sustaining the nation's future

Pretoria Portland Cement Company Limited

ANNUAL REPORT 2007

Vision and Values

VISION

To more than double the 2006 value of the company for all stakeholders by 2010.

ACHIEVEMENT

Through their dedication and efforts for more than a century, the people of PPC have built the leading cement and lime company in Africa. The group's products have also played a vital part in the development of southern Africa. It is a proud achievement.

COMMITMENT

PPC is committed to excellence in satisfying customers' needs and strives for total quality in everything it does.

The company is also committed to the transformation, growth and diversification of the South African economy. As such, the group's human resources development strategy concentrates on the growth and development of its employees, including skills development and career path planning.

OUR VALUES

- We believe in satisfying our customers' needs
- We supply quality products and services
- We respect the individual
- We provide a non-discriminatory, healthy, safe and challenging work environment
- We are committed to improving the quality of life for our people
- We strive for security
- We care for the environment and the communities in which we operate
- We act professionally

OUR STRATEGY

The company's strategies remain to:

- Focus on core businesses;
- Generate superior cash flow returns;
- Achieve global competitiveness;
- Develop globally competitive people;
- Practise sound corporate, environmental and social governance; and
- Build on our strengths through synergistic growth.

Pretoria Portland Cement Company Limited

(Incorporated in the Republic of South Africa)
(Company registration number: 1892/000667/06) JSE code: PPC ISIN: ZAE000096475

Financial Highlights

Revenues up 19% to

R5,6 billion

Operating profit increases by 17% to

R2,2 billion

HEPS up 16% to

263 cents

Cash generated from operations up 8% to

R2,2 billion

Dividends per share up 21% to

265,5 cents per share

Market capitalisation on JSE Limited increases by 37% to

R24,4 billion

Some see a mere stretch of land. Others see a space to develop new opportunities. Whatever your view, PPC is building foundations for the future.

2010 FIFA World Cup stadium projects have commenced and are drawing increasing cement volumes

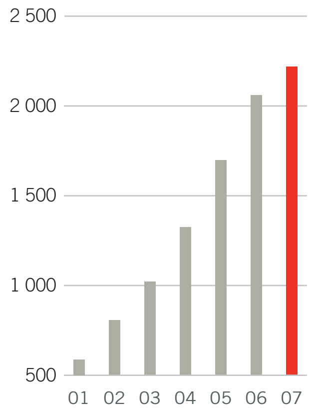
Financial Summary

Audited group operating results for the year ended 30 September

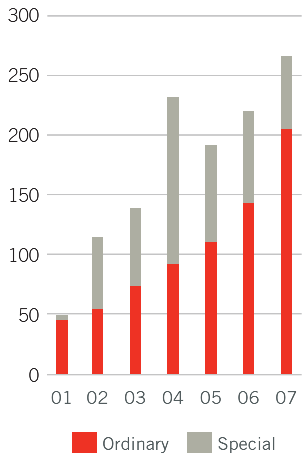
	2007 Rm	2006 Rm	2005 Rm
Revenue	**5 566**	4 686	3 974
Operating profit	**2 174**	1 861	1 509
Operating margin (%)	**39,1**	39,7	38,0
Net assets	**2 349**	2 203	2 027
Operating cash flow	**2 192**	2 031	1 668
HEPS (cents)*	**263**	226	172
Dividends (cents)*			
Interim	**39**	33	26
Final	**166**	110	84
Special	**61**	77	80
Number of employees	**3 097**	3 025	3 010
Cement capacity (tons 000) *SA operations only*	**6 000**	5 700	5 500

**Restated for effect of the 10:1 share subdivision*

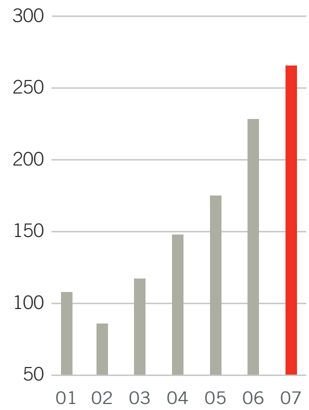
Cash generated from operations (Rm)



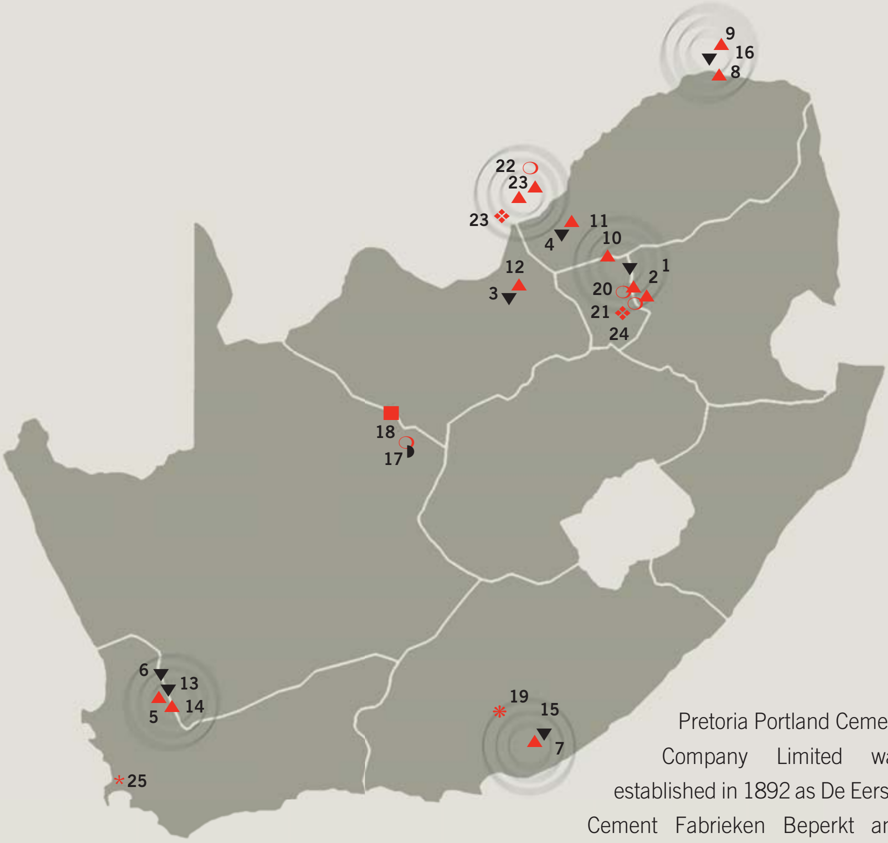
Dividend per share (cents)



Headline earnings per share (cents)



Organisational Profile



- Hercules.............................. 1
- Jupiter................................ 2
- Slurry 3
- Dwaalboom 4
- Riebeeck............................ 5
- De Hoek 6
- Port Elizabeth 7
- Colleen Bawn 8
- Bulawayo............................ 9
- Beestekraal quarry............... 10
- Dwaalboom quarry............... 11
- Slurry quarry........................ 12
- Zoutkloof quarry 13
- Riebeeck quarry 14
- Grassridge quarry 15
- Colleen Bawn quarry............ 16
- Lime Acres 17
- Lime Acres quarry 18
- Mount Stewart quarry 19
- Laezonia quarry................... 20
- Mooiplaas quarry................. 21
- Kgale quarry........................ 22
- Gaborone Cement................ 23
- Head office (Sandton)........... 24
- Saldanha............................ 25

Pretoria Portland Cement Company Limited was established in 1892 as De Eerste Cement Fabrieken Beperkt and listed on the JSE Securities Exchange South Africa in 1910 and Zimbabwe Stock Exchange in 2001. PPC was unbundled from Barloworld Limited on 16 July 2007.

The history of the company is closely linked to the growth and development of the country. PPC has produced cement for many of the country's most famous landmarks and construction projects. These include the Union Buildings, the Gariep Dam, Van Stadens River Bridge, the Huguenot Tunnel and much of the rest of southern Africa's infrastructure.

PPC Cement is the leading supplier of cement in southern Africa. Its nine manufacturing facilities in South Africa, Zimbabwe and Botswana have capacity to produce 6,9 million tons of cementitious products per annum. The company's distribution network supplies quality branded cement to the building and construction industry, concrete product manufacturers and retail outlets such as builders merchants, hardware stores and DIY centres. The company's cementitious brands include the market-leading "Surebuild" brand in South Africa, "Botcem" in Botswana and "Unicem" in Zimbabwe. In addition to serving the southern African domestic markets, cement is exported to other African countries and the Indian Ocean islands.

Related products sold include aggregates from the company's Gauteng quarries at Mooiplaas and Laezonia and in Botswana.

PPC Lime is the leading supplier of metallurgical grade lime, burnt dolomite, limestone and related products in southern Africa. It operates one of the largest lime plants in the world at Lime Acres in the Northern Cape province of South Africa.

Lime is one of the world's most widely used chemicals. Its major applications include its use as a flux in pyrometallurgical industries (e.g. steel making) and as a neutraliser, coagulant or chemical catalyst in gold extraction, water purification, effluent treatment, sugar refining and the manufacture of industrial chemicals. Hydrated lime is used primarily for water purification and soil stabilisation. Graded and crushed limestone products are sold to the water treatment and metallurgical industries.

Dolomite products are sold primarily to the metallurgical industries.

▲ Cement plants ▼ Limestone quarries ❍ Aggregate quarries ■ Lime quarries ◗ Lime plant ❋ Gypsum quarry ❖ Head office
* Materials handling facility

PPC

PPC LIME – 100%

PPC CEMENT – 100%

Mooiplaas Dolomite – 100%

One of the main suppliers of quality construction materials and readymix concrete, Mooiplaas Dolomite is committed to the production of quality aggregates and sands to meet customers' requirements in the most cost effective manner.

Porthold – 100%

Registered in Zimbabwe, UNICEM is a cement made at the Bulawayo Factory from high quality raw materials. Clinker is interground with gypsum and an appropriate amount of extender.

PPC Botswana – 100%

The PPC Botswana operation has been open for over 50 years. Along with the cement blending operation, the sales office is situated in Gaborone and supplies cement throughout Botswana.

Kgale Quarries – 100%

Situated at Kgale Hills, is a granite quarry, where granite is processed into concrete aggregates and sands.

Performance Highlights

- Regional cement demand grows 10%.
- Cement demand supplemented with import of cement to meet customer needs.
- Strong cash generation allows change of dividend policy and payment of special dividend.
- A R604 million inland cement milling upgrade and expansion project in progress.
- Dwaalboom Batsweledi project within budget and on time with commissioning planned for 2nd calendar quarter 2008.

The promise of a single drop mirrors the promise in every child.
By harnessing that promise, we unleash the power of a nation. PPC is there.

R604 million inland cement milling upgrade expansion project announced

Chairman's Report

R5,6 billion

a 19% growth in revenue

Long hours, dedication and commitment by the PPC team have been hallmarks of 2007; with the processes of running a tight production schedule, progressing the capacity expansion projects, an empowerment transaction and unbundling from the parent company, Barloworld.

PPC's unbundling from the Barloworld group was completed in July this financial year. The process went smoothly and numerous services previously provided by Barloworld are now being undertaken in-house at PPC. In addition, staff and pensioners were moved to new group medical aid schemes. Further, the share split of 10 for 1 was completed and PPC now trades with significant free float and has positioned itself as an "infrastructure share" internationally.

I indicated at the annual general meeting held in January, that I intended to step down as chairman as soon as the company's broad-based black economic empowerment transaction was completed and a black chairman could be appointed.

A self imposed tight deadline of 30 September 2007 was set for the completion of the empowerment transaction. The broad-based nature, complexity and number of parties involved in the transaction, and the approaching holiday season means that shareholder approval of the scheme will only be sought in 2008 and I will remain as chairman pending the completion of this transaction.

- Cement growth -

The past year has seen a solid performance by the company; characterised by continued cement volume growth, albeit somewhat slower, manufacturing output which almost reached capacity and the regular import of cement, ensuring that customer needs were met. Operating profit increased 17% to R2 174 million with headline earnings per share of 263 cents per share, a 16% rise.

All cement kilns ran hard for the year, with some of the older equipment requiring significantly more maintenance. Maintenance crews were stretched to undertake repairs in record time whilst factory and distribution staff worked long hours to ensure our customer delivery promises were met.

Cement demand continues to climb locally, and whilst higher interest rates will inevitably temper demand in the residential sector, this could well be offset by an increased government infrastructure spend. Investment by government continues with tenders for major roads, ports, electricity plants, airports, stadiums and dams being awarded or in the pipeline. The ongoing need for low-cost housing in South Africa will also account for growing cement demand locally.

To meet demand, Surebuild cement manufactured to PPC's specifications was imported from China and supplied to the South African coastal markets and Mozambique. In addition, our Porthold Zimbabwe plant also supplied clinker and cement to South Africa and Botswana which alleviated some of the pressures in the Inland market. Imports were restricted to the lower end of the volume range predicted last year as particularly wet weather conditions in the Western Cape curtailed cement demand during the winter months. Whilst there has been significant media coverage related to cement imports into South Africa, our imports represented only 5% of total sales.

Additional logistical costs were incurred with the movement of cement around the country, so that product was available in the correct

“PPC is at the forefront of developing distinctively better ways to anticipate and respond to imminent challenges.”

markets, thereby meeting our customer delivery promises. The Batsweledi expansion project will increase capacity in the Inland region, and provide cement to a region where it is most needed.

- Economic growth -

The Reserve Bank’s interest rate increases, while aimed at restricting inflation to the 3 – 6% band, could curb GDP growth in the short term. The infrastructure spend mentioned previously, along with delivery pressure from 2010 FIFA World Cup projects, still bodes well for the construction and cement industry, which we believe should allow for significant cement growth to at least 2014.

The South African cement industry continues its phase of expansion to accommodate current and projected future demand. PPC, Lafarge and Cimpor all have major expansion projects in place. In addition, the industry saw a new entrant when Orascom announced a 2 million ton per annum facility planned for the North West for completion by the end of 2010.

- Capital projects -

Progress on capital projects is going according to plan and the Batsweledi cement kiln at our Dwaalboom facility is on track to be commissioned early in 2008. After the ramp-up phase, it will have a capacity of 1,25 million tons per annum. It is testament to the hard work and dedication of the PPC team that this major project is on time and within budgeted cost. The new mill project at our Hercules plant in Pretoria is also on track. The civil work is under construction, and the mill itself has been ordered and is in the process of being manufactured. The Riebeeck West expansion and modernisation project study for the Western Cape is progressing well but has been delayed by the environmental impact assessment and regulatory approval process. Whilst this delay is unfortunate, we have continued with the specification of equipment, plant layout and engineering design. Over the past year there has been no growth in cement demand in the Western Cape and therefore this delay should not have any major impact on either the project or our ability to supply the cement requirements in the province over the medium term.

- Zimbabwe -

PPC has faced many challenges in the past year, and our team has tackled them with determination and commitment. We have been faced with increasingly difficult trading conditions. Price controls imposed by the government across the board in June are placing additional strain on the company. Whilst there has been some relaxation to the harsh pricing measures initially introduced, ongoing shortages of production inputs and a Zimbabwe selling price which is insufficient to cover production costs, require us to focus increasingly on exports to sustain operations. On a positive note, the ability to earn foreign exchange from these exports has allowed the company to continue with capital projects that will address production bottlenecks in the future. We extend our thanks to the team for their ongoing support and perseverance under very difficult circumstances. We remain committed to our Zimbabwe operation.

- Other operations -

Our lime business has enjoyed a good year. We are seeing benefits from re-negotiated supply contracts, which have had a positive impact on performance. Our team is well placed to pursue export opportunities in Zambia and the DRC, following growth in the mining sector in those regions.

The aggregate business performed strongly and the board approved an expansion to the Laezonia quarry at a cost of R39 million in August. This will add a further 340 000 tons of capacity in the coming year.

- Broad-based black economic empowerment -

The company remains committed to transformation and fully embraces the objectives of the Department of Trade and Industry BBBEE transformation guidelines. The company is proud of its progress and track record in this regard.

In line with the transformation goals of the company, the board has approved an empowerment scheme which allows the company to meet the Mining Charter's 15% initial equity ownership target allowing conversion of "old order" mining rights to "new rights".

The scheme comprises two elements, namely equity ownership by employees, communities and industry associations through the establishment of various trusts, and a strategic partner element by a number of strategic black partners. The board has approved the details pertaining to the structure, and legal and funding agreements are currently in the process of finalisation.

Discussions with selected strategic black partners are at an advanced stage and the legal and funding formalities together with final board approval should be capable of completion shortly. It is anticipated that the complete empowerment scheme will be presented to shareholders for approval early in 2008.

- Governance -

Strong corporate governance continues to be a priority. I welcome Ntombi Langa-Royds and Zibusiso Kganyago to the board as independent non-executive directors. Further non-executive director appointments are to be made and will allow more diverse representation at the board. This will also enable us to ensure the appropriate skills mix and that all sub-committees to the board are appropriately structured in accordance with the principles of good corporate governance.

- Safety, environment and social upliftment -

Safe working conditions and wellbeing of staff in all areas continue to be a priority for PPC, and we re-committed the company to improving safety in the past year. Our safety record for 2007 has been very pleasing and we extend thanks to all our staff that put safety first. We aim to be incident- and injury-free at all operations within the group.

The past few years have seen increasingly stringent environmental legislation being introduced to South African industry. PPC embraces the high standards set by government, and is continually assessing operations and implementing measures to comply with – and in some cases exceed – standards. Regulations governing emission levels have tightened recently, requiring us to invest further to ensure compliance.

Our long-term commitment to uplifting and investing in communities in South Africa continued in 2007, with involvement in numerous new and existing enterprise development projects. We support and invest in sustainable projects and programmes that have lasting benefits to communities, rather than adopting a hand-out approach. PPC can be justifiably proud of its legacy of community work in South Africa.

61 cents per share special dividend for shareholders

A notable achievement this year was the launching of the operations leg of the technical and apprentice academy with 21 learners benefiting during the first half of the year. These candidates embarked on the first and only accredited cement manufacturing qualification in South Africa. The academy's mission is to build future leaders and to transform the company and its people through life-long learning and skills development. The company also opened a sales and marketing academy to provide learners with the ability to obtain national certificates in the areas of sales and customer relationship management. In addition, the company was awarded the Deloitte "Best Manufacturing Company to Work For" award for the 5th consecutive year.

- Cash flow and dividends -

Continuing positive market conditions and the company's strong cash generation has enabled the company to once again distribute excess cash resources to shareholders by way of special dividend. A special dividend of 61 cents per share and a final ordinary dividend of 166 cents per share were declared by the board.

- The future -

Growing demand for cement will require that additional capacity and more frequent equipment replacement be undertaken by the company. These investments are inherently large and the company will introduce increased levels of external debt to fund this expenditure.

Whilst new capacity, such as the Batsweledi project have lower cash production costs, the benefit of this is likely to be off-set by increased energy, operating and logistics costs in other parts of the business and will possibly limit a further widening of the cash operating margin.

The incremental cement capacity available on the Batsweledi project will impact earnings positively in the second half of the 2008 financial year but is dependent on how long the ramp-up to full production takes, after planned commissioning in April 2008. This, together with positive market conditions, should enable the company to continue to report improved performance and strong operating cash flows for the coming year.

- Appreciation -

In a year that held much excitement and challenge, the PPC team once again displayed the outstanding qualities that have made the company what it is today. From unbundling to on-time delivery and logistics planning, the people at PPC strove to be the best and my thanks go to them and our board of directors, especially Eddie Theron who retired at the last meeting, for another excellent year.

MJ Shaw
Chairman

Chief Executive Officer's Report

PPC now has over

35 000 shareholders

This 2007 annual report is our first annual report following PPC's unbundling from parent Barloworld Limited which came into effect from 16 July 2007. Barloworld acquired control of PPC in 1977 and after almost 30 years PPC is once again an independently listed company.

The theme of this report is delivering on our commitments and many of this year's achievements are described in more detail throughout the report. They include achievements in delivering on our commitments to our customers, our shareholders and of course the employees who make up our wonderful Team PPC. Any company that thrives for 115 years can attribute that longevity and success to the people who have built the company, both past and present and the company's values and culture will ensure that it continues to grow into the future. This has not been an easy year and has required an almost Herculean effort from everybody in the PPC team right from the factory floors up to the executive team.

- Significant new milestones -

It has been a year of many new milestones apart from the unbundling.

It has been a year of unprecedented demand in the history of the South African cement industry and an unprecedented year in PPC's history, of running all 13 production lines in South Africa for the entire year at demanding production levels.

At the same time as running all our operations flat out, our management team and particularly our project team have been extremely busy with the various expansion projects.

Through all of this we had to keep our customers supplied whilst also experiencing pressure to supply non-traditional customers when our competitors could not.

It was also a year of unprecedented earnings, cash flow and dividends for our shareholders.

- Unbundling -

In terms of the normal day to day running of PPC, the unbundling has made very little difference to the majority of our employees. It means that they now merely have a wider spread of shareholders for whom they have to concentrate on creating increasing value every day.

The process of unbundling a listed company is not complex but involves many regulatory procedures and issues and attendant documentation and took five months to complete.

In terms of the unbundling agreement concluded with Barloworld, we had to assume responsibility for several of the services provided previously by the group. The company has appointed a new legal adviser/group company secretary and is in the process of appointing an investor relations manager. The company has also appointed certain external service providers. The related additional costs will be offset by the savings in fees previously paid to Barloworld Limited for services.

We implemented new employment contracts for all ex-Barloworld employees who did not have PPC contracts and effected their transfers between retirement funds. We also arranged new medical aid cover for all employees historically on the Barloworld medical aid scheme. This change took place almost seamlessly and resulted in slightly lower costs to the company and members for very similar or slightly better benefits.

We have implemented a new Long-Term Incentive Plan (LTIP) to incentivise senior management and executives into the future through a cash-settled rights appreciation scheme based on the growth in the PPC share price. The Short-Term Incentive Scheme (STIS) was revised to be more appropriate to the conditions of PPC and in line with current best practices in South Africa. Both the LTIP and STIS are covered in more detail in the remuneration committee section of the corporate governance report.

We now have over 35 000 shareholders and a current total of 22% international ownership. The company will become more proactive both locally and internationally in communication with shareholders and prospective shareholders as that role is no longer played by Barloworld Limited.

"We are on track to commission the new Batsweledi capacity early in 2008 on time within budget."

- Unprecedented cement demand -

Cement volumes continued to reflect good growth as the South African economy entered a fifth consecutive year of growth, driving regional demand to a record 15,3 million tons per annum. The compound growth rate over this period has been almost 10% per annum and is reflected in the history of regional cement demand growth reflected on the graph on page 17. The cumulative volume growth over the six years since 2001 is likely to reach almost 100% increase by the end of 2007.

Gauteng remained the powerhouse driver of demand accounting for nearly 40% of domestic volumes whilst the Eastern Cape market also exhibited double-digit growth. The Western Cape was flat year on year as the higher than usual winter rainfall disrupted construction activities. The Botswana market grew by 20% as that economy showed signs of recovering after several years of decline.

The government's stated intent to triple the number of low-cost houses built annually could minimise the impact of any interest rate induced slow-down in private housing cement demand in the medium term.

The increased infrastructural investment planned by government, Eskom and other sectors is gathering momentum and we therefore expect continued demand growth in the year ahead. The bulk to bag ratio has begun to show signs of the anticipated swing toward bulk as the large infrastructural projects are gaining momentum.

Most of the five new 2010 FIFA World Cup stadium projects, existing stadium upgrades and the Gautrain metro contract have commenced and are drawing increasing cement volumes. The Gauteng Province recently announced a R22 billion motorway upgrade project to be completed before 2010. We understand that the commencement of the two new thermal power station projects for Eskom and the new R6,8 billion KwaZulu-Natal "King Shaka international airport" will be announced shortly.

- Delivering on our commitments to customers -

To meet the increased demand in the Inland market, we imported 330 000 tons of Surebuild cement we had manufactured in China. 220 000 tons of this cement supplemented our coastal cement supply and the balance was supplied to Mozambique. This effectively freed up 330 000 tons of our Inland production for the Inland and Botswana markets. In addition, we supplied the Inland market with 120 000 tons of cement from our Western Cape factories and a further 140 000 tons supplied from our Zimbabwean operations.

- Delivering new capacity and technology -

The company has not built a new production line since 1983/4, so it has been necessary to re-build our engineering and project management expertise and capacity to cope with our expansion and modernisation programme over the next decade or so. During the year we have made significant progress with our two major Inland expansion projects. Both projects are running on time and within budget and considering the difficult conditions currently prevailing in the infrastructural arena in South Africa, this underscores the professionalism of our projects team.

Commissioning of the 1,25 million ton Batsweledi expansion at Dwaalboom is planned during the second calendar quarter of 2008. Consequently the benefit of additional cement production will be limited to the second half of the year and will depend on how quickly ramp-up to full production is achieved. In the meantime, we will continue to supply any cement demand shortfall with imported Surebuild product.

Construction of the state-of-the-art cement milling facility in Pretoria is well underway and will come on stream mid 2009 in the Inland region. It will not only replace old equipment, but will allow us to mill our total Inland kiln output with all the old production lines running, and also increase product blending effectively adding a further 350 000 tons of cement capacity to the Inland region.

We anticipate that together with some additional output from existing capacity, these two projects will add a possible 700 000 tons to our manufactured output in 2008, an additional 450 000 tons in 2009 and a further 900 000 tons in 2010. This assumes that all the old production lines are still being run to help minimise imports for the country until other new industry capacity comes on stream.

It is important to note that these old plants are significantly less energy efficient and are more maintenance costly than new technology plants. They therefore cannot run indefinitely and also cannot economically be made to comply with future environmental emissions standards and will thus have to be permanently retired when the supply and demand situation permits.

The Riebeeck West capacity expansion and modernisation project for the Western Cape market is progressing well and the environmental impact assessment report and 13 supporting specialist studies will be submitted for approval during December 2007. We are hopeful that the necessary regulatory approvals can be obtained in the second quarter of 2008 to enable us to submit this project to the board for approval.

Pre-feasibility studies are under way for the next Inland capacity expansion and modernisation project where we are fortunate enough to have the choice of four possible strategic options; two brown-field and two green-field options. We must stress that it is unlikely that any board decisions to proceed will be made before 2009 at the earliest and will be dependent on regional market growth rates.

- Operations review -

All factory kilns and mills ran at very high utilisation levels, resulting in the need for increased maintenance costs as a result of both equipment age and higher stress on machinery operating continuously at this pace.

- Other operations -

The Lime and Aggregates operations had another year of strong operating profit growth. The expansion projects underway at the Laezonia and Mooiplaas quarries will make them two of the biggest in the region.

- Zimbabwe -

We commenced a R90 million project for a new cooler to de-bottleneck the Colleen Bawn kiln for the future. Utilising our Zimbabwe cash resources, we obtained the necessary foreign exchange and have paid for the equipment being imported.

- Delivering on our shareholder commitments -

We are focused on delivering superior cash flow returns to shareholders and 2007 has been another year of achievement in that regard. We have discontinued the use of HOLT metrics and are currently evaluating various alternative value metrics for the future as we remain committed to creating real value returns which recognise the replacement cost of our long-life fixed assets.

- Delivering on our health and safety commitments -

As in previous years, we had a huge focus on health and safety this year. Following the launch of the company's Behavioural-Based Safety initiative in October 2006, the safety environment has shown a dramatic overall improvement. Our Lost Time Injury Frequency Rate (LTIFR) for the year declined to only 0,4, which compares very favourably to international benchmarks. Most importantly there were no fatalities, and we continue to implement complementary safety initiatives aimed at driving our LTIFR even lower. During October 2007 there was not one single lost time injury in the whole of the PPC group. We are proud of this achievement given the pressures the team has been working under this past year, and safety within PPC remains "not negotiable."

- Delivering on the care and growth of our employees -

Through the philosophy and practices of our Kambuku people programme, we continue to make great progress in the care and growth of our employees. Significant strides have been made yet again in employment equity especially considering the extremely challenging shortage of technical skills in our country currently. Of the

Behavioural-based safety

initiative shows improved safety record

1 072 employees in the semi-skilled and trainee category, 92% are employment equity (EE) employees, almost 50% of the 662 employees in the skilled and upper technical category, and nearly 33% of those in the middle management and professional category are EE. Our progress this past year is covered in detail in the social report section of the sustainability review.

It is indeed pleasing that all of the development programmes and processes that we have been building over the past years are bearing fruit. It is also pleasing that the major part of the employment equity advancement is benefiting our existing very loyal and long serving value creating PPC people.

- Delivering on our social responsibilities -

We continue to broaden our community corporate social investment, enterprise development and affirmative procurement activities. This year a total of over R900 million or 40% of our procurement was from Historically Disadvantaged South Africans, an increase of almost 50% over the previous year.

Progress on achieving our commitments under the Mining Charter is contained in the sustainability review and is commended to your reading.

- Delivering on our environmental responsibilities -

We invested just over R30 million this past year to reduce dust emissions at several of our cement and lime factories.

We are currently involved in discussions with the cement industry and our National Department of the Environment in preparing a proposed phasing and capital costs of retrofits to our older plants to reduce particle emissions to meet customised South African standards derived from the European Union air quality standards. This will not apply to the very old production lines that we propose retiring permanently once market conditions permit over the next two or three years.

We refer you to the extensive coverage contained in the environmental report section of the sustainability review.

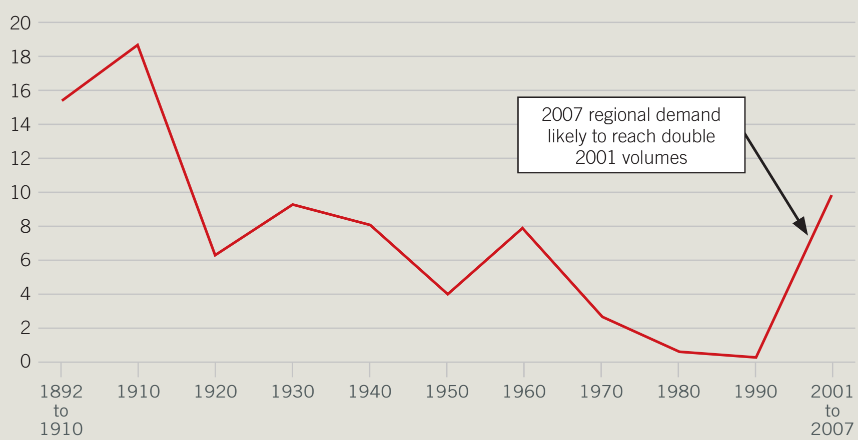
- Conclusion -

In summary this has been a challenging and busy year, but I believe that all stakeholders can look back on the year with the satisfaction that it was another year of major milestones in our long and unique history.

My sincerest thanks go to all the members of our dedicated and proud Team PPC.

JE Gomersall
Chief executive officer

SA regional cement demand compound growth per decade
%



Management Review

Sustainability Review

Financial Review

Behind the flick of a switch that powers a nation's dreams lies a vast framework that stretches to every corner of the country, built by PPC.

Continued growth

in cement volumes saw all our production units running to meet customer demand

Management Review

Sustainability Review

Financial Review

Board of Directors

COMMITTEES

Audit committee
MJ Shaw (Chairman)
JE Gomersall
J Shibambo

Risk management and compliance committee
J Shibambo (Chairman)
O Fenn
JE Gomersall
RH Dent
MJ Shaw

Black economic empowerment and transformation committee
JE Gomersall (Chairman)
MJ Shaw
J Shibambo
AJ Lamprecht

Remuneration committee
MJ Shaw (Chairman)
NB Langa-Royds
J Shibambo

Nominations committee
J Shibambo (Chairman)
NB Langa-Royds
MJ Shaw

MANAGEMENT

Trevor Barnard (41)
Managing Director, Portland Holdings Limited, Zimbabwe
BEng (Mech), MEng (Mech)

Johan Claassen (48)
Executive, Lime Operations
BEng (Mech), Pr Eng

Brian Graumann (44)
Executive, Finance – Treasury & Compliance
BCom, BAcc, CA (SA)

Colin Jones (54)
Executive, Group Technical Services
BSc (Hons), BCom

Pepe Meijer (47)
Executive, Cement Operations
BEng (Mech), MBA

Kevin Odendaal (40)
Executive, Group Supply Chain Services
BSc (Mech Eng), Pr Eng

Riaan Redelinghuys (37)
Executive, Aggregates
NHD Industrial Engineering

Koos Taljaard (49)
Executive, Projects
BEng (Mech), Pr Eng

Jacques van Jaarsveld (41)
Executive, Group Finance
BAcc, BCom (Hons), CA (SA)

Craig Waterson (48)
Executive, Cement Sales and Marketing
BSc (Civ Eng), MBL, Pr Eng

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Board of Directors

PPC

EXECUTIVE DIRECTORS

1. **JE Gomersall** (61) (British)
CA (SA)
Chief executive officer

John Gomersall joined Barloworld in 1971 and has completed in excess of 35 years in capital-intensive commodity businesses. He started his career in the stainless steel and ferrochrome industries, culminating in his appointment as group managing director of Middelburg Steel and Alloys (Pty) Ltd in 1986. He joined the Barloworld board in 1989 and moved into the cement and lime business segment as group managing director of Pretoria Portland Cement in 1992. In 1990 he led the business team that created the Middelburg Peace Forum, which was the role model for the National Peace Accord in South Africa. He is a past deputy president of the International Chrome Development Association, headquartered in Paris, and past chairman of the South African Cement and Concrete Institute.

2. **S Abdul Kader** (37)
BSc, BB & A (Hons), MBA (Cum laude)
Director, organisational performance and transformation

Salim Abdul Kader was appointed to the PPC board in May 2005 as executive director responsible for organisational performance. In addition, during 2007, he also assumed executive responsibility for transformation. He joined the PPC group in 2004 as organisational performance director, cement division and was thereafter appointed an alternate director on the PPC board in November 2004.

Prior to joining PPC he was the organisational effectiveness executive for the Tiger Brands group responsible for human resources development. Salim started his career with Tiger Food Brands in the technical and operations functions before moving into human resources.

3. **RH Dent** (56)
BSc (Hons), BCom, Dip Datametrics
Director, Lime, Aggregates and strategic projects

Harley Dent was appointed to the PPC board in 1993 as director, strategic projects. He joined Cape Portland Cement Company Limited, a subsidiary of PPC, in 1978 and has been with the group for 29 years. He is a fellow of the South African Chemical Institute, the South African Institute of Mining and Metallurgy and the Institute of Quarrying of Southern Africa. He is a past chairman of the Institute of Quarrying of Southern Africa and is currently chairman of the Aggregate & Sand Producers Association of South Africa (APASA).

4. **P Esterhuysen** (51)
BCom, BAcc, CA (SA)
Chief financial officer

Peter Esterhuysen was appointed to the PPC board in December 2003. He has prior experience in cement, having been a divisional director of the cement division of PPC from 1996 to 2001. He was group financial director in the Coatings division of Barloworld until rejoining PPC in 2003.

Prior to joining PPC in 1996, he held various executive directorship positions in a number of South African manufacturing and retailing companies, including major corporates. He has extensive experience in all aspects of manufacturing, corporate finance and taxation.

5. **O Fenn** (53) (British)
BSc (Hons) Eng, MPhil Eng, Dr Eng
Chief operating officer

Orrie Fenn was appointed chief operating officer in May 2005. He was appointed to the PPC board in March 2004 as managing director, cement division. He joined the PPC group in 1999, initially to lead the global technical benchmarking of the cement division facilities. Later in that same year he was appointed operations director of the cement division, with responsibility for the South African cement factories and quarries. In 2002 he was appointed sales and marketing director of the cement division.

Prior to joining PPC, he spent seven years at the Chamber of Mines Research Organisation (COMRO) and obtained a doctorate in the field of underground rock boring. He was also projects director of the Murray & Roberts cement, aggregate and ready mix division.

He is a member of The SA Institute of Mining & Metallurgy, a fellow of the SA Institute of Quarrying and has a government Certificate of Competency (Mines and Works).

NON-EXECUTIVE DIRECTORS

6. **AJ Lamprecht** (55)
BCom, LLB, PED-IMD

André Lamprecht was appointed to the PPC board in 1997. He practised as an advocate of the High Court of South Africa prior to being invited to join the Barloworld group in 1981. From 1983, he played a leading role in steering the group through a turbulent decade of political transition into a post-apartheid South Africa. He was appointed to the Barloworld Limited board in 1993, assuming responsibility for the company's interests in Namibia and Botswana in addition to human resources, social investment and other responsibilities. Currently he is chief executive officer of Barloworld Coatings. He has served on behalf of Barloworld on numerous public bodies and is a past chairman of Business South Africa, past president of AHI and past chairman of its Board of Trustees and Chairman of the Standing Committee on Corporate and Public Governance. He is also a director of the National Business Initiative (NBI), trustee of the Business Trust and former business convenor of the Trade and Industry Chamber of the National Economic Development and Labour Advisory Council (Nedlac), a member of its executive council, a member of the BUSA and CHAMSA councils and a member of the Retirements Funds Advisory Committee of the Minister of Finance. He was also a long-standing senior member of the Standards Committee of the International Labour Organization (ILO).

INDEPENDENT NON-EXECUTIVE DIRECTORS

7. **ZJ Kganyago** (41)
BCom

Zibusiso Kganyago was appointed to the PPC board in October 2007. She is the executive director of gaming developments at Tsogo Sun. Zibusiso has been involved with property development and construction management over the past thirteen years.

She is a non-executive director of the Johannesburg Property Company, a member of the National Land Affairs Board and a member of the Institute of Black Property Practitioners.

She is a member of the Estate Agents Board and has an Advanced Diploma in Property Planning, Development and Management, University of Nevada Executive Development Programme.

8. **NB Langa-Royds** (45)
BA (Law), LLB

Ntombi Langa-Royds was appointed to the PPC board in October 2007. She owns Nthake Consulting, a human resources consulting firm specialising in human resources management and allied services. She has twenty-one years' experience in the human resources environment, with previous positions as Director of Human Resources at Independent Newspapers Holdings Limited, South African Broadcasting Corporation and Bevcan division of Nampak Limited.

She is a non-executive director of Exhibitions for Africa, Momentum Group Limited, Momentum Health (Pty) Limited, Primedia Publishing (Pty) Limited, Respiratory Care Africa Limited and Human Capital Institute (Africa).

9. **MJ Shaw** (69)
CA (SA)
Chairman

Martin Shaw was appointed to the PPC board in 2001. He served as managing partner, chief executive and chairman of Deloitte & Touche in South Africa until his retirement from the firm in 2001. He was president of the Natal Society of Chartered Accountants from 1977 to 1978 and president of the South African Institute of Chartered Accountants from 1982 to 1983.

He is chairman of Reunert Limited and a director of Illovo Sugar Limited, JD Group Limited, Liberty Group Limited, Liberty Holdings Limited, Murray & Roberts Holdings Limited, Standard Bank Group Limited and Standard Bank of South Africa Limited.

10. **J Shibambo** (59)
Dip Bus Econ, Dip Bus Admin, Dip Estate Agency

Joe Shibambo was appointed to the PPC board in May 2005. He has been involved in the construction industry since 1979, and has gained invaluable knowledge in building construction, construction management, property development and the implementation of BEE development programmes. He is the managing director of Hlamalane Investment Holdings, a holding company established in 2005. Through his organisation, he helps historically disadvantaged individuals in the basic management principles of the construction industry and the effective management thereof. He was the first black independent residential developer to start a "green fields" township development and the first independent contractor to build a shopping centre, both of which were in Soweto.

Chief Financial Officer's Report

R2,2 billion

a 17% growth in operating profit

– Financial results –

Group revenue increased 19% to R5,6 billion whilst operating profit rose 17% to R2,2 billion.

Cement margins were impacted by the dilutionary effect of imports at little or no margin, and by increased energy, transport and maintenance costs.

Lime revenue and operating profit improved significantly over the prior year as the benefits of renegotiated long-term sales supply agreements flowed through for the full year.

The aggregates operations experienced another year of strong volume growth and both Gauteng quarries approached full capacity.

In line with IFRS 5 (Non-current assets held for sale and discontinued operations), Afripack (Pty) Limited was consolidated as an asset classified as held for sale for the year ended 30 September 2006. During October 2006, the preference shares were redeemed and Afripack (Pty) Limited's results deconsolidated.

Consistent with 2006, the results of Porthold, a wholly-owned Zimbabwean subsidiary, have not been consolidated into the group.

– Cash flow –

The cash generation ability of the group remained strong. Cash generated from operations increased by 8% to R2,2 billion (2006: R2,0 billion; 2005: R1,7 billion).

– Working capital management –

Inventory levels increased as higher levels of maintenance and consumable stores, coal and raw materials and imported cement stocks are necessary at this time of higher output levels and logistics complexities.

Carrying value of trade receivables increased on higher revenues. The last day of September 2007 was a Sunday and many customers only transferred funds on 1 October 2007, increasing the value of receivables as at the balance sheet date.

– Dividends –

The directors have declared an increased final dividend of 166 cents per share (2006: 110 cents per share; 2005: 84 cents per share). In addition, the board approved the payment of a special dividend of 61 cents per share (2006: 77 cents per share; 2005: 80 cents per share), effectively distributing all current year earnings of the company to shareholders.

The directors have reviewed and amended the target dividend cover to a range of 1,2 to 1,5 times, up from the historical cover of between 1,5 and 1,6 times. In addition, in any given year, the directors will consider an additional distribution to the shareholders of cash that is surplus to requirements.

– Capital expenditure –

The cash impact of capital expenditure was:

	2007 Rm
Dwaalboom (Batsweledi) expansion project	**635**
Hercules (Ntshafatso) expansion project	**39**
Other expansion projects	**151**
Expansion projects	**825**
Other replacement projects	**129**
TOTAL	**954**
Projected cash flows for 2008	
– Dwaalboom (Batsweledi) expansion project	**339**
– Hercules (Ntshafatso) expansion project	**268**
Expected average annual replacement capital expenditure	**200 – 250**

“Strong cash flows and the current low level of borrowings will enable the company to take on higher levels of debt.”

Capital expenditure including interest capitalised of R8 million (2006: Nil; 2005: Nil) amounted to R962 million (2006: R395 million; 2005: R177 million) and related mainly to the Batsweledi expansion. There were also a number of plant upgrades of an environmental nature and expenditure on quarries, the balance being attributable to plant replacements.

– Banking facilities –

Following the unbundling from Barloworld Limited, the group has increased its short-term borrowing facilities with external financial institutions. These facilities were utilised to fund capital expansion programmes and investment in working capital.

– Incentivisation accounting –

Post unbundling from Barloworld, PPC re-imbursed Barloworld R30 million in full and final settlement of the equity-settled share incentive scheme liability relating to the number of unexercised Barloworld share options held by PPC executive directors and senior executives. This payment was charged against equity compensation reserves.

A total of R3 million (2006: R1 million; 2005: R3 million) was expensed in terms of IFRS 2, relating to the equity-settled share option scheme referred to above, and also the recently introduced cash-settled long-term share option scheme. This scheme is the replacement to the Barloworld share option scheme which previously incentivised PPC executive directors and senior management on a long-term basis.

– Share buyback –

The directors have general authority to buy back a maximum of 7,5% of the issued share capital of PPC. A special resolution will be put forward at the next annual general meeting for approval to renew this authority and to increase it to 10%. Share buybacks will be considered on an ongoing basis, where appropriate.

– Capital structure –

Balance sheet structuring is a key focus, and the strong cash flows and current low levels of borrowings will enable the group to take on higher levels of debt. Future capital expenditure will be funded through borrowings. As the equity of the group has been eroded by special dividends, a debt to equity ratio is not an appropriate measurement and the board has determined that gross debt/EBITDA and interest cover are more appropriate. Target debt levels of around two times gross debt/EBITDA multiple and around five times interest cover has been established that will, at current levels, allow for approximately R5 billion debt.

Several options for capital restructuring and optimisation of the weighted average cost of capital are being evaluated with advisers.

– Segmental information –

Although IFRS 8 (Operating Segments) has not yet been adopted by the company, and only becomes effective for financial years after 1 January 2009, business and geographical information has been included on pages 156 – 157 of this annual report.

– Market conditions –

Cement

South Africa

Cement volumes continued to reflect good growth as the South African economy entered a fifth year of sustained economic growth. Regional cement sales volumes grew 10% over last year with the residential and non-residential construction sectors performing strongly. The Inland market experienced particularly strong growth, with cement supply supplemented by the PPC factories in Zimbabwe and the Western Cape.

330 000 tons of cement manufactured to Surebuild specifications was imported from China, which supplemented the Coastal markets of Mozambique, Port Elizabeth and Cape Town. Imports represented approximately 5% of total sales.

Botswana

The Botswana economy has shown steady growth after several years of decline, with cement volumes increasing by over 20% on last year. Demand is being driven by high business confidence and numerous small to medium contracts supplied through the retail chain.

Zimbabwe

Operating and trading conditions became increasingly more difficult as the country reeled under inflation rates increasing into the thousands, together with price "roll-back" and freeze. Declining domestic demand and a selling price which is insufficient to cover production costs require us to increasingly focus on exports to sustain operations.

The ongoing inability to exercise effective control justifies the continued non-consolidation of this company's results.

Lime

Local demand was down slightly on that of the prior year, affected by extended planned maintenance shutdowns at some major customers. However, this was offset to some degree by exports to Zambia.

Aggregates

Local volumes were at similar levels to last year, whereas the volume at the Kgale quarry in Botswana increased substantially following the closure of a competitor. All operations benefited from the continued focus on price optimisation.

Unfortunately due to prevailing market conditions, the readymix business in Gaborone was exited.

– Operations –

Cement

South Africa

All factory kilns and mills ran at very high utilisation levels, resulting in the need for increased maintenance costs as a result of both equipment age and higher stress on machinery. The logistics associated with the movement of product around the country increased costs, which in many instances was further exacerbated by having to resort to road transport due to a shortage of rail capacity.

Rail and coal energy cost increases also continued substantially above PPI inflation with pithead prices on some coal contracts increasing dramatically.

Electricity costs are also expected to rise significantly as Eskom embarks on its capital-intensive drive to add much needed capacity.

Growing international energy demand will continue to put pressure on the availability of the appropriate coal quality for cement manufacture. The spiralling international fossil fuel prices and the concerns over the consequent upward pressure on global cement prices are being voiced internationally.

Zimbabwe

Operating conditions remain difficult.

There are an increasing number of power cuts by the electricity provider, ZESA, impacting on operations, whilst ongoing supply constraints on raw materials, particularly coal, make regular running of kilns and related equipment very demanding.

Balance sheet

structuring under review

The deteriorating economic situation in Zimbabwe is such that many skilled workers are leaving the country in search of a better future in the neighbouring countries, particularly South Africa, and the ability to retain staff has become a key focus.

Lime

The operation performed well during the year. The kiln 9 filter upgrade was successfully completed at a cost of R20 million whilst development of the Bowden North quarry continued and is substantially complete. Significant input cost increases, particularly coal and railage will impact margins in the short term, until such time as they are recovered in terms of annual contractual sales price adjustments.

Aggregates

As both Gauteng quarries approached full capacity, a 340 000 ton per annum expansion project costing R39 million is underway at Laezonia which will make it, along with Mooiplaas, one of the biggest aggregate quarries in the country. In addition, a 400 000 ton per year mobile crushing plant which was used to supply stone to the Batsweledi expansion project has been relocated to Mooiplaas and will supplement capacity.

– Prospects –

The current cement demand forecast will necessitate the continued high utilisation of older equipment until it can be replaced by new, more efficient plant, and will require increased maintenance cost and capital expenditure to achieve operating efficiencies. Production shortfalls will be supplemented with imported Surebuild cement at little or no margin.

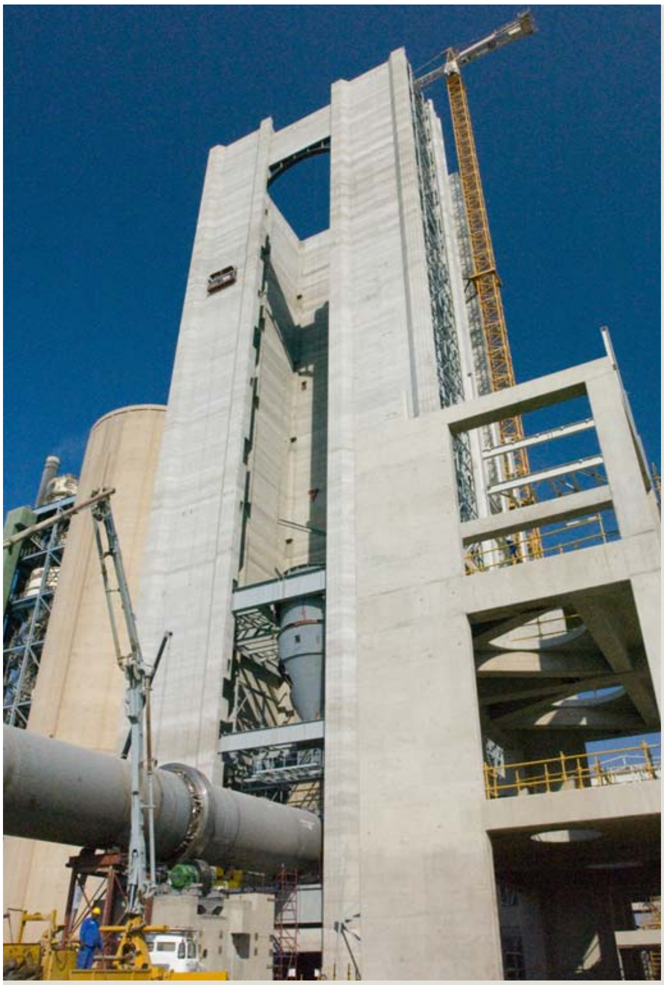
Whilst the incremental manufactured volume from the Batsweledi project as it comes on stream in the second half of 2008 will result in a lower cash cost of production, this benefit is only expected to be realised when regular plant operation is achieved sometime after commissioning. In addition, increased energy, operating and logistics cost in other parts of the business is likely to prevent further widening of the operating margin in the coming year.

The Lime and Aggregate businesses are expected to continue to maintain margins and report improved performance.

Positive market conditions and continued growth in cement volumes should enable the company to report improved performance and operating cash flows for the ensuing year.

P Esterhuysen
Chief financial officer

Corporate Governance Structure and Management Systems



The company is incorporated in South Africa under the provisions of the Companies Act, 1973, as amended. PPC and its subsidiaries are fully committed to the principles of fairness, discipline, independence, accountability, transparency and social responsibility associated with good corporate governance.

The company accepts the principles and firm recommendations set out in the 2002 King Code of Corporate Practices and Conduct (King II), and complies with the additional requirements of the JSE Limited. Non-compliance is noted and reasons given.

In terms of non-financial aspects, the company complements these extended reporting requirements by adopting the Global Reporting Initiative's Sustainability Reporting (GRI) guidelines on economic, environmental and social performance. The company has also continued to meet the criteria of the JSE Limited's Social Responsibility Index since its inception in 2004.

PPC's systems of corporate governance are continually evolving as the needs and expectations of stakeholders develop.

Key achievements during the period to meet these needs and expectations include:

- The board of directors appointed an independent non-executive director as chairman of the board of directors from the conclusion of the annual general meeting on 23 January 2007 until the company has completed its black economic empowerment equity transaction, whereupon the board intends appointing a black chairman;
- Two new black female independent non-executive directors have been appointed to the board of directors; and

Formal board
performance evaluation conducted

- A formal board performance evaluation exercise was carried out during the period under review.

- Board accountability and delegated functions -

The general powers of the directors of PPC are conferred by the provisions of the company's articles of association and by the South African Companies Act.

In accordance with a formal charter the board has the following responsibilities:

- Approval of the strategic plan and rolling forecasts;
- Monitoring the implementation of board plans and strategies against the background of economic, environmental and social issues relevant to the company;
- Approving objectives and performance targets;
- Reviewing key risks, especially in respect of technology and systems;
- Appointment of the chief executive officer and other directors;
- Maintenance of succession plans; and
- Determination of overall policies and processes to ensure the integrity of the company's internal controls.

The charter expresses the board's philosophy in regard to excellence in customer satisfaction, quality and safety of products and services; optimisation in the use of assets and employee development; respect for human dignity and observance of fundamental human rights; national and international corporate citizenship, including sound relationships with regulatory authorities.

Whilst retaining overall accountability and subject to matters reserved to itself, the board has delegated to the chief executive officer and the other executive directors, authority to run the day-to-day affairs of the company.

Audit, risk management and compliance, black economic empowerment and transformation, nominations and remuneration committees assist the board in the discharge of its duties. Each committee acts within written terms of reference, under which certain functions of the board are delegated with clearly defined purposes and membership requirements. Board committees may take independent professional advice at the company's expense when necessary. The performance and effectiveness of the committees are subject to regular evaluation by the board. Chairmen of the board committees and the lead client service partner of the external auditors of the company are required to attend annual general meetings to answer questions raised by shareholders.

A formal self-evaluation of the board and its committees' performance and effectiveness was carried out during the period under review. This exercise was conducted by means of individual questionnaires completed by each board and committee member. All responses were treated confidentially. The group company secretary collated the results of all the questionnaires and reported the findings to the chairman of the board who advised the board of the results. The exercise has ensured that the board remains effective and relevant to the business objectives of the company. Whilst recognising progress made, the board will strive to adopt measures which will continually enhance the effectiveness of its function.

- Board of directors -

At year-end, there were five executive and four non-executive directors. Messrs WAM Clewlow, AJ Phillips and CB Thomson resigned from the board on 23 January 2007. Mr DG Wilson resigned from the board on 16 July 2007. Ms ZJ Kganyago and Ms NB Langa-Royds were appointed to the board on 17 October 2007. Mr EP Theron retired from the board following the board meeting on 29 October 2007.

The curriculum vitae of each director of the company is published on page 21.

The PPC board considers that Mr AJ Lamprecht who is currently an executive director of Barloworld Limited is a non-executive director of PPC but not independent.

Ms ZJ Kganyago and Ms NB Langa-Royds and Messrs MJ Shaw and J Shibambo are independent non-executive directors of PPC as contemplated in sub-paragraph 2.4.3 of the King Code of Corporate Practices and Conduct and paragraph 3.84(f) of the JSE Limited's listing requirements.

Once the company's black economic empowerment transaction has been finalised, the company plans to appoint further black non-executive directors to the board and a black non-executive chairman.

Considerable thought is given to board balance and composition and collectively the board believes that the current mix of knowledge, skill and experience meets the present requirements to lead the company effectively. The selection and nomination of directors takes place according to well-defined procedures to ensure the professional qualification and business experience required to meet the company's objectives.

The non-executive directors are considered to have the skill and experience to bring balanced and independent judgement to bear on board business.

The agenda and supporting papers are distributed to all directors prior to each board meeting. Explanations and motivations for items of business requiring decisions are given in the meeting by the appropriate executive director. This ensures that all the relevant facts and circumstances are brought to the attention of directors. When necessary, decisions are also taken by the directors between meetings by written resolution as provided for in the company's articles of association. Directors have unrestricted access to all company property, information and records.

Seven board meetings were held during the period under review. All the directors attended these meetings, except as indicated in the table below:

Date	Apologies tendered
18.12.2006	WAM Clewlow AJ Phillips
23.01.2007	CB Thomson
28.02.2007	No apologies
17.04.2007	AJ Lamprecht
07.05.2007	No apologies
08.08.2007	No apologies
29.10.2007	ZJ Kganyago NB Langa-Royds

The meeting held on 18 December 2006 was convened at short notice and the directors who were unable to attend were fully briefed on the business before the meeting and provided their input and decisions to the chief executive officer who referred these to the board at the meeting. The meeting held on 29 October 2007 had been re-scheduled at short notice and Ms ZJ Kganyago and Ms NB Langa-Royds were unable to change their business schedules and were thus unable to attend.

Any proposed new appointment of a director is considered by the board as a whole, on the

“The company plans to appoint further black independent directors to the board.”

recommendation of the nominations committee. The selection process involves consideration of the existing balance of skills and knowledge and a continual process of assessing the needs of the company. Other significant personal and/or business commitments of potential candidates for appointment are considered by the nominations committee as part of the selection process and are disclosed to the board. Non-executive directors are also required to advise the board of any subsequent changes to commitments from time to time. These changes must have the chairman’s approval if material.

The company arranges an induction programme for new directors. This includes an explanation of their fiduciary duties and responsibilities, director development programmes arranged through the Institute of Directors and visits to the main operations, where discussions with management facilitate an understanding of the company’s affairs and operations.

Directors are appraised, whenever relevant, of any new legislation and changing risks that may affect the business interests of the company.

In certain circumstances it may become necessary for a non-executive or independent director to obtain independent professional advice in order to act in the best interests of the company. Such a director also has unrestricted access to the chairman, executive directors and the group company secretary. Where a non-executive or independent director takes reasonable action and costs are incurred, these are borne by the company.

By convention, executive directors retire from the board at 63 years of age whilst non-executive and independent directors retire at the next annual general meeting following their 70th birthday.

In terms of the company’s articles of association, at every annual general meeting, at least one-third of the directors retire from the board. In addition, a director appointed by the board to fill a vacant seat must retire from that office at the next annual general meeting. Directors retiring in this manner may offer themselves for election or re-election, as the case may be, subject to recommendation from the nominations committee.

At the forthcoming annual general meeting, Ms ZJ Kganyago and Ms NB Langa-Royds, having been appointed as directors by the board during the year, are required to retire and Messrs S Abdul Kader, MJ Shaw and J Shibambo are required to retire by rotation in terms of the articles of association. All have offered themselves for election and re-election respectively at that meeting and the nominations committee has recommended their re-election.

There are no contracts of service between any directors and the company or any of its subsidiaries that are terminable at periods of notice exceeding three months and requiring payment of compensation with the exception of a fixed-term contract with Mr JE Gomersall that expires on 31 January 2010, after the annual general meeting and four months after his 63rd birthday. As the company had been unbundled from Barloworld, and was in the middle of a major capital expenditure programme until 2010, it was deemed to be in the company’s best interests that the services of the current chief executive officer were secured to lead the company through this important phase. Mr JE Gomersall has an option to take early retirement with six months’ notice.

Fees payable to non-executive and independent directors are recommended by the board and fixed by the shareholders at the annual general meeting.

Monthly meetings of the executive directors and senior executives were held during the period under review in order to assist the chief executive officer and the chief operating officer to guide and control the overall direction of the business of the company, monitor business performance and to act as a medium of communication and co-ordination between business units, group companies and the board.

- Chairman and chief executive officer -

No individual has unfettered powers of decision-making. Responsibility for running the board and executive responsibility for conduct of the business are differentiated. Accordingly, the roles of the chairman of the board and chief executive officer are separate.

- The group company secretary -

The group company secretary provides the board as a whole and directors individually with detailed guidance on the discharge of their responsibilities. He is also a central source of information and advice to the board and within the company on matters of ethics and good governance. Appointment and removal of the group company secretary are matters for the board as a whole. The group company secretary maintains and regularly updates a corporate governance manual, copies of which are distributed to all newly appointed directors.

The group company secretary ensures that the proceedings and affairs of the board, its committees, the company itself and, where appropriate, owners of securities in the company are properly administered in accordance with the pertinent laws. He ensures compliance with the rules and listing requirements of the JSE Limited and the Zimbabwe Stock Exchange on which the company's securities are listed. The group company secretary also administers the statutory requirements of the company and its subsidiaries in South Africa.

All directors have direct access to the group company secretary at all times. Directors and officers of the company keep him advised of all their dealings in securities of the company, and a report is tabled at the board meeting following any such dealings.

- Insider trading -

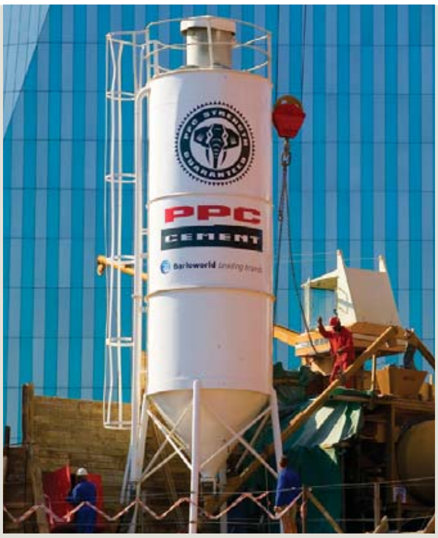
The Securities Services Act regulates transactions by directors and officers in securities issued by the company and the company has issued a set of guidelines and rules for its directors, officers and employees.

No employee, his/her nominee or members of their immediate family, may deal either directly or indirectly, at any time, in the securities of the company on the basis of unpublished price-sensitive information regarding the company's business or affairs. No director or officer of the company may deal in the securities of the company during the closed periods determined by the board in terms of a formal policy controlled by the group company secretary. Closed periods are from the end of the interim and annual reporting periods until 24 hours after the announcement of financial and operating results for the respective period. From time to time, additional periods may be declared "closed" if circumstances warrant this action.

Dealing in the securities of the company at any other time is permitted but approval must be obtained in advance of any transaction from the chief executive officer.

When any director or officer wishes to buy, sell or take a position in securities of the company, they

Seven consecutive years of recognition for financial reporting



must notify the group company secretary of their intentions prior to the transaction and record in writing immediately after the transaction the details thereof and deliver a detailed written record thereof to the group company secretary within 24 hours.

A list of persons who are restricted for this purpose has been approved by the board and is revised from time to time. A register of directors and officers is available for inspection at the company's registered office in Sandton, South Africa.

The listing requirements of the JSE Limited extend obligations regarding transactions in the securities of the company to be disclosed to the market within 48 hours and specifically include all group directors and the group company secretary and also any associate of the group's directors or group company secretary or any independent entity or investment managers through which the group directors or group company secretary may derive a present or future beneficial or non-beneficial interest.

- Accounting and reporting -

The board places strong emphasis on achieving the highest standards of financial management, accounting and reporting to shareholders.

PPC's annual report for 2006 earned a seventh consecutive placing in the excellent and good categories from Ernst & Young for "Excellence in Financial Reporting".

- Audit committee -

MJ Shaw (chairman), JE Gomersall, J Shibambo. During the period under review Messrs WAM Clewlow, CB Thomson and DG Wilson retired from the board and the committee. Mr JE Gomersall was appointed to the committee on 3 October 2007.

The audit committee consists of two independent directors and one executive director. Its chairman, Mr MJ Shaw is an independent non-executive director, however he is also the temporary chairman of the board of directors until the company has completed its black economic empowerment transaction. King II recommends that the chairman of the board of directors should not also be the chairman of the audit committee. However, the board has decided that Mr MJ Shaw's appointment as chairman of the board of directors is temporary and he should continue his important function as chairman of the audit committee. For reasons of good corporate governance, Mr MJ Shaw has not additionally been appointed as chairman of the nominations committee, although the temporary holding of this chairmanship by a non-executive director other than the chairman of the board is contrary to the JSE Limited's listing requirements.

Mr JE Gomersall's appointment to the audit committee is also of a temporary nature until further independent non-executive directors have been appointed to the board and new board committee members identified to fill this role.

Barloworld Group Internal Audit Services were contracted to provide internal audit services to the company until the end of the calendar year, whereafter the company has appointed Ernst & Young to provide this service.

The head of internal audit and the lead client service partner in charge of the external audit are invited to attend all meetings. They have unrestricted access to the chairman and other members of the audit committee. The chief financial officer and any other executives may, at the discretion of the chairman of the audit committee, also be invited to attend and be heard. No such invited attendee has voting rights.

The audit committee has written terms of reference. Its duties relate to the safeguarding of assets, the operation of adequate systems and control processes, noting of exposure to significant risks as reported by the risk and compliance committee and the presentation of accurate and balanced financial statements and reports complying with all relevant corporate disclosure requirements and accounting standards.

The board places strong emphasis on maintaining appropriate systems of internal control. An internal control scorecard is reported to the audit committee for each business operation twice a year. All defalcations above R1 000 are also reported.

The audit committee met on:

- 2 May 2007, to consider reports from the internal and external auditors and the interim report for the half-year ended 31 March 2007. The committee was satisfied that the interim financial information and the interim report were accurate and resolved that the chairman recommend approval by the board on 7 May 2007. The committee also considered the status of the company's tax risk management so that procedures could be implemented to minimise any exposure identified.
- 28 October 2007, to consider reports from internal and external auditors and the financial statements for the year ended 30 September 2007. The committee was satisfied that the financial statements and the preliminary report were accurate and resolved that the chairman recommend approval by the board on 29 October 2007. The Deloitte principal engagement partner and technical manager responsible for the audit were present. The committee also considered the company's ability to continue as a going concern, exceptional items, outstanding litigation and claims, judgements and sources of estimation and uncertainty as well as business continuity plans and information security.

All members attended these meetings.

PPC has implemented a formal policy to limit and regulate the use of external auditors in so far as provision of non-audit services is concerned. In particular, external auditors cannot be used in the provision of internal audit or such other services which could in any way impair their audit independence.

The company requires the external auditors to carry out their audit with due regard for the findings and work of the internal audit function. To this end, the audit committee encourages consultation between the external and internal auditors and ensures that meetings are held periodically to discuss matters of mutual interest and that working papers, management letters and reports are exchanged so that there is a common understanding of audit techniques, methods and terminology.

The external auditors attend the audit committee meetings of PPC and its principal

“Strong emphasis on maintaining appropriate systems of internal control.”

subsidiaries. They are required to demonstrate the highest level of professionalism, ethics and commitment, and that their independence has in no way been impaired.

At these meetings the company also assesses whether the auditors have complied with these requirements. The engagement partner is currently required to rotate from the audit after a period of seven years’ service.

The audit committee has taken cognisance of the pending legislative change to rotate the external audit partner after a period of less than seven years’ service and will review the company’s policy once applicable South African legislation becomes effective.

The audit committee has recommended that the external auditors be re-appointed at the forthcoming annual general meeting.

The board has determined that the audit committee, which has no executive powers, has satisfied its responsibilities for the period under review in compliance with its terms of reference.

- Risk management and compliance committee -

J Shibambo (chairman), RH Dent, O Fenn, JE Gomersall, MJ Shaw

During the period under review Mr AJ Phillips retired from the board and the committee and Mr GT Heyns resigned from the committee. Mr RH Dent was appointed to the committee on 28 February 2007 and Mr J Shibambo was appointed chairman of the committee on 1 April 2007.

The chairman of the committee is an independent non-executive director.

The primary function of the committee is assisting the board in the assessment and management of risk and legal compliance across the PPC group; ensuring the requisite risk management culture, practices, policies, resources, systems and controls are in place and functioning effectively to provide reasonable assurance that the company is in compliance with those laws and regulations to which it is subject.

It primarily addresses health, safety, statutory, legal, environmental, mining, production and engineering risks. During 2007 this committee reviewed developments in high level risks and their potential impact on the business, disaster recovery and business continuity management, land rights claims, the company’s HIV/Aids strategy, the insurance programme and legislation applicable to PPC. The risk management, and compliance committee acts within written terms of reference approved by the board.

Other than for external audit, the company has merged its auditing activities under one umbrella referred to as the “joint audit process” (JAP) with the group-wide objective of fostering:

- Audit methodologies and the avoidance of duplication;
- A holistic view of the business and its related risks;
- Internal and external line specialists’ involvement;
- The sharing of operational best practice and knowledge;
- Encouraging continual improvement;
- Adherence to company policies; and
- Compliance with legislation.

The head of the JAP is invited to attend all meetings. He has unrestricted access to the chairman and other members of the risk management and compliance committee. At the discretion of the chairman, other executives may also be invited to attend and be heard. No attendee so invited has voting rights.

In the period under review, the committee met on 18 April and 25 October 2007. All committee members attended these meetings.

The board has determined that the risk management and compliance committee, which has no executive powers, has satisfied its responsibilities for the period under review in accordance with its terms of reference.

- Black economic empowerment (BEE) and transformation committee -

JE Gomersall (chairman), AJ Lamprecht, MJ Shaw, J Shibambo

During the period under review Mr DG Wilson retired from the board and the committee. Mr AJ Lamprecht was appointed as a full member of the committee with effect from 17 July 2007.

The committee fulfils an executive function by assisting the board in adopting a holistic approach to transformation and in complying with all relevant legislation or charters in this regard.

In accordance with the authority delegated to it, the committee's objectives are to:

- Ensure that management embraces the principles of transformation on an enterprise-wide basis across all facets of the group's activities;
- Develop and implement an appropriate transformation strategy;
- Ensure that equity ownership of PPC conforms to the requirements of the Mining Charter:
  - To achieve an effective 15% empowerment by 2009 for the conversion of existing mining rights and
  - To achieve an effective 26% empowerment by 2014 to qualify for new mining rights
- Design, implement and regularly review policies, plans and processes aimed at facilitating transformation in the group;
- Implement integrated annual reporting to stakeholders on aspects of transformation; and
- Provide an objective forum dedicated to policy recommendations to the board and guiding significant matters relating to transformation within the group.

The prime focus of the committee has been the progressing of the BEE transaction and the issues related thereto in respect of both the Mining Charter and DTI codes. Significant progress has been made by the committee in finalising detailed negotiations with the strategic partners who are likely to participate in the company's broad-based black equity transaction. The empowerment transaction, once complete, will incorporate these strategic partners as well as construction sector associations, employees and members of communities in which the company operates and will effectively place 15% of the company's equity in the hands of black people. Funding for the transaction will incorporate a combination of owner equity, third party institutional loans and vendor facilitation by PPC. The company plans to seek shareholder approval early next year.

The committee met six times during the period under review to consider funding structures, strategic partner selection and evaluation and transaction documentation. All committee members attended these meetings except Mr DG Wilson was unable to attend the meeting on 6 December 2006, Mr AJ Lamprecht was unable to attend the meeting on 9 February 2007, Messrs J Shibambo and DG Wilson were unable to attend the meeting on 25 February

Key focus is the progressing of the BEE transaction

2007 and Mr AJ Lamprecht was unable to attend the meeting on 25 October 2007.

The board has determined that the black economic empowerment and transformation committee has satisfied its responsibilities for the period under review in compliance with its terms of reference.

- Nominations committee -

J Shibambo (chairman), NB Langa-Royds, MJ Shaw

During the period under review Messrs WAM Clewlow and AJ Phillips retired from the board and the committee. Mr J Shibambo was appointed to the committee on 28 February 2007 and Ms NB Langa-Royds on 25 October 2007. Mr EP Theron retired from the committee following the meeting on 29 October 2007.

The nominations committee makes recommendations to the board on the composition of the board and the balance between executive and non-executive directors. Skill, experience, and diversity are taken into account in this process.

The committee is responsible for identifying and nominating candidates for the approval of the board as additional directors or to fill any board vacancies when they arise, in terms of a policy detailing the procedures for such appointments and which requires these to be formal and transparent. It also advises the board on succession planning, especially in respect of the chairman of the board and chief executive officer.

In addition, the committee recommends for re-election directors who retire in terms of the company's articles of association.

During the period under review, the committee met on 7 May, 8 August, 20 September and 29 October 2007 to consider the role of the chairman and the future composition and structure of the board in the light of Barloworld unbundling its strategic shareholding in the company and the subsequent resignation of certain Barloworld-nominated directors. The committee also met to discuss and recommend to the board the appointment of Ms ZJ Kganyago and Ms NB Langa-Royds to the board as independent non-executive directors.

The committee also considered the directors who were standing for re-election at the forthcoming annual general meeting. In accordance with the committee's findings, the board recommends to shareholders the election of Ms ZJ Kganyago and Ms NB Langa-Royds and the re-election of Messrs S Abdul Kader, MJ Shaw and J Shibambo to the board.

The committee also noted that the board was committed to appointing further black directors to the board and a black chairman once the black economic empowerment transaction was completed.

All committee members attended these meetings except Ms NB Langa-Royds who was unable to attend the meeting on 29 October 2007.

The board has determined that the nominations committee, which has no executive powers, has satisfied its responsibilities for the period under review in compliance with its terms of reference.

- Remuneration committee -

MJ Shaw (chairman), NB Langa-Royds, J Shibambo

During the period under review Messrs WAM Clewlow and AJ Phillips retired from the board and the committee.

Mr J Shibambo was appointed to the committee on 28 February 2007 and Ms NB Langa-Royds on 25 October 2007. Mr EP Theron retired from the committee following the meeting on 29 October 2007.

This committee is composed entirely of independent non-executive directors. It is mandated, within agreed terms of reference, to deal with remuneration policy in general and to approve the salaries and benefits of the executive directors and senior management. The committee also advises with regard to non-executive directors' fees, and fees for those directors who are members of board committees, for onward recommendation to shareholders at the annual general meeting.

The company's philosophy is to set remuneration which is appropriate, taking into account levels of responsibility and the need to attract, motivate and retain directors, executives and individuals of high calibre.

Basic guaranteed packages are normally reviewed once a year and take into account external market practices and conditions as well as the achievement of targeted individual performance. Annual salary increases are not guaranteed.

The committee appointed Pricewaterhouse-Coopers to provide advice and recommendations as the corporate governance requirements in respect of executive remuneration have become more onerous.

Following the unbundling of the company from Barloworld, the committee sought advice from these advisers regarding the appropriate level of pay for the executive directors. As a result of the review the committee recommended, for approval by the board, increases in the guaranteed packages of the executive directors to match the median of the peer group. These were approved by the board and would be phased in over the period under review and the next year as the executive directors took on higher levels of responsibility after the company's unbundling.

The chief executive officer, Mr JE Gomersall, relinquished his Barloworld responsibilities during the year, and was appointed a full-time executive of PPC. Accordingly, although the value of his cost-to-company package as paid by Barloworld remained unchanged as it was in line with the median of the peer group, a proportionally larger component of his total remuneration is now reflected in the PPC annual financial statements, and the full cost will be reflected from next year.

A new short-term incentive bonus scheme has been implemented which is operated at the discretion of the remuneration committee and the chief executive officer. Its purpose is to incentivise nominated executives and management to achieve targets in excess of the standard performance requirements of their job models and shareholder value creation expectations. The incentive percentage shall be determined on the basis of the company achieving a financial driver target, in the case

“Introduction of cash-settled share incentive scheme encourages shareholder value creation.”

of 2007-growth in earnings before interest, taxation, depreciation and amortisation (EBITDA) of 20%, and the individual exceeding a threshold of personal objectives set at the beginning of the financial year. These are aimed at improving performance while at the same time striking a balance between short, medium and long-term company objectives, and include minimum standards, company values, performance improvement, people development and employment equity. The annual bonus is capped at 125% of basic salary for all the executive directors.

A long-term incentive plan has been implemented to recognise services rendered, to encourage long-term shareholder value creation and as an incentive for current and prospective employees to benefit from growth in value of the company.

This incentive takes the form of cash-settled share appreciation rights, which confer a conditional right to the appreciation in the market value of one PPC ordinary share from grant date to exercise date. The maximum total allocation of rights is set at the equivalent of 5% of shares in issue and the maximum total allocation of rights to an individual is set at the equivalent of 0,5% of shares in issue.

Share appreciation rights as shown on page 38 were approved by the board on the recommendation of the remuneration committee and granted on 8 August 2007 at R43 per PPC share-equivalent, being the volume weighted average price of a PPC share for the five trading days prior to that day. One third of the rights may be exercised after each of the third, fourth and fifth anniversaries of the grant date subject, for executive directors and executive management, to fulfilment of the following performance condition: cumulative headline earnings per ordinary share over the two financial years following the financial year ending September 2007 exceeding 2% real growth per annum. If the performance condition is not met for the two financial years, re-testing is subsequently permitted for the three, four or five financial years, with the rights being forfeited thereafter if the performance condition has not been met. Rights may not be exercised during a closed period, and must be exercised before the tenth anniversary of the grant date, failing which they will lapse.

Executive directors and selected key executives had, until the unbundling by Barloworld Limited of its strategic shareholding in the company, participated in the share option scheme of the parent company. Under this scheme, allocations of share options were generally made annually at market value and could be exercised, subject to the rules of the scheme, only after periods of between three and ten years (three and six years for options granted after 2003). Barloworld had, at the time of the unbundling, undertaken to treat shareholders and option holders equally in terms of the unbundling and had accordingly advised that it would offer PPC options to holders of Barloworld options under the Barloworld Share Option Scheme, which have not yet vested, or that have vested but have not yet been exercised.

As no new Barloworld options had been allocated to executives or management since May 2004, the share appreciation rights issued during the current year include a top-up portion as an acknowledgement of employee efforts towards the shareholder value created over the last three years and redress for the failure of awarding them any form of long-term incentive since May 2004.

For this reason, also, although rights will not generally be granted to employees with less than 36 months of service before retirement, the remuneration committee recommended waiving this requirement in the 2007 grant in respect of certain long-serving employees, whose services and motivation are essential for the next few years. Rights granted to these employees comprise 350 000 to the chief executive officer, 20 000 to executive management, and 30 000 to senior management.

The 2007 grant, before the top-up allocation, was based on multiples of basic salary used in companies operating in similar industries. The terms governing future long-term incentive awards are likely to be substantially similar to the 2007 award, with annual grant values set each year in line with market benchmarks for long-term incentives, although the remuneration committee may change certain aspects such as the vesting period, the lapse period and performance conditions at its discretion to ensure new awards are in line with market trends, and remain fair and motivating long-term rewards.

All rights immediately lapse if a participant resigns or is dismissed for disciplinary reasons. In the case of retirement, a participant's rights will be subject to the same conditions as if he had continued to be an employee. In the case of retrenchment, or termination of employment due to ill health, disability or any other circumstances which the committee may consider appropriate, a participant must exercise vested rights within three months. The committee also has absolute discretion to allow a portion of the unvested rights to vest.

In the case of transactions involving restructuring of the company, variations in share capital, capital distributions and similar events, the committee will take such action as it considers appropriate to protect the interests of participants. In the event of a reconstruction or takeover leading to a change of control, the committee is obliged to deem as vested a portion of the rights of executive participants pro rata to the performance period lapsed, if, in their reasonable opinion, they consider that the performance conditions have been substantially met.

The company will periodically recommend to the remuneration committee which employees it intends to incentivise by the making of grants of share appreciation rights, the quantum of the awards to be made, the vesting dates and the nature of the performance conditions. The committee, after review and due consideration, will recommend such allocations as it deems fit to the board for approval.

	2007	
Recipients of share appreciation rights	Standard award	Special top-up
JE Gomersall	175 000	175 000
O Fenn	84 000	144 000
S Abdul Kader	50 000	100 000
RH Dent	50 000	93 000
P Esterhuysen	60 000	100 000
Executive directors (subject to performance conditions)	419 000	612 000
Executive management (subject to performance conditions)	190 000	306 000
Senior management (not subject to performance conditions)	868 500	1 144 500
	1 477 500	2 062 500

The company continues to review the balance between the fixed and variable components of its remuneration with the aim of increasing, subject to

Executive directors take on increased levels of responsibility

company and individual performance, the variable component. The proposed change is motivated by the need to sustain superior performance and increase shareholder value in the long term.

The chief executive officer, Mr JE Gomersall, attends the committee meetings ex officio. He does not participate in discussions regarding his own remuneration, which is set by the PPC remuneration committee.

In respect of each director, details are given in note 37 to the annual financial statements of salary, bonus, retirement and medical aid contributions, gains from Barloworld share options exercised or ceded and other benefits. Details of directors' shareholdings are also disclosed.

Non-executive directors are remunerated for their membership of the board of PPC and its committees. These fees are benchmarked annually against companies of similar size and complexity and take into account the increasing level of responsibilities and risks associated with directorships. Consequent on the unbundling from Barloworld, a number of additional meetings of the board and committees were occasioned resulting in higher levels of fees for meeting attendance. Executive directors of PPC are not entitled to fees. Executive directors of Barloworld Limited are required to cede their fees to Barloworld Limited.

During the period under review, the committee met seven times. All committee members attended these meetings except as follows: Mr EP Theron was unable to attend the meeting on 3 October 2007, although he discussed all the recommendations and decisions taken with the committee chairman on the following day and concurred fully therewith; Ms NB Langa-Royds was unable to attend the meeting on 29 October 2007.

The board has determined that the remuneration committee has satisfied its responsibilities for the period under review in compliance with its terms of reference.

- Internal audit -

The board and the audit committee appointed Barloworld Group Internal Audit Services to fulfil PPC's internal audit requirements until the end of the calendar year, and Ernst & Young to succeed them in this role. The use of group-wide audit professionals fosters independence, standardisation of audit procedures and sharing of best practices.

Internal audit activities principally address the following key issues at each of the business units of the company:

- Appraising systems, procedures and management controls;
- Assessing the effectiveness of risk management processes;
- Evaluating the reliability and integrity of management and financial information;
- Assessing the control over assets and verifying their existence;
- Reviewing compliance with policies and procedures; and
- Recommending improvements in procedures and systems to enhance efficiencies and prevent fraud.

The internal audit function reports to the audit committee on its findings and has unrestricted access to that committee and its chairman.

Audit plans are drawn up annually and take account of changing business needs and risk assessments. Cognisance is taken of issues highlighted by the audit committee and management. Follow-up audits are planned in areas where weaknesses are identified. The audit committee approves the internal audit plan.

During the period under review, no major breakdowns in internal controls were identified.

- Risk management -

In terms of a written risk management philosophy statement issued by the chief executive officer and endorsed by the directorate, the company is committed to managing its risks and opportunities in the interests of all stakeholders. Every business unit and every employee has a responsibility to act proactively in this manner.

An ongoing systematic, multi-tiered and enterprise-wide risk assessment process supports the company's risk management philosophy. This ensures that risks are adequately identified, evaluated and managed at the appropriate level in the business units, and that their individual and joint impact on the company as a whole is taken into consideration.

Risk registers are maintained as part of the risk management process. Where appropriate, internal, external and JAP auditors adapt their audit procedures to include coverage of these risks in their reviews and compliance audits. During the year under review, the risk management process was subject to review by internal audit.

Divisional boards and senior managers carry out detailed annual self-assessments of risk. This process identifies the critical business, operational, financial and compliance exposures facing the company and the adequacy and effectiveness of control factors are reviewed and updated on a monthly basis. Verification of the process is undertaken in alternate years by external risk advisors, Marsh Vikela.

Business recovery plans have been compiled for each operation and are regularly subject to testing.

The audit, risk management and compliance committees regularly review the main risks and risk management processes and advise the board accordingly.

- Third party management -

No part of the company's business was managed during the year by any third party in which any director had an interest.

- Communication -

The company subscribes to the principles of objective, honest, timeous, balanced, relevant and understandable communication of both its financial and non-financial matters. The focus is on substance, not form, and communication with stakeholders with a legitimate interest in the company's affairs is sensitive and systematic. The company regularly enters into dialogue with institutional investors having due regard for statutory, regulatory and other directives prohibiting the dissemination of unpublished price-sensitive information by the company and its directors and officers.

In accordance with the Promotion of Access to Information Act the company has prepared and published the required manual. This is available on the company website and contains all the

"An independent, safe and confidential system enables the reporting of unethical behaviour."

PPC GROUP MAIN RISKS (in alphabetical order)

KEY RISKS	CATEGORY OF RISK AND MANAGEMENT RESPONSE
- Competitor actions - The risk that competitors will take individual actions, through pricing or other activities, that will erode the company's competitive position and have a significant impact on the value it creates for shareholders	- Economic risk - • Continually reduce costs by focusing on operational efficiencies and staff training • Maintain cost competitiveness and improve products and service
- Regulatory environment - Many of the company's activities are regulated by legislation. Staying abreast of the complex and changing nature of these regulations and maintaining full compliance is challenging	- Legislative risk - • Proactively monitor current regulatory developments and changes in policy direction which may be imminent • Where feasible, provide input to influence legislation, engage national and provincial government and find ways to limit negative impacts of legislation
- Safety - The company has embarked on a significant capacity-upgrade programme as well as having to maximise the production of cement to meet the high market demand. Avoidance of accidents involving both contractors and PPC employees is a major concern	- Physical risk - • Group-wide behavioural-based safety initiative • Minimum operating and safety standards reviewed and updated • Safety induction programme and refresher safety training taking place at all levels • All contractors required to adopt health and safety standards for conduct on sites • Risk assessment training at all sites
- Skills retention - Ongoing management of the challenges of skills retention and development	- Human resources risk - • Using competency-based assessments, employees regularly reviewed to ensure appropriate skill sets available to enable performance at optimum levels • Reward and incentive schemes implemented to ensure recognition and retention of high-performing employees • Maintain position as best manufacturing employer in SA

necessary details on how to make a request for information as well as what information is freely available.

The board has also approved a disclosure policy with regard to external communications of the financial and operational performance of the company. The policy takes regard of the requirements of the JSE Limited and global best practice for disclosure by public companies.

The group's disclosure policy is not only in respect of information disclosed to the investment community and the financial media. This policy applies to communication with anyone who would not normally be privy to that information, including suppliers, customers and also employees within the group.

- Company results communications -

Earnings press release – Earnings press releases will be released on the Stock Exchange News Service (SENS) and posted on the corporate website as soon as possible thereafter, prior to the commencement of any discussions or meetings regarding the results.

Earnings presentation – Any earnings presentations will be posted on the PPC website at the time of the commencement of the presentation. There may also be a live broadcast on a South African television business channel and the event will be recorded and subsequently posted on the PPC website. These broadcasts are to assist with fair and timely disclosure to all investors and to act as a record of events.

- Fines and prosecutions -

The company has not been fined or prosecuted in terms of any anti-competitive or governance issues.

- Code of ethics -

All employees are accountable for adherence to the company's code of ethics, and equal opportunity and anti-discrimination policies published by the company. They provide steps to be taken if an employee feels that the letter or intent of the policies is broken. No retaliation may be taken against an employee who files a complaint.

The integrity of new employees is assessed in the company's selection and promotion procedures.

Due care is exercised in delegating discretionary authority to individuals in the company. All new employees are advised, at the time of their induction, about the company's values, standards and compliance procedures.

Employees are consulted with and trained on all policies and practices concerning human rights in the workplace. All employees have an opportunity to provide input and the policies have been amended accordingly. Furthermore, contractors to PPC are entitled to the same privileges and treatment as permanent employees.

As a company that aims to provide fair and equal employment opportunities, PPC continually strives to subscribe to the legislative frameworks and guidelines that address the needs of indigenous people in the countries in which it operates, and as such conditions of employment are adjusted accordingly.

The company's procurement policy ensures that outsourced service providers have policies and procedures to protect the human rights of their employees. Contractor services are secured according to legal compliance practices in the country.

Employees are accountable for adherence to the company's code of ethics

The code of ethics is enforced with appropriate discipline on a consistent basis and action is taken to prevent a recurrence of an offence.

The PPC ethics policy prohibits child, compulsory or forced labour, which is enforced throughout the company. Hiring of labour is aligned to the relevant legislation and standards of the country in which PPC operates.

Freedom of association is another right, which has been enshrined and protected by the PPC ethics policy. PPC has a long-standing tradition of recognising and dealing with trade unions that represent employees at our business units.

The ethics policy also governs bribery and corruption and PPC has applied a zero tolerance stance to this issue. The penalty for an employee found guilty of such practices is dismissal. In addition, a register of gifts received by employees is kept with permissible guidelines.

The ethics policy outlines the principles for relationships with political parties and no contributions are made to fund political parties, election campaigns or electoral candidates. The company has no affiliations with any political parties.

The company has provided an independent, confidential and safe system by which employees or other parties can report unethical or risky behaviour. Such reports can be submitted to the PPC Ethics Line, details of which are set out alongside.

South Africa

PPC Ethics Line	
Deloitte & Touche	
Tip-offs Anonymous	
Telephone	0800 00 67 05
Free fax	0800 00 77 88
Address	PPC Ethics Line
Free post	c/o Tip-offs Anonymous FreePost DN298 Umhlanga Rocks 4320 South Africa
E-mail	ppc@ethics-line.com
International	+27 31 508 6493

or

Zimbabwe

Deloitte & Touche	
Tip-offs Anonymous	
Telephone	0800 4100
Fax	+263 91 8240 921
Address	The Call Centre
Freepost	PO Box HG 883 Highlands Harare Zimbabwe
E-mail	reportszw@tip-offs.com

Tip-offs Anonymous is an independent body within Deloitte & Touche, which provides an opportunity to anyone wishing to report unethical activities or dishonest behaviour that affects the PPC group. Total anonymity, if desired, is assured.

Each incident reported through the ethics line is fully investigated and the risk and compliance committee and audit committee are appraised of the outcome required to address shortcomings if any.

Sustainability Review
Environmental report

- Group sustainability policy -

Sustainability encompasses the balanced integration of social, ethical, economic, environmental, health and safety factors in all planning, implementation and decision making of the business. PPC exercises due diligence in all areas of its business to promote sustainable development of the company, employees, the environment and the communities within which it operates.

PPC commits to delivering stakeholder value in all its endeavours:

- **Board accountability**
  Directors are accountable for PPC's sustainability performance.
- **Aligning values and principles with sustainable development**
  PPC aligns all decisions pertaining to the company's financial sustainability – and that of the fundamental rights of all stakeholders (employees, customers, shareholders, suppliers and the community in which it operates) – within an established framework of values and ethical principles.
- **Assessing risks and opportunities**
  By identifying and effectively responding to sustainability risks and opportunities, the company continues to enhance long-term shareholder value, whilst simultaneously fulfilling its broader economic, social and environmental responsibilities to society.
- **Management systems**
  Regular audits of management systems and programmes are conducted to provide assurance that the company's sustainability policy is being implemented and remains effective. The ISO and ASPASA (Aggregate and Sand Producer Association South Africa) systems are externally audited. The ISO management systems are internationally recognised for performance and quality requirements. PPC is committed to the deployment of these systems and programmes that meet or exceed applicable legal and regulatory standards.

"Our environmental vision is to minimise the impact of PPC's environmental footprint by providing energy and resource efficient products emanating from an organisation driven by sustainable development."

- Performance monitoring and reporting
  The organisation's sustainability performance is reported publicly to stakeholders; and PPC is committed to monitoring the organisation's use of natural resources and the development of indicators to assess progress against recognised standards.
- Engaging stakeholders
  PPC establishes and maintains constructive relationships with all stakeholder groups.
- Minimising environmental impacts
  The group is committed to identifying, assessing and reducing the environmental impacts of activities performed by employees, contractors and suppliers.
- Training and research
  PPC promotes innovative research, training and technology co-operation in the search for environmentally sensitive solutions to minimise the organisation's environmental impacts.

The company openly embraces principles of social justice and fairness to achieve optimal wellbeing and prosperity for all stakeholders.

- Environmental vision -

To minimise the impact of PPC's environmental footprint by providing energy and resource efficient products emanating from an organisation that is driven by sustainable development.

- Environmental performance summary 2007 -

Environmental highlights for 2007 include:

- Emission control upgrade
  - During the year, the cement operation completed a R7 million upgrade to the kiln electrostatic precipitator (ESP) at its Port Elizabeth operation. The ESP is now more efficient in reducing dust emissions.
  - Lime operation successfully converted its Lime Acres kiln 9 (LK 9) from an electrostatic precipitator system to a bag-house operation in order to reduce dust emissions.
- Stakeholder engagement
  - The Jupiter factory instituted an environmental stakeholder forum as a platform for improved stakeholder communication.
  - PPC appointed an independent contractor to identify the needs and issues of key environmental stakeholders.
- Mine closure
  - All the requirements for mine closure at the Port Elizabeth clay quarry were concluded as per the closure certificate received on 26 February 2004. The mine closure certificate was not subject to additional conditions of reporting to the DME. The mining surface was leased from the council; upon receiving the closure certificate the land was returned to the council.
- Energy efficiency
  - PPC has received approval from the Department of Agriculture, Conservation and Environment for a new clinker grinding plant, currently under construction at the Hercules factory. PPC has selected a vertical roller mill (VRM) in place of a ball mill system which has previously been PPC's standard. The energy consumption of a VRM is 25 – 35% lower than that of a typical ball mill used for grinding clinker to the same product fineness. The VRM also generates significantly less noise than a ball mill and also requires less process cooling water.
- Environment and sustainability specialist appointment at cement and lime operations
  - PPC has recognised the need for specialist knowledge in the area of environmental management and has initiated recruitment of environmental specialists at each cement and lime operation.

- Environmental challenges -

South Africa has a transformation imperative geared towards developing infrastructure and improving the quality of life of all people. PPC is committed to meeting the demands of its market in a sustainable manner. During the year, challenges inherent to PPC's business included:

- The dependence on limited coal resources and the challenges associated with using alternative materials for energy;
- Reducing emissions per unit of product whilst restarting older, previously decommissioned kilns (due to high cement demand), in the interim period before commissioning new more efficient operations;
- Finalising the backlog of rehabilitation plans; and
- Managing the impacts of PPC's activities on air quality.

- Environmental commitments -

PPC's business has the potential to impact the environment and the lives of communities surrounding its operations. Whilst PPC's environmental framework supports the company's growth objectives by focusing on process efficiencies and resource optimisation, it also considers the importance of the wellbeing and safety of employees, impacted communities and the environment at large. PPC is committed to minimising negative impacts by implementing the following environmental management measures:

- Optimising the use of non-renewable resources;
- Optimising the consumption of indirect and direct energy;
- Reducing greenhouse gas emissions per ton of product produced;
- Managing the impacts on land and biodiversity;
- Controlling, managing and minimising the footprint of the overburden waste;
- Optimising water consumption;
- Raising internal awareness of significant direct and indirect impacts;
- Complying with legal and regulatory requirements; and
- Improving transparency, understanding and engagement between the company, industry and other stakeholders.

- Environmental management systems -

PPC's environmental management system (EMS) enables the company to monitor and manage environmental performance throughout the business. The EMS is designed to monitor environmental aspects that are both directly within a factory's control as well as those external to its control but within its sphere of influence. The organisation strives to continually enhance its systems to improve overall environmental performance in line with the company's sustainability policy. Regular EMS audits enable PPC to determine conformance with ISO 14001 specifications. All findings identified during the annual audit are addressed by developing action plans. Corrective actions, as required, are implemented to ensure ongoing compliance with all regulatory requirements.

All of PPC's South African cement operations, with the exception of Jupiter, have achieved full ISO 14001:2004 certification. The Jupiter operation is currently undergoing a phased assessment in preparation for ISO 14001, and is set to receive formal certification in early 2008. The sales and marketing offices and depots have a single ISO 14001 umbrella listing for all operations. PPC's lime operation is ISO 14001 certified while the aggregate and readymix quarries are all managed using the ASPASA system.

PPC is a member of ASPASA and has embraced an ethos of responsible environmental management. ASPASA has initiated the 'About Face RSA' programme, which is orientated towards the overall management of sound environmental performance, with a particular focus on quarries' working environment. At the end of their life cycle, the quarry areas will be rehabilitated back into the environment without the necessity for complex maintenance programmes.

- Environmental accountability -

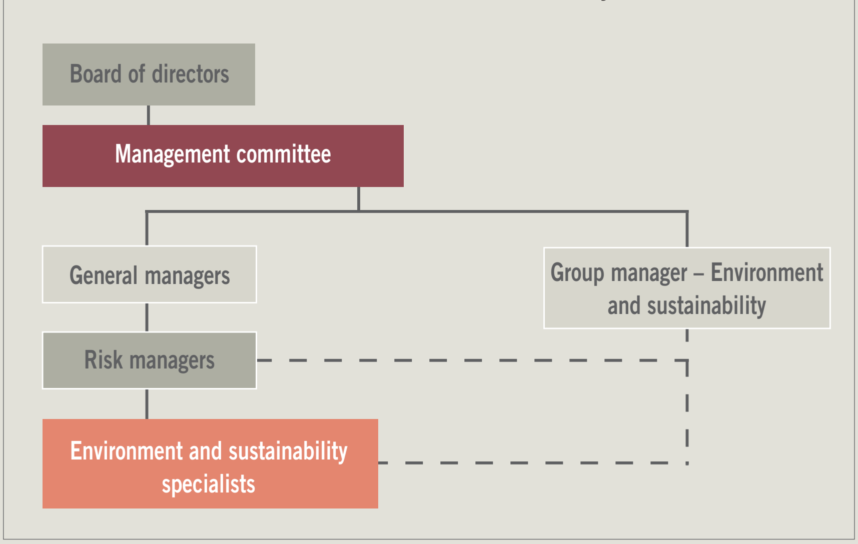
Responsibility for monitoring sustainability issues is assigned to designated managers who advise on necessary actions to be taken, as per the reporting structure shown alongside. Ultimate responsibility for sustainability issues resides with the board of directors. Designated managers receive assistance from the Association of Cementitious Materials Producers (ACMP), the umbrella industry association in South Africa dealing with common interests affecting the cement industry. PPC managers serve on those committees that deal with sustainability issues. Designated managers include respective on-site environmental specialists and risk managers, reporting to the general manager of the factory.

- Reporting structure for environmental accountability -

Management is responsible for the following environmental issues:

- Advising the board on the development and implementation of the environmental policy;
- Monitoring and evaluating the environmental performance of PPC's operations, contractors, suppliers and employees;
- Implementing procedures to ensure that the required permits, licences and other regulatory approvals are identified during the project development process;
- Addressing environmental issues throughout PPC's planning and management processes and setting targets and goals for sustainability;
- Ensuring that environmental risks are identified and mitigated or minimised;
- Identifying environmental aspects, and those that have the potential to significantly impact the environment;
- Setting and monitoring the results of environmental objectives, targets and programmes;

Environmental accountability



- Ensuring practical actions are taken on stakeholder feedback;
- Identifying the required environmental training needs;
- Maintaining and developing PPC's environmental framework; and
- Ensuring legal compliance with relevant legislation.

– Environmental performance –

- Climate change -

PPC is cognisant of the scientific evidence pointing to adverse impacts of human activity on the planet, particularly with respect to climate change. In an effort to address those factors contributing to climate change that are within the business' sphere of control, PPC is committed to:

- Understanding how manufacturing activities may contribute towards climate change;
- Continually monitoring and managing air pollution and greenhouse gas emissions;
- Monitoring the consumption of non-renewable energy and fossil fuels; and
- Maintaining PPC's value-based management philosophy which aims to evaluate and curb the company's contribution to climate change.

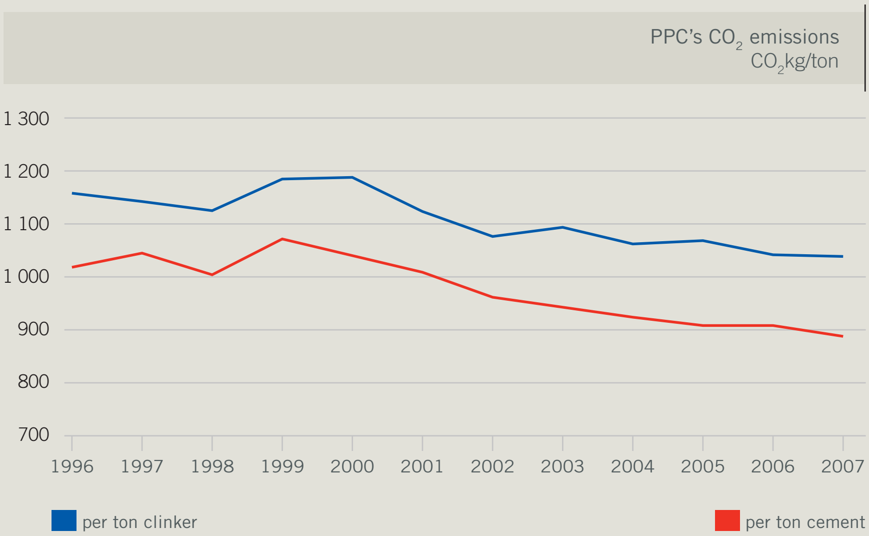
- Carbon footprint -

An essential consideration in addressing climate change is an understanding of an organisation's carbon footprint. The geographic dispersion of PPC's factories and operations pose numerous challenges in determining this footprint. However, PPC has successfully overcome these challenges by working in line with the World Business Council for Sustainable Development (WBCSD) initiative on carbon dioxide Emission Inventory Protocol Version 2.0. This protocol serves as a carbon monitoring and reporting tool for companies worldwide and provides a common methodology for calculating carbon dioxide emissions, with a view to more accurate reporting. It addresses all direct and the main indirect sources of carbon dioxide emissions related to the cement-manufacturing process.

This protocol has been designed as a flexible tool that facilitates reporting under various schemes, such as:

- The European Greenhouse Gas Emissions Trading Scheme;
- The Climate Leaders Programme of the United States Environmental Protection Agency;
- The draft greenhouse gas reporting guidelines of the Japanese Government; and
- The Greenhouse Challenge Programme of the Australian Greenhouse Office.

The organisational boundary for PPC's carbon footprint includes PPC's seven cement factories, its lime factory and the slag milling facility at Saldanha. The carbon dioxide emitted from the calcination of the limestone, from the combustion of coal and from consumption of diesel is included (as per WBCSD guidelines). The base year is 1996. The carbon dioxide is measured per ton of cement and lime sold. PPC restricted the carbon footprint boundary in 2007 to include the South African operations only. However, in future the company intends to extend this boundary beyond South African borders to include Botswana and Zimbabwe.



- Management of carbon dioxide -

In previous years, PPC has commented on the emission of carbon dioxide arising from the combustion of coal in the manufacture of cement clinker, burnt lime and burnt dolomite. The emission of carbon dioxide varies with production, which is in turn dependent on economic growth. Therefore, the reporting of absolute tons of carbon dioxide does not automatically enable the company to measure efficiencies. Therefore, the absolute tons of carbon dioxide are divided by the tons of product (cement + burnt lime + burnt dolomite) to establish a 'relative efficiency', which can be compared from year to year.

The target for carbon dioxide per ton (of cement) for 2008 is 900 kg/ton.

The reduction trend displayed in the carbon dioxide performance graph above is as a result of reduced clinker content in the cement produced in the periods (1996 – 2007). The levelling out in 2005 and 2006 was due to market

PPC is a signatory to the Energy Efficiency Accord

demand for products that contain more clinker. This was coupled with the re-commissioning of old technology kilns necessitating higher coal consumption.

The commissioning of a new technology kiln in 2008 at Dwaalboom will reduce carbon dioxide from coal consumption by approximately 4%. Similarly, the planned expansion of clinker capacity in the Western Cape should reduce carbon dioxide from coal combustion by a further 4% in three to five years.

PPC is committed to reducing clinker content in its cement in future. This reduction will become evident in reported figures for 2008 and 2009. However, PPC is also committed to supplying products that satisfy consumer needs, which typically involves increased clinker contents. The company is therefore cognisant of the fine balance between delivering on market demand whilst operating in an environmentally responsible way.

- Clean development mechanisms -

PPC recognises that climate change poses a serious threat to sustainable development. The company values the importance of the United Nations' Framework Convention on Climate Change Kyoto protocol. This protocol aims to stabilise atmospheric concentrations of greenhouse gases (GHGs) by committing signatory countries to reduce their GHG emissions. The clean development mechanism (CDM) is a flexible mechanism, from the Kyoto Protocol, used to stabilise GHG atmospheric concentrations. PPC is committed to supporting the development of CDM projects in South Africa and is currently reviewing the viability of CDM projects within its own operations.

- Energy efficiency and supply -

- Energy efficiency -

The cement and lime production processes are energy intensive and use significant quantities of 'direct' energy in the form of coal, to a lesser extent, diesel oil in the winning of limestone and 'indirect' energy in the form of electricity. PPC is dedicated to evaluating and deploying new technology to improve energy efficiency. Electrical energy efficiency forms an integral part of the planning and selection of plant and equipment for the company's planned expansion and upgrade projects. These are the Dwaalboom (designated Batsweledi), Hercules (designated Ntshafatso) and Western Cape (designated Se Kïka) expansion projects. These have included energy efficient features, which will reduce the demand for electrical energy.

CASE STUDY

The vertical roller mill which is currently being constructed at the Hercules operation will result in improved energy efficiency, noise reduction and reduced water consumption. The power consumption of these mills is 25 – 35% less than that of a conventional ball mill. The grinding efficiency of the vertical roller mill, combined with its capability to dry, grind and classify within a single unit gives it an advantage over the ball mill system.

- Energy Efficiency Accord -

PPC is a signatory to the Energy Efficiency Accord as an organisation, as well as under the banner of the ACMP. PPC embraces the voluntary initiatives required by the membership, to improve energy efficiency. The purpose of the accord is to encourage investments in clean development mechanism (CDM) projects and promote efficient energy use – specifying a 15% reduction by 2015 (using 2000 as the base year). The company has been an active participant in the Energy Efficiency Technical Committee and has been tracking its own energy use per ton of cement. The well-publicised capacity expansion programme of Batsweledi, Se Kïka and Ntshafatso projects will help reduce PPC's energy consumption through improved milling efficiency and reduced coal consumption per unit produced to the Energy Efficiency Accord targets.

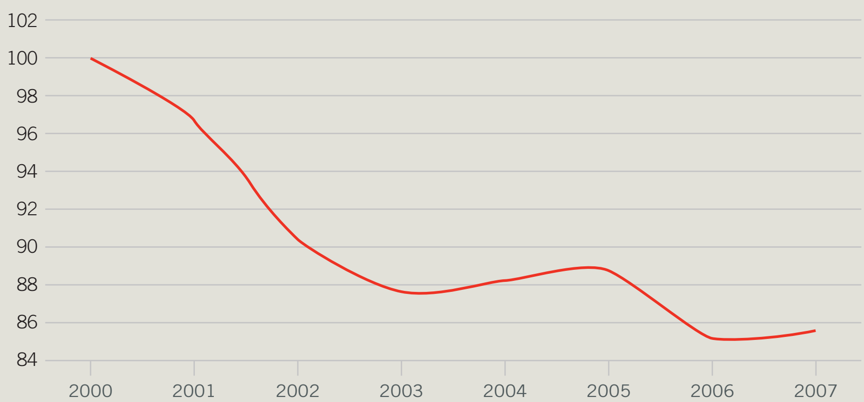
Alongside is the progress since 2000, where coal, diesel, electricity and secondary materials have been used.

- Energy demand-side management programme -

During the year, PPC voluntarily participated in Eskom's demand market participation project (DMP) in the Western Cape. As from April 2006, Riebeeck and De Hoek contractually agreed to voluntarily shed electricity load during peak periods, allowing reduced energy consumption. Riebeeck sheds at least 1MW in this way and De Hoek 2MW when requested by Eskom.

In the year ahead, the major focus will be on energy efficiency rather than load shedding, based on the current high demand for cement production and supply. By way of example, PPC Dwaalboom implemented lighting efficiency in February 2006, which resulted in a 177 kW reduction in energy consumption to August.

PPC energy consumption per ton of cement vs 2000 base year = 100 %



- Alternate energy (secondary materials) -

PPC's environmental footprint is shaped in part by its choice of available energy sources. The company is currently considering a varied supply of energy resources, thereby minimising, as far as possible, its impact on the environment. To this end, Hercules, Slurry, Dwaalboom, Port Elizabeth and De Hoek have submitted Environmental Impact Assessments (EIA's) for use of alternative materials to the relevant authorities and are awaiting the Records of Decision. PPC is also waiting for the relevant legislation to be enacted which will allow burning of used tyres as alternative fuel. The consumption of fossil fuels is a major source of greenhouse gas emissions and energy consumption is directly linked to these emissions. Replacing fossil fuel with renewable sources is essential for combating climate change and other environmental impacts. PPC will report on the secondary material co-processing targets and achievements in future reporting.

- Diesel consumption -

Diesel is used primarily in the winning of limestone from its quarries. Haul roads at several operations have been redesigned to improve gradients and reduce distances. Mine

PPC continues to pursue the reduction of particulate emissions

planning has been adapted so that waste material is back-filled into existing mines, which minimises the movement of the same material a second time during rehabilitation. In addition, in some areas the crusher has been strategically placed to reduce travel distance, resulting in lower diesel consumption.

- Emissions control and mitigation -

PPC continues to pursue the reduction of particulate emissions and the quantification of the gases emitted during the cement and lime manufacturing processes. The company is currently refining its stack emission monitoring and reporting systems to improve overall air quality management of stack emissions at all factories. Further improvements are achieved by increasing the knowledge and awareness of stack performance beyond dust monitoring. PPC is committed to implementing a sustainable system for monitoring and reporting emissions, with trained personnel and qualified service providers.

The following projects and initiatives will be implemented in 2008 – 2010:

- Air quality pilot project at Hercules using the mass balance approach;
- Performing a baseline analysis of dust, NO_x and SO_2 to determine the baseline for future monitoring;
- Drafting a monitoring proposal for analysing dust, NO_x and SO_2;
- Structuring a complete stack emissions profile;
- Developing a long-term compliance plan for managing emissions; and
- Developing a training and awareness module for air quality monitoring and reporting.

- Point source (stack) emissions management -

Electrostatic precipitator (ESP): PPC's electrostatic precipitators use electric power to separate dust particles from gases, enabling plants to operate with very low dust emissions. The ESP is typically 99,5% efficient.

CASE STUDY

PPC recently completed a R7 million upgrade of the kiln ESP at its Port Elizabeth operation. The upgrade has significantly improved the efficiency of the unit, mainly by increasing dust collection. The ESP is not only more efficient in reducing ambient dust but it also aids in returning dust to the manufacturing process where it is re-processed.

CASE STUDY

In a move to enhance its environmental performance, PPC Lime has successfully converted Lime Acres kiln 9 (LK9) from an ESP system to a bag-house operation. This R20 million project will significantly reduce the facility's overall dust emissions to be well within permit stipulations and to meet international standards. In addition, the increased fan capacity will improve the kiln efficiency.

When kilns 6 to 9 were constructed between 1977 to 1983, it was standard industry practice to use electrostatic precipitators to remove dust from the kiln off-gas. However, the results were not comparable with modern international benchmarks. In 2002, PPC Lime embarked on a programme to reduce dust emissions when it converted its first electrostatic precipitator to a bag-house on LK7, a kiln with a capacity of 1 150 tons per day. Following the success of this conversion, and after a suitable evaluation period, PPC converted the LK9 electrostatic precipitator to a bag-house in 2006.

Of the four rotary kilns operated at Lime Acres, LK9 is the largest, with a capacity of 1 450 tons per day. The latest conversion has reduced the total amount of dust released from all kilns into the atmosphere by at least 50% from pre-2002 levels.

- Innovation for dust suppression initiative -

At PPC Slurry, members of PPC's engineering and production teams are collaborating to develop new ways to assist with dust reduction. The team has installed two kiln back-end water injection systems to reduce dust emissions. The systems spray a fine water mist that changes the resistivity of the dust, so that the electrostatic filter works more efficiently, thereby further restricting emissions.

- Fugitive emissions management -

PPC continues its efforts to minimise dust arising from the use of haul roads, conveyor belts, stockpiling and related activities. High standards of plant housekeeping and the use of dust suppression mechanisms are essential to controlling the level of dust emissions. Fugitive emissions are of critical concern to the ambient plant environment and PPC is continually assessing the best ways to manage, control and suppress the impact of these emissions. Currently PPC controls ambient fugitive emissions with bag-house filter systems, paving programmes, covered conveyor systems and water dosing programmes.

Bag-house filtering system: An alternative to ESPs for dust collection is the use of bag filters, where gas is cleaned similarly to the operation of a vacuum cleaner. PPC's bag filters are extremely efficient, with the dust concentration in the cleaned gas seldom exceeding 20 mg per cubic metre.

Water spraying: Wet dust suppression systems moisten transported material or road systems so that less dust is generated. Water is also used in some crushing plants (Dwaalboom and De Hoek) to reduce dust.

Paved areas: Certain plant areas have been paved and grassed, contributing significantly to dust control. Mechanical sweeping of paved areas has also contributed to dust reduction in the plant environments.

Conveyor belt: Significant dust is caused by wind and material handling at transfer points. One solution has been to enclose PPC's belt conveyors where necessary. This resulted in a reduction in dust emissions during the Jupiter refurbishment, when several belt conveyors were enclosed and transfer chutes were refurbished or replaced.

CASE STUDY

The Jupiter factory was commissioned in 1938. It was since decommissioned in 1998 due to reduced demand for cement and subsequently transformed into a despatch facility, supplying cement. The increased market demand for cement in the previous year resulted in the re-commissioning of the factory in 2006. The Jupiter plant is currently operating with improved air quality emissions and has instituted an environmental stakeholder forum as a platform for improved stakeholder communication. Environmental improvements include improving the air quality mitigation equipment by:

- *Upgrading the kiln ESP;*
- *Replacing the existing raw mill ESP with a new bag filter;*
- *Introducing additional dust control measures on the conveyors;*
- *Having contracts in place for the maintenance of the dust collectors; and*
- *Overhauling of bag filters.*

- Remediation and rehabilitation of land -

PPC manages the environmental footprint of its mines by ensuring that the programme of concurrent rehabilitation is adhered to. Annual targets are set for each operation and progress on concurrent rehabilitation is measured annually by means of aerial photography.

PPC has ensured adequate planning and provision for the closure of its mines

PPC

PPC has ensured adequate planning and provision for the closure of its mines and has incorporated the end-use objectives into all concurrent rehabilitation programmes. Concurrent rehabilitation is defined as rehabilitation activities, as specified in the approved environmental management programmes, that can occur concurrently with the mining activities required for the production of raw materials. Mine closure plans are continually monitored, managed and regularly reviewed in conjunction with allocated financial provisions for their closure.

CASE STUDY

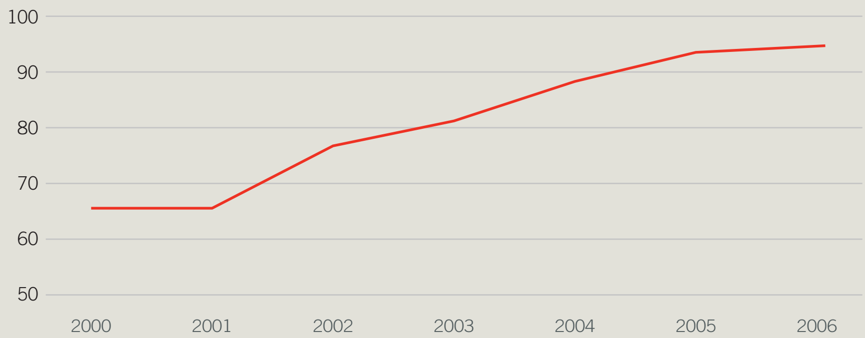
Following many years of mining the clay quarry in Port Elizabeth, PPC elected to close it in 2003. PPC engaged in extensive consultation with all stakeholders, including the municipality, surrounding communities and the Department of Minerals and Energy. As a prerequisite for its closure, PPC had to rehabilitate the area as follows:

- *Shaping back-filled areas by means of dozing and covering these areas with topsoil;*
- *Dozing material that was unsuitable for cement manufacturing in the pit against the sidewall and levelling it off to the satisfaction of the City Engineer;*
- *Adjusting a culvert below the railway line and grading the floor of the quarry to the correct drainage angle;*
- *Tidying up the working faces and leaving them at an angle agreed to by the City Engineer; and*
- *Constructing perimeter beams to prevent illegal tipping and access.*

This has been completed to the satisfaction of all stakeholders confirming that all the requirements for permanent closure have been met.

During September 2000, PPC identified that a backlog in concurrent rehabilitation had occurred over a number of years. At that stage, only 65% of the concurrent rehabilitation, which was feasible at all PPC operations, had actually been completed. As reflected in the diagram above, PPC's concurrent rehabilitation has increased to 95% in the past six years. This translates to a decrease in the backlog from about 600ha to 48ha.

PPC's concurrent rehabilitation performance
%



2007 survey results not yet available

The calculation is based on findings from the annual aerial survey and the overall mining and infrastructural areas are classified as follows:

- Resources optimisation -

At the Jupiter factory, the requirement for natural sand is replaced by sand recovered from old mine dumps. This not only preserves natural resources but also provides a solution

Sustainability Review

Financial Review

for sand removal from a gold mining operation located in the vicinity of the factory. In the year under review, PPC recovered 22 000 tons of sand for use at Jupiter.

The volumes of raw materials consumed by all PPC operations for the period 2006/07 are as follows:

- Shale: 234 000 tons
- Limestone: 9,8 million tons
- Synthetic gypsum: 29 790 tons

PPC intends to report the above consumptions in future annual reports with 2006/07 as the base year.

- Water optimisation -

- Water usage -

Whilst the process of cement and lime production is not water intensive, all PPC factories take a responsible approach towards water management. The cement operations draw water from various water sources such as utility water, boreholes, dams and the Berg River in the Western Cape. Lime Acres in the Northern Cape draws water from underground aquifers for both operational usage and the requirements of local residential communities. No water is discharged from the cement manufacturing process. PPC has continued with the installation of necessary infrastructure to measure water usage adequately.

- Water recycling -

At Dwaalboom the sewage is treated and recycled for garden maintenance. The Batsweledi project has included the recycling of water as an integral part of its planning and all new plant designs consider the use of equipment that requires relatively low quantities of water for gas cooling.

- Water optimisation programme -

PPC is working on water optimisation programmes at each of its operations; lessons learnt from these programmes will be reported in the next annual report.

- Waste minimisation -

PPC does not generate any solid waste from the cement process. All off-specification material is re-worked or re-processed. However, any waste that is generated on site is managed through PPC's ISO 14001:2004 certified environmental management systems.

PPC, in collaboration with the ACMP has developed a decision matrix to support the Exemption from Waste Applications, in terms of section 20 of the Environmental Conservation Act. This will assist in fast tracking authorisations for the storage of waste at cement plants, submitted for approval to the National Department of Environmental Affairs and Tourism.

- Waste recycling and re-use -

All operations are endeavouring to re-use or recycle waste. At some operations, waste materials from older waste dumps that were previously considered non-reusable, are being analysed for re-use. In this way PPC further reduces its reliance on non-renewable resources.

De Hoek and Riebeeck have optimised the recovery of screenings from the crushing process, thereby achieving significant synergies in resource usage. A portion of the screening material is transported from De Hoek to Riebeeck to be blended with the limestone from the Riebeeck quarry, producing the correct material mix for cement production, whilst simultaneously achieving PPC's resource conservation objectives. At Mooiplaas the fine material recovered from the evaporation ponds is sold as agricultural lime. At Lime Acres the fine material is processed into briquettes and sold as usable product.

PPC generates waste oil and lubricants from maintenance activities. Much of this waste is internalised in the manufacturing process, and where this is not possible, the waste is disposed of at an external waste facility, using a registered

“Thousands of hectares of sensitive and endangered flora is protected by PPC’s conservation programme.”

waste disposal service provider. General waste from operations located in urban areas is disposed of at municipal general landfill sites by a contracted waste service provider. At the rural-based operations including the PPC villages, the general waste is disposed of in small domestic self-managed waste disposal sites.

Paper from PPC is recycled at the urban facilities and metal waste is sold to scrap metal merchants for recovery and re-use. PPC takes a responsible and proactive view on the disposal of used cement bags and provides clear and concise instructions to consumers on the best means to dispose of the bags.

PPC has a firm contract in place with an external service provider to manage all electronic waste as per the national waste management hierarchy of reduce, reuse, recycle, recover and disposal.

- Biodiversity management -

PPC carefully monitors and manages the ecological footprint surrounding its mining areas through its ISO 14001:2004 environmental management system and individual EMPRs.

- Flora -

Approximately 1 330 hectares of land utilised by PPC is classified as sensitive Loerie Fynbos. The Grassridge operation in the Eastern Cape includes 16 000 hectares of Bontveld and at Riebeeck, two hectares are covered by the endangered Cape Rhenosterveld. A further three hectares of Rhenosterveld have been identified at De Hoek, and a conservation programme has been incorporated into the existing ISO 14001:2004 environmental management system.

The rehabilitation process at Loerie includes the management of invasive plant species. Originally, PPC planned to eradicate all invasive plant species from Loerie but this proved an impossible task given the long-term development of the seed bank. Alternative measures were adopted to manage the invasive plants, with affected areas being divided into zones defined by the variety and degree of vegetation encroachment.

- Fauna -

Grassridge Albany Adder protection programme

There have been seven sightings of Albany Adders at PPC Grassridge Limestone mine to date. The Albany Adder meets all the criteria for inclusion as “Endangered” in the International Red Data List.

PPC has concluded an agreement with a herpetological specialist of the Bayworld Snake Park to conduct formal surveys and research into the preservation of this species. For the first two years all four Albany Adders located at Grassridge were taken to the Bayworld Snake Park in Port Elizabeth. Thereafter all Albany Adders located at Grassridge are translocated to the nearest rehabilitated areas. Sightings of the Albany Adder are now formally recorded and reported. Moreover, PPC runs environmental educational programmes with all operating and contractor personnel on the general identification and preservation of the reptile population.

Parrot Beaked Tortoise (Homopus Areolatus)

The endangered Parrot Beak Tortoise is found only in certain areas of the Eastern Cape. To protect the tortoises from being electrocuted by the electric fencing surrounding PPC’s Grassridge plant and workshop, a non-electrified low-rise fence has been erected directly adjacent to the electrified fence. This low-rise fence was constructed 20cm away from the electric fence and 10cm above the ground. This special fence has proved highly effective in keeping the tortoises away from the electric fencing. Road signs have also been erected along the haul roads at Grassridge near Addo, warning motorists to avoid tortoises crossing the roads.

As an additional precaution to avoid the accidental harming of tortoises through its operational activities, PPC collaborates with a team of experts from the Nelson Mandela University to survey the area on foot and to relocate any Parrot Beaked tortoises to undisturbed areas before top soil is stripped over the mining areas.

A herpetological specialist was assigned to educate PPC personnel about the preservation and translocation of the tortoise population in mining areas. Follow-up education is done on a regular basis to all PPC personnel and contractors to ensure the long-term protection of these tortoises.

- Enhancing stakeholder engagement -

PPC recognises that ongoing transparent communication with stakeholders is essential for successful business operations. To obtain and retain robust community support, PPC is committed to engaging stakeholders for constructive feedback and to include their considerations in plant operation decisions. Stakeholder involvement and environmental awareness among staff and communities lead to greater trust between all interested and impacted parties.

PPC has established an environmental stakeholder forum at the Jupiter plant to create a platform for open and transparent communication between the company and the community. This forum enables plant personnel to understand and address stakeholder requirements and to jointly ensure sustainable protection of human safety and the environment. The objectives of the stakeholder forum include:

- Creating a platform for discussing environmental initiatives at the plant;
- Building additional capacity within the community to enhance environmental management;
- Disseminating applicable information to stakeholders;
- Establishing and maintaining a database of issues raised and management requirements;
- Managing expectations of communities in a constructive and transparent manner; and
- Strengthening the relationship between Jupiter and the surrounding community.

PPC is in the process of implementing and tailoring the environmental stakeholder forum for all PPC operations.

- Material environmental stakeholders -

In June 2007, PPC conducted a stakeholder engagement assessment to identify key environmental stakeholders and their core issues with regards to the company's operations. The following key environmental stakeholders were identified by PPC's leadership team:

- Local, regional and national government
- Non-government organisations
- Neighbouring communities
- Cement association
- Employees
- Customers
- Suppliers
- Contractors
- Labour unions
- Investors
- Environmental consultants

PPC will continue to work with the stakeholders to improve environmental management at all operations.

- Environmental education -

Competence through knowledge and training forms the cornerstone of achieving sound environmental commitment and performance among PPC employees. The company has always strived to be globally competitive. Inherent in this aspiration is the standard of skills passed on to our people that not only

PPC recognises ongoing transparent communication with stakeholders

renders them highly employable, but enriches their lives and ultimately enables PPC to play a broader role in nation building. To accomplish this, PPC places much emphasis on:

- Including environmental awareness training in induction programmes;
- Performing task-specific competency training based on skills needs analyses; and
- Building environmental management competence at managerial level to ensure that environmental management systems are implemented and measured through effective auditing, monitoring and reporting.

Each person and function within PPC can play a positive role in environmental management, if they are aware of PPC's operational impacts on the environment. For this reason, PPC encourages all personnel to understand the significant environmental impacts of their work activities. The company also ensures employees are familiar with PPC's sustainability policy and relevant procedures through the induction process and that they understand key roles and responsibilities associated with PPC's environmental management system (EMS).

PPC's environmental training programme is centred on the requirements set out in the company's ISO 14001 management system and monitoring of training requirements are managed through the system. A critical first step in developing a training programme is to assess the training and skills requirements of personnel. During the year, the programme helped to identify the need for additional environmental specialists at strategic sites to assist in effective environmental management. The company has also developed internal training programmes to refine air pollution control techniques and to increase awareness among staff on newly improved cement technology.

PPC's ongoing programme to train and develop employees corresponds with the company's modernisation and expansion objectives. PPC strives to align the education and growth of its people with national and global perspectives on sustainability management and ongoing monitoring of environmental and sustainability issues impacting the company's stakeholders – particularly the environment.

- Sustaining quality standards as cement demand grows -

PPC is recognised for providing consistent product quality and services and will continue to do so under the challenge of the continuous high utilisation levels of its plants. Cement products remain subject to stringent testing during the manufacturing process, in accordance with the relevant South African National Standards (SANS) specifications. Imported cement is also tested according to SANS requirements during the manufacturing process. Additional testing is performed on the imported product once offloaded in South Africa, which ensures that the cement has not degraded while in transit. This process enables PPC to guarantee the quality of both locally produced and imported products. PPC's burnt lime and dolomite products continue to be successfully manufactured according to strict customer requirements.

In line with PPC's stated corporate value to supply quality products and services, the company has retained its ISO 9001:2000 certification for quality management systems as well as the SABS 1841 certification or "e-mark" for assuring consistency in terms of bag mass. PPC's Group Laboratory Services division has also retained its ISO 17025 accreditation through the South African National Accreditation System.

During the year, PPC's laboratories were audited by the Cement and Concrete Institute and a 'zero findings' report was received for the fourth consecutive year. This is a remarkable achievement as PPC is the only company in the domestic cement industry to have achieved zero findings for all its cement testing laboratories.

- Environmental compliance -

PPC regards legal compliance as the first step to environmental management. Compliance principles and parameters identify the priorities and standards for maintaining a sound relationship with the environment and all stakeholders. However, going beyond compliance, PPC recognises the importance of being a responsible corporate citizen and taking a leadership role to ensure potentially harmful mining activities are balanced with sincere rehabilitation and environmental stewardship objectives.

PPC's ISO 14001 EMS includes a process for identifying applicable legal and applicable regulatory requirements and ensures that these requirements are factored into the organisation's business activities. All major plant upgrades and expansions at PPC are authorised by the relevant government department. Moreover, the company obtains the requisite approval for mining activities from the Department of Minerals and Energy as well as the Department of Environmental Affairs and Tourism.

During the year, Slurry's provisional air quality registration certificate was converted to final registration certificate. Jupiter's provisional registration certificate was extended to December 2008. Once authorities are confident that the rest of PPC's operations comply with all relevant ambient air quality legislation, including the comprehensive implementation of an air quality management plan, the provisional registrations can be converted to final emission licences in terms of the Air Quality Act. PPC is currently developing emission inventories and demonstrating conformity to the conditions of the provisional registrations.

PPC has responded to the provincial environment departments' requirements for the section 24G (post facto) applications submitted for the Slurry and Dwaalboom operations. It has demonstrated that at no point during the post facto activity was there any potential to detrimentally impact on the environment.

The organisation is presently planning mining authorisation conversions and has drafted social and labour plans in preparation for the relevant mining authorisations in terms of the Mineral and Petroleum Resources Development Act.

- Environmentally conscious suppliers -

PPC endeavours to support suppliers who are environmentally conscious. The certification to ISO 14001 is encouraged through supplier accreditation process by the procurement department.

– Awards and achievements/recognition –

PPC operations won DEKRA awards for their sustainability and corporate governance. Lime Acres won the Silver Award for implementing and being certified for ISO 9001, ISO 14001, ISO 18001 and AMS 16001 (an HIV/AIDS management system). Slurry, Port Elizabeth, George depot, Saldanha, Riebeeck all received bronze for implementing and being certified for ISO 9001, ISO 14001 and ISO 18001.

“PPC takes a leadership role in rehabilitation and environmental stewardship.”

The performance of the Mooiplaas and Laezonia quarries has improved during the last four years from a score of 4 (Health and Safety: 80 – 89% audit score) and score of 4 Fish Eagles (Environmental: 80 – 89% audit score) respectively, to Showplace Awards in 2006/07. This is the highest possible award within ASPASA and represents a score of >95% for each of the audits.

– Way forward –

PPC will focus on the following priority areas in the next financial year in line with the recommendations of the environmental framework document:

- People capacity building including investigating options around education and training in line with recommendations;
- Developing targets for meeting the requirements of the Energy Efficiency Accord as part of the Just Cool It Project Team initiatives;
- Further formalised stakeholder engagement with key role players; and
- Entrenching the environmental framework objectives and recommendations into business.

Should you require information on environmental matters within PPC please contact:

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The protection of employee's health and safety and the prevention of incidents continue to be a major focus for the company.

With this in mind the company re-commited itself to safety improvement by launching a 'behaviour based safety' programme with a bill of safety rights (which also includes duties) and a number of processes to increase health and safety awareness. Employees and the executive signed commitment posters which are prominently displayed at the sites.

Yellow and orange armbands were issued for employees to wear to show their commitment to the ideals of the bill of safety rights. Systems were developed that help team members identify unsafe behaviours and situations in such a way that resulted in a learning experience for the person involved and their colleagues and to recognise safe behaviour.

Despite greatly increased activity at all of our factories, the trend for the Lost Time Injury Frequency Rate since the launch of the initiative is showing a decline. These trends are analysed and discussed at monthly executive meetings and the statistics are distributed widely across the company.

All factories have maintained their OHSAS 18001 certifications which ensures that PPC complies with the International Labour Organisation (ILO) standards for Health and Safety in the work place. All sites have been audited by DEKRA, an independent European Certification body to ensure compliance with recognised standards. All sites achieved five shield status during 2007 with the exception of the Jupiter factory which earned four shields. Health and safety management committees are functional at all operations, again in accordance with, and beyond, the legal requirements. Through these committees equal representation of employees and the employer is guaranteed. Stakeholder engagement continues to take place concerning all matters relating to health and safety.

“PPC committed to a new safety initiative that includes a bill of rights.”

- People highlights -

- Best manufacturing company to work for – the fifth consecutive year
- Achieved a positive index rating of almost 90% in the individual perception monitor
- Introduction of the Kambuku enrichment programme
- Launched the PPC coaching and mentoring programme
- Invocoms® functioning at above the standard level of effectiveness
- Over 4 000 value-adding suggestions generated through Invocoms®
- Employment equity designated persons in management increased by 16%
- Over 95% of PPC employees in South Africa know their HIV status
- Learnerships accelerated in 2007
- Launch of the PPC academies
- Group training centre expansion
- ABET is accelerated

- Growth and transformation through empowered employees -

It is the passion and determination of the PPC people that form the company's heartbeat. It is evident that the workforce is aligned with, and focused on, achieving the organisation's objectives, which is the basis for the group's success in achieving its growth and transformation targets towards Vision 2010 and beyond.

- PPC way of life -

The success and sustainability of PPC is reliant on its people, who are integral to the Kambuku value based management (VBM) philosophy. It is through this PPC way of life that a climate is created that ensures a healthy, rewarding and satisfying working environment. Here everyone is given access to opportunities to contribute to the success of the organisation, to achieve growth through learning and receive recognition for excellence.

- A growing workforce -

In line with PPC's strategic objectives, there was an increase in the staff complement during the 2007 financial year.

PPC's workforce, including Zimbabwe (592), increased to 3 097 employees (2006: 3 025).

The annual average employee turnover in 2007 was 7,8% in South Africa (2006: 11%), 7,8% in Botswana (2006: 15%) and 6,3% in Zimbabwe (2006: 5%).

- Analysis of the workforce (South Africa) -

Significant changes were achieved in the employment equity (EE) position at senior management, middle management and skilled/upper technical levels, as well as the semi-skilled/learner level.

In line with EE targets, preference in recruitment and internal promotions was afforded to black candidates.

- Equal opportunities for growth -

All PPC employees have equal opportunities for employment and advancement. This is in line with the company's policies and practices on employment equity and succession planning.

- EE composition of management -

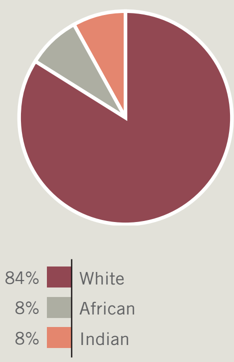
EE level used (Scorecard compliance)

	2007 %	*2006* %	*2005* %	*2004* %
Management manning levels (Africans, Indians and Coloureds & White females)	44	27	25	21
Females in management (Africans, Indians and Coloureds & White females)	46	53	17	10

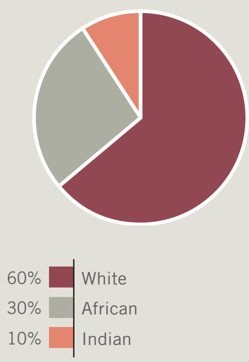
Analysis of the workforce (South Africa)

	African		*Coloured*		*Indian*		*White*		*Total*
	Male	*Female*	*Male*	*Female*	*Male*	*Female*	*Male*	*Female*	
Board	1	2			1		6		10
Senior management							6		6
Middle management/professional	30	10	22	4	21	9	163	38	297
Skilled upper/technical	130	32	109	32	7	8	277	67	662
Semi-skilled, apprentices/trainee	682	43	216	38	1	4	37	53	1 074
Labourers/unskilled	276	8	27	1			7		319
Job grouping	1 119	95	374	75	30	21	496	158	2 368

Directors by race 2006



Directors by race 2007



PPC remains committed to improving the composition of previously disadvantaged individuals (as determined by the Employment Equity Act) at management and senior management levels.

- Maintaining open dialogue -

The company believes in maintaining open and honest dialogue with its employees, with an emphasis on engaging and consulting with staff when the business needs restructuring due to operational issues. The percentage of employees recognised as members of a trade union is 44% in South Africa, 67% in Botswana and 73% in Zimbabwe. PPC acknowledges the freedom of association, and acknowledgement agreements exist between the company and relevant unions.

- Kambuku – Going for Gold -

- Building on a strong foundation -

At the heart of PPC's growth and improvement lies the Kambuku process: encapsulating the spirit of continual improvement, shared values, effective communication and doing things the 'best' way – the PPC way.

Since the birth in 2000 of PPC's Kambuku process as the preferred methodology of executing the principles of the VBM model, the company has grown from strength to strength. While the Kambuku process is well entrenched and underpins the way things are done at PPC, it is important to continually set a clear direction for the business and ensure that its processes are aligned to support this strategic direction, and meet its objectives.

For the past seven years, PPC has embraced the Kambuku processes and principles, with the aim of ensuring the organisation is a world class operation in all respects. Building on the foundation that has been created with passion, commitment, innovation and teamwork, PPC continues to record significant achievements. These include being voted the "Best Manufacturing Company to Work For", for the fifth consecutive year, in the annual Deloitte "Best Company to Work For" survey. In 2007 PPC was ranked fourth in the medium-sized company category, and eighth overall. PPC has achieved a top 10 position in all of the years that it has entered the competition.

As part of the Kambuku process, an organisational performance model was developed. Known as 'the vital elements of a performing organisation', this model sets the benchmark for the internal standards, systems and processes that facilitate employee engagement and participation.

- Learning for growth -

- A culture of improving knowledge and skills -

Recognising that the future growth and success of the company are inextricably linked to its ability to grow and nurture the requisite skills, PPC has introduced a sixth vital element to the 'vital elements model'. Under the mantra, Learning for Growth, the company has introduced individual development plans, workplace skills plans, an operations academy, an academy for sales & marketing, and other training-related activities and programmes.

– Kambuku enrichment –

- Enriching Kambuku through empowerment, transformation and learning -

As PPC moves forward in pursuit of the 2010 vision to Go for Gold, the Kambuku Enrichment programme has been introduced, primarily to enhance the existing Kambuku process by identifying gaps in the business and highlighting opportunities for improvement. Among the opportunities that form an integral part of the Kambuku Enrichment initiative are empowerment, transformation and a broad-based skills development programme.

The Kambuku Enrichment programme was launched across all sites within PPC, and reinforced through multi-media presentations, road shows and other internal communication

"Coaching and mentorship programmes aimed at empowering tomorrow's leaders."

methods, to secure understanding, generate excitement and buy-in, and commence implementation.

"It is important to note that this is not a new initiative: we are building on the foundation that we have already created and will continue to reinforce our Kambuku principles, embrace transformation, create value, drive productivity, and focus on the actions we need to take to create a better life for all."

Orrie Fenn, chief operating officer

– Coaching and mentoring –

- Empowering tomorrow's leaders, today -

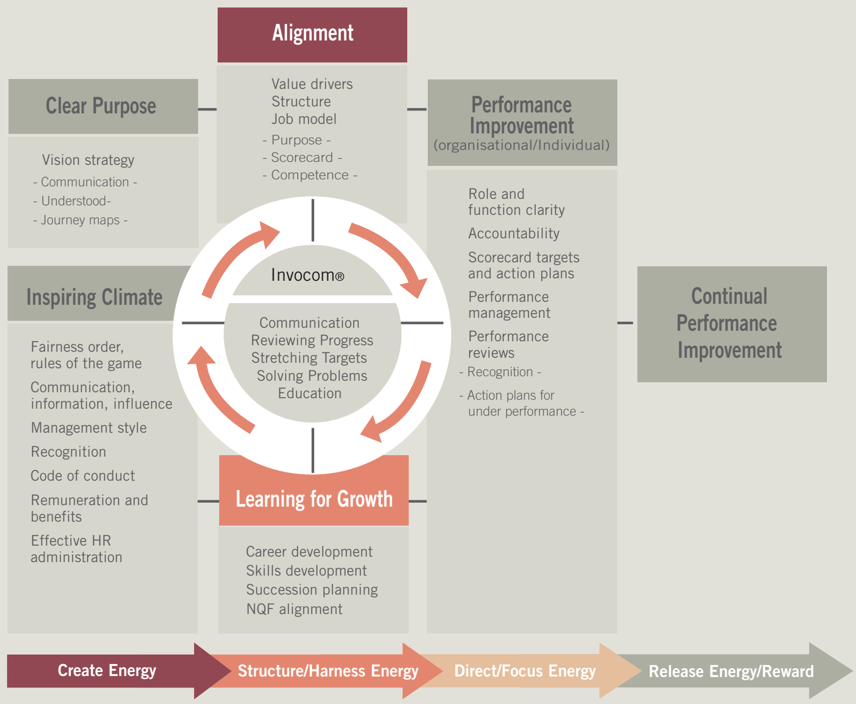
As part of PPC's efforts to improve and sustain superior business results, the company has introduced a multi-level coaching and mentoring initiative, the coaching advance performance (CAP) programme. Over the past year PPC has revised and introduced the CAP programme as a broad-based skill to the PPC management team. As a point of reference, coaching refers to the transfer of operational theory and core skills into practice; mentoring refers to the transfer of leadership skills, knowledge and attributes.

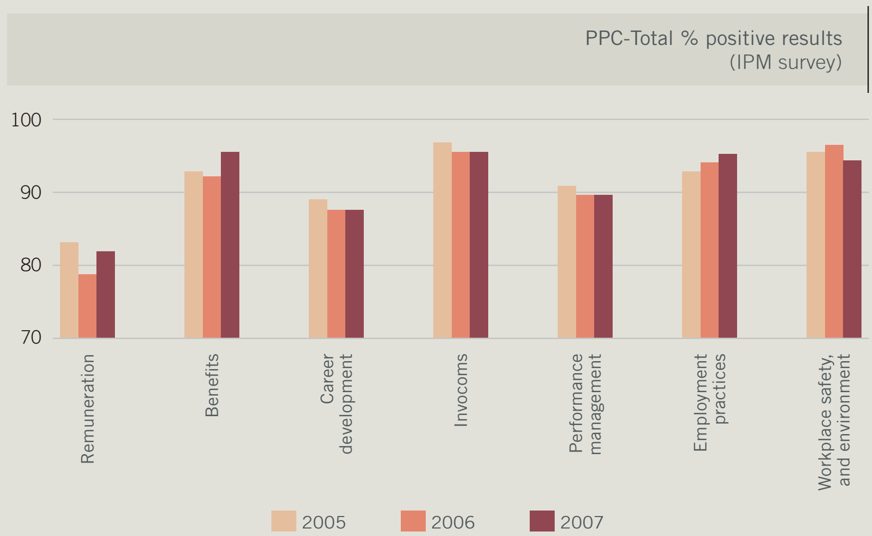
– Individual perception monitor (IPM) –

- Listening, learning and continually improving -

For the past six years, PPC's annual IPM survey has given all employees the opportunity to express their views and rate the organisation on critical processes, including understanding the PPC vision, employee benefits, leadership behaviour, remuneration, training, coaching and communication. Participation in the survey is confidential. Importantly, the results of the survey are analysed by each site and by management on a centralised basis, with the purpose of identifying and addressing areas of concern and reinforcing positive trends.

The vital elements of a performing organisation





Sustainability Review

Financial Review

– Engaging hearts and minds –

- Employee participation and activation -

PPC believes that positive results are achievable only when employees across all levels are engaged, empowered and held accountable. Accordingly, active involvement and communication takes place frequently and across the organisation, with entrenched organisational systems and processes in place to facilitate this. Participation and communication efforts are encapsulated in PPC's Kambuku process, which has various components. Two key elements are:

Key leader summits: These are regular gatherings held per plant or site throughout the organisation, involving all appointed, elected and informal leaders. Employees meet to discuss plant or site performance, strategic initiatives, challenges and opportunities.

Invocoms®: These are team-based discussions which take place on a daily basis for teams at shop floor level, on a weekly basis at sectional supervisory level, and monthly at departmental level. Invocoms are held throughout PPC at all levels and across all functions of the business. There are 350 Invocoms in operation in PPC and, based on the annual Invocom audit results for 2007, it is evident that all Invocoms are functioning at an 'above the standard' level of effectiveness.

– Employment equity forums –

- Going beyond targets and numbers -

PPC's vision is to be a world-class company while remaining truly South African in terms of race, gender and organisational culture. Entrenched in this process is a commitment to transformation, and creating an organisation where diversity is valued and harnessed in the spirited drive towards achieving workplace equity.

For PPC, achieving compliance with the Employment Equity (EE) Act and related legislation is just one dimension of employment equity. Equally important is the pursuit of compliance with the letter and spirit of the Act, which has seen PPC initiate various programmes and processes.

To add the 'action' to the strategy, PPC employment equity forums have been established, comprising representatives of all levels and categories of employees for cross-functional input, consultation, planning and the co-ordination of various employment equity implementation activities – including the preparation of reports to the Director General of The Department of Labour.

The objectives of the forums are to facilitate the consultative process across all constituencies within PPC, and enable the effective implementation of employment equity and aspects relating to the Act.

The forum represents the interests of all groups as listed in the Act, being the designated groups (African, Indian and Coloured employees, female employees and employees with a disability), non-designated employees (White males) and employees at all levels and in all occupational categories.

– Succession planning –

- Standing on the shoulders of others -

PPC's succession strategy is designed to secure the continual, readily available supply of talent to key positions in the organisation. The company's succession planning policy model outlines succession plans at group level and at each site, and details the succession guidelines to be followed in terms of the total number of succession candidates, fast tracking, readiness programme, requirements for mobility within PPC, key positions, mentorship and qualifications.

PPC's succession plan is aligned with the company's EE targets and plans. In 2007, the succession plan for senior management

Creation of "my benefits, my better life" campaign

comprised 64% EE candidates; in all, the company has 71% EE representation across the business and 36% of general managers (operations and sales & marketing) is made up of EE candidates. Of these, 60% were internal promotions and 40% represented EE designated women.

– Benefits –

PPC provides benefits in line with best practice in the market. Medical aid and retirement funds were redressed in 2007.

- Retirement -

This year, due to the unbundling of PPC from Barloworld, all PPC employees that were on the Barloworld Retirement Fund were successfully transferred to the PPC Retirement Fund.

- Medical aid -

All PPC members of the Barloworld medical aid were successfully transferred to PPC selected market medical aids. This resulted in contribution savings.

- Branding -

A benefit branding intervention was conducted through the creation of a "My Benefits, My Better Life" campaign.

Through this campaign communication was improved via regular benefits bulletins, member booklets for retirement and medical aid and other branding kits and aids.

- Learning for Growth -

Regular Learning for Growth sessions were held around the country to improve key learnings on benefits.

- Results -

PPC's individual perception monitor (IPM) score for benefits increased from 90% to 93%.

To ensure a better life for everyone at PPC, the company provides benefits to all employees beyond the mandatory framework. These benefits include healthcare, disability, education and retirement. The cost of benefits for South Africa totalled over R85 million and Pula 790 000 for Botswana.

- Employee wellness -

Various types of tests, including blood pressure, eye, cholesterol and glucose, were conducted for interested employees. PPC also offers primary care and occupational healthcare to employees via an on-site clinic system at the manufacturing sites. These services are offered free of charge to all employees, irrespective of whether they are on a permanent or temporary contract.

- HIV and Aids -

The HIV/Aids support programme continues at all sites, especially for employees not on medical aid. In 2007 PPC rolled out further awareness sessions and opportunities for voluntary counselling and testing. Just over 95% of PPC South African employees know their HIV status.

PPC conducted audits of the Aids management system at four sites and an improvement plan of action was adopted.

Anti-retroviral treatment is accessed through the medical aid programme to all employees on medical aid. Confidentiality is maintained at all times.

PPC partnered with organisations such as NOAH to provide care, education and support to orphans of HIV/Aids in the community through contribution to the Barloworld CSI programme and through other CSI initiatives.

- Adult Basic Education & Training (ABET)
Skills for life, window to success -

If PPC is to grow the potential of every person on its team through its academy, then every person needs an equal and fair start on the ladder of learning. That start is ABET – Adult Basic Education & Training. *"ABET is very close to our hearts – we have a passion for developing our people to read and write – but greater still, to witness the moment that our learners truly understand the words they read and write,"* is the sentiment of PPC's Learning for Growth team. It echoes the genuine national commitment of ABET trainers at regional centres throughout PPC.

'Speed of learning' is cited internally as one of PPC's key competitive advantages. With 64% of the workforce currently assessed for ABET training, PPC is well on its way to achieving the target of 'all employees attaining minimum ABET Level 4 in communication and numeracy by 2010'.

Focus combined with quality training is the true key to the speed of learning at PPC. A third of PPC's workforce has either completed training, or are active learners – a progressive milestone when considering that ABET was first identified as a learning for growth priority only 24 months ago, in late 2005.

To date, 1 468 employees were profiled against ABET and 348 employees were placed on various ABET programmes across the company – 93% of these being EE candidates. The ABET programmes have proven highly successful with a current pass rate of 95%.

Level	Number profiled	Number on training
Pre ABET	207	12
ABET Level 1	266	151
ABET Level 2	358	95
ABET Level 3	293	50
ABET Level 4	166	32
> ABET Level 4	178	Nil
Total	*1 468*	*348*

Success stories abound, with many PPC employees achieving life-long dreams through the programme.

ABET CASE STUDY

Life changing achievement ...

In August 2007, Samuel Legotsa took his daughter to hospital and his spirits sank when he saw the queues of people waiting for assistance.

He was surprised to discover that he could bypass the crowd waiting for hospital staff to complete their forms for them.

For the first time in his life, Samuel, age 50, walked to the front desk for a form, which he filled out on his own. His pride and sense of achievement were life changing as he realised the power of his new-found ability to read and write.

“PPC is committed to life-long learning and skills upliftment for employees.”

- Skilled people – PPC’s most powerful asset -

- Engineering learnerships & artisan training -

PPC’s approach to sustainable performance as a nation-building company has always been to invest in its people. The company has been training artisans for 36 years – the work these men and women perform is critical to the ongoing maintenance and operation of factories. This year PPC has trained 66 learners in various trade fields; of these 51 were black learners.

Learners per skills field

	2007 %	2006 %	2005 %	2004 %
Electricians	38	37	36	41
Fitters and turners	27	37	40	38
Platers/welders	23	18	14	9
Diesel mechanics	12	8	10	12

The group training centre (GTC), situated at the Slurry factory in Mafikeng has seen over 30 years of training and skills development undertaken. GTC hosts fully accredited learnerships and skills programmes for all trades. Teams are motivated to achieve the highest qualification throughout their careers, and PPC offers learnerships from fitting and turning, electrical, plater/welder, and millwright, to diesel mechanic.

In order to enhance careers and lives, the company has achieved full accreditation as a service provider with the Mining Qualifications Authority (MQA) – Engineering, as well as ISO 9001:2000 certification. PPC has complemented this with programme approval and a subsequent secondary accreditation as a service provider with the Manufacturing, Engineering and Related SETA (MERSETA). The outcome is a National Certificate which gives full recognition of qualifications throughout South Africa. GTC also offers a number of short courses to enhance skills.

CASE STUDY

- Electrical engineer of the future – a role model in the making -

Having trained at the Group Training Centre over a period of two years, 26 year old Thandi Minyuku from PPC Hercules successfully completed her learnership to qualify as an electrician in May 2007. Thandi joined the team as a learner electrician in 2005. Her dedication to learning will enable her to continue to work her way up – to achieve her aspiration of one day becoming an electrical engineer.

- Growing technical capacity -

- GTC expansion project -

Qualified artisans are increasingly difficult to recruit and retain due to a national shortage of people with skills in this area. Meeting the requirements of the skills development area of the Codes of Good Practice is a very important target for PPC, and black learnerships need to be increased. This is in line with PPC’s own modernisation and expansion drive, requiring increased numbers of artisans well into the future. A decision was made by the PPC board of directors to expand GTC’s facilities to meet the future required number of artisan learners, and to accommodate the growing number of female learners anticipated over the next five years.

The GTC expansion project was officially unveiled in July 2007 by cement operations executive, Pepe Meijer, at the launch of the Operations Academy in Slurry. This R12 million expansion will include a training hall to accommodate

80 delegates (including disabled learners), as well as 40 new rooms (10 housing units).

The expanded GTC conveys a powerful message about PPC's commitment to life-long learning and skills upliftment for employees, a message that will work positively towards attracting future black talent to the company.

- Hands-on learnerships -

- Empowerment plan for unemployed local communities -

As part of the company's realigned corporate social investment (CSI) strategy, there is a focus on long-term sustainable community projects that contribute to the upliftment of skills within the cement and construction sectors. The GTC expansion project presented the ideal opportunity and infrastructure to include and develop local communities from settlements in and around Slurry and Mafikeng. PPC is currently training eleven black unemployed, unskilled learners: 10 in the wet trades and one electrical learner.

In recent years, PPC has had increasing numbers of women qualifying as artisans, and the expansion project team was no exception.

CASE STUDY

Twenty-one year old, local resident, Boitumelo Naledi joined the project team as a learner bricklayer in April 2007. She will be trained at GTC, completing her initial experiential training through the expansion project. This is followed by hands on work at the Slurry factory, and finally her trade test. This young mother would like to pursue a career in land surveying "tendering for the big companies and government – even having my own construction company some day." Her enthusiasm to carve a path towards her dreams is an inspiration.

- Building leaders through the PPC Academy -

PPC has given a bold and determined commitment to building leaders for the future through the PPC Academy. Already, the academy is transforming the company and its people through life-long learning and skills development. By 2010, a total of 430 people will be trained through one of the academy's three specialist faculties – sales & marketing, operations and mining.

- Ladders of learning -

The ladders of learning within PPC have the potential to take employees from ABET to a bridging programme, then on to various nationally recognised qualifications in the sales & marketing; operations as well as the mining aspects of the business.

- Bridging -

- Entrance to the academy -

A vital bridging programme was successfully launched in April 2007 as an accredited preparation programme to assist employees to obtain the relevant entry requirements for the academy programmes.

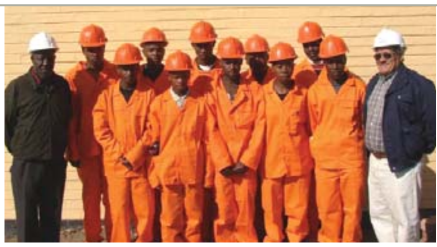
The bridging programme is a registered skills programme with PPC's accredited service provider, Optimum Learning Technologies, and is offered as a three week block release programme that will take four to six months for learners to complete.

- Academies on track -

- Launch of the Sales & Marketing Academy -

PPC launched the Sales & Marketing Academy in March 2007. Focused on developing a new breed of sales and marketing personnel, it is a first for the cement and mining industry aimed to meet the growing infrastructural development demands of South Africa.

Building leaders for the future through the PPC Academy



The academy was officially opened by PPC chief operating officer, Dr Orrie Fenn and chief executive officer of Barloworld Coatings, Andre Lambrecht. The CEO of the Service SETA, Ivor Blumenthal, also attended.

The Sales & Marketing Academy is an innovative joint venture between PPC, Plascon (a division of Barloworld Coatings) and the Services SETA.

The first group of 11 PPC learners and 20 from Plascon led the way by being selected to study for the internationally recognised National Certificate: Customer Management (NQF 4). This existing qualification, hosted by the Services SETA was enhanced and customised to PPC and Plascon's needs within the rules of the qualification. A further 20 learners are scheduled to enter the academy in 2008, 30 in 2009 and 30 in 2010.

- Launch of the Operations Academy -

The opening of the Operations Academy in July 2007 represents the next level in PPC's goal of sustained success through the development of its people. The significance of the launch at the Slurry factory in Mafikeng, was highlighted by the attendance of Labour Minister Membathisi Mdladlana who said, *"PPC's timing could not have been more appropriate given the economic boom that we are experiencing especially in the construction sector, and the high demands and responsibilities placed on us in preparation for 2010."*

PPC has researched the ideal job profiles for the future of cement manufacturing and identified operations as one of the critical areas to be developed. At the end of an 18-month learnership, the select group of 21 learners will be the first in South Africa to receive the Further Education and Training Certificate in Carbonate Materials Manufacturing Processes on NQF level 4. The qualification has only recently been formalised and was registered with the South African Qualifications Authority in 2006, and is hosted by the Mining Qualifications Authority (MQA).

A further 40 learners are scheduled to enter the Operations Academy in 2008, 60 in 2009 and 60 in 2010.

- The Mining Academy -

PPC is gearing up for the launch of the Mining faculty of the academy in 2008. In preparation for the mining operator programme, 15 employees are currently on, or have completed, the bridging programme. The first qualification will be the National Certificate in rock breaking.

- Life-long learning takes root -

Mxolisi Anderson Xhakwe paves the way on PPC's ladder of learning, showing how careers are propelled through the academy.

- *Joined PPC at the Port Elizabeth factory as a grade 16 operator support*
- *Successfully completed ABET 4 Literacy and Numeracy, and was promoted to shift supervisor at grade 10 level*
- *Currently one of the 20 learners in the Operations Academy working towards a qualification in cement manufacturing*

An inspiration to young women – 22 year old achiever, Serati Modesani

- *National Diploma Chemical Engineering (Johannesburg University)*
- *Started at PPC's Dwaalboom factory in March 2007 to complete her in-service training for national diploma*
- *Currently employed at PPC as a process operator*
- *Gives motivation speeches to matriculants at Holfontein High where she completed her schooling*

Determined single mother of two, 32 year old Lydia Marumo

- *Studied at the Northern Cape Technical College in Kimberley and completed her N3 study in 1999*
- *Started her working career subcontracting on civil contracts for the local government*
- *Started at PPC as a learner burner with Lime Acres factory in June 2003*
- *Promoted to process operator as an experienced and valued member of the PPC production team*
- *A peer educator in the production department, and actively involved in the community*
- *Completed the bridging programme*
- *Enrolled in the PPC Operations Academy for FET Certificate in Carbonate Materials Manufacturing Processes (NQF 4)*

- Graduate development programme (GDP) -

- At PPC there are no limits -

2007 saw the launch of a two-year graduate development programme (GDP), designed and established to attract new talent from tertiary institutions across the country, in the five key disciplines critical to PPC.

- Engineering
- Production/Process Services
- Mining
- Quality
- Environment & sustainability

The end result on successful completion of a two-year programme is the channelling of professional new talent into PPC's succession pipeline. Graduates will be site based and will learn through modules developed by PPC specialists. The GDP is an initiative that will fast-track each graduate's career development exponentially. Continued growth and learning with PPC is guaranteed.

The universities of the Witwatersrand and Pretoria were part of a successful recruitment drive in May 2007 which was well received by students.

Further launches will be held at universities in Cape Town and Stellenbosch, the Nelson Mandela Metropolitan University, and the University of KwaZulu-Natal by the end of this year.

“Over 95% of PPC employees know their HIV status.”

- Leadership development -

- Strength guaranteed -

The ‘PPC Strength Guaranteed’ applies to every facet of the business, particularly to the development of its leaders from within. A significant investment has been made, with initiatives ranging from leadership principles training, to emotional intelligence profiling and coaching. Mentoring and coaching programmes have been implemented across all levels of the company, and a total of 138 managers from middle management upwards have benefited in 2007.

- Learning for growth investment -

- Skills development – creating value for all stakeholders -

As a globally competitive company, the excellent skills levels passed on to its people not only make PPC more competitive and enrich lives, they enable the business to play a part in building the nation.

The entire PPC team is focused on creating value for all stakeholders, and 549 PPC staff are currently on learnerships or skills programmes with 89% of learners (486 people) being EE employees.

- EE profile of learners -

EE profile of learners on all training programmes

African		*Coloured*		*Indian*		*White*	
Male	Female	Male	Female	Male	Female	Male	Female
1 022	80	352	68	19	11	424	110

Total cost of training (Rm)

2007	*2006*	*2005*	*2004*
14,3	11,5	9,3	9,2

Skills development is a passion and commitment that is reflected through the Kambuku philosophy and approach to people empowerment. In this financial year, PPC spent almost 4% of payroll on skills development. This is an increase of 24% in Learning for Growth investment. Of this, 74% was spent on EE employees at a total cost of R10,7 million.

- Learnerships for learning practitioners -

In order for PPC to be most effective at focusing on life-long learning for its employees, the company is also developing the capability of its learning specialists to enable them to facilitate organisation learning at a globally competitive level. Six of PPC’s top performance development practitioners recently commenced a year long education, training and development practitioner’s (ETDP) pilot learnership.

- Transformation in action -

- Highlights -

- BEE/transformation committee reporting at board level operationalised
- BBBEE transaction in final stages
- 48% increase in preferential procurement
- Transformation structure, processes and systems re-aligned
- Significant progress towards the 40% previously disadvantaged individuals in management target

- 8,7% increase of women in management
- Local community projects in line with the social and labour plans bear fruit

- Building on a solid foundation -

PPC prides itself on its long-standing track record of good corporate governance that espouses principles of building sustainable communities, building solid business partnerships and supporting South African legislation over many years.

PPC subscribes to the initiative of driving transformation in a meaningful and sustainable manner; and remains committed to these principles and to the objectives of BBBEE as set out in the Department of Trade and Industry's (DTI) BBBEE scorecard.

The company also subscribes to the successful alignment and achievement of both the Mining Charter scorecard of the Department of Minerals and Energy and the DTI scorecard on BBBEE guidelines.

- Sustainability through transformation -

PPC is committed to the transformation of its business in order to more than double the value of the company to all stakeholders by 2010.

- BEE strategy -

PPC's BEE strategy encompasses its transformation goals and philosophy and is characterised by the following principles:

- Creating a shareholder base with a significant level of broad-based black ownership;
- Achieving a meaningful level of black directors and management;
- Achieving an employee complement that reflects the diversity of South Africa;
- Developing and empowering employees through skills development programmes;
- Developing and empowering previously disadvantaged communities in South Africa through social development programmes;
- A procurement policy that recognises BEE; and
- Developing and empowering small and medium enterprises through enterprise development programmes.

- Transformation policy -

The transformation initiative within PPC aims to achieve the objectives expressed in what is called the transformation wheel. During 2007 this transformation model was adopted as the blueprint of the PPC transformation journey.

To execute transformation with excellence PPC will focus on five clear strategic BBBEE goals and align the focus of every initiative to these goals.

- Creating business opportunities for black partners -

PPC is firmly committed to black economic empowerment in South Africa and recognises that meaningful participation by black people in the mainstream economy is essential to sustaining the country's successful economic and democratic structures.

The company is committed to realigning its shareholding to include broad-based groupings of black shareholders, including employees, their families and communities.

- Creating future black leaders -

PPC implemented measures including skills development, mentorship, employment equity and recruitment to create a pool of black leaders for the future as follows:

- 100% of learners participating in engineering learnerships and artisan training were black;
- 11 unemployed black learners are participating in learnerships;
- 74% of learners participating in the academy bridging programme were black;
- 64% of learners participating in the Sales & Marketing Academy were black;
- 65% of learners participating in the Operations Academy programme are black;

Firmly committed to black economic empowerment in South Africa

- 75% of participants on skills development initiatives were black; and
- 68% of recruitment opportunities were filled by black candidates.

- Dinaledi bursaries -

- Building the educational capacity of black communities

PPC believes that strengthening the educational capacity of previously disadvantaged communities is the key for sustainable development. By investing in and supporting a variety of education programmes the company intends to facilitate the empowerment of young people, thereby enabling them to participate in economic activity.

This year PPC supported nine Dinaledi bursars selected from disadvantaged communities throughout South Africa to study at various universities.

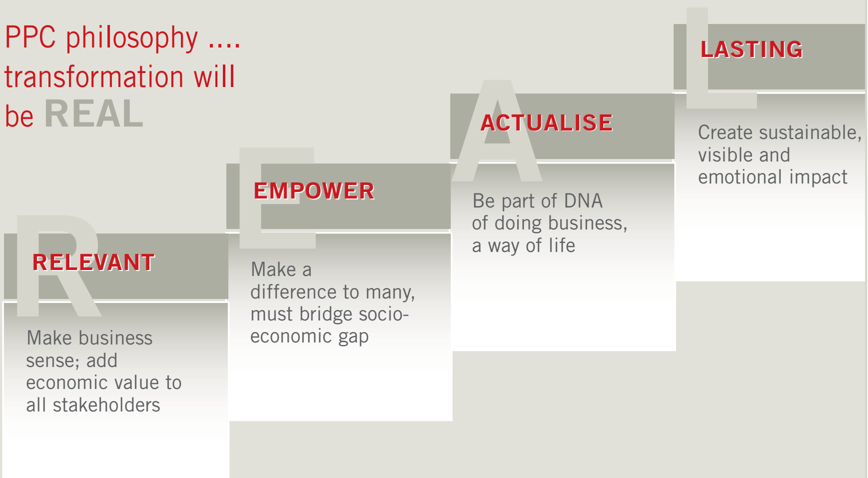
Nine further community bursars, currently in their final school year, were interviewed and selected for the programme during 2007 to increase the number of bursars to 18 in 2008 to the total value of just over R1 million.

- Investing in and developing black businesses -

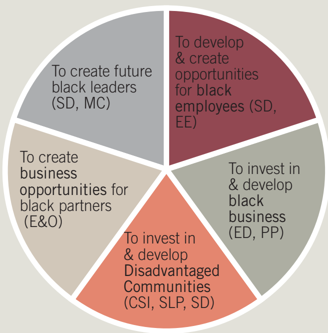
- The challenges facing small businesses

The enterprise development component of the Department of Trade and Industry's Codes of Good Practice for BBBEE aims to address certain key challenges facing black small and micro enterprises. These enterprises struggle to grow their businesses into bigger and more sustainable enterprises and often fail due to a lack of access to funding and a lack of business acumen, training and experience.

Fundamentals of the group's transformation strategy



MC – Management control	SD – Skills development
E&O – Equity and ownership	EE – Employment equity
ED – Enterprise development	CSI – Corporate social investment
PP – Preferential procurement	SLP – Social and labour plan



- Sponsored assistance

In response to these challenges, PPC sponsored several training programmes for construction groups, including workshops on practical building skills, leadership development and concrete technology for Women for Housing (WFH). The company also sponsored a tendering, pricing and costing module for members of the National African Federation for the Building Industry (NAFBI).

PPC also sponsored an international conference for South African Women in Construction (SAWiC) as well as an advertorial for the National African Black Contractors and Allied Trades Forum (NABCAT) annual report.

- New company to drive enterprise development

PPC has established a new company to manage its enterprise development initiatives. This company, wholly owned by PPC, will trade under the name of "PPC Ntsika Fund (Pty) Limited". The fund will focus primarily on developing black qualifying small enterprises (QSE's) and exempted micro enterprises (EME's) which are strategic to PPC. The underlying philosophy of the fund will be to establish solid partnerships with these businesses and grow them to reach and maintain operational and financial independence.

"Ntsika" is an Nguni word meaning pillar and is commonly used to refer to a 'pillar of strength'. The term is also used to describe people or objects that one regards as the strongest source of support and inspiration.

In order to meet the challenges faced by small enterprises, the fund will invest in and develop small and micro black enterprises and entrepreneurs. PPC will maximise the compliance target of 3% of net profit after taxation for enterprise development. This will be achieved by developing QSE and EME strategic enterprises and supplying capital (equity and loans), sharing risk and building their capacity in terms of the provision of professional services and training.

The fund is governed by a board of directors consisting of a chairperson, a managing director and two PPC directors.

“Ntsika Fund focuses primarily on developing black qualifying small enterprises.”

CASE STUDY

- Cement plays crucial part in Bulembo Road face lift -

More than 3 600 tons of PPC Surebuild cement will be used to give one of South Africa's most scenic roads a face lift. Construction has started on the R134 million project to upgrade and tar the 28km Bulembo Road in Mpumalanga, linking Barberton with Swaziland.

Barberton-based company Above Average Investments Corporation will supply 3 265 tons of PPC's 32.5R Surebuild cement over the next 18 months to the project's main contractor, Africscan Construction. The agreement forms part of the Bulembo Road tender requirements to award 25% of the contract value to enterprises representing the local community.

Formerly a dirt road, a large percentage of the cement will be used to stabilise and provide strength to the road. The remainder of the cement will be used in project-related civil works such as bridge work, water drainage and road barriers.

Apart from short-term jobs created as part of the construction project, the upgrade is expected to have a significant impact on the local economy by bringing new tourism and business opportunities to the Barberton area.

Once completed the road linking Barberton in Mpumalanga to the Bulembo border post in Swaziland will form part of the shortest route from Nelspruit to KwaZulu-Natal and from KwaZulu-Natal to the Kruger National Park.

Winding through several valleys the upgraded mountainous road will provide tourists with safe and comfortable access to the breathtaking views of the Lomati and Mlumati valley as well as the south-western section of Songimvelo.

The Bulembo Road upgrade forms part of a regional investment of more than R300 million which includes the upgrade of the R40 from Nelspruit to Barberton.

Getaway magazine selected the Bulembo Road as one of the top 10 most scenic routes in South Africa.

Completion of the Bulembo Road project is expected in January 2009.

- About Above Average Investments -

Above Average Investments Corporation is a business enterprise aimed at stimulating growth within the building and civil construction sector.

- Growth and transformation through preferential procurement -

PPC has acted upon the recently gazetted “Codes of Good Practice on Broad-Based Black Economic Empowerment” which has not only brought the much-needed clarity but also provided the framework in which the transformation imperative can be realised.

The company's preferential procurement strategy has been aligned to the requirements of the BBBEE scorecard, which allows for the measurement and support of BEE suppliers. In addition thereto, PPC has embarked on an educational drive by means of supplier information sessions to increase the awareness and requirements on the supply base.

For 2007, a preferential procurement target of R700 million with BEE suppliers had been set. This target was achieved by spending in excess of R900 million, a substantial increase of 48% from last year.

- Investing in and developing disadvantaged communities -

- Facilitating growth and transformation -

As a committed corporate citizen, PPC embraces the principles of corporate social responsibility (CSR) and corporate social investment (CSI). PPC made progress in finalising the group CSI policy which upholds the socio-economic tenets of the Mining Charter and the BBBEE scorecard. CSR addresses the overall response to economic, social and environmental consideration. CSI addresses the contribution to the communities in which PPC operates and sources labour.

- CSI spend -

The company has concentrated its efforts on empowering communities through skills development and training in order to build sustainable projects and achieve a better life for all.

Through the CSI initiatives, PPC is making a significant contribution to the lives of thousands of needy South Africans, particularly children.

PPC spent R10 million in support of various projects across the country.

As in previous years, preference was given to projects and initiatives that promote:

- Education and training;
- Health and welfare;
- Infrastructure development;
- Poverty alleviation;
- Sport; and
- Job creation.

CASE STUDY

- The Time for Change bakers -

"Words fail to express how much this bakery has changed the lives of these street children and sex workers. PPC's donation has provided them not only with dignity but with a reason to live."

Barbara Hill, centre manager, Time for Change

- PPC's support enables Time for Change to care for the most vulnerable members of society -

In line with its policy of investing in CSI projects that empower people with the means to be self-sustaining, PPC has partnered with the street child centre, Time for Change, to establish a commercially viable bakery. This project provides street children and commercial sex workers with a sustainable alternative to life on the street

- Establishing a business case -

In the quest for sustainability, PPC's vision is to help traditional CSI projects migrate over time into SMME initiatives and for this reason the company emphasises the importance of a strong business case in many of its CSI interventions. Realising that the commercial success of the Time for Change bakery lay in a sound business foundation, PPC enlisted the assistance of the Small Enterprise Development Agency (SEDA) to conduct relevant market research and impart the knowledge and skills required to set up a successful small enterprise. SEDA addressed issues such as target markets, product testing, pricing, cash flow and customer relations, enabling Time for Change to formulate a full business plan and funding proposal for the project.

Following SEDA's conclusion that proper training, capacity building and support from partners would ensure the success of the Time for Change bakery, PPC purchased industrial bakery equipment to kick-start production. The quality of the bakery's products is all-important and will ensure its commercial viability. Its initial customers include other children's homes and NPOs in the inner city and it has already been approached by shops and supermarkets in the city who are interested in purchasing the bakery's products.

Investing in communities and sustainable upliftment projects

- Multiple benefits -

A total of 22 street children from the Time for Change centre are employed on a shift basis at the bakery, giving them the incentive they need to stay off the streets. But the project's benefits extend beyond these individuals. Other youngsters at the centre are involved in small arts and crafts projects that include dress-making, jewellery-making and fine art, but without the funds to purchase raw materials and the access to markets where they can sell their goods, these small enterprises have not generated enough income to be sustainable.

The commercial success of the bakery has offered a lifeline to these other grassroots businesses, providing them with the much-needed capital to ensure their profitability. Beverage company, SAB, has donated sewing machines for the dress-making business and PPC will partner with various experts to provide training and skills development to these budding entrepreneurs. The company also plans to host quarterly market days that will provide Time for Change residents with the opportunity to sell their goods to PPC staff.

- Social and labour plans implementation -

PPC made progress in the implementation of the local economic development projects of the five year social and labour plans (SLP). These SLP projects have been included into the local municipalities' integrated development plans. Interaction forums are in place at all sites to consult with municipalities on the implementation of these projects. Some of the projects implemented:

- PPC spent R400 000 on the upgrading and renovations of Danielskuil school, Lime Acres Primary School and Lime Acres Library in the Lime Acres community. A further R50 000 was spent on community ABET training.
- Over R200 000 was spent on the renovations of Motsaalore Primary School, the installation of water and electricity at Onkgopotse Tiro High School and various other community upliftment projects at Slurry.
- The company is involved with the Beestekraal community, the municipality and the Department of Education to build a school at Ramokoka village and has already spent R100 000 for the foundation phase.
- PPC continues to be involved with sponsoring the beach clean up campaign in the Port Elizabeth area in order to ensure a clean environment.
- PPC spent R85 000 on equipment for a computer centre at the Riebeeck West Primary School in the Western Cape and the planning phase of the crèche expansion.

- Legislative compliance -

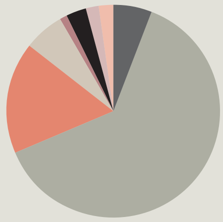
PPC has made significant progress in its journey to meet the requirements of the broad-based socio-economic charter for the mining industry and the Minerals and Petroleum Resources Development Act. PPC's old order mineral rights conversion applications are ready for submission to the Department of Minerals and Energy. Through the social and labour plans, PPC committed to accelerate the implementation of the Mining Charter.

PPC social and labour plans will accelerate the broad-based socio-economic transformation journey that PPC has undertaken in the past few years.

- Mining Charter scorecard -

Details of PPC's progress in accordance with the scorecard for the broad-based socio-economic empowerment charter for the South African Mining Industry are itemised on pages 80 to 82.

CSI spend distribution (%)



Requirement	*Progress*
Human resources development	
• Has the company offered every employee the opportunity to be functionally literate and numerate and are employees being trained?	• Yes. The opportunity to become functionally literate and numerate is offered at all sites. • 348 employees were trained in ABET.
• Has the company implemented career paths for Historically Disadvantaged South African (HDSA) employees including skills development plans?	• Yes. Workplace skills development plans were formulated and submitted to the relevant SETA in accordance with legislation. • 549 employees benefited from skills development interventions of which 89% were HDSA's. • Individual development plans, linked to career paths have been formulated and are being implemented in accordance with the WSP's. • Succession plan for senior management is comprised of 64% EE candidates.
• Has the company developed systems through which empowerment groups can be mentored?	• Yes. PPC established the enterprise development unit through which empowerment groups will be developed, supported and mentored.
Employment equity	
• Has the company published its employment equity plan and reported on its annual progress in that plan?	• Yes. The employment equity reports for all sites were submitted to the department of labour. • Progress on the plan is published annually in this report and communicated to stakeholders through the EE forums in accordance with the employment equity legislation.
• Has the company established a plan to achieve a target for HDSA participation in management of 40% within five years of implementing its plan?	• Yes. Significant progress has been made towards the 40% in management target across the group. • Currently at 31% from 27% in 2006 in accordance with the Mining Charter definition of management levels.
• Has the company identified a talent pool and is it fast-tracking it?	• Yes. One-on-one performance reviews, intellectual capital reviews and succession plan processes across all levels are used to identify talent pools for fast-tracking development and promotion.
• Has the company established a plan to achieve the target for women participation in mining of 10% within five years and is it implementing the plan?	• Yes. PPC has prioritised the recruitment of women to increase their participation beyond 2009. • PPC prioritised the recruitment of women, especially black females, into management positions. • Women participation into learnerships, bursaries and development initiatives increased significantly in line with this plan. • Currently 14,5% women are employed across PPC.

Requirement	*Progress*
Foreign migrant labour	
• Has the company subscribed to government and industry agreements to ensure non-discrimination against foreign migrant labour?	• Yes. PPC subscribes to government and industry agreements to ensure non-discrimination against foreign migrant labour. • No foreign migrant labour is employed at PPC. • A non-discriminatory recruitment policy is in place and being implemented.
Local economic development	
• Has the company co-operated in the formulation of integrated development plans and is the company co-operating with government in the implementation of these plans for communities where mining takes place and for major labour sending areas?	• Yes. All social and labour plans have been aligned with the integrated development plans of local municipalities and engagement on identification of projects for implementation completed.
• Has there been an effort on the side of the company to engage the local mine community and major labour sending area communities?	• Yes. Arrangements are in place to engage with the development and implementation of host and labour source municipality IDP's. • Continual interaction and engagement takes place in established bilateral forums.
Housing and living conditions	
• For company-provided housing, has the company, in consultation with stakeholders, established measures for improving the standard of housing, including the upgrading of hostels, conversions of hostels to family units and promoted home ownership options for mine employees? • Companies will be required to indicate what they have done to improve housing and show a plan to progress the issue over time and show it is implementing the plan.	• PPC prioritises sourcing labour from host and neighbouring communities. • Company housing is provided at most of the remote operations. • PPC promotes home ownership through facilitating opportunities for employees to secure housing loans where required.

Requirement	Progress
Procurement	
• Has the company given HDSA's preferred supplier status?	• Yes. PPC procurement policy gives preferred supplier status to HDSA's.
• Has the company identified current levels of procurement from HDSA companies in terms of capital goods, consumables and services?	• Yes. All the PPC sites have completed Form T's to identify current levels of procurement in their social and labour plans.
• Has the company indicated a commitment to a progression of procurement from HDSA companies over a three to five-year time frame in terms of capital goods, consumables, and to what extent the commitment has been implemented?	• Yes. PPC intends to increase HDSA procurement to 50% by 2014. • Currently the procurement spend on HDSA companies is 40%. • Total procurement spend on HDSA companies was R910 million (2006: R615 million).
Ownership and joint venture	
• Has the company achieved HDSA participation in terms of ownership for equity or attributable units of production of 15% in HDSA hands within five years and 26% in 10 years?	• No. PPC is in the process of finalising a 15% equity ownership transaction.
Beneficiation	
• Has the mining company identified its current levels of beneficiation?	• Guidelines for the industry in which PPC operates are still to be published. PPC beneficiates all limestone mined into cement or lime. This equates to 30 times that of the mined mineral.
• Has the mining company established its baseline level of beneficiation and indicated the extent that this will have to grow in order to qualify for an offset?	• PPC beneficiation has reached its limit. • The final product is cement, which is utilised in the building and construction industry.
Reporting	
• Has the company reported, on an annual basis, its progress towards achieving its commitments in its annual report?	• Yes. Progress on the Mining Charter scorecard and the implementation of social and labour plan commitments is a permanent feature of the annual report. • Independently verified annual reports on the implementation of social and labour plans will be submitted to the Department of Minerals and Energy in accordance with legislative requirements. • Extensive reporting on sustainability and social performance indicators are included in the annual report.

Making a difference to needy South Africans, especially children

PPC

- Broad-based black economic empowerment (BBBEE) audit -

In line with the requirements of the codes, PPC engages the services of Empowerlogic, a recognised rating agency, to conduct its third broad-based black economic empowerment generic scorecard audit.

PPC's objective is to obtain a recognition level 4 by 2009, resulting in 100% of spend claimable by customers.

PPC's skills development scored a considerable 9.64 points out of the allocated 15 points – achieving 64,3% on the BBBEE scorecard. This was according to an interim audit conducted by Empowerlogic (October 2006 – May 2007).

This positive scorecard rating was a major achievement for Learning for Growth at PPC. The key contributors to achieving this score are the number of learnerships run at PPC in Engineering, Sales & Marketing, and Operations, as well as the structured Learning & Development departments at site and group level; and the company's drive to provide nationally recognised learning interventions.

- Customer health and safety -

Just as the company focuses on employees' health and safety, it is equally important to focus on ensuring the health and safety of our customers. Information on the safe use of PPC products is printed on the bags, delivery notes, silos and tankers; providing clear instructions and information to prevent any health or safety related incidents. Detailed product safety data sheets are made available and a toll-free telephone number is published extensively to further assist PPC's customers during their time of need. Quality assurance and technical experts, employees of the company, are available to engage continually with customers as part of PPC's customer service ethos.

There were no instances of non-compliance with regulations concerning customer health and safety, nor any penalties or fines imposed for any breach recorded in the past year. Similarly no complaints were upheld by regulatory or official organisations with regard to health and safety in respect of PPC products and services.

Procedures to deal with product quality non-conformances form part of the integrated SHEQ (safety, health, environment and quality) management systems. Customer focus groups are held regularly enabling the company to address issues relating to product information. There were no instances of non-compliance with any regulations concerning packaging and product information and labelling, nor were any fines or penalties for breaches recorded.

The company's strategic approach to marketing related or company-specific advertising, is in accordance with the guidelines of the National Advertising Standards Authority. Accredited and noteworthy service providers are employed to manage the design and placement of the adverts on behalf of PPC. As such, no breaches of advertising or market regulations were reported in the 2007 financial year.

Furthermore, information security policies and procedures have been implemented throughout PPC to ensure the confidentiality and privacy of all customers.

- Achieving Excellence in PPC -

At the very core of PPC's Kambuku culture is the recognition and rewarding of employees who have, through their efforts, innovation and passion, made an extraordinary contribution to the company during the financial year.

The PPC Achiever Awards is an annual event where 18 achiever 'nominees', and their partners, chosen from all of the company's sites, are treated to a gala event where they are feted and recognised for their individual input. Of the 18 nominees, ten achievers are selected with an overall winner, second and third place acknowledgment and reward.

overall winner

Ashleigh Montgomery is an exceptional employee. She is a benefits specialist in the organisational performance department at PPC's head office in Sandton. Following the unbundling of PPC from Barloworld in January this year, Ashleigh quickly realised the effect that it would have on benefits for Team PPC. She worked long and tirelessly in finding a suitable alternative medical aid scheme which would be the closest fit to the PPC employee profile. She was responsible for communicating to all employees and pensioners the conditions and implications of the change-over to the new scheme – going to the extent of personally visiting pensioners in their homes, some as far afield as Margate.

In addition, Ashleigh played an integral role in streamlining procedures in the PPC Retirement and PPC Negotiated funds. As a result all queries and turn-around times on retirement funding and risk benefits have improved to above-average levels in the industry.

The outcome of her recommendations and changes, is that the company will save as much as R4 million a year. Ashleigh brings the slogan 'My benefits, my better life' to bear in everything that she does and has contributed significantly to the success of the 'new dawn' of PPC.

second place

Kingsley Kaars, a shift operator at PPC's Lime Acres plant is going places. He loves a challenge and has proved his worth time and time again. He and his team have successfully reduced both production and engineering unplanned kiln stops by their attention to detail and focus on addressing any issues on hand. Some of their successes achieved include a 40% reduction in kiln stops, a 4% improvement in kiln heat consumption while maintaining consistent quality, a 15% improvement in output and a reduction of 35% in refractory consumption. Through his enthusiastic leadership and innovation Kingsley has developed a highly motivated team which has risen from being the weakest team to be the best performing team this year. A great role model, Kingsley loves sharing his knowledge with others and encourages his team to grow and develop themselves.

“Central to PPC’s Kambuku culture is the recognition and rewarding of employees.”

joint third place

Florence Phaswana, information technology manager from PPC Zimbabwe is a highly motivated, efficient and dedicated member of staff. Because the Zimbabwe operation’s ERP system became obsolete in May 2007, due to a Julian date issue, it was essential to implement an appropriate alternative. Florence project managed the successful delivery and implementation of SAP within four months and within budget. She united a diverse project team and met all business requirements during the implementation. This project took huge effort and many additional hours over and above her normal responsibilities. This has been one of the most successful IT projects in the group. Florence is always eager to share her knowledge and skills with team members and is a patient and committed coach to them. Passionate about Invocoms, Florence has led her team to winning the best Invocom award two years in a row.

Torsten Fjastad, organisational performance manager, takes his responsibilities for operational performance on the huge Batsweledi construction project at the Dwaalboom site very seriously. ‘Tosh’ as he is affectionately known, has achieved the project’s vision of ensuring that wherever possible the labour and skills from the local communities would be employed on the project. He set up a forum representing the local villages, now known as Ward 29, to facilitate the recruitment of local labour. A register of over 2 000 names was compiled from which contractors could make their selections. The forum has maintained local labour employment levels at almost 40%, well in excess of the project’s target of 25%. Tosh’s efforts have empowered local people and avoided PPC having to construct an additional 60% of the current accommodation space and the provision of all the associated services and meals that go with this.

Adopting a policy of ‘management by walk-around’ Tosh ensures that any HR issues are promptly resolved. Proudly African, Tosh is in tune with the drumbeat of Kambuku, putting people first, always.

the six achiever finalists

Andre van Niekerk, SHE (Safety, Health & Environment) practitioner trainee is responsible for the full risk function at the Saldanha operation. His dedication towards creating a safe working place is evident to everyone at the plant. Under Andre’s control the number of findings on the ISO and JAP (Joint Audit Process) systems audits was reduced by 55% within the first six months. His general knowledge of the plant helps him create practical solutions to risk problems which all employees can easily relate to. He was instrumental in the project to sell dolomite fines, generated as a waste product at Saldanha, to a third party. Because of his knowledge of the product all possible SHE risks could be resolved. Without the resolution of these risks, the saving of R750 000 per annum on this project could not be realised. Andre is an excellent communicator and an energetic and enthusiastic member of Team PPC.

Anne-Marie Mostert is a cement sales consultant for Mpumalanga, based at the Nelspruit offices. She maintains excellent customer relationships, establishes new contacts with key stakeholders in local government and the surrounding municipalities and still manages to contribute enormously to the overall running of the Nelspruit branch. Anne-Marie is an excellent team player and a true brand ambassador for PPC Cement. Her attitude of giving wherever she can, led her to train and develop two black entrepreneurs to tender in order to procure and supply cement on two major construction projects with stringent BEE requirements. Through her contacts in local government and municipalities she familiarised herself with finer details of these contracts and dedicated her time and energy into finding persons with the necessary drive and potential to fulfil these contracts. The successful development and management of these two little businesses secured sales for PPC and strengthened our brand image with local stakeholders and surrounding communities. PPC's reputation as a 'Nation Building Company' has been enhanced by her.

Enoch Magxala is a shift supervisor mining at Riebeeck's quarry and crusher operation. From humble beginnings as a contract worker in 1972 Enoch has made a huge impression on both the De Hoek and Riebeeck plants and on members of these operations over the past 35 years. He has grown and developed from being a construction worker, to Cat operator, assistant quarry foreman and then quarry foreman to his present position. His wealth of mining experience makes him an ideal coach and a pillar of strength to his colleagues. He took over the day-to-day running of the quarry for almost a year during 2006 when PPC was recruiting a mining manager. Enoch has played a major part in most CBF (cheaper, better, faster) ideas at the quarry – one example is the 'Grizzly' project involving the grids at the primary crusher which were closed due to damage to the conveyor belt. Later, when blasting practices changed, Enoch questioned the reasons for closing the 'Grizzly'. His innovative suggestions resulted in reopening the Grizzly, the upshot of which has been an increase of 40% in the total output of the primary crusher operation, improved productivity and a cost saving of about R1 million a year. Enoch has walked many 'extra miles' for PPC, not only during the past year, but for more than 30 years.

Petrus de Bruyn is a fitter and turner working on general maintenance of mechanical equipment at the Slurry operation. A dedicated and committed employee, Petrus regularly stands in for the mechanical foreman when he is not on site, and not only maintains the status quo, but continually focuses on how to improve performance. He is acknowledged as one of the best coaches Slurry has ever had, not confining his efforts to coaching his own team members, but extending it to contractors on a regular basis. There are many examples of Petrus' valuable contribution to the company. One is during the recent shutdown of kiln SK8 when, with his usual insistence on work done to the highest standard, he was adamant that certain compensators in the gas handling section of the plant be stripped. This was against the advice of the supplier who deemed

Best manufacturing company to work for, for the fifth consecutive year

them in good order. Upon dismantling it was discovered that the inside steel sections had almost torn loose which would have resulted in a catastrophic failure of the fan. Through his persistence several million rand in potential equipment damage was saved. Other innovative suggestions range from the overall optimisation of the crusher screen gearboxes, resulting in major cost savings; idler modifications at the palletiser, resulting in great reliability increases; changes to bulk loading to prevent equipment damage by trucks, the list is endless.

KD Sibanda is an instrument technician at Colleen Bawn cement factory in Zimbabwe. KD has proved himself time and time again, winning in all categories for 'cheaper, better, faster' suggestions. A recent value add came about through the design and implementation of an alternative way to monitor the ESP (electrostatic precipitator) fan-breaker's 'no voltage state', virtually cost free. A programme was implemented in the programmable logic controller system that monitored the level of current to the fan motor to warn the operator of any malfunction. If an ESP 'fan trip' occurred without being noticed by the operator the damage to the plant control could be expensive with estimated downtime of five days leading to a loss of revenue of over R3 million (excluding the cost of repair to the equipment). Consistently coming up with cost saving innovations, teaching his colleagues and constantly finding solutions, KD is a great team player.

Manny da Silva, from Group Laboratory Services (situated at Jupiter factory) is responsible for technical support and the design and manufacture of specialised instrumentation and laboratory equipment to all PPC sites' laboratories. Manny is a diligent, committed manager and is always looking for new and improved ideas or alternative solutions. He and his team work continually towards improved service delivery and sharing of knowledge and expertise. Manny's contribution to 'cheaper, better, faster' is considerable, a few examples being: the design and manufacture of 15 mortar mixers for PPC laboratories, saving the company more than R1,2 million; the implementation of a custom-designed humidification system in all PPC laboratories at a saving of half a million rand; the manufacture of homogenising mixers for Group Laboratory Services, Port Elizabeth and Dwaalboom at a cost saving of R50 000. Manny has continually improved critical equipment, culminating in the total redesign and manufacture of some of the equipment used by PPC. The redesigned equipment was found to be significantly more accurate and reliable than the original or commercially available models. Manny is a man constantly 'in search of excellence', and a worthy achiever.

Annual financial statements

for the year ended 30 September 2007

Certificate by secretaries

for the year ended 30 September 2007

In terms of section 268G(d) of the Companies Act, 1973, as amended ("Act"), we certify that Pretoria Portland Cement Company Limited has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Act. Further, that such returns are true, correct and up to date.

Barloworld Trust Company Limited
Secretaries
Per: AR Holt

29 October 2007

Approval of annual financial statements

for the year ended 30 September 2007

The directors of the company are responsible for the integrity and objectivity of the annual financial statements and other information contained in this annual report, which have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, South Africa.

In discharging this responsibility, the group maintains suitable internal control systems designed to provide reasonable assurance that assets are safeguarded and that transactions are executed and recorded in accordance with group policies.

The directors, supported by the audit committee, are satisfied that such controls, systems and procedures are in place to minimise the possibility of material loss or misstatement.

The directors believe that the group has adequate resources to continue in operation for the foreseeable future and the financial statements appearing on pages 91 and 92 and 109 to 175 have, therefore, been prepared on a going-concern basis.

The annual financial statements were approved by the board of directors on 29 October 2007 and are signed on its behalf by:

MJ Shaw
Chairman

JE Gomersall
Chief executive officer

29 October 2007
Sandton

Report of the independent auditors

for the year ended 30 September 2007

TO THE SHAREHOLDERS OF PRETORIA PORTLAND CEMENT COMPANY LIMITED

We have audited the annual financial statements and group annual financial statements of Pretoria Portland Cement Company Limited which comprise the balance sheets at 30 September 2007 and the income statements, the statements of changes in equity, the cash flow statements for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 91 and 92 and 109 to 175.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and group financial statements fairly present, in all material respects, the financial position of the company and the group at 30 September 2007, and of the financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

Deloitte & Touche

Deloitte & Touche

Registered Auditors

Per MJ Jarvis

Partner

29 October 2007

Buildings 1 and 2, Deloitte Place, The Woodlands Office Park, Woodlands Drive, Sandton.

Directors' report

for the year ended 30 September 2007

The directors have pleasure in presenting their report on the annual financial statements of the company and of the group for the year ended 30 September 2007.

– BUSINESS ACTIVITIES –

Pretoria Portland Cement Company Limited, its subsidiaries and associates, operate in southern Africa as manufacturers of cementitious and aggregate products, lime and limestone.

The principal activities of the company and its subsidiaries, remain unchanged from the previous year.

– REVIEW OF OPERATIONS –

A comprehensive review of operations is detailed in the attached annual financial statements.

– ACCOUNTING POLICIES –

The results of Portland Holdings Limited have not been consolidated in the group results. Increasingly restrictive practices on foreign currency and pricing, and ongoing shortages of transport and production inputs impact on the ability to exercise effective control and justify the continued non-consolidation of this company's results. The investment has been accounted for on a fair value investment basis. Due to hyperinflationary losses incurred, dividends received have been set-off against the carrying value of the investment.

– SHARE CAPITAL AND PREMIUM –

During the current year, in terms of a special resolution, the share capital of the company was restructured, subdividing each PPC share of R1,00 each into 10 PPC shares of R0,10 each. The effective date of the share subdivision was 16 July 2007.

The authorised share capital following the share subdivision is 600 000 000 ordinary shares of 10 cents each. On 30 September 2007 the issued share capital of the company was 537 612 390 shares of 10 cents each (2006: 53 761 239 and 2005: 53 761 239 shares of R1 each) and the share premium stood at R814 million (2006: R814 million; 2005: R814 million).

Details of shares authorised, issued and unissued at 30 September 2007 are given in note 10 to the group financial statements.

– ACQUISITION BY THE COMPANY OF ISSUED SHARES –

The company did not exercise its authority to buy back shares.

– POST-BALANCE SHEET EVENTS –

There are no post-balance sheet events that may have an impact on the group's reported financial position at 30 September 2007.

– DIRECTORS' INTEREST IN SHARE CAPITAL –

Details of the beneficial holdings of directors of the company and their families in the ordinary shares of the company are given in note 37 to the group financial statements.

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

– REGISTER OF MEMBERS –

The register of members of the company is open for inspection to members and the public, during normal office hours, at the offices of the company's transfer secretaries, Link Market Services South Africa (Pty) Limited, or at Corpserve (Private) Limited (Zimbabwe).

– BORROWINGS –

The company's borrowing powers are unlimited. At 30 September 2007 borrowings and guarantees amounted to R1 442 million (2006: R1 073 million; 2005: R364 million). The borrowing powers of its subsidiary company, Portland Holdings Limited, are limited by its articles of association, to twice the amount of shareholders interest. At 30 September 2007 the level of borrowings did not exceed the limit.

– PROPERTY, PLANT AND EQUIPMENT –

Certain of the company's properties are the subject of land claims. The company is in the process of discussions with the Land Claims Commissioner and awaiting the outcome of claims referred to the Land Claims Court. The claims are not expected to have an impact on the company's operations.

At 30 September 2007 the group investment in property, plant and equipment amounted to R2 178 million (2006: R1 414 million; 2005: R1 247 million) details of which are set out in note 1 to the group financial statements. Capital commitments at the year-end amounted to R1 303 million (2006: R1 299 million; 2005: R1 479 million). There has been no change in the nature of the property, plant and equipment or to the policy relating to the use thereof during the year.

– DIVIDENDS –

No	Description	Declaration date	Record date	Payment date	Cents per share		
					2007	2006*	2005*
208	Special	29 October 2007	4 January 2008	7 January 2008	**61,0**	77,0	80,0
207	Final	29 October 2007	4 January 2008	7 January 2008	**166,0**	110,0	84,0
206	Interim	7 May 2007	1 June 2007	4 June 2007	**38,5**	33,0	26,0
					265,5	220,0	190,0

** Restated for effect of the 10:1 share subdivision.*

– HOLDING AND SUBSIDIARY COMPANIES –

During the year under review, Barloworld Limited unbundled its 71,67% holding in Pretoria Portland Cement Company Limited following a strategic review of their operations. The company does not have an ultimate holding company. Details relating to the shareholders owning more than 5% of the issued share capital of the company appear in "PPC in the stock market" section on page 176.

The names and country of registration, as well as the amount of their share capital, percentage holding and interest held by PPC in each of its principal subsidiary companies are set out in Annexure 1 on page 174 and 175. All subsidiary companies share the same financial year-end as PPC.

– SPECIAL RESOLUTIONS –

A special resolution authorising the directors to acquire issued shares in the ordinary share capital of the company was passed at the annual general meeting held on 23 January 2007 and registered on 15 February 2007.

Further special resolutions approving the 10:1 share subdivision of the company's ordinary share capital and associated alteration to the company's memorandum of association were passed on 8 June 2007 at a general meeting of shareholders. These special resolutions were registered on 18 June 2007.

– SPECIAL RESOLUTIONS PASSED BY SUBSIDIARY COMPANIES –

No special resolutions were passed by subsidiaries of the company.

– DIRECTORS AND SECRETARIES –

The directors in office at the date of this report appear on pages 20 and 21.

Details relating to the secretaries to the company, including their business and postal addresses, appear in the administration section on page 177.

At the annual general meeting held on 23 January 2007, Messrs O Fenn, JE Gomersall and DG Wilson were re-elected as directors of the company. Mr WAM Clewlow retired having reached retirement age and Messrs AJ Phillips and CB Thomson did not stand for re-election.

Changes to the directorate since the last annual general meeting were:

- Mr DG Wilson resigned as a director with effect from 16 July 2007
- Ms ZJ Kganyago and Ms NB Langa-Royds were appointed as directors with effect from 17 October 2007
- Mr EP Theron resigned as a director with effect from 29 October 2007

In terms of the company's articles of association, Ms ZJ Kganyago and Ms NB Langa-Royds, having been appointed as directors by the board during the year, are required to retire and Messrs S Abdul Kader, MJ Shaw and J Shibambo are required to retire by rotation at the forthcoming annual general meeting. All retiring directors have offered themselves for election and re-election respectively at that meeting and the nominations committee has recommended their election and re-election respectively.

– AUDITORS –

Deloitte & Touche were re-appointed as auditors to the company at the annual general meeting held on 23 January 2007.

Value added statement

for the year ended 30 September 2007

A measure of the wealth created by the group is the amount of value added to the cost of raw materials, products and services purchased. This statement shows the total wealth created and how it was distributed.

	Notes	2007 Rm	2006 Rm	2005 Rm
Revenue		**5 566**	4 686	3 974
Paid to suppliers for materials and services	1	**(2 593)**	(2 178)	(1 823)
Value added		**2 973**	2 508	2 151
Exceptional items		**14**	–	13
Income from investments^		**89**	67	85
Total wealth created		**3 076**	2 575	2 249
Wealth distribution:				
Salaries, wages and other benefits	2	**597**	459	477
Providers of capital		**1 296**	1 111	1 333
Finance costs		**84**	52	64
Dividends		**1 212**	1 059	1 269
Ordinary dividends		**798**	629	516
Special dividend		**414**	430	753
Government	3	**777**	676	604
Reinvested in the group to maintain and develop operations		**406**	329	(165)
Depreciation		**192**	165	155
Retained profit		**217**	155	(315)
Deferred taxation		**(3)**	9	(5)
		3 076	2 575	2 249
Value added ratios				
Number of employees (30 September)		**3 097**	3 025	3 010
Revenue per employee (R'000)#		**2 222**	1 955	1 681
Wealth created per employee (R'000)#		**1 228**	1 074	951

NOTES

1. Paid to suppliers for materials and services

Spoornet is the only supplier of services exceeding 10% of total amount paid.
All contracts are paid in accordance with agreed terms.

2. Salaries, wages and other benefits

	2007 Rm	2006 Rm	2005 Rm
Salaries, wages, overtime payments, commissions, bonuses and allowances	**525**	394	405
Employer contributions~	**72**	65	72
	597	459	477

3. Government

	2007 Rm	2006 Rm	2005 Rm
Central and local government:			
Taxation – SA normal, CGT, STC and foreign	**768**	662	588
Regional services council levies	**–**	6	7
Rates and taxes paid to local authorities	**3**	3	3
Customs duties, import surcharges and excise taxes	**2**	3	1
Skills development levy	**4**	4	5
Cash grants and cash subsidies granted by the government	**–**	(2)	–
Gross contribution to central and local government	**777**	676	604

^ Includes interest received, dividend income and share of associate's retained profit
 # Excludes employees of Porthold (2007, 2006 and 2005) and employees of Afripack (2007 and 2006)
~ In respect of pension funds, retirement annuities, provident funds, medical aid and insurance

Seven-year review of the group's results

for the years ended 30 September

	2007 Rm	2006 Rm	2005 Rm	2004 Rm	2003 Rm	2002 Rm	2001 Rm
CONSOLIDATED BALANCE SHEETS							
Assets							
Non-current assets							
Property, plant and equipment	**2 178**	1 414	1 247	1 225	1 523	1 545	1 390
Intangible assets	**20**	14	14	15	10	11	2
Investment in non-consolidated subsidiary	**260**	290	295	315	–	–	–
Negative goodwill	**–**	–	–	(1)	(1)	(1)	–
Other non-current financial assets and investment in associates	**88**	99	214	366	383	401	457
Deferred taxation assets	**–**	–	24	19	16	12	12
	2 546	1 817	1 794	1 939	1 931	1 968	1 861
Current assets	**2 336**	2 538	1 462	1 611	1 546	1 465	1 186
Inventories and receivables	**1 033**	828	723	663	642	604	679
Short-term investment	**2**	98	147	–	–	–	–
Asset classified as held for sale	**–**	130	–	–	–	–	–
Cash and cash equivalents	**1 301**	1 482	592	948	904	861	507
Total assets	**4 882**	4 355	3 256	3 550	3 477	3 433	3 047
Equity and liabilities							
Capital and reserves							
Share capital and premium	**868**	868	868	867	866	866	615
Reserves and retained profit	**1 481**	1 335	1 138	1 464	1 264	1 255	1 324
Equity attributable to equity holders of the parent	**2 349**	2 203	2 006	2 331	2 130	2 121	1 939
Outside shareholders' interest	**–**	–	21	8	–	–	–
Total equity	**2 349**	2 203	2 027	2 339	2 130	2 121	1 939
Non-current liabilities	**340**	364	483	692	749	779	728
Deferred taxation liabilities	**156**	174	182	181	263	275	208
Other non-current liabilities	**184**	190	301	511	486	504	520
Current liabilities	**2 193**	1 788	746	519	598	533	380
Short-term borrowings	**1 366**	983	160	21	13	13	–
Taxation payable	**236**	212	160	166	240	161	–
Trade and other payables	**579**	472	415	322	337	354	376
Liabilities directly associated with asset classified as held for sale	**–**	112	–	–	–	–	–
Provisions	**12**	9	11	10	8	5	4
Total equity and liabilities	**4 882**	4 355	3 256	3 550	3 477	3 433	3 047

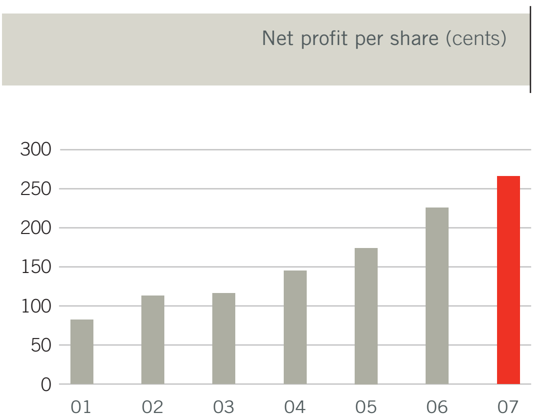
	2007 Rm	2006 Rm	2005 Rm	2004 Rm	2003 Rm	2002 Rm	2001 Rm
CONSOLIDATED INCOME STATEMENTS							
Revenue	**5 566**	4 686	3 974	3 440	3 016	2 505	2 071
Cost of sales, non-operating income and other costs	**3 392**	2 825	2 465	2 270	2 153	1 891	1 617
Operating profit	**2 174**	1 861	1 509	1 170	863	614	454
Fair value gains/(losses) on financial instruments	**1**	–	(7)	–	7	18	–
Finance costs	**84**	52	64	59	56	74	67
Income from investments	**82**	67	84	101	126	91	85
Profit before exceptional items	**2 173**	1 876	1 522	1 212	940	649	472
Exceptional items	**14**	–	13	–	4	159	57
Share of associate's retained profit	**7**	–	1	11	6	27	19
Profit before taxation	**2 194**	1 876	1 536	1 223	950	835	548
Taxation	**765**	670	582	438	325	230	135
Net profit from continuing operations	**1 429**	1 206	954	785	625	605	413
Discontinued operations							
Net profit from discontinued operations	**–**	8	–	–	–	–	–
Net profit	**1 429**	1 214	954	785	625	605	413
Attributable to:							
Equity holders of the parent company	**1 429**	1 214	941	781	625	605	413
Outside shareholders' interest	**–**	–	13	4	–	–	–
	1 429	1 214	954	785	625	605	413
Attributable net profit excluding exceptional items	**1 415**	1 214	928	781	621	446	356
ABRIDGED CONSOLIDATED CASH FLOW STATEMENTS							
Cash available from operations	**1 460**	1 438	1 095	807	811	629	632
Dividends paid	**(1 207)**	(1 059)	(1 269)	(737)	(601)	(524)	(173)
Equity-settled share incentive scheme payment	**(30)**	–	–	–	–	–	–
Net cash inflow/(outflow) from operating activities	**223**	379	(174)	70	210	105	459
Net cash (outflow)/inflow from investing activities	**(772)**	(243)	(128)	(44)	(137)	253	(92)
Net cash inflow/(outflow) from financing activities	**368**	761	(65)	34	(21)	(10)	(18)
Net (decrease)/increase in cash and cash equivalents	**(181)**	897	(367)	60	52	348	349

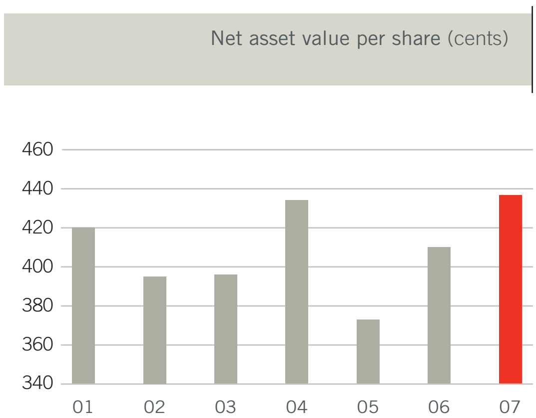
STATISTICS

Share performance

Weighted average number of ordinary shares in issue during the year (000)	Time weighted number of ordinary shares in issue during the year
Net profit per share (cents)	Net profit attributable to shareholders of PPC Company Limited / Weighted average number of shares in issue during the year
Earnings per share before exceptional items (cents)	Net profit attributable to shareholders of PPC Company Limited adjusted for the exceptional items net of taxation / Weighted average number of shares in issue during the year
Headline earnings per share (cents)	Net profit attributable to shareholders of PPC Company Limited adjusted for the exceptional items net of taxation, amortisation of goodwill and capital profits or losses net of taxation / Weighted average number of shares in issue during the year
Ordinary dividends per share (cents)	Interim dividend per share paid and final dividend per share declared
Special dividend per share (cents)	A non-recurring dividend that is exceptional in terms of either size or date of issue
Dividend cover (times) (excluding special dividend)	Earnings per share before exceptional items / Ordinary dividends per share
Net asset value per share (cents)	Total equity, including investments at market value / Total number of shares in issue

**Restated for effect of the 10:1 share subdivision*



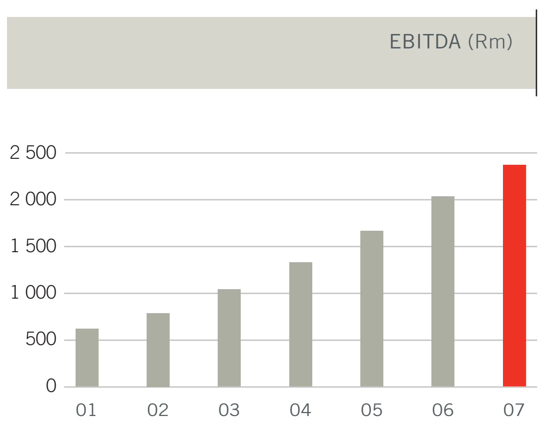


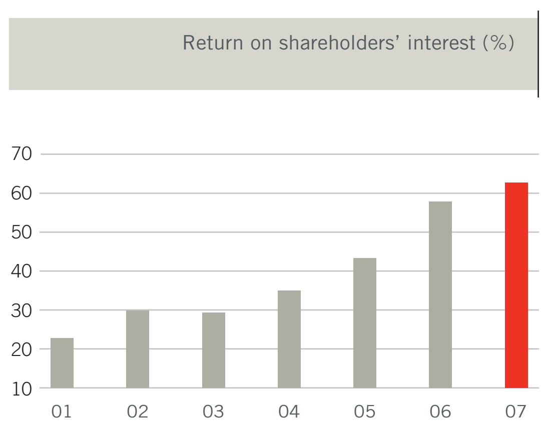
	2007	2006*	2005*	2004*	2003*	2002*	2001*
	537 612	537 612	537 607	537 452	537 440	535 510	500 110
	266	226	175	146	116	113	83
	263	226	173	146	116	83	71
	263	226	172	146	115	84	71
	205	143	110	92	73	54	46
	61	77	80	140	65	60	50
	1,3	1,6	1,6	1,6	1,6	1,6	1,5
	437	410	373	434	396	395	420

Seven-year review of the group's results continued

for the years ended 30 September

Profitability and asset management	
Operating margin (%)	Operating profit / Revenue
EBITDA (Rm)	Profit from continuing operations before exceptional items, adjusted for investment income, finance costs, fair value adjustments, depreciation and amortisation
EBITDA to revenue (%)	EBITDA / Revenue
Net asset turn (times)	Revenue / Average of net assets
Return on net assets (%)	Profit before exceptional items adjusted for finance costs, associate income and amortisation of goodwill / Average of net assets
Return on total assets (%)	Profit before exceptional items adjusted for finance costs, associate income and amortisation of goodwill / Average total assets
Return on shareholders' interest (%)	Net profit attributable to shareholders of PPC Company Limited / Average interest of shareholders of PPC Company Limited
Return on shareholders' interest (excluding exceptional items) (%)	Net profit attributable to shareholders of PPC Company Limited less exceptional items net of taxation / Average interest of shareholders of PPC Company Limited
Effective rate of taxation (%)	Taxation (excluding prior year taxation, secondary taxation on companies and taxation on exceptional items) / Profit before taxation, excluding dividend income and exceptional items





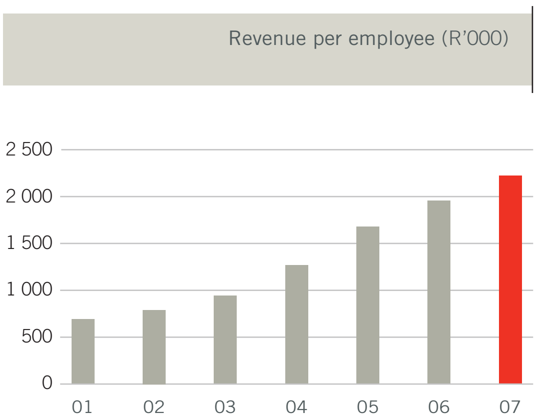
2007	2006	2005	2004	2003	2002	2001
39,1	39,7	38,0	34,0	28,6	24,6	21,9
2 370	2 030	1 668	1 328	1 040	787	619
42,6	43,3	42,0	38,6	34,5	31,4	29,9
1,4	1,4	1,4	1,1	1,0	0,9	0,9
57,0	59,6	55,0	42,3	33,8	26,9	23,2
49,0	50,7	46,7	36,5	29,0	23,2	19,7
62,8	57,7	43,4	35,0	29,4	29,8	22,8
62,2	57,7	42,8	35,1	29,2	22,0	19,7
28,3	28,9	29,1	29,7	28,5	28,4	28,5

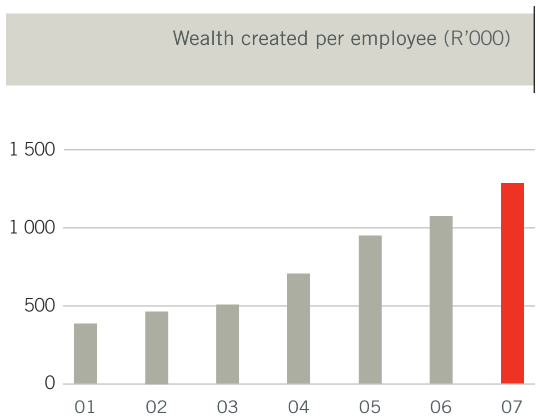
Seven-year review of the group's results continued

for the years ended 30 September

Liquidity and leverage	
Total liabilities to shareholders' interest (%)	Current and long-term liabilities, excluding deferred taxation Interest of shareholders of PPC Company Limited
Total borrowings to shareholders' interest (%)	Short-term and long-term borrowings Interest of shareholders of PPC Company Limited
Current ratio (times)	Current assets Current liabilities
Quick ratio (times)	Current assets, excluding inventories Current liabilities
Interest cover (times)	Profit before exceptional items, excluding finance costs Finance costs, including finance costs capitalised and fair value adjustments
Number of years to repay interest-bearing debt	Total borrowings Cash available from operations
Cash generated from operations (Rm)	Cash derived from normal operating activities
Cash flow from operations to total liabilities (times)	Cash available from operations Total liabilities
VALUE ADDED	
Number of employees	Number of persons employed full-time, part-time or other basis during each of the pay periods of the preceding 12 months
Revenue per employee (R'000) ~	Revenue for the year Average number of employees
Wealth created per employee (R'000) ~	Wealth created during the year Average number of employees

~ Excludes employees of Porthold (2007, 2006 and 2005) and employees of Afripack (2007 and 2006)





2007	2006	2005	2004	2003	2002	2001
101	90	52	44	51	49	46
61	48	18	18	18	19	21
1,1	1,4	2,0	3,1	2,6	2,8	3,1
0,9	1,3	1,7	2,7	2,2	2,3	2,6
27,3	37,4	22,6	21,7	15,9	9,9	8,0
1	1	–	1	1	1	1
2 192	2 031	1 668	1 294	993	783	629
0,6	0,7	1,0	0,8	0,7	0,6	0,7
3 097	3 025	3 010	2 971	3 085	3 300	3 004
2 222	1 955	1 681	1 266	945	795	693
1 288	1 074	951	706	507	464	384

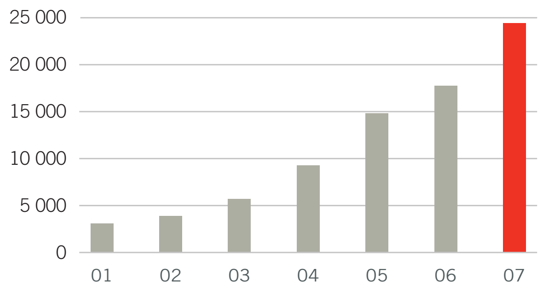
Share performance – JSE Limited

for the years ended 30 September

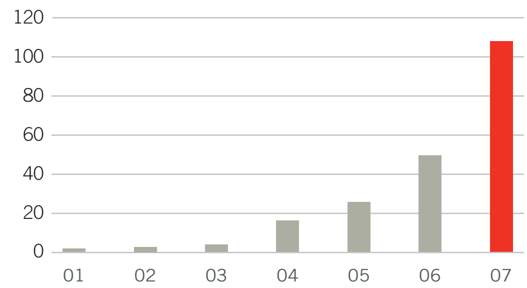
Number of shares in issue (millions) *	Number of authorised shares that are sold to and held by the shareholders of PPC Company Limited on the JSE Limited
Volume of shares traded (millions) *	Number of shares transacted during the year
Market price (cents) *	
– high	Highest prevailing price at which share was sold
– low	Lowest prevailing price at which share was sold
– at year-end	Prevailing price at which share was sold on 30 September
Value of shares traded (Rm)	Number of shares transacted during the year times prevailing price
Volume of shares traded as a percentage of total issued shares (%)	Number of shares transacted during the year / Number of shares in issue
Number of transactions	Number of exchanges of PPC Company Limited shares between a buyer and a seller
Earnings yield (%)	Earnings per share excluding exceptional items for the most recent 12 months / Market price per share at year-end
Dividend yield (%)	Total dividends paid out of current year's earnings / Market price per share at year-end
Price-earnings ratio	Market value per share at year-end / Earnings per share excluding exceptional items for the most recent 12 months
FTSE/JSE All Share Industrial index	Average prices of a selected number of shares listed on the JSE Limited
Market capitalisation at 30 September (Rm)	Number of shares in issue times market price per share at year-end

** Restated for effect of the 10:1 share subdivision*

Market capitalisation (Rm)



Number of shares transacted (thousands)



	2007	2006	2005	2004	2003	2002	2001
	510	510	510	510	501	501	500
	302	127	147	133	75	59	72
	5 300	4 498	2 943	1 830	1 220	820	720
	3 360	2 770	1 716	1 100	770	587	480
	4 780	3 479	2 910	1 810	1 135	780	620
	14 448	4 516	3 367	1 877	715	411	453
	59,2	24,9	28,8	26,1	15,0	11,8	14,4
	108 130	47 543	25 789	16 280	4 028	2 668	1 977
	5,6	6,5	6,0	8,0	10,2	10,7	11,5
	5,6	6,3	6,5	12,8	12,1	14,6	15,5
	18,0	15,4	16,9	12,4	9,8	9,4	8,7
	29 959	22 375	16 876	11 761	8 926	9 465	8 126
	24 392	17 756	14 853	9 246	5 684	3 906	3 101

Glossary of accounting terminology

for the year ended 30 September 2007

– ACCOUNTING POLICIES –
The specific principles, bases, conventions, rules and practices applied in preparing and presenting financial statements.

– ACCRUAL ACCOUNTING –
The effects of transactions and other events are recognised when they occur rather than when the cash is received or paid.

– ACTUARIAL GAINS AND LOSSES –
The effects of differences between the previous actuarial assumptions and what has actually occurred as well as the effect of changes in actuarial assumptions.

– AMORTISED COST –
The amount at which a financial asset or financial liability is measured at initial recognition, adjusted for principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and minus any reduction for impairment or uncollectability.

– ASSET –
A resource controlled by the entity as a result of a past event from which future economic benefits are expected to flow.

– ASSOCIATE –
An entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

– AVAILABLE FOR SALE FINANCIAL ASSETS –
Non-derivative financial assets that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

– BORROWING COSTS –
Interest and other costs incurred in connection with the borrowing of funds.

– BUSINESS COMBINATION –
A business combination is the bringing together of separate entities or businesses into one reporting entity.

– CARRYING AMOUNT –
The amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses.

– CASH AND CASH EQUIVALENTS –
Cash and cash equivalents comprises cash on hand and demand deposits. They are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

– CASH FLOW HEDGE –
A hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with an asset, or liability, or a highly probable forecast transaction that could affect profit or loss.

– CASH-GENERATING UNIT –
The smallest identifiable group of assets that generates cash inflows and are largely independent of the cash inflows from other assets or groups of assets.

– CHANGE IN ACCOUNTING ESTIMATE –
An adjustment to an asset or a liability as a result of new information or developments.

– CONSTRUCTIVE OBLIGATION –
An obligation that derives from an established pattern of past practice, published policies or a sufficiently specific current statement such that it created a valid expectation on the part of other parties that the obligation will be met.

– CONSOLIDATED FINANCIAL STATEMENTS –
The financial statements of a group presented as those of a single economic entity.

– CONTINGENT ASSET –
A possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

– CONTINGENT LIABILITY–
A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

– CONTROL –
The power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

– COSTS TO SELL –
The incremental costs directly attributable to the disposal of an asset (or disposal group), excluding finance costs and income taxation expense.

– DATE OF TRANSACTION –
The date on which the transaction first qualifies for recognition in accordance with International Financial Reporting Standards.

– DEPRECIATION (OR AMORTISATION) –
The systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount of an asset is the cost of an asset less its residual value.

– DERECOGNITION –
The removal of a previously recognised asset or liability from the balance sheet.

– DERIVATIVE –
A financial instrument whose value changes in response to an underlying contract, requires no initial or minimal net investment in relation to other types of contracts that would be expected to have a similar response to changes in market factors and is settled at a future date.

– DEVELOPMENT –
The application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before starting commercial production or use.

– DISCONTINUED OPERATION –
A component that has either been disposed of or is classified as held for sale and represents a separate major line of business or geographical operational area or a subsidiary acquired exclusively with a view to resale.

– DISCOUNT RATE –
The rate used for purposes of determining discounted cash flows defined as the yield on relevant South African Government bonds that have maturity dates approximating the term of the related cash flows. The pre-taxation interest rate reflects the current market assessment of the time value of money. In determining the cash flows, the risks specific to the asset or liability are taken into account in determining those cash flows and are not included in determining the discount rate.

– EFFECTIVE INTEREST RATE –
The derived rate that discounts the expected future cash flows to the current carrying amount of the financial asset or financial liability.

–EQUITY INSTRUMENT –
A contract that evidences a residual interest in the total assets after deducting the total liabilities.

–EQUITY METHOD –
A method in which the investment is initially recognised at cost and adjusted thereafter for the post acquisition change in the share of net assets of the investee. Profit or loss includes the share of the investee’s profit or loss.

– EMPLOYEE BENEFITS –
All forms of consideration given in exchange for services rendered by employees.

– EXPENSES –
The decreases in economic benefits in the form of outflows or depletions of assets or incurrences of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

– FAIR VALUE –
The amount for which an asset could be exchanged between knowledgeable and willing parties in an arm’s length transaction.

– FAIR VALUE HEDGE –
A hedge of exposure to changes in fair value of a recognised asset, liability or firm commitment.

– FINANCE LEASE –
A lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

– FINANCIAL ASSET –
Cash or cash equivalents, a right to receive cash, an equity instrument or a right to exchange financial instruments under favourable conditions.

– FINANCIAL LIABILITY –
A contractual obligation to pay cash or transfer other benefits or an obligation to exchange a financial instrument under unfavourable conditions.

– FINANCIAL INSTRUMENT –
A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

– FINANCIAL ASSET OR LIABILITY AT FAIR VALUE THROUGH PROFIT OR LOSS –
A financial asset or financial liability that is classified as held-for-trading or is designated as such on initial recognition other than investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

– FIRM COMMITMENT –
A binding agreement for the exchange of a specified quantity of resources at a specified price on a specified future date or dates.

– FORECAST TRANSACTION –
An uncommitted but anticipated future transaction.

– GOING-CONCERN BASIS –
The assumption that the entity will continue in operation for the foreseeable future.

– GROSS INVESTMENT IN LEASE –
The aggregate of the minimum lease payments receivable by the lessor under a finance lease and any unguaranteed residual value accruing to the lessor.

– HEDGED ITEM –
An asset, liability, firm commitment, highly probable forecast transaction or net investment in a foreign operation that exposes the entity to risk of changes in fair value or future cash flows and is designated as being hedged.

– HEDGING INSTRUMENT –
A designated derivative or non-derivative financial asset or non-derivative financial liability whose fair value or cash flows are expected to offset changes in the fair value or cash flows of a designated hedged item.

– HELD-FOR-TRADING FINANCIAL ASSET OR FINANCIAL LIABILITY –
One that is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or as part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking or a derivative (except for a derivative that is a designated and effective hedging instrument).

– HELD-TO-MATURITY INVESTMENT –
A non-derivative financial asset with fixed or determinable payments and fixed maturity where there is a positive intention and ability to hold it to maturity.

– IMMATERIAL –
If individually or collectively it would not influence the economic decisions of the users.

– IMPAIRMENT LOSS –
The amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount or sales price.

– IMPRACTICABLE –
When, after making every reasonable effort to do so, the requirement cannot be applied.

– INCOME –
Increase in economic benefits in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in equity, other than those relating to contributions from equity participants.

– JOINT CONTROL –
The contractually agreed sharing of control over an economic activity.

– JOINT VENTURE –
A contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

– LEGAL OBLIGATION –
An obligation that derives from a contract, legislation or other operation of law.

– LIABILITY –
A present obligation arising from a past event, the settlement of which is expected to result in an outflow of resources embodying economic benefits.

– LOANS AND RECEIVABLES –
Non-derivative financial asset, with fixed or determinable repayments that are not quoted in an active market.

– MINIMUM LEASE PAYMENTS –
Payments over the lease term that the lessee is or can be required to make, excluding contingent rent, costs for services and taxes to be paid by and re-imbursed to the lessor, together with any amounts guaranteed by the lessee or by a party related to the lessee or in the case of a lessor, any residual value guaranteed to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee.

– MONETARY ASSET –
An asset which will be settled in a fixed or determinable amount of money.

– MONETARY LIABILITY –
A liability which will be settled in a fixed or determinable amount of money.

– NET INVESTMENT IN THE LEASE –
The gross investment in the lease discounted at the interest rate implicit in the lease.

– OPERATING LEASE –
A lease other than a finance lease.

– ONEROUS CONTRACT –
A contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

– OWNER-OCCUPIED PROPERTY –
Property held by the owner or by the lessee under a finance lease for use in the production or supply of goods or services or for administrative purposes.

– PAST SERVICE COST –
The increase or decrease in the present value of the defined benefit obligation for employee service in prior periods resulting from the introduction of, or changes to post-employment benefits or other long-term employee benefits.

– POINT-OF-SALE COSTS –
Commissions to brokers and dealers, levies by regulatory agencies and commodity exchanges and transfer taxes and duties, excluding transport and other costs necessary to get the assets to the market.

– POST-EMPLOYMENT BENEFITS –
Employee benefits (other than termination benefits) that are payable after the completion of employment.

– POST-EMPLOYMENT BENEFIT PLANS –
Formal or informal arrangements under which an entity provides post-employment benefits to employees. Defined contribution benefit plans are where there are no legal or constructive obligations for the employer to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Defined benefit plans are post-employment benefit plans other than defined contribution plans.

– PRESENTATION CURRENCY –
The currency in which the financial statements are presented.

– PRIOR PERIOD ERROR –
An omission from or misstatement in the financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that was available when financial statements for those periods were authorised for issue and could reasonably be expected to have been obtained and taken into account in the preparation of those financial statements.

– PROPORTIONATE CONSOLIDATION –
A method where the venturer's share of each of the assets, liabilities, income and expenses of a jointly controlled entity is combined line by line with similar items in the venturer's financial statements or reported as separate line items in the venturer's financial statements.

– PROSPECTIVE APPLICATION –
Applying a new accounting policy to transactions, other events and conditions occurring after the date the policy changed or recognising the effect of the accounting policy change in the current and future periods.

– RECOVERABLE AMOUNT –
The higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use.

– REGULAR WAY PURCHASE OR SALE –
A purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the timeframe established by regulation or convention in the marketplace concerned.

– RELATED PARTY –
Parties are considered to be related if one party directly or indirectly has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or is a member of the key management of the entity.

– RESEARCH –
The original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding.

– RESIDUAL VALUE –
The estimated amount that an entity would currently obtain from disposal of an asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

– RETROSPECTIVE APPLICATION –
Applying a new accounting policy to transactions, other events and conditions as if that policy had always been applied.

– RETROSPECTIVE RESTATEMENT –
Correcting the recognition, measurement and disclosure of amounts as if a prior period error had never occurred.

– SHARE-BASED PAYMENT –
A transaction in which the entity issues shares, share options or pays cash based on the share price, to employees in exchange for services rendered.

– SIGNIFICANT INFLUENCE –
Significant influence is the power to participate in the financial and operating policy decisions of the associate which is not control or joint control over those policies.

– SUBSIDIARY –
An entity that is controlled by the parent.

– TAX BASE –
The tax base of an asset is the amount that is deductible for taxation purposes if the economic benefits from the asset are taxable or is the carrying amount of the asset if the economic benefits are not taxable.

The tax base of a liability is the carrying amount of the liability less the amount deductible in respect of that liability in future periods.

The tax base of revenue received in advance is the carrying amount less any amount of the revenue that will not be taxed in future periods.

– TEMPORARY DIFFERENCES –
The differences between the carrying amount of an asset or liability and its tax base.

– TRANSACTION COSTS –
Incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability.

– UNEARNED FINANCE INCOME –
The difference between the gross investment in the lease and the net investment in the lease.

– USEFUL LIFE –
The period over which an asset is expected to be available for use, or the number of production or similar units expected to be obtained from the asset.

– VALUE IN USE –
The present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Accounting policies

for the year ended 30 September 2007

– BASIS OF PREPARATION –

- Accounting framework -

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), Interpretations of those Standards using the historical cost convention except for certain financial instruments that are stated at fair value.

The basis of preparation is consistent with the prior year except where the group has adopted new or revised IFRS and Interpretations of those Standards. The following revised IFRS and Interpretation Standards, which did not have a material impact on reported results, were adopted in the current year:

- AC 503 *Accounting for BEE Transactions;*
- IAS 1 *Amendment: Presentation of Financial Statements;*
- IAS 21 *Amendment: The effects of changes in Foreign Exchange Rates: Net Investment in a Foreign Operation;*
- IAS 23 *Amendment: Borrowing costs;*
- IAS 39 *Amendment: Financial Instruments, Recognition and Measurement;*
- IFRIC 4 *Determining Whether an Arrangement Contains a Lease;*
- IFRIC 10 *Interim Financial Reporting and Impairment;*
- IFRIC 11 *Group and Treasury Transactions;*
- IFRIC 12 *Service Concession Arrangements;*
- IFRIC 13 *Customer Loyalty Programmes; and*
- IFRIC 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.*

- Underlying concepts -

The financial statements are prepared on the going concern basis using accrual accounting.

Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard.

Financial assets and financial liabilities are offset and the net amount reported only when a legally enforceable right to set off the amounts exists and the intention is either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Changes in accounting policies are accounted for in accordance with the transitional provisions in the standard. If no such guidance is given, then they are applied retrospectively, unless it is impracticable to do so, in which case they are applied prospectively. Accounting policies are not applied when the effect of applying them is immaterial.

Prior period errors are retrospectively restated unless it is impracticable to do so, in which case they are applied prospectively.

Changes in accounting estimates are recognised in profit or loss.

Preparing financial statements in conformity with IFRS requires estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from these estimates.

Accounting policies are not applied when the effect of applying them is immaterial.

- Recognition of assets and liabilities -

Assets are only recognised if they meet the definition of an asset, it is probable that future economic benefits associated with the asset will flow to the group and the cost or fair value can be measured reliably.

Liabilities are only recognised if they meet the definition of a liability, it is probable that future economic benefits associated with the liability will flow from the group and the cost or fair value can be measured reliably.

Financial instruments are recognised when the group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities, as a result of firm commitments are only recognised when one of the parties has performed under the contract.

- Derecognition of assets and liabilities -

Financial assets are derecognised when the contractual rights to receive cash flows have been transferred or have expired or when substantially all the risks and rewards of ownership have passed.

All other assets are derecognised on disposal or when no future economic benefits are expected from their use or on disposal.

Financial liabilities are derecognised when the relevant obligation has either been discharged or cancelled or has expired.

- Foreign currencies -

The functional currency of each entity within the group is determined based on the currency of the primary economic environment in which that entity operates. Transactions in currencies other than the entity's functional currency are recognised at the rates of exchange ruling on the date of the transaction. Monetary assets and liabilities denominated in such currencies are translated at the rates ruling at the balance sheet date.

Gains and losses arising on exchange differences are recognised in profit or loss.

The financial statements of entities within the group, whose functional currencies are different to the group's presentation currency, are translated as follows:

- Assets, including goodwill, and liabilities at exchange rates ruling on the balance sheet date
- Income, expense items and cash flows at the average exchange rates for the period
- Equity items at the exchange rate ruling when they arose

Resulting exchange differences are classified as a foreign currency translation reserve and recognised directly in equity. On disposal of such a business unit, this reserve is recognised in profit or loss.

- Hyperinflationary currencies -

The financial statements of foreign entities that report in the currency of a hyperinflationary economy are restated for the decrease in general purchasing power of the currency at the balance sheet date before they are translated into the group's presentation currency.

- Post-balance sheet events -

Recognised amounts in the financial statements are adjusted to reflect events arising after the balance sheet date that provide evidence of conditions that existed at the balance sheet date. Events that are indicative of conditions that arose after the balance sheet date are dealt with by way of a note.

- Comparative figures -

Comparative figures are restated in the event of a change in accounting policy or prior period errors. Furthermore, where there is a subdivision of ordinary shares during the current year, the comparatives figures are restated.

- Separate financial statements -

Subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures in the separate financial statements presented by the company, are recognised at cost.

- Group financial statements -

Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities, income, expenses and cash flows of the company and its subsidiaries as if they are a single economic entity.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date of acquisition or up to the date of disposal.

Inter-company transactions and balances between group entities are eliminated on consolidation.

On acquisition of a subsidiary, minorities' interest is measured at the proportion of the pre-acquisition fair values of the identifiable assets and liabilities acquired.

The results of special purpose entities that, in substance are controlled by the group, are consolidated.

Interests in associates

The consolidated financial statements incorporate the assets, liabilities, income and expenses of associates using the equity method of accounting, applying the group's accounting policies, from the acquisition date to the disposal date, except when the investment is classified as held for sale, in which case it is accounted for as non-current assets held for sale.

The investment is carried at cost and adjusted for post acquisition changes in the group's share of net assets of the associate, less any impairment in value in the individual investments. Losses of an associate in excess of the group's interest in that associate are not recognised, unless the group has incurred legal or constructive obligation or made payments on behalf of the associate.

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

- Financial statement items -

Property, plant and equipment

Property, plant and equipment represents tangible items and intangible items that are integrated with tangible items that are held for use in the production or supply of goods and are expected to be used during more than one period.

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of self constructed assets includes expenditures on materials, direct labour and an allocated portion of project overheads. Cost also includes the estimated cost of dismantling and removing the assets and site rehabilitation costs to the extent that they relate to the construction of the asset as well as gains and losses on qualifying cash flow hedges attributable to that asset.

Owner-occupied properties in the course of construction are carried at cost, less any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying value.

Depreciation is charged so as to write off the depreciable amount of the assets, other than land, over their estimated useful lives, using a method that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity. Where significant parts of an item have different useful lives to the item itself, these parts are depreciated over their estimated useful lives. The methods of depreciation, useful lives and residual values are reviewed annually. The following methods and rates were used during the year:

Buildings	Straight line	30 years
Plant	Straight line	5 to 35 years
Vehicles	Straight line	5 to 10 years
Furniture and equipment	Straight line	3 to 6 years
Mineral rights	Straight line	Estimated life of reserve

Assets held under finance leases are depreciated over their expected useful lives or the term of the relevant lease, where shorter.

The gain or loss arising on the disposal or scrapping of property, plant and equipment is recognised in profit or loss.

Decommissioning and quarry rehabilitation

Group companies are generally required to restore mine and processing sites at the end of their producing lives to a condition acceptable to the relevant authorities and consistent with the group's environmental policies.

Estimating the future costs of these obligations is complex and requires management to make estimates and judgements because most of the obligations will be fulfilled in the future and contracts and laws are often not clear regarding what is required. The resulting provisions are further influenced by changing technologies and political, environmental, safety, business and statutory considerations.

The expected cost of any committed decommissioning or restoration programme, discounted to its net present value, is provided and capitalised at the beginning of each project. The capitalised cost is depreciated over the expected life of the asset and the increase in the net present value of the provision for the expected cost is included within finance costs.

The cost of ongoing programmes to prevent and control pollution and to rehabilitate the environment is taken to profit or loss as incurred.

An Environmental Rehabilitation Trust Fund was created in accordance with statutory requirements to provide for the estimated cost of pollution control and rehabilitation to the end of the life of the related asset. Annual contributions were made to this fund where applicable.

Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance, which is not integrated with a tangible asset. It includes patents, trademarks, capitalised development costs and certain costs of purchase and installation of major information systems, including packaged software.

Intangible assets are initially recognised at cost if acquired separately or internally generated or at fair value if acquired as part of a business combination. If assessed as having an indefinite useful life, it is not amortised but tested for impairment annually and impaired if necessary. If assessed as having a finite useful life, it is amortised over its useful life, generally three to seven years, using a straight-line basis and tested for impairment if there is an indication that it may be impaired.

Research costs are recognised in profit or loss when they are incurred.

Development costs are capitalised only when and if they meet the criteria for capitalisation. Otherwise they are recognised in profit or loss.

Patents and trademarks are measured initially at cost and amortised on a straight-line basis over their estimated useful lives.

Goodwill

Goodwill represents the future economic benefits arising from assets that are not capable of being individually identified and separately recognised in a business combination.

Goodwill arising on the acquisition of a business, subsidiary, associate or joint venture is recognised as an asset and is stated at cost less impairment losses. Goodwill is not amortised. Goodwill of associates is included in the carrying amount of the associate.

Goodwill acquired in a business combination for which the agreement date was before 31 March 2004 was previously amortised on a systematic basis over its estimated useful life. The accumulated amortisation previously raised has been netted against the cost.

If, on a business combination, the fair value of the group's interest in the identifiable assets, liabilities and contingent liabilities exceeds the cost of acquisition, this excess is recognised in profit or loss immediately. For business combinations where the agreement date was before 31 March 2004, this was defined as negative goodwill and presented as a negative asset. This amount has since been fully recognised in profit and loss.

On disposal of a subsidiary, associate, joint venture or business unit to which goodwill was allocated on acquisition, the amount attributable to such goodwill is included in the determination of the profit or loss on disposal.

Deferred taxation assets

A deferred taxation asset represents the amount of income taxes recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits, including unused credits for secondary taxation on companies.

A deferred taxation asset is only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised and is accounted for using the balance sheet liability method. It is measured at the tax rates that have been enacted or substantially enacted at balance sheet date.

Inventories

Inventories are assets held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process.

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, net of discount and rebates received. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion, distribution and selling.

The specific identification basis is used to arrive at the cost of items that are not interchangeable. Otherwise the first-in, first-out method or weighted average method for certain classes of inventory is used to arrive at the cost of items that are interchangeable.

Non-current assets held for sale

Non-current assets or disposal groups are classified as held for sale if the carrying amount will be recovered principally through sale rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal groups are available for immediate sale in its present condition.

Immediately prior to being classified as held for sale, the carrying amount of the item is measured in accordance with the applicable accounting standard. After classification as held for sale, it is measured at the lower of the carrying amount and fair value less costs to sell. An impairment loss is recognised in profit or loss for any initial and subsequent write-down of the asset and disposal group to fair value less costs to sell. A gain for any subsequent increase in fair value less costs to sell is recognised in profit or loss to the extent that it is not in excess of the cumulative impairment loss previously recognised.

Non-current assets or disposal groups that are classified as held for sale are not depreciated.

Financial assets

Financial assets are initially measured at fair value plus transaction costs. However, transaction costs in respect of financial assets classified at fair value through profit or loss are expensed.

Investments classified as held-to-maturity financial assets are measured at amortised cost less any impairment losses recognised to reflect irrecoverable amounts.

Held-for-trading investments are classified as financial assets at fair value through profit or loss and are carried at fair value with any gains or losses being recognised in profit or loss. Fair value, for this purpose, is market value if listed or a value arrived at by using appropriate valuation models if unlisted.

Trade and other receivables are classified as loans and receivables and are measured at amortised cost less provision for doubtful debts. Write-downs of these assets are expensed in profit or loss.

Other investments are classified as available-for-sale financial assets. These investments are carried at fair value with any gains or losses being recognised directly in equity. Fair value, for this purpose, is market value if listed or a value arrived at by using appropriate valuation models if unlisted.

Financial liabilities

Financial liabilities are initially measured at fair value plus transaction costs. However, transaction costs in respect of financial liabilities classified as fair value through profit or loss are expensed.

Non-derivative financial liabilities that are not designated on initial recognition as financial liabilities at fair value through profit or loss are measured at amortised cost.

Non-derivative financial liabilities that are classified on initial recognition as financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value being included in net profit or loss.

Derivative financial instruments

Derivatives that are assets are measured at fair value, with changes in fair value being included in profit or loss other than derivatives designated as cash flow hedges.

Cash and cash equivalents are measured at fair value, with changes in fair value being included in profit or loss. Derivatives that are liabilities are measured at fair value, with changes in fair value being included in profit or loss other than derivatives designated as cash flow hedges.

Deferred taxation liability

A deferred taxation liability represents the amount of income taxes payable in future periods in respect of taxable temporary differences.

A deferred taxation liability is recognised for taxable temporary differences, unless specifically exempt, at the taxation rates that have been enacted or substantially enacted at the balance sheet date and is accounted for using the balance sheet liability method.

Deferred taxation arising on investments in subsidiaries, associates and joint ventures is recognised except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Post-employment benefit obligations

Payments to defined contribution plans are recognised as an expense as they fall due.

The cost of providing defined benefits is determined using the projected unit credit method. Valuations are conducted every three years and interim adjustments to those valuations are made annually.

Actuarial gains and losses that exceed 10% of the greater of the present value of the group's pension obligations or the fair value of plan assets are amortised over the expected average remaining working lives of the participating employees.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognised in profit or loss when the group is demonstrably committed to the curtailment or settlement.

Past service costs are recognised immediately to the extent that the benefits are already vested. Otherwise they are amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and the unrecognised past service costs and reduced by the fair value of plan assets. Any asset is limited to the unrecognised actuarial losses, plus the present value of available refunds and reductions in future contributions to the plan.

To the extent that there is uncertainty as to the entitlement to the surplus, no asset is recognised.

Dividends

Dividends to equity holders are only recognised as a liability when declared and are included in the statement of changes in equity. Secondary taxation on companies in respect of such dividends is recognised as a liability when the dividends are recognised as a liability and are included in the taxation charge in profit or loss.

Provisions
Provisions represent liabilities of uncertain timing or amount.

Provisions are recognised when the group has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made for the amount of the obligation. Provision for onerous contracts are established after taking into consideration the recognition of impairment losses that have occurred on assets dedicated to those specific contracts.

Provisions are measured at the expenditure required to settle the present obligation. Where the effect of discounting is material, provisions are measured at their present value using a pre-taxation discount rate that reflects the current market assessment of the time value of money and the risks for which future cash flow estimates have not been adjusted.

Equity
All transactions relating to the acquisition and sale of shares in the company, together with their associated costs, are accounted for in equity.

Revenue
Revenue represents the gross inflow of economic benefits during the period arising in the course of the ordinary activities when those inflows result in increases in equity, other than increases relating to contributions from equity participants.

Revenue is measured at the amount received or receivable. Cash and settlement discounts, rebates, VAT and other indirect taxes are excluded from revenue.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred, when delivery has been made and title has passed, when the amount of the revenue and the related costs can be reliably measured and when it is probable that the debtor will pay for the goods.

Cost of sales
When inventories are sold, the carrying amount is recognised as part of cost of sales. Any write-down of inventories to net realisable value and all losses of inventories or reversals of previous write-downs or losses are recognised in cost of sales in the period the write-down, loss or reversal occurs.

Employee benefit costs
The cost of providing employee benefits is accounted for in the period in which the benefits are earned by employees.

The cost of short-term employee benefits is recognised in the period in which the service is rendered and is not discounted. The expected cost of short-term accumulating compensated absences is recognised as an expense as the employees' render service that increases their entitlement or, in the case of non-accumulating absences, when the absences occur.

The expected cost of profit-sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Income from investments
Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.

Dividend income from investments is recognised when the shareholders' right to receive payment has been established.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

Exceptional items
Exceptional items cover those amounts, which are not considered to be of an operating nature, and generally include profit and loss on disposal of property, investments and businesses, other non-current assets, and impairments of capital items and goodwill.

Taxation
The charge for current taxation is based on the results for the year as adjusted for income that is exempt and expenses that are not deductible, using taxation rates that are applicable to the taxable income.

Secondary taxation on companies (STC) is recognised as part of the current taxation charge when the related dividend is declared. Deferred taxation is recognised if dividends received in the current year can be offset against future dividend payments to the extent of the reduction of future STC.

Deferred taxation is recognised in profit or loss, except when it relates to items credited or charged directly to equity, in which case it is also recognised in equity, for all temporary differences, unless specifically exempt at the taxation rates that have been enacted or substantially enacted at the balance sheet date.

- Transactions and events -

Hedge accounting

If a fair value hedge meets the conditions for hedge accounting, any gain or loss on the hedged item attributable to the hedged risk is included in the carrying amount of the hedged item and recognised in profit or loss.

If a cash flow hedge meets the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in profit or loss.

If an effective hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated gains or losses recognised in equity are transferred to income in the same period in which the asset or liability affects profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gains or losses recognised in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

Hedge accounting is discontinued on a prospective basis when the hedge no longer meets the hedge accounting criteria (including when it becomes ineffective), when the hedge instrument is sold, terminated or exercised, for cash flow hedges, the forecast transaction is no longer expected to occur or when the hedge designation is revoked.

Any cumulative gain or loss on the hedging instrument for a forecast transaction is retained in equity until the transaction occurs, unless the transaction is no longer expected to occur, in which case it is transferred to profit and loss for the period.

- Impairment of assets -

At each reporting date the carrying amount of the tangible and intangible assets are assessed to determine whether there is any indication that those assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. Value-in-use is estimated taking into account future cash flows, forecast market conditions and the expected lives of the assets.

If the recoverable amount of an asset, or cash-generating unit, is estimated to be less than the carrying amount, its carrying amount is reduced to the higher of the recoverable amount or zero. Impairment losses are recognised in profit or loss. The loss is first allocated to reduce the carrying amount of goodwill and then to the other assets of the cash generating unit. Subsequent to the recognition of an impairment loss, the depreciation or amortisation charge for the asset is adjusted to allocate its remaining carrying value, less any residual value, over its remaining useful life.

If an impairment loss subsequently reverses, the carrying amount of the asset, or cash generating unit, is increased to the revised estimate of its recoverable amount but limited to the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in profit or loss.

Goodwill and intangible assets with indefinite useful lives and cash generating units to which these assets have been allocated are tested for impairment even if there is no indication of impairment. Impaired goodwill and intangible assets with indefinite lives are only reversed when the associated business is sold.

- Leasing -

Classification

Leases are classified as finance leases or operating leases at the inception of the lease.

In the capacity of a lessee

Finance leases are recognised as assets and liabilities at the lower of the fair value of the asset and the present value of the minimum lease payments at the date of acquisition. Finance costs represent the difference between the total leasing commitments and the fair value of the assets acquired. Finance costs are charged to profit or loss over the term of the lease and at interest rates applicable to the lease on the remaining balance of the obligations.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease or another basis if more representative of the time pattern of the user's benefit.

- Discontinued operations -

The results of discontinued operations are presented separately in the income statement and the assets associated with these operations are included with non-current assets held for sale in the balance sheet.

- Share-based payments -

Equity-settled

The fair value of the share options is recognised and charged against profit and loss together with a corresponding movement in equity. Fair value adjustments are calculated over the vesting period, ending on the date on which the performance conditions are fulfilled and the employees become fully entitled to exercise their options. The cumulative expense recognised for share options granted at each balance sheet date until the vesting date, reflects the extent to which the vesting period has expired and the number of share option grants that will ultimately vest, in management's opinion, at that date. This is based on the best available estimate of the number of share options that will ultimately vest.

Fair value is measured using the binomial option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations such as volatility, dividend yield and the vesting period.

Cash-settled

The cost of cash-settled transactions is measured initially at fair value at the grant date using the binomial option pricing model, taking into account the terms and conditions upon which the instruments were granted. This fair value is expensed over the vesting period with a corresponding charge to liabilities. The liability is re-measured at each reporting period, up to and including the settlement date, with changes in fair value recognised in profit and loss over the vesting period.

- Judgements made by management -

Preparing financial statements in conformity with IFRS requires estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from these estimates.

Judgements made by management in applying the accounting policies, other than those dealt with above, that could have a significant effect on the amounts recognised in the financial statements are:

- **Non-consolidation of subsidiary**

  The results of Porthold, a wholly-owned Zimbabwean subsidiary, have not been consolidated into the group as at 30 September 2007. There are significant constraints impacting on the normal operation of Porthold and the PPC board conclude that management does not have the ability to exercise effective control over the business. In view of the circumstances, the results of Porthold have continued to be excluded from the group results in the current year and have been accounted for on a fair value investment basis. Fair value is determined using discounted cash flows based on assumptions management deem appropriate.

- **Consolidation of special purpose entities**

  Special purpose entities established in the Afripack black economic empowerment transactions, have in the past been consolidated in the group results in terms of IAS 27 (Consolidated Financial Statements and Accounting for Investments in Subsidiaries).

- **Asset lives and residual values**

  Property, plant and equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- **Decommissioning and rehabilitation obligations**

  Group companies are required to restore quarry and processing sites at the end of their productive lives to an acceptable condition consistent with the group's environmental policies. The expected cost of any committed decommissioning or restoration programme, discounted to its net present value, is provided at the beginning of each project.

  Estimating the future costs of these obligations is complex and requires management to make estimates and judgements because most of the obligations will be fulfilled in the future and contracts and laws are often not clear regarding what is required. The resulting provisions are further influenced by changing technologies and political, environmental, safety, business and statutory considerations.

- **Deferred taxation assets**
  Deferred taxation assets are recognised to the extent it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Future tax profits are estimated based on business plans which include estimates and assumptions regarding economic growth, interest, inflation and taxation rates and competitive forces. Deferred taxation assets are also recognised on STC credits to the extent it is probable that future dividends will utilise these credits.

- **Valuation of financial instruments**
  The valuation of derivative financial instruments is based on the market situation at balance sheet date. The value of the derivative instruments fluctuates on a daily basis and the actual amounts realised may differ materially from their value at the balance sheet date.

- **Impairment of assets**
  Goodwill is considered for impairment at least annually. Property, plant and equipment and intangible assets are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

  The future cash flows expected to be generated by the assets are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value.

- **Fair value of share-based payments**
  Fair value used in calculating the amount to be expensed as a share-based payment is subject to a level of uncertainty. The group is required to calculate the fair value of the equity and cash-settled instruments granted to employees in terms of the share option schemes implemented. This fair value is calculated by applying a valuation model which is in itself judgemental and takes into account certain inherently uncertain assumptions. (detailed in note 34)

- **Post-employment benefits valuations**
  Actuarial valuations of employee benefit obligations under defined benefit plans are based on assumptions which include employee turnover, mortality rates, inflation rates, discount rates, medical inflation, the expected long-term return on plan assets and the rate of compensation increases.

- **Provision for doubtful debts**
  The provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due in accordance with the original terms of credit given and includes an assessment of recoverability based on historical trend analysis and events that exist at balance sheet date.

- Sources of estimation uncertainty -

There are no significant assumptions made concerning the future or other sources of estimation uncertainty that has been identified as giving rise to a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Group balance sheets

at 30 September 2007

	Notes	2007 Rm	2006 Rm	2005 Rm
ASSETS				
Non-current assets		**2 546**	1 817	1 794
Property, plant and equipment	1	**2 178**	1 414	1 247
Intangible assets	2	**20**	14	14
Investment in non-consolidated subsidiary	3	**260**	290	295
Other non-current financial assets	4	**78**	99	214
Investment in associate	5	**10**	–	–
Deferred taxation assets	11	**–**	–	24
Current assets		**2 336**	2 538	1 462
Inventories	6	**337**	223	223
Trade and other receivables	7	**696**	605	500
Short-term investment	4	**2**	98	147
Asset classified as held for sale	8	**–**	130	–
Cash and cash equivalents	9	**1 301**	1 482	592
Total assets		**4 882**	4 355	3 256
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital and premium	10	**868**	868	868
Other reserves		**16**	90	52
Retained profit		**1 465**	1 245	1 086
Equity attributable to equity holders of the parent		**2 349**	2 203	2 006
Outside shareholders' interest		**–**	–	21
Total equity		**2 349**	2 203	2 027
Non-current liabilities		**340**	364	483
Deferred taxation liabilities	11	**156**	174	182
Long-term borrowings	12	**68**	83	197
Provisions	13	**114**	107	103
Other non-current liabilities	14	**2**	–	1
Current liabilities		**2 193**	1 788	746
Short-term borrowings	15	**1 366**	983	160
Taxation payable		**236**	212	160
Trade and other payables	16	**579**	472	415
Liabilities directly associated with asset classified as held for sale	8	**–**	112	–
Provisions	13	**12**	9	11
Total equity and liabilities		**4 882**	4 355	3 256

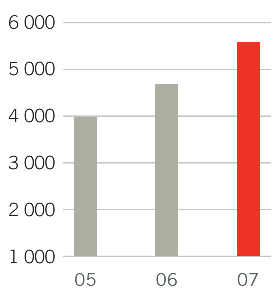
Group income statements

for the year ended 30 September 2007

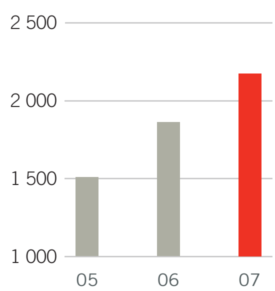
	Notes	2007 Rm	2006 Rm	2005 Rm
Continuing operations				
Revenue		**5 566**	4 686	3 974
Cost of sales		**3 069**	2 520	2 175
Gross profit		**2 497**	2 166	1 799
Non-operating income		**1**	1	–
Administrative expenditure		**37**	43	40
Other operating expenditure		**287**	263	250
Operating profit	17	**2 174**	1 861	1 509
Fair value gains/(losses) on financial instruments	18	**1**	–	(7)
Finance costs	19	**84**	52	64
Income from investments	20	**82**	67	84
Profit before exceptional items		**2 173**	1 876	1 522
Exceptional items	21	**14**	–	13
Share of associate's retained profit		**7**	–	1
Profit before taxation		**2 194**	1 876	1 536
Taxation	22	**765**	670	582
Net profit from continuing operations		**1 429**	1 206	954
Discontinued operation				
Net profit from discontinued operation	8	**–**	8	–
Net profit		**1 429**	1 214	954
Attributable to:				
Equity holders of the parent company		**1 429**	1 214	941
Outside shareholders' interest		**–**	–	13
		1 429	1 214	954
Earnings per share (cents)*	23.2			
From continuing and discontinued operations				
– basic and fully diluted		**266**	226	175
From continuing operations				
– basic and fully diluted		**266**	224	175
Dividends per share (cents)*	24	**266**	220	190

** Restated for effect of the 10:1 share subdivision*

Revenue (Rm)



Operating profit (Rm)



Group statements of changes in equity

for the year ended 30 September 2007

	Share capital Rm	Share premium Rm
Balance at 1 October 2004	54	813
Movement for the year		
Increase in share capital and premium	–	1
Exchange differences on translation of foreign operation	–	–
Revaluation of investments	–	–
Deferred taxation on revaluation	–	–
Equity-settled share incentive scheme charge	–	–
Other reserve movements	–	–
Net profit	–	–
Dividends	–	–
Balance at 30 September 2005	54	814
Movement for the year		
Exchange differences on translation of foreign operation	–	–
Revaluation of investments	–	–
Cash flow hedge recognised directly through equity	–	–
Deferred taxation on hedging movement	–	–
Outside shareholders interest associated with held for sale asset	–	–
Deregistration of dormant subsidiary companies	–	–
Equity-settled share incentive scheme charge	–	–
Other reserve movements	–	–
Net profit	–	–
Dividends	–	–
Balance at 30 September 2006	**54**	**814**
Movement for the year		
Exchange differences on translation of foreign operation	**–**	**–**
Revaluation of investments	**–**	**–**
Deferred taxation on revaluation	**–**	**–**
Cash flow hedge recognised directly through equity	**–**	**–**
Amount recognised in cost of plant	**–**	**–**
Deferred taxation on hedging movements	**–**	**–**
Equity-settled share incentive scheme charge	**–**	**–**
Equity-settled share incentive scheme payment	**–**	**–**
Other reserve movements	**–**	**–**
Net profit	**–**	**–**
Dividends declared	**–**	**–**
Balance at 30 September 2007	**54**	**814**

Other reserves									
Capital redemption reserve fund Rm	Unrealised surplus on reclassification of plant Rm	Foreign currency translation Rm	Available-for-sale financial assets Rm	Hedging reserves Rm	Equity compensation reserves Rm	Retained profit Rm	Attributable to equity holders of parent Rm	Outside shareholders' interest Rm	Total equity Rm
1	32	1	17	–	2	1 411	2 331	8	2 339
–	–	–	–	–	–	–	1	–	1
–	–	(11)	–	–	–	–	(11)	–	(11)
–	–	–	12	–	–	–	12	–	12
–	–	–	(2)	–	–	–	(2)	–	(2)
–	–	–	–	–	3	–	3	–	3
–	(3)	–	–	–	–	3	–	–	–
–	–	–	–	–	–	941	941	13	954
–	–	–	–	–	–	(1 269)	(1 269)	–	(1 269)
1	29	(10)	27	–	5	1 086	2 006	21	2 027
–	–	6	–	–	–	–	6	–	6
–	–	–	(1)	–	–	–	(1)	–	(1)
–	–	–	–	50	–	–	50	–	50
–	–	–	–	(14)	–	–	(14)	–	(14)
–	–	–	–	–	–	–	–	(21)	(21)
(1)	–	–	–	–	–	1	–	–	–
–	–	–	–	–	1	–	1	–	1
–	(3)	–	–	–	–	3	–	–	–
–	–	–	–	–	–	1 214	1 214	–	1 214
–	–	–	–	–	–	(1 059)	(1 059)	–	(1 059)
–	**26**	**(4)**	**26**	**36**	**6**	**1 245**	**2 203**	**–**	**2 203**
–	**–**	**(6)**	**–**	**–**	**–**	**–**	**(6)**	**–**	**(6)**
–	**–**	**–**	**(4)**	**–**	**–**	**–**	**(4)**	**–**	**(4)**
–	**–**	**–**	**1**	**–**	**–**	**–**	**1**	**–**	**1**
–	**–**	**–**	**–**	**(14)**	**–**	**–**	**(14)**	**–**	**(14)**
–	**–**	**–**	**–**	**(33)**	**–**	**–**	**(33)**	**–**	**(33)**
–	**–**	**–**	**–**	**14**	**–**	**–**	**14**	**–**	**14**
–	**–**	**–**	**–**	**–**	**1**	**–**	**1**	**–**	**1**
–	**–**	**–**	**–**	**–**	**(30)**	**–**	**(30)**	**–**	**(30)**
–	**(3)**	**–**	**–**	**–**	**–**	**3**	**–**	**–**	**–**
–	**–**	**–**	**–**	**–**	**–**	**1 429**	**1 429**	**–**	**1 429**
–	**–**	**–**	**–**	**–**	**–**	**(1 212)**	**(1 212)**	**–**	**(1 212)**
–	**23**	**(10)**	**23**	**3**	**(23)**	**1 465**	**2 349**	**–**	**2 349**

Group cash flow statements

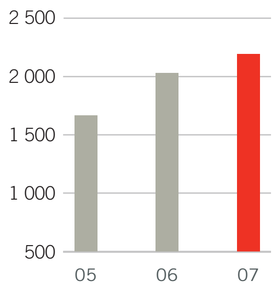
for the year ended 30 September 2007

	Notes	2007 Rm	2006 Rm	2005 Rm
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before exceptional items		**2 173**	1 876	1 522
Adjustments for:				
– depreciation		**192**	165	155
– amortisation of intangible assets		**4**	4	4
– (profit)/loss on disposal of plant and equipment and intangibles		**(3)**	1	1
– dividends received		**(8)**	(15)	(30)
– interest received		**(74)**	(52)	(54)
– finance costs		**84**	52	71
– other non-cash flow items		**2**	8	(24)
Operating cash flows before movements in working capital		**2 370**	2 039	1 645
Increase in inventories		**(116)**	(18)	(13)
Increase in receivables		**(147)**	(80)	(52)
Increase in payables		**85**	90	88
Cash generated from operations		**2 192**	2 031	1 668
Finance costs paid		**(83)**	(52)	(70)
Dividends received from investments and associate		**20**	15	30
Interest received		**74**	52	54
Taxation paid	26	**(743)**	(608)	(587)
Cash available from operations		**1 460**	1 438	1 095
Dividends paid	27	**(1 207)**	(1 059)	(1 269)
Equity-settled share incentive scheme payment		**(30)**	–	–
Net cash inflow/(outflow) from operating activities		**223**	379	(174)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property, plant and equipment	28	**(954)**	(395)	(177)
– replacement capital expenditure		**(129)**	(101)	(130)
– expansion capital expenditure		**(825)**	(294)	(47)
Acquisition of intangible assets		**(10)**	(3)	(4)
Dividends received from non-consolidated subsidiary company		**30**	4	21
Net proceeds received on:		**8**	1	17
– disposal of associate company	29	**–**	–	15
– disposal of property, plant and equipment		**8**	1	2
Movements in investments and loans		**114**	140	–
Redemption of preference shares		**30**	–	–
Decrease in net amounts owing by subsidiary and associate companies		**–**	–	5
Receipt of instalment on long-term loan		**10**	10	10
Net cash outflow from investing activities		**(772)**	(243)	(128)
Net cash (outflow)/inflow before financing activities		**(550)**	136	(302)

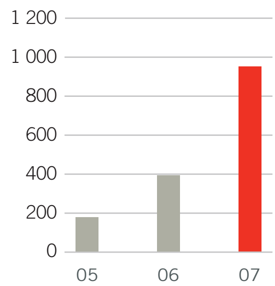
for the year ended 30 September 2007

	Notes	2007 Rm	2006 Rm	2005 Rm
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of share capital		**–**	–	1
Long-term borrowings raised		**–**	–	3
Long-term borrowings repaid		**(111)**	(111)	(48)
Short-term borrowings raised		**1 351**	872	–
Short-term borrowings repaid		**(872)**	–	(21)
Net cash inflow/(outflow) from financing activities		**368**	761	(65)
Net (decrease)/increase in cash and cash equivalents		**(181)**	897	(367)
Cash and cash equivalents at beginning of the year		**1 482**	592	948
Effects of exchange rates on cash		**–**	1	11
Deconsolidation of subsidiary company	30	**–**	(8)	–
Cash and cash equivalents at end of the year		**1 301**	1 482	592

Cash generated from operations (Rm)



Acquisition of property, plant and equipment (Rm)



Financial Review

	Freehold and leasehold land, buildings and mineral rights Rm	Decom-missioning and quarry rehabilitation assets Rm	Plant, vehicles, furniture and equipment Rm	Capitalised leased plant Rm	Total Rm
1. PROPERTY, PLANT AND EQUIPMENT					
2007					
Cost	**411**	**27**	**3 131**	**302**	**3 871**
Accumulated depreciation and impairments	**168**	**17**	**1 341**	**167**	**1 693**
Net carrying value	**243**	**10**	**1 790**	**135**	**2 178**
2006					
Cost	384	27	2 233	302	2 946
Accumulated depreciation and impairments	154	17	1 213	148	1 532
Net carrying value	230	10	1 020	154	1 414
2005					
Cost	389	27	2 016	302	2 734
Accumulated depreciation and impairments	146	16	1 187	138	1 487
Net carrying value	243	11	829	164	1 247

Property, plant and equipment with a net carrying value of R135 million (2006: R154 million; 2005: R241 million) are encumbered as disclosed in note 12.

The registers of land and buildings are open for inspection at the registered offices of the company and its subsidiaries.

The insured value of the group's property, plant and equipment at 30 September 2007 amounted to R17 191 million (2006: R13 512 million; 2005: R12 156 million), which is based on the cost of replacement of such assets, except for motor vehicles which are included at estimated retail value.

The historic value of land included above amounts to R56 million (2006: R59 million; 2005: R60 million).

Included in plant, vehicles, furniture and equipment is capital work-in-progress of R931 million (2006: R155 million; 2005: R65 million) and relates mainly to the Batsweledi expansion project.

	Freehold and leasehold land, buildings and mineral rights Rm	Decom-missioning and quarry rehabilitation assets Rm	Plant, vehicles, furniture and equipment Rm	Capitalised leased plant Rm	Total Rm
1. PROPERTY, PLANT AND EQUIPMENT (continued)					
Movement of property, plant and equipment					
2007					
Net carrying value at beginning of the year	**230**	**10**	**1 020**	**154**	**1 414**
Additions	**28**	**–**	**934**	**–**	**962**
	258	**10**	**1 954**	**154**	**2 376**
Disposals	**(1)**	**–**	**(2)**	**–**	**(3)**
Depreciation	**(13)**	**–**	**(160)**	**(19)**	**(192)**
Impairments	**–**	**–**	**(1)**	**–**	**(1)**
Translation differences^	**(1)**	**–**	**(1)**	**–**	**(2)**
Net carrying value at end of the year	**243**	**10**	**1 790**	**135**	**2 178**
^The translation differences comprise:					
– cost					**(5)**
– accumulated depreciation					**3**
					(2)
2006					
Net carrying value at beginning of the year	243	11	829	164	1 247
Additions	17	–	378	–	395
Reclassification	–	–	(17)	17	–
	260	11	1 190	181	1 642
Disposals	–	–	(2)	–	(2)
Deconsolidation of subsidiary company	(18)	–	(43)	–	(61)
Change in estimate for rehabilitation assets	–	(1)	–	–	(1)
Depreciation	(13)	–	(125)	(27)	(165)
Translation differences^	1	–	–	–	1
Net carrying value at end of the year	230	10	1 020	154	1 414
^The translation differences comprise:					
– cost					2
– accumulated depreciation					(1)
					1
2005					
Net carrying value at beginning of the year	252	14	776	183	1 225
Additions	6	–	171	–	177
Reclassification	–	–	10	–	10
	258	14	957	183	1 412
Disposals	–	(2)	(1)	–	(3)
Depreciation	(13)	–	(123)	(19)	(155)
Impairments	–	–	(2)	–	(2)
Change in estimate for rehabilitation assets	–	(1)	–	–	(1)
Translation differences^	(2)	–	(2)	–	(4)
Net carrying value at end of the year	243	11	829	164	1 247
^The translation differences comprise:					
– cost					(9)
– accumulated depreciation					5
					(4)

	Right of use of mineral right asset Rm	Restraint of trade Rm	ERP development and other software Rm	Total Rm	Negative goodwill Rm
2. INTANGIBLE ASSETS					
2007					
Cost	**10**	**2**	**45**	**57**	**–**
Accumulated amortisation and impairments	**4**	**2**	**31**	**37**	**–**
Net carrying value	**6**	**–**	**14**	**20**	**–**
2006					
Cost	8	2	39	49	–
Accumulated amortisation and impairments	1	2	32	35	–
Net carrying value	7	–	7	14	–
2005					
Cost	8	2	40	50	–
Accumulated amortisation and impairments	1	2	33	36	–
Net carrying value	7	–	7	14	–
Movement of intangibles assets					
2007					
Net carrying value at beginning of the year	**7**	**–**	**7**	**14**	**–**
Additions	**–**	**–**	**10**	**10**	**–**
Amortisation	**(1)**	**–**	**(3)**	**(4)**	**–**
Net carrying amount at end of the year	**6**	**–**	**14**	**20**	**–**
2006					
Net carrying value at beginning of the year	7	–	7	14	–
Additions	–	–	3	3	–
Amortisation	(1)	–	(3)	(4)	–
Translation differences	1	–	–	1	–
Net carrying amount at end of the year	7	–	7	14	–
2005					
Net carrying value at beginning of the year	9	–	6	15	(1)
Reversal of negative goodwill	–	–	–	–	1
Additions	–	–	4	4	–
Amortisation	(1)	–	(3)	(4)	–
Translation differences	(1)	–	–	(1)	–
Net carrying amount at end of the year	7	–	7	14	–

	2007 Rm	2006 Rm	2005 Rm
3. INVESTMENT IN NON-CONSOLIDATED SUBSIDIARY			
Carrying value at beginning of the year	**290**	295	315
Less: Dividends received	**(30)**	(5)	(20)
Carrying value at end of the year	**260**	290	295

The results of Porthold, a wholly-owned Zimbabwean subsidiary, have not been consolidated into the group as at 30 September 2007. There are significant constraints impacting on the normal operation of Porthold and the PPC board concluded that management does not have the ability to exercise effective control over the business. In view of the circumstances, the results of Porthold have continued to be excluded from the group results in the current year and have been accounted for on a fair value investment basis. Due to the hyperinflationary losses incurred, dividends received have been set-off against the carrying value of the investment.

The summarised results of Porthold, adjusted for hyperinflation and converted back to rand were:	2007 Rm	2006^ Rm	2005^ Rm
Income statement			
Revenue	**352**	252	188
Operating profit	**124**	19	8
Loss before taxation	**(28)**	(21)	(11)
Taxation	**(17)**	(2)	7
Net loss after taxation	**(11)**	(19)	(18)
Balance sheet			
Total assets	**655**	598	636
Total liabilities	**250**	199	214
The effect of not consolidating Porthold into the group results is:			
Headline earnings per share (cents)			
– as reported	**263**	226	172
– Porthold impact on group results	**(2)**	(4)	(3)
	261	222	169
Earnings per share (cents)			
– as reported	**266**	226	175
– Porthold impact on group results	**(2)**	(4)	(4)
	264	222	171

The results of Porthold were translated at the official exchange rate of ZW$ 4 189,89 : ZAR1, using a year-on-year inflation rate of 7 572,73%.

^*Restated for the effects of applying hyperinflationary accounting*

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	2007 Rm	2006 Rm	2005 Rm
4. OTHER NON-CURRENT FINANCIAL ASSETS			
Unlisted investments at fair value	**26**	30	31
Non-current portion of preference shares #	**–**	2	100
Guaranteed loan in respect of railway line ~	**3**	6	10
Other loans and deposits	**–**	–	2
Long-term loan >	**49**	61	71
	78	99	214
# Preference shares			
The unlisted preference shares earn dividends at an average rate of 9,6% per annum (2006: 9,6% per annum; 2005: 9,6% per annum) and are redeemable at the option of the group as follows:			
1 October 2005	**–**	–	32
2 October 2005	**–**	–	115
1 October 2006	**–**	49	49
1 April 2007	**–**	49	49
1 October 2007	**2**	2	2
Unlisted preference shares at amortised cost	**2**	100	247
Less: Transferred to current assets	**(2)**	(98)	(147)
Non-current portion of preference shares	**–**	2	100
The company will redeem the remaining portion of the preference shares in 2008 (2007: R98 million; 2006: R147 million).			
The investment in preference shares is encumbered as per note 12.			
~ Guaranteed loan in respect of railway line			
Amortised over the period of the loan by way of reduced payment to Spoornet for rail transport services, and bears interest at prime less 4%.			
> Long-term loan			
The long-term loan is repayable in annual capital instalments of R10 million payable on 30 June each year, with the last payment on 30 April 2013 and bears interest at an effective interest rate of 13,5% per annum.			
Classification of financial assets			
Available-for-sale	**26**	32	131
Originated loans and receivables	**52**	67	83
	78	99	214

	2007 Rm	2006 Rm	2005 Rm
5. INVESTMENT IN ASSOCIATE			
Investment at cost	**–**	–	4
Cost of associate previously accounted for as an asset held for sale (refer note 8)	**7**	–	–
Less: Disposals	**–**	–	(4)
	7	–	–
Share of retained profit:	**3**	–	–
Retained profit at beginning of the year	**–**	–	9
Previously accounted for as an asset held for sale	**11**	–	–
Current year movement:			
– share of current year's retained profit	**7**	–	1
– dividends received	**(13)**	–	(10)
Other movements	**(2)**	–	–
	10	–	–
Valuation of interest in associate			
Fair value of unlisted associate as determined by the directors	**10**	–	–
PPC's portion of its associate's			
Property, plant and equipment, investments and cash	**13**		
Total borrowings	**2**		
Net working capital	**(1)**		
Revenue	**85**		
Profit after taxation	**7**		
Cash flow from operations	**18**		
6. INVENTORIES			
Raw materials	**79**	42	54
Work-in-progress	**53**	27	32
Finished goods	**84**	61	54
Maintenance stores	**121**	93	83
	337	223	223
The value of inventories has been determined on the following cost formula bases:			
– First-in, first-out	**34**	29	39
– Weighted average	**303**	194	184
	337	223	223
Amount of inventories recognised as an expense during the year	**2 432**	1 910	1 672
Amount of write-down of inventories to net realisable value and losses of inventories	**2**	1	3
Reversal of previous inventory write-downs	**–**	–	8
No inventories have been pledged as security.			

	2007 Rm	2006 Rm	2005 Rm
7. TRADE AND OTHER RECEIVABLES			
Trade receivables	**602**	499	454
Less: Impairment of trade receivables	**(5)**	(7)	(8)
Originated loans and receivables	**597**	492	446
Other receivables and prepayments	**94**	60	52
Derivative financial instruments (held for trading financial assets)	**1**	2	–
Derivative financial instruments (cash flow hedge)	**4**	50	–
Taxation prepaid	**–**	1	2
	696	605	500

No receivables have been pledged as security. Amounts due to the group should be settled within the normal credit terms of 30 – 60 days.

The gains on financial instruments relating to the cash flow hedge should materialise within the next financial year. These gains are to be included in the initial measurement of the acquisition of the hedged asset.

	2007 Rm	2006 Rm	2005 Rm
8. ASSET CLASSIFIED AS HELD FOR SALE			
Opening net carrying value	**18**	–	–
Movement for the year	**–**	18	–
Transferred to investment in associate	**(18)**	–	–
Carrying value at end of the year	**–**	18	–

During the 2004 financial year, PPC sold 75% of its share in Afripack (Pty) Ltd, to a black empowerment and management consortium. The purchase price was funded via PPC's subscription to redeemable preference shares and cash proceeds. Afripack (Pty) Ltd continued to be consolidated into PPC's group results, in terms of IAS 27 (Revised) Consolidated and Separate Financial Statements as PPC management continued to have effective control of Afripack (Pty) Ltd until the preference shares were redeemed in October 2006. Following the redemption, Afripack (Pty) Ltd's results were deconsolidated in the current financial year.

For the year ended 30 September 2006, Afripack (Pty) Ltd was consolidated in terms of IFRS 5 Non-current assets held for sale/and discontinued operations as an asset classified as held for sale and comparative information has not been restated.

The results of Afripack (Pty) Ltd as at 30 September 2006 were as follows:

	2007 Rm	2006 Rm	2005 Rm
Revenue		177	
Operating profit		44	
Assets:			
Non-current assets			
Property, plant and equipment		51	
Current assets		79	
Inventories		23	
Trade and other receivables		28	
Cash and cash equivalents		28	
Total assets		130	

	2007 Rm	2006 Rm	2005 Rm
8. ASSET CLASSIFIED AS HELD FOR SALE (continued)			
Liabilities:			
Non-current liabilities		47	
Interest-bearing		3	
Non-interest-bearing and other non-current liabilities		36	
Deferred taxation liabilities		8	
Current liabilities		65	
Trade and other payables		60	
Taxation payable		5	
Total liabilities		112	
Carrying value at end of the year		18	
9. CASH AND CASH EQUIVALENTS			
Cash on hand and on deposit	**1 301**	1 482	592
Cash and cash equivalents are comprised as follows:			
South African rand	**1 242**	1 437	554
Foreign currency	**59**	45	38
	1 301	1 482	592
There are restrictions on the ability to utilise R31 million (2006: R28 million; 2005: R26 million) relating to the PPC Environmental Trust.			
10. SHARE CAPITAL AND PREMIUM			
Authorised share capital*			
600 000 000 ordinary shares of 10 cents each	**60**	60	60
Issued share capital*			
537 612 390 (2006: 537 612 390; 2005: 537 612 390) ordinary shares in issue at end of the year	**54**	54	54
Share premium	**814**	814	814
Balance at beginning of the year	**814**	814	813
Premium on shares issued	**–**	–	1
Total issued share capital and premium	**868**	868	868
Ordinary shares issued during the year: Nil (2006: Nil; 2005: 111 000)			
During the current year, in terms of a special resolution, the share capital of the company was restructured. Under this restructuring, the share capital was subdivided on a 10:1 basis, thereby subdividing each PPC share of R1,00 each into 10 PPC shares of R0,10 each. The effective date of the share subdivision was 16 July 2007.			
Unissued shares*			
Unissued share capital comprises 62 387 610 (2006: 62 387 610; 2005: 62 387 610) shares of 10 cents each.			
PPC 1985 Share Option Scheme			
Options unexercised at beginning of the year			11 100
Less: Options exercised during the year			11 100
Options unexercised at end of the year			–
The PPC 1985 Share Option Scheme was closed with effect from 30 September 2005.			

** Restated for effect of the 10:1 share subdivision*

	2007 Rm	2006 Rm	2005 Rm
11. DEFERRED TAXATION			
Movement of deferred taxation			
Balance at beginning of the year			
– deferred taxation assets	**–**	24	19
– deferred taxation liabilities	**174**	182	181
Net liability at beginning of the year	**174**	158	162
Deconsolidation of subsidiary company	**–**	(7)	–
Charged directly in equity	**(15)**	14	2
Movement through income statement	**(3)**	9	–
Impact of change in taxation rate	**–**	–	(6)
Net liability at end of the year	**156**	174	158
– deferred taxation assets	**–**	–	24
– deferred taxation liabilities	**156**	174	182
Analysis of deferred taxation			
Deferred taxation assets:			
Capital allowances	**–**	–	18
Provisions and other temporary differences	**–**	–	6
	–	–	24
Deferred taxation liabilities:			
Capital allowances	**194**	193	198
Provisions	**(36)**	(34)	(16)
Prepayments	**11**	3	1
Capital gains taxation	**–**	–	3
Other temporary differences	**(13)**	12	(4)
	156	174	182
12. LONG-TERM BORROWINGS			
Interest-bearing	**83**	194	357
Less: Current portion repayable within one year (refer note 15)	**15**	111	160
	68	83	197
Secured debts	**83**	194	357
Secured loans	**–**	–	3
Liabilities under capitalised finance leases	**83**	194	354

Repayable during the year ending 30 September					**Total owing**		
2008 Rm	2009 Rm	2010 Rm	2011 Rm	2012 and onwards Rm	**2007 Rm**	2006 Rm	2005 Rm
15	13	13	14	28	**83**	194	357

	2007 Rm	2006 Rm	2005 Rm
Assets encumbered are made up as follows:			
Property, plant and equipment (refer note 1)	**135**	154	241
Current investment in preference shares (refer note 4)	**2**	98	147
Non-current investment in preference shares (refer note 4)	**–**	2	100
	137	254	488

Details of interest rates on financial risk management are disclosed in note 36.

	2007 Rm	2006 Rm	2005 Rm
13. PROVISIONS			
Non-current	**114**	107	103
Current	**12**	9	11
	126	116	114

	Decom-missioning and quarry rehabilitation Rm	Retirement and post-retirement benefits Rm	Onerous contract Rm	Total Rm
Movement of provisions				
2007				
Balance at beginning of the year	**103**	**13**	**–**	**116**
Amounts added	**1**	**1**	**1**	**3**
Unwinding of discount	**8**	**–**	**–**	**8**
Amounts utilised	**(1)**	**–**	**–**	**(1)**
Balance at 30 September 2007	**111**	**14**	**1**	**126**
Incurred:				
– within one year	**7**	**4**	**1**	**12**
– between two to five years	**25**	**–**	**–**	**25**
– more than five years	**79**	**10**	**–**	**89**
	111	**14**	**1**	**126**
2006				
Balance at beginning of the year	97	16	–	113
Unwinding of discount	7	–	–	7
Amounts utilised	(1)	(3)	–	(4)
Balance at 30 September 2006	103	13	–	116
Incurred:				
– within one year	6	3	–	9
– between two to five years	1	–	–	1
– more than five years	96	10	–	106
	103	13	–	116
2005				
Balance at beginning of the year	105	22	–	127
Amounts added	1	2	–	3
Unwinding of discount	9	–	–	9
Amounts utilised	–	(8)	–	(8)
Amounts reversed unutilised	(18)	–	–	(18)
Balance at 30 September 2005	97	16	–	113
Incurred:				
– within one year	6	5	–	11
– between two to five years	1	–	–	1
– more than five years	90	11	–	101
	97	16	–	113

13. PROVISIONS (continued)

Decommissioning and quarry rehabilitation

The provisions relate to factory decommissioning and quarry rehabilitation. The group is required to restore mine and processing sites at the end of their productive lives to an acceptable condition consistent with the group's environmental policies. The expected cost of any committed decommissioning or restoration programme, discounted to its net present value, is provided for at the beginning of each project. PPC has set up an Environmental Trust to administer the funds required to fund the expected cost of decommissioning or restoration. The Environmental Trust is fully consolidated into PPC's group results.

Retirement and post-retirement benefits

Included in the above provisions are the following liabilities:

Cement and Concrete Institute employees

The provision for post-retirement relates to PPC's proportionate share of the post-retirement health care liability for employees of the Cement and Concrete Institute. This amounted to R3 million (2006: R3 million; 2005: R5 million). This liability was last actuarially valued during February 2006 and is due for valuation by February 2009. The liability has been determined using the projected unit credit method.

Corner House Pension Fund and Lime Acres continuation members

The provision for post-retirement relates to post-employment health care benefits in respect of certain Corner House Pension Fund and Lime continuation members. This amounted to R11 million (2006: R10 million; 2005: R11 million). This liability was last actuarially valued during 30 June 2005 and is due for valuation by June 2008. The liability has been determined using the projected unit credit method.

Onerous contract

The provision for onerous contract relates to a property lease agreement in Botswana following the decision to exit the local ready mix operation. The remaining lease term is two years.

	2007 Rm	2006 Rm	2005 Rm
14. OTHER NON-CURRENT LIABILITIES			
Deferred income	**–**	–	1
Cash-settled share-based payment liability	**2**	–	–
	2	–	1
Details on the cash-settled share-based payment liability are disclosed in note 34.			
15. SHORT-TERM BORROWINGS			
Short-term loans	**1 351**	872	–
Current portion of long-term interest-bearing liability (refer note 12)	**15**	111	160
	1 366	983	160
During the year, the group increased its short-term borrowing facilities with external financial institutions following the unbundling from Barloworld. These facilities were utilised to fund capital expansion programmes and investment in working capital.			
Details of interest rates on financial risk management are disclosed in note 36.			
16. TRADE AND OTHER PAYABLES			
Trade and other payables	**579**	472	415
Trade and other payables are payable within a 30 – 60 day period.			

	2007 Rm	2006 Rm	2005 Rm
17. OPERATING PROFIT			
Operating profit includes:			
Administration and management fees paid	**9**	7	4
Amortisation of intangible assets (refer note 2)	**4**	4	4
Auditors' remuneration – fees	**3**	4	4
Depreciation (refer note 1)			
– cost of sales	**178**	152	142
– operating costs	**14**	13	13
	192	165	155
Directors' remuneration (refer note 37)	**16**	12	11
Distribution costs:			
– cost of sales	**637**	610	503
– operating costs	**–**	–	7
	637	610	510
Exploration and research costs	**1**	–	–
Fees paid to holding company	**19**	27	26
Technical fees paid	**5**	5	5
Operating lease charges:			
– land and buildings	**3**	3	4
– plant, vehicles and equipment	**2**	3	3
	5	6	7
(Profit)/loss on disposal of plant and equipment and intangibles	**(3)**	1	1
Retirement benefit contributions (refer note 33)	**38**	35	33
Share-based payments (refer note 34)			
– equity-settled share incentive scheme charge	**1**	1	3
– cash-settled	**2**	–	–
	3	1	3
Staff costs			
– South Africa	**514**	457	471
– Other Africa	**14**	13	13
	528	470	484
18. FAIR VALUE GAINS/(LOSSES) ON FINANCIAL INSTRUMENTS			
Gains/(losses) on derivatives designated as economic hedging instruments	**4**	(1)	(1)
(Losses)/gains on translation of foreign currency monetary items	**(3)**	1	(6)
	1	–	(7)
19. FINANCE COSTS			
Bank and other borrowings	**68**	18	8
Finance lease interest	**16**	27	47
Unwinding of discount on rehabilitation provisions	**8**	7	9
	92	52	64
Capitalised to property, plant and equipment	**(8)**	–	–
	84	52	64

	2007 Rm	2006 Rm	2005 Rm
20. INCOME FROM INVESTMENTS			
Dividends			
– unlisted investments	**8**	15	30
Interest received			
– on deposits	**62**	39	39
– non-current assets	**12**	13	15
	82	67	84
21. EXCEPTIONAL ITEMS			
Profit on disposal of investments	**12**	–	9
Profit on disposal of properties	**3**	–	–
Impairment of plant and equipment	**(1)**	–	(2)
Reversal of negative goodwill	**–**	–	1
Reversal of impairment of financial assets	**–**	–	5
Gross exceptional items	**14**	–	13
Taxation – current	**–**	–	–
Net exceptional items	**14**	–	13
22. TAXATION			
South African normal taxation			
– current year	**604**	527	431
– prior year	**1**	1	–
	605	528	431
Foreign taxation			
– current year	**13**	7	7
– prior year	**–**	(1)	–
	13	6	7
Deferred taxation			
– current year	**(2)**	4	(3)
– prior year	**(2)**	–	–
– rate change	**–**	–	(6)
	(4)	4	(9)
Secondary taxation on companies			
– current year	**150**	128	150
– deferred	**–**	4	3
	150	132	153
Taxation attributable to the company and its subsidiaries	**765**	670	582
Incurred:			
– South Africa	**752**	664	575
– Other Africa	**13**	6	7
	765	670	582

	2007 %	2006 %	2005 %
22. TAXATION (continued)			
Reconciliation of rate of taxation			
Taxation as a percentage of profit before taxation (excluding prior year taxation)	**35,0**	35,7	37,9
Adjustment due to the inclusion of dividend income	**0,1**	0,2	0,8
Effective rate of taxation	**35,1**	35,9	38,7
Reduction in rate of taxation	**0,8**	0,4	0,5
– permanent differences	**0,7**	0,3	0,2
– rate change adjustment	**–**	–	0,4
– exempt income	**–**	–	0,2
– foreign tax differential	**0,1**	0,1	(0,3)
Increase in rate of taxation	**(6,9)**	(7,3)	(10,2)
– disallowable charges	**(0,3)**	(0,2)	(0,2)
– taxation on unprovided temporary differences	**0,2**	–	–
– secondary taxation on companies	**(6,8)**	(7,1)	(10,0)
South African normal taxation rate	**29,0**	29,0	29,0
Group taxation losses and STC credits at the end of the year, allowable for taxation:			
South African – unutilised STC credits	**–**	4	4
Foreign – taxation losses	**–**	–	2
	–	4	6
Less: Utilised to reduce deferred taxation or create deferred taxation assets	**–**	4	4
Losses on which no deferred taxation assets were raised due to uncertainty regarding utilisation	**–**	–	2

	2007	2006*	2005*
23. EARNINGS AND HEADLINE EARNINGS PER SHARE			
23.1 FULLY CONVERTED WEIGHTED AVERAGE NUMBER OF SHARES			
Weighted average number of ordinary and fully diluted shares	**537 612 390**	537 612 390	537 606 920
Account is taken of the number of shares in issue for the period in which they are entitled to participate in the net profit of the group.			
23.2 EARNINGS PER SHARE (cents)	**266**	226	175
From continuing and discontinued operations			
Calculated on net profit of R1 429 million (2006: R1 214 million; 2005: R941 million)			
From continuing operations			
Calculated on net profit of R1 429 million (2006: R1 206 million; 2005: R941 million)	**266**	224	175
Weighted average number of ordinary shares	**537 612 390**	537 612 390	537 606 920

	2007 Rm	2006 Rm	2005 Rm
23. EARNINGS AND HEADLINE EARNINGS PER SHARE (continued)			
23.3 HEADLINE EARNINGS PER SHARE (cents)*	**263**	226	172
Calculated on headline earnings of R1 415 million (2006: R1 214 million; 2005: R927 million)			
Headline earnings is calculated as follows:			
Net profit attributable to shareholders (Rm)	**1 429**	1 214	941
Adjusted for:			
– Profit on disposal of property, plant and equipment, investments and intangibles	**(15)**	–	(10)
– Amortisation and reversal of negative goodwill	**–**	–	(1)
– Impairment of plant, equipment and intangibles	**1**	–	2
– Reversal of impairment of financial asset	**–**	–	(5)
	1 415	1 214	927
Weighted average number of ordinary shares	**537 612 390**	537 612 390	537 606 920
24. DIVIDENDS			
Ordinary shares			
Final No 204 – 110 cents per share (2006: 84 cents; 2005: 70 cents)*	**591**	452	376
Special No 205 – 77 cents per share (2006: 80 cents; 2005: 140 cents)*	**414**	430	753
Interim No 206 – 38,5 cents per share (2006: 33 cents; 2005: 26 cents)*	**207**	177	140
	1 212	1 059	1 269
Relief on payment to foreign shareholders	**(5)**	–	–
	1 207	1 059	1 269

On 29 October 2007 the directors declared dividend No 207 (final) of 166 cents per share and dividend No 208 (special) of 61 cents. These dividends will be paid to shareholders on Monday, 7 January 2008. These dividends are subject to approval by the shareholders at the annual general meeting and have not been included as a liability in these financial statements.

In compliance with the requirements of the JSE Limited, South Africa, the following dates are applicable:

Last day to trade *cum* dividend	Thursday, 27 December 2007
Shares trade *ex* dividend	Friday, 28 December 2007
Record date	Friday, 4 January 2008
Payment date	Monday, 7 January 2008

Share certificates may not be dematerialised or rematerialised between Friday, 28 December 2007 and Friday, 4 January 2008, both days inclusive.

	2007	2006	2005
Dividends per share (cents)*			
Interim No 206 – declared 7 May 2007	**39**	33	26
Final No 207 – declared 29 October 2007	**166**	110	84
Special No 208 – declared 29 October 2007	**61**	77	80
	266	220	190

Secondary taxation on companies is payable at a rate of 10% on the net dividend declared on or after 1 October 2007. The charge on the 2007 final and special dividends would approximate R122 million before STC input credits.

** Restated for effect of the 10:1 share subdivision*

	2007 Rm	2006 Rm	2005 Rm
25. ATTRIBUTABLE INTEREST IN SUBSIDIARIES			
Attributable interest in the aggregate amount of profits and losses of subsidiaries, after taxation and outside shareholders' interest:			
– profits	**211**	148	164
– losses	**–**	–	4
26. TAXATION PAID			
Net amounts outstanding at beginning of the year	**211**	158	158
Charge per income statement (excluding deferred taxation)	**768**	662	588
Adjustment in respect of translation differences	**–**	(1)	(1)
Net amounts outstanding at end of the year	**(236)**	(211)	(158)
	743	608	587
27. DIVIDENDS PAID			
Dividends declared	**1 212**	1 059	1 269
Relief on payment to foreign shareholders	**(5)**	–	–
	1 207	1 059	1 269
28. ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT			
Freehold and leasehold land and buildings and mineral rights	**28**	17	6
Plant, vehicles, furniture and equipment	**934**	378	171
	962	395	177
Interest capitalised	**(8)**	–	–
	954	395	177
29. DISPOSAL OF 33,3% SHARE IN SLAGMENT (PTY) LTD			
Cost of investment			4
Equity accounted retained profit to date of disposal			3
Profit on disposal			7
Proceeds on disposal			14
Being			
– total consideration			15
– disposal costs			(1)
			14
30. DECONSOLIDATION OF SUBSIDIARY COMPANY (refer note 8)			
Property, plant and equipment		(62)	
Non-current assets and loans		40	
Inventories		(16)	
Receivables		(24)	
Payables, taxation and deferred taxation		46	
Long-term borrowings		3	
Outside shareholders' interest		21	
Net assets deconsolidated		8	
Cash and cash equivalents deconsolidated		(8)	
		–	

	2007 Rm	2006 Rm	2005 Rm
31. COMMITMENTS			
Capital commitments:			
– contracted	**766**	668	46
– approved	**537**	631	1 433
	1 303	1 299	1 479

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.

The majority of the commitments relate to the group's approved expansion projects and are to be incurred during the 2008 and 2009 financial years.

	2012 and thereafter Rm	2011 Rm	2010 Rm	2009 Rm	2008 Rm	Total 2007 Rm	Total 2006 Rm	Total 2005 Rm
Operating lease commitments								
Land and buildings	7	4	3	4	4	**22**	23	25
Motor vehicles	–	–	–	–	–	**–**	–	1
Other	–	–	–	–	–	**–**	4	4
	7	4	3	4	4	**22**	27	30
Finance lease commitments								
Plant	33	19	21	23	26	**122**	249	436
Less: Future finance charges						**39**	55	82
Present value of external lease obligations						**83**	194	354

	2007 Rm	2006 Rm	2005 Rm
32. CONTINGENT LIABILITIES			
Guarantees for loans, banking facilities and other obligations to third parties	**8**	7	7

Secondary taxation on companies is payable on dividends declared at a rate of 10% (2006: 12,5%; 2005: 12,5%).

Litigation, current or pending, is not considered likely to have a material adverse effect on the group.

33. RETIREMENT BENEFIT INFORMATION

It is the policy of the group to encourage, facilitate and contribute to the provision of retirement benefits for all permanent employees. To this end the group's permanent employees are usually required to be members of either a pension or provident fund, depending on local legal requirements.

All permanent employees belong to one of seven defined contribution retirement funds. Group employment is a prerequisite for membership of these funds.

The local funds are subject to the provisions of the Pension Funds Act of 1956. The list of retirement funds at 30 September 2007, is as follows:

- Pretoria Portland Cement Defined Contribution Pension Fund
- Pretoria Portland Cement Defined Contribution Provident Fund
- PPC Negotiated Provident Fund
- PPC Lime Employees' Provident Fund
- BANP Provident Fund
- PPC Eastern Cape Provident Fund
- PPC Western Cape Provident Fund

Historically, qualifying employees were granted certain post-retirement medical 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 as disclosed in note 13.

Defined contribution plan

The total cost charged to the income statement of R38 million (2006: R35 million; 2005: R33 million) represents contributions payable to these schemes by the group at rates specified in the rules of the schemes. At 30 September 2007, all contributions due in respect of the current reporting period had been paid over to the schemes.

34. SHARE-BASED PAYMENTS

34.1 EQUITY-SETTLED

Prior to the unbundling of PPC from Barloworld, executive directors and senior executives were granted equity-settled share options in the ordinary share capital of Barloworld Limited. The salient features of this scheme are that one-third of each allocation becomes exercisable by the participant after three years have elapsed from the date of allocation. A maximum of two-thirds of the original allocation are exercisable after four years, and the full allocation after five years. At the unbundling date, holders of unexercised Barloworld options were entitled to options over PPC shares in the ratio of 1.8555 PPC shares to 1 Barloworld share, the same as the entitlement of ordinary Barloworld shareholders on the unbundling.

Adjustments were made to the strike prices of these options to ensure that option holders were in the same economic position as before the unbundling.

PPC re-imbursed Barloworld R30 million in full and final settlement of the equity-settled incentive scheme liability relating to the number of unexercised Barloworld share options held by PPC executive directors and senior executives. This payment was charged against equity compensation reserves. No new PPC shares were issued to meet the PPC options element from the unbundling.

The expense recognised in the current year amounted to R1 million (2006: R1 million; 2005: R3 million).

34.2 CASH-SETTLED

Executive directors and certain senior employees have been granted cash-settled share appreciation rights in terms of PPC's Long-Term Incentive Plan. The scheme was implemented during the current year, in recognition of services rendered, to encourage long-term shareholder value creation, and as an incentive for current and prospective employees to benefit from growth in value of PPC in the medium and long term. On 8 August 2007, 3 540 000 share appreciation rights were granted by the remuneration committee at the prevailing PPC market value of R43 per share, and vests in thirds after the third, fourth and fifth anniversary of the grant date. Vesting of the rights granted to the directors and certain senior executives is subject to PPC HEPS growth performance conditions. All share appreciation rights will lapse if not exercised within 10 years from date of grant.

Share appreciation rights were priced using binomial option pricing, taking into account the following inputs:

Date of grant	8 August 2007
Grant price of share appreciation right (rand)	43
Expiry date	8 August 2017
Market price of PPC shares at grant date (rand)	43
Expected volatility of stock over remaining life of the option (%)	28,4
Dividend yield (%)	3,8
Risk free rate (%)	8,2

The carrying amount of the liability relating to cash-settled share appreciation rights at 30 September 2007 is R2 million (2006: Nil; 2005: Nil).

The options outstanding at the end of the year had an exercise price of R43 (2006: Not applicable; 2005: Not applicable).

The weighted average remaining contractual life for cash-settled options outstanding as at 30 September 2007 is 10 years (2006: Not applicable; 2005: Not applicable).

No share appreciation rights were forfeited during the year.

35. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) on a basis consistent with the prior year except for the adoption of the following new or revised accounting pronouncements, which had no financial impact on the group.

New or revised statements adopted during the year	Effective date reporting period on or after	Early adopted
AC 503: *Accounting for BEE Transactions*	01 May 2006	
IAS 1 *Amendment: Presentation of Financial Statements*	01 January 2007	✓
IAS 21 *Amendment: The effects of changes in Foreign Exchange Rates*	01 January 2006	
IAS 23 *Amendment: Borrowing Costs*	01 January 2009	✓
IAS 39 *Amendment: Financial Instruments, Recognition and Measurement*	01 January 2006	
IFRIC 4: *Determining Whether an Arrangement Contains a Lease*	01 January 2006	
IFRIC 10: *Interim Financial Reporting and Impairment*	01 November 2006	✓
IFRIC 11: *Group and Treasury Transactions*	01 March 2007	✓
IFRIC 12: *Service Concession Arrangements*	01 January 2008	✓
IFRIC 13: *Customer Loyalty Programmes*	01 July 2008	✓
IFRIC 14: *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	01 January 2008	✓

The following statements are in issue but not yet effective.
These statements will be adopted by PPC in the future.

Statements in issue not yet effective	Effective date reporting period on or after	Financial implication on PPC
IFRS 7: *Financial Instruments: Disclosures*	01 January 2007	Disclosure impact only
IFRS 8: *Operating Segments*	01 January 2009	Still to be assessed

36. FINANCIAL RISK MANAGEMENT

The group's financial instruments consist mainly of borrowings from financial institutions, deposits with banks, local money market instruments, accounts receivable and payable, and leases. In respect of all financial instruments mentioned above, book value approximates fair value.

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

Capital risk management

The group manages its capital to ensure that entities in the group will continue as going concerns, while maximising the return to stakeholders through the optimisation of the debt and equity balances.

The capital structure of the group consists of debt, which includes the borrowings disclosed in note 12 and 15, cash and cash equivalents and equity attributable to equity holders, comprising issued capital, reserves and retained profit as disclosed in notes 9 and 10 respectively.

PPC's risk management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the committee, PPC will balance its overall capital structure through the payment of dividends, new share issues and buy-backs as well as the issue of new debt or the redemption of existing debt.

Treasury risk management

Senior executives meet on a regular basis to analyse currency and interest rate exposure and to re-evaluate treasury management strategies against revised economic forecasts. The group's treasury operation provides the group with access to local money markets and provides group subsidiaries with the benefit of bulk financing and depositing.

36. FINANCIAL RISK MANAGEMENT (continued)

Foreign currency management

Trade and capital commitments

The group's policy is to cover forward all material foreign currency commitments.

Forward exchange contracts are carried at fair value with the resultant profit or loss included in income. The only exception relates to the effective portion of cash flow hedges, where profits or losses are recorded directly in equity and either included in the initial acquisition cost of the hedged assets, or are transferred to income when the hedged transaction affects income where appropriate. Fair value of the forward exchange contracts at balance sheet date is R206 million.

Foreign currency denominated commitments for the capital expansion projects amounting to €12 million have been hedged using designated forward exchange contracts to reduce the exposure to volatile cash flows that could result from currency movements. The commitments will be settled in the next 12 months, with the exception of €7 million which will be settled in the year thereafter. Fair value adjustments have been recorded directly in equity, and <R1 million relating to an ineffective portion was recognised in income.

The amounts below represent forward exchange contract commitments to sell and purchase foreign currencies. The average rates shown include the cost of forward cover.

	Foreign amount million			Average rate			Rand amount million		
	2007	2006	2005	**2007**	2006	2005	**2007**	2006	2005
FOREIGN CURRENCY									
Sold:									
US dollars	**–**	–	1	**–**	–	6	**–**	–	6
Bought:									
Danish krone	**–**	–	1	**–**	–	1	**–**	–	1
Euro	**13**	27	2	**10**	8	8	**136**	223	14
US dollars	**10**	4	–	**7**	8	–	**70**	32	–

Interest-rate management

As part of the process of managing the group's fixed and floating rate borrowings mix, the interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates. The interest rate profile of total borrowings is as follows:

Description	Year of repayment	**2007 Rm**	2006 Rm	2005 Rm
SA rand liabilities				
Secured	2008 – 2013	**83**	194	357

The above liabilities bear interest at fixed rates.

The South African finance leases bear interest at an effective interest rate of 13,5% per annum. The weighted average interest rate paid for the 2007 financial year was 13,2% (2006: 12,8%; 2005: 12,8%).

Unsecured, short-term loans bear interest at a fixed rate varying between 10% –10,5% per annum.

36. FINANCIAL RISK MANAGEMENT (continued)

Maturity profile of financial instruments

The maturity profile of the monetary financial instruments is summarised as follows:

	< 1 year Rm	2 – 4 years Rm	> 4 years Rm	Total Rm
Financial assets				
Cash and cash equivalents	1 301	–	–	**1 301**
Trade and other receivables	696	–	–	**696**
Long-term loan	12	31	18	**61**
Financial liabilities				
Interest-bearing liabilities	1 366	40	28	**1 434**
Trade and other payables	579	–	–	**579**

Fair value of financial assets and liabilities

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

The estimated fair values have been determined using available market information and approximate valuation methodologies, as detailed below.

	Book value 2007 Rm	Fair value 2007 Rm
Financial assets		
Cash and cash equivalents	**1 301**	**1 301**
Trade and other receivables	**696**	**696**
Long-term loan	**61**	**72**
Investments and other	**289**	**289**
Financial liabilities		
Long-term borrowings	**83**	**89**
Trade and other payables	**579**	**579**

The following methods and assumptions were used by the group in determining fair values:

Financial assets

The book value of cash and cash equivalents, trade and other receivables approximates the fair value. Unlisted investments are carried at fair value determined on a dividend yield basis. In the current year a yield of five times dividend was applied. Listed investments are carried at the ruling market price on the last day of trade, on or before the 30 September. The fair value of the long-term loan receivable and the investment in non-consolidated subsidiary is calculated by discounting future cash flows.

Financial liabilities

The book value of short-term borrowings and trade and other payables approximates the fair value.

The fair value of long-term borrowings is calculated by discounting cash flow analyses, using the applicable yield curve for the duration of the borrowings.

36. FINANCIAL RISK MANAGEMENT (continued)

Credit risk management

Potential areas of credit risk consist of trade accounts receivable and short-term cash investments.

Trade accounts receivable consist mainly of a large, widespread customer base. Group companies monitor the financial position of their customers on an ongoing basis. Where considered appropriate, use is made of credit guarantee insurance.

The granting of credit is controlled by application and account limits. Provision is made for specific doubtful debts, and at 30 September 2007, management did not consider there to be any material credit risk exposure that was not already covered by credit guarantee, security or a doubtful debt provision.

It is group policy to deposit short-term cash investments with major banks.

The following table highlights the split of group credit exposure:

	2007 %	2006 %	2005 %
Per industry			
Wholesale/retail	**53**	54	54
Concrete product manufacturers	**17**	18	17
Construction	**8**	9	11
Ready-mix	**17**	14	12
Other industries with less than 5% exposure	**5**	5	6
	100	100	100
Per geographical segment			
South Africa	**97**	97	95
Other Africa	**3**	3	5
	100	100	100

Liquidity risk management

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

The company's borrowing powers are not restricted.

The group does not have any other material financial instruments that are not based in the currency in which the entity operates.

37. DIRECTORS' REMUNERATION AND INTEREST

The directors' remuneration for the year ended 30 September 2007 was as follows:

Executive directors

Name	Salary R000	Incentive bonus R000	Retirement and medical contributions R000	Car allowances R000	Other benefits R000	Total R000
JE Gomersall*	**1 045**	**1 960**	**290**	**92**	**21**	**3 408**
O Fenn	**1 464**	**1 485**	**253**	**250**	**1**	**3 453**
S Abdul Kader	**999**	**1 002**	**183**	**232**	**–**	**2 416**
RH Dent	**1 126**	**1 087**	**205**	**232**	**2**	**2 652**
P Esterhuysen	**1 214**	**1 180**	**214**	**232**	**–**	**2 840**
	5 848	**6 714**	**1 145**	**1 038**	**24**	**14 769**

Following the unbundling of the company from Barloworld, the remuneration committee sought advice from external advisers regarding the appropriate level of pay for the executive directors. As a result of the review, the guaranteed packages of the executive directors have been adjusted upwards to match the median of the peer group. The annual bonus is capped at 125% of basic salary for all the directors on the achievement of stretching performance targets, which are measured relative to both financial and non-financial measures.

Non-executive directors

Name	Fees R000	Audit committee R000	Compliance committee R000	Nomination committee R000	Re-muneration committee R000	Chairman fees R000	BEE and transfor-mation committee R000	Total R000
WAM Clewlow (resigned 23 January 2007)	**30**	**9**	**–**	**2**	**2**	**–**	**–**	**43**
AJ Lamprecht	**95**	**–**	**–**	**–**	**–**	**–**	**5**	**100**
AJ Phillips (resigned 23 January 2007)	**–**	**–**	**7**	**2**	**2**	**46**	**–**	**57**
MJ Shaw	**35**	**40**	**23**	**17**	**27**	**99**	**20**	**261**
J Shibambo	**100**	**28**	**13**	**14**	**24**	**–**	**20**	**199**
EP Theron	**95**	**–**	**–**	**17**	**27**	**–**	**–**	**139**
CB Thomson (resigned 23 January 2007)	**30**	**9**	**–**	**–**	**–**	**–**	**–**	**39**
DG Wilson (appointed 7 November 2006; resigned 16 July 2007)	**85**	**25**	**–**	**–**	**–**	**–**	**10**	**120**
	470	**111**	**43**	**52**	**82**	**145**	**55**	**958**
Total								**15 727**

	Salary R000	Incentive bonus R000	Retirement and medical contributions R000	Car allowances R000	Other benefits R000	Total R000
*In addition, the following remuneration was received from the Barloworld group	**1 478**	**716**	**337**	**69**	**1 139**	**3 739**

37. DIRECTORS' REMUNERATION AND INTEREST (continued)

The directors' remuneration for the year ended 30 September 2006 was as follows:

Executive directors

Name	Salary R000	Incentive bonus R000	Retirement and medical contributions R000	Car allowances R000	Other benefits R000	Total R000
JE Gomersall*	622	1 000	147	46	36	1 851
O Fenn	1 180	1 310	210	235	3	2 938
S Abdul Kader	780	776	149	218	–	1 923
RH Dent	965	944	180	218	5	2 312
P Esterhuysen	991	996	183	218	4	2 392
	4 538	5 026	869	935	48	11 416

Non-executive directors

Name	Fees R000	Audit committee R000	Compliance committee R000	Nominations committee R000	Remuneration committee R000	Other benefits R000	Total R000
WAM Clewlow	90	27	–	7	7	–	131
AJ Lamprecht	90	–	–	–	–	–	90
AJ Phillips	–	–	22	7	7	138	174
MJ Shaw	90	37	22	7	7	–	163
J Shibambo	90	27	–	–	–	–	117
EP Theron	90	–	–	7	7	–	104
CB Thomson	90	27	–	–	–	–	117
	540	118	44	28	28	138	896
Total							12 312

	Salary R000	Incentive bonus R000	Retirement and medical contributions R000	Car allowances R000	Other benefits R000	Total R000
*In addition, the following remuneration was received from the Barloworld group	2 144	1 630	294	92	72	4 232

37. DIRECTORS' REMUNERATION AND INTEREST (continued)

The directors' remuneration for the year ended 30 September 2005 was as follows:

Executive directors

Name	Salary R000	Incentive bonus R000	Retirement and medical contributions R000	Car allowances R000	Other benefits R000	Total R000
JE Gomersall*	551	750	88	36	78	1 503
O Fenn	1 046	1 026	189	212	10	2 483
S Abdul Kader (appointed 5 May 2005)	624	623	68	98	–	1 413
RJ Burn (resigned 5 May 2005)	65	184	11	17	–	277
RH Dent	945	766	174	205	4	2 094
P Esterhuysen	930	810	175	205	4	2 124
	4 161	4 159	705	773	96	9 894

Non-executive directors

Name	Fees R000	Audit committee R000	Compliance committee R000	Nominations committee R000	Remuneration committee R000	Other benefits R000	Total R000
WAM Clewlow	85	25	–	6	6	–	122
AJ Lamprecht	85	–	–	–	–	–	85
AJ Phillips	130	–	20	6	6	–	162
MJ Shaw	85	35	20	6	6	–	152
J Shibambo (appointed 5 May 2005)	35	6	–	–	–	–	41
EP Theron	85	–	–	6	6	–	97
CB Thomson	85	25	–	–	–	–	110
	590	91	40	24	24	–	769
Total							10 663

	Salary R000	Incentive bonus R000	Retirement and medical contributions R000	Car allowances R000	Other benefits R000	Total R000
*In addition, the following remuneration was received from the Barloworld group	1 439	1 250	393	78	151	3 311

37. DIRECTORS' REMUNERATION AND INTEREST (continued)

Barloworld share options exercised/ceded by directors

	2007 R000	2006 R000	2005 R000
JE Gomersall	**3 328**	10 238	–
O Fenn	**2 377**	1 082	–
RH Dent	**7 019**	–	–
P Esterhuysen	**1 531**	415	540
	14 255	11 735	540

Interest of directors in contracts

The directors have certified that they had no material interest in any transaction of any significance with the company or any of its subsidiaries. Accordingly, a conflict of interest with regard to directors' interests in contracts does not exist.

Interest of directors of the company in share capital

The aggregate beneficial holdings as at 30 September 2007 of the directors of the company and their immediate families (none of which has a holding in excess of 1%) in the issued ordinary shares of the company are detailed below. There have been no material changes in these shareholdings since that date.

	2007		2006 *		2005 *	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
Executive directors						
RH Dent	**382 891**	**–**	265 350	–	265 350	–
P Esterhuysen	**12 369**	**–**	–	–	–	–
O Fenn	**32 160**	**–**	–	–	–	–
JE Gomersall	**532 343**	**–**	–	–	–	–
Non-executive director						
AJ Lamprecht	**5 567**	**–**	–	–	–	–
	965 330	**–**	265 350	–	265 350	–

A register detailing directors' and officers' interests in the company is available for inspection at the company's registered office.

Directors' loans

The following directors have loans with the company, granted in terms of the Barloworld share option scheme, and balances outstanding at year end are:

P Esterhuysen – 2007: R0,4 million (2006: Nil; 2005: Nil)
O Fenn – 2007: R1 million (2006: Nil; 2005: Nil)

**Restated for effect of the 10:1 share subdivision*

37. DIRECTORS' REMUNERATION AND INTEREST (continued)

The interests of the executive and non-executive directors of Pretoria Portland Cement Company Limited in terms of the Barloworld Share Option Scheme (refer note 34), provided in the form of options are shown in the table below:

2007

	Number of options as at 30 Sep 2005	Number of options as at 30 Sep 2006	Options exercised/ ceded	Additional Barloworld options following unbundling	PPC options entitlement following unbundling	Directors who retired during the year	Number of options as at 30 Sep 2007	Option strike price	Market price on date exercised	Expiry date
RH Dent										
Exercisable from 13/06/00										13/06/2007
Barloworld options	20 000	20 000	20 000	–	–	–	–	47,65	150,00	
PPC options										
Exercisable from 01/04/01										01/04/2008
Barloworld options	12 000	12 000	12 000	–	–	–	–	41,00	150,00	
PPC options										
Exercisable from 01/09/01										01/09/2008
Barloworld options	6 000	6 000	6 000	–	–	–	–	23,25	150,00	
PPC options										
Exercisable from 29/05/03										29/05/2010
Barloworld options	8 000	8 000	8 000	–	–	–	–	67,80	150,00	
PPC options										
Exercisable from 25/09/04										25/09/2011
Barloworld options	9 000	9 000	9 000	–	–	–	–	45,70	150,00	
PPC options										
Exercisable from 01/04/06										01/04/2013
Barloworld options	7 500	7 500	5 000	–	–	–	2 500	25,46	150,00/195,37	
PPC options					4 639	–	4 639	11,88		
Exercisable from 26/05/07										26/05/2010
Barloworld options	10 000	10 000	3 333	–	–	–	6 667	36,35	197,50	
PPC options					12 371	–	12 371	16,95		
Total Barloworld	**72 500**	**72 500**	**63 333**		**–**	**–**	**9 167**			
Total PPC					**17 010**	**–**	**17 010**			

37. DIRECTORS' REMUNERATION AND INTEREST (continued)

	Number of options as at 30 Sep 2005	Number of options as at 30 Sep 2006	Options exercised/ ceded	Additional Barloworld options following unbundling	PPC options entitlement following unbundling	Directors who retired during the year	Number of options as at 30 Sep 2007	Option strike price	Market price on date exercised	Expiry date
P Esterhuysen										
Exercisable from 25/09/04										25/09/2011
Barloworld options	3 333	1 667	1 667	–	–	–	–	45,70	173,88	
PPC options										
Exercisable from 01/04/06										01/04/2013
Barloworld options	10 000	10 000	6 666	–	–	–	3 334	25,46	173,93/102,05	
PPC options					6 186	–	6 186	11,98		
Exercisable from 26/05/07										26/05/2010
Barloworld options	10 000	10 000	3 333	–	–	–	6 667	36,35	192,05	
PPC options					12 371	–	12 371	16,95		
Total Barloworld	**23 333**	**21 667**	**11 666**	**–**	**–**	**–**	**10 001**			
Total PPC					**18 557**	**–**	**18 557**			
O Fenn										
Exercisable from 25/09/04										25/09/2011
Barloworld options	12 000	4 000	4 000	–	–	–	–	45,70	192,05	
PPC options										
Exercisable from 01/04/06										01/04/2013
Barloworld options	10 000	10 000	6 666	–	–	–	3 334	25,46	192,05	
PPC options					6 186	–	6 186	11,88		
Exercisable from 26/05/07										26/05/2010
Barloworld options	20 000	20 000	6 666	–	–	–	13 334	36,35	192,05	
PPC options					24 741	–	24 741	16,95		
Total Barloworld	**42 000**	**34 000**	**17 332**	**–**	**–**	**–**	**16 668**			
Total PPC					**30 927**	**–**	**30 927**			
JE Gomersall										
Exercisable from 01/04/06										01/04/2013
Barloworld options	35 000	24 000	12 300	–	–	–	11 700	25,46	195,75	
PPC options					21 709	–	21 709	11,88		
Exercisable from 26/05/07										26/05/2010
Barloworld options	35 000	35 000	11 600	–	–	–	23 400	36,35	197,50	
PPC options					43 419	–	43 419	16,95		
Total Barloworld	**70 000**	**59 000**	**23 900**	**–**	**–**	**–**	**35 100**			
Total PPC					**65 128**	**–**	**65 128**			

37. DIRECTORS' REMUNERATION AND INTEREST (continued)

	Number of options as at 30 Sep 2005	Number of options as at 30 Sep 2006	Options exercised/ ceded	Additional Barloworld options following unbundling	PPC options entitlement following unbundling	Directors who retired during the year	Number of options as at 30 Sep 2007	Option strike price	Market price on date exercised	Expiry date
AJ Lamprecht										
Exercisable from 01/04/06										01/04/2013
Barloworld options	35 000	23 334	11 667	10 104	–	–	21 771	25,46	200,12	
PPC options										
Exercisable from 26/05/07										26/05/2010
Barloworld options	35 000	35 000	11 666	–	–	–	23 334	36,35	198,55	
PPC options					43 296	–	43 296	16,95		
Total Barloworld	**70 000**	**58 334**	**23 333**	**10 104**	**–**	**–**	**45 105**			
Total PPC					**43 296**	**–**	**43 296**			
AJ Phillips										
Exercisable from 01/04/06										01/04/2013
Barloworld options	50 000	33 334	–	–	–	33 334	–	47,50		
PPC options										
Exercisable from 26/05/07										26/05/2010
Barloworld options	50 000	50 000	–	–	–	50 000	–	67,80		
PPC options										
Total Barloworld	**100 000**	**83 334**	**–**	**–**	**–**	**83 334**	**–**			
Total PPC										
CB Thomson										
Exercisable from 25/09/04										25/09/2011
Barloworld options	17 500	5 833	5 833	–	–	–	–	45,70	150,10	
PPC options										
Exercisable from 01/04/06										01/04/2013
Barloworld options	23 333	23 333	–	–	–	23 333	–	47,50		
PPC options										
Exercisable from 26/05/07										26/05/2010
Barloworld options	35 000	35 000	–	–	–	35 000	–	67,80		
PPC options										
Total Barloworld	**75 833**	**64 166**	**5 833**	**–**	**–**	**58 333**	**–**			
Total PPC										
Total Barloworld	**453 666**	**393 001**	**145 397**	**10 104**	**–**	**141 667**	**116 041**			
Total PPC				**–**	**174 918**	**–**	**174 918**			

In addition, to the above equity-settled options, the directors were granted cash-settled share appreciation rights. For details of the awards and conditions thereto, refer to pages 36 to 38 in the Corporate Governance structure and management systems section of this report.

38. RELATED PARTY TRANSACTIONS

Rm	Parent company of reporting entity	Associates of the group	Fellow subsidiaries of reporting entity	Subsidiary of reporting entity
2007				
Goods and services sold				
Barloworld Logistics (Pty) Limited	–	–	1	–
Interest received				
Barloworld Capital (Pty) Limited	–	–	8	–
Goods and services purchased				
Afripack (Pty) Limited	–	43	–	–
Avis Southern Africa	–	–	1	–
Barloworld Equipment (Pty) Limited	–	–	29	–
Barloworld Limited (franchise fees)	13	–	–	–
Barloworld Limited (internal audit)	2	–	–	–
Barloworld Limited (other)	16	–	–	–
Barloworld Logistics (Pty) Limited	–	–	488	–
Barloworld Motor	–	–	1	–
Portland Holdings Limited	–	–	–	8
	31	43	519	8
Interest paid				
Barloworld Capital (Pty) Limited	–	–	28	–
Equity-settled share incentive scheme payment				
Barloworld Limited	30	–	–	–
Amounts due (to)/from as at the end of the year				
Afripack (Pty) Limited	–	(7)	–	–
Portland Holdings Limited	–	–	1	–
	–	(7)	1	–

Related party transactions with Barloworld include amounts in respect of transactions concluded up to 16 July 2007. Barloworld is no longer a related party of PPC post the unbundling of PPC from Barloworld.

38. RELATED PARTY TRANSACTIONS (continued)

Rm	Parent company of reporting entity	Associates of the group	Fellow subsidiaries of reporting entity	Subsidiary of reporting entity
2006				
Goods and services sold				
Barloworld Logistics (Pty) Limited	–	–	1	–
Interest received				
Barloworld Capital (Pty) Limited	–	–	1	–
Goods and services purchased				
Avis Southern Africa	–	–	1	–
Barloworld Air (Pty) Limited	–	–	1	–
Barloworld Equipment (Pty) Limited	–	–	28	–
Barloworld Farms (Pty) Limited	–	–	1	–
Barloworld Handling	–	–	2	–
Barloworld Limited (franchise fees)	16	–	–	–
Barloworld Limited (information services)	15	–	–	–
Barloworld Limited (internal audit)	3	–	–	–
Barloworld Limited (other)	10	–	–	–
Barloworld Logistics (Pty) Limited	–	–	554	–
Barloworld Motor	–	–	7	–
Barloworld Optimus (Pty) Limited	–	–	6	–
Portland Holdings Limited	–	–	–	12
	44	–	600	12
Interest paid				
Barloworld Capital (Pty) Limited	–	–	16	–
Amounts due (to)/from as at the end of the year				
Barloworld Limited current OGA Account, unsecured, payable 25 October 2006	–	–	(9)	–
Amount owing from Barloworld Capital (Pty) Limited^	–	–	872	–
Amount owing to Barloworld Capital (Pty) Limited*	–	–	(872)	–
Barloworld Logistics (Pty) Limited current loan	–	–	(58)	–
Portland Holdings Limited	–	–	–	(1)
	–	–	(67)	(1)

^ Unsecured short-term deposit in September 2006 bearing interest at 9% per annum

* Unsecured borrowings with no fixed terms of repayment at market related interest rates (8,1% per annum as at 30 September 2006)

38. RELATED PARTY TRANSACTIONS (continued)

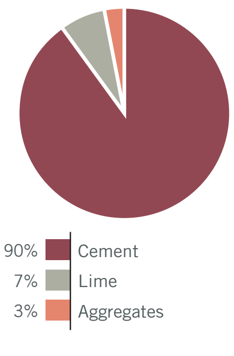
Rm	Parent company of reporting entity	Associates of the group	Fellow subsidiaries of reporting entity	Subsidiary of reporting entity
2005				
Goods and services sold				
Amanzi Lime Services (Pty) Limited	–	13	–	–
Barloworld Logistics (Pty) Limited	–	–	1	–
	–	13	1	–
Goods and services purchased				
Avis Southern Africa	–	–	1	–
Barloworld Equipment (Pty) Limited	–	–	33	–
Barloworld Handling	–	–	1	–
Barloworld Limited (franchise fees)	16	–	–	–
Barloworld Limited (information services)	9	–	–	–
Barloworld Limited (internal audit)	2	–	–	–
Barloworld Limited (other)	5	–	–	–
Barloworld Logistics (Pty) Limited	–	–	444	–
Barloworld Motor	–	–	4	–
Barloworld Optimus (Pty) Limited	–	–	16	–
	32	–	499	–
Leasing, finance arrangements & other transactions with related parties				
Barloworld Capital (Pty) Limited	–	–	(19)	–
Barloworld Limited	3	–	–	–
Barloworld Logistics (Pty) Limited	–	–	1	–
	3	–	(18)	–
Amounts due (to)/from as at the end of the year				
Amount owing to Barloworld Logistics (Pty) Limited. Arm's length trading credit terms with no guarantees provided.	–	–	(46)	–
Barloworld Limited Current OGA Account, unsecured, payable 25 October 2005	(7)	–	–	–
Amount owing from Barloworld Capital (Pty) Limited. Arm's length with normal terms.	–	–	302	–
	(7)	–	256	–

39. BUSINESS AND GEOGRAPHICAL UNITS

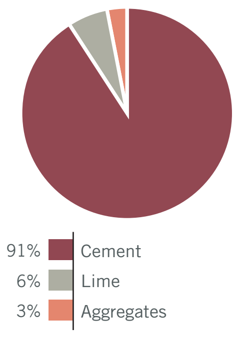
The board considers the cement operations to be the predominant activity of the company, and financial information of the other business units has

	Consolidated			Cement		
Rm	**2007**	2006	2005	**2007**	2006	2005
Revenue						
South Africa	**5 238**	4 477	3 871	**4 516**	3 842	3 013
Other Africa	**334**	217	211	**282**	179	175
	5 572	4 694	4 082	**4 798**	4 021	3 188
Inter-segment revenue	**(6)**	(8)	(108)			
Total revenue	**5 566**	4 686	3 974			
Operating profit	**2 174**	1 861	1 509	**1 951**	1 700	1 348
Fair value adjustments on financial instruments	**1**	–	(7)	**1**	–	(6)
Finance costs	**84**	52	64	**83**	50	45
Income from investments	**82**	67	84	**75**	60	63
Profit before exceptional items	**2 173**	1 876	1 522	**1 944**	1 710	1 360
Exceptional items	**14**	–	13	**14**	–	12
Share of associate's retained profit	**7**	–	1	**7**	–	1
Profit before taxation	**2 194**	1 876	1 536	**1 965**	1 710	1 373
Taxation	**765**	670	582	**694**	624	529
Net profit from continuing operations	**1 429**	1 206	954	**1 271**	1 086	844
Operating margin (%)	**39%**	40%	36%	**41%**	42%	40%
Total assets						
Non-current assets	**2 546**	1 817	1 794	**2 252**	1 567	1 345
Current assets	**2 336**	2 538	1 462	**2 155**	2 354	1 263
	4 882	4 355	3 256	**4 407**	3 921	2 608
Additions to property, plant and equipment	**962**	395	177	**886**	367	129
Depreciation and amortisation	**196**	169	159	**161**	133	107

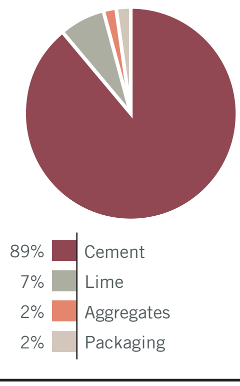
Operating profit 2007



Operating profit 2006



Operating profit 2005



40. ADDITIONAL DISCLOSURE

Directors and key management

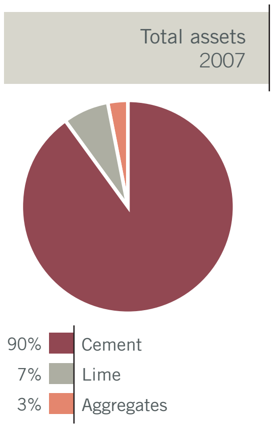
The executive directors of PPC are regarded as key management personnel. Details regarding directors remuneration and interest are disclosed in note 37.

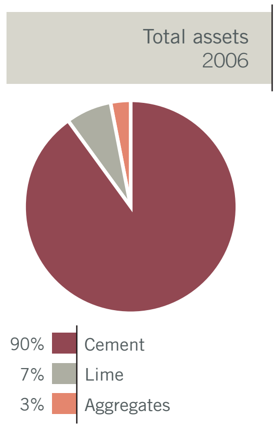
Shareholders

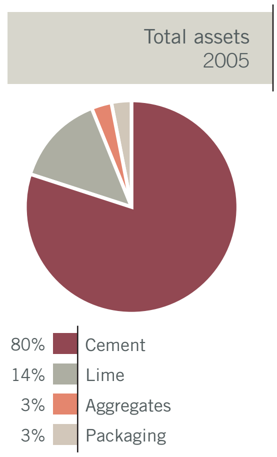
The principal shareholders of the company are disclosed on page 176.

been included for additional disclosure purposes.

Lime			Aggregates			Packaging
2007	2006	2005	**2007**	2006	2005	2005
512	449	460	**210**	186	143	255
–	–	–	**52**	38	36	–
512	449	460	**262**	224	179	255
154	108	103	**69**	53	24	34
–	–	–	**–**	–	–	(1)
1	2	13	**–**	–	1	5
3	5	18	**4**	2	1	2
156	111	108	**73**	55	24	30
–	–	1	**–**	–	–	–
–	–	–	**–**	–	–	–
156	111	109	**73**	55	24	30
50	32	39	**21**	14	6	8
106	79	70	**52**	41	18	22
30%	24%	22%	**26%**	24%	13%	13%
221	185	337	**73**	65	61	51
117	123	114	**64**	61	26	59
338	308	451	**137**	126	87	110
59	16	23	**17**	12	18	7
22	26	35	**13**	10	8	9







Company balance sheets

at 30 September 2007

	Notes	2007 Rm	2006 Rm	2005 Rm
ASSETS				
Non-current assets		**2 309**	1 617	1 251
Property, plant and equipment	1	**1 894**	1 165	803
Intangible assets	2	**12**	5	4
Investment in non-consolidated subsidiary	3	**260**	290	294
Other non-current financial assets	4	**136**	157	125
Investment in associate	5	**7**	–	21
Deferred taxation assets	10	**–**	–	4
Current assets		**2 104**	2 126	1 146
Inventories	6	**277**	180	156
Trade and other receivables	7	**609**	541	412
Assets classified as held for sale	8	**–**	36	–
Amounts owing by subsidiaries	4	**6**	11	76
Cash and cash equivalents		**1 212**	1 358	502
Total assets		**4 413**	3 743	2 397
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital and premium	9	**868**	868	868
Other reserves		**4**	69	33
Retained profit		**1 145**	1 000	840
Total equity		**2 017**	1 937	1 741
Non-current liabilities		**255**	283	171
Deferred taxation liabilities	10	**92**	116	93
Long-term borrowings	11	**68**	81	–
Provisions	12	**93**	86	78
Other non-current liabilities	13	**2**	–	–
Current liabilities		**2 141**	1 523	485
Short-term borrowings	14	**1 366**	885	–
Taxation payable		**210**	191	153
Trade and other payables	15	**490**	397	299
Amounts owing to subsidiaries	4	**64**	41	23
Provisions	12	**11**	9	10
Total equity and liabilities		**4 413**	3 743	2 397

Company income statements

for the year ended 30 September 2007

	Notes	2007 Rm	2006 Rm	2005 Rm
Revenue		**4 705**	3 959	3 163
Cost of sales		**2 519**	2 043	1 668
Gross profit		**2 186**	1 916	1 495
Non-operating income		**153**	158	257
Administration expenditure		**44**	37	32
Other operating expenditure		**252**	238	213
Operating profit	16	**2 043**	1 799	1 507
Fair value gains/(losses) on financial instruments	17	**3**	–	(3)
Finance costs	18	**87**	53	44
Income from investments	19	**84**	52	58
Profit before exceptional items		**2 043**	1 798	1 518
Exceptional items	20	**3**	(1)	16
Profit before taxation		**2 046**	1 797	1 534
Taxation	21	**689**	617	515
Net profit		**1 357**	1 180	1 019

Company statements of changes in shareholders' interest

for the year ended 30 September 2007

			Other reserves				
	Share capital Rm	Share premium Rm	Available-for-sale financial assets Rm	Hedging reserves Rm	Equity compensation reserves Rm	Retained profit Rm	Total Rm
Balance at 1 October 2004	54	813	17	–	2	1 090	1 976
Movement for the year							
Increase in share capital and premium	–	1	–	–	–	–	1
Revaluation of investments	–	–	12	–	–	–	12
Deferred taxation on revaluation	–	–	(1)	–	–	–	(1)
Equity-settled share incentive scheme charge	–	–	–	–	3	–	3
Net profit	–	–	–	–	–	1 019	1 019
Dividends	–	–	–	–	–	(1 269)	(1 269)
Balance at 30 September 2005	54	814	28	–	5	840	1 741
Movement for the year							
Revaluation of investments	–	–	(1)	–	–	–	(1)
Cash flow hedge recognised directly through equity	–	–	–	50	–	–	50
Deferred taxation on hedging movements	–	–	–	(14)	–	–	(14)
Equity-settled share incentive scheme charge	–	–	–	–	1	–	1
Divisionalisation of company	–	–	–	–	–	39	39
Net profit	–	–	–	–	–	1 180	1 180
Dividends	–	–	–	–	–	(1 059)	(1 059)
Balance at 30 September 2006	**54**	**814**	**27**	**36**	**6**	**1 000**	**1 937**
Movement for the year							
Revaluation of investments	**–**	**–**	**(4)**	**–**	**–**	**–**	**(4)**
Deferred taxation on revaluation	**–**	**–**	**1**	**–**	**–**	**–**	**1**
Cash flow hedge recognised directly through equity	**–**	**–**	**–**	**(14)**	**–**	**–**	**(14)**
Amount recognised in cost of plant	**–**	**–**	**–**	**(33)**	**–**	**–**	**(33)**
Deferred taxation on hedging movements	**–**	**–**	**–**	**14**	**–**	**–**	**14**
Equity-settled share incentive scheme charge	**–**	**–**	**–**	**–**	**1**	**–**	**1**
Equity-settled share incentive scheme payment	**–**	**–**	**–**	**–**	**(30)**	**–**	**(30)**
Net profit	**–**	**–**	**–**	**–**	**–**	**1 357**	**1 357**
Dividends	**–**	**–**	**–**	**–**	**–**	**(1 212)**	**(1 212)**
Balance at 30 September 2007	**54**	**814**	**24**	**3**	**(23)**	**1 145**	**2 017**

Company cash flow statements

for the year ended 30 September 2007

	Notes	2007 Rm	2006 Rm	2005 Rm
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before exceptional items		**2 043**	1 798	1 518
Adjustments for:				
– depreciation		**158**	128	96
– amortisation of intangible assets		**2**	3	2
– profit on disposal of plant and equipment and intangibles		**(3)**	(3)	(1)
– dividends received		**(20)**	(9)	(27)
– income from subsidiary companies		**(153)**	(157)	(257)
– interest received		**(64)**	(43)	(31)
– finance costs		**87**	53	46
– other non-cash flow items		**3**	(5)	(4)
Operating cash flows before movements in working capital		**2 053**	1 765	1 342
Increase in inventories		**(98)**	(21)	(15)
Increase in receivables		**(113)**	(69)	(51)
Increase in payables		**91**	74	67
Cash generated from operations		**1 933**	1 749	1 343
Finance costs paid		**(89)**	(53)	(46)
Dividends received from investments and associate		**20**	9	25
Interest received		**64**	43	31
Income from subsidiary companies		**153**	157	225
Taxation paid	22	**(680)**	(570)	(513)
Cash available from operations		**1 401**	1 335	1 065
Dividends paid	23	**(1 207)**	(1 059)	(1 269)
Equity-settled share incentive scheme payment		**(30)**	–	–
Net cash inflow/(outflow) from operating activities		**164**	276	(204)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property, plant and equipment	24	**(881)**	(366)	(136)
– replacement capital expenditure		**(120)**	(80)	(100)
– expansion capital expenditure		**(761)**	(286)	(36)
Acquisition of intangible assets		**(9)**	(3)	(3)
Dividends received from non-consolidated subsidiary company		**30**	4	21
Net proceeds received on:		**8**	5	17
– disposal of associate company	25	**–**	–	15
– disposal of property, plant and equipment		**8**	5	2
Movements in investments and loans		**16**	(8)	(2)
Redemption of preference shares		**30**	–	–
Decrease/(increase) in net amounts owing by subsidiary and associate companies		**28**	83	(21)
Net cash outflow from investing activities		**(778)**	(285)	(124)
Net cash outflow before financing activities		**(614)**	(9)	(328)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of share capital		**–**	–	1
Long-term borrowings repaid		**(13)**	(13)	–
Short-term borrowings raised		**1 353**	872	–
Short-term borrowings repaid		**(872)**	–	–
Net cash inflow from financing activities		**468**	859	1
Net (decrease)/increase in cash and cash equivalents		**(146)**	850	(327)
Cash and cash equivalents at beginning of the year		**1 358**	502	829
Cash transferred on divisionalisation of company	26	**–**	6	–
Cash and cash equivalents at end of the year		**1 212**	1 358	502

	Freehold and leasehold land, buildings and mineral rights Rm	Decommissioning and quarry rehabilitation assets Rm	Plant, vehicles, furniture and equipment Rm	Capitalised leased plant Rm	Total Rm
1. PROPERTY, PLANT AND EQUIPMENT					
2007					
Cost	**356**	**24**	**2 545**	**302**	**3 227**
Accumulated depreciation and impairments	**144**	**14**	**999**	**176**	**1 333**
Net carrying value	**212**	**10**	**1 546**	**126**	**1 894**
2006					
Cost	330	24	1 708	302	2 364
Accumulated depreciation and impairments	132	14	896	157	1 199
Net carrying value	198	10	812	145	1 165
2005					
Cost	316	24	1 292	150	1 782
Accumulated depreciation and impairments	121	14	783	61	979
Net carrying value	195	10	509	89	803
Movement of property, plant and equipment					
2007					
Net carrying value at beginning of the year	**198**	**10**	**812**	**145**	**1 165**
Additions	**26**	**–**	**863**	**–**	**889**
	224	**10**	**1 675**	**145**	**2 054**
Depreciation	**(12)**	**–**	**(127)**	**(19)**	**(158)**
Disposals	**–**	**–**	**(2)**	**–**	**(2)**
Net carrying value at end of the year	**212**	**10**	**1 546**	**126**	**1 894**
2006					
Net carrying value at beginning of the year	195	10	509	89	803
Divisionalisation of company	–	–	43	82	125
Additions	15	–	351	–	366
	210	10	903	171	1 294
Depreciation	(12)	–	(90)	(26)	(128)
Disposals	–	–	(1)	–	(1)
Net carrying value at end of the year	198	10	812	145	1 165
2005					
Net carrying value at beginning of the year	201	11	458	89	759
Reclassification of capital spares	–	–	11	–	11
Additions	5	–	131	–	136
	206	11	600	89	906
Depreciation	(11)	–	(85)	–	(96)
Disposals and change in estimate for rehabilitation assets	–	(1)	(4)	–	(5)
Impairments	–	–	(2)	–	(2)
Net carrying value at end of the year	195	10	509	89	803

Included in plant, vehicles, furniture and equipment is capital work-in-progress of R885 million (2006: R155 million; 2005: RNil) which relates mainly to the Batsweledi expansion project.
Refer to the group results for additional disclosures on property, plant and equipment.

	2007 Rm	2006 Rm	2005 Rm
2. INTANGIBLE ASSETS			
ERP development and other software			
Cost	**38**	32	29
Accumulated amortisation and impairments	**26**	27	25
Net carrying value at beginning of the year	**12**	5	4
Movement of intangible assets			
Net carrying value at beginning of the year	**5**	4	3
Additions	**9**	3	3
Divisionalisation of company	**–**	2	–
Disposals	**–**	(1)	–
Amortisation	**(2)**	(3)	(2)
Net carrying amount at end of the year	**12**	5	4
3. INVESTMENT IN NON-CONSOLIDATED SUBSIDIARY			
Carrying value at beginning of the year	**290**	294	315
Less: Dividends received	**(30)**	(4)	(21)
Carrying value at end of the year	**260**	290	294

There are significant constraints impacting on the normal operation of Porthold and the PPC board concluded that management does not have the ability to exercise effective control over the business. In view of the circumstances, the results of Porthold have continued to be excluded from the group results in the current year and have been accounted for on a fair value investment basis. Due to the hyperinflationary losses incurred, dividends received have been set-off against the carrying value of the investment.

	2007 Rm	2006 Rm	2005 Rm
4. OTHER NON-CURRENT FINANCIAL ASSETS			
Investment in subsidiaries	**39**	39	40
Unlisted investments	**38**	42	73
Unlisted investments at fair value	**26**	30	31
Investment in unlisted preference shares at amortised cost #	**–**	–	30
Contributions to PPC Environmental Trust <	**12**	12	12
Guaranteed loan in respect of railway line ~	**3**	6	10
Long-term loan >	**56**	70	–
Other non-current loans and deposits	**–**	–	2
	136	157	125
Classification of financial assets			
Available-for-sale			
– unlisted investments	**26**	30	31
– other	**51**	51	52
Originated loans and receivables	**59**	76	42
	136	157	125
INTEREST IN SUBSIDIARIES (ANNEXURE 1)			
Shares at cost (including non-consolidated subsidiary)	**479**	479	481
Less: Amounts written off and dividends received	**(180)**	(150)	(147)
	299	329	334
Add: Amounts owing by subsidiaries	**6**	11	76
	305	340	410
Less: Amounts owing to subsidiaries	**(64)**	(41)	(23)
	241	299	387

 # Investment in unlisted preference shares

These preference shares earned dividends at a rate of 70% of the prime lending rate plus 3%, and were redeemed during 2007 (refer note 8).

< Contributions to PPC Environmental Trust

These contributions are invested with independent financial institutions in interest-bearing deposits and can be utilised on approval from the Department of Mineral and Energy Affairs for rehabilitation costs.

~ Guaranteed loan in respect of railway line

Amortised over the period of the loan by way of reduced payment to Spoornet for rail transport services, and bears interest at prime less 4%.

> Long-term loan

The long-term loan is repayable in annual capital instalments on 30 June each year, with the last payment on April 2013 and bears interest at an effective rate of 11,8% per annum.

		2007 Rm	2006 Rm	2005 Rm
5.	**INVESTMENT IN ASSOCIATE**			
	Investment at cost	**7**	7	10
	Less: Transfer to asset classified as held for sale	**–**	(7)	(4)
		7	–	6
	Amount owing by associate company	**–**	–	15
	Carrying value including amount owing	**7**	–	21
6.	**INVENTORIES**			
	Raw materials	**64**	36	37
	Work-in-progress	**53**	26	31
	Finished goods	**61**	42	27
	Maintenance stores	**99**	76	61
		277	180	156
	The value of inventories has been determined on the following cost formula bases:			
	– First-in, first-out	**7**	5	–
	– Weighted average	**270**	175	156
		277	180	156
	Amount of inventories recognised as an expense during the year	**1 929**	1 531	1 215
	Amount of write-down of inventory to net realisable value and losses of inventory	**1**	–	2
	Reversal of previous inventory write-downs	**–**	–	4
	No inventories have been pledged as security.			
7.	**TRADE AND OTHER RECEIVABLES**			
	Trade receivables	**520**	420	355
	Less: Impairment of trade receivables	**(3)**	(5)	(5)
	Originated loans and receivables	**517**	415	350
	Other receivables and prepayments	**88**	74	60
	Dividends receivable	**–**	–	2
	Derivative financial instruments (held for trading financial assets)	**–**	2	–
	Derivative financial instruments (cash flow hedge)	**4**	50	–
		609	541	412
	No receivables have been pledged as security. Amounts due to the company should be settled within the normal credit terms of 30 – 60 days.			
	The gains on financial instruments relating to the cash flow hedge should materialise within the next financial year. These gains are to be included in the initial measurement of the acquisition of the hedged asset.			

	2007 Rm	2006 Rm	2005 Rm
8. ASSETS CLASSIFIED AS HELD FOR SALE			
Investment in unlisted preference shares at amortised cost #	–	30	–
Investment in associate company ^	–	6	–
	–	36	–
# Investment in unlisted preference shares			
These preference shares earned dividends at a rate of 70% of the current prime lending rate plus 3%, and were redeemed during 2007.			
^ Investment in associate company			
The investment relates to the company's 25% shareholding in Afripack (Pty) Limited, recorded at cost.			
The investment was categorised as held for sale during 2006. Following the repayment of the preference shares, the investment in Afripack (Pty) Limited has been accounted for as an investment in associate (refer note 5).			
9. SHARE CAPITAL AND PREMIUM			
Authorised share capital*			
600 000 000 ordinary shares of 10 cents each	**60**	60	60
Issued share capital*			
537 612 390 (2006: 537 612 390; 2005: 537 612 390) ordinary shares in issue at end of the year	**54**	54	54
Share premium	**814**	814	814
Balance at beginning of the year	**814**	814	813
Premium on shares issued	–	–	1
Total issued share capital and premium	**868**	868	868
Ordinary shares issued during the year: Nil (2006: Nil; 2005: 111 000).			
During the current year, in terms of a special resolution, the share capital of the company was restructured. Under this restructuring, the share capital was subdivided on a 10:1 basis, thereby subdividing each PPC share of R1,00 each into 10 PPC shares of R0,10 each. The effective date of the share subdivision was 16 July 2007.			
Unissued shares*			
Unissued share capital at end of the year comprises 62 387 610 (2006: 62 387 610; 2005: 62 387 610) shares of 10 cents each.			

**Restated for effect of the 10:1 share subdivision*

	2007 Rm	2006 Rm	2005 Rm
10. DEFERRED TAXATION			
Movement of deferred taxation			
Balance at beginning of the year			
– deferred taxation assets	–	4	1
– deferred taxation liabilities	116	93	97
Net liability at beginning of the year	116	89	96
Directly accounted for in equity	(14)	14	2
Divisionalisation of company	–	2	–
Movement per income statement	(10)	11	(6)
Impact of change in taxation rate	–	–	(3)
Net liability at end of the year	92	116	89
– deferred taxation assets	–	–	4
– deferred taxation liabilities	92	116	93
Analysis of deferred taxation			
Deferred taxation assets			
Provisions and other temporary differences	–	–	4
Deferred taxation liabilities			
Capital allowances	123	129	119
Provisions	(30)	(28)	(30)
Prepayments	11	3	2
Capital gains taxation	–	–	3
Other temporary differences	(12)	12	(1)
	92	116	93
11. LONG-TERM BORROWINGS			
Liabilities under capitalised finance leases	81	94	–
Less: Current portion repayable within one year (refer note 14)	13	13	–
	68	81	–

Liabilities under capitalised finance leases:

Repayable during the year ending 30 September					Total owing		
2008 Rm	2009 Rm	2010 Rm	2011 Rm	2012 and onwards Rm	2007 Rm	2006 Rm	2005 Rm
13	13	13	14	28	81	94	–

	2007 Rm	2006 Rm	2005 Rm
Assets encumbered are made up as follows:			
Property, plant and equipment	126	145	–

Financial Review

	2007 Rm	2006 Rm	2005 Rm
12. PROVISIONS			
Non-current	**93**	86	78
Current	**11**	9	10
	104	95	88

	Decommissioning and quarry rehabilitation Rm	Retirement and post-retirement benefits Rm	Total Rm
Movement of provisions			
2007			
Balance at beginning of the year	**82**	**13**	**95**
Amounts added	**1**	**2**	**3**
Unwinding of discount	**6**	**–**	**6**
Balance at 30 September 2007	**89**	**15**	**104**
Incurred:			
– within one year	**7**	**4**	**11**
– between two to five years	**25**	**–**	**25**
– more than five years	**57**	**11**	**68**
	89	**15**	**104**
2006			
Balance at beginning of the year	74	14	88
Amounts added	3	–	3
Unwinding of discount	5	–	5
Amounts utilised	–	(1)	(1)
Balance at 30 September 2006	82	13	95
Incurred:			
– within one year	5	4	9
– between two to five years	1	–	1
– more than five years	76	9	85
	82	13	95
2005			
Balance at beginning of the year	79	20	99
Amounts added	1	2	3
Unwinding of discount	6	–	6
Amounts utilised	–	(8)	(8)
Amounts reversed unutilised	(12)	–	(12)
Balance at 30 September 2005	74	14	88
Incurred:			
– within one year	6	4	10
– between two to five years	1	–	1
– more than five years	67	10	77
	74	14	88

12. PROVISIONS (continued)

Decommissioning and quarry rehabilitation

The provisions relate to factory decommissioning and quarry rehabilitation. The group is required to restore mine and processing sites at the end of their productive lives to an acceptable condition consistent with the group's environmental policies. The expected cost of any committed decommissioning or restoration programme, discounted to its net present value, is provided at the beginning of each project. PPC has set up an Environmental Trust to administer the funds required to fund the expected cost of decommissioning or restoration.

Retirement and post-retirement benefits

Included in the above provisions are the following liabilities:

Cement and Concrete Institute employees

The provision for post-retirement relates to PPC's proportionate share of the post-retirement health care liability for employees of the Cement and Concrete Institute. This amounted to R4 million (2006: R4 million; 2005: R5 million). This liability was last actuarially valued on February 2006 and is due for valuation by February 2009. The liability has been determined using the projected unit credit method.

Corner House Pension Fund and Lime Acres continuation members

The provision for post-retirement relates to post-employment health care benefits in respect of certain Corner House Pension Fund and Lime continuation members. This amounted to R11 million (2006: R9 million; 2005: R9 million). This liability was last actuarially valued on 30 June 2005 and is due for valuation by June 2008. The liability has been determined using the projected unit credit method.

	2007 Rm	2006 Rm	2005 Rm
13. OTHER NON-CURRENT LIABILITIES			
Cash-settled share-based payment liability	**2**	–	–
For further details on the cash-settled share-based payment liability, refer note 34 in the group results.			
14. SHORT-TERM BORROWINGS			
Short-term loans	**1 310**	872	–
Bank overdraft	**43**	–	–
Current portion of long-term borrowings (refer note 11)	**13**	13	–
	1 366	885	–
15. TRADE AND OTHER PAYABLES			
Trade and other payables	**490**	397	299
Trade and other payables are payable within a 30 – 60 day period.			

	2007 Rm	2006 Rm	2005 Rm
16. OPERATING PROFIT			
Operating profit includes:			
Administration and management fees paid	**8**	7	4
Amortisation of intangible assets (refer note 2)	**2**	3	2
Auditors' remuneration – fees	**3**	3	2
Depreciation (refer note 1):			
– cost of sales	**145**	118	85
– operating costs	**13**	10	11
	158	128	96
Distribution costs:			
– cost of sales	**590**	512	454
Exploration and research costs	**1**	–	–
Fees paid to holding company	**15**	25	22
Income from subsidiary companies:			
– fees	**13**	12	18
– interest	**–**	1	1
– dividends	**140**	144	238
	153	157	257
Operating lease charges:			
– land and buildings	**2**	3	3
– plant, vehicles and equipment	**3**	3	3
	5	6	6
Profit on disposal of plant and equipment and intangibles	**(3)**	(3)	(1)
Retirement benefit contributions	**32**	30	23
Share-based payments:			
– equity-settled share incentive scheme charge	**1**	1	3
– cash-settled	**2**	–	–
	3	1	3
Staff costs	**413**	360	336
Technical fees	**5**	4	4
17. FAIR VALUE GAINS/(LOSSES) ON FINANCIAL INSTRUMENTS			
Gains/(losses) on derivatives designated as economic hedging instruments	**4**	(1)	(1)
(Losses)/gains on translation of foreign currency monetary items	**(1)**	1	–
Loss on other foreign currency derivatives	**–**	–	(2)
	3	–	(3)

	2007 Rm	2006 Rm	2005 Rm
18. FINANCE COSTS			
Bank and other borrowings	**67**	17	2
Finance lease interest	**16**	24	31
Subsidiary companies	**6**	7	5
Unwinding of discount on rehabilitation provisions	**6**	5	6
	95	53	44
Capitalised to property, plant and equipment	**(8)**	–	–
	87	53	44
19. INCOME FROM INVESTMENTS			
Dividends			
– unlisted investments	**20**	9	9
– associate company	**–**	–	18
Interest received			
– on deposits and non-current financial assets	**64**	43	31
	84	52	58
20. EXCEPTIONAL ITEMS			
Profit on disposal of properties	**3**	–	–
Profit on disposal of subsidiary company and associate	**–**	–	11
Reversal of impairment on financial asset	**–**	–	5
Reversal of provision against loan to subsidiary	**–**	–	2
Impairment in the value of plant and equipment	**–**	–	(3)
Deregistration of dormant subsidiary companies	**–**	(1)	–
Gross exceptional items	**3**	(1)	15
Taxation – deferred	**–**	–	1
Net exceptional items	**3**	(1)	16

	2007 Rm	2006 Rm	2005 Rm
21. TAXATION			
South African normal taxation			
– current year	**551**	475	371
Foreign taxation			
– current year	**6**	3	7
Deferred taxation			
– current year	**(10)**	7	(2)
– rate change	**–**	–	(3)
– exceptional	**–**	–	(1)
	(10)	7	(6)
Secondary taxation on companies			
– current year	**142**	127	146
– deferred	**–**	5	(3)
	142	132	143
Taxation attributable to the company	**689**	617	515

	2007 %	2006 %	2005 %
Reconciliation of rate of taxation			
Taxation as a percentage of profit before taxation			
(excluding prior year taxation)	**36,1**	37,0	33,5
Adjustment due to the inclusion of dividend income	**0,3**	0,3	4,9
	36,4	37,3	38,4
Reduction in rate of taxation	**0,6**	0,2	0,5
– permanent differences and exempt income	**0,6**	0,2	0,3
– rate change adjustment	**–**	–	0,2
Increase in rate of taxation	**(8,0)**	(8,5)	(9,9)
– disallowable charges	**(0,3)**	(0,4)	(0,2)
– secondary taxation on companies	**(7,4)**	(8,0)	(9,3)
– taxation on foreign dividend received	**(0,3)**	(0,1)	(0,4)
South African normal taxation rate	**29,0**	29,0	29,0

	2007 Rm	2006 Rm	2005 Rm
22. TAXATION PAID			
Net amounts outstanding at beginning of the year	**191**	153	142
Charge per income statement (excluding deferred taxation)	**699**	605	524
Adjustment in respect of divisionalisation of company	**–**	3	–
Net amounts outstanding at end of the year	**(210)**	(191)	(153)
	680	570	513
23. DIVIDENDS PAID			
Dividends declared	**1 212**	1 059	1 269
Relief on payment to foreign shareholders	**(5)**	–	–
	1 207	1 059	1 269

	2007 Rm	2006 Rm	2005 Rm
24. ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT			
Freehold and leasehold land and buildings and mineral rights	**26**	15	5
Plant, vehicles, furniture and equipment	**863**	351	131
	889	366	136
Interest capitalised	**(8)**	–	–
	881	366	136
25. DISPOSAL OF 33,3% SHARE IN SLAGMENT (PTY) LTD			
Cost of investment			4
Profit on disposal			10
Proceeds from disposal			14
Being			
– total consideration			15
– disposal costs			(1)
			14
26. DIVISIONALISATION OF COMPANY			
Property, plant and equipment, intangible assets and non-current assets		125	
Inventories		4	
Receivables		10	
Payables, taxation and deferred taxation		(38)	
Borrowings net of cash		(107)	
Net assets acquired		(6)	
Cash transferred on divisionalisation		6	
		–	
27. CONTINGENT LIABILITIES			
Guarantees for loans, banking facilities and other obligations to third parties	**8**	7	7
Secondary taxation on companies is payable on dividends declared at a rate of 10% (2006: 12,5%; 2005: 12,5%).			
Litigation, current or pending, is not considered likely to have a material adverse effect on the company.			
28. RELATED PARTY TRANSACTIONS			
In addition to the related party transactions disclosed in the group results, the company had the following related party transactions:			
Goods and services sold			
PPC Botswana (Pty) Limited	**120**	107	109
Amounts due from as at end of the year			
PPC Botswana (Pty) Limited	**14**	32	8
29. ADDITIONAL DISCLOSURE			
Refer to the group results for additional disclosure on the following:			
– Accounting policies			
– Commitments			
– Directors' remuneration and interest			
– Financial risk management			
– Foreign exchange gains and losses			
– Related party transactions			
– Retirement benefit information			
– Share-based payments			

Annexure 1 Interest in subsidiary companies and unlisted associates

for the year ended 30 September 2007

SUBSIDIARY COMPANIES

Name of company	Issued share capital R	Percentage held 2007 %	2006 %	2005 %
Cape Portland Cement Co Limited	5 264 000	**100**	100	100
Cooper & Cooper Holdings (Pty) Limited	100 000	**100**	100	100
Eastern Province Cement Co Limited	800 000			100
Mooiplaas Dolomite (Pty) Limited	100	**100**	100	100
PPC Botswana (Pty) Limited*	6 000 000A#	**100**	100	100
	6 000 000B#	**100**	100	100
Portland Holdings Limited ~	83 920 148†	**100**	100	100
PPC Lime Limited	4 207 965	**100**	100	100
PPC Saldanha (Pty) Limited	100			100
Property Cats (Pty) Limited	100	**100**	100	100
Kgale Quarries (Pty) Limited*	3 643 000#	**100**	100	100
Other minor subsidiary companies				

Less: Amounts written off and dividends received

ASSOCIATES

Name of entity	Principal activity	Issued share capital R	2007 %	2006 %	2005 %
Afripack (Pty) Limited	Paper sack manufacturers	1 260 000	**25**	25	25
Amanzi Lime Services (Pty) Limited	Lime supply	4 000			50
Shaleje Services Trust	Admin services		**15**	15	15

Less: Amounts written off

All subsidiary companies and associates are incorporated in the Republic of South Africa, except as indicated otherwise.
A full list of subsidiary companies and unlisted associates is available for inspection at the registered office of the company.
The financial year-end of the associates is as follows:

Afripack (Pty) Limited	30 September
Amanzi Lime Services (Pty) Limited	30 September
Shaleje Services Trust	31 May

** Registered in Botswana*
 # Botswana pula
~ Registered in Zimbabwe
† Zimbabwe dollar

Shares			Indebtedness (due to)/due by		
2007 Rm	2006 Rm	2005 Rm	**2007 Rm**	2006 Rm	2005 Rm
1	1	1	**(5)**	(5)	(5)
–	–	1	**–**	–	–
		1			–
–	–	–	**(55)**	(33)	1
12	12	12	**3**	–	–
436	436	436	**–**	–	–
18	18	18	**2**	11	(12)
					75
12	12	12	**1**	1	1
			1	–	–
–	–	–	**(4)**	(3)	(6)
479	479	481	**(57)**	(29)	54
180	150	147	**1**	1	1
299	329	334	**(58)**	(30)	53

2007 Rm	2006 Rm	2005 Rm	**2007 Rm**	2006 Rm	2005 Rm
7	–	7	**–**	–	15
					–
–	–	–	**–**	–	–
7	–	7	**–**	–	15
–	–	–	**–**	–	–
7	–	7	**–**	–	15

PPC in the stock market

SHARE OWNERSHIP

Category		Number of shareholders	Number of shares held	% of issued capital
1	1 000	19 390	9 716 307	1,8
1 001	10 000	14 994	47 205 794	8,78
10 001	100 000	2 351	63 090 604	11,74
100 001	1 000 000	310	94 329 035	17,55
over 1 000 000		57	323 270 650	60,13
		37 102	537 612 390	100,00

Distribution of shareholders	Number of shares held	% of issued capital
Banks	32 928 063	6,12
Close corporations	1 878 141	0,35
Endowment funds	3 546 900	0,66
Individuals	63 647 993	11,84
Insurance companies	63 581 781	11,83
Investment companies	73 813 764	13,73
Medical aid schemes	529 136	0,10
Mutual funds	70 279 511	13,07
Nominees and trusts	39 988 723	7,44
Other corporations	38 558 909	7,17
Pension funds	125 151 469	23,28
Private companies	21 112 513	3,93
Public companies	2 584 354	0,48
Share trusts	11 133	0,00
	537 612 390	100,00

Public and non-public shareholding	Number of shareholders	Number of shares held	% of issued capital
Public	37 093	536 651 304	99,82
Non-public	9	961 086	0,18
– Directors' holdings	8	949 953	
– Share trusts	1	11 133	
Total	37 102	537 612 390	100,00

Beneficial holding

The following parties hold beneficial interests of greater than 3%

– Public Investment Corporation	85 804 191	15,96
– Liberty group	39 597 593	7,37
– Sanlam	23 933 181	4,45

The company's access codes are:

JSE: PPC

ISIN: ZAE000096475

CURRENCY CONVERSION GUIDE

Approximate value of foreign currencies relative to the rand at 30 September

	2007	2006	2005
Botswana pula	**1,15**	0,83	0,85
Zimbabwe dollar	**4 189,89**	33,60	6 375,00
US dollar	**0,15**	0,13	0,16
Euro	**0,10**	0,10	0,13
Danish krone	**0,77**	0,76	0,97

Administration

PRETORIA PORTLAND CEMENT COMPANY LIMITED
(Incorporated in the Republic of South Africa)
Company registration number: 1892/000667/06

JSE code: PPC

ISIN code: ZAE000096475

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Secretaries and registered office
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Sponsor
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Financial calendar

Financial year-end		30 September
Annual general meeting		28 January 2008
Reports		
• Interim results for half-year to March	Published	May
• Preliminary announcement of annual results	Published	November
• Annual financial statements	Published	December
Dividends		
• Interim	Declared	May
	Paid	June
• Final	Declared	November
	Paid	January

Notice of annual general meeting

for the year ended 30 September 2007

PRETORIA PORTLAND CEMENT COMPANY LIMITED
Incorporated in the Republic of South Africa
(Registration number: 1892/000667/06)
("PPC") or ("the company")
JSE code: PPC
ISIN code: ZAE000096475

The one hundred and twelfth annual general meeting of Pretoria Portland Cement Company Limited will be held in the Hilton Hotel, Rivonia Road, Sandton, on Monday, 28 January 2008 at 12:00 for the purpose of conducting the following business:

1. To receive and adopt the annual financial statements for the year ended 30 September 2007, including the directors' report and the report of the auditors.

2. To elect directors in accordance with the provisions of the company's articles of association. Ms ZJ Kganyago and NB Langa-Royds, having been appointed as directors by the board during the year, are required to retire. Messrs S Abdul Kader, MJ Shaw and J Shibambo are required to retire by rotation. All retiring directors are eligible and have offered themselves for election and re-election respectively and the nominations committee has recommended their election and re-election respectively. A brief curriculum vitae of each director standing for election and re-election accompanies this notice.

3. To consider and, if deemed fit, to pass with or without modification, the following ordinary resolution:
"That with effect from 1 October 2007 and in terms of article 61 of the company's articles of association, the fees payable to the non-executive directors be set as follows:

   a) The chairman, inclusive of fees as board and committees' member, an all inclusive fee of R500 000 per annum;
   b) A board member, R135 000 per annum;
   c) The audit committee chairman, R125 000 per annum;
   d) An audit committee member, R65 000 per annum;
   e) The remuneration committee chairman, R100 000 per annum;
   f) A remuneration committee member, R50 000 per annum;
   g) The risk and compliance committee chairman, R80 000 per annum;
   h) A risk and compliance committee member, R40 000 per annum;
   i) Other committee chairman, R80 000 per annum; and
   j) Other committee member, R40 000 per annum."

4. To consider and, if deemed fit, to pass with or without modification the following special resolution:
That

   a) The directors of the company be authorised on behalf of the company from time to time to acquire issued shares in the ordinary share capital of the company on the JSE Limited open market at a price no greater than 10% above the weighted average of the market value for the securities for the five previous business days immediately preceding the date on which the transaction was agreed or at a bid price no greater than the current trading price of the share; and
   the purchase by any of the company's subsidiaries of shares in the company in the manner contemplated by and in accordance with the provisions of section 89 of the Companies Act, 1973, and other provisions which may be applicable.

   b) The authorisation granted in terms of (a) above shall remain in force from the date of registration of this special resolution by the Registrar of Companies until the conclusion of the next annual general meeting of the company and in any event, no later than 15 months from the date on which it was passed.

c) The repurchase by the company of its own securities in terms of (a) above may not exceed 10% of the company's issued ordinary share capital in the aggregate in any one financial year or in the case of acquisition by any of the company's subsidiaries, 10% of the issued ordinary share capital in the aggregate.

d) The company's intention regarding the utilisation of the authority which is sought in terms of (a) above is to continue with the share buyback programme initiated with the sanction of shareholders on 25 January 2002.

e) The repurchase of securities being effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty.

f) Authorisation to repurchase the shares is in accordance with the company's articles of association.

g) Only one agent will effect the buyback on behalf of the company.

h) After the repurchase has been effected the company will still comply with paragraphs 3.37 to 3.41 concerning shareholder spread requirements.

i) The company and its subsidiaries will not repurchase shares during a closed period.

j) In the event that the directors are granted general authority to buy back a maximum 10% of the issued share capital of PPC, or in the case of acquisition by any of the company's subsidiaries, 10% of the issued ordinary share capital in the aggregate, it is the opinion of the directors that following any repurchase of shares:
- the company and the group would be able in the ordinary course of business to pay its debts for a period of 12 months after the date of notice issued in respect of the annual general meeting; and
- the assets of the company and the group would be in excess of the liabilities of the company and the group. For this purpose, the assets and liabilities would be recognised and measured in accordance with the accounting policies used in the latest audited group annual financial statements; and
- the ordinary capital and reserves of the company and the group would be adequate for a period of 12 months after the date of notice issued in respect of the annual general meeting; and
- the working capital of the company and the group would be adequate for ordinary business purposes for a period of 12 months after the date of notice issued in respect of the annual general meeting.

Detail in regard to other JSE listing requirements applying to special resolution number 4

Details of the directors
Directors' details are set out on pages 20 to 21.

Directors' responsibility statement
The directors collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make the statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the annual report contains all information required by the JSE Listing Requirements.

Interests of directors
The interests of the directors in the share capital of the company are set out on page 149.

Major shareholders
Details of major shareholders of the company are set out on page 176.

Share capital of the company
Details of the share capital of the company are set out on page 131.

Material change
There has been no material change in the financial or trading position of the company and its subsidiaries since the date of publication of the company's annual results on 30 October 2007.

Litigation
The company and its subsidiaries are not, and have not in the 12 months preceding the date of this notice of annual general meeting, been involved in any legal or arbitration proceedings which may have or have had a material effect on the financial position of the company and its subsidiaries, nor is the company aware of any such proceedings that are pending or threatened.

The reason for proposing the special resolution is to permit and authorise PPC to acquire its own shares and permit and authorise a subsidiary of PPC to acquire shares in PPC. The effect will be to authorise the directors to purchase shares in PPC.

When the company has cumulatively repurchased 3% of the initial number of the relevant class of securities, and for each 3% in aggregate of the initial number of that class acquired thereafter, the company will publish an announcement giving details thereof in accordance with Rule 11.27 of the Listing Requirements of the JSE. The company undertakes that it will not enter the market to repurchase the company's securities in terms of this general authority until such time as the company's sponsor has provided written confirmation to the JSE regarding the adequacy of the company's working capital in accordance with Schedule 25 of the Listing Requirements of the JSE.

5. To re-appoint Messrs Deloitte & Touche as external auditors of the company to hold office from the conclusion of the one hundred and twelfth annual general meeting until the conclusion of the next annual general meeting of the company.

6. To authorise the directors to fix the remuneration of the external auditors, Messrs Deloitte & Touche, for the past year's audit.

7. To transact such other business as may be transacted at an annual general meeting.

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies (who need not be a member of the company) to attend, speak and vote in their stead.

Shareholders who have dematerialised their PPC shares other than with "own name" registration who wish to attend the meeting in person, they will need to request their CSDP or broker to provide them with the necessary letter of representation in terms of the custody agreement entered into between the dematerialised shareholder and the CSDP or broker.

A form of proxy is enclosed, for the use of members who hold their shares in certificated or in dematerialised "own name" form only, who are unable to attend the meeting, and who wish to be represented at the meeting, or may be obtained on application to the secretaries at the company's registered address or by telephone +27 11 445 1000. The attention of members is drawn to the fact that if it is to be effective, the completed form of proxy must reach the company's transfer secretaries or the registered office of the company by no later than 12:00 on Thursday, 24 January 2008.

A form of proxy is only to be completed by the shareholders that are holding shares in certificated form or are recorded on the sub-register in electronic form in "own name".

By order of the board

BARLOWORLD TRUST COMPANY LIMITED
Secretaries
Per AR Holt
29 October 2007

CURRICULUM VITAE OF DIRECTORS BEING ELECTED AND RE-ELECTED AT THE ANNUAL GENERAL MEETING

S Abdul Kader (37)
BSc, BB & A (Hons), MBA (Cum laude)
Director, organisational performance and transformation

Salim Abdul Kader was appointed to the PPC board in May 2005 as executive director responsible for organisational performance. In addition, during 2007, he also assumed executive responsibility for transformation. He joined the PPC group in 2004 as organisational performance director, cement division and was thereafter appointed an alternate director on the PPC board in November 2004.

Prior to joining PPC he was the organisational effectiveness executive for the Tiger Brands group responsible for human resources development. Salim started his career with Tiger Food Brands in the technical and operations functions before moving into human resources.

ZJ Kganyago (41)
BCom, Estate Agents Board, Advanced Diploma in Property Planning, Development and Management, University of Nevada Executive Development Programme.

Zibusiso Kganyago was appointed to the PPC board in October 2007. She is the executive director of gaming developments at Tsogo Sun. Zibusiso has been involved with property development and construction management over the past thirteen years.

She is a non-executive director of the Johannesburg Property Company, a member of the National Land Affairs Board and a member of the Institute of Black Property Practitioners.

NB Langa-Royds (45)
BA (Law), LLB

Ntombi Langa-Royds was appointed to the PPC board in October 2007. She owns Nthake Consulting, a human resources consulting firm specialising in human resources management and allied services. She has twenty-one years' experience in the human resources environment, with previous positions as Director of Human Resources at Independent Newspapers Holdings Limited, South African Broadcasting Corporation and Bevcan division of Nampak Limited.

She is a non-executive director of Exhibitions for Africa, Momentum Group Limited, Momentum Health (Pty) Limited, Primedia Publishing (Pty) Limited, Respiratory Care Africa Limited and Human Capital Institute (Africa).

MJ Shaw (69)
CA (SA)
Chairman

Martin Shaw was appointed to the PPC board in 2001. He served as managing partner, chief executive and chairman of Deloitte & Touche in South Africa until his retirement from the firm in 2001. He was president of the Natal Society of Chartered Accountants from 1977 to 1978 and president of the South African Institute of Chartered Accountants from 1982 to 1983.

He is chairman of Reunert Limited and a director of Illovo Sugar Limited, JD Group Limited, Liberty Group Limited, Liberty Holdings Limited, Murray & Roberts Holdings Limited, Standard Bank Group Limited and Standard Bank of South Africa Limited.

J Shibambo (59)
Dip Bus Econ, Dip Bus Admin, Dip Estate Agency

Joe Shibambo was appointed to the PPC board in May 2005. He has been involved in the construction industry since 1979, and has gained invaluable knowledge in building construction, construction management, property development and the implementation of BEE development programmes. He is the managing director of Hlamalane Investment Holdings, a holding company established in 2005. Through his organisation, he helps historically disadvantaged individuals in the basic management principles of the construction industry and the effective management thereof. He was the first black independent residential developer to start a "green fields" township development and the first independent contractor to build a shopping centre, both of which were in Soweto.

Form of proxy

PRETORIA PORTLAND CEMENT COMPANY LIMITED
(Incorporated in the Republic of South Africa)
Company registration number: 1892/000667/06
("PPC") or ("the company")
JSE code: PPC
ISIN code: ZAE000096475

Only for the use of registered holders of certificated ordinary shares in the company and the holders of dematerialised ordinary shares in the capital of the company in "own name" form, at the annual general meeting to be held at 12:00 on Monday, 28 January 2008, in the Hilton Hotel, Rivonia Road, Sandton.

Holders of ordinary shares in the company (whether certificated or dematerialised) through a nominee must not complete this form of proxy but should timeously inform that nominee, or, if applicable, their Central Securities Depository Participant (CSDP) or stockbroker of their intention to attend the annual general meeting and request such nominee, CSDP or stockbroker to issue them with the necessary letter of representation to attend or provide such nominee, CSDP or stockbroker with their voting instructions should they not wish to attend the annual general meeting in person but wish to be represented at the meeting. Such ordinary shareholders must not return this form of proxy to the transfer secretaries.

I/We ______________________________ of ______________________________
(name and address in block letters)
being a member/s of the above company and holding ______________________________ ordinary shares therein,

hereby appoint ______________________________ of ______________________________
or, failing him, the Chairman of the meeting as my/our proxy to attend, speak and vote for me/us and on my/our behalf or to abstain from voting at the annual general meeting of the company to be held in the Hilton Hotel, Rivonia Road, Sandton, on Monday, 28 January 2008, and at any adjournment of that meeting as follows:

	In favour of	Against	Abstain
1. Adoption of annual financial statements			
2. Election of directors			
NB Langa-Royds			
ZJ Kganyago			
S Abdul Kader			
MJ Shaw			
J Shibambo			
3. Remuneration of non-executive directors/committee members and chairman			
4. Acquisition of own shares*			
5. Re-appoint Messrs Deloitte & Touche as external auditors of the company			
6. Authorise directors to fix remuneration of external auditors			

** Special resolution*

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

Signed at ______________________________ on ______________________________ 20____

Signature/s ______________________________

Assisted by (where applicable) ______________________________

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

Please read the notes on the reverse side of this form of proxy

Notes to form of proxy

1. A shareholder may insert the name of a proxy of the shareholder's choice in the space provided, with or without deleting "the chairman of the meeting", but any such deletion must be initialled by the shareholder. The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.

2. Please insert an "X" in the relevant space according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the company, insert the number of shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of the entire shareholder's votes exercisable at the annual general meeting. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast in respect of which abstention is recorded may not exceed the total number of the votes exercisable by the shareholder or by his/her proxy.

3. To be valid, the completed form of proxy must reach the offices of the company's transfer secretaries (South Africa: Link Market Services South Africa (Pty) Limited, 11 Diagonal Street, Johannesburg, South Africa, PO Box 4844, Johannesburg 2000, South Africa; Zimbabwe: Corpserve (Private) Limited, 2nd Floor, Intermarket Centre, corner First Street/Kwame Nkrumah Avenue, Harare, Zimbabwe, PO Box 2208, Harare, Zimbabwe) or the company's registered office (180 Katherine Street, Sandton, South Africa, PO Box 782248, Sandton 2146, South Africa) by no later than 48 hours prior to the annual general meeting (excluding Saturdays, Sundays and public holidays).

4. Where there are joint holders of any shares, only that holder whose name appears first in the register in respect of such shares need sign this form of proxy.

5. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person at the annual general meeting to the exclusion of any proxy appointed in terms of this proxy form.

6. Any alteration to this form of proxy must be signed in full and not initialled.

7. If this form of proxy is signed under a power of attorney, then such power of attorney or a notarially certified copy thereof must be sent with this form of proxy for noting (unless it has already been noted by the transfer secretaries).

8. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.

9. The Chairman of the annual general meeting may accept any form of proxy which is completed other than in accordance with these notes if he is satisfied as to the manner in which the shareholder wishes to vote.

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GRI indicator number
na – not available
n/a – not applicable

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GRI indicator number
na – not available
n/a – not applicable

GRI cross-reference index continued

GRI indicator number
na – not available
n/a – not applicable

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