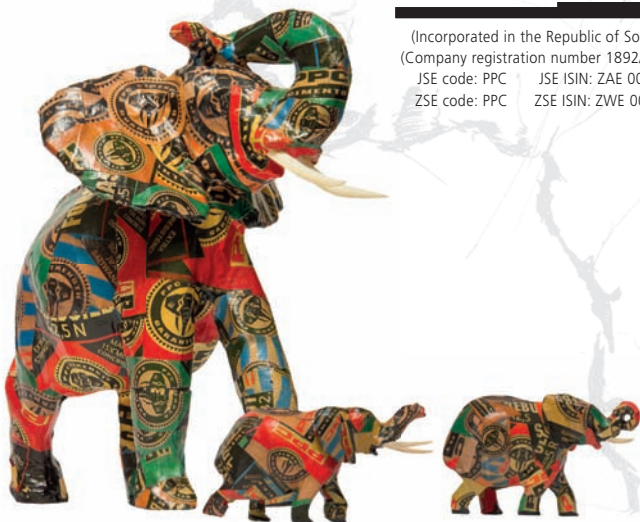


# PPC

(Incorporated in the Republic of South Africa)  
(Company registration number 1892/000667/06)  
JSE code: PPC      JSE ISIN: ZAE 000170049  
ZSE code: PPC      ZSE ISIN: ZWE 000096475



## Reviewed interim results for the half-year ended 31 March 2013

### Highlights

- Improvement in South African and Zimbabwean cement sales
- Cash generated from operations up 20%
- Normalised earnings per share increased by 4%
- Tangible progress with our rest of Africa expansion strategy
- Technical issues at Dwaalboom resolved

Ketso Gordhan, CEO, said: *“We are pleased to report that PPC’s cement sales volumes in Zimbabwe and South Africa have increased for the period. This encouraging trend was, however, tempered by weakness in cement sales in Botswana as well as lower demand in the lime and aggregates divisions. We remain optimistic that we will continue to progress with further projects in line with our stated strategy in the rest of Africa in the near future.”*

PPC’s total cement sales volumes rose by 6% for the period under review, mainly as a result of continued strong growth in Zimbabwe and an improvement in South African cement volumes. Group revenue increased by 8% to R3 812 million (2012: R3 529 million) on the back of increased volumes, improved cement pricing and the favourable impact of the devaluation of the rand against the US dollar and Botswana pula. Group revenue was impacted by a 16% drop in revenue for the lime division as a result of a 20% decline in sales volumes.

Costs of sales of R2 569 million were 9% higher (2012: R2 347 million), with electricity and depreciation rising by 18% and 11% respectively. Lower coal costs helped to offset these and the costs related to technical issues at our Dwaalboom factory.

Administration and other operating expenditure increased by 19% to R381 million (2012: R319 million). This increase was due to additional costs incurred in executing our African expansion including the finalisation of the acquisition of Cimerwa in Rwanda.

EBITDA increased by 3% to R1 123 million (2012: R1 093 million) and operating profit excluding the impact of BEE IFRS 2 charges and Zimbabwe indigenisation costs was flat when compared to the previous reporting period at R862 million (2012: R863 million). During the review period both group EBITDA and operating margins contracted; recording 30% (2012: 31%) and 23% (2012: 24%) respectively.

Cash generated from operations rose to R1 070 million (2012: R889 million) and the conversion from EBITDA to operating cash flow improved to 94% (2012: 81%). Capital investment during the period amounted to R294 million (2012: R277 million) and the group’s net debt position remains conservative at R3 916 million (2012: R3 731 million).

Tax of R245 million (2012: R281 million) was lower than in the previous reporting period, due to the removal of the STC charge on dividends paid, following changes in tax legislation. The STC charge for 2012 was R53 million.

Earnings per share ended 21% lower at 62 cents per share (2012: 78 cents per share), however, when IFRS 2 charges and Zimbabwe indigenisation costs are excluded (normalised), earnings rise to 83 cents per share; a growth of 4% over the prior period.

The company’s dividend policy remains unchanged at an annual dividend cover of between 1,2 and 1,5 times normalised earnings. The directors have declared an interim dividend of 38 cents per share (2012: 38 cents per share).

### **Cement**

PPC’s South African cement sales volumes increased by 6% and average selling prices were up by 4%. Volume growth came from both the inland and Western Cape regions. Industrial action at Medupi in the Limpopo Province lowered sales volumes in that region while volumes in the Eastern Cape came under pressure due to increased competition from imported cement.

Technical process issues on kiln 2 at Dwaalboom resulted in lower than planned production output. This required that customer demand be satisfied through sub-optimal sourcing. All technical issues have now been resolved and the factory is again meeting expectations.

The R100 million modernisation of Slurry’s finishing mill 4 was concluded within budget in May 2013. This upgrade and refurbishment will improve mill reliability, efficiency and environmental performance.

Sales volume growth of almost 15% was recorded for our Zimbabwean operation. This operation achieved a pleasing cost performance with higher volumes improving fixed cost absorption as well as the non-recurrence of the imported clinker costs of 2012.

PPC Botswana’s cement sales remain under some pressure due to low levels of demand as well as aggressive competitor activity.

Exports to Mozambique declined further and continue to be impacted by increased competition, largely due to cement imported from Asia.

### **Lime and aggregates**

The decline in demand for lime for the period under review was due to operational challenges in the local steel and alloys industries. Operating profit consequently fell to R41 million (2012: R95 million).

Revenues in the aggregates division remained in line with 2012 despite declining volumes in both South Africa and Botswana. An improved revenue per ton was achieved as a result of increased sales of higher value products. Following a review of the projected financial performance of the Quarries of Botswana business unit and the current difficulties being experienced in that market, an impairment charge of R12 million has been included in exceptional items.

### **Board changes**

With effect from 14 February 2013, Mr Sello Helepi resigned as an executive director of PPC and its associated boards to pursue other interests outside the PPC group. Mr Helepi joined PPC during 2007 and was appointed to the board during 2009.

## Commentary *continued*

### **Prospects and strategy**

The business is making good progress with its strategy to grow into the rest of the African continent. The construction of the Habesha cement plant, in Ethiopia, has been delayed due to some initial financing constraints, however we are confident these constraints will be overcome and that plant construction will commence in October 2013. Following the acquisition of Rwanda's only cement producer, Cimerwa Ltd, both PPC's technical and project teams are now providing Cimerwa with onsite support.

Our operations in Zimbabwe celebrated their centenary in February 2013, boasting 100 years of being an integral part of Zimbabwe's infrastructure development. This experience allows us to make more informed decisions in Zimbabwe and we remain optimistic about economic developments in this country. We are on track with the feasibility study for a new one million ton plant in the north east of the country to meet growing demand.

PPC is also in the feasibility phase of further projects involving two other countries and we are confident that further progress on this strategy will be made in the second half of the year.

We are particularly pleased by the successful entry of PPC into the debt capital markets and believe that the company is well positioned to ensure the financing for our expansion projects.

The positive trend in South African cement demand is expected to continue in the near to medium term. The key to improved growth in South Africa remains the government's execution of their infrastructure programme. PPC is exploring a number of avenues to see how it can play a complementary role and add momentum in its execution.

On behalf of the board

**BL Sibiyi**  
*Chairman*

**KM Gordhan**  
*Chief executive officer*

**MMT Ramano**  
*Chief financial officer*

15 May 2013

## Dividend announcement

Notice is hereby given that the interim ordinary gross dividend of 38 cents per share has been declared payable to ordinary shareholders in respect of the six months ended 31 March 2013. This dividend will be paid out of profits as determined by the directors.

In terms of dividends tax, the following information is disclosed:

- the local dividends tax rate is 15%
- no STC credits have been utilised in this declaration and accordingly the dividend to utilise in determining the dividends tax is 38 cents per share
- the dividends tax to be withheld by the company amounts to 5,7 cents per share where no exemption is applicable
- the net dividend payable to shareholders who are not exempt from dividends tax amounts to 32,3 cents per share
- the issued share capital of the company at the declaration date comprises 605 379 648 shares
- the company's income tax reference number is 9460015606

The important dates pertaining to this dividend for shareholders trading on the JSE Limited are as follows:

Declaration date	Wednesday, 15 May 2013
Last day to trade	Friday, 31 May 2013
Shares trade Ex dividend	Monday, 3 June 2013
Record date	Friday, 7 June 2013
Payment date	Monday, 10 June 2013

Share certificates may not be dematerialised or rematerialised between Monday, 3 June 2013 and Friday, 7 June 2013, both dates inclusive. Transfers between the South African and Zimbabwean registers may not take place between Monday, 3 June and Friday, 7 June 2013, both dates inclusive.

### **Zimbabwe**

The important dates pertaining to this dividend for shareholders trading on the Zimbabwe Stock Exchange are as follows:

Shares trade Ex dividend	Monday, 3 June 2013
Record date	Friday, 7 June 2013
Payment date, on or shortly after	Monday, 10 June 2013

The register of members in Zimbabwe will be closed from Monday, 3 June 2013 to Friday, 7 June 2013, both days inclusive, for the purpose of determining those shareholders to whom the dividend will be paid. The dividend payable to shareholders registered in Zimbabwe will be paid in South African rand.

By order of the board

**JHDLR Snyman**  
*Group company secretary*

15 May 2013  
Sandton

## Condensed consolidated income statement

	Six months ended			Year ended
	31 March 2013 Reviewed Rm	31 March 2012 Reviewed Rm	% Change	30 Sept 2012 Audited Rm
<b>Revenue</b>	<b>3 812</b>	3 529	8	7 346
Cost of sales	<b>2 569</b>	2 347	(9)	4 809
<b>Gross profit</b>	<b>1 243</b>	1 182	5	2 537
Administration and other operating expenditure	<b>381</b>	319	(19)	671
<b>Operating profit before items listed below:</b>	<b>862</b>	863		1 866
BBBEE IFRS 2 charges	<b>29</b>	5		123
Zimbabwe indigenisation costs	<b>82</b>	—		—
<b>Operating profit</b>	<b>751</b>	858	(12)	1 743
Finance costs (refer note 3)	<b>184</b>	186	1	377
Investment income	<b>10</b>	14	(29)	30
<b>Profit before exceptional items</b>	<b>577</b>	686	(16)	1 396
Exceptional items	<b>(12)</b>	—		—
Share of associates' profit	<b>5</b>	2		7
<b>Profit before taxation</b>	<b>570</b>	688	(17)	1 403
Taxation	<b>245</b>	281	13	557
<b>Profit for the period</b>	<b>325</b>	407	(20)	846
<b>Attributable to:~</b>				
– Ordinary shareholders	<b>295</b>	369	(20)	768
– Other shareholders	<b>30</b>	38	(20)	78
	<b>325</b>	407	(20)	846
<b>Earnings per share (cents)</b>				
– basic	<b>62</b>	78	(21)	161
– diluted	<b>61</b>	77	(21)	159

## Consolidated statement of comprehensive income

<b>Profit for the period</b>	<b>325</b>	407		846
<b>Other comprehensive income, net of taxation</b>	<b>79</b>	(28)		29
Effect of translation of foreign operations	<b>58</b>	(43)		17
Effect of cash flow hedges	<b>21</b>	14		14
Revaluation of available-for-sale financial investments	<b>—</b>	—		(4)
Taxation on other comprehensive income	<b>—</b>	1		2
<b>Total comprehensive income</b>	<b>404</b>	379		875

~ Profit for the period is apportioned between ordinary and other shareholders based on the number of shares held by each category of shareholders as a ratio of total shares in issue (refer note 5).

### **NORMALISED EARNINGS PER SHARE\***

– Earnings per share	<b>83</b>	80	4	185
– Headline earnings per share (refer note 4)	<b>85</b>	80	6	185

\* Normalised earnings per share is calculated before the impact of BBBEE IFRS 2 charges and Zimbabwe indigenisation costs.

## Condensed consolidated statement of financial position

	<b>31 March 2013 Reviewed Rm</b>	31 March 2012 Reviewed Rm	30 Sept 2012 Audited Rm
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>5 777</b>	4 655	4 998
Property, plant and equipment	5 035	4 318	4 483
Intangible assets	341	129	139
Non-current financial assets	126	117	106
Investments in associates	275	91	267
Deferred taxation asset	—	—	3
<b>Current assets</b>	<b>2 245</b>	1 819	1 909
Inventories	918	802	841
Trade and other receivables	1 063	896	820
Cash and cash equivalents	264	121	248
<b>Total assets</b>	<b>8 022</b>	6 474	6 907
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Stated capital (refer note 5)	(1 236)	(1 180)	(1 181)
Other reserves	446	147	282
Retained profit	1 843	1 784	2 075
<b>Equity attributable to shareholders of PPC Ltd</b>	<b>1 053</b>	751	1 176
Non-controlling interest	512	—	—
<b>Total equity</b>	<b>1 565</b>	751	1 176
<b>Non-current liabilities</b>	<b>3 827</b>	3 853	4 008
Deferred taxation liabilities	988	754	859
Long-term borrowings (refer note 6)	2 451	2 686	2 716
Provisions and other non-current liabilities	388	413	433
<b>Current liabilities</b>	<b>2 630</b>	1 870	1 723
Short-term borrowings (refer note 6)	1 729	1 166	869
Trade and other payables and provisions	901	704	854
<b>Total equity and liabilities</b>	<b>8 022</b>	6 474	6 907
<b>Net asset value per share (cents)</b>	<b>202</b>	144	225

## Condensed consolidated statement of changes in equity

	Six months ended		Year ended
	31 March 2013 Reviewed Rm	31 March 2012 Reviewed Rm	30 Sept 2012 Audited Rm
<b>Total equity</b>			
<b>Balance at beginning of the period</b>	<b>1 176</b>	955	955
Total comprehensive income	<b>404</b>	379	875
Shares purchase in terms of the FSP share incentive scheme treated as treasury shares (refer note 5)	<b>(55)</b>	(89)	(89)
Securities transfer taxation on cancellation of treasury shares (refer note 5)	—	—	(1)
Dividends paid	<b>(569)</b>	(505)	(706)
IFRS 2 charges	<b>97</b>	11	142
– BBBEE IFRS 2 charges	<b>29</b>	5	123
– Zimbabwe indigenisation IFRS 2 charges	<b>55</b>	—	—
– FSP IFRS 2 charges	<b>13</b>	6	19
Non-controlling interest arising on acquisition of subsidiary	<b>512</b>	—	—
<b>Balance at end of the period</b>	<b>1 565</b>	751	1 176

## Condensed consolidated statement of cash flows

	Six months ended		Year ended
	31 March 2013 Reviewed Rm	31 March 2012 Reviewed Rm	30 Sept 2012 Audited Rm
<b>Cash flow from operating activities</b>			
Operating cash flows before movements in working capital	1 074	1 091	2 317
Net movement in working capital	(4)	(202)	(33)
<b>Cash generated from operations</b>	<b>1 070</b>	889	2 284
Net finance costs paid and dividends received	(104)	(105)	(216)
Taxation paid	(230)	(261)	(417)
<b>Cash available from operations</b>	<b>736</b>	523	1 651
Dividends paid	(569)	(505)	(706)
<b>Net cash flow from operating activities</b>	<b>167</b>	18	945
Investment in property, plant and equipment	(294)	(277)	(609)
Acquisition of subsidiary companies (refer note 7)	(140)	(42)	(42)
Acquisition of equity in associates	—	—	(172)
Other investing movements	(26)	—	(26)
<b>Net cash flow from investing activities</b>	<b>(460)</b>	(319)	(849)
Proceeds received from issuance of corporate bond (refer note 6)	650	—	—
Purchase of shares in terms of the FSP share scheme (refer note 5) <sup>^</sup>	(55)	(89)	(89)
Other net financing movements	(302)	287	17
<b>Net cash flow from financing activities</b>	<b>293</b>	198	(72)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>—</b>	(103)	24
Cash and cash equivalents at beginning of the period	248	224	224
Cash and cash equivalents acquired on acquisition of subsidiary company	6	—	—
Impact of exchange rate differences on opening cash and cash equivalents	10	—	—
<b>Cash and cash equivalents at end of the period</b>	<b>264</b>	121	248
<b>Cash earnings per share (cents)<sup>*</sup></b>	<b>142</b>	100	315

<sup>\*</sup>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 (refer note 5).

<sup>^</sup>Shares purchased in terms of the FSP share scheme have been reclassified to financing activities as they represent movements in equity.

## Notes to the reviewed half-year results

### 1. Basis of preparation

The condensed consolidated interim financial report for the six months ended 31 March 2013 has been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (in particular International Accounting Standard 34 Interim Financial Reporting), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, the JSE Limited's Listings Requirements and the requirements of the South African Companies Act. This report was compiled under the supervision of the chief financial officer, MMT Ramano CA(SA).

The accounting policies and methods of computation used are consistent with those used in the preparation of the annual financial statements for the year ended 30 September 2012, except for the following revised accounting standards and interpretations that were adopted during the period, and which did not have an impact on the reported results:

IAS 1 (amendment) Presentation of Items of Other Comprehensive Income

IAS 12 Deferred Taxation (recovery of underlying assets)

The condensed consolidated interim financial information for the period ended 31 March 2013 has been reviewed by the group's auditors, Deloitte & Touche. The review was conducted in accordance with International Standard on Review Engagement 2410 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. A copy of their unmodified review report is available for inspection at the company's registered office. Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the group's auditors.

	<b>31 March 2013 Reviewed Rm</b>	31 March 2012 Reviewed Rm	30 Sept 2012 Audited Rm
<b>2. Profit before taxation</b>			
Included in profit before taxation are:			
Amortisation of intangible assets	<b>17</b>	11	22
Consultation fees incurred on BBBEE transaction	—	5	15
Depreciation	<b>244</b>	219	439
Donation made in terms of PPC Zimbabwe's indigenisation transaction	<b>27</b>	—	—
Impairment losses on plant and equipment and intangible assets	<b>12</b>	—	—
IFRS 2 charges:			
– BBBEE IFRS 2 charges	<b>29</b>	5	123
– Zimbabwe indigenisation IFRS 2 charges	<b>55</b>	—	—
– cash settled IFRS 2 charges	<b>2</b>	19	22
– equity settled IFRS 2 charges	<b>13</b>	6	19
<b>3. Finance costs</b>			
Bank and other borrowings	<b>36</b>	24	52
Long-term loans	<b>82</b>	83	166
BBBEE funding transaction	<b>65</b>	62	136
– dividends on redeemable preference shares	<b>29</b>	29	68
– long-term borrowings	<b>36</b>	33	68
Finance lease interest	<b>1</b>	2	4
Fair value (gains)/losses on financial instruments	<b>(9)</b>	5	3
Unwinding of discount on rehabilitation provisions	<b>10</b>	11	22
	<b>185</b>	187	383
Capitalised to plant and equipment	<b>(1)</b>	(1)	(6)
	<b>184</b>	186	377

## Notes to the reviewed half-year results *continued*

	31 March 2013 Reviewed Rm	31 March 2012 Reviewed Rm	30 Sept 2012 Audited Rm
<b>4. Headline earnings per share</b>			
<b>Headline earnings per share (cents)</b>			
– basic	64	78	162
– diluted	63	77	160
– basic (excluding BBBEE IFRS 2 and Zimbabwe indigenisation charges)	85	80	185
– diluted (excluding BBBEE IFRS 2 and Zimbabwe indigenisation charges)	84	79	183
<b>Determination of headline earnings per share (cents)</b>			
Earnings per share	62	78	161
Adjusted for:			
– Impairment of plant and equipment and intangible assets	2	—	—
– Loss on disposal of property, plant and equipment and intangible assets	—	—	1
<b>Headline earnings per share</b>	64	78	162
BBBEE IFRS 2 and Zimbabwe indigenisation charges	21	2	23
<b>Headline earnings per share (excluding BBBEE IFRS 2 and Zimbabwe indigenisation charges)</b>	85	80	185
<b>Headline earnings (Rm)</b>			
Profit for the period	325	407	846
Impairment losses on financial assets	—	—	1
Impairment of plant and equipment and intangible assets	12	—	—
Taxation on impairment of plant and equipment and intangible assets	(1)	—	—
Reversal of impairment	—	—	(1)
Loss on disposal of property, plant and equipment and intangible assets	—	—	3
Taxation on loss on disposal of property, plant and equipment and intangible assets	—	—	(1)
<b>Headline earnings</b>	336	407	848
<b>Attributable to:</b>			
– Ordinary shareholders	305	369	769
– Other shareholders	31	38	79
<b>Headline earnings</b>	336	407	848
BBBEE IFRS 2 charges and Zimbabwe indigenisation costs	111	5	123
<b>Headline earnings (excluding BBBEE IFRS 2 and Zimbabwe indigenisation charges)</b>	447	412	971
<b>Attributable to:</b>			
– Ordinary shareholders	405	374	881
– Other shareholders	42	38	90

## Notes to the reviewed half-year results *continued*

	31 March 2013 Reviewed	31 March 2012 Reviewed	30 Sept 2012 Audited
<b>5. Stated capital</b>			
<b>Number of shares and weighted average number of shares</b>	<b>Shares (000)</b>	Shares (000)	Shares (000)
<b>Number of shares</b>			
Total shares in issue at beginning of the period	566 030	586 170	586 170
Add: New shares issued in terms of the second BBBEE transaction <sup>±</sup>	39 350	—	—
Less: Treasury shares owned by wholly owned group subsidiary company	—	(20 140)	—
Less: Cancellation of treasury shares owned by wholly owned group subsidiary company <sup>^</sup>	—	—	(20 140)
Less: Shares held by consolidated BBBEE trusts and funding SPVs treated as treasury shares <sup>*</sup>	(37 972)	(37 991)	(37 991)
Less: New shares issued in terms of the second BBBEE transaction treated as treasury shares <sup>±</sup>	(39 350)	—	—
Less: Shares held by consolidated Porthold Trust (Private) Limited treated as treasury shares <sup>@</sup>	(1 285)	(1 285)	(1 285)
Less: Shares purchased in terms of the FSP share incentive scheme treated as treasury shares <sup>#</sup>	(4 745)	(3 080)	(3 080)
Total shares in issue (net of treasury shares)	522 028	523 674	523 674
– Ordinary	473 470	475 116	475 116
– Other <sup>\$</sup>	48 558	48 558	48 558
<b>Weighted average number of shares</b>			
– Used for earnings and headline earnings per share	474 794	476 914	476 009
– Used for dilutive earnings and headline earnings per share	481 920	482 371	481 470
– Used for cash earnings per share	522 028	523 674	524 567

## Notes to the reviewed half-year results *continued*

	31 March 2013 Reviewed Rm	31 March 2012 Reviewed Rm	30 Sept 2012 Audited Rm
<b>5. Stated capital (continued)</b>			
<b>Stated capital<sup>~</sup></b>			
Balance at beginning of the period	(1 181)	—	—
Transfer from share capital and premium	—	—	(1 181)
Shares purchased in terms of the FSP share incentive scheme treated as treasury shares <sup>#</sup>	(55)	—	—
Balance at end of the period	(1 236)	—	(1 181)
<b>Issued share capital</b>			
Balance at beginning of the period	—	53	53
Transfer to stated capital <sup>~</sup>	—	—	(53)
Balance at end of the period	—	53	—
<b>Share premium</b>			
Balance at beginning of the period	—	(1 144)	(1 144)
Securities transfer taxation on cancellation of shares <sup>^</sup>	—	—	(1)
Shares purchased in terms of the FSP share incentive scheme treated as treasury shares <sup>#</sup>	—	(89)	(89)
Balance at end of the period	—	(1 233)	(1 234)
Transfer to stated capital <sup>~</sup>	—	—	1 234
<b>Total issued share capital and premium</b>	—	(1 180)	—

<sup>~</sup>Shares issued in terms of the second BBBEE transaction which was approved in September 2012. This transaction was facilitated by means of a notional vendor funding (NVF) mechanism resulting in the new shares only participating in 20% of the dividends declared by PPC until the end of the NVF period, 30 September 2019. The entities holding these shares are consolidated into the PPC group during the term of the transaction in accordance with IFRS.

<sup>^</sup>In 2012, the treasury shares owned by PPC Cement (Pty) Ltd were bought back by PPC Ltd and cancelled after the repurchase.

<sup>\*</sup>In terms of IFRS SIC Interpretation 12 (Consolidation – Special Purpose Entities), certain of the BBBEE trusts and trust funding SPVs are consolidated, and as a result, shares owned by these entities are carried as treasury shares on consolidation.

<sup>@</sup>Shares owned by a Zimbabwean employee trust company treated as treasury shares in terms of SIC Interpretation 12.

<sup>#</sup>In 2011 and 2012, shareholders approved the forfeitable share plan (FSP) to retain and incentivise employees of PPC. During the period, the company acquired 1 664 880 (2012: 3 079 853) shares on the open market and these shares are carried as treasury shares.

<sup>§</sup>The shares issued to the Strategic Black Partners and Community Service Groups, in terms of PPC's first BBBEE transaction, have been pledged as security for their funding obligations and as a result are treated as a separate class of equity.

<sup>~</sup>In 2012, the company increased its authorised ordinary shares and changed its par value ordinary shares to ordinary shares with no nominal or par value. The preferences, rights, limitations and other terms attaching to the no par value shares in the company have the same preferences, rights, limitations and other terms which were attached to the par value authorised ordinary shares.

## Notes to the reviewed half-year results *continued*

	<b>31 March 2013 Reviewed Rm</b>	31 March 2012 Reviewed Rm	30 Sept 2012 Audited Rm
<b>6. Borrowings</b>			
– Long-term loan*	<b>1 516</b>	1 517	1 518
– Corporate bonds <sup>§</sup>	<b>650</b>	—	—
– Finance lease liability <sup>®</sup>	<b>—</b>	14	—
– Consolidated in terms of acquisition of subsidiary company <sup>#</sup>	<b>84</b>	—	—
– Preference shares <sup>^</sup>	<b>88</b>	110	110
	<b>2 338</b>	1 641	1 628
BBBEE funding transaction <sup>~</sup>	<b>113</b>	1 045	1 088
– Preference shares	<b>113</b>	473	495
– Long-term borrowings	<b>—</b>	572	593
Total long-term borrowings	<b>2 451</b>	2 686	2 716
Short-term borrowings and short-term portion of long-term borrowings	<b>1 729</b>	1 166	869
<b>Total borrowings</b>	<b>4 180</b>	3 852	3 585

\*Comprises a bullet loan, bearing interest at a fixed rate of 10,86% p.a., and is repayable in December 2016, with interest payable semi-annually.

<sup>§</sup>In March 2013, PPC issued a three-year unsecured floating rate corporate bond at a variable coupon of three-month JIBAR plus 1,26% per annum. This bond was issued under the company's R6 billion Domestic Medium Term Note programme.

<sup>®</sup>Bears interest at a fixed rate of 13,1% with interest and capital repayable annually with the last payment payable in April 2013.

<sup>#</sup>Loan assumed on acquisition of Cimerwa Ltd. Loan bears interest at a rate of 16% p.a., and is repayable in 2017. The loan is denominated in US dollars and is secured against Cimerwa's land and building.

<sup>^</sup>Redeemable preference shares bearing semi-annual dividends, with variable interest rates linked to prime and fixed rates between 9,24% to 9,37% p.a. and compulsory annual redemptions ending December 2016.

<sup>~</sup>Redeemable preference shares bearing semi-annual dividends, with variable interest rates linked to prime and compulsory annual redemptions until December 2016, and loans bearing interest, after giving effect to fixed-for-variable interest rates swaps, at a rate of 11,36% p.a., with interest and capital repayable in December 2013. As part of the funding is repayable in December 2013, R972 million has been reflected under short-term borrowings.

In terms of IFRS, these long-term borrowings have been consolidated as PPC Ltd has provided guarantees for funding that had an outstanding balance of R1 081 million as at 31 March 2013 (March 2012: R1 015 million and September 2012: R1 066 million).

The company's borrowing powers are not restricted.

## Notes to the reviewed half-year results *continued*

	31 March 2013 Reviewed Rm	31 March 2012 Reviewed Rm	30 Sept 2012 Audited Rm
<b>7. Acquisition of subsidiary companies</b>			
Property, plant and equipment	432	26	26
Intangible assets (including goodwill)	219	28	28
Current assets	751	5	5
Long-term provisions and deferred taxation	(187)	(7)	(7)
Current liabilities	(74)	—	—
Non-controlling interest	(512)	—	—
<b>Total consideration</b>	<b>629</b>	52	52
Paid to Cimerwa for new equity in the company	181	—	—
Payable to Cimerwa for new equity in the company	312	—	—
Paid to previous shareholders of Cimerwa	136	—	—
	<b>629</b>	—	—
Paid to previous shareholders of the Botswana quarries	4	42	42
Payable to previous shareholders of the Botswana quarries	—	10	10
	<b>4</b>	52	52
Impact of the transactions on the results for the respective period ended:			
Revenue	26	9	18
Operating loss	(5)	(3)	(4)
Loss attributable to shareholder	7	(4)	(8)
Impact on EPS and HEPS (cents per share)	1	(1)	(1)

In January 2013 PPC acquired a 51% equity stake in a Rwandan cement company, Cimerwa Ltd. The transaction value amounts to US\$69,4 million of which US\$15 million was paid to previous shareholders of the company, while a further US\$20 million was paid to subscribe for shares in Cimerwa. The remaining purchase consideration, for further subscription in shares in Cimerwa, will be paid in three tranches, with the last payment being in December 2013. As the company is consolidated and US\$54,4 million is payable to Cimerwa, only the US\$15 million payable external to the PPC group is reflected as a cash flow outside the consolidated PPC group. The fair values of assets acquired and liabilities assumed were determined based on provisional allocation of the total consideration.

In October 2011 all conditions precedent with regards to the transaction to acquire three aggregate quarries in Botswana were met. The transaction value amounted to R52 million and the consideration paid amounted to R4 million (2012: R42 million). The purchase consideration outstanding is payable on the second anniversary of the transaction.

<b>8. Commitments</b>			
– Contracted capital commitments	1 018	180	192
– Approved capital commitments	164	307	125
Capital commitments*	1 182	487	317
Operating lease commitments	18	17	19
	<b>1 200</b>	504	336

\*Excludes the second 25% tranche on acquisition of Pronto Holdings (Pty) Limited which is payable in June 2013 and the remaining 50% payable in 2014. The purchase consideration is determined using an EBITDA multiple less net debt.

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

## Notes to the reviewed half-year results *continued*

	31 March 2013 Reviewed Rm	31 March 2012 Reviewed Rm	30 Sept 2012 Audited Rm
<b>9. Segment analysis</b>			
The group discloses its operating segments according to the business units which are managed by the group executive committee. These segments comprise cement, lime, aggregates and BBBEE.			
<b>Revenue</b>			
Cement	3 329	2 975	6 246
Lime	365	433	838
Aggregates	138	138	299
	3 832	3 546	7 383
Less: Inter-segment revenue	(20)	(17)	(37)
<b>Total revenue</b>	3 812	3 529	7 346
– South Africa	2 959	2 847	5 786
– Rest of Africa	853	682	1 560
<b>EBITDA</b>			
Cement	1 065	965	2 087
Lime	61	113	188
Aggregates	9	18	56
BBBEE trusts and trust funding SPVs	(12)	(3)	(4)
<b>EBITDA</b>	1 123	1 093	2 327
<b>Operating profit</b>			
Cement	834	763	1 682
Lime	41	95	151
Aggregates	(1)	8	37
BBBEE trusts and trust funding SPVs	(12)	(3)	(4)
<b>Operating profit before items listed below:</b>	862	863	1 866
BBBEE IFRS 2 charges	(29)	(5)	(123)
Zimbabwe indigenisation costs	(82)	—	—
<b>Operating profit</b>	751	858	1 743
<b>Assets</b>			
Cement	7 289	5 722	6 153
Lime	463	478	467
Aggregates	268	272	285
BBBEE trusts and trust funding SPVs	2	2	2
<b>Total assets</b>	8 022	6 474	6 907

### 10. Events after the reporting date

There are no events that occurred after the reporting date that may have a material impact on the group's reported financial position at 31 March 2013.

## Administration

### Directors

BL Sibiya (Chairman), KM Gordhan (Chief executive officer), S Abdul Kader, P Esterhuysen, ZJ Kganyago, AJ Lamprecht, NB Langa-Royds, MP Malungani, S Mhlarhi, B Modise, MMT Ramano, TDA Ross, J Shibambo

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### Transfer secretaries Zimbabwe

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### Company Sponsor

Merrill Lynch South Africa (Pty) Limited

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