Retentions held for plant and equipment	**333**	311	316
Trade payables and accruals	**1 321**	1 387	1 368
Trade and other financial payables	**1 757**	1 717	1 785
Payroll accruals	**124**	68	138
VAT payable	**26**	18	(4)
	1 907	1 803	1 919

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

The September 2018 balance relating to taxation receivable of R18 million has been re-presented and disclosed separately on the face of the statement of financial position.

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

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	Six months ended 30 September 2019 Unaudited Rm	Six months ended 30 September 2018 Unaudited Rm	Twelve months ended 31 March 2019 Audited Rm
23. COMMITMENTS			
Contracted capital commitments	**190**	300	128
Approved capital commitments	**119**	263	117
Capital commitments	**309**	563	245
Operating lease commitments	**3**	81	121
	312	644	366
Capital commitments			
Southern Africa	**284**	558	228
International	**25**	5	17
	309	563	245
Capital commitments are anticipated to be incurred:			
– Within one year	**294**	428	245
– Between one and two years	**15**	135	–
– Beyond two years	**–**	–	–
	309	563	245

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.

	Note	Level *	Six months ended 30 September 2019 Unaudited Rm	Six months ended 30 September 2018 Unaudited Rm	Twelve months ended 31 March 2019 Audited Rm
24. FINANCIAL RISK MANAGEMENT					
Fair value of assets and liabilities					
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	12	2	**–**	2	279
Zimbabwe blocked funds	12	3	**67**	–	–
Trade and other financial receivables	14	2	**1 001**	1 086	1 017
Cash and cash equivalents	15	1	**399**	1 257	452
At fair value through other comprehensive income					
Investment in the Zimbabwe stock market	12	1	**2**	–	14
At fair value through profit or loss					
Unlisted collective investments at fair value (held for trading)	12	2	**143**	137	141
PPC Zimbabwe financial asset	12	2	**348**	–	289
Total financial assets			**1 960**	2 482	2 192
Level 1			**401**	1 257	466
Level 2			**1 559**	1 225	1 726
Non-financial assets					
Assets held for sale	13	2	**71**	41	92
Goodwill*	10	3	**237**	236	236
VAT receivable	12	2	**108**	108	101
Long-term receivable	12	2	**82**	76	91
Prepayments	14	2	**1 001**	1 086	1 017

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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	Note	Level *	Six months ended 30 September 2019 Unaudited Rm	Six months ended 30 September 2018 Unaudited Rm	Twelve months ended 31 March 2019 Audited Rm
24. FINANCIAL RISK MANAGEMENT continued					
Financial liabilities					
At amortised cost					
Long-term borrowings	19	2	**3 930**	4 595	4 064
Short-term borrowings	19	2	**1 201**	641	938
Finance lease liabilities	20	2	**–**	2	2
Liability to non-controlling shareholder in subsidiary company	20	2	**19**	17	17
Trade and other financial payables	22	2	**1 757**	1 717	1 785
At fair value through profit or loss					
Cash-settled share-based liability	20	2	**–**	1	–
Put option liability	20	3	**288**	256	274
Decommissioning	17	3	**370**	508	395
Interest rate swap liability	20	2	**4**	–	–
Total financial liabilities			**7 569**	7 737	7 475
Level 2			**6 911**	6 973	6 806
Level 3			**658**	764	669

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 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 note 12) should be valued using ZWL forward curves, however, these are not available. As a result of there being no other similar available market data the financial asset has been valued at the period end US$:ZWL exchange rate and with an 18 % expected credit loss raised against this financial asset.

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

24. FINANCIAL RISK MANAGEMENT continued

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.

Level 3 sensitivity analysis

Financial instrument	Valuation technique	Main assumptions	Increase/ decrease (Rm)
Put option liabilities	Earnings multiple	EBITDA and net debt	14

Movements in level 3 financial instruments			
Financial liability			
Balance at the beginning of the period	274	245	245
Time value of money adjustments	14	11	29
Balance at the end of the period	288	256	274

Remeasurements are recorded in fair value and foreign exchange gains in the income statement.

25. EVENTS AFTER THE REPORTING DATE

There are no events that occurred after the reporting date that may have a material impact on the Group's reported financial position at 30 September 2019.

26. 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. 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**		
	September 2019	September 2018	March 2019	**September 2019**	September 2018	March 2019
Botswana pula	**1,35**	1,31	1,32	**1,36**	1,34	1,34
US dollar	**14,57**	13,42	13,63	**15,17**	14,15	14,42
Rwandan franc	**0,02**	0,02	0,02	**0,02**	0,02	0,02
ZWL	**0,998**	N/A	N/A	**0,998**	N/A	N/A
ZWL (to the US$)	**13,07**	N/A	3,50	**15,20**	N/A	3,01

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27. 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) Ltd, a subsidiary of PPC Ltd, entered into various transactions with Habesha Cement Share Company, an associate of PPC Ltd. The effect of these transactions is included in the financial performance and results of the Group. 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.

	Six months ended 30 September 2019 Unaudited Rm	Six months ended 30 September 2018 Unaudited Rm	Twelve months ended 31 March 2019 Audited Rm
Services rendered to a related party			
Habesha Cement Share Company	1	–	2
Amounts receivable from a related party			
Habesha Cement Share Company	3	–	2
Dividends received from a related party			
Olegra (Pty) Ltd	1	1	1

28. OTHER DISCLOSURES

Guarantees

The total guarantees issued by the Group, by means of a bank guarantee, in favour of the various suppliers were 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).

29. REPORTING ON PPC ZIMBABWE

The Group results are impacted by the significant currency devaluation between the Zimbabwe dollar (ZWL) and the South African rand and the application of the provisions of IAS 29 that complicates comparability on a Group level. PPC Zimbabwe has applied hyperinflationary accounting from 1 April 2019 to 30 September 2019. The impact of applying IAS 29 in the current period resulted in an increase in net asset value and profit before tax of R543 million. The results, net assets and cash flows were then translated from ZWL into rand at a closing rate of 1 ZWL to 0,99 ZAR compared to 1 ZWL to R4,80 at March 2019, which had a material impact on the results.

Refer to note 1.2 for the basis of preparation relating to the reporting on hyperinflationary economies.

Refer to note 7 for the comparable earnings which reflects the earnings per share and headline earnings per share excluding the results of PPC Zimbabwe.

29. REPORTING ON PPC ZIMBABWE continued

The standalone statement of comprehensive income and statement of financial position of PPC Zimbabwe are disclosed below for ease of reference:

STATEMENT OF COMPREHENSIVE INCOME*

	Six months ended 30 September 2019 Unaudited Rm	Six months ended 30 September 2018 Unaudited Rm	% change	Twelve months ended 31 March 2019 Audited Rm
Revenue	**501**	1 086	(54)	1 467
Cost of sales	**(295)**	(740)	(60)	(1 027)
Gross profit	**206**	346	(40)	440
Administrative and other operating expenditure	**(51)**	(72)	(29)	(141)
Operating profit before item listed below:	**155**	274	(43)	299
Empowerment transactions IFRS 2 charges	**–**	(1)	(100)	(2)
Operating profit	**155**	273	(43)	297
Fair value and foreign exchange (loss)/gain	**(32)**	11	(387)	8
Finance costs	**(14)**	(26)	(46)	(54)
Net monetary gain	**543**	–	100	–
Investment income	**–**	47	(100)	49
Profit before impairments	**652**	305	114	300
Impairments	**–**	(1)	(100)	–
Profit before taxation	**652**	304	115	300
Taxation	**(176)**	(63)	179	(67)
Profit for the period	**476**	241	98	233
EBITDA	**201**	352	(43)	461

** These PPC Zimbabwe results do not include inter-group eliminations.*

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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for the six months ended 30 September 2019

29. REPORTING ON PPC ZIMBABWE continued

STATEMENT OF FINANCIAL POSITION*

	30 September 2019 Unaudited Rm	30 September 2018 Unaudited Rm	31 March 2019 Audited Rm
ASSETS			
Non-current assets	**1 192**	2 219	2 827
Property, plant and equipment	**803**	2 168	2 481
Right of use assets	**1**	–	–
Goodwill	**–**	–	–
Other intangible assets	**24**	4	9
Other non-current assets	**16**	45	337
Financial assets	**348**	2	–
Deferred taxation assets	**–**	–	–
Non-current assets held for sale	**71**	41	92
Current assets	**511**	1 292	454
Inventories	**275**	270	172
Trade and other receivables	**93**	69	68
Taxation receivable	**–**	–	7
Cash and cash equivalents	**143**	953	207
Total assets	**1 774**	3 552	3 373
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	**71**	71	71
Other reserves	**(781)**	750	1 297
Retained profit	**1 646**	1 336	1 168
Total equity	**936**	2 157	2 536
Non-current liabilities	**458**	763	527
Provisions	**78**	97	117
Deferred taxation liabilities	**153**	315	121
Long-term borrowings	**226**	351	289
Other non-current liabilities	**–**	–	–
Lease liabilities	**1**	–	–
Current liabilities	**380**	632	310
Intercompany loans	**60**	37	50
Short-term borrowings	**226**	140	144
Lease liabilities	**–**	–	–
Trade and other payables	**74**	446	116
Taxation payable	**20**	9	–
Total equity and liabilities	**1 774**	3 552	3 373

** These PPC Zimbabwe results do not include inter-group eliminations.*

ADMINISTRATION

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

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

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TRANSFER SECRETARIES ZIMBABWE
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DISCLAIMER

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