Annual financial statements

for the year ended 30 September 2007

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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				
Salaries, wages, overtime payments, commissions, bonuses and allowances		**525**	394	405
Employer contributions~		**72**	65	72
		597	459	477
3. Government				
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

Seven-year review of the group's results continued

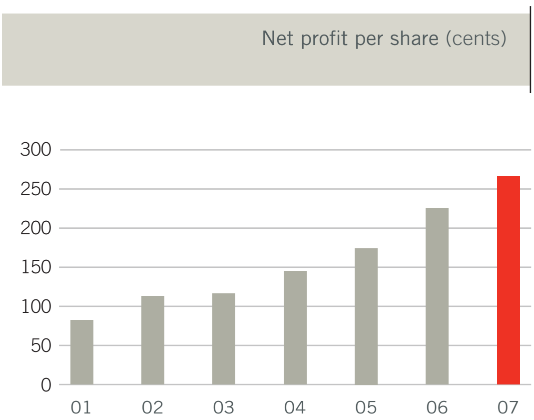
for the years ended 30 September

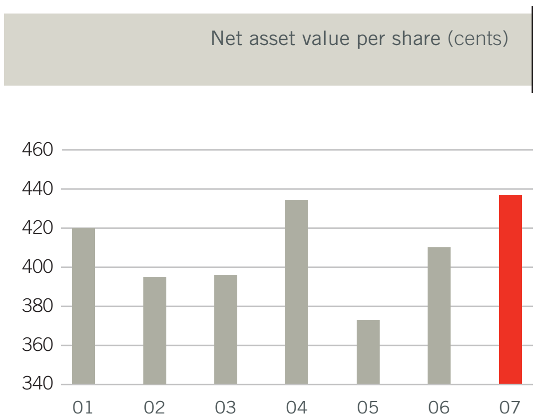
STATISTICS

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*



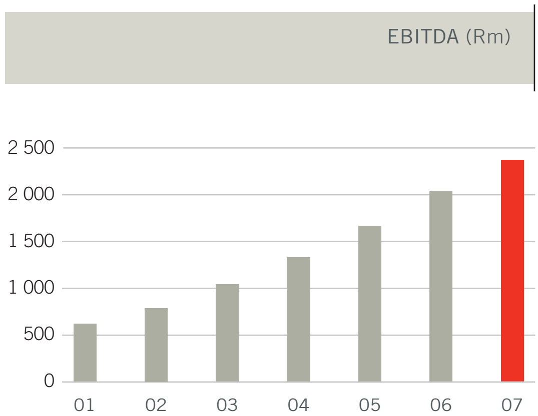


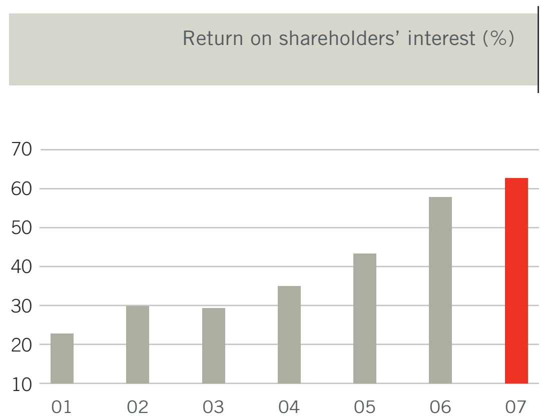
2007	2006*	2005*	2004*	2003*	2002*	2001*
537 612	537 612	537 607	537 452	537 440	535 510	500 110
266	226	175	146	116	113	83
263	226	173	146	116	83	71
263	226	172	146	115	84	71
205	143	110	92	73	54	46
61	77	80	140	65	60	50
1,3	1,6	1,6	1,6	1,6	1,6	1,5
437	410	373	434	396	395	420

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

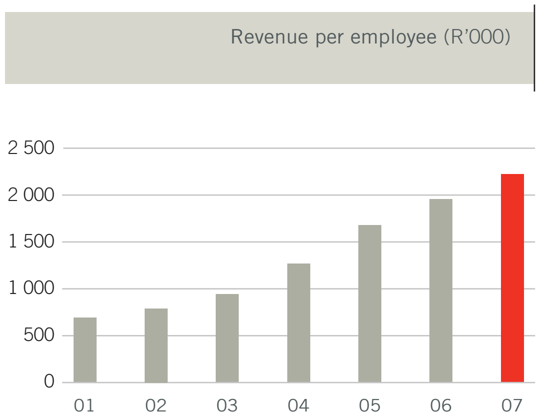


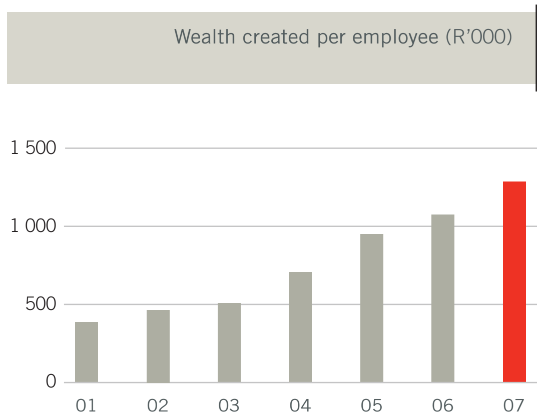


	2007	2006	2005	2004	2003	2002	2001
	39,1	39,7	38,0	34,0	28,6	24,6	21,9
	2 370	2 030	1 668	1 328	1 040	787	619
	42,6	43,3	42,0	38,6	34,5	31,4	29,9
	1,4	1,4	1,4	1,1	1,0	0,9	0,9
	57,0	59,6	55,0	42,3	33,8	26,9	23,2
	49,0	50,7	46,7	36,5	29,0	23,2	19,7
	62,8	57,7	43,4	35,0	29,4	29,8	22,8
	62,2	57,7	42,8	35,1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

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)





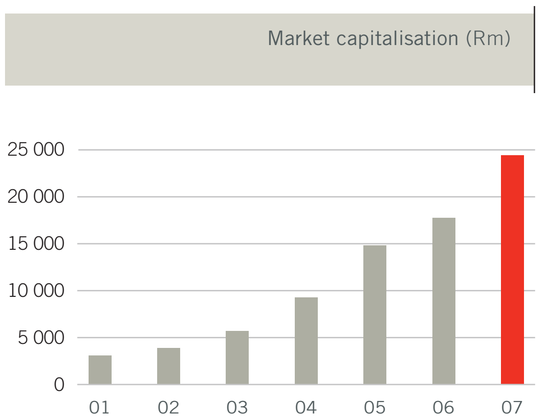
	2007	2006	2005	2004	2003	2002	2001
	101	90	52	44	51	49	46
	61	48	18	18	18	19	21
	1,1	1,4	2,0	3,1	2,6	2,8	3,1
	0,9	1,3	1,7	2,7	2,2	2,3	2,6
	27,3	37,4	22,6	21,7	15,9	9,9	8,0
	1	1	–	1	1	1	1
	2 192	2 031	1 668	1 294	993	783	629
	0,6	0,7	1,0	0,8	0,7	0,6	0,7
	3 097	3 025	3 010	2 971	3 085	3 300	3 004
	2 222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

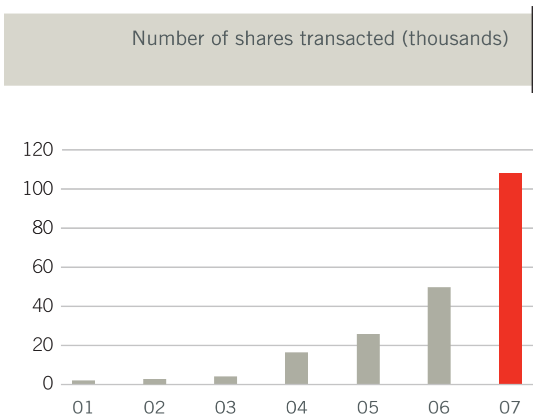
Share performance – JSE Limited

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*





	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.

– 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

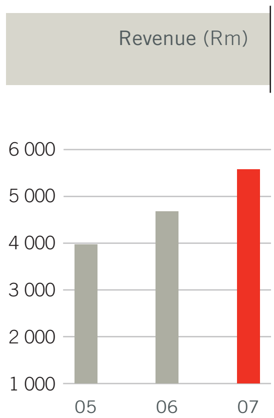
	Notes	2007 Rm	2006 Rm	2005 Rm
ASSETS				
Non-current assets		**2 546**	1 817	1 794
Property, plant and equipment	1	**2 178**	1 414	1 247
Intangible assets	2	**20**	14	14
Investment in non-consolidated subsidiary	3	**260**	290	295
Other non-current financial assets	4	**78**	99	214
Investment in associate	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

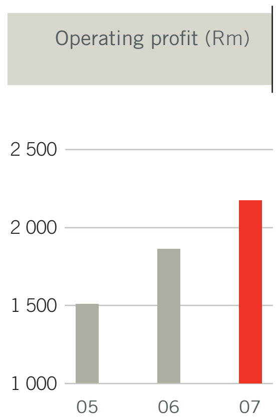
Group income statements

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*





Financial Review

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 reclassi-fication of plant Rm	Foreign currency translation Rm	Available-for-sale financial assets Rm	Hedging reserves Rm	Equity compen-sation 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

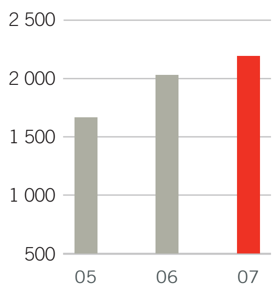
	Notes	2007 Rm	2006 Rm	2005 Rm
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before exceptional items		**2 173**	1 876	1 522
Adjustments for:				
– depreciation		**192**	165	155
– amortisation of intangible assets		**4**	4	4
– (profit)/loss on disposal of plant and equipment and intangibles		**(3)**	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)

Group cash flow statements continued

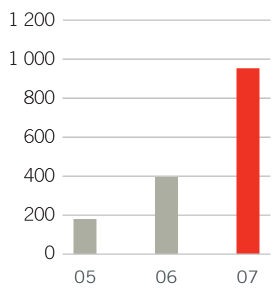
for the year ended 30 September 2007

	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)



	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)

2. INTANGIBLE ASSETS

	Right of use of mineral right asset Rm	Restraint of trade Rm	ERP development and other software Rm	Total Rm	Negative goodwill Rm
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*

	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	2007 Rm	2006 Rm	2005 Rm
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*

Financial Review

	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.

Financial Review

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.

Financial Review

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

Financial Review

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)

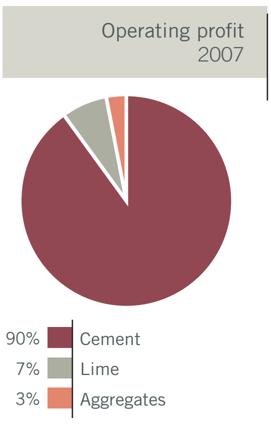
38. RELATED PARTY TRANSACTIONS (continued)

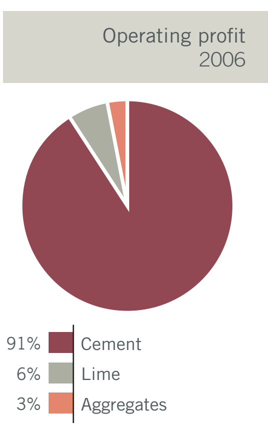
Rm	Parent company of reporting entity	Associates of the group	Fellow subsidiaries of reporting entity	Subsidiary of reporting entity
2005				
Goods and services sold				
Amanzi Lime Services (Pty) Limited	–	13	–	–
Barloworld Logistics (Pty) Limited	–	–	1	–
	–	13	1	–
Goods and services purchased				
Avis 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	–

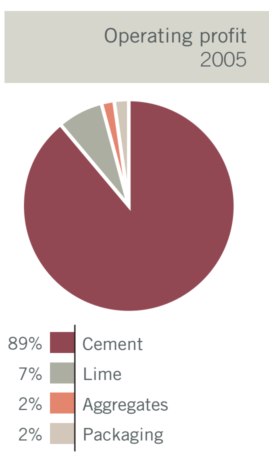
39. BUSINESS AND GEOGRAPHICAL UNITS

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







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.

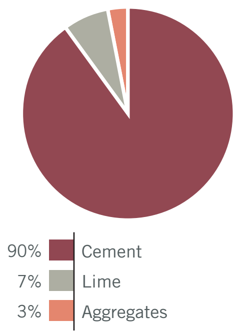
Shareholders

The principal shareholders of the company are disclosed on page 176.

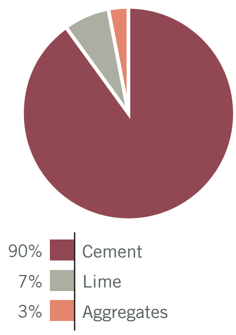
been included for additional disclosure purposes.

	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

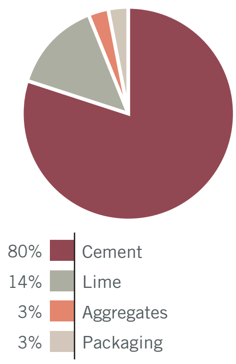
Total assets
2007



Total assets
2006



Total assets
2005



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).

	2007 Rm	2006 Rm	2005 Rm
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

Auditors
Deloitte & Touche
Deloitte Place
The Woodlands
Woodlands Drive
Woodmead, Sandton
Private Bag X6
Gallo Manor, 2052, South Africa
Telephone +27 11 806 5000
Telefax +27 11 806 5111

Secretaries and registered office
Barloworld Trust Company Limited
180 Katherine Street, Sandton
PO Box 782248
Sandton, 2146, South Africa
Telephone +27 11 445 1000
Telefax +27 11 444 4170

Sponsor
JP Morgan Equities Limited
1 Fricker Road
Illovo, Johannesburg
Private Bag X9936
Sandton, 2146, South Africa
Telephone +27 11 507 0300
Telefax +27 11 507 0530

Transfer secretaries
Link Market Services South Africa (Proprietary) Limited
11 Diagonal Street
Johannesburg, South Africa
PO Box 4844
Johannesburg, 2000, South Africa
Telephone +27 11 834 2266
Telefax +27 11 834 4398
E-mail info@linkmarketservices.co.za

Transfer secretaries: Zimbabwe
Corpserve (Private) Limited
4th Floor, Intermarket Centre
Corner First Street, Kwame Nkrumah Avenue
Harare, Zimbabwe
PO Box 2208
Harare, Zimbabwe
Telephone +263 4 758 193/751 559
Telefax +263 4 752 629

Sponsor: Zimbabwe
Imara Edwards Securities (Private) Limited
Block 2, Tendeseka Office Park
Samora Machel Avenue
Harare, Zimbabwe
PO Box 1475
Harare, Zimbabwe
Telephone +263 4 790 090
Telefax +263 4 791 345

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.