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Our commitment is timeless

Vision

To grow PPC into a leading emerging-market business

PPC currently operates in emerging markets, and all our adjoining territories are in emerging markets. Importantly, 70% of the world's cement is produced in these markets.


Emerging markets continually present new opportunities, higher growth in populations, GDP and cement demand, and deliver higher returns for producers of cement and related products.

Scope of report

This integrated report covers PPC's financial and non-financial performance between 1 October 2009 and 30 September 2010. It follows the separate sustainability and annual reports published for the 2009 financial year. Details for obtaining copies of the integrated report from the PPC group company secretary appear on page 200. For further details on sustainability matters, please contact: Urishanie Govender, PPC group manager, sustainability and environment, tel +27(11) 386-9122, fax +27(11) 386-9117, email urishanie.govender@ppc.co.za.

The scope of this report covers all PPC's manufacturing facilities, aggregate quarries and depots in South Africa, Botswana and Zimbabwe.

In compiling this report, PPC has considered the latest Global Reporting Initiative sustainability reporting guidelines, known as GRI G3, as well as the new guidelines on corporate governance in South Africa set out in King III and the listings requirements of

the JSE. The GRI classification for our report is application level C+, which is self-declared and requires the group to report on at least 10 GRI indicators across economic, social and environmental performance. Certain indicators have been externally assured by Deloitte & Touche, whose report appears on page 93. The indicators published in this report reflect the extent to which we meet GRI reporting requirements. We have also included areas we believe will enhance understanding of our processes, achievements, challenges and progress for the year. Where readers will benefit from a fuller explanation, they are referred to a website by an icon  and URL address.

Lift flap for our track record →



Profile

In 2010, PPC celebrated its centenary as a JSE-listed company, joining an extremely small and elite group of listed centenarians, not only in South Africa but worldwide.

The roots of Pretoria Portland Cement Company (PPC), however, stretch back 118 years to 1892 when it established South Africa's first cement plant on the outskirts of Pretoria to counter the exorbitant delivered cost of cement imported from Europe. Since those early gold-rush days on the Witwatersrand, PPC has proven its ability to adapt and flourish in changing circumstances – two world wars, a global depression and several lesser recessions, the booms and busts of the cement market, and considerable political turmoil that culminated in South Africa's democracy.

Today, PPC is the leading supplier of cement in southern Africa through eight cement manufacturing facilities and three milling depots in South Africa, Botswana and Zimbabwe that can produce around eight million tons of cement products each year. PPC also produces aggregates, metallurgical-grade lime, burnt dolomite and limestone.

Built to last

Cement is the key ingredient in concrete. Concrete, in turn, is widely acknowledged as the second-most consumed material after water globally. It is the very foundation of our national infrastructure; an eco-efficient material found in roads, dams and bridges, in homes, hospitals and schools. Importantly, with the global population expected to touch 10 billion within 40 years, infrastructure will have to keep pace.

One hundred years ago, South Africa consumed less than 130 000 tons of cement per annum. By 2010, this had grown to over 12 million tons each year. As an industry, we have risen to the challenge of meeting spiralling demand while developing environmentally and socially responsible business practices.

As a leader in this industry, PPC has actively invested in technology to reduce air emissions, minimise waste production, recycle and recover inputs, enhance energy efficiency and conserve natural resources – while producing a reliable and affordable supply of building materials to support our economy.

This year PPC celebrates its entry to a very select group – companies listed for 100 years on the JSE.

The reasons for the group's longevity lie in being in the right industry with the right product; the calibre of our people; the passion and pride they bring to their roles; and long-standing customers and suppliers.

Over the past 100 years, the old adage has never proved truer: the more things change, the more they stay the same. Decades ago, our directors had to deal with many of the same problems and situations as the current Team PPC: economic cycles, government infrastructure, transport considerations, fluctuating demand, whether to build new plant or expand existing plant.

PPC is a truly South African success story that reflects the strengths of its people, products and services. We have proved that we are a sustainable business – one that is built to last.

Our track record	2
Profile	5
Group at a glance	6
Strategic priorities	7
Salient features	8
Investment proposition	9
Directorate	12
Chairman's report	14
Chief executive officer's report	16
Approach to sustainability	20
Material issues	21
Stakeholder engagement	22
Group performance	24
Commitment to external initiatives	27
Chief financial officer's report	28
Operational reviews	
Cement	31
Lime and aggregates	35
Corporate governance and risk	38

Safety and health review	56
Social review	59
Environment review	74
Assurance	88
Index to Global Reporting Initiative indicators	94

Report of the independent auditors	103
Directors' report	104
Remuneration report	106
Value added statement	114
Seven-year review	116
Group financial results	148
Company financial results	184
Administration	200
Notice of annual general meeting	201
Form of proxy	205

Group overview



Corporate governance and risk



Safety and health, social and environment



Financial statements



Cement



Overview

Since being established as De Eerste Cement Fabrieken Beperkt in 1892, today PPC is the acknowledged market leader in southern Africa. Over almost 12 decades, PPC has tracked the growth and development of South Africa, producing the cement in many of the country's iconic landmarks and construction projects, from the Union Buildings, Gariep Dam and Van Staden's River Bridge, to the new Greenpoint Stadium and much of the rest of southern Africa's infrastructure.

PPC has operations and strong brands in South Africa, Botswana and Zimbabwe. In addition to serving southern African markets, cement is exported to other African countries.

South Africa

Products include the market-leading Surebuild and leading specialist brands OPC and Rapo (rapid-hardening cement).

Zimbabwe

OPC, PMC (Portland masonry cement) and Unicem, a trusted multipurpose cement, are distributed from the Bulawayo factory.

Botswana

Botcem is popular ash-blended cement manufactured at the Gaborone milling depot.

See page 31

Lime



Overview

Established in 1907 at Uitloop in Limpopo, PPC Lime has grown from a small operation producing lime for the burgeoning gold mining industry into one of the largest lime producers in the southern hemisphere and the leading supplier of metallurgical-grade lime, burnt dolomite and related products in southern Africa.

PPC Lime holds ISO 9001, 14001 and OHSAS 18001 (safety management) certifications. Coupled with its SANS 1841 and five-star Dekra rating, customers are continually assured of superior quality products.

Lime products

Unslaked lime, hydrated lime and limestone.

See page 35

Aggregates



Overview

PPC Aggregates supplies quality construction aggregates to the civil construction sector and products for the chemical, metallurgical and agricultural industries.

Its quarries, Mooiplaas, Laezonia and Kgale (Botswana), are ISO 9001:2000 certified and members of the Aggregate and Sand Producers Association of Southern Africa (ASPASA).

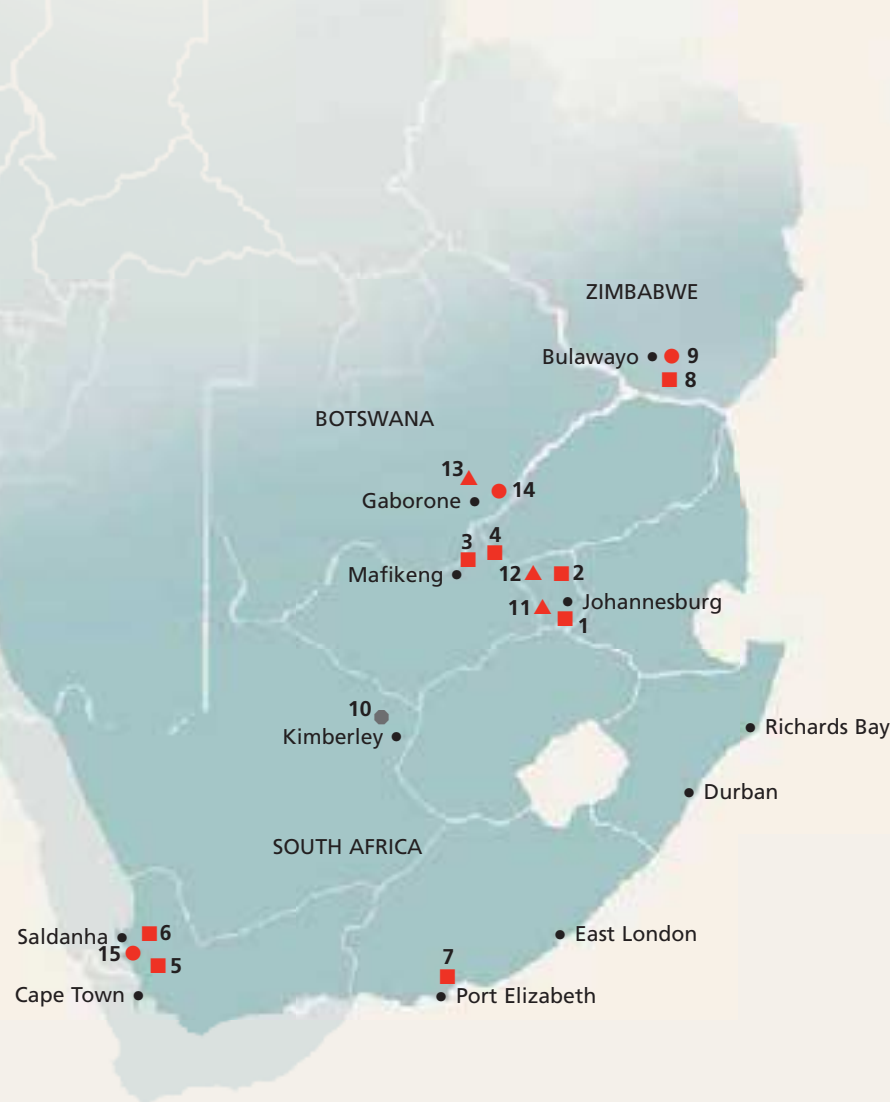
Aggregate products

Concrete stone, road stone, crusher sand, river sand, building sand, plaster sand, Magalies silica, natural base, sub-base, fill material, dolomite and agricultural lime.

See page 35

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Operating areas



- | | | |
|-------------|---------------------------|----------------------------|
| 1 Jupiter | 7 Port Elizabeth | 13 Kgale quarry (Botswana) |
| 2 Hercules | 8 Colleen Bawn (Zimbabwe) | 14 Gaborone (Botswana) |
| 3 Slurry | 9 Bulawayo (Zimbabwe) | 15 Saldanha |
| 4 Dwaalboom | 10 Lime Acres | |
| 5 Riebeeck | 11 Laezonia quarry | |
| 6 De Hoek | 12 Mooiplaas quarry | |

■ Cement plant ● Milling depot ▲ Aggregate quarry ● Lime plant



Strategic priorities

Focus on core business

Remain focused on core business, the manufacture and supply of cement, lime, and aggregate products.

Expand geographic footprint

Exploit growth opportunities in other emerging markets that will enhance shareholder value.

Generate superior cash flow returns

Ensure cash flow returns that allow for sustainable investment in traditional and new markets.

Achieve global competitiveness

Ensure operating efficiencies, overhead costs and environmental performances are in line with international benchmarks.

Develop globally competitive people

People are a key sustainable competitive advantage and PPC will continually prioritise the development of its people.

Practice sound corporate, social and environmental governance

We are committed to applying best practices in corporate governance and caring for the environment and the communities in which we operate.

Salient features

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Financial

	2010	2009	2008
Financial results (R million)			
Revenue	6 807	6 783	6 248
Operating profit*	2 115	2 418	2 323
Property, plant and equipment	4 175	3 941	2 813
Total assets	6 112	5 819	4 534
Cash generated from operations	2 442	2 602	2 546
Ordinary share analysis (cents per share)			
Headline earnings per share (cents)*	218,7	256,8	282,6
Earnings per share (cents)*	212,9	257,3	283,5
Dividends per share (cents)	175,0	200,0	225,0
Number of employees#	3 263	3 234	3 164

* Excluding BBBEE IFRS 2 charges and take-on gain on consolidation of PPC Zimbabwe

Includes employees in Botswana and Zimbabwe

Corporate governance and risk

- Implementing best practices according to King III initiative
- Enterprise-wide risk management framework developed

Safety and health

- Slight deterioration in lost-time injury frequency rate

Social

- BBBEE level 2 achieved
- Preferential procurement rises to 65% (R2,3 billion) of discretionary spend in 2010
- Significant increase in corporate social investment and formal initiatives extended to Botswana and Zimbabwe

Environmental

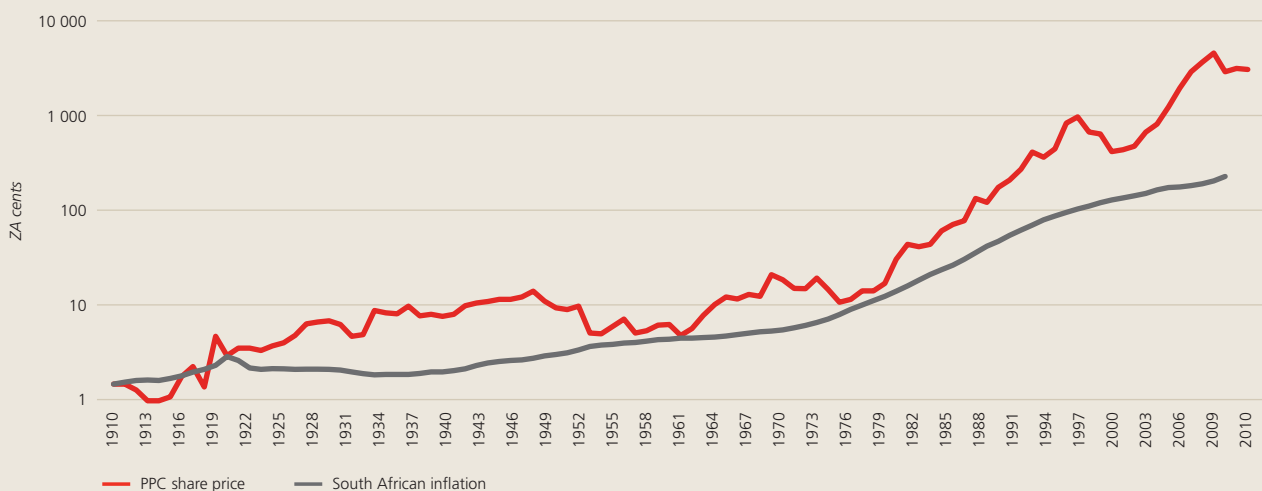
- Total carbon footprint developed for operations in South Africa, Botswana and Zimbabwe
- Key environmental indicators externally assured
- Technological upgrade projects deliver sustainable environmental improvements

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- Cash generative
- Excellent dividend yield history
- Leading producer in southern Africa with best geographic spread
- New capacity available
- Strong balance sheet
- Financial strength to explore expansion opportunities
- Experienced management team



Share performance



Directorate*

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From left

1 BL Sibiya (Bheki) (53)

Chairman

Bheki holds a BAdmin degree (University of Zululand), MBA (Western Michigan University, USA), and has completed several management development programmes. In addition to senior positions with public and private-sector entities, Bheki was president of the Black Management Forum and founding chief executive of Business Unity South Africa. He is CEO of the Chamber of Mines, deputy chairman of Tiger Brands, and a non-executive director of other listed and unlisted companies.

Appointed to the board: 2008

2 P Stuver (Paul) (53)

Chief executive officer

An engineer by profession (BEng, University of Pretoria), Paul's early career was spent in the steel industry. After 18 years in operations and management in PPC's lime, packaging and logistics divisions, including PPC board membership from 1995 to 2001, he left PPC to join Barloworld as CEO of its logistics division where he was involved with international expansion and served on boards in South Africa, Spain, the UAE, the UK and the USA. Paul rejoined PPC as CEO in 2009.

Reappointed to the board: 2009

3 S Abdul Kader (Salim) (40)

Executive director: cement South Africa

Salim holds BSc, BB&A (hons) and MBA (cum laude) degrees and joined PPC in 2004 as director of organisational performance in the cement division. In 2007, he also assumed executive responsibility for transformation. Prior to joining PPC, he was a senior executive in the Tiger Brands group, responsible for human resources development after developing broad experience in technical and operations functions. Salim was appointed to his current position in 2009.

Appointed to the board: 2005

4 ZJ Kganyago (Zibu) (44)

Independent non-executive director

Zibu holds a BCom degree (University of Natal) and a post-graduate diploma in property planning, development and management. She has completed management development programmes at the Wharton School of Business and University of Nevada, Reno. With 16 years' property experience, Zibu has served as non-executive director of the Johannesburg Property Company and member of the Land Affairs Board. Currently, she is executive director of developments for Tsogo Sun Gaming.

Appointed to the board: 2007

5 S Helepi (Sello) (39)

Executive director: organisational performance and transformation

Sello joined PPC in 2007 as group corporate social transformation manager and was appointed executive: transformation in 2008. He holds a BEd (hons) from Avondale College and a BEd Studs (hons) from the University of Newcastle, Australia. Over a 10-year career with Gold Fields, Sello held positions in human resources, corporate communications and was appointed group transformation manager prior to joining PPC.

Appointed to the board: 2009

6 P Esterhuysen (Peter) (54)

Chief financial officer

Peter was a divisional director of PPC's cement division from 1996 to 2001, and group financial director of Barloworld's coatings division until rejoining PPC in 2003. Prior to joining PPC in 1996, Peter was an executive director in a number of South African manufacturing and retailing companies. A chartered accountant by profession, he also holds BCom and BAcc degrees, and has extensive experience in all aspects of manufacturing, corporate finance and taxation. In addition to his role as chief financial officer, Peter heads PPC's business development team.

Appointed to the board: 2003

* As on 8 November 2010

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From left

7 AJ Lamprecht (André) (58)

Independent non-executive director

André is chief executive of listed Freeworld Coatings, and holds BCom, LLB and PED-IMD degrees. He spent 28 years with Barloworld before retiring from this board in 2007, and served on numerous public bodies, including Business South Africa. He is a non-executive director of the National Business Initiative, trustee of the Business Trust, and a member of the retirement funds advisory committee of the Minister of Finance.

Appointed to the board: 1997

8 NB Langa-Royds (Ntombi) (48)

Independent non-executive director

Ntombi owns Nthake Consulting, a human resources consultancy specialising in human resources management and allied services. She has 24 years' experience in the HR environment, serving as director of human resources at Independent Newspapers Holdings Limited, SABC and the Bevcan division of Nampak Limited. Ntombi is a non-executive director of Momentum Group Limited, Momentum Health (Pty) Limited and Respiratory Care Africa Limited.

Appointed to the board: 2007

9 MP Malungani (Peter) (52)

Non-executive director

Peter is executive chairman and founder of the Peu Group. After an early accounting career with Philips (SA), he started his own business management consultancy in 1984 and investment group Peu in 1996. Peter has a BCom degree (Unisa) and completed management programmes at Wits Business School and Wharton University (USA). He is chairman of Phumelela Gaming and Leisure, a director of Investec Limited and Investec plc and certain Peu subsidiaries. Peter has also held advisory positions in government and directorships in state-owned enterprises.

Appointed to the board: 2009

10 J Shibambo (Joe) (62)

Independent non-executive director

Joe is managing director of Hlamalane Projects (Pty) Limited and has been in the construction industry for over 30 years. He has extensive knowledge and experience of construction management, project management, property development, rail construction and maintenance. Through his organisation, he assists new entrants (especially Africans) to acquire basic management principles for the construction industry. Joe was one of the first independent residential developers to start a greenfields township and the first independent contractor to build a shopping centre, both in Soweto.

Appointed to the board: 2005

11 TDA Ross (Tim) (66)

Independent non-executive director

Tim, CA(SA), was a partner with Deloitte for 36 years, retiring in May 2008. He led the Deloitte Johannesburg audit practice and served on the executive as client service director as well as the board and remuneration committees. Tim was the lead/advisory partner for a number of multinational clients and headed the Deloitte World Cup 2010 initiative. He is a director of Liberty Group, Eqstra Holdings and Adcorp, chairing the audit and actuarial committee and group risk committee of Liberty and the audit committees of Eqstra and Adcorp.

Appointed to the board: 2008

12 JS Vilakazi (Jerry) (49)

Non-executive director

Jerry is chief executive of Business Unity South Africa, and former managing director of the Black Management Forum. He holds a teaching diploma, BA (Unisa), master's degrees (Thames Valley University, University of London) and MBA. He is non-executive chairman of Netcare and the Mpumalanga Gaming Board, chairman of ExecuPrime, and director of several other companies. Jerry serves on the King committee on corporate governance, National Anti-Corruption Forum, Business Against Crime, SADC Employer Group and EU-Southern Africa Business Council.

Appointed to the board: 2009

Chairman's report

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Material issues discussed:

- Exposure to South Africa's economy
- Conversion of mineral rights
- Legal compliance
- Talent management
- Carbon footprint



Steadfast and committed

In 2010, we celebrated 100 years of being listed on the JSE and, in that time, PPC has weathered many economic cycles. We will continue to focus on operational performance and service efficiencies in our existing businesses, while pursuing opportunities to expand the group into other emerging markets.

Introduction

Economically this has been a tough year for South African manufacturers, specifically for the local building and construction industry. Local cement demand has now declined for three successive years and the cement industry is down to capacity utilisation levels last seen a decade ago. However, this is not the first recession PPC has had to endure. In 2010 we celebrated 100 years of being listed on the JSE and, in that time, PPC has withstood many economic cycles.

Sustainability and sustainable development have been cornerstones of PPC's longevity and are vitally important for a business with such long-term horizons. It is an area that is becoming more complex and demanding and we are pleased that this report to our stakeholders has begun the process of aligning with the King III code of corporate governance requirements for integrated reporting on the economic, environmental, social and governance issues that will have a bearing on the future of the company.

Economic environment

Pockets of economic recovery have emerged in specific countries and industries, but the overall global economic climate remains fragile and uncertain. Although South Africa has now reported modest GDP growth for four consecutive quarters, this has not yet filtered through to building and construction activity, which has historically been slower to respond to economic recovery.

Significant infrastructure projects which to some extent offset the slump in residential demand prior to the 2010 FIFA Soccer World Cup™, have not been replaced by new projects post that event. This is unfortunate as it will delay the positive impact we had anticipated from our government's R850 billion infrastructure development programme.

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Despite a 30-year low in South African lending rates, a recovery in residential development has not yet become evident. This has been due to a combination of tighter credit control by financial institutions, a relatively high level of consumer indebtedness and developments that remain unsold since the 2007 downturn in the residential market.

Slow recovery of the South African economy reinforces our strategic intent to expand our geographic footprint to other emerging economies in Africa to diversify our economic exposure.

Group results

Despite tough trading conditions, the group has remained financially sound with strong cash generation and a healthy balance sheet. Dividends declared by the board totalled 175 cents per share (2009: 200 cents). Continued commitment to our stated dividend policy reflects the board's confidence in the company's ability to maintain its performance and manage its cash requirements in future years.

The cement and aggregate divisions performed well by controlling manufacturing and distribution costs and maintaining selling prices in a fiercely competitive period. PPC Zimbabwe made a positive contribution to the group in the first half of the financial year. The lime division benefited from significantly increased demand from the iron and steel industry and good cost containment.

Board changes

In December 2009 Mr Sello Helepi was appointed executive director responsible for organisational performance and transformation. Sello has many years' experience in human resources management in the mining industry and joined PPC in 2007.

Mr Harley Dent announced his retirement from the company effective at the end of December 2010. Harley joined PPC in 1978 and was appointed to the board in 1992. During his career, he served in various operational roles and as an executive director on the board where he has been responsible for strategic development, the Botswana and Zimbabwean operations and the aggregates and lime divisions. On behalf of the board and his colleagues, I thank Harley for his substantial contribution to the company.

Corporate governance

I am pleased to report that an external independent evaluation of the board's performance was concluded this year and the outcome was satisfactory. However, there is always room for improvement and we will address the few identified issues.

PPC remains committed to maintaining a high standard of corporate governance and, accordingly, we are implementing new requirements relating to the King III codes of good governance and legislation such as the new Companies Act and Consumer Protection Act that will become effective during 2011.

From our perspective, the company's status with respect to the Competition Commission's investigation into the local cement industry is unchanged. The leniency agreement between PPC and the commission remains intact and the company continues to co-operate with the commission.

In terms of the Mineral and Petroleum Resources Development Act, PPC applied for conversion of its old-order mineral rights into new-order mineral rights in March 2009. We are confident that we have met the requirements and now await the completion of the conversion procedure by the Department of Mineral Resources.

People

The health and safety of our employees is a top company priority and we remain committed to our goal of zero injuries. Although PPC's lost-time injury frequency rate is well below the benchmark for comparative industries, it is disappointing that there was a slight deterioration in this figure during the year. More information on our behaviour-based safety programme to reverse this trend can be found on page 57.

The attraction, development and retention of key skills remains an ongoing challenge and, in anticipation of economic recovery and a more dynamic labour market, the company will be reviewing both its long-term and short-term remuneration philosophies. With regard to development, we continue to facilitate appropriate training for all employees.

Environment

The global cement industry is under the spotlight for its role in producing carbon dioxide. PPC is aware of its impact and deliberate steps to address specific environmental issues are being implemented according to a logical, structured and prioritised strategy. The commissioning of the new vertical roller mill, at our Hercules plant, during the year is a prime example where we increased capacity while reducing electric energy consumption.

Prospects

While somewhat subdued and dependent on a sustained recovery of the South African macroeconomic environment in the short term, the company's longer-term outlook remains positive as we look forward to an eventual recovery of activity in the residential housing and infrastructure construction sectors. Cement demand in Zimbabwe will depend on continued political stability while prospects for the lime division will depend mainly on continued high levels of activity in the local steel industry.

In the year ahead, PPC will continue to focus on operational performance and service efficiencies, while pursuing opportunities to expand the business into other emerging markets.

Appreciation

I express my sincere appreciation to our customers, shareholders and other stakeholders for their continued support. My thanks also go to my colleagues on the board and all the dedicated members of Team PPC.



Bheki Sibiyi

Chairman
8 November 2010

Chief executive officer's report

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To listen to Paul Stuver go to www.ppc.co.za/pages/investor_home.cfm



Material issues discussed:

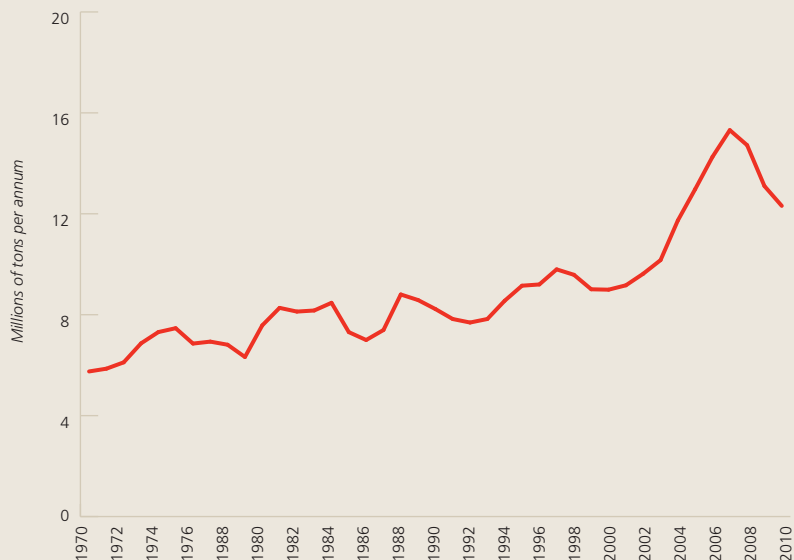
- Exposure to South Africa's economy
- Market dynamics
- Indigenisation legislation in Zimbabwe
- Legal compliance
- Talent management
- Energy
- Carbon footprint



Resilient and focused

Our longer-term outlook is still positive and this is reinforced by the South African government's continued commitment to infrastructure development and job creation. Record-low lending rates should encourage the resumption of residential and commercial activity in due course.

Regional* cement demand



* South Africa, Botswana, Namibia, Lesotho and Swaziland
2010 is an estimate as regional industry data is no longer available

In the past year PPC has had to contend with a third consecutive year of declining cement demand in our principal markets as cement sales in South Africa dropped more than 20% below 2007 levels.

The decline in South African cement sales was partially offset by rising cement demand in Zimbabwe and a strong recovery in lime sales to the South African steel industry.

Although we implemented many productivity improvements and delivered a good operating performance, it has become more challenging to compensate for lower sales volumes through operational improvements.

Group revenue increased marginally to R6 807 million and EBITDA decreased by 9% to R2 483 million. The company maintained its strong cash-generating ability and cash from operations reduced only 6% to R2 442 million.

Operating profit was impacted by higher depreciation charges flowing from completed capital projects and, if one excludes the accounting treatment of last year's BBEE transaction and the take-on gain of consolidating PPC Zimbabwe, operating profit decreased 13% to R2 115 million.

Cement: South Africa and Botswana

Cement demand is a derived demand that has historically shown a high correlation with macroeconomic indicators such as GDP, fixed capital formation and interest rates. The graph opposite illustrates how these have impacted on the South African cement market in the last 40 years. It also highlights the severity of the current down cycle in the local building and construction industries.

The continued decline in South African cement demand is mainly due to a depressed residential market which has been the major contributor to demand in recent times. Our research indicates there is now an extraordinarily long lag between the rise of leading indicators such as lower interest rates and an upturn in residential building activity.

This has been exacerbated by lower activity in the construction sector since the completion of projects associated with the 2010 FIFA Soccer World Cup™, followed by a slowdown in tender adjudication for large infrastructure projects. Our government's budget and plans for infrastructure projects, many of which are cement intensive, appear to be hampered by a lack of capacity to get these projects off the ground.

The PPC team pursued many options to ensure that the company could withstand the current economic environment, including increased focus on sales and marketing activities and customer service. When demand exceeded capacity during 2005 to 2008, the organisation understandably concentrated its efforts on production optimisation and product availability. The current supply/demand situation requires a different approach to customer service and

while we have made good progress we still have some way to go to optimise our market offering.

Despite challenging market dynamics, we continue to believe cement pricing should be maintained at current levels to ensure the long-term sustainability of the local industry. Reducing prices in the short term would most probably result in much higher price increases in the longer term, as witnessed recently in other capital-intensive industries. Our pricing philosophy therefore remains aimed at recovering key input costs.

Key to this is an unrelenting focus on input costs. This was achieved at factory and distribution level where manufacturing and delivery costs were maintained below inflation. A combination of running our most-efficient production units, optimised logistics and favourable exchange rate resulted in thermal energy and distribution costs per unit of production also being well controlled.

Other programmes for greater productivity and higher efficiency continued, but opportunities were more difficult to identify and implement as most 'quick wins' had already been implemented in the previous year.

Unfortunately, and in line with national tariff increases, PPC's electricity costs per unit of cement produced increased by some 30%. The new electricity-efficient cement mill commissioned at Hercules in the latter part of the year will partially offset the impact of rising electricity prices.

In the cement industry, as with all capital-intensive industries, one needs to maintain a long-term view while managing day-to-day priorities. In line with this approach, we have operated all our factories at lower utilisation rates, rather than closing entire factories as this would have negative implications beyond the expected duration of the downward economic cycle. This long-term view is also evident in our continued and prudent investment to improve, replace and even extend our capacity during this difficult period.

We recently announced a review of our Western Cape capacity expansion programme. The review was in response to a 40% reduction in Western Cape cement demand since the original capacity expansion programme was conceived, high cost associated with constructing a completely new plant and changes to environmental legislation.

The revised programme will result in the same increased capacity as in the original plan, but with lower impact on surrounding communities and the environment and at a lower capital cost. The revised programme's cash requirement will be R3 billion over six years as opposed to the original plan's R4,5 billion over four years. Once completed in 2016/2017, we estimate that our modernised capacity will be sufficient to meet Western Cape cement demand for another ten years.

Chief executive officer's report *continued*

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Cement: exports

With excess capacity available and a strategy to increase our presence in sub-Saharan Africa, we continued to focus on exports to other African countries, especially Mozambique and Angola. While we achieved good growth in volumes, the average margin was considerably lower than in the prior year due to significant strengthening of the rand versus other currencies.

Cement: Zimbabwe

After surprising in the latter part of 2009 with a strong resurgence in cement demand, Zimbabwean cement sales continued to show steady improvement with sales volumes for the year increasing by 100%. This was primarily fuelled by increased demand from many smaller building projects (no major infrastructure) and, to a lesser extent, by exports to Botswana and Zambia.

Following consolidation of PPC Zimbabwe from the start of the financial year, these operations contributed 15 cents per share to group results. While this was a pleasing result, the second half of the financial year was affected by a prolonged shutdown at our factory in Colleen Bawn to upgrade equipment, which depleted stock and resulted in product shortages.

Attempts to supply product from our South African operations during this period were thwarted by a railway strike at the time. However, before the end of the financial year, the Colleen Bawn upgrade project had been completed and the plant recommissioned after increasing capacity by some 15% to 850 000 tons per annum.

We continue to engage with government and industry forums in Zimbabwe to clarify the requirements for indigenisation of Zimbabwean businesses.

Aggregates

Our aggregate sales in Gauteng declined 7% mainly due to a slowdown in construction activity and aggressive competition in the latter half of the financial year. This was partially offset by higher demand in Botswana for new infrastructure expenditure, especially roads.

In South Africa, the short-term outlook for the aggregates division remains uncertain, in line with the outlook for the construction industry, while robust demand is expected to continue in Botswana from infrastructure projects.

Lime

The lime division had a much-improved year. Lime sales volumes increased 23%, driven by stronger demand from the local steel and alloys sector and increased export sales to Zambia and Democratic Republic of the Congo. This, combined with a good operating performance, resulted in a 75% rise in operating profit.

Despite the recovery in lime demand, sales volumes are still below levels prior to the global economic slowdown. Together with a

stable outlook for the steel and alloys sector, this should bode well for the lime division's prospects in the medium term.

More information on each of these divisions appears in our operations review on page 31.

People

While we are pleased to report zero fatalities at our operations this year, our safety record for 2010 was still not satisfactory. Our lost-time injury frequency rate increased marginally to two injuries per million hours worked. Our aim remains zero injuries and we have increased our safety awareness campaigns to reverse this trend.

A significant challenge that is expected to become more so when the economic climate improves is the attraction and retention of skilled staff. This has become particularly difficult for key technical skills in the mining and processing disciplines. To address this timeously we will review the company's remuneration strategies and retention schemes in 2011.

As noted in my 2009 report, a changed organisational structure had been formulated and in line with this Mr Salim Abdul Kader was appointed as managing director of our cement operations in South Africa in December 2009. Salim joined the group in 2004 and was appointed to the PPC board in 2005. Mr Sello Helepi, who has been with the group since 2007, was promoted and appointed to the board as Salim's successor, to lead organisational performance and transformation efforts in the group.

In addition to changes at board level, significant changes to other senior managers' roles and responsibilities, aimed at delivering improved customer focus and response, were also implemented during the year.

Corporate governance

The company has taken substantial steps toward compliance with the King III Code of Good Governance, the new Companies Act and the new Consumer Protection Act that will come into force during 2011. While good progress has been made, there are still some areas that will need to be finalised in 2011. The governance report covers this in more detail on page 38.

The Competition Commission investigation into the cement industry continues and PPC is cooperating with the commission in terms of the leniency agreement concluded in November 2009. From our perspective, no new issues have emerged since concluding the leniency agreement.

During the year PPC's internal compliance unit, with the aid of external partners, completed comprehensive training on competition legislation to all senior and middle management and all sales and marketing staff. We will continue to use this methodology to keep employees informed on existing legislation impacting the group and to sensitise them on new legislative issues.

Sustainability

2010 marked PPC's 118th year in existence and we celebrated our 100th year of listing on the JSE. Including the most recent dividend, we were also proud to deliver a century of uninterrupted dividend declarations.

In preparing for these events, I had opportunity to peruse more than a century of board records and to sum up the key ingredients of the company's longevity and success:

- Ever-increasing infrastructure development and demand for our products
- Visionary and bold leadership over the decades, thereby building strong foundations for continued growth
- Hard work by a committed and motivated team of employees
- Long-term business relationships with trusted suppliers, advisors and customers.

While we realise that past performance is no guarantee for future prosperity, these key success factors have endured through economic cycles and times that were perhaps even more challenging than what we face today.

Increased focus on other aspects of sustainability is detailed in other sections of this report where we have set out our integrated approach to doing business in respect of corporate governance, social contribution/transformation and environment management.

One aspect worth highlighting is that cement manufacturing suffers from a high carbon footprint due to the energy requirements and chemical processes involved. Pleasingly, we have already achieved the 15% reduction in carbon emissions from 2000 levels originally set as a 15-year target.

Based on modernisation plans in the Western Cape and emerging opportunities to purchase electric power from alternative sources, we expect further reductions in our carbon emission profile in the years ahead.

Strategy

During the year we launched a new vision: to grow PPC into a leading emerging-market business. This is in line with the strategy to carefully and deliberately grow our geographical footprint into other emerging markets and to expand our activities to other economic regions with higher growth potential.

Accordingly, a dedicated business development team led by our chief financial officer, Peter Esterhuysen, has been established. The team's immediate focus has been on opportunities in sub-Saharan Africa.

An ad-hoc board deal committee was established to facilitate decisions and maintain momentum between scheduled board meetings. A few noteworthy opportunities were explored in

considerable detail but not pursued due to a lack of value enhancement or appropriate strategic fit.

It has become apparent that the most likely outcome for expanding into sub-Saharan Africa will be the development of a number of modest opportunities rather than one or two large transactions. While this will increase the overall effort required, will help to spread and lower overall risk.

Outlook

Following from earlier comments on cement demand and its cyclical nature, at the time of writing this report we were still recording cement sales volume declines and the outlook for the 2011 financial year therefore remains uncertain.

Our longer-term outlook is still positive, reinforced by the South African government's continued commitment to infrastructure development and job creation. Record-low lending rates should encourage the resumption of residential and commercial activity in due course.

Cement demand in Zimbabwe is expected to plateau leading up to elections late in 2011 or early 2012. Future political stability should result in greatly increased cement demand as the country rebuilds and upgrades its infrastructure.

Coal and liquid energy costs are expected to rise as the global economy recovers and could exhibit considerable volatility depending on currency exchange rates.

We have taken careful note of announcements by new entrants in the local cement manufacturing industry. While we do not believe they will influence market dynamics before our 2013 financial year while they construct new plant, we will respond appropriately.

In closing, I thank all the members of Team PPC who have worked hard, smart and diligently to maintain our performance in a difficult year.



Paul Stuver

Chief executive officer

8 November 2010

Approach to sustainability

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For PPC, sustainability rests on the balanced integration of corporate governance, social, economic and environmental factors into all the planning, implementation and decision-making stages of the business. Accordingly, we exercise due diligence in all areas of operation to promote sustainable development in our business, among our employees, and in the environment and communities in which we operate.

Group sustainability policy

PPC embraces the principles of social justice and fairness to achieve optimal wellbeing and prosperity for all its stakeholders. The group is committed to delivering stakeholder value in all its endeavours:

- **Board accountability**

PPC directors are accountable for the group's sustainability performance.

- **Aligning values and principles with sustainable development**

PPC aligns all decisions on its financial sustainability and the fundamental rights of all its stakeholders (employees, customers, shareholders, suppliers and communities) within an established framework of values and ethical principles.

- **Assessing risks and opportunities**

In identifying and effectively responding to sustainability risks and opportunities, PPC concentrates on enhancing long-term shareholder value while fulfilling its broader economic, social and environmental responsibilities to society.

- **Management systems**

Regular audits of management systems and programmes ensure PPC's sustainability policy is implemented and remains effective. International Organisation for Standardisation (ISO)

and Aggregate and Sand Producers Association of Southern Africa (ASPASA) systems are externally audited. Performance and quality requirements are internationally recognised by the ISO certification. PPC is committed to using systems and programmes that meet or exceed applicable legal and regulatory standards.

- **Performance monitoring and reporting**

PPC's sustainability performance is externally assured and reported publicly to stakeholders. The company is committed to monitoring its use of natural resources and developing indicators to assess its progress against recognised standards.

- **Engaging stakeholders**

PPC establishes and maintains constructive, proactive and informed relationships with all stakeholders.

- **Minimising environmental impact**

PPC is committed to identifying, assessing and reducing the environmental impact of activities performed by employees, contractors and suppliers.

- **Training and research**

PPC promotes innovative research, training and technology cooperation in the search for environmentally sensitive solutions to minimise its environmental impact.

Materiality

To identify our material issues, PPC uses a wide range of criteria, processes and stakeholder engagements, as detailed below:

Internal factors	External factors
<ul style="list-style-type: none"> • Group's vision, mission, key values, policies, strategies, operational management systems, objectives and targets. 	<ul style="list-style-type: none"> • Challenges and emerging issues for the cement sector, for example global industry consolidation.
<ul style="list-style-type: none"> • Expectations and concerns of stakeholders such as employees, customers, shareholders, suppliers and communities. 	<ul style="list-style-type: none"> • Relevant laws, regulations and changes to legislation that impact on PPC and its stakeholders, for example companies act, skills development, employment equity, national waste management act, national air quality act, and local air quality by-laws.
<ul style="list-style-type: none"> • Underlying risks to PPC as defined by internal integrated risk methodologies. 	<ul style="list-style-type: none"> • Changes involving sustainability issues, impacts, risks or opportunities (eg climate change, energy efficiency) identified through published global research and development.
<ul style="list-style-type: none"> • Product development and the manner in which PPC could potentially influence suppliers and customers in terms of sustainable development. 	<ul style="list-style-type: none"> • Advice received through external experts in the business strategy, risk and sustainability fields.

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Material issues

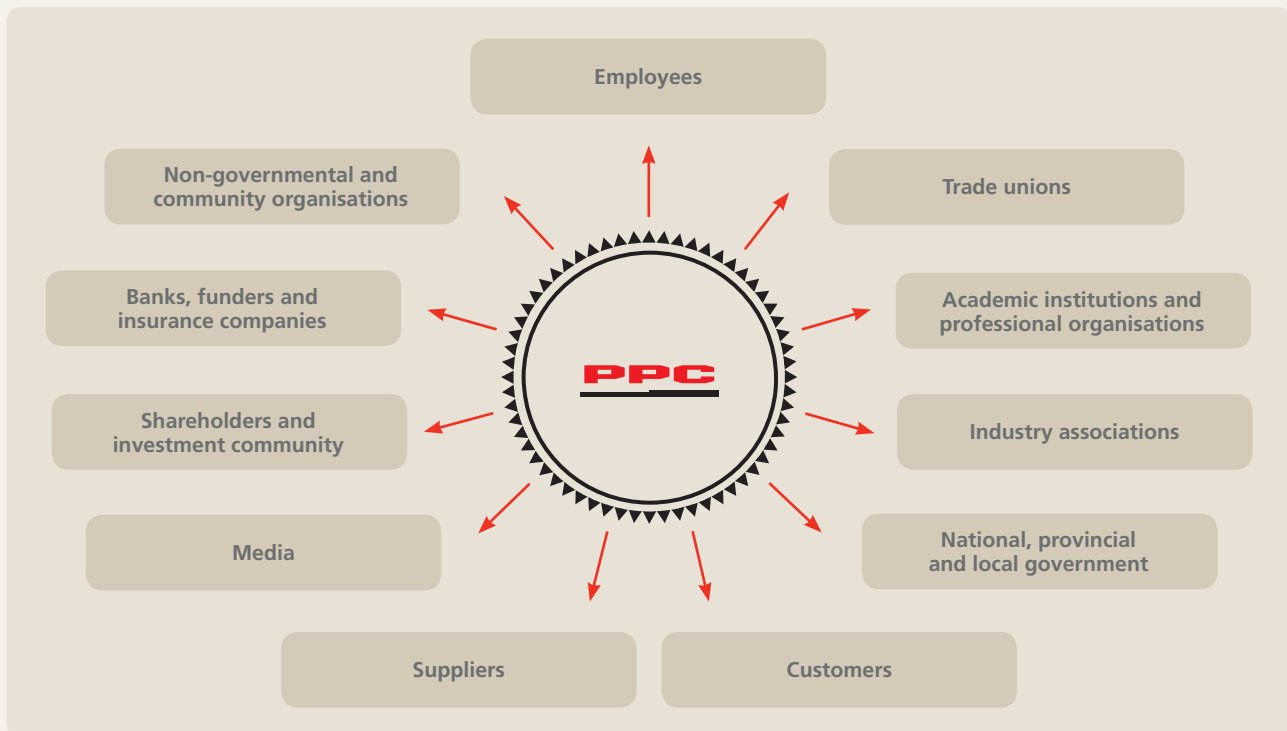
In terms of PPC's sustainability policy, our material financial and non-financial risks have been identified and mitigating actions summarised below. Additional issues specific to a particular area, for example environment, are reported in that section.

Category	Material issue	Status and management response	Reference
Financial	Exposure to South African economy Cement demand is driven mainly by macroeconomic factors. PPC's current geographic footprint exposes it primarily to the South African economy. The extent and duration of the South African economic cycle recovery will influence PPC's financial performance.	PPC has embarked on a strategy to expand its footprint into other developing-market economies and reduce reliance on the South African economy. A business development team, comprising experienced PPC executives, has been established to lead this initiative. Emerging market opportunities, primarily in Africa, are being investigated and carefully assessed for value enhancement.	1, 15, 19, 30, 48
	Market dynamics Current overcapacity and the announcement of new capacity in the region will maintain pressure on market share and pricing. This could limit the ability to recover input cost increases through product pricing.	PPC has rationalised its production capacity to match demand and by running the most efficient production units at each site. More focus has been directed to sales, marketing and product enhancement activities with a number of related initiatives under way. Export opportunities are continually being evaluated and exploited.	15, 17, 19, 29, 31, 34
Regulatory	Conversion of mineral rights Failure to convert old-order rights to new-order rights could significantly affect the business.	The conversion of old-order mineral rights to new-order mineral rights required the achievement of several targets specified in the mining charter by April 2009. In March 2009, having met these criteria, PPC submitted its application for conversion. This application has to date not led to a conversion of its mining rights. PPC continues to engage the Department of Mineral Resources to attempt to complete this process.	15, 24, 68, 90 – 92
	Indigenisation legislation in Zimbabwe Uncertainty currently exists regarding future indigenisation requirements in Zimbabwe.	The company continues to engage with Zimbabwean authorities to obtain clarity on the future requirement and measurement of indigenisation.	18
	Legal compliance Compliance with ever-increasing or more stringent regulations and legislation. For instance, new environmental requirements, new mining codes, the new consumer protection act, King III requirements and the new Companies Act.	One of PPC's core governance pillars is compliance with all relevant legislation. To ensure that this is maintained, the compliance unit has specific processes to identify existing and new legislative requirements, assess the compliance level and implement appropriate training followed by assurance of compliance.	15, 18, 24, 38 – 49, 75
Strategic	Stakeholder engagement Insufficient stakeholder engagement can cause misunderstanding, reputational damage and/or delays to new business initiatives.	PPC is involved across three industry sectors: mining, manufacturing and construction. The number and diversity of stakeholders is significant. While PPC will strive to actively engage with all known stakeholders, it is developing a more integrated approach to stakeholder engagement which will ensure appropriate and mutually beneficial engagement with key stakeholders.	20, 22, 23, 25, 60, 66 – 69, 75, 77
	Operating in new countries The company has publicly committed to expanding its operational footprint into new territories that will lead to investment and exposure to new jurisdictions and markets.	PPC will employ a diligent and conservative approach when entering new territories to ensure that risks are known and as far as possible mitigated through a combination of industry knowledge and the use of country experts.	15, 19, 48
Our people	Talent management Attraction, development and retention of appropriate skills.	PPC has for many years empowered, motivated and developed its employees through the Kambuku philosophy and will continue to leverage this philosophy to attract, retain and develop talented employees.	15, 18, 22, 56 – 66
Operational	Energy (electricity, coal, diesel) The cement industry requires significant thermal and electrical energy. The price, quality and sustainable supply of both energy types are key to successful operation.	PPC has an energy committee directing projects to improve electrical and thermal efficiency and to evaluate alternative forms of thermal and electrical energy supply. These include burning waste materials instead of coal and purchasing wind-generated electricity.	7, 15, 17, 19, 26, 34, 75, 76, 80
Environment	Carbon footprint Due to the chemistry and energy requirements of the cement manufacturing process, significant quantities of carbon dioxide are generated.	PPC has committed to reducing carbon dioxide emissions, and there has been significant progress over the past decade. PPC will continue to improve energy and process efficiencies to continually reduce its carbon dioxide emissions and carbon footprint.	15, 19, 23, 26, 27, 74 – 79

Stakeholder engagement

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PPC's broad and established stakeholder map



Apart from numerous stakeholder forums facilitated at group level, all PPC plants have stakeholder forums that meet frequently to:

- Facilitate discussion on environmental and social initiatives at the plant
- Build capacity in the community for environmental and social management
- Disseminate relevant information to stakeholders
- Establish the stakeholder map for PPC
- Establish and maintain a database of issues raised and management actions

- Transparently manage community expectations
- Strengthen the relationship between PPC and the community.

Membership of these forums is open to representatives from:

- All government departments
- Applicable labour union representatives
- PPC employees
- Landowners, tenants and neighbours on surrounding properties
- Representatives from non-governmental organisations (NGOs).

Stakeholder	Type of engagement	Issue raised	Action taken
Employees	Inhouse publications, intranet, roadshows, factory Invocom and key leader meetings, internal perception monitor, one-on-one meetings, factory safety and environmental meetings	Environmental awareness Employee benefits including wages Safe working environment Transformation Individual performance and development Succession Organisational climate	Through the Kambuku philosophy, PPC has ongoing dialogue with all employees to address issues raised. The response is often via the same engagement process through which the issue was raised
Trade unions	Regular meetings as per respective recognition agreements, key leader meetings with all employee representatives	Cost-of-living salary adjustments	Agreed annual salary adjustments
Academic institutions and professional organisations	Meetings, conferences, site forums	Stack emissions and dust fallout	Emission levels recorded in the annual report

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Stakeholder	Type of engagement	Issue raised	Action taken
Industry associations – Cement and Concrete Institute – ACMP* – ASPASA#	Meetings, conferences, working groups	Publication of cement statistics	Support and cooperation with ACMP's engagement with the Competition Commission
National, provincial and local government – Department of Environmental Affairs – Department of Mineral Resources – Department of Water Affairs – Municipalities – SARS		Air quality and waste management Financial provisioning and rehabilitation Integrated water use licences and water quality Social and labour plan implementation Western Cape expansion plan	PPC has been identified as a key resource to coordinate and lead cooperative governance arrangements with the national government project on alternative environmental impact assessment tools Financial provisions are made for factory decommissioning and quarry rehabilitation (see annual financial statements) Applications for licences have been submitted Social and labour plans are being implemented New plan announced and new stakeholder engagement plan being developed
Customers	Customer calls, site visits, conferences, focus groups, industry associations, entertainment	Price, service, product range, quality Managing cement waste (used bags and spillage) Empowerment status	PPC communicates price increases in writing, 60 days in advance. A formal customer complaint process is in place Comprehensive response through media Customers supplied on request with empowerment status certificate and annual report for progress and targets
Suppliers	Site visits (including suppliers' suppliers) Meetings Supplier audits Tender briefing sessions	Rail-wagon offloading times Environmental status of supply chain Health and safety for contractors	Increased focus and capital approved for material handling where necessary Green procurement forum in place Standard practice is for all contractors entering a site to receive safety induction training
Media – Print, radio, television – National, local, trade	Press releases Interviews Meetings	Industry outlook Carbon footprint Financial results	Ongoing engagement
Shareholders and investment community	Annual and interim results, website, annual report, roadshows, meetings, conferences	Cement demand outlook Operating costs Capital expenditure Competitor activity	Used to guide reporting information and responses given at the various engagements
Banks, funders and insurance companies	Annual and interim results, meetings	None raised	
Non-governmental and community organisations – Environmental stakeholder forums, organisations and consultants, – Associations, eg residents' associations	Public forums	Dust and gas emissions Noise Co-processing of alternate fuels	See detail in environmental report

* Association of Cementitious Material Producers

Aggregate and Sand Producers Association of Southern Africa

Group performance in 2010

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Section	In 2009 we said we would...	Progress	Target 2011
Sustainability reporting	Develop sustainability reporting Include Botswana and Zimbabwe in scope of report	Integrated group report as per King III, external assurance on selected indicators for GRI C+ application level 2010 report scope now includes Botswana and Zimbabwe	Ongoing improvement Expand reporting on Botswana and Zimbabwe as systems are integrated
Stakeholder engagement	Improve stakeholder engagement and incorporate pertinent feedback from stakeholders into future strategies and initiatives	Completed – using surveys, forums and database management tool	Ongoing process
Risk	Develop ERM framework	Framework developed	Board approval and begin implementation
Compliance	Ten amended social and labour plans submitted = R60 million over five years	R17 million of planned total of R60 million spent on local economic development projects approved by Department of Mineral Resources	Continue rolling out planned projects
Mining charter	Introduction of revised charter Independently verified annual reports on implementation of social and labour plans will be submitted to DMR	Gap analysis (page 49) Awaiting final approval by authorities	Meet relevant milestones, where practical Verification to begin after new-order mineral rights awarded
Our people	Ongoing programmes to develop our people and attract new talent Organisational and succession plan: three-year senior management plan formulated in 2009	6,4% of payroll spent on training (page 63) Two appointments (page 18)	Maintain steady progress against PPC and mining charter targets Further appointments
Communities	Corporate social investment	R8,5 million invested Formal CSI initiatives extended to Botswana and Zimbabwe	R8,5 million planned for 2011
Socio-economic development	Continue implementing identified projects in approved social and labour plans	– R1,7 million invested in solar panels for Diepsloot (Gauteng) skills centre – R3,5 million committed to youth centre in Swartland, Western Cape – R1,2 million water treatment project for Wittewater, Western Cape – 120 erven electrified in Kuilsville and Tlhakalatlou, Northern Cape	Six major projects planned to start in 2011 (page 69)

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Section	In 2009 we said we would...	Progress	Target 2011
Enterprise development	PPC Ntsika Fund – R70 million approved for investment	R56 million invested in seven black-owned businesses	Ongoing development and mentoring
Preferential procurement		65% (R2,3 billion) – up from 45% in 2009 and above PPC's 2010 target of 50%	Meet mining charter targets and DTI codes of good practice
Financial	Maintain dividend cover of 1,2 to 1,5 times	Dividends declared in 2010 represent cover of 1,25 times	Target 1,2 to 1,5 times dividend cover
Safety	<p>Zero fatalities and improve lost-time injuries</p> <p>Behaviour-based safety campaign – initiated three years ago</p> <p>Group certifications</p>	<p>Zero fatalities, but slight deterioration in lost-time injury frequency rate to 0,40. Four operations recorded 0,5 million injury-free hours at year end</p> <p>Back to Basics safety campaign initiated</p> <ul style="list-style-type: none"> – All operations audited by Dekra – Aggregates operations achieved integrated safety, health and environment status (ASPASA) – All relevant operations maintained OHSAS certification 	<p>Long-term target: zero injuries 2011 target: LTIFR <0,40</p> <p>Ongoing</p> <p>Maintain certifications</p>
Health	<p>Aim to have 100% of PPC employees know their HIV status</p> <p>Improve compliance</p>	<p>Over 80% achieved in 2009 and 2010 VCT campaign</p> <p>Meet and comply with external benchmarks (Dekra occupational health audit, independent clinic audit on legal compliance SANS 16001 certification audits</p>	<p>Ongoing improvement</p> <p>Ongoing</p>
Environment	<p>Group-wide green supply chain policy being developed</p> <p>Environmental questionnaire to stakeholders</p> <p>Noise mitigation plan, De Hoek</p> <p>Commissioning of Ntshatfatso</p> <p>Develop best practice on:</p> <ul style="list-style-type: none"> – green procurement – contractor management – EMS auditing – energy efficiency – waste management 	<p>Completed. Four key suppliers engaged</p> <p>Done – 25% response rate. All responses rated PPC between average and good</p> <p>Occupational noise down from 92dB to 82dB, environmental levels down by 3–5dB</p> <p>Commissioned during 2010, expected energy saving at 16% above target of 7%</p> <p>Best practices developed for noise management, change management, emissions reporting and environmental awareness. Ten-year strategy developed for energy efficiency</p>	<p>Engage more suppliers</p> <p>Repeat annually Increase response rate</p> <p>Completed</p> <p>Completed</p> <p>Ongoing process</p>

Group performance in 2010 *continued*

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Section	In 2009 we said we would...	Progress	Target 2011
Environment (continued)	Complete three final master plan projects	Integrated water use licence, EMPs, waste – awaiting response from authorities	
	Ecological and heritage impact assessments	All completed	
	100% completion of all reasonably possible concurrent rehabilitation	Final assessment based on September 2009 aerial survey (page 85)	
	All manufacturing plants have updated water balances and water meters at strategic locations	Page 81	
	Group-wide green supply chain policy being developed	Completed. Four key suppliers engaged	Engage more suppliers
	Water-savings targets	Once water balances finalised	Target to be established
	Progress on areas of non-compliance	Good progress (page 75, 81). One fine received in Zimbabwe	Ongoing process
	Stack emission profile for cement and lime kilns	In progress (page 83)	Project Clear
	Develop environmental and sustainability training modules for all levels	Continued roll-out of modules as part of Invocoms and integrated development plans	Ongoing process
	Emissions inventory	Piloted at De Hoek under supervision of external expert	Roll out template to other sites
	Manage PPC carbon footprint by proactively managing risks of climate change	Developed integrated climate change and energy strategies. Total carbon footprint (scope 1, 2 and 3) calculated.	Roll out PPC energy strategy
	Conduct GHG audits at all sites, then identify material impacts and mitigation strategies	Completed (page 79)	
	Energy consumption 17% down	Ahead of energy efficiency accord target	Maintain trend
Energy audit baselines all plants	Completed at large factories (page 78)	Complete baseline audits at balance of factories	
Virtualisation project – pilot at Hercules in 2009	Implemented at six operations	Complete two remaining cement plants in 2011	
Develop site-specific waste management plans	Completed as part of integrated waste licence		

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Commitments to external initiatives

PPC provides inputs to develop appropriate legislation and proactively engages authorities and other external organisations as shown below:

PPC involvement		
Government	Department of Water and Environmental Affairs – national	Chaired working groups for air emissions standard setting workshops
	Department of Energy and National Business Initiative's energy efficiency accord	PPC is a signatory
Non-government organisations	WWF (Worldwide Fund for nature)	Senior corporate member
Associations International	World Business Council for Sustainable Development cement sustainability initiative (WBCSD-CSI)	
	United Nations Global Compact (UNGC)	PPC subscribes to the principles of the Global Compact
National	ASPASA (Aggregate and Sand Producers Association of Southern Africa)	Chairs environmental committee
	International Standards Organisation (ISO 14001, ISO 9001) OHSAS	All PPC sites are ISO or OHSAS certified (page 89)
	NAPCoF (North West Air Pollution Control Forum)	Member of executive committee
	Concrete and Cement Institute (C&CI)	Serves on cement standard sub-committees and offers technical inputs. Serves on durability index testing committee which deals with SANS standards for concrete. Participates in industry round robin on cement strength testing and guides decisions on consistency of test methods
	ACMP-SA Cement Association body	Chairs sustainability committee
	Rose Foundation	Licensed waste oil processor
National commitments	PPC uses various platforms to report on different aspects of its performance including:	
	Carbon Disclosure Project	PPC voluntarily participated in the 2010 CDP and received a rating of 73%
	JSE Socially Responsible Investment Index	PPC has participated since 2004. For the second consecutive year PPC was placed in the best-performer category in 2010

Chief financial officer's report

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Material issues discussed:

- Exposure to South Africa's economy
- Market dynamics



Prudent and disciplined

The group maintained its strong cash-flow generation during the year, with cash generated from operations of R2 442 million (2009: R2 602 million; 2008: R2 546 million), and the cash-conversion rate improving to 98% of EBITDA (2009: 95%; 2008: 100%).

PPC's cement volumes for South Africa and Botswana declined by 13% after a particularly strong slowdown in the construction sector in the second half of the current financial year and continuing low levels of activity in the residential sector. The Western Cape and Gauteng remained the worst-affected areas while provinces with predominately rural demand have proved more resilient to the downturn. Demand from Zimbabwe was strong, with volume growth of over 100% on the previous year. Including the Zimbabwe volume, PPC recorded a 7% year-on-year decline in cement volumes.

Lime volumes improved 23% on the prior year following the upturn in the local steel and alloy industries. In addition, volume continues to be exported to Zambia and the DRC. Given the completion of many construction projects, combined with increased competitor activity in Gauteng, local aggregate volumes declined year on year while growth was recorded in Botswana from new road and infrastructure projects.

Group revenue ended marginally above the prior year at R6,81 billion (2009: R6,78 billion; 2008: R6,25 billion). The company's pricing philosophy is to maintain current cement margins. This is needed to sustain the industry in the long term to replace capital. As such, an inflationary input cost increase was passed on as the selling price increase in January 2010. This philosophy continues to be monitored in the current lower-volume environment. The pricing formulas in the lime division's long-term supply contracts with customers allowed us to recover energy and other cost increases.

Administrative and other operating expenditure of R625 million (2009: R468 million; 2008: R378 million) increased 34% year on year. This can be ascribed to marketing initiatives in both South Africa and Botswana, consolidation of PPC Zimbabwe's overheads for the first time and costs relating to the SAP ERP system implementation that were not capitalised. Furthermore, the company incurred advisory and consulting costs for investigating various business opportunities in terms of the strategy to expand into emerging markets.

Group EBITDA of R2 483 million (2009: R2 733 million; 2008: R2 541 million) was negatively impacted by the decline in cement volumes and increased administrative expenditure, partly reduced by the positive contribution from PPC Zimbabwe and increased profitability in the lime division. The EBITDA margin declined from the prior year given the impact of lower cement volumes, reduced margins at PPC Zimbabwe and additional administrative expenditure. EBITDA margin for the current year was 36,5% (2009: 40,3%; 2008: 40,7%).

Borrowing costs increased over last year following the full-year impact of the broad-based black empowerment transaction, completed in December 2008. The lower interest environment reduced borrowing costs on debt linked to variable interest rates and also reduced interest income on surplus cash reserves. A charge of R10 million (2009: R4 million; 2008: R15 million) was recognised in borrowing costs following marked-to-market adjustments on the revaluation of an option to hedge the group's exposure to share price volatility on the long-term incentive plan's cash-settled share appreciation rights. Borrowing costs of R13 million (2009: R17 million; 2008: R44 million) were capitalised to plant and equipment and intangible assets. Net borrowing costs were R347 million (2009: R298 million; 2008: R69 million).

Following the announced changes in the company's Western Cape expansion strategy in August 2010, an impairment charge of R31 million was recognised for costs previously incurred and capitalised on the original expansion programme that could no longer be utilised with the new expansion programmes at both Riebeeck and De Hoek factories. A further R2 million impairment charge was recorded on the group's investments in enterprise development initiatives undertaken in conjunction with developing entrepreneurs. This follows weak conditions in the building industry.

Taxation of R622 million (2009: R722 million; 2008: R767 million) reduced over the prior financial year as a result of a lower STC charge on lower dividends, favourable rate adjustments in Zimbabwe taxation and the lower level of profitability.

Net profit for the year was 1% below 2009 at R1 112 million (2009: R1 128 million; 2008: R1 499 million). Excluding the impact

of the BBEE IFRS 2 charges and take-on gain recorded on the consolidation of PPC Zimbabwe in the prior year, net profit was 19% below 2009. Headline earnings per share, excluding the BBEE IFRS 2 charges, was 15% lower than last year at 219 cents per share (2009: 257 cents per share; 2008: 283 cents per share).

Dividends

The directors declared a final dividend of 130 cents per share (2009: 155 cents per share; 2008: 180 cents per share), which brings the full-year dividend to 175 cents per share (2009: 200 cents per share; 2008: 225 cents per share). Dividend cover of 1,25 times (2009: 1,29 times; 2008: 1,26 times), excluding the impact of the BBEE IFRS 2 charges and impairment charges, is within the group's stated dividend target of 1,2 to 1,5 times cover.

The company is proud to have declared a dividend for 100 consecutive years.

Cash flow

The group maintained its strong cash-flow generation during the year, with cash generated from operations of R2 442 million (2009: R2 602 million; 2008: R2 546 million), and the cash-conversion rate improving to 98% of EBITDA (2009: 95%; 2008: 100%).

Capital expenditure

Capital expenditure, including interest capitalised, was R658 million (2009: R921 million; 2008: R797 million) and related mainly to the Hercules mill and Western Cape expansion projects, the cooler upgrade at PPC Zimbabwe and the SAP ERP system.

Capital commitments for 2011	Rm
Hercules mill expansion	30
Western Cape expansion	70
Other expansion projects	100
Replacement capex	350
PPC Zimbabwe	50
Total	600

Capital expenditure for 2011 will be funded out of cash generated from operations and existing borrowing facilities.

PPC Zimbabwe

The results of PPC Zimbabwe were consolidated into group accounts from the effective consolidation date of 30 September 2009, and operational results are included for the full year in 2010. A contribution of 15 cents per share to group headline earnings per share was made. The results in the second half of the year were affected by an extended shutdown to upgrade the cooler. As a result, stocks were depleted and product transfers were made from

Chief financial officer's report continued

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South Africa to meet customer demand, although margins were lower due to additional transport costs. At this time, additional maintenance was also undertaken to improve efficiencies and plant reliability.

Share trading

During the review period, some 498 million shares (2009: 560 million shares; 2008: 606 million shares) traded on the JSE Limited, reflecting continued good liquidity.

The market capitalisation at year end was R18,5 billion (2009: R19,4 billion; 2008: R15,9 billion). The percentage of PPC shares held by offshore shareholders is 35% (2009: 30%; 2008: 32%).

The company received approval during the year for shareholders to move up to 40% of their shareholding from the Zimbabwe Stock Exchange (ZSE) to the JSE Limited. To date, some 10 million shares have been transferred from the ZSE to the JSE Limited.

Capital structure and debt

Gross debt to EBITDA increased marginally to 1,4 times (2009: 1,3 times; 2008: 0,7 times), and is within the group's stated target of two to three times EBITDA cover.

In the previous year, and to manage interest rate exposure on the broad-based empowerment transaction funding, a portion of the variable interest rates was swapped for fixed interest rates. During the current financial year, the group applied hedge accounting on these swaps. At year end, a R56 million mark-to-market adjustment loss was recorded in equity following the decline in the local interest rates.

Going forward

The group remains in a solid financial position and is well prepared to take advantage of any growth that may occur in future. Cash generation is expected to remain strong in the coming year.

The group may need to reassess its capital structure in the longer term. This depends on the conclusion of business acquisitions as the company progresses with its growth strategy in emerging markets. The relatively low level of debt does, however, allow significant headroom to adequately capitalise on current opportunities.



Peter Esterhuysen

Chief financial officer

8 November 2010

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Operational review: Cement

Total cement volumes were 7% lower than in 2009 while divisional revenue of R5 806 million was down 2%. Operating profit of R1 902 million was down 16%, affected primarily by lower sales volumes, combined with higher marketing expenditure and depreciation charges. EBITDA was 12% lower with the EBITDA margin at 38% (2009: 43%).

Market conditions

South Africa and Botswana

This is the third year of declining cement demand in South Africa: since the peak in 2007, the country's local cement sales have declined an estimated cumulative 20%. This is not unfamiliar territory for the industry as multi-year growth and shrinkage cycles in cement demand are common (see graph on page 16). The current decline is primarily a result of the decline in residential construction which began in 2007 with the introduction of the national credit act and, despite the lowest lending rates in 30 years, has yet to resume a growth path. Accordingly, PPC's sales in South Africa and Botswana declined 13% for the review period.

The construction sector, which until June 2010 had somewhat offset this downturn, has been prone to delays and cancellations on government infrastructure projects. The government's deliberate infrastructure development plan, which includes a number of cement-intensive projects in water, housing, health and transport sectors, has thus not been the stable demand driver on which we were relying. While the construction of Medupi and Kusile power stations continues to draw cement, other projects need to begin to reverse current declining demand.

Geographically, movements in demand varied, with the Gauteng and Western Cape provinces again showing the largest declines, and moderate growth in the predominantly rural demand area of Mpumalanga.

The oversupply resulting from lower demand and higher capacity has intensified competition in the market. While PPC has publically committed to maintaining prices at a level that allows us to recover input cost inflation, competitors have used price discounting in an attempt to win market share. While this has put pressure on prices, the company has maintained an average 5% increase for the year.

After three years of solid growth, demand for cement in Botswana declined during the year. Despite this, cement demand is expected to be underpinned by ongoing infrastructure projects such as the Morupule B power station, the Dikgathlong and Lotsane Dam projects, which will continue for the next 12 to 18 months.

The outlook for cement demand in South Africa depends on the resumption of a robust private residential and commercial market. Prospects for the residential market are uncertain in the short term, but low lending rates and pent-up demand for housing should bring growth in the medium to long term.

Gross fixed capital formation as a percentage of gross domestic product has declined since its peak of 24% in the first quarter of 2009. Typically this needs to be above 25% for a country to develop. The government's infrastructure plan is a key part of this equation and the outlook for demand relies on the ability of the government to deliver on this plan. As with residential and commercial demand, the outlook for cement demand from large construction projects in the short term is uncertain, but as demand is ultimately linked to the macroeconomic growth of the country, the outlook in the medium to longer term is positive.

Zimbabwe

In the late 1990s, annual cement demand in Zimbabwe was around 1,2 million tons and this declined to around 100 000 tons in 2008. Since early 2009, when the economy adopted the US dollar as its primary currency, demand has risen to 600 000 tons in the 2010 financial year. Demand is being driven primarily by retailers and concrete product manufacturers for supply to private housing projects.

PPC Zimbabwe has benefited from this upswing in demand with local sales volumes more than doubling compared to prior period. This rate of increase in demand is expected to slow in the 2011 financial year ahead of the 2012 general elections.

PPC Zimbabwe has for a number of years maintained a consistent export market which was particularly valuable when local demand was decreasing. This year was no exception as the company managed to increase export sales to Zambia and Botswana. This increase was partly due to demand for the popular Unicem brand, a slag-blended cement, which is particularly sought after for road projects.

continued on page 34



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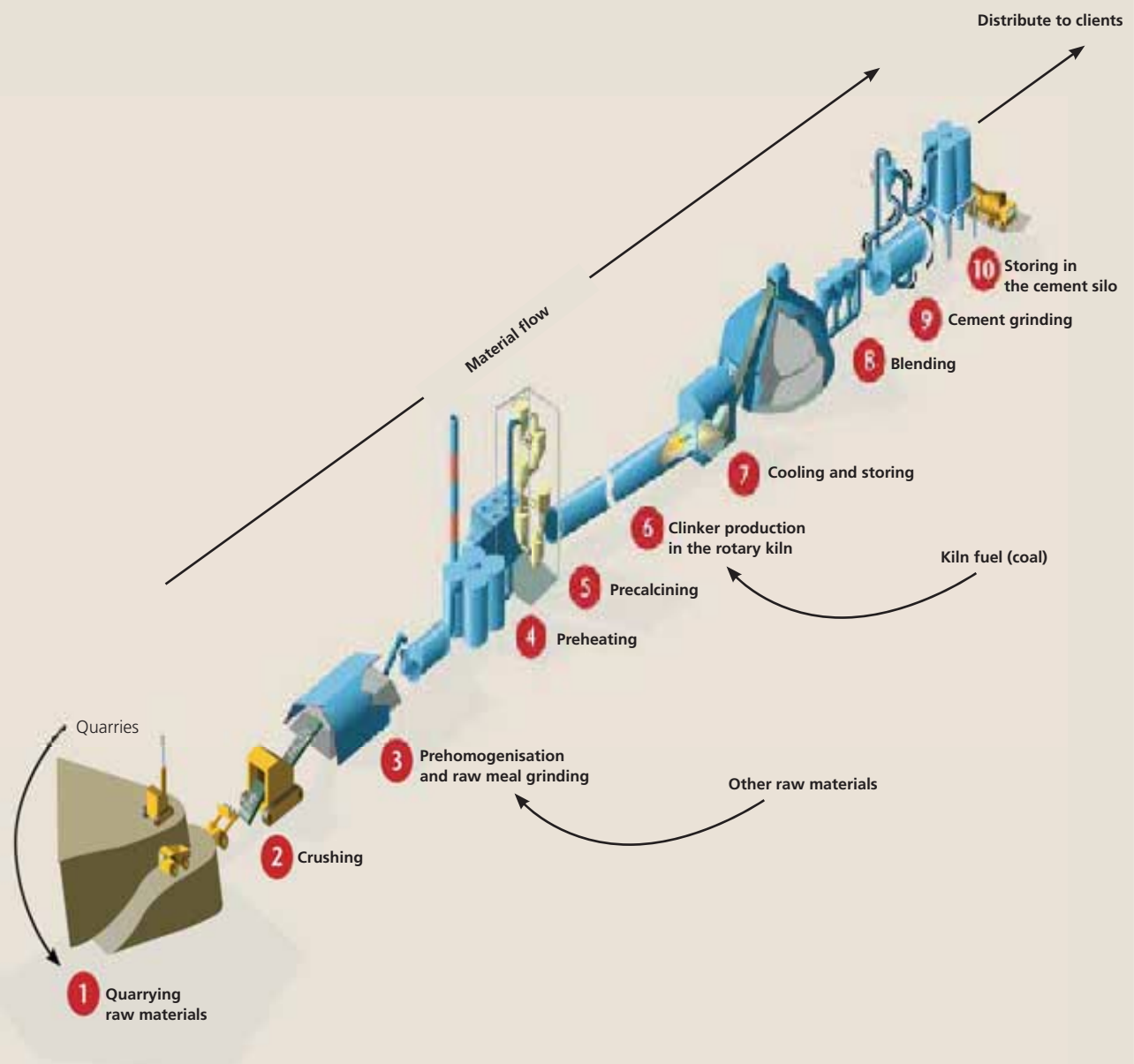
Cement manufacture at a glance

Cement is a man-made powder that, when mixed with water and aggregates, produces concrete.

The cement-making process can be divided into a few basic steps:

- Mining limestone
- Proportioning and grinding limestone with other 'corrective' raw materials
- Manufacturing clinker in a kiln at temperatures of 1 450°C
- Grinding clinker and other minerals to produce the powder known as cement
- Distributing cement to clients

(A detailed explanation of the process in the diagram is included on the following page)



* Adapted from World Council of Sustainable Business Development report, 2009

1 Quarrying raw materials

Naturally occurring limestone deposits, normally located close to a cement plant, provide calcium carbonate (CaCO_3), the main raw material for cement manufacture. It is generally necessary to liberate this material in the quarry by drilling and blasting.

2 Crushing

The raw material is loaded into trucks in the quarry and hauled to the primary and secondary crushers in which the maximum stone size is reduced to some 25mm.

3 Prehomogenising, proportioning and raw meal grinding

Prehomogenisation of the crushed limestone takes place in blending beds to improve its chemical consistency. The limestone is then proportioned and milled to a fine powder, together with relatively small amounts of 'corrective' materials such as iron ore, shale, clay or sand to produce raw meal. This process is very carefully controlled to ensure the correct chemical composition of the raw mix (and hence the quality of clinker and ultimately cement) is obtained. The chemistry of the mix also plays an important role in the downstream burning process. The mills used can be ball mills although more efficient vertical roller mills are generally the first choice in modern plants. The raw meal powder is further blended in silos to produce kiln feed.

4 Preheating

A preheater is a series of cyclones housed in a tower through which the kiln feed flows, from top to bottom, in counter-current flow to the hot kiln exhaust gas which is being drawn up through the tower by a fan. In the cyclone tower, thermal energy is transferred from the hot exhaust gas to the kiln feed, which then enters the kiln preheated, so the necessary chemical reactions occur faster and more efficiently. The exhaust gas leaves the tower at a much lower temperature and is then used further for drying raw materials and fuel. Depending on the raw material moisture content, a kiln may have up to six cyclone stages with increasing system thermal efficiency at each additional stage.

5 Precalcining

Calcination is the process of decomposing limestone to lime and CO_2 . In modern kiln systems, most of this reaction takes place in a precalciner, which is a static combustion chamber located at the bottom of the preheater, above the kiln. It is necessary to burn fuel in the precalciner to supply the required energy for this reaction and typically 60% of the total fuel requirement for the burning process is added at the precalciner, and 40% in the rotary kiln. In older systems or smaller plants, calcination takes place in the rotary kiln itself (in which 100% of the fuel is burned).

6 Clinker production in the rotary kiln

The preheated or precalcined feed material then enters the kiln which is slightly inclined to the horizontal. Fuel is fired directly into the kiln at the opposite (lower) end. As the kiln rotates, between two and five times per minute, the material slides and tumbles down through progressively hotter zones towards the flame. The intense heat causes chemical and physical reactions that partially melt the feed, and finally the clinker minerals form at a temperature of around 1 450°C.

7 Cooling and storing

From the kiln, the hot clinker falls into a cooler where it is cooled by ambient air. In modern plants, air is blown through a bed of the clinker in a grate cooler and the heated air is then used for combusting the fuel in the kiln. Many older or smaller plants have satellite coolers where the cooling air is simply drawn through cooler tubes, which are attached to and rotate with the kiln, in the opposite direction to the flow of hot clinker. The cooling air is heated up as it recovers thermal energy from the clinker and it is also used for combustion of the kiln fuel. This process reduces the overall energy loss from the system. A typical cement plant has clinker storage silos between clinker production and grinding. Although clinker is an intermediate product, it may commonly be traded.

8 Blending

Clinker is proportioned with other materials at the clinker grinding stage where the final cement product is produced. All cement types contain around 4–5% gypsum to control the setting time. If significant amounts of slag, fly ash, limestone or other extender materials (or a mixture of these materials) are used to replace clinker, the product is called a blended cement.

9 Clinker grinding

The clinker and gypsum mixture is finely ground, together with other materials if applicable, into a grey powder called cement. If the cement consists predominantly of clinker and gypsum, it is termed a pure cement (CEM I). Blended cements are denoted CEM II, III (slag only), IV or V, with standard nomenclature to identify the type and amount of extender as well as the strength class into which the cement falls. Traditionally, ball mills have been used for grinding clinker, although more efficient technologies such as roller presses and vertical roller mills are used in many modern plants.

10 Storing, dispatching and distributing cement

The final product is stored in cement silos from where it is dispatched, either through a packing and palletising station (for bagged cement), or through bulk loading for transport by road or rail.

Operational review continued

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continued from page 31

Exports

PPC continued to pursue existing and new export opportunities during the year. Export volumes grew by 30%, but this was offset by lower selling prices due to a stronger rand and increased logistics costs. Mozambique and Angola remain our primary export markets.

Operations

South Africa and Botswana

PPC estimates that the industry ran at around 75% capacity utilisation for the review period. PPC's utilisation levels remained between 70% and 75%, slightly below the industry average due to the fact that PPC absorbs the full impact of the downturn in the Western Cape province.

To accommodate this level of utilisation, the company has stopped a number of kilns across the country. These kilns are the oldest, least efficient and smallest capacity units. To ensure operational continuity now and in future when demand resumes, we have decided to keep at least one kiln running at each site, except Jupiter.

PPC has taken the opportunity of spare capacity to ensure that all optimisation possibilities are exploited. These include running machinery at night during off-peak electricity tariffs, stopping plant during winter electricity tariffs and aligning coal requirements to a minimum-cost model and not the maximum-production model required in the boom years 2005 to 2008. Transport, variable and fixed costs across the cement division were well contained during the period with the exception of electricity. Electricity costs per ton of cement produced went up some 30%, in line with the announced national electricity price increase for 2010. A similar increase is planned by Eskom for the coming years.

Poor service levels from Transnet Freight Rail have affected not only inbound raw materials and inter-works material transfers, but also had a significant impact on our ability to export to Mozambique. PPC has adequate rail-handling facilities as rail is the preferred transport mode for bulk materials but, in many cases, these facilities are underutilised and the company has to use more road transport than should be necessary.

Ninety-eight percent of our cement is delivered to clients by road at an average delivery distance of over 200km, therefore distribution remains a key cost component for PPC.

Zimbabwe

Our Zimbabwean operation ran at around 50% capacity utilisation for the year. Operations were affected by extensive electricity load shedding and a longer-than-anticipated shutdown to install a new clinker cooler at our Colleen Bawn factory. The new cooler, essential to remove a significant bottleneck in the plant, was installed over four months, beginning in April 2010.

This was longer than planned and, as a result, the stock built up in advance was inadequate to keep the market supplied. Product was imported from our Slurry factory in South Africa, but this proved ineffective due to a rail strike. The resulting cement shortages and loss of sales, combined with additional costs of importing product, resulted in lower sales volumes and margins in the second half of the year.

Projects

The Ntšhafatso project (Hercules cement mill) was commissioned during the year. This new ultra energy-efficient vertical roller mill is expected to contribute to a significant reduction in energy consumption at the plant. As noted, the project experienced some delay due to unexpected geological conditions and the complexities of working between existing plant. The project's final estimated costs remain within budget of R700 million. The lost-time injury frequency rate remained zero for the entire project.

In August 2010, PPC announced a review of its Se Kika project (capacity expansion programme in the Western Cape) and resultant withdrawal of its environmental application for the original programme. While cement demand in the province exceeded PPC's manufacturing capacity in 2007, since then there has been a 40% decrease in provincial demand, causing PPC to reconsider its expansion programme. Additional changes to environmental legislation, effective August 2010, would also have made it more onerous to withdraw environmental authorisations in future, and it was clear that the programme needed to change substantially.

The revised programme will see PPC upgrading and increasing capacity at both its existing Riebeeck and De Hoek operations in the Western Cape instead of building a completely new single factory (see map of PPC operations on page 7). This will increase capacity in the Western Cape by some 50% and upgrade most of the existing capacity to current technology. The new plan requires phased expenditure of some R3 billion over six years (2011 to 2016) compared to the original plan's R4,5 billion over four years and will have a lower impact on surrounding communities and the environment.

PPC will start a new environmental authorisation process and continue to engage with all affected communities in the Riebeeck West and Piketberg (De Hoek) regions on the new programme.

R million	2010	2009	%
Revenue	5 806	5 948	(2,4)
EBITDA	2 226	2 536	(12,2)
EBITDA margin (%)	38,3	42,6	
Operating profit	1 902	2 263	(16,0)
Assets	5 450	5 227	4,3

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Operational review: Lime

The lime division posted an operating profit of R159 million for the year, up 75% on the previous year. This followed a 23% improvement in sales volumes of burnt lime products.

Market conditions

The world's iron and steel producers have seen improved demand over the past 18 months and this had a similar effect on steel production in South Africa. This translated into increased sales of burnt product for the division, complemented by improved exports to the Zambian and Democratic Republic of Congo copperbelts.

Despite this recovery in demand, sales volumes are still below levels prior to the global economic slowdown. This, together with the World Steel Association's 2011 demand forecast of 5,3% growth for the sector, bodes well for the lime division's prospects in 2011.

Operations

Operations performed well during the year and a major refurbishment programme was completed on kiln 9 (the largest kiln). The unsatisfactory performance of Transnet Freight Rail continues to impact on dispatch operations and, as a result, road dispatches remain at very high levels.

R million	2010	2009	%
Revenue	711	544	30,7
EBITDA	190	121	57,0
EBITDA margin (%)	26,7	22,3	
Operating profit	159	91	74,7
Assets	452	392	15,3

Operational review: Aggregates

Aggregates' revenue for the year was flat on 2009, but an operating profit of R61 million ended 15% lower than the prior year on lower sales volumes. The EBITDA margin of 25% (2009: 28,4%) still indicates a good operating performance despite the current downturn.

Market conditions

Demand for aggregates in Gauteng declined during the year due to lower construction activity and the lack of new projects in the area served by our two Gauteng quarries. This was partially offset by good growth in demand from infrastructure projects in Botswana, particularly roads, and the upturn in demand for metallurgical stone as noted in the lime review. Overall volumes for the division were down 7% for the year.

Slower demand resulted in an oversupply, with further pressure coming from aggressive pricing by some competitors.

The outlook for the division is linked to construction projects in Gauteng and Botswana. While the outlook for Botswana remains encouraging, volumes are not expected to recover quickly in Gauteng.

Operations

All quarries performed well during the period. While cost-containment was a top priority, the reduced dilution of fixed costs due to lower volumes put upward pressure on operating costs.

R million	2010	2009	%
Revenue	296	296	–
EBITDA	74	84	(11,9)
EBITDA margin (%)	24,9	28,4	
Operating profit	61	72	(15,3)
Assets	208	196	6,1

Corporate governance and risk

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Corporate governance review

Corporate governance is the process by which companies are controlled and directed – and this is the ultimate responsibility of a company's board.

Governance codes and guidelines are extremely valuable in determining an appropriate standard of conduct for directors. The more established these governance practices become, the more likely a court would regard conduct that conforms with these practices as meeting the required standard of care. Corporate governance practices, codes and guidelines therefore set the bar on appropriate standards of conduct.

In the South African context, the King committee and its interpretation of corporate governance best practice has become the established standard and the release of King III in September 2009 cemented South Africa's commitment to world-class principles and guidelines on corporate governance.

King III (the code) has raised the bar on the appropriate standard for governance practices. In contrast to the King I and II codes, King III applies to all legal entities, regardless of the manner and form of incorporation or establishment and whether in the public, private or non-profit sectors. All entities are also required, by way of explanation, to make a positive statement about how the principles have or have not been applied.

The King committee recognises that the manner of applying the code will differ for each entity. The aspirational nature of the code, however, should drive entities to continually improve governance practices. It is important to understand that the 'apply or explain' approach requires more consideration and explanation of what has been done to implement the principles and best-practice recommendations of governance.

In this section of the report, we explain what PPC has achieved in implementing best practices recommended by the code. We regard our efforts as a journey, however, and acknowledge that we are continually moving towards better governance practices.

The code was written from the perspective of the board as the focal point of corporate governance. The group has made good progress during the year to align its board and board committees with the best-practice recommendations of the code.

Compliance with King III and the JSE listings requirements on corporate governance

The King III code came into effect on 1 March 2010. The JSE, however, will only require full compliance with the code in PPC's 2011 financial year. For most of the financial year, PPC has been implementing the principles of King III and considering its best-practice recommendations. The company therefore cannot claim to have been fully compliant with the code throughout the review period.

While a substantial application of the code and the report has been achieved in the review period, the aspirational nature of the code will require the company to continually improve its governance practices. In addition to issues raised elsewhere in the report, the following key principles have not been fully implemented to date:

- The code suggests the board should be responsible for information technology (IT) governance. In this regard, it should be noted that a SAP system was implemented during the period and with the first phase of the SAP system implementation it was management's intention to simply replace its previous ERP system. There was no stated intention to enhance processes and controls and thus the full functionality of SAP was not implemented. To align the company with best practice, management will define appropriate levels of IT governance for approval by the board, which in turn will be reflected in appropriate levels of SAP controls.
- Best practice requires that the board should approve the risk management policy and plan and that the risk management policy should be widely distributed throughout the company. While the risk management policy has been approved, the risk management plan as required by the code is still being considered, although significant progress has been made. Management is endeavouring to ensure that PPC's strategy and objectives are aligned with the risk management process by conducting high-level risk assessment in conjunction with PPC strategic sessions. In addition, bottom-up risk assessments have been facilitated at all PPC business units and most of the functional disciplines. The process of implementing and embedding enterprise-wide risk management is a journey and the objective is to design a risk management framework that is right-sized for the company and industry.
- While internal audit frequently reports on the effectiveness of internal controls, the audit plan for the year under review did not include a formal report on these controls as prescribed by the code. Such a report will be submitted to the board in the next financial year.

Integrated reporting

The board is responsible for the integrity of the company's integrated report. As proposed in the code, the board has delegated the responsibility to evaluate sustainability disclosures to the audit committee. At its meeting in May 2010, the board, based on the recommendation of the audit committee, confirmed the appointment of Deloitte & Touche as the external assurance provider for the sustainability report.

The Global Reporting Index (GRI) G3 has been used as the basis for reporting and nine indicators for assurance were identified through the standard risk review process as material risks to PPC. For more detail refer to page 93.

The external assurance report of Deloitte & Touche was tabled at the audit committee meeting in November and was referred to the

board for consideration at its November meeting. The board was satisfied with the assurance provided by Deloitte & Touche.

The board's statement on the company's status as a going concern is on page 102.

Board review

Board governance

The PPC board is the focal point and custodian of corporate governance in the PPC group. More detail on members of the board appears on page 12. Board members are expected to act in the best interest of the company and the group company secretary maintains a register of directors' interests as required by law.

In line with its annual meeting plan, the board meets six times a year and has adopted a board charter which includes a statement of governance principles that guide the activities of the board. This charter also details the roles of the chairman of the board and chief executive officer (CEO).

According to the charter, the roles and responsibilities of the board are to:

- Act as the focal point and custodian of corporate governance by conducting its relationship with management, shareholders and other stakeholders of the company according to sound corporate governance principles
- Appreciate that strategy, risk, performance and sustainability are inseparable and give effect to this by:
 - contributing to and approving the strategy
 - satisfying itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by management
 - identifying key performance and risk areas
 - ensuring the strategy will result in sustainable outcomes
 - considering sustainability as a business opportunity that guides strategy formulation
- Provide effective leadership on an ethical foundation
- Ensure the company is, and is seen to be, a responsible corporate citizen by considering not only the financial aspects of its business but also the impact business operations have on the environment and society within which it operates
- Ensure the company's ethics are managed effectively
- Ensure the company has an effective and independent audit committee
- Be accountable for the governance of risk
- Monitor information technology governance
- Ensure the company complies with applicable laws and considers adherence to non-binding rules and standards
- Ensure there is an effective risk-based internal audit
- Appreciate that stakeholders' perceptions affect the company's reputation
- Ensure the integrity of the company's integrated report
- Act in the best interests of the company by ensuring that individual directors:

- adhere to legal standards of conduct
- are permitted to take independent advice related to their duties following an agreed procedure
- disclose real or perceived conflicts to the board and deal with them accordingly
- deal in securities only in accordance with the policy adopted by the board
- Initiate business-rescue proceedings as soon as the company is financially distressed
- Elect a chairman of the board who is an independent non-executive director
- Appoint and evaluate the performance of the CEO.

In fulfilling its duty, the full board annually selects a chairman at its meeting in February and appoints the CEO.

The current chairman of the board is Bheki Sibiyi. At its meeting in November, the nominations committee confirmed his status as an independent non-executive director. The role of the chairman has been formalised in the board charter and requires that he should:

- Lead the board, not the company
- Safeguard the integrity of corporate governance processes and actions as determined collectively by the board
- Be the link between the board and management, particularly the CEO
- Be the main link between the board, shareholders and the public at large.

The duties of the chairman must be viewed in the broadest terms. All the chairman's specific actions should fall into one of the categories above. Other core functions to be performed by the chairman include:

- Actively participating in selecting board members and overseeing a formal succession plan for the board and executive directors
- Ensuring new directors are properly inducted and that board evaluations and director appraisals are carried out
- Formulating, in conjunction with the board, an annual work plan for the board against agreed objectives and goals
- Acting as the main informal link between the board and executive directors, particularly between the board and the CEO
- Ensuring all directors play a full and constructive role in the affairs of the company and taking a lead role in removing non-performing or unsuitable directors from the board
- Ensuring all relevant information and facts are timeously placed before the board to enable the directors to reach an informed decision.

In line with best practice, the chairman's ability to add value and his performance against what is expected of his role and function were assessed in the second half of this financial year (see annual board evaluation report, page 42).

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The CEO and chief financial officer (CFO) are ex officio members of the board.

The current CEO is Paul Stuver. In the board charter, the board and the chairman recognise that the CEO is the leader of the company and of the management team, is responsible for day-to-day operations and is the principal spokesperson for the company, while the chairman is the leader of the board. The framework for delegating authority is reviewed annually in September. The CEO provides regular reports during board meetings on progress in executing strategy against the formalised company scorecard. The board has set specific targets for management on the CEO succession plan and the CEO is responsible for the execution of this plan. The performance of the CEO and his management team is evaluated annually by the remuneration committee and the outcome of this evaluation is the basis for salary increases, bonus payments and participation in share incentive schemes.

The current CFO is Peter Esterhuysen and his experience and expertise are annually evaluated by the audit committee and the outcome reported to the board.

The ultimate authority and responsibility for the company resides collectively in the full board of directors and not any one individual.

A copy of the board charter can be obtained from the company secretary.

Board composition

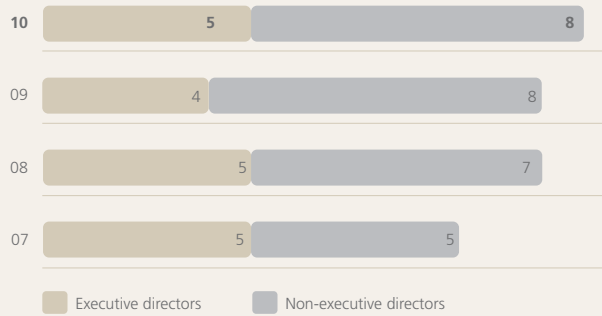
The nominations committee annually evaluates whether its size, diversity and demographics make the board effective. At year end, the board comprised a non-executive chairman, five executive and seven non-executive directors. At its meeting in November, the nominations committee evaluated the independence of non-executive directors and concluded that the following directors are independent as defined in the code and the JSE listings requirements:

- Zibu Kganyago
- André Lamprecht
- Ntombi Langa-Royds
- Tim Ross
- Joe Shibambo
- Bheki Sibiya.

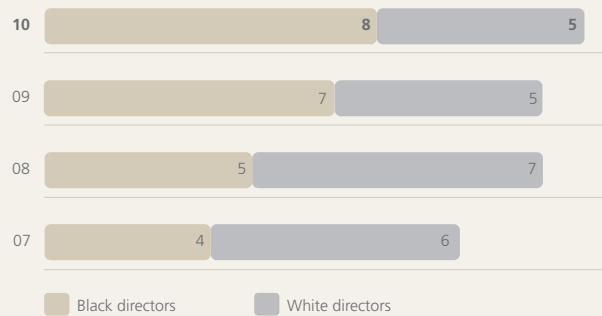
André Lamprecht has been a member of the board since November 1997, but after rigorous review of his independence and performance by the board, it was concluded that he has maintained his independence.

The following graphs illustrate the composition and demographics of the board as at 30 September 2010:

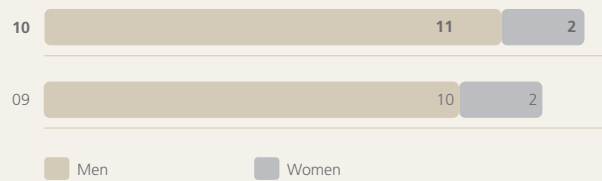
Board balance



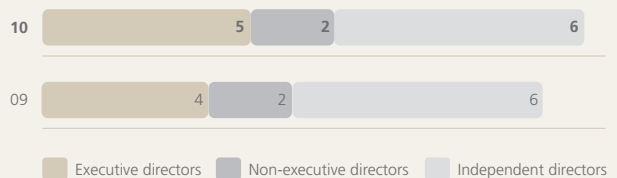
Board race balance



Board gender balance



Board composition



Directors are appointed through a formal process and the nominations committee assists in identifying suitable candidates to be proposed to shareholders.

A formal induction programme is established for new directors, and inexperienced directors are developed through mentorship programmes. For continuing development, the company encourages directors to attend the professional development programmes of the Institute of Directors.

While no limitations are imposed by the board charter, or otherwise, on the number of other appointments directors can have, approval must be obtained from the chairman prior to accepting additional commitments that may affect the time directors can devote to the group.

The board succession plan was reviewed by the nominations committee at its meeting on 4 November 2010, taking into account the results of the annual board evaluation.

At the annual general meeting in January 2011, at least one-third of non-executive directors will retire by rotation. All these directors are available for re-election and their re-election to the board is supported by the nominations committee after considering their performance and attendance.

The group company secretary

The group company secretary is Jaco Snyman and he provides the board as a whole and directors individually with detailed guidance on discharging their responsibilities. He is a central source of information and advice to the board and within the company on matters of ethics and good governance. He also ensures the proceedings and affairs of the board, its committees, the company itself and, where appropriate, owners of securities in the company are properly administered in accordance with pertinent laws. He is responsible for compliance with the rules and listings requirements of the JSE Limited and the Zimbabwe Stock Exchange on which the company's securities are listed and administers the statutory requirements of the company and its subsidiaries in South Africa.

Board and committee meeting attendance between 1 October 2009 and 8 November 2010

Status/position		Board	AGM	Audit	BEE and transformation*	Nominations	Remuneration	Risk and compliance
Board members								
ZJ Kganyago	Independent non-executive	7/7	1/1	3/4				
AJ Lamprecht	Independent non-executive	6/7	1/1		2/5	1/3		
NB Langa-Royds	Independent non-executive	5/7	1/1		5/5 ^c	3/3	6/6 ^c	
TDA Ross	Independent non-executive	7/7	1/1	4/4 ^c				4/4
J Shibambo	Independent non-executive	7/7	1/1	4/4	5/5	3/3	5/6	4/4 ^c
BL Sibiya	Independent non-executive	6/7 ^c	1/1			2/3 ^c		
MP Malungani	Non-executive director	6/7	1/1		3/5			
JS Vilakazi	Non-executive director	6/7	1/1				4/6	2/4
Management								
S Abdul Kader	MD cement (SA)	6/7	1/1					
RH Dent	MD lime, aggregates, Botswana and Zimbabwe	6/7 [#]	1/1					
P Esterhuysen	Chief financial officer	7/7	1/1					4/4
SG Helepi	Director: organisational performance and transformation	6/7	1/1					
P Stuiver	Chief executive officer	7/7	1/1					

^c Chairman of committee

[#] Mr Dent resigned from the board with effect from 1 November 2010

* Reconstituted as the social and ethics committee

Corporate governance and risk continued

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Annual board evaluation

The code requires annual board performance evaluations by the chairman or an independent service provider and that the results of these evaluations should identify training needs for directors. The code further requires that an overview of the appraisal process, results and action plans should be disclosed in the annual integrated report.

Process

For the review period, the board agreed to the assessment of its effectiveness by an external facilitator to ensure objectivity and independence. The Institute of Directors in Southern Africa (IoDSA) was selected to facilitate the appraisal.

This process was essentially a self-assessment of the performance of the board of PPC with IoDSA playing a facilitating role. This report therefore reflects the opinion of members of the board on its performance.

Results

The evaluation found that the board has significantly more areas that are satisfactory or good than concerns.

The following areas of concern were identified by the board:

- Reporting on the pension fund was insufficient. More comprehensive reporting is required.
- There was general acceptance that more needed to be done in terms of succession planning. The board will consider appointing a deputy chairman (to stand in for the chairman if he is unavailable) who can be groomed to succeed the chairman. The CEO will come to the end of his contract in the 2012 financial year and a successor will be identified in good time.
- IT governance received a low rating, indicating a need for improvement.

Strategic planning

As a key performance area of the board, group strategy is mapped by the board in consultation with the executive committee of the company (exco). The board appreciates the fact that strategy, risk, performance and sustainability are inseparable and annually reviews the strategy at its meeting in August. During the review period, two board meetings were devoted to strategy development. In these meetings, exco members presented the group and individual business units' strategies to the board. The board has ensured that the strategy is aligned with the purpose of the company, value drivers of the group and legitimate interests and expectations of its stakeholders. In addition, the board has satisfied itself that the strategy and business plans are not encumbered by risks that have not been thoroughly examined by management. The board-approved strategy has been incorporated into the company scorecard against which the performance of management is measured annually.

At its meeting in August, the board approved the reconstitution of the black economic empowerment and transformation committee into the social and ethics committee. As part of its responsibility, this committee will ensure the company's strategy

results in sustainable outcomes taking account of people, planet and profit.

Ethics

Responsible corporate citizenship implies an ethical relationship of responsibility between the company and the society in which it operates. As a responsible corporate citizen of the societies in which it does business, the company has accepted its legal and moral obligations for its economic, social and natural environment.

The company has adopted a group ethics policy. In this policy, the board acknowledges that ethical business conduct is in PPC's long-term interest because it creates loyalty and trust in employees, customers, suppliers, the communities in which PPC operates, and other stakeholders. The recently constituted social and ethics committee has been mandated by the board to assist it in monitoring the company's activities, with due regard to all relevant legislation, other legal requirements and prevailing codes of best practice on various sustainability issues including good corporate citizenship.

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

PPC Ethics Lines

South Africa

Deloitte & Touche Tip-Offs Anonymous

Telephone 0800 00 67 05
 Free fax 0800 00 77 88
 Address PPC Ethics Line
 Free post c/o Tip-Offs Anonymous
 Free Post DN298
 Umhlanga Rocks
 4320
 South Africa
 Email ppc@ethics-line.com
 International +27 31 508 6493

Botswana

Deloitte & Touche

Telephone 0800 60 06 44
 Facsimile 0800 00 77 88
 Email ppc@ethics-line.com

Zimbabwe

Deloitte & Touche

Telephone 0800 4100
 Facsimile +263 91 8240 921
 Address The Call Centre
 Free post PO Box HG 883
 Highlands
 Harare
 Zimbabwe
 Email reportszw@tip-offs.com

The board's responsibility for ethics and good corporate citizenship is confirmed in its charter.

Internal control

Reporting within the company is structured so that key issues are escalated through the management team ultimately to the board if appropriate.

The board has delegated to the audit committee responsibility for reviewing in detail the effectiveness of the company's system of internal controls. After completing these reviews, the committee reports to the board on its findings so that the board as a whole can take a view on this matter. This has been subject to regular review over a number of years, resulting in a number of refinements.

Delegation

The board delegates certain functions to well-structured committees but without abdicating its own responsibilities. Delegation is formal and involves:

- Formal terms of reference are established and approved for each committee of the board
- The committees' terms of reference are reviewed once a year
- The committees are appropriately constituted with due regard to the skills required by each committee
- The board establishes a framework for delegating authority to management.

Board committees

During the review period, the board had five standing committees through which it operated. Formal terms of reference have been established and approved for each committee of the board, and reviewed by the relevant committee. Committees play an important role in enhancing good corporate governance, improving internal controls and therefore the sustainable performance of the company. The board committees and their chairpersons were:

- Audit committee – Tim Ross
- Risk and compliance committee – Joe Shibambo
- Nominations committee – Bheki Sibiyi
- Remuneration committee – Ntombi Langa-Royds
- BEE and transformation committee – Ntombi Langa-Royds

The chairpersons of these committees are independent non-executive directors.

During the year, the board also appointed an ad hoc committee known as the deal committee, to assist the board in executing its expansion strategy. The chairperson of this committee is Peter Malungani. Although Peter is not an independent director, the board has appointed him based on his experience and skills and the fact that the committee would be convened on an ad hoc basis only.

In the interest of free information flow and good oversight, the minutes or summary minutes of board committees are included in board packs. In addition, the chairpersons of the committees are required to present an annual report on the activities of the committees at the board's meeting in November. Based on these reports and the minutes of the committees, their performance and conformance to terms of reference are annually evaluated by the board. At its meeting in November, the board concluded that all committees had executed their responsibilities within the scope of their respective terms of reference in the 2010 financial year.

Audit committee

In the review period, the members of the audit committee were: Tim Ross (chairperson), Zibu Kganyago and Joe Shibambo who has since resigned from the committee (8 November 2010). All members were independent in accordance with provision of the code and the Companies Act. The committee may obtain, at the company's expense, independent professional advice on any matters covered by its terms of reference. The committee was in place throughout the 2010 financial year, and the external auditors and head of internal audit have direct access to its chairperson.

Tim Ross has been chairperson of the committee since 2009. He was a partner with Deloitte for 36 years and retired in May 2008. Tim is a member of the South African Institute of Chartered Accountants. The chairperson of the committee will be available for re-election as chairman at the board meeting in February 2011.

Members of the executive team, including the CFO and CEO, attend committee meetings by invitation. Similarly, external and internal auditors attend committee meetings by invitation and have no voting rights. The chairperson reports to the board on the activities and recommendations made by the committee. The head of internal audit reports to the chairperson of the audit committee and to the CFO on day-to-day matters. The latest minutes of committee meetings are included in board packs.

The audit committee has its own terms of reference approved by the board, to assist members of the committee to understand their roles and enable them to add value in discharging their duties. The audit committee's terms of reference are reviewed annually. In line with the code, the 2010 review of the audit committee's terms of reference resulted in expanding its mandate to cover new areas of responsibility, such as integrated reporting and information technology. Among other items, the audit committee's terms of reference include:

Terms of reference

Financial statements

The committee reviews the annual financial statements, interim and preliminary announcements, accompanying reports to shareholders and any other announcements on the company's results or other financial information to be made public, prior to submission and approval by the board.

Corporate governance and risk *continued*

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Integrated reporting

The committee oversees integrated reporting, and in particular:

- Takes cognisance of all factors and risks that may impact on the integrity of the integrated report, including factors that may predispose management to present a misleading picture, significant judgements and reporting decisions made, monitoring or enforcement actions by a regulatory body, any evidence that brings into question previously published information, forward-looking statements or information
- Reviews the disclosure of sustainability issues in the integrated report to ensure this is both reliable and supported by the external audit assurance report on sustainability
- Recommends to the board whether or not to engage an external assurance provider on material sustainability issues
- Recommends the integrated report for approval by the board
- Considers whether the external auditor should perform assurance procedures on interim results
- Engages the external auditors to provide assurance on summarised financial information
- Prepares a report, to be included in the annual financial statements for that financial year (see audit committee report page 45).

Combined assurance

The committee will ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities. In particular, the committee will:

- Ensure the combined assurance received is appropriate to address all significant risks facing the company
- Monitor the relationship between the external assurance providers and the company.

Internal audit

The committee is responsible for overseeing internal audit. In particular, the committee will:

- Be responsible for the appointment, performance assessment and/or dismissal of the chief audit executive
- Be responsible for the appointment, performance assessment and/or dismissal of the outsourced internal audit service provider
- Approve the internal audit plan and any significant changes and satisfy itself that the audit plan effectively addresses the critical risk areas of the business
- Ensure the internal audit function is subject to an independent quality review, when the committee determines it appropriate
- Review internal audit's compliance with its charter as approved by the audit committee and consider whether the internal audit function has the necessary resources, budget and standing within PPC to discharge its functions.

Risk management

The committee is an integral component of the risk management process. Specifically, the committee oversees:

- Financial reporting risks
- Internal financial controls
- Fraud risks as these relate to financial reporting
- IT risks as these relate to financial reporting.

External audit

The committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process.

As such, the committee must:

- Nominate an independent external auditor for appointment by shareholders
- Determine the fees to be paid and terms of engagement of the auditor
- Ensure the appointment of the auditor complies with the Companies Act and other relevant legislation
- Monitor and report on the independence of the external auditor in the annual financial statements
- Define a policy for non-audit services provided by the external auditor
- Pre-approve contracts for non-audit services to be rendered by the external auditor
- Ensure there is a process for the committee to be informed of any reportable irregularities (as identified in the Auditing Profession Act, 2005) identified and reported by the external auditor
- Review the quality and effectiveness of the external audit process.

Financial director

In addition, each year the audit committee must consider and satisfy itself on the appropriateness of the expertise and experience of the financial director (chief financial officer). The committee must confirm its findings in its annual report to the board (page 45).

Financial function

The committee must review the expertise, resources and experience of the company's finance function, and disclose results in the integrated report (page 45).

Compliance with terms of reference

The committee reported on its activities for the review period at the board meeting on 8 November 2010. At this meeting, the committee confirmed it has complied with its terms of reference and recommended:

- The financial statements for the year ended 30 September 2010 to the board for approval
- Approval for reporting on the sustainability performance indicators to the board, based on assurance provided by the external auditors
- The nomination of Deloitte & Touche for appointment as auditor of the company under section 270 of the Companies Act subject to shareholder approval after confirming the independence of the auditor. Mr Michael John Jarvis (IRBA no 342297) from this firm of auditors has been nominated as the designated auditor.

The committee's principal activities in the review period are set out in its report below.

Audit committee report – 2010

We are pleased to report to you on the audit committee's activities in 2010. The committee executes its responsibility in compliance with the Companies Act (the Act) and within the mandate given by the PPC board as stipulated in its terms of reference. During the year under review, the terms of reference of the committee were expanded to align these with King III.

Membership and meetings. The committee is comprised solely of independent non-executive directors as required by legislation. The members are Mr Tim Ross (chair), Ms Zibu Kganyago and Mr Joe Shibambo. In accordance with its annual meeting plan, the committee has held three meetings during the period and we confirm it has discharged its oversight responsibilities within the scope of its mandate.

External audit. The committee reviewed with the external audit firm, which is responsible for expressing an opinion on the conformity of the audited financial statements and related schedules with IFRS and its judgements as to the quality, not just the acceptability, of the company's accounting principles. There is a formal procedure that governs the process whereby the external auditors are considered for the provision of non-audit services and the engagement letter for such services is reviewed by the committee in advance. The committee has satisfied itself through enquiry that the external auditor is independent as defined by the Act.

The committee has met with the external audit firm without management present, to discuss the results of their examinations; their evaluations of the company's internal control, including internal control over financial reporting; and the overall quality of the company's financial reporting. The committee also discussed the expertise, resources and experience of the company's finance function with the external auditors. No matters of concern were raised during those meetings.

The committee has agreed to an audit fee for the 2010 financial year which is disclosed in note 17 to the financial statements. We are of the view that this fee, which is in line with the budget, is appropriate.

Relying on the reviews and discussions referred to above, the committee has nominated Deloitte & Touche as external auditors for the 2011 financial year subject to approval at the annual general meeting. Mr Michael John Jarvis (IRBA no 342297) from this firm of auditors has been nominated as the designated auditor.

Internal audit. The committee has confirmed the reappointment of Ernst & Young to fulfil PPC's internal audit requirements. The internal audit function reports to the audit committee on its findings and has unrestricted access to that committee and its chairperson. During the period, no major breakdowns in internal controls were identified.

In terms of King III, the committee has appointed a chief audit executive and will be responsible for the performance assessment and/or dismissal of this executive.

The committee has met with the internal audit firm without management present, to discuss the results of its examinations; its evaluations of the company's internal control, including internal control over financial reporting; and the overall quality of the company's financial reporting. No matters of concern were raised during those meetings.

Financial director review. The committee has also reviewed the performance, appropriateness and expertise of the chief financial officer, Mr Peter Esterhuysen, and confirms his suitability for appointment as financial director in terms of the JSE listings requirements.

The integrated report. The committee has considered all factors and risks that may impact on the integrity of the integrated report. In fulfilling its oversight responsibilities, the committee has reviewed and discussed the audited financial statements and related schedules as reported in the integrated report with company management and the external auditors. The committee considers that the report complies with the Act and IFRS and has therefore recommended the annual financial statements for approval to the board. The committee has also facilitated the appointment of an external assurance provider on material sustainability issues. With the exception of one matter, the auditors confirmed that the selected performance indicators are fairly presented to shareholders.

TDA Ross	<i>Audit committee chair</i>
ZJ Kganyago	<i>Audit committee member</i>
J Shibambo	<i>Audit committee member</i>

8 November 2010

Please refer to page 202, notice of annual general meeting regarding the appointment of the external auditor and members of the committee.

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Risk and compliance committee

The members of the risk and compliance committee were: Joe Shibambo (chairperson), Peter Esterhuysen, Tim Ross and Jerry Vilakazi. Peter, an executive director, was appointed to the committee to align it with the best-practice recommendations of the code. All other members of the committee are non-executive directors. The committee may obtain, at the company's expense, independent professional advice on any matters covered by its terms of reference.

Members of the executive team responsible for risk and compliance management, including the CEO, attend committee meetings by invitation. Similarly, external and internal auditors attend committee meetings by invitation but have no voting rights. The chairperson of the committee reports to the main board on the activities and recommendations made by the committee and the latest minutes of committee meetings are included in board packs.

The committee has its own terms of reference approved by the board, to assist its members to understand their roles and enable them to add value in discharging their duties. The committee's terms of reference are reviewed annually. In line with the code, the 2010 review of the committee's terms of reference resulted in expanding its mandate to cover new areas of responsibility.

Terms of reference

Among other issues, the committee's terms of reference include responsibility to:

- Oversee the development and annual review of a policy and plan for risk management to recommend for approval to the board
- Monitor implementation of the policy and plan for risk management taking place by means of risk management systems and processes
- Make recommendations to the board on the levels of risk tolerance and appetite, and monitoring that risks are managed within these levels as approved by the board
- Approve the company's compliance policy and oversee that the policy is disseminated through the company
- Oversee that the risk management plan is disseminated throughout the company and integrated in its day-to-day activities
- Ensure risk assessments are performed continuously
- Ensure compliance management assessments are continuously performed
- Ensure frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks

- Ensure management considers and implements appropriate risk responses
- Ensure continuous risk monitoring by management takes place
- Liaise closely with the audit committee and other board committees to exchange information relevant to risk
- Express a formal opinion to the board on the effectiveness of the system and process of risk management
- Review reporting on risk management and compliance being included in the integrated report in terms of being timely, comprehensive and relevant.

Compliance with terms of reference

The committee reported on its activities for the review period at the board meeting on 8 November 2010. At this meeting, the board confirmed it had complied with its terms of reference.

For a more detailed review on risk, refer to page 50 of this report. The report on compliance appears on page 49.

Nominations committee

The members of the nominations committee were: Bheki Sibiyi (chairperson), Ntombi Langa-Royds, André Lamprecht and Joe Shibambo. The committee was in place throughout the 2010 financial year. All members are independent non-executive directors as defined in the code. The committee may obtain, at the company's expense, independent professional advice on any matters covered by its terms of reference.

The committee normally asks the CEO to attend its meetings, but he has no voting rights.

The committee has its own terms of reference, approved by the board, which are reviewed annually. The chairperson reports to the main board on the activities and recommendations made by the committee and the latest minutes of committee meetings are included in board packs.

Terms of reference

The committee performs all the functions necessary to fulfil its role as stated in its terms of reference including:

- Ensuring the establishment of a formal process for appointing directors, including:
 - identifying suitable members of the board
 - performing reference and background checks of candidates prior to nomination
 - formalising the appointment of directors through an agreement between the company and the director

- Overseeing the development of a formal induction programme for new directors
- Ensuring inexperienced directors are developed through a mentorship programme
- Overseeing the development and implementation of continuing professional development programmes for directors
- Ensuring directors receive regular briefings on changes in risks, laws and environment in which the company operates
- Considering the performance of directors and taking steps to remove directors who do not make an appropriate contribution
- Finding and recommending to the board a replacement for the CEO when that becomes necessary
- Ensuring formal succession plans for the board, CEO and senior management appointments are developed and implemented
- Providing input on senior management appointments as proposed by the CEO.

Compliance with terms of reference

The board has approved a policy for the appointment of directors, and background and reference checks are performed before appointing directors.

The committee reported on its activities for the review period at the board meeting on 8 November 2010. At this meeting, the board confirmed that the committee has complied with its terms of reference.

Remuneration committee

The members of the remuneration committee were: Ntombi Langa-Royds (chairperson), Joe Shibambo and Jerry Vilakazi. All the members are non-executive directors. PwC, appointed by the company, acted as remuneration advisors to the committee and provided detailed information on market trends and the competitive positioning of remuneration.

The committee normally asks the CEO to attend its meetings but he has no voting rights. He does not participate in discussions on his own remuneration, which is set by the committee.

Terms of reference

The committee performs all functions necessary to fulfil the role stated in its terms of reference, including:

- Overseeing the establishment of a remuneration policy that will promote achieving strategic objectives and encourage individual performance
- Ensuring the remuneration policy is put to a non-binding advisory vote at the general meeting of shareholders once every year

- Reviewing the outcomes of implementing the remuneration policy against set objectives
- Ensuring the mix of fixed and variable pay, in cash, shares and other elements, meets the company's needs and strategic objectives
- Satisfying itself on the accuracy of recorded performance measures that govern the vesting of incentives
- Ensuring all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued
- Considering the results of the performance evaluation of the CEO and other executive directors, both as directors and as executives in determining remuneration
- Selecting an appropriate comparative group when comparing remuneration levels
- Regularly reviewing incentive and retention schemes to ensure continued contribution to shareholder value and that these are administered in terms of the rules
- Considering the appropriateness of early vesting of share-based schemes at the end of employment
- Advising on the remuneration of non-executive directors
- Overseeing the preparation and recommending to the board the remuneration report, to be included in the integrated report.

Compliance with terms of reference

The committee has reviewed group remuneration policies to ensure these are aligned with the company's strategy and linked to individual performance.

For a more detailed report on remuneration, refer to page 106. The remuneration policy of the company appears on page 106 and shareholders will be requested to pass a non-binding advisory to indicate support for this policy at the annual general meeting. The fees proposed for non-executive directors for 2011, which are subject to shareholder approval, appear on page 201.

Black economic empowerment and transformation committee*

The members of the BEE and transformation committee were: Ntombi Langa-Royds (chairperson), Joe Shibambo, André Lamprecht and Peter Malungani. All members of the committee are non-executive directors.

The committee has its own terms of reference approved by the board and reviewed annually. The chairperson reports to the board on the activities and recommendations made by the committee and the latest minutes of committee meetings are included in board packs.

* This committee has been reconstituted and in the new financial year will be known as the social and ethics committee

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The committee assists the board in adopting a holistic approach to transformation and complying with all relevant legislation or charters.

The newly constituted social and ethics committee had its first meeting on 26 October 2010.

Terms of reference

In line with its terms of reference, the committee's objectives are to:

- Ensure management embraces the principles of transformation enterprise-wide across all facets of the group's activities
- Develop and implement an appropriate transformation strategy
- Ensure equity ownership of PPC conforms to the requirements of the mining charter to achieve effective 26% empowerment by 2014 to qualify for new mining rights
- Regularly review policies, plans and processes aimed at facilitating transformation in the group
- Review integrated annual reporting to stakeholders on aspects of transformation
- Provide an objective forum dedicated to policy recommendation to the board and guiding significant matters on transformation within the group.

Compliance with terms of reference

For a detailed review on transformation, refer to page 59.

Deal committee

The members of the deal committee are: Peter Malungani (chairperson), Peter Esterhuysen, Ntombi Langa-Royds, André Lamprecht, Bheki Sibiyi and Paul Stuiver. As noted, Peter Malungani is not an independent director but the majority of members are non-executive directors, most of whom are independent.

The committee is an ad hoc body and its terms of reference are to:

- Consider strategic options and recommendations presented by management on international expansion
- Provide guidance, support and explore options that will facilitate progress in periods between board meetings.

Committee meetings are scheduled when required by progress on transactions.

Compliance report 2010

A compliance function has been established in the group's legal services department. It is responsible for advising and assisting the board and management with awareness and assessing compliance with the regulatory environment. A comprehensive compliance report is submitted to the risk and compliance committee twice a year, which in turn reports to the board.

The compliance function's structure and approach enable it to support management at all levels by leveraging off specialised technical skills and business knowledge. Compliance is structured into centralised and decentralised functions. The former is responsible for group-wide monitoring and forms the centre of expertise on legislation and regulatory impact on the group. The latter comprises compliance champions and unit compliance officers who are deployed into the various business units. They are responsible for business-specific monitoring, training and advice.

The two key areas of responsibility are:

- Identifying and advising the group on existing and new legislation applicable to its business
- Facilitating compliance with relevant legislation and assigning responsibility for areas of compliance.

Once new legislation is identified, management appoints a task team to conduct an impact assessment. After that project plans and timelines covering implementation and training are agreed and implemented.

Focus areas in review period

There have been many changes to laws and regulations in prior years, with more to be finalised or effective shortly, most notably:

- King III
King III came into effect on 1 March 2010. During the year a gap analysis between the group's current practices and those recommended by King III confirmed that many King III practices and recommendations are already in place. Those areas requiring corporate governance changes have been identified and most gaps have been closed.
- The new mining charter
South Africa launched a new charter in September 2010 to facilitate the sustainable transformation and development of its mining industry, with emphasis on a target of 26% black ownership of the country's mining assets by 2014. The implications of the new charter have been incorporated into the company's transformation roadmap which has been approved by the board for implementation.
- Environmental impact assessment regulations (NEMA)
These regulations govern procedures and criteria as contemplated in chapter 5 of the act for the submission, processing, consideration and decision of applications for environmental authorisation of activities and related matters. The implication of the promulgation of these regulations influenced PPC's earlier withdrawal of its EIA application in the Western Cape.

- Training and awareness
In addition to training on new legislation, the compliance unit implemented and concluded an intensive training programme for all grade 1-6 employees on competition legislation. All new employees joining the company at these job levels will be required to complete this training.

New legislation that will affect the group in the new financial year include:

- Consumer Protection Act
This act aims to promote a fair, accessible and sustainable marketplace for consumer products and services. The act will entrench national norms and standards on consumer protection and provide for improved standards of consumer information. The act prohibits certain unfair marketing and business practices and promotes responsible consumer behaviour
- New Companies Act
The act aims to simplify the registration of companies, encourage entrepreneurship and high standards of corporate governance, balance the rights and obligations of shareholders and directors, and promote the efficient and responsible management of a company. It also provides for increased liabilities for directors for breaches of fiduciary duty or for any direct or indirect loss, damage or costs sustained by the company as a result
- Protection of personal information bill
The bill was tabled before parliament in August 2009. Once enacted, it will regulate processing personal information of individuals and juristic entities and will apply to all private- and public-sector bodies as well as individuals.

Management carried out an extensive impact analysis of this legislation in 2010 and has task teams in place to ensure PPC effectively addresses compliance implications.

Key regulators

PPC is regulated by several stakeholders including the JSE, Department of Trade and Industry, Department of Water and Environmental Affairs, Department of Mineral Resources and SARS. The group seeks to maintain relationships of trust and transparency with all regulators.

The compliance function guides business units before and during submissions to and meetings with regulators. It also maintains a log of all interactions with regulators and reports to the risk and compliance committee on the outcomes of these interactions.

Prosecutions

In November 2009, PPC was granted conditional leniency from prosecution under the Competition Act by the competition commission. This was in exchange for PPC's complete and truthful disclosure of market-sharing arrangements between PPC and its competitors in the late 1990s. This investigation is ongoing.

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Risk management review

In 2008, PPC commissioned an independent high-level review of its risk management function, which covered the group risk strategy, governance, risk management process, risk management function, culture and capability. Based on the results, PPC is further enhancing its risk management system by adopting the ISO 31000 standard for managing risks and King III principles on governance of risks.

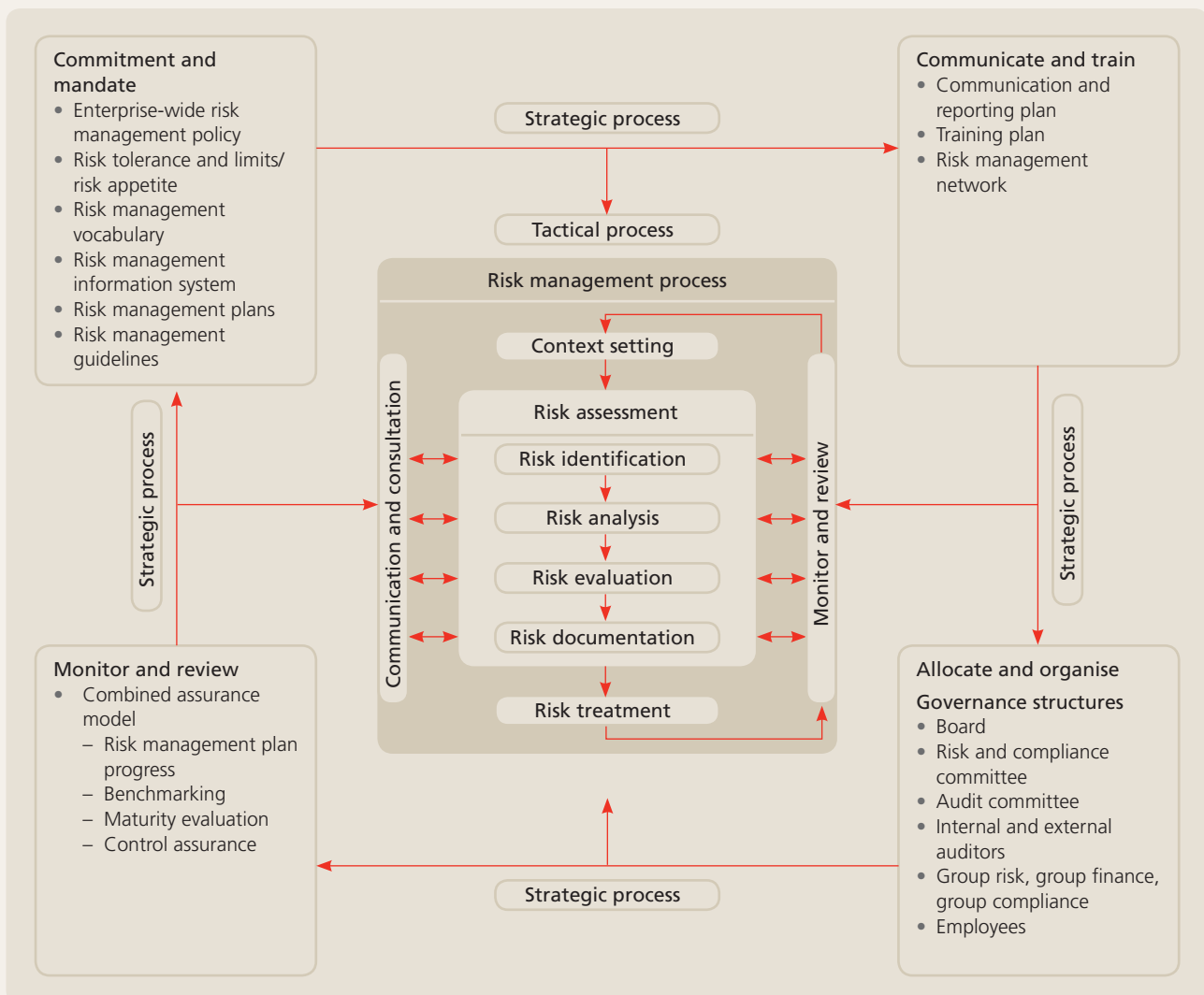
PPC's commitment to managing risks and opportunities is supported by the recently developed comprehensive enterprise-wide risk management policy and framework. This follows a holistic approach to identifying, evaluating and treating risks and opportunities. With this tool, the organisation aims to ensure that managing risks and opportunities is an integral part of PPC's corporate governance system.

The group risk unit, being at the focal point of this process, is responsible for coordinating the identification and documentation of risk areas throughout the group, enhancing the risk management system and regularly monitoring its effectiveness. Internal audit plays a vital role in providing assurance to the board on the effectiveness of the system. In the case of any finding, these are taken into account as part of the continuous improvement of our risk management system.

Enterprise-wide risk management framework

PPC's risk management framework (shown below) has been aligned to the requirements of King III and incorporates best governance and risk practices. It is supported by a risk management plan that details the approach to be taken to address and improve risk management in PPC to achieve set objectives.

PPC's enterprise-wide risk management framework



Developing the risk management framework

Interviews were conducted with a large number of stakeholders including members of the board (executive and non-executive), members of the risk and compliance committee, members of management, internal and external audit. All the information collected was considered and incorporated into the draft framework where appropriate.

The PPC group risk management policy has been developed against requirements of King III, among others, and was authorised in September 2010. The policy institutes the mandate from the group chief executive officer as delegated by the board and provides the statement of commitment for implementing risk management in the group. In terms of the policy, our goal is to ensure that risk management is embedded in our business by implementing an integrated risk management plan.

A combined assurance model has been developed in line with King III to ensure that all risks identified are subjected to the appropriate level of control and assured by internal and external providers as appropriate. Internal audit provides assurance to the board on the effectiveness of the system.

The risk management framework and processes have been developed to ensure a consistent approach to managing risk across PPC. A risk management plan details the approach to be taken to address and improve risk management in PPC to achieve set objectives.

Managing risk and setting the risk appetite is the board's responsibility, which it discharges through its risk and compliance committee. This committee has not yet articulated the group risk appetite since the focus has been mainly on audit materiality. With the implementation of the enterprise-wide risk management process in PPC, the board has taken the initiative in investigating ways of setting these values and the process of establishing the overall risk-bearing capacity and risk appetite is under way. This will ensure our business objectives and strategies are aligned with these values and that limits are set for management to take risks and exploit opportunities within set tolerance limits.

The group values the importance of stakeholder engagement and has therefore attempted to identify its stakeholders and their reporting needs. To ensure transparency in our systems, risk information affecting these stakeholders will continue to be shared without compromising commercially privileged information.

Risk management policy

Risk is inherent in most business activities. PPC will evaluate and manage risk through a structured and integrated risk management process that considers the interests of all stakeholders.

Risk management comprises the identification and evaluation of existing and potential risk associated with the company's operations and strategy, followed by appropriate management responses such as tolerance (acceptance), mitigation, transfer, avoidance or termination or a combination of such responses.

The board is accountable to shareholders for the governance of risk and should ensure that the company's strategic and business plans have properly considered and evaluated the associated risks. In fulfilling this obligation, the board approves and annually evaluates the implementation of this policy and the risk management plan of the company.

The board has delegated responsibility to evaluate the risk management progress, effectiveness of risk management activities, key risks facing the company and appropriate responses to address key risks, to the risk and compliance committee of the board.

The board has delegated the responsibility to design, implement and monitor the risk management plan to management. Risk management is however a team effort and every employee will be responsible for managing risk in his/her working environment and should assist in identifying risk at all levels and in all functions of the business as required by the integrated risk management plan. Regular and formal risk analysis will provide the basis for risk identification and evaluation, and appropriate risk responses and treatment.

Management will ensure effective management of risk through continuous and regular measurement and reporting of the company's risk management performance to the risk and compliance committee. Control assurance will focus on continuously improving the underlying quality and sustainability of the company's business activities.

The risk management process will cover the spectrum of the company's activities including: commercial, financial, human resources, technical, legal, regulatory, contractual, political, information, competitive, social, strategic, environmental and reputational risks.

Corporate governance and risk *continued*

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Best-practice risk methodologies have been developed for the group, modelled on existing best practice in risk management. These are constantly reviewed and enhanced by a deployed risk management team.

Network groups are being established and their focus will be a meaningful contribution to the risk management strategic objectives. These forums will facilitate the proactive exchange of information between group risk, group compliance, group sustainability, group information technology and group finance functions. By forming these networks, PPC aims to eliminate 'silo thinking' across different risk types and ensure increasing integration of the traditionally separate domains of risks across the group.

Our risk management process follows a consistent methodology and set of guidelines informed by the group policy and framework. The risk assessment process is linked to group strategy and objectives. As part of the implementation process, risk profiles have been developed for the group from top to bottom with the intention of directing information to all levels of the organisation.

PPC is exposed to a wide variety of developments in the environment in which it operates and different potential risks and opportunities arise continually. Our aim is to take maximum advantage of viable opportunities and continuously evaluate other potential opportunities in all areas as an integral part of our strategy.

Risk assessment

Strategic business risk assessments have been conducted for the PPC group, as well as for the lime, aggregates, Zimbabwe and Botswana divisions. In addition, business risk assessments were facilitated by group risk at all factories and all central office functions (such as group supply chain, information technology, organisational performance, transformation, etc). The various management teams have taken ownership of their specific risk registers, developed action plans to mitigate the risks and provided feedback to the risk and compliance committee.

Business continuity management

During the year, PPC aligned the management of business continuity with the internationally recognised British Standard 25999 (BS 25999). This is also aligned with various other International Standards Organisation (ISO) measurements currently in use in PPC.

Business continuity management is a process (of plan, do, check, act) to minimise PPC's exposure to internal and external threats. Secondly, it synthesises all customer-related processes to provide effective prevention and recovery controls while maintaining competitive advantage and integrity of the group's value system.

The output of this process is a formal business continuity plan that will ensure the business is not unduly disrupted.

The group is currently reviewing divisional business continuity plans to create a more robust business continuity management system. This process will be completed and fully implemented by the middle of the 2011 financial year.

Aligning to corporate governance and ITIL (The Information Technology Infrastructure Library, a set of best practices for IT), IT disaster recovery is a key component of our business continuity management process, ensuring all critical IT services can be recovered in the event of a major business disruption within agreed time scales.

The current Sandton (central IT facility in PPC) documented disaster recovery plan caters for both the Windows and SAP environments. Tests take place at the disaster recovery sites three times a year to ensure continuity of critical operations in the event of a disaster. To ensure business continuity across the group, disaster recovery network links, supplied by Telkom, are also in place.

Each factory site schedules disaster recovery exercises for their local IT environment biannually at Sandton in a controlled and supervised environment.

All disaster recovery plans are documented, tested and signed to ensure ongoing commitment of critical resources and continuity of operations. Detailed work instructions for all key stakeholders in the organisation are included.

Information security management

The objective of information security is to protect information and information systems from unauthorised access, use, disclosure, disruption, modification or destruction.

The terms information security, computer security and information assurance are frequently but incorrectly used interchangeably. These fields are often interrelated and share the common goals of

protecting the confidentiality, integrity and availability of information; however, there are subtle differences between them. These differences lie primarily in the approach to the subject, the methodologies used, and the areas of concentration. Information security is concerned with the confidentiality, integrity and availability of data regardless of the form the data may take: electronic, print, or other forms.

PPC is reviewing current information security controls following a recent independent audit that revealed some areas for improvement. The goal is to review current information security processes and their controls using ISO 27000:2005 as reference.

Insurance

The following risk management surveys were undertaken by PPC's insurance brokers and underwriters:

- Full underwriting surveys were conducted at Slurry, Colleen Bawn and Bulawayo. Calculations for the Dwaalboom survey were updated in 2010
- Machinery breakdown surveys were conducted at Dwaalboom, Slurry, Hercules, Riebeeck West, De Hoek, Colleen Bawn, Bulawayo and Lime Acres.

These surveys elicited positive feedback on risk management and maintenance programmes in the PPC group which has had a positive impact on the maximum probable-loss machinery breakdown calculations and the claims experienced (although PPC has had a few machinery breakdown claims, these have been relatively minor in the overall context). The current economic environment has resulted lower capacity utilisation across the group which has also contributed to lower claims. This could change when the economic situation improves.

- A fire protection survey was conducted in Zimbabwe, focused mainly on cable tunnels and server rooms.

PPC's insurance cover and associated premium were reviewed in May 2010.

Case study – Protecting IT in PPC

The PPC IT unit embarked on the ITIL journey to introduce service management and good governance principles across its team. The Information Technology Infrastructure Library (ITIL) is a set of best practices for IT that is now widely used, and supported by a range of materials and training courses (including exams and certification). It is generally divided into two main areas, service support and service delivery. These in turn comprise a number of ITIL disciplines.

The ITIL-aligned disciplines introduced at PPC were incident, problem, change, release and service level management. The service desk function was also reorganised to provide a single point of contact for group IT users.

This initiative has given the IT team a common focus of providing excellent customer service to customers while adhering to governance processes. It has provided visibility on all activities taking place within IT, allowing the team to make informed decisions on new projects and initiatives, determining the impact and risk of introducing changes, resource use, etc.

The unit is currently implementing service asset and configuration management, which gives it a full view of PPC IT assets and relationships, location and current status. This will enable the team to proactively manage each IT asset and related service.

ITIL has given PPC the operational framework to meet King III IT governance requirements. This will be expanded in the coming year to provide a full IT governance and control framework for PPC.

Safety and health review

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Highlights	Lowlights
<ul style="list-style-type: none"> • Zero administrative fines issued • HIV/Aids prevalence rate stabilised • Retained OHSAS 18001 certifications • Triannual rail safety permit issued by rail safety regulator • PPC projects recorded a zero LTIFR for all projects 	<ul style="list-style-type: none"> • Slight deterioration in group LTIFR • Increase in number of motor vehicle accidents • Days lost due to lost-time injuries above target

Occupational safety

Zero fatalities have been reported for this financial year. Disappointingly the group lost-time injury frequency rate (LTIFR) increased slightly.

All South African cement and lime operations are now certified to SANS 16001:2007. This is a national standard for HIV and Aids management that focuses on the implementation of minimum standards and is based on a philosophy of continual improvement towards best practice.

All relevant operations have maintained their OHSAS 18001:2007 certifications as audited by the SABS or South African Bureau of Standards, which ensures that PPC complies with international standards for health and safety in the workplace.

All operations have been audited by Dekra to ensure compliance with recognised standards and have achieved four- or five-shield status during the 2010 year.

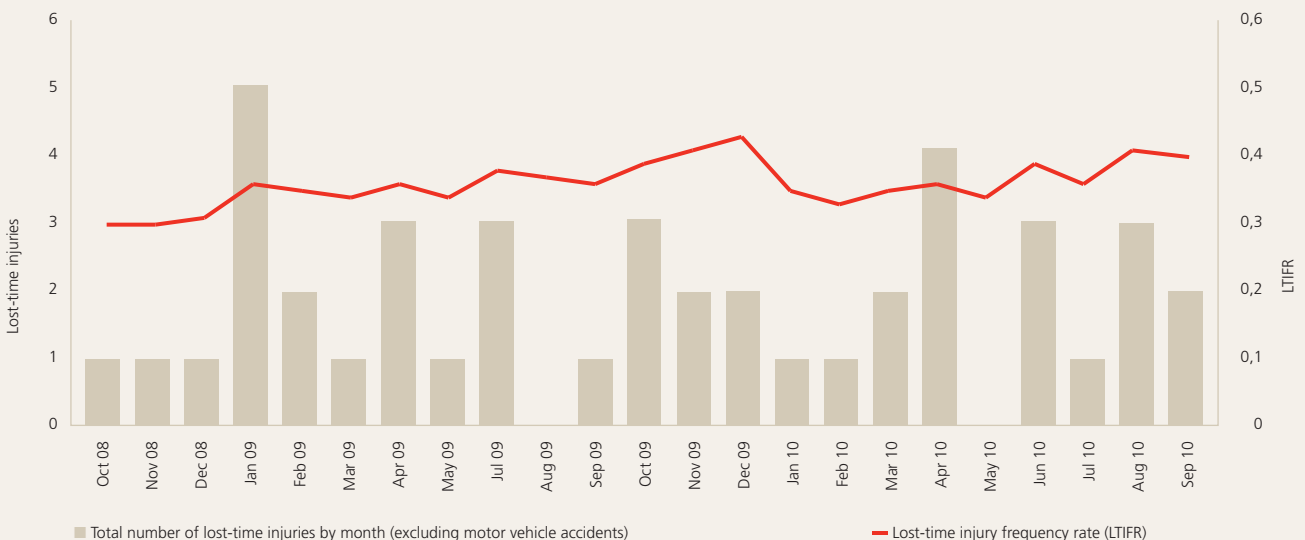
Our aggregates operations have achieved Aggregate and Sand Producers Association of Southern Africa (ASPASA) integrated safety, health and environment (ISHE) and About Face (environmental) commendations, as tabulated on page 89.

Key performance indicators (PPC group)

Criteria	Target	Actual 2010	Actual 2009	Actual 2008
Number of fatalities*	0	0	2	0
Fatality frequency rate per 200 000 hours worked	0	0	0,03	0
LTIFR per 200 000 hours worked*	<0,40	0,40	0,36	0,22
Days lost due to lost-time injuries*	650	1 000	–	–
Number of administrative fines issued by authorities	0	0	0	0

* Not externally verified for 2008 and 2009, verified by Deloitte & Touche in 2010
All figures exclude motor vehicle accidents

PPC group lost-time injury frequency rate (LTIFR)



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Several operations had recorded more than 500 000 lost-time injury-free hours at the end of the financial year, as shown below.

Factory	Million hours
PPC projects	2,7
Zimbabwe – Colleen Bawn	2,8
Sandton including group laboratory services	1,3
Dwaalboom	0,7

Back 2 Basics project

Due to the increase in LTIs, a project called Back 2 Basics was implemented and included the following initiatives:

- Publication of a health and safety newsletter titled Blue Sky
- Development of minimum safety behaviour requirements called the non-negotiable nine
- Developing a health and safety-specific measurement standard and associated scorecards
- Sharing lessons learned across the group
- Retraining employees in basic health and safety principles.

The following PPC operations received achievement awards by Dekra (an independent European certification body that ensures compliance with international standards):

Operation name	Award	Audit score
PPC Lime Acres	Gold sustainability award	93%
PPC Hercules	Silver sustainability award	91%
PPC Port Elizabeth	Silver sustainability award	97%
PPC Slurry	Silver sustainability award	92%
PPC Saldanha	Silver sustainability award	96%
PPC Dwaalboom	Silver sustainability award	94%
PPC Riebeeck	Silver sustainability award	95%
PPC De Hoek	Silver sustainability award	96%
PPC Montague Gardens	Silver sustainability award	95%
PPC George	Bronze sustainability award	96%
PPC Jupiter	Silver sustainability award	94%
PPC Botswana	Bronze sustainability shield	89%

Operation name	Award	Audit score
PPC Mooiplaas	ASPASA – ISHE	96%
	About Face	97%
PPC Laezonia	ASPASA – ISHE	97%
	About Face	97%
PPC Kgale	ASPASA – ISHE	85%
	About Face	91%

Dekra is an international accreditation body that conducts audits against the various ISO and OHSAS standards:

- Bronze award = achieving five shields during the audit with three of the following four valid – ISO 9001, 14001, 16001 (HIV/Aids) and OHSAS 18001 certifications
 - Silver award = bronze + all of the following four valid – ISO 9001, 14001, 16001 (HIV/Aids) and OHSAS 18001 certificates
 - Gold award = silver + successful audit results in both corporate social investment and governance audits
- ASPASA recognition:
- ISHE is integrated health and safety and risk management award
 - About Face = environmental competition (top award is five fish eagles)

Behaviour-based safety

Behaviour-based safety stems from a larger scientific field called organisational behaviour analysis, which has proven an effective tool in managing behaviour in the workplace. A typical behaviour-based safety programme comprises:

- Defining common goals – with employee and managerial involvement
- Developing definitions of what is expected – specifying target behaviours based on safety assessments
- Collecting data through observations
- Analysing the data
- Developing strategies on how best to proceed based on the data analysis
- Feedback to the teams being observed
- Measurement of the success/failure
- Regularly reviewing the process.

This approach has done much to change behaviour in PPC in a positive and sustainable way, and the group is now starting to reap the real benefits of a process that was implemented in 2006.

Safety and health review *continued*

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Rail safety

PPC's national rail safety regulator permit was issued in terms of the National Railway Safety Regulator Act (Act 16 of 2002) for the next three years.

The objective of this act is to:

- Provide for and promote safe railway operations; encourage the collaboration and participation of interested and affected parties in improving railway safety
- Recognise the primary responsibility and accountability of railway operators in ensuring the safety of railway operations
- Facilitate a modern, flexible and efficient regulatory regime that ensures the continuing enhancement of safe railway operations; and promote harmonisation of the railway safety regime of South Africa with the objectives and requirements for safe railway operations of the Southern African Development Community.

Occupational health

An occupational health consultancy was appointed to evaluate related standards in the group. Results from an external audit at all operations' clinics confirmed that occupational health infrastructure and the competency of occupational health personnel are of an extremely high standard.

The main issue highlighted during these audits was that current lung function testing infrastructure did not comply with SANS 451:2008. This non-compliant equipment has since been replaced with compliant equipment.

The entire operational workforce undergoes medical examinations each year. This translates to 780 medicals being conducted on average per year at the various occupational health clinics. These examinations include audiometric screening, lung function and vision testing, as well as primary healthcare medical examinations.

The absenteeism rate for South African operations was 1,83% for 2010.

Silicosis project

A project was launched nationally to identify and quantify the level of exposure to free silica dust at our operations and to raise the level of awareness of the associated hazards.

Results confirmed that exposures to silica dust varied from low to very low, well below the legal occupational exposure limits (OELs).

The frequency of chest X-rays has been amended and will in future be determined by using an exposure matrix. This will provide an effective proactive approach to mitigating this risk.

HIV and Aids

HIV and Aids are well managed in the group with a focus on access to antiretroviral medicines and other assistance to ensure continued employee wellness.

Voluntary counselling and testing (VCT) per country*

Countries where testing was conducted	Number of employees tested	% employees (tested)		% contractors (tested)	
		HIV positive	Number of contractors tested	HIV positive	
South Africa	1 340	2,3	383	5,6	
Zimbabwe	286	16,7	39	13,1	

*Botswana sites are covered by government initiatives

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Highlights

- R17 million of a planned R60 million (over five years) spent on local economic development projects approved by the Department of Mineral Resources
- 65% of total procurement representing R2,3 billion spent with BBBEE suppliers
- Corporate social investment spending rises 30% year on year and formal initiatives extended to Botswana and Zimbabwe
- Over 4 000 improvement suggestions generated by our people; more than 70% used, contributing to direct savings of over R17 million
- PPC's new vision successfully rolled out to employees

Lowlights

- Percentage of payroll spent on training and development dropped from 7,2% to 6,4% but focus on extracting maximum value from training spend paid off
- Slight decrease (1%) in employee perception of group reflects challenging environment of past two years, worldwide

During PPC's long history of success there has always been a hard-working, committed and dedicated team of employees. 2010 was no different as our people's determination continued to drive the company's progress in creating a better life for all.

A significant portion of this progress has been in meeting the government's requirements in the broad-based socio-economic charter for the mining industry (mining charter) and the Minerals and Petroleum Resources Development Act, 2002. The different elements of this charter are discussed in various sections of this report and progress is summarised in the mining charter scorecard on page 90.

The bulk of PPC's business is in manufacturing and the company therefore also measures its transformation progress against Department of Trade and Industry's codes of good practice for broad-based black economic empowerment (BBBEE). The group's rapid progress from an empowerment rating of level 4 to level 2 underscores our focus on transforming every level of our business. More detail on PPC's BBBEE contribution can be found on page 90.

Our people

The campaign supporting our new vision – to grow PPC into a leading emerging-market business – was successfully launched in February. In follow-up initiatives, each site used communication tools such as industrial theatre and journey maps to depict their understanding, commitment and contribution to the group's vision.

A key element in the campaign was to ensure all our people understood the importance of remaining the leading force in our current markets in South Africa, Botswana and Zimbabwe while working towards our longer-term goal.

PPC's Kambuku way of life

Our people are integral to maintaining the Kambuku philosophy. The word Kambuku is derived from Tsonga and means great tusker,

referring to an elephant bull, whose characteristics of tenacity and loyalty sum up PPC's value-based management philosophy.

This PPC 'way of life' creates a healthy, rewarding and satisfying working environment – one in which everyone has the opportunity to contribute to our success and their own development, and to be recognised for excellence.

The Kambuku initiative with its focus on employee value creation was introduced 10 years ago. It has entrenched a high-performance culture across PPC based on employee engagement, growth and strong values, underpinning the way PPC does business. To maintain the passion and commitment of our people, it is important to continuously provide clear direction and realignment of our organisation's systems to current and future business challenges.

Enrichment – cementing the way ahead

To ensure sustainable business performance in a challenging environment, the Kambuku value-creation model is continually reviewed and strengthened.

The Kambuku enrichment initiative aims to establish a strong foundation to continuously empower employees and facilitate their growth. It also provides opportunities to advance individual mentoring and coaching skills, foster a greater understanding of PPC's REAL (relevant, empowered, actualised and lasting) transformation philosophy, and enhance the ability of managers to inspire employees in a diverse environment.

Ultimately, this enrichment initiative aims to increase the ability and effectiveness of team members through broad-based skills that ensure continuous improvement (page 62).

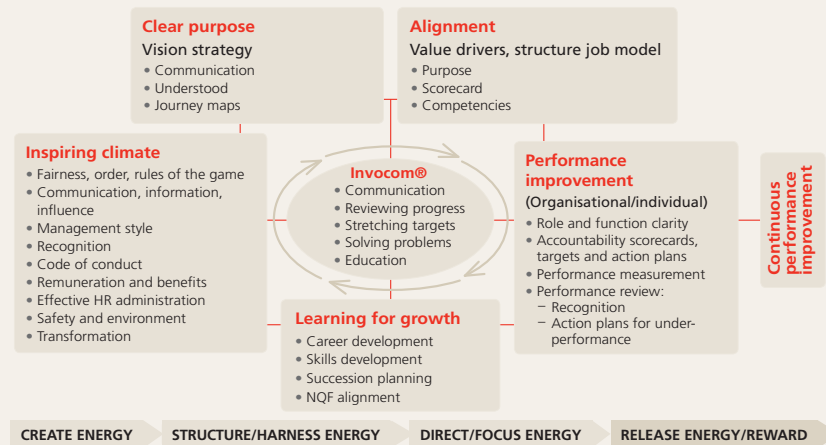
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Creating lasting value for our people

For the past decade, Team PPC has embraced the processes and principles of Kambuku to develop a world-class operation, founded on passion, commitment, innovation and teamwork.

As part of this process, our organisational performance model sets the benchmark for internal standards, systems and processes that facilitate employee engagement and participation. The effectiveness of each element in the model is measured annually.

The vital elements of a performing organisation



Employee participation and engagement

A fundamental principle of the Kambuku process is that positive results are easily achieved when all employees are engaged, empowered and accountable. Active involvement and communication therefore occur frequently across PPC through established systems and processes, including:

- **Key leader summits:** regular team meetings at plant or site level throughout the company involve all appointed, elected and informal leaders. The aim is to inform employees about plant or site performance, strategic initiatives, challenges and opportunities. Robust and constructive communication takes place in an environment of mutual trust and cooperation, and the outcomes of each summit are communicated clearly and promptly down to shop-floor level. Through this process, we maintain a clear purpose and common vision and direction throughout the company.
- **Invocom:** structured, team-based discussions take place daily for teams at shop-floor level, weekly at sectional supervisory level, and monthly at departmental level. There are some 370 active and effective Invocom structures operating across all levels and all functions of PPC. Importantly, the group average for Invocom team forums has been maintained at a globally competitive 4,3 out of a standard of 5,0 and organisational benchmark standards at 3,3 out of 4,0.

Through these discussions, we communicate elements of PPC's vision and objectives, evaluate team performance, analyse obstacles affecting performance and develop appropriate action plans, and ensure targets are achieved. Behavioural safety, educational topics and development are also discussed in Invocom structures.

Plant- and site-level Invocom structures are designed to spread communication both upwards and downwards through the company to:

- Facilitate transparent problem resolution and employee participation
- Regularly encourage teams to stretch outputs and targets by reviewing and assessing team performance
- Capture innovations and suggestions to enhance cost savings, process improvement, efficiency and safety
- Communicate positive recognition
- Capture best practices on a centralised database
- Manage the PPC climate through the adherence of team members to the company code of conduct.

Saving costs through employee innovations and suggestions

During the period, over 4 000 value-adding suggestions were generated via Invocom structures, 25% higher than 2009. Of these, more than 70% were evaluated and implemented. This saved PPC an estimated R17,2 million in 2010, taking the three-year total to some R59 million in cost savings.

Individual Perception Monitor – listening to our people

For the past 10 years, PPC's annual Individual Perception Monitor survey has given all our people the opportunity to express their views and rate the company on critical processes, including understanding its vision, employee benefits, leadership behaviour, remuneration, training, coaching and communication. Participation in the survey is both voluntary and confidential. Results are analysed by site and at group level to identify and address areas of concern and reinforce positive trends. While we believe the slight decrease in the index average (1%) for 2010 is more a reflection of

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the challenges of the economic climate, we are concentrating on addressing those areas of concern identified by our people.

Succession planning

Our succession strategy aims to ensure that competent people are continuously available to assume key positions in the company. In line with this strategy, succession-planning discussions are held biannually at group and site levels, and development plans include mentorship and coaching. The strategy is closely aligned with PPC's economic empowerment targets and plans, and has specific emphasis on key technical skills – an ongoing industry-wide challenge.

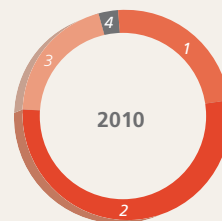
Balanced workforce

PPC's total workforce for 2010 is 3 263 compared to 3 234 in 2009. Annual turnover rate for 2010 is 12,4% in South Africa, 1,8% in Botswana and 2,2% in Zimbabwe. The average length of service in PPC in South Africa is around 12 years with a number of employees holding 25, 30 and even 40-year awards.

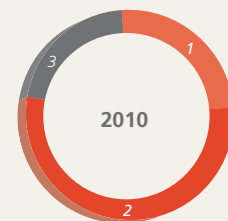
At the same time, we work hard at the balance between retaining this experience and developing the pipeline of future leaders.

Where appropriate, PPC strives to recruit black talent in line with the demographic requirements of its operating regions. In South Africa, demographically representative recruitment is at 76% (2009: 76%; 2008: 85%).

The demographic and age breakdown of our workforce (SA only) are shown below.



1 White 24%
 2 African 53%
 3 Coloured 20%
 4 Indian 3%



1 Under 30 years old 25%
 2 30 to 50 years old 54%
 3 Over 50 years old 21%

Workforce analysis: South Africa*

	White			African			Coloured			Indian			SA nationals		Foreign nationals		Total
	M	F	Total	M	F	Total	M	F	Total	M	F	Total	M	F	M	F	
Executive	1		1												1		1
Senior management	11		11	2	1	3	1		1	2	2	4	16	3			19
Middle management	54	5	59	9	2	11	5		5	7	3	10	73	10	2		85
Professionally qualified, experienced specialist and lower management	92	31	123	32	26	58	29	8	37	18	10	28	167	74	4	1	246
Skilled (upper/supervisors/foreman)	63	14	77	21	5	26	16	4	20	2	1	3	100	24	2		126
Skilled technical	205	48	253	142	41	183	102	28	130	4	8	12	447	125	6		578
Semi-skilled	16	46	62	649	44	693	221	50	271	1	5	6	886	145	1		1 032
Unskilled	6		6	191	38	229	21	7	28				218	45			263
Apprentices	2		2	13	1	14	2		2	1		1	18	1			19
Total permanent	450	144	594	1 059	158	1 217	397	97	494	35	29	64	1 925	427	16	1	2 369
Temporary	23	8	31	103	24	127	29		29		2	2	155	34			189
Total	473	152	625	1 162	182	1 344	426	97	523	35	31	66	2 080	461	16	1	2 558

* September 2010

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Workforce analysis: Botswana*

	Foreign nationals		BW nationals		Total
	M	F	M	F	
Middle management	1		1		1
Professionally qualified, experienced specialist and lower management	10	1	1		11
Skilled (upper/supervisors/foreman)	7			7	7
Skilled technical	20	6	1	19	26
Semi-skilled	52	9		52	61
Unskilled	3			3	3
Total	93	16	3	90	109

* September 2010

Workforce analysis: Zimbabwe*

	M	F	Total
Senior management	2	0	2
Middle management	35	6	41
Skilled upper/technical	111	31	142
Semi-skilled	210	5	215
Apprentices/trainees	46	3	49
Labourers/unskilled	138	3	141
Total	542	48	590

* September 2010

The percentage of employees recognised as members of a trade union is 32% in South Africa, 61% in Botswana and 69% in Zimbabwe. PPC acknowledges that freedom of association and relevant agreements between the company and various unions exist.

Learning and development

The principle of 'learning for growth' remains a key in PPC's success: our group needs the right people, with the right skills, doing the right things. That is why training is such an important building block of our strategy for growth. Accordingly, the learning and development function is primarily aimed at ensuring that PPC team members have the opportunity, the resources and the means to fulfil their career ambitions and their highest potential.

Our diverse training programmes have produced substantial benefits for both PPC and participants. PPC's commitment to the principle of learning for growth has been entrenched throughout the group, with the academies (page 63) growing from strength to strength.

Average hours of training per category

On average, a PPC employee spends around 78 hours or over nine days on training per annum.

Employee levels	Average training hours
Executive	10,0
Senior management	6,6
Middle management	16,9
Professionally qualified specialists	53,6
Skilled (upper) supervisors	70,5
Skilled technical employees	70,0
Semi-skilled employees	62,7
Apprentices/trainees	486,4
Unskilled employees	97,5
Overall average	77,6

Cost of training (RSA only) (R000)

African		Indian		Coloured		White	
Male	Female	Male	Female	Male	Female	Male	Female
R11 483	R1 566	R3 930	R656	R263	R76	R3 198	R671

Percentage of payroll invested in skills development

During the review period, PPC spent 6,4% of its payroll (ie leviable amount) on skills development for employees; 80% of this was spent on previously disadvantaged employees at a total investment of R33,7 million, compared to R31,5 million in 2009.

Leadership development

We believe developing leadership at PPC is a valuable investment in guiding the mindsets of our leaders and equipping them for their respective roles.

Leadership development initiatives during the year were diverse but focused on guiding and aligning leadership to the new vision and business strategy. This included a review of PPC leadership values and behaviours, mentoring and coaching initiatives and ongoing emotional intelligence profiling and coaching for new and current managers. All initiatives were targeted at executive and senior management levels.

By continuously reviewing and aligning all our leadership development initiatives, we ensure they remain relevant and appropriate for the intended business purpose.

Academies

PPC is focused on building sustainable competence to remain globally competitive. Our academies were developed to support this need. Where appropriate, PPC aims to align its development initiatives to the National Qualifications Framework (NQF).

The PPC Academy consists of five legs:

- Sales and marketing
- Operations
- Mining
- Leadership and management
- Technical skills.

PPC sales and marketing academy

In April 2010, the third intake of seven learners from PPC and 20 from Barloworld's Plascon began their course at PPC's sales and marketing academy. In November, the second group of learners graduated with a level 4 qualification in customer management accredited by the NQF and recognised by the European Marketing Federation.

In developing this academy, PPC and Plascon carefully identified their own needs and integrated these into a registered qualification hosted by the Services Setra.

PPC operations academy

In November 2010, 27 learners of the original 40 graduated from the 2007 and 2008 intakes to the operations academy. Fifteen learners were enrolled in each of the 2009 and 2010 intakes.

All learners are working towards further education and training certificates in carbonate materials manufacturing process on NQF level 4. PPC is the only company offering this 18-month programme, which is accredited by the MQA and registered with SAQA.

PPC mining academy

PPC adapted its rock-breaking: quarrying qualification to align with new explosives regulations in 2009 and retain its status as an industry leader among accredited training providers.

In total, 26 learners are at various stages of completing this NQF level 3, 18-month course. Practical training is clearly a critical component in developing rock-breaking skills and PPC is working closely with major suppliers such as Stefanutti Stocks civils division, Shawroc Trading and Videx to ensure learning takes place in situations that resemble the real-life experience as closely as possible.

PPC leadership and management academy

Launched in May 2009, the aim of this academy is to develop the ideal balance of leadership and management skills, resulting in globally competitive leaders who are also high-performance managers addressing our business requirements. At present, there are 16 leader/managers participating in the senior management programme.

The PPC leadership and management academy is unique in that learning material is customised for PPC, and includes case studies from the group. Participants also benefit from the combination of PPC subject-matter experts and best-of-breed facilitators and lecturers, while group work enhances cross-functional learning across the value chain. In addition, applying new knowledge is customised for each participant and integrated with coaching, while on-the-job evaluations link to performance. Participants are carefully selected from high performers, succession candidates and newly appointed technical specialists.

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PPC technical skills academy

The technical skills academy (TSA) completed another successful year, operating above capacity for most of the time. During the period, TSA maintained its MQA accreditation, its ISO 9001:2008 certification, and received a clean audit report from the SABS. After a recent audit by Merseta, it was recommended that TSA receive full accreditation to provide training and conduct trade tests as a decentralised trade test centre for the next five years.

Facilities were upgraded during the year to accommodate up to 100 delegates at a time. By year end, 28 of the current learners had successfully completed their trade tests.

Technician development programme

Ten candidates embarked on the pilot technician development programme launched in early 2009. This is aimed at attracting,

retaining and developing technicians from within and outside PPC, with two routes towards technical development: the first offers external students at universities of technology the opportunity to complete their in-service training with PPC; the second route enables PPC employees – current technicians or those who want to develop in this area – to develop their existing competencies or follow the technician route by developing their knowledge, skills and experience. Both routes of development feed into technician succession pipelines.

Six trainees continued with their second-year training in the past year, specialising in specific PPC competencies. Some of these candidates have already been appointed to permanent positions in the company. The next intake of trainees is in January 2011.

2010 development initiatives

Programme	Comments	African		Indian		Coloured		White		Total
		M	F	M	F	M	F	M	F	
Sales and marketing 2008 intake	All graduated in November 2010	3				2	1	1	3	10
Sales and marketing 2010 intake	Started in April 2010	5				1		1	1	8
Operations 2007 intake	Graduated in November 2010	4	2			5		8		19
Operations 2008 intake	Graduated in November 2010	7				7		6		20
Operations 2009 intake		8				3		4		15
Operations 2010 intake	Started in June 2010	6				5		4		15
Mining 2008 intake		5				6		3		14
Mining 2009 intake		5				3	1	3		12
Management and leadership		2		2	2	1		8	1	16
Electrical learnership		14	4	4				3		25
Fitter and turner		18	4			9		2		33
Plater welder		18				4				22
Diesel mechanic		13						3		16
Bridging programme		32	1			43	1	18	4	99
Total		140	11	6	2	89	3	64	9	324

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Case study – Trainee technician programme builds skills

In 2008, PPC approved a pilot programme to train electronic technicians for the group and to give candidates with S4 qualifications the work experience (or in-service training) they need to receive national diplomas. In addition to 12 months of work experience, we included a second year of training on PPC-specific competencies.

The first nine trainees were enrolled in January 2009, moving through a generic engineering skills programme to practical and theoretical courses at PPC's technical skills academy (TSA) and their respective sites.

An important part of the learning experience was the need for each candidate to complete a mini project on a plant simulator at TSA and present this, together with their total learning experience, to a panel of experts in November 2009. Following positive feedback from both the panel and candidates, the trainee technician programme is being integrated into the total learning experience offered by the academy.

Graduate development programme

The PPC graduate development programme was initiated two years ago, in response to the need to establish a structured and focused learning programme that addresses the growing shortage of graduates with a strong technical foundation.

The programme is driven by the business needs for bench talent (multiskilled people who can fulfil several job specifications) in several critical disciplines such as engineering, production and process services, mining, quality and environment, and sustainability. It is reviewed annually.

MQA rewards PPC's passion for learning

PPC's commitment to skills development at all levels was recognised by the Mining Qualifications Authority (MQA) and the Department of Mineral Resources during the year.

In October 2010, PPC received the 2009 sectoral good practice award in skills development (cement production category) from the MQA. For this achievement, we received a prize of R84 000 to be used for skills development in the group. In addition, our application was submitted to the Department of Labour to be judged against submissions from companies in other Setas on a national level.

Developed by PPC specialists, with the correct balance between theory and practical, hands-on application, the programme facilitates learning in an open and supportive study environment in the context of the workplace. Graduates are site-based and regular quality assurance in the form of site visits, individual and focus group interviews, ensures continuous growth and improvement of the programme.

All eight candidates recruited in the first intake in 2008 successfully completed the programme and were promoted in their respective disciplines at various factory sites where their skills were required. Subsequently, two graduates joined the programme in 2009 and three in 2010.

Assessors on site

PPC conducts assessor training programmes for team members to ensure our people are evaluated by competent assessors, ensure the correct competencies are imparted to do our work effectively, and that all training has the desired outcome in terms of skills enhancement. This training also ensures PPC academies maintain the required number of assessors to retain their accreditation.

Adult basic education and training

Adult basic education and training (ABET) is a cornerstone of learning and development in PPC, reflecting the company's commitment to lifelong, outcomes-based learning. With most of the workforce now assessed for ABET training, a concerted effort is under way across all sites to get as many team members as possible through level 4 of ABET training. Achieving this level in communication and numeracy will give employees the best opportunity to fast-track their careers through the various PPC academies.

In the review period, 169 PPC employees graduated with level 4 in communication and literacy and 549 learners are completing ABET level 1 to level 4 programmes in South Africa.

PPC bridging programme

The accredited bridging skills programme, launched in 2007 to help learners obtain the relevant entry requirements for the academy's programmes, continues to operate successfully.

As part of the continued talent pipeline, learners currently exiting the ABET programme are enrolled in the bridging programme in preparation for entry to learnerships in the respective academies.

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Case study – ABET training levels climbing

In Port Elizabeth, the Ikhwezi ABET programme has reached 98%, a stretched target that reflects total commitment across all levels. Translated, this means 98% of PPC's workforce has completed ABET in full. Although most people in the Port Elizabeth team never had the opportunity to attend normal schooling, this programme enables them to apply their new knowledge in their workstations and in their lives in general, from interpreting bank statements to responding and interacting in English conversations. All Invocoms have now been converted to English as the communication medium.

Dinaledi bursaries – building educational capacity

We believe a vital element of sustainable development is strengthening the educational capacity of historically disadvantaged South African communities. By supporting education programmes, PPC helps to empower young people, in turn enabling them to participate in mainstream economic activity.

Through our Dinaledi programme, PPC has invested almost R4 million in the futures of these young people. During the review period, PPC spent R1,6 million supporting 18 Dinaledi bursars selected from disadvantaged communities throughout South Africa for tertiary study in disciplines related to our business.

Four years since investing in the first group of bursars, the programme is now bearing fruit with six Dinaledi bursars completing their university studies and joining the PPC graduate development programme in 2011. These six include two female mining engineers.

All bursars had the opportunity of completing eight weeks of vacation work a year over the past three years, and this has been extremely helpful in realising their careers and achieving academic success. The Engineering Council of South Africa encourages engineering students to get practical experience – PPC Dinaledi bursars have the advantage of linking academic work to the experience developed during vacation work. They also develop a fuller understanding of the competencies and character required in the workplace, and experience PPC's organisational culture.

Six more students will be recruited for the 2011 intake, with special focus on students from child-headed homes and orphanages who show great interest in pursuing engineering as a career.

Case study – Jupiter ABET programme

During the year, Jupiter's ABET graduates proved that perseverance and determination pay off. Some 96% of eligible employees are attending literacy training. A new training centre can accommodate more people, and includes a separate computer room with access to PPC's intranet.

Ownership

During the review period, 200 new employees became share owners, taking the total to 2 700, and R27,3 million in dividends has been paid to these share owners and loan funders. Additionally, R3,4 million was spent on PPC broad-based trust projects.

Beneficiaries of empowerment

PPC is firmly committed to black economic empowerment in South Africa, given the importance of meaningful participation by black people in the mainstream economy to meet the country's socio-economic objectives.

Following the conclusion of our R2,7 billion BBBEE transaction in 2008, our shareholding includes some 3,5 million black beneficiaries in broad-based shareholder groupings, including employees and communities. This transaction created and transferred over 15% of PPC's equity into black hands through various trusts, a consortium of strategic business partners, and community service groups (overleaf) to provide the maximum benefit to participants through innovative funding structures that release dividends at the earliest possible time.

In 2010, PPC continued to engage with various national and provincial government departments to align the company's broad-based socio-economic transformation objectives with that of government. Progress is guided by our REAL (relevant, empowering, actualised and lasting) transformation philosophy, the heart of all our social performance initiatives.

Since the launch of the PPC external trusts, trustees have been implementing various projects across the different trusts, most notably under the PPC Construction Industry Associations Trust.

PPC external broad-based and internal staff trusts

Since announcing the PPC broad-based black economic empowerment transaction in September 2008, good progress has been made in implementing the aims of both the external broad-based and internal staff trusts linked to the transaction.

Over half or 8% of the 15,29% equity stake, totalling R1,4 billion, relates to these trusts, and it required focus and commitment from all stakeholders to ensure the successful launch and implementation of the individual trusts. The focus for each of these trusts is detailed below.

Creating sustainable opportunities for black emerging contractors

The PPC Construction Industry Associations Trust (CIA) (Reg No IT 1040/08)

Launched in January 2009, the long-term objective of this trust is to deliver strategic projects that contribute to the socio-economic upliftment of disadvantaged individuals and communities across South Africa.

In 2010, the trustees approved an additional R1,9 million (2009: R3,2 million) to four beneficiary construction associations (detailed below). This allocation will cover numerous projects aimed at capacitating the development of association members. Another R1 million has been set aside for the projects of new beneficiaries being identified by the board of trustees.

To date over 600 members from different associations have participated in accredited training programmes.

Beneficiary associations

- **Khuthaza Development Solutions** (previously Women for Housing)

In 2009/2010, members were trained in practical building skills at the Tjeka Training Centre in Chamdor, Mogale City. A further 41 contractors received accredited training in bricklaying, plastering, plumbing, painting and carpentry, while another 20 contractors were trained in project management and 24 contractors received computer training. The total cost of this training was R402 000.

In the latter part of 2010, contractors were trained in negotiation skills and construction management. Funding for these programmes amounted to R500 000 and was covered by the allocation for 2010.

- **National African Federation for the Building Industry (NAFBI)**

Last year NAFBI spent its allocation of R656 000 on leadership training for its provincial directors and training for its members on tendering and pricing, construction site management and financial management. Altogether 181 members benefited from the training.

NAFBI also used some of its 2009 allocation to establish its website as a communication tool with its members (www.nafbi.org).

In 2010 NAFBI elected to spend its R500 000 allocation on health and safety training for 79 members and financial management training for a further 40 members. Both programmes were run by accredited black training providers. An additional 32 members were trained in bricklaying skills.

- **South African Women in Construction (SAWiC)**

In 2009 SAWiC used its allocation of R271 000 to develop its website (www.sawic.org) and organised governance training for 19 members. The funding was also used to compile SAWiC information brochures and for assistance with printing its annual report.

In 2010 a further R405 000 was allocated to SAWiC to develop its office capacity nationally and to train members in public-private partnerships, computer skills and construction management.

- **Mellon Housing Initiative**

Mellon spent its 2009 allocation of R604 000 on life skills training for 160 contractors as well as practical building skills for 211 contractors.

The 2010 allocation of R500 000 went to supervisory skills for 24 of its foremen and life skills training linked to practical building skills for a further 24 contractors. In addition, Mellon has arranged for 57 community staff members to receive training in computer skills.

Supplying key skills for the sector

The PPC Education Trust (Reg No IT 1041/08)

The PPC Education Trust was launched in August 2009, with its first project targeted at beneficiaries in the cement manufacturing, mining and construction sector in the Mafikeng region, where unemployment is widespread.

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In 2009 the board of trustees approved a three-year artisan training programme for five trainees in the plater welding, fitting and turning, and electrical fields at a cost of R1,8 million. The project is being implemented by the PPC technical skills academy, with solid progress reported by current learners. Cognisant of the dire shortage of skills in the sector and, importantly, in the Mafikeng region, two more local community members will join the artisan training programme in 2011.

Building sustainable communities

The PPC Community Trust (Reg No IT 1035/08)

In 2010, the trustees introduced the PPC Community Trust to senior PPC management at all operations, and met with the relevant community engagement forums and local government.

To date, 26 project proposals have been received from nine designated beneficiary communities. These projects include food gardens, early childhood development initiatives, upgrading a clinic in Atteridgeville near Pretoria, computer literacy, a rural youth leadership training programme and renovation of a daycare centre in the Eastern Cape. These projects will be implemented in 2010 and 2011 once community engagement forums have been formalised and appointed.

Our people and their families

The PPC Team Benefit Trust (Reg No IT 1036/08)

Launched in June 2009, this trust initially concentrated on financial literacy among shop-floor employees, which was identified as a priority after conducting a needs analysis survey across the business.

The financial fitness initiative is being implemented across all PPC sites for the remainder of 2010, covering all qualifying employees and their families. Initiatives for the new financial year are being assessed by the trustees.

Making employees shareholders

The PPC staff trusts

Since the launch of the internal staff trusts, some 2 672 existing staff beneficiaries have collectively received R6,5 million in dividends. The Future PPC Team Trust, which deals with new staff members, is currently 41% allocated, with 302 249 shares passed on to beneficiaries. Some 162 new beneficiaries have joined this trust since the last report. The Black Managers Trust is currently 61% allocated, with 6,3 million shares passed on to beneficiaries, and 32 new beneficiaries since the 2009 report.

In the reporting period, dividends of R20,9 million were paid to the trust loan funders on behalf of beneficiaries.

As share owners our people now take a broader view of PPC as a business, realising that, as part owners, their wellbeing and growth are interlinked with PPC as an organisation – working together to create a better life for all.

Socio-economic development

PPC's old-order mineral rights conversion applications were submitted to the Department of Mineral Resources in 2008. Following formal feedback on these applications from the department, amended social and labour plans were submitted for approval early in 2009. These plans embody PPC's commitment to accelerating its broad-based socio-economic transformation process.

In its 10 social and labour plans submitted to the Department of Mineral Resources, PPC has committed to invest R60 million over five years on local economic development (LED) projects in its communities. This involves 28 projects in 12 communities, partnering with municipalities in six provinces across the country.

To date, PPC has spent over R17 million of a planned R60 million implementing projects approved by the department and agreed with municipalities, over and above the group's own CSI projects. In addition, PPC continues to engage with all its communities in identifying and implementing sustainable projects.

The three current areas of investment span infrastructure development, poverty alleviation and job-creation projects. Local economic development projects implemented during the year include:

- **Youth centre in Swartland, Western Cape**

In a milestone initiative, PPC has entered into a memorandum of agreement with the Swartland local municipality and Goedgedacht Trust (based in Germany) to invest R3,5 million over the next five years in building a youth centre. This investment will support the actual construction work and all infrastructural development around the centre. Labour will be sourced solely from the local community.

The centre will house a gym, educational facilities such as a library, a computer technology centre and a trauma room that will be used by the local SAPS to provide counselling to victims of crime. Courses provided will include life skills, youth leadership programmes, health and fitness, cultural exchange programmes, drama, choir and music.

With unemployment being one of many social challenges in the region, the Goedgedacht Trust will embark on educational awareness and training/capacity building programmes to enable youth in the local community to secure future employment.

This initiative is a signal example of public-private partnerships or PPPs being extended beyond South Africa's borders to include foreign funding agencies.

- **Installing solar panels at Diepsloot skills centre, Gauteng**

Diepsloot is a densely populated area of formal and informal settlements in northern Johannesburg. Although the Diepsloot skills centre was built in 2007, the lack of electrical infrastructure

made its chances of becoming a sustainable success slim. After engaging with the municipality, the ward and the community itself, PPC Laezonia invested R1,7 million in installing solar energy infrastructure – identified as a sustainable solution to develop the full value of the centre and boost skills development.

The centre supports projects such as adult basic education and training (ABET), sewing and soap-making. A candle-making project is in the pipeline. These projects will be a source of income for the 110 community members involved. The centre has already created 23 temporary building and installation jobs which did not require electricity during training. PPC's investment in solar power (75 photovoltaic panels) will not only drastically reduce the centre's electricity costs, but ensure a continuous power supply.

In addition to providing infrastructure, PPC will continue to support the entire project through coaching and mentorship to ensure sustainability.

• **Ostrich-farming project, Klipplaat, Eastern Cape**

In December 2009, PPC and the local iKwezi municipality launched an ostrich-farming project at Hardwood Farm for 16 beneficiaries from the nearby communities of Jansenville and Klipplaat.

Over the past year the project has flourished, with ongoing infrastructure development on the farm and training by a local ostrich specialist. The team has completed the required holding pens, division of chicken-rearing pens and built necessary shaded areas. PPC also funded a vehicle to collect eggs from the surrounding veld on the day they were laid to maximise the survival rate of chicks. The most significant development was the installation of a much-needed water system which feeds drinking troughs throughout the camps. Because ostrich farming is a demanding business in an arduous environment, the attrition rate has been high but the remaining nine beneficiaries have proved their mettle.

The farm has been registered as an ostrich-producing entity, which will enable the beneficiaries to realise profits by monitoring the 12-month-old ostriches to determine whether they should be retained as breeding stock or sold as produce.

In addition to developing the skills needed to raise ostriches, the beneficiaries have benefited from management and life skills training provided by PPC. This will ensure they are able to manage the project as a sustainable enterprise going forward.

• **Creating opportunities in Motherwell, Eastern Cape**

In May 2010 PPC had already invested R3 million in terms of its commitments to the Mining Industry Partners. The goal of this programme is to implement high-impact local economic development projects in Motherwell, which in turn will create

jobs and entrepreneurial opportunities for local inhabitants and bridge the frontiers of poverty, which is rife in the area.

• **Improving water quality in Wittewater, Piketberg, Western Cape**

PPC, together with the Bergrivier Municipality and the local Moravian Church, identified the community's dire need for a potable water supply. Having experienced substandard water quality and severe water shortages, the 1 500 inhabitants of the Wittewater community will now have access to clean water.

PPC launched the Wittewater water treatment and supply plant project in a handover ceremony attended by Agriculture, Forestry and Fisheries minister, Tina Joemat-Pettersson. With 9,5% of the De Hoek workforce residing in Wittewater, the project forms part of PPC De Hoek's social and labour plan which aims to enhance the lives of all PPC employees and the areas they live in. Comprising two phases, the project has already upgraded existing water pumps in the community with the upgrade of the existing water plant set to start later this year. Requiring an investment of R1,2 million by PPC, the project also provided temporary employment for over 25 members of the community.

• **Household electrification in Northern Cape**

As part of the integrated development plan of Kgatelopele municipality, the first phase of electrifying stands in Kuilsville and Tlhakalatlou was completed in the review period. In this phase, power was supplied to 120 of 287 identified erven with a local contractor executing the work under the auspices of a consulting engineering company. The award of tenders for the second phase of 167 erven is scheduled for completion before year end 2010.

• **Paving access roads, Northern Cape**

In line with Kgatelopele municipality's integrated development plan, PPC Lime is working with Idwala Lime to pave access roads in Kuilsville and Tlhakalatlou. With the consulting engineers and construction company already appointed, phase 1 is scheduled to begin shortly. However, because asbestos fibre was found during preparatory work, environmental consultants have been commissioned to advise on the best way forward. Once this challenge is addressed, the project will use local labour and bricks sourced from a local manufacturer.

Projects planned to start in 2011

- Community clinic – Mafikeng, North West
- Small business hive – Bergrivier, Western Cape
- Multipurpose skills development centre – Tshwane (Atteridgeville), Gauteng
- Construction of Legonyane Skills Centre – Brits, Madibeng, North West
- Construction of second phase for Ramokoka Primary School, Moses Kotane, North West
- Construction of youth centre – Swartland, Western Cape.

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Enterprise development

The PPC Ntsika Fund (Pty) Limited (Ntsika) was established late in 2008 as a formal vehicle to provide financial support and active mentorship to black-owned enterprises. Businesses are evaluated against stringent criteria, and to date the Ntsika board has invested R56 million in seven black-owned businesses.

• Afripack (Pty) Limited

Afripack manufactures and supplies flexible packaging solutions to the industrial and fast-moving consumer goods (FMCG) markets. Ntsika has invested R37,6 million to expand the business base.

• Metlakhgola Construction & Development (Pty) Limited

The Ntsika board has invested R2,1 million for the construction and development of nine plots into residential housing units in Soweto.

• Rhulanani Concrete Mixers (Pty) Limited

Rhulanani is a ready-mix concrete business operating in Lephalale, Limpopo Province. After initial setbacks due to Eskom funding delays, the Lephalale area is currently enjoying strong growth from the development of the Medupi power station and related infrastructure. Ntsika has invested R5,6 million to supplement the owners' investment of R3,9 million.

• Olegra Oil (Pty) Limited

Working with the Rose Foundation to save our environment from the arbitrary disposal of used oil, Ntsika has invested R5 million into Olegra Oil. Olegra's main activity is collecting used oil from surrounding mining operations and a filling station and fitment centre in Lime Acres village. The used oil is sold to PPC Lime to burn off in its kilns in an environmentally friendly manner.

• First Gas (Pty) Limited

First Gas began distributing liquid petroleum (LP) gas in April 2010 from a site in Edenvale, Gauteng. Ntsika has invested R1,8 million in this business to establish a distribution network to residential, hospitality and light industrial consumers.

• Modise Woodworks and Projects CC

Ntsika has invested R1,4 million in Modise which supplies cut-to-size laminated chipboard and accessories to the residential housing market in Soshanguve.

• Loerie Community Trading (Pty) Limited

Loerie has acquired the property of a rehabilitated lime quarry, previously operated by PPC. The buildings have been converted

into a 100-bed residential facility and further labour-intensive projects are being evaluated. Ntsika has invested R2,2 million in this project to date.

Preferential procurement

Total discretionary procurement spend for the year was some R3,5 billion of which 65% or R2,3 billion (2009: R1,5 billion) was preferential procurement from BBBEE companies. This is a considerable improvement on the comparable level of 45% in 2009 and exceeded the group target of 50% for the review period.



PPC exceeded its targets for spending with SMMEs and black-owned businesses but missed its target for spending with black women-owned businesses. Securing BEE compliance credentials from certain vendors remains a challenge and we continue to work with our suppliers to complete and maintain an accurate analysis of our vendor database.

PPC spend	2010 target	2010 actual	Mining charter target 2014
Capital goods	20%	5%	40%
Services	50%	61%	70%
Consumable goods	15%	20%	50%

Corporate social responsibility

PPC's social performance embraces the principles of corporate social responsibility and corporate social investment (CSI). The group's CSI policy and community upliftment programmes seek to contribute to creating thriving and sustainable communities in all our operating regions, and uphold the socio-economic tenets of the South African mining charter, BBBEE scorecard legislation and principles of social sustainability.

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PPC spent some R8,5 million (2009: R6 million) supporting various CSI projects across the country during the review period, as illustrated below:



1 Job creation – poverty alleviation	12%
2 Education	49%
3 Community training	12%
4 Infrastructure	16%
5 Welfare (charity donations)	7%
6 Arts and culture	3%
7 Other – sport (eg golf jerseys)	1%

South Africa

Through our CSI initiatives, we are making a significant contribution to the lives of thousands of needy South Africans, particularly children. Apart from projects featured below, PPC is involved in numerous other initiatives (page 72).

PPC believes in partnering with its beneficiaries for at least three to five years and a number of projects are beginning to show true sustainability.

Time for Change – 164 beneficiaries have graduated from the sewing and baking projects and are now running their own initiatives to support their families. Other NGOs caring for street children have also sent their youth for training. The centre is slowly developing into a skills development centre for the youth of the streets and former commercial sex workers. The focus is now on looking for business to make the centre self-sufficient.

TLC – some R350 000 was invested in establishing a poultry farm at this NGO (formally Tender Loving Care Ministries) which cares for abandoned babies. The poultry farm will provide much-needed cash from the sale of eggs and chickens.

Taking CSI beyond our borders

PPC has extended the scope of its CSI activities to include countries of operation outside of South Africa, reflecting the group's commitment to investing in all the communities in which it operates. During the year, initiatives were started in Botswana and Zimbabwe.

Although each country is unique, the social development challenges facing African countries are similar. Lessons learned from PPC's South African CSI projects are being applied to programmes in Botswana and Zimbabwe because we believe sharing this wealth of knowledge across borders can prove invaluable in ensuring the success of projects in other countries.

Botswana – investing to empower

PPC is working with the Pan-African Christian Women's Alliance (PACWA), a group of retired professional women who provide care and support for marginalised people and youth on the streets. The organisation runs bakery and sewing projects to enable beneficiaries to earn a living. PPC invested in the bakery equipment and work is under way on the construction of a new building to house the two initiatives.

In addition to the flagship project, PPC invested in renovating a crèche. Located within walking distance of its Botswana factory in Gaborone, this crèche is used by the children of many of the company's 150 Botswana employees.

Zimbabwe – a prosperous future through education

Part of PPC's transformation agenda is to develop future black leaders, and therefore education is critical. Schools in Zimbabwe are woefully under-resourced and PPC has focused its CSI efforts in this country on education.

The company adopted three primary schools and one secondary school in areas surrounding its operations, supplying stationery, textbooks and furniture. The project had an additional income-generating benefit, as both the textbooks and furniture were developed, produced, printed and manufactured by Zimbabwean businesses. This ensures the projects benefit the whole community, and not just those people employed by PPC.

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Case study – Riebeeck community project

As a leading company in the Riebeeck West and Riebeeck-Kasteel district, PPC Riebeeck plays an important role in initiating and nurturing projects that uplift whole communities.

After introducing a permaculture project at Wielie Walie Crèche, youngsters are learning to grow a variety of vegetables, herbs and fruits using eco-friendly methods. These include optimum watering techniques and using organic insecticides.

After Food and Trees for Africa invited a well-known horticulturalist to run workshops from the premises, the team at Wielie Walie are turning these practical lessons into income-generating opportunities. By incorporating this project into its social and labour plan, PPC is providing the required support to convert the garden's fresh produce into value-added products.

Case study – Giving builders the opportunity to shine

In February 2010, and to mark its 50th year in Botswana, PPC pioneered a contest to identify the country's best builder. Given the importance of the construction sector in Botswana – it employs almost 30 000 people or 20% of total private and parastatal employment – PPC is encouraging building excellence, safer worksites and better workmanship.

The competition comprises two categories: civil and commercial construction, and building construction. Judging criteria focused on safety consciousness, quality of workmanship, timeliness, budget adherence and appearance of final product. The contest attracted over 3 000 entries.

Importantly, all competition winners will receive certificates of excellence in building, endorsed by the construction industry bodies, Association of Building and Civil Engineering Contractors (Abcon) and Tshipidi Badiri.

In addition, PPC has numerous other initiatives at various stages of implementation, including those listed below.

Project	Description	Beneficiaries	Investment 2010 (R000)
Housing infrastructure support	Construction of low-cost houses through Niall Mellon Township Houses Trust and Habitat for Humanity	To date, 40 houses have been built, and over 370 people trained in various construction skills	500
	Every year PPC partners with Department of Human Settlement to sponsor building houses in support of Women's Month	Women	100
	Construction of early childhood development centres through MaAfrika Tikkun	3 000 bags of cement to construct Phuthadijaba Community Centre in Alexandra and Arekopaneng Community Centre in Orange Farm	180
Job creation and poverty alleviation			
<i>Siziwe Mini Bakery – Johannesburg inner city</i>	Operated by former street children and ex-commercial sex workers. Income generated supports the centre with food and toiletries. It also supports sub-projects such as art lessons, as well as providing school uniforms, bus fares, hospital fees, etc	To date eight direct jobs created with beneficiaries receiving a monthly stipend of R500–R2 000	40
<i>Time Sewing – Johannesburg inner city</i>	Operated by former street children and ex-commercial sex workers	To date 12 direct jobs created with beneficiaries receiving a monthly stipend of R500–R2 000	70
<i>PPC NOAH's Ark Bakery, Kliptown (gas ovens)</i>	Operated by eight trained NOAH volunteers supplying bread to the Ark feeding scheme and selling to the public	The eight volunteers get an extra stipend and the feeding scheme is assured of fresh bread daily	40
<i>Latita Community Soap Project</i>	Soap-making initiative in partnership with Calabash Trust	15 women and one man (unemployed) from Kwadwesi and Joe Slovo informal settlements in Port Elizabeth	100

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Project	Description	Beneficiaries	Investment 2010 (R000)
Welfare			
Food gardens	Permaculture food gardens (in partnership with Food and Trees for Africa)	Two schools – Parkgate Primary School, KZN, Ntsha Peu School in Pretoria	350
	Earthbox vegetable gardens (in partnership with partner Operation Heartline)	Time for Change, New Nation School and Kliptown NOAH's Ark	130
Support	Refurbishment of Alex Clinic pharmacy	Alexandra community	60
	Security fencing at Kliptown NOAH's Ark	Children at the Ark from Kliptown, Soweto	68
	Implementation of a poultry farm at TLC Ministries (for abandoned children) and purchase of car	Abandoned babies from around Johannesburg	520
	Installing water tanks at Phuthaditjaba in Alexandra and Arekopaneg in Orange Farm	Phuthaditjaba Community Centre in Alexandra and Arekopaneg Community Centre in Orange Farm	280
	Implementation of bakeries	Forest Town School for children with disabilities for their work experience programme (WEP). Funds covered purchase of bakery equipment, renovations to existing building, electrics and plumbing	216
		Kanye Mini Bakery (Botswana) run by Pan African Christian Women's Alliance (PACWA). Funding was for bakery equipment and construction of bakery structure	210
	Contribution towards specialised wheelchairs for the QuadPara Association of South Africa	Quadriplegics from various communities	68
Education and community training	Community bursaries for people with disabilities	Quadriplegics from various communities	51
	Early childhood development centres	Dinaledi bursars at MES and support to Crèche on Wheels	136
	Contribution towards production of climate change diary and distribution to 2 000 learners	Grade 12 learners from schools around the 10 PPC operations and sales offices	70
	School furniture, stationery and school textbooks	For learners from four schools around PPC operations in Zimbabwe	700
	Field Band Foundation (Music for Life as a tool for Aids awareness)	Supporting three bands – Galeshewe in Kimberley, Cullinan in Pretoria and Danielskuil in Lime Acres	538
	Dinaledi bursary programme (administered through CareerWise)	Tertiary students from very disadvantaged families	1 500
	African Leadership Academy	Support for two students' fees and upkeep	280
	African Leadership Initiative	Contribution towards leadership programme with over 20 leaders from various disciplines and organisations	300
	Girls & Boys Town	Support for two students' upkeep (accommodation, education and training, food, transport, etc)	91

Environment review

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Highlights	Lowlights
<ul style="list-style-type: none"> • We have calculated our scope 3 CO₂ emissions • Established a high-level energy task team and 10-year energy road map • R75 million spent on environmental upgrades in the current financial year • Launched a dedicated environmental awareness programme • Integrating green elements into business plan – biodiversity conservation area. 	<ul style="list-style-type: none"> • PPC Zimbabwe received an environmental fine for unauthorised land clearing • PPC PE has received correspondence from the Green Scorpions requesting management plans to address fugitive emissions and raw material storage on site.

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

We aim to minimise the impact of PPC's environmental footprint and create more positive outcomes in the long term. We recognise that the impacts of climate change, management of water resources and energy security are among the greatest challenges facing society and have prioritised these for responses.

One of our business values is environmental legitimacy which goes beyond legal compliance. Together with our stakeholders' inputs, we work to deliver products and services that are:

- Desirable
- Proper
- Appropriate

This report highlights PPC's achievements in the year to 30 September 2010 and provides a follow-up on our commitments. We have also considered comments and questions submitted by our stakeholders on our environmental performance.

The year in review

Our issues	What we said we would do in 2010	Our progress	Outlook for 2011
Green procurement	Develop a group-wide supply chain policy	<ul style="list-style-type: none"> ✓ PPC has developed a green supply chain policy to improve sustainability across the value chain. In this policy, we commit to reducing our environmental footprint across the supply chain through programmes aimed at: <ul style="list-style-type: none"> • Optimising use of non-renewable resources, water consumption, and indirect and direct energy • Reducing greenhouse gas emissions per ton of product produced • Managing impacts on land and biodiversity • Waste management • Promoting dialogue with stakeholders • Capacity building and awareness 	Update the green supply chain policy as required
	Engage suppliers in line with PPC's green supply chain policy and strategy	<ul style="list-style-type: none"> ✗ Based on environmental risk of the product/services, four suppliers were engaged to understand their approach to environmental management 	Continue to work with suppliers to improve environmental management
Best practices	Continue to develop best practices	<ul style="list-style-type: none"> ✓ Best practices developed for noise management, change management, emissions reporting and environmental awareness 	Identify further areas where best practices are required and action
Climate change	Review climate change strategy	<ul style="list-style-type: none"> # PPC has embarked on a thorough strategic review of the climate and energy strategies 	Complete review of carbon and energy strategies, with defined carbon, renewable and energy-efficiency targets

✓ on track # in progress ✗ delayed

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Our issues	What we said we would do in 2010	Our progress	Outlook for 2011
Climate change (continued)	Improve carbon footprint assessment through independent assessment of scope 2 and 3 CO ₂ emissions	✓ PPC has calculated its total carbon footprint (scope 1, 2, and 3) for the 2009 financial year with the support of an external service provider. External assurance has been undertaken on scope 1 and 2 emissions only. The method used is per the World Business Council for Sustainable Development	Continue with assurance on scope 1 and scope 2 CO ₂ emissions PPC is concentrating on developing systems to track and calculate scope 3 emissions
	Undertake greenhouse gas audits at all sites using GHG protocol	✓ External consultant contracted to calculate PPC's total carbon footprint (results on page 77)	No further action required
	Undertake energy audit baselines at all sites	# Baseline audits on electrical energy completed at all large factories (page 78). Full energy baselines at all operations, and establishment of targets, will be done in the next financial year	Complete remaining audits and implement energy action plan
	Rollout of IT virtualisation project across the group with final implementation by May 2010	# In 2009 PPC's IT department implemented an energy conservation measure known as the virtualisation project (a process of placing more than one operating system or 'guest' onto a single server). To date five of our cement plants and our lime division have been converted. Delays in completing the remaining sites were due to supply challenges relating to the FIFA 2010 World Cup™. Estimated savings for PPC on completion: 520MWh per year and 626 tons of CO ₂	Complete two remaining cement plants. Undertake feasibility study on rolling out project to smaller PPC sites
Compliance	Maintain compliance with all authorisations and receive no fines	* No fines or directives received for our South African and Botswana operations. Bulawayo operation in Zimbabwe fined US\$500 for unauthorised land clearing	Improve system for central reporting of all environmental legal transgressions
GRI	Phased externally verified and assured GRI report	✓ 2010 integrated report has been declared C+ (GRI application level)	Continue to improve reporting as per GRI requirements
Stakeholders	Continue to develop relationships with all PPC stakeholders through environmental stakeholder forums and communication on PPC internet site	✓ Sites continue to engage with stakeholders via site-specific stakeholder environmental forums. The PPC internet site www.ppc.co.za also has a section dedicated to environment and sustainability	Effective forums functioning at all PPC cement, lime and aggregate sites, with at least quarterly stakeholder meetings
Upgrades	7% reduction in electricity consumption (Ntshatfatso)	✓ 15% reduction in electricity consumption after installation of vertical roller mill at Hercules	Continue to monitor electrical efficiency

✓ on track # still in progress * delayed

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Notable environmental achievements in 2010

Energy management – PPC's integrated group energy strategy focuses on:

- Improving operational efficiency along a five-year energy-improvement plan for each operation
- Developing alternative thermal and electrical energy sources.

PPC has appointed a full-time energy manager at group level and assigned resources at its operations specifically focused on energy management (page 80).

- **Carbon footprint** – PPC has calculated the total carbon footprint (scope 1, 2 and 3) for its operations in South Africa, Zimbabwe and Botswana (page 77) based on 2009 data
- **External assurance on key environmental performance indicators** – Deloitte & Touche was appointed to externally assure (see assurance report on page 93) the following key performance indicators:
 - Direct energy consumption; indirect energy consumption
 - Total direct and indirect greenhouse emissions by weight
 - Environmental fines received by the company.

Technology upgrades resulting in environmental improvements

- Slurry kiln 7: partial kiln shell replacement and kiln electrostatic precipitator (ESP) upgrade. The ESP upgrade entailed increasing collecting capacity to ensure dust emission levels below 50mg/Nm₃. The new equipment has been commissioned and outstanding optimisation issues are being addressed
- De Hoek finishing mill 5: abatement technology upgrade to replace the existing ESP with a new bag filter. The bag filter continues to perform better than PPC specification levels and manufacturer guarantees and fully complies with minimum emission standards published by the Department of Environmental Affairs
- Port Elizabeth raw mills bag filter: the plant has been commissioned and performance testing undertaken in April 2010. The filter continues to perform better than guarantees.

Case study – Emission monitoring: what is measured is managed

PPC Jupiter uses bag-filter technology abatement equipment at the mills; however dust monitoring equipment was not installed at plant commissioning. Against this backdrop, PPC Jupiter installed continuous dust monitors at the finishing mills to monitor and quantify dust emission levels through the stacks. This is an important control measure to assist Jupiter in managing its atmospheric impacts. The efficiency of bag-filter technology will be assessed continuously and the milling process optimised to ensure acceptable dust emission levels.

The quantified dust emissions will be reported monthly to the City of Johannesburg's air quality control officer. In addition to legal compliance requirements, another fundamental reason for dust emission monitoring is to ensure that our stakeholders (internal and external) enjoy their right to an environment that is not harmful to their health and wellbeing as stipulated in section 24 of the South African Constitution.

The project capital cost was around R750 000 and annual calibration of the monitors to ensure accuracy and data integrity is estimated at R20 000. This is only one of the projects PPC Jupiter has undertaken to demonstrate its commitment to continuous improvement and sustainable development.

Interactions with communities

- **Site visit by learners** – Dwaalboom Primary School visited PPC Dwaalboom in Limpopo in February 2010. The visit concentrated on waste and water recycling and pollution-prevention activities at the cement plant. The learners were also encouraged to start their own recycling projects.
- **International visit to Riebeeck** – In April 2010, PPC Riebeeck hosted a site visit by prominent local and international participants in the cement-manufacturing industry. This incorporated an introduction to the PPC Riebeeck operation and its varied projects; a visit to Smuts Cottage, a national monument on the property restored and maintained by PPC since 1986; and a tour of the mine, highlighting rehabilitation work and protection measures instituted for a sensitive environmental area, the renosterveld hill (page 87).

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- **PPC Zimbabwe to chair water cluster meeting** – PPC Zimbabwe is working closely with environmental authorities in Bulawayo to develop a tool for integrated water resources management. The water technical committee of the Business Council for Sustainable Development – Zimbabwe identified five water clusters in Bulawayo to promote efficient management and conservation of water resources. PPC Zimbabwe’s Bulawayo factory has been appointed by the council to chair the eastern cluster, with the first workshop hosted in September 2010.
- **University of Cape Town (UCT) student work exposure** – In July 2010 De Hoek was visited by second-year UCT chemical engineering students and their professor, who spent a week gaining practical experience in a manufacturing environment. The students were joined by an engineer from group process services and completed three projects during the week as practical examples of applying chemical engineering skills to regularly obtain answers required for operational purposes.

The student visit has become an annual event, with 2010 marking the fourth year of our involvement in providing workplace exposure for chemical engineering students.

Material environmental issues

Our approach to identifying material environmental issues

Based on stakeholder engagement, internal and external factors that affect the company as well as legal obligations, PPC has identified its material environmental issues for 2010 as follows:

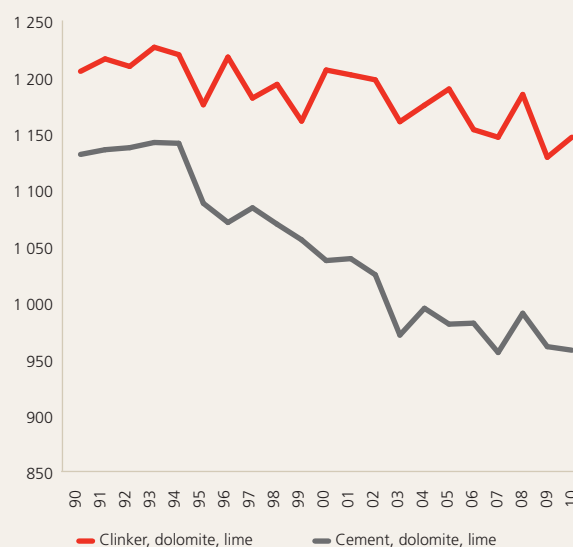
- Carbon footprint
- Energy security and consumption
- Responsible water resource management
- Legal compliance

Carbon footprint

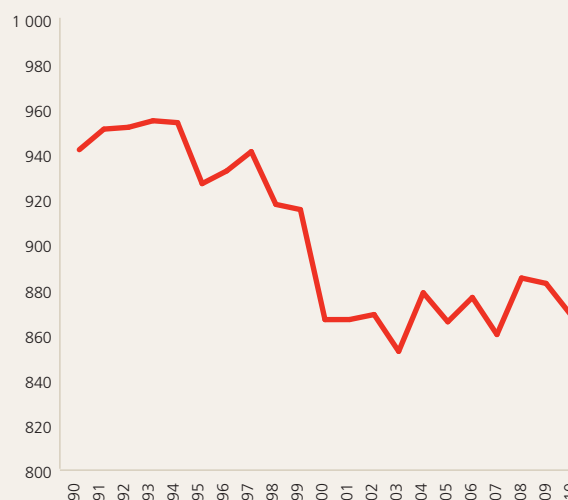
PPC has developed integrated climate change and energy strategies. PPC has also participated in the Carbon Disclosure Project (CDP) since the launch of the South African project in 2007. This project aims to collect climate change data from listed companies around the world, on request from investors. More information on the project is available on www.cdproject.net.

PPC collects climate change data according to the CO₂ protocol developed by the cement sustainability initiative of the World Business Council for Sustainable Development. The CO₂ per ton of cement, lime and dolomite for 2010, including both scope 1 (direct) and scope 2 (indirect) emissions was 958kg, while the CO₂ for clinker, lime and dolomite was 1 147kg/ton.

PPC’s CO₂ emissions (kg/ton product)



PPC’s CO₂ emissions – cement only (kg/ton product)



PPC has reduced its specific net CO₂ emissions by 1,5%, compared with 2009 resulting in a carbon footprint of 869kg for cement (SA only). This was achieved through an increase in the extension of cement and implementing more energy-efficient equipment.

Environment review *continued*

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There has been much discussion recently about the specific carbon footprint of cement, with some cement brands reaching the market with much lower footprints than PPC reports. The largest potential impact on the carbon footprint of a bag of cement lies in extension (reducing the clinker content in cement by adding slag, fly ash, limestone and other additives). Although these extended cements have a lower carbon footprint, they are not necessarily suitable for all applications and do not, in all instances, accurately represent the carbon footprint of cement as a raw material to concrete.

As part of its product range PPC produces OPC, a non-extended cement product used in large construction projects and as a base input material to other cement blenders that produce extended cement.

It is important to always consider CO₂ emissions related to manufacturing clinker and concrete, not only cement.

Working with our customers to find business solutions

PPC was recognised by its customers as the first supplier to approach customers in the construction industry to understand their business requirements. The ready-mix operations and blenders requested that PPC supply a non-extended product range to assist in managing their process efficiencies.

Measuring our carbon footprint

PPC contracted an external service provider to calculate the company's total carbon footprint, ie scope 1, 2 and 3 emissions in line with the greenhouse gas protocol for the 2009 financial year. The scope covered all activities under PPC's control and included Botswana and Zimbabwe. As shown in the figure opposite, 85,3% of the company's footprint arises from cement production, 14,1% from lime and 0,6% from activities at our aggregate operations. Therefore, most of PPC's initiatives to reduce its carbon footprint will be directed at the cement operations. Activities at the following locations were identified as not material to the carbon footprint and will not require assurance:

- Head office in Sandton
- Sales depots at George and Montague Gardens (Cape Town)
- Sales offices.

Total CO₂ emissions (scope 1 and 2) for the 2010 financial year are shown below.

	Tons CO₂ emissions	%
Cement	4 138 481	73,10
Lime and dolomite	1 202 169	21,23
Aggregates*	23 197	0,41
Botswana*	6 415	0,11
Zimbabwe*	291 511	5,15
Total CO₂ emissions	5 661 773	100,00

* Values have been excluded from external assurance.

Energy security and consumption

Given expected shortages in the supply of electrical energy in South Africa, recent dramatic increases and expected future increases in the cost of electricity, PPC has elevated electrical energy to a high risk and cost element.

Although electricity comprises less than 10% of PPC's total energy use, the expected 400% increase in its cost in the medium term will have a dramatic impact on the group's cost structure. Accordingly, PPC has established an energy task team headed by the chief executive officer. The task team has developed an integrated 10-year energy strategy for the company that focuses on both operational energy efficiency and developing alternative energy solutions. This is detailed on page 80.

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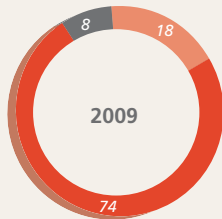
Greenhouse gas inventory of Pretoria Portland Cement for the 2009 financial year

Aggregate quarries



GHG emissions of aggregate production

	(t CO ₂ e)
Scope 1 (direct)	6 471
Scope 2 (indirect)	26 712
Scope 3 (other indirect)	2 698
Aggregate emissions	35 881
% of company emissions	0,6%



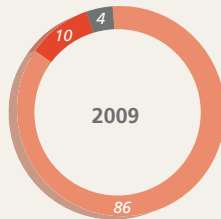
■ Scope 1 direct 18%
■ Scope 2 indirect 74%
■ Scope 3 indirect 8%

Cement*



GHG emissions of cement production

	(t CO ₂ e)
Scope 1 (direct)	4 469 036
Scope 2 (indirect)	496 463
Scope 3 (other indirect)	210 274
Cement* emissions	5 175 773
% of company emissions	85,3%



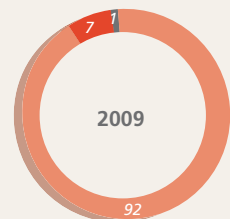
■ Scope 1 direct 86%
■ Scope 2 indirect 10%
■ Scope 3 indirect 4%

Lime



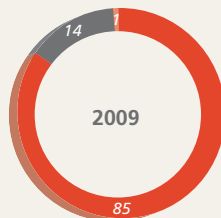
GHG emissions of lime production

	(t CO ₂ e)
Scope 1 (direct)	789 846
Scope 2 (indirect)	57 618
Scope 3 (other indirect)	6 098
Lime emissions	853 562
% of company emissions	14,1%



■ Scope 1 direct 92%
■ Scope 2 indirect 7%
■ Scope 3 indirect 1%

Total GHG emissions for PPC



■ Aggregate quarries 1% ■ Cement 85% ■ Lime 14%

Company overview

	(t CO ₂ e)
Scope 1 (direct)	5 265 353
Scope 2 (indirect)	580 793
Scope 3 (other indirect)	219 070
Company emissions	6 065 216

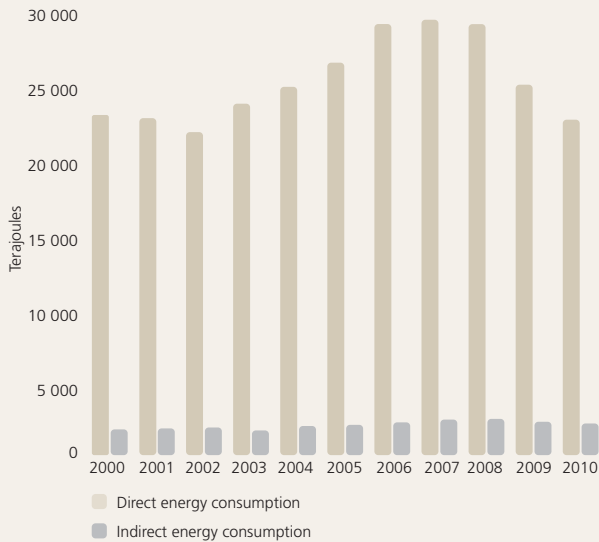
* Components included in cement: blending/milling plants, sales offices, head office, international relations, depots, factories and quarries

Environment review *continued*

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Direct and indirect energy

Energy consumption – cement, lime and dolomite in 2010



PPC's total energy consumption for 2010 was 9% below 2009 levels. Total direct energy consumption was 22 527 terajoules, while total indirect energy consumption was 2 113 terajoules. This was primarily due to a decrease in the volume of product produced and, secondly, by:

- Optimising production planning to ensure the most efficient kilns in the group are used at all times
- Commissioning the Hercules vertical roller mill, with markedly lower electrical energy consumption
- Renewed operational focus on thermal energy efficiency.

PPC group energy strategy

Energy supply risks and climate change have accelerated the business case for energy management. A high-level assessment confirmed that for PPC to remain competitive and sustainable, it

is critical that energy security, the rising costs of energy, climate change and related environmental concerns are dealt with as a strategic imperative.

PPC's resultant energy strategy outlines a 10-year energy road map for the group and includes recommendations on viable energy solutions. The strategy is considered in terms of liquid, electrical and thermal energy within the likely medium-term scenario.

The Stern Review on climate change warned that inaction now will result in a much higher cost later. The South African government has responded with national climate change-reduction targets and creating an enabling environment for independent power producers to invest in alternative energy through the integrated resource plan.

Transforming to a low-carbon economy will, however, take time. For PPC to remain true to its value of legitimacy, this strategy advocates an appropriate, cost-effective but more diversified energy mix. Energy will be secured from a number of sources and places that will include fossil fuel energy, alternative fuel and material as well as renewable energy. The speed at which new technologies are introduced will be determined by internal PPC targets, risks associated with the technology and financial constraints.

A number of energy projects were identified, evaluated and selected to be rolled out in the medium term to reduce PPC's dependence on fossil fuel-based energy.

The PPC energy strategy will be sustained through regular reviews and assessments of the enablers to implement the road map including knowledge management systems and technical skills.

As a part of the strategy, PPC is implementing a five-year energy plan at each operation to achieve a focused improvement in group energy performance.

The PPC group energy strategy

Vision, mission and values PPC strategy	Energy security, compliance and strategic advantage	Energy and climate change principles and policies	Operational efficiency improvements	Baseline determination	Baseline determination for carbon, thermal and electrical energy consumption		Continuous review and environmental scanning Projects on hold due to energy cost, legislative changes
				Energy monitoring	Operational energy monitoring at factory level		
				Energy planning	Five-year energy planning for factories, with efficiency and absolute targets		
				Energy efficiency projects	Five-year planning on energy-efficiency projects, depending on energy planning		
				Energy and carbon trading	Platform to trade energy and carbon		
				Behavioural change	Comprehensive programme to change attitudes to energy in PPC		
				Short (2012)	Medium (2012-2015)	Long (2015-2020)	
				Alternative thermal energy projects			
				Alternative electrical energy projects			
Reporting							
External assurance							

Industrial ecology: key to mitigating PPC's climate change impact in the medium term

Industrial ecology is defined as shifting industrial process to a closed-loop system where waste materials from one process become inputs for new processes. The cement process is inherently suited to benefit from the principles of industrial ecology.

PPC has been practising industrial ecology by using alternative fuels and raw materials in the cement and lime processes. This practice has been identified as a key lever to mitigating PPC's climate change impact in the medium term.

However, the group has not been able to increase the use of renewable materials significantly due to the slow progress of developing legislation. Although the national policy on cement kiln co-processing was released by the government in June 2009, there has been little progress on resolving licences and authorisations for the use of alternative fuels. PPC will continue to engage with the relevant authorities towards a successful conclusion of these licences and authorisations.


Case study – Lime Acres quarry

The PPC Lime quarry has reduced specific electrical energy consumption by more than 60% by implementing improved blasting and stripping methods, and drastically reducing wastage and stripping requirements from the mining operation. This has had a significant impact on mining cost at PPC Lime and has reduced overall annual energy use at the operation by 10 000MWh.

Dwaalboom cement milling

PPC implemented two energy efficiency projects in the cement milling department at Dwaalboom in the past financial year. These projects have resulted in a marked improvement in the production capability of the mill with an aggregate improvement in the mill's specific energy consumption of 5%.

Responsible water resource management

South Africa is a semi-arid country. It is predicted that in future increasing demands will be made on our dwindling water resources. It is therefore imperative that all water use sectors use water optimally and efficiently to ensure that the needs of both the environment and people are satisfied for now and future generations. (Department of Water Affairs <http://www.dwaf.gov.za/WaterConservation/QA.htm>) 

The cement-manufacturing process is not unduly water intensive, as we use abstracted ground and surface water and municipal water for our process activities. Impacts on water sources are limited to our mining operations where groundwater may be intercepted. This is managed through the risk assessment undertaken as part of the integrated water use licence application.

Water management strategy

Although cement manufacturing is not an intensive water user, PPC understands the need to conserve water, and each of our sites is optimising its water consumption. Each site has established water balances and will continue to improve water efficiency by ensuring that all water infrastructure functions optimally.

Progress

PPC has narrowed the focus on water management to the volumes of municipal water used by our sites. The total volume of municipal water consumed by our South African operations during the year was estimated at 501 349m³. PPC will optimise the use of municipal water by implementing a rigorous water management programme in 2011.

Environmental management systems and legal compliance

All our South African operations are ISO 14001 certified and our aggregates division is ASPASA (Aggregate and Sand Producers Association of South Africa) accredited.

In terms of maintaining legal compliance, PPC has implemented the following activities:

- Linking conditions of permits and licences to the environmental management system (EMS)
- Developing a permit and licence authorisation register
- Ensuring the authorisation process begins a year before expiry of an authorisation.

None of our South African operations incurred any fines over the financial period. Our Bulawayo milling operation in Zimbabwe was fined US\$500 by the Environmental Management Agency (EMA) for unauthorised clearing of vegetation from company land.

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Other environmental issues

Environmental upgrade projects

PPC has committed R190 million over 2010/2011 to projects to improve environmental efficiencies. Of this, R51 million has already been spent.

- **PPC Western Cape expansion project**

The existing PPC Riebeeck operation is nearing the end of its design life. To maintain guaranteed supply in the region in the long term, PPC has investigated the option of replacing and expanding capacity by upgrading existing facilities at PPC Riebeeck and PPC De Hoek. The upgraded facilities will use leading international technology and deliver reduced CO₂, NO_x and SO₂ emissions, as well as reduced water and energy consumption per ton of clinker produced.

The first phase of the De Hoek upgrade has started with the replacement of the clinker cooler and ESP to bag-filter retrofit. This work is scheduled for completion by mid-2012. The project entails installing a grate cooler and indirect firing system for kiln 6, coupled with an ESP-to-bag house conversion for the main stack. The project is expected to deliver major reductions in point source (stack) emissions. All emission points are specified below the minimum emission standards published by the Department of Environmental Affairs.

PPC withdrew the application submitted under the Se Kika project at Riebeeck at the end of July 2010. The proposed new project scope and required environmental authorisations are being reviewed to initiate a new application for submission to the authorities.

- **PPC Ntšhatfatso project (Hercules vertical roller mill project)**

The Ntšhatfatso project was commissioned during the year, and included installing an energy-efficient vertical roller mill, clinker silo and duo-cell cement silo. This modern equipment will ensure the continued supply of cement as well as numerous environmental benefits.

The vertical roller mill, together with the remaining milling capacity, is calculated to produce an electrical energy saving per ton of cement produced of around 15% at PPC Hercules. The mill bag house continues to perform well below PPC specification and manufacturer guarantees and fully complies with minimum emission standards published by the Department of Environmental Affairs.

Project feasibility studies

- Slurry finishing mill 4: installing a new high-efficiency separator in the milling circuit and dust collection, resulting in greater energy efficiency and reduced dust emission
- Slurry coal-handling and storage: improved coal-storage and handling area to reduce fugitive dust emissions and improve water quality
- Hercules road transport tipping station: for coal and other incoming materials, resulting in environmental benefits such as reduced fugitive emissions (stockpiles and transfer points) and improved water quality
- Hercules rail tippler: a feasibility study has been completed to replace the existing tippler and install a new dust filter. The new filter will effectively reduce fugitive dust emission from material handling
- Jupiter fly ash: improvements to fly ash storage, handling and transport system, allowing for increased cement extension. Benefits include reduced carbon footprint.

Waste management

The cement process is not waste intensive. PPC generates hazardous and general waste through its maintenance, administration and packaging activities which are either recycled or disposed of (as a last option) at licensed landfills.

The quantities of hazardous and general waste generated during the review period from our cement and lime factories are split as follows: total hazardous waste 1 468 tons; total domestic waste 5 175 tons. Hazardous waste consists of used oils, oily rags and used grease and is significantly less than general waste volumes. Systems are currently being developed to quantify waste generated from our aggregates division.

PPC is also committed to recycling e-waste (used electronic equipment and related parts). The group head office in Sandton recycled 3 140kg of e-waste over the past year.

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Case study – Clean-up campaign

During the year, PPC Lime Acres conducted a campaign on waste management with local schools (Finsch Primary, Lime Acres Primary and Sha-Leje Primary). Each school identified an area to clean and developed a poster based on the learning experience outside the classroom. Prize hampers were given to these schools for participating in the campaign.

Striving for a plastic-free Lime Acres

Following on the plastic bag regulation of 2003, PPC Lime Acres promoted the use of green bags during the year. Free bags were given to employees, contractors and schools (Finsch Primary, Lime Acres Primary, Sha-Leje Primary, Limandia Pre-primary and secondary schools in Danielskuil).

Managing our emissions

Project CLEAR (Concise Library of Emissions to Air Report)

PPC monitors dust, SO₂ and NO_x emission levels from cement kiln stacks. SO₂ is generated from sulphur compounds in the raw materials and combusted fuel, and amounts produced vary from plant to plant. Fuel combustion in rotary cement kilns generates nitrogen oxides from the nitrogen in the fuel and incoming combustion air. The amount emitted depends on several factors including fuel type, nitrogen content and combustion temperature. As an alternative tool to online monitoring of dust and gas emissions, PPC has implemented Project Clear which involves collating process and quality information on the cement and lime process each month. After a few challenges including resources and technical skills, data collation is well under way.

To establish total baseline levels of emissions from our South African kilns, we have collated dust, SO₂ and NO_x levels. The table below depicts the company's emissions of dust, SO₂ and NO_x (based on data from Project Clear) from kilns currently operating. A similar initiative has been implemented at PPC Lime, but it is premature to indicate emissions in this report.

We will continue to report on emission levels using 2010 as the baseline year.

	Dust	NO _x	SO ₂
Tons emitted pa (cement kilns)	440	7 700	690

Case study – Old PPC cement-making infrastructure now used for education

PPC and the Provincial Heritage Authority have agreed to use the old lime kilns at the group's Slurry cement factory for educational purposes. PPC would like to make the site available to school children from nearby communities to raise awareness of the lime-making process, history and its heritage significance. The old lime kilns at the factory just outside Mafikeng in North West Province have long been replaced by modern technology, but remain synonymous with the company's South African heritage.

Built in the early 20th century and containing two adjacent lime kilns, the site is entitled to protection under the National Heritage Resources Act. Both kilns are built into the landscape, supported by several stone buttresses, in typical 19th century style. The kilns are some 2 metres in diameter and 6 metres deep, and lined with clay bricks. While operational, limestone and fuel (such as wood) were fed in from the top and stacked in layers. An opening at the bottom provided access to retrieve the lime after firing.

The site was officially opened in May 2010 by Mr Motlhabane Mosiane, Provincial Heritage Resources Authority and PPC CEO, Paul Stuver.

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Heritage resources

Case study – Protecting heritage resources at Dwaalboom

Archaeological remains can be defined as man-made objects that reflect past ways of life, deposited on or in the ground. Heritage resources have lasting value in their own right as evidence of the origins of South African society – valuable, finite, non-renewable and irreplaceable.

All archaeological remains, artificial features and structures older than 100 years and historic structures older than 60 years are protected by legislation, in this case the National Heritage Resources Act (NHRA) (Act 25 of 1999). No archaeological artefact, assemblage or settlement (site) may be moved or destroyed without approval from the South African Heritage Resources Agency (SAHRA). Human remains older than 60 years are also protected by the NHRA, while those less than 60 years are protected by the Human Tissue Act (Act 65 of 1983 as amended).

The cultural heritage survey conducted in November 2008 as part of Dwaalboom's environmental management programme identified five grave sites on PPC property (and four more on neighbouring properties). All these sites are older than 60 years and therefore protected by the NHRA.

The sites were identified as having high significance and the recommendation was to fence off each site with a minimum 20-metre buffer zone. Fencing sites on PPC property was completed in July 2010. The sites are stable but will need mitigation if impact cannot be avoided; this may entail a full grave-relocation process.

Other heritage resources identified on PPC property include a small middle Stone Age lithic scatter, historical houses and buildings (either complete, dilapidated or foundations only), the remains of an Indian trading shop and square stone reservoirs.

Biodiversity management

Case study – Conservation area at PPC Grassridge quarry

The Nelson Mandela Bay Municipality in the Eastern Cape Province of South Africa is formalising a biodiversity plan for the province, aimed at highlighting areas that are critical for conserving biodiversity and maintaining ecosystem functioning, and to inform future land-use planning.

The bioregional plan supports the principles of integrated development planning and sustainable development promoted by the National Environmental Management Act (108 of 1996), and is consistent with the NEM: Biodiversity Act (10 of 2004), the national biodiversity framework (2009), and South Africa's commitments under international agreements such as the Convention on Biological Diversity (1993) and the United Nations framework convention on climate change.

According to the bioregional plan, substantial portions of PPC's Grassridge property are critical for biodiversity conservation, with one of the most threatened subtropical thicket types, bonteveld, occurring on site. Bonteveld has been classified as a critical biodiversity area and has a conservation target of 25%.

More than half the species at Grassridge are South African endemics, with 40 of these endemic to the Eastern Cape. Four are endemic to bonteveld, including the everlasting daisy, *Syncarpha recurvata*. One threatened species occurring on site is *Encephalartos horridus*. There are 16 protected species including *Euphorbia* species, four Aloe species, two *Pachypodium* species and one orchid. According to the National Forest Act (84 of 1998), there are two protected trees, *Pittosporum viriflorum* and *Syderoxylon inerme*. This clearly indicates the importance of Grassridge for bonteveld conservation.



Bonteveld on Grassridge quarry

Accordingly, PPC Port Elizabeth has committed to set aside a conservation area on its Grassridge property (map below). The area makes provision for conserving bonteveld and allows a corridor between Grassridge quarry and the Coega open space system.

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Mining and rehabilitation

PPC recognises its responsibility for proactive land and resource stewardship. Expanding education on environmental awareness in local communities is just one of our initiatives to highlight conservation and management of the environment and the benefits to future generations.

Most PPC mines are in environments ranging from wheat and game farming to peri-urban areas. The company owns surface rights to all areas where deposits are being mined and land not required for current operations is leased to farmers for agricultural purposes. Rehabilitation is done concurrently with mining operations and rehabilitated land is leased in exchange for farming land required for ongoing mining.

Water conservation and management

Water use and pit dewatering is always a serious consideration in the mining process. PPC De Hoek has implemented an intensive water use monitoring plan to optimise this valuable resource and an investigation is under way to determine the feasibility of erecting a desalination plant to minimise water extraction from the Berg River.

Alien species control and the environment

Legislation requires controlling alien species on properties to an acceptable standard and according to a preset schedule. This is achieved by establishing a prioritised management plan to eradicate invasive and alien plants over time. Specialist studies determine appropriate control measures.

The local community, under supervision of an accredited competent person, has been contracted to eradicate mostly Port Jackson and pepper trees in local streams. The wood is mainly sold locally as firewood.

Erosion

Specialist soil studies are conducted to identify the soil type and management of topsoil stripping, storage and redistribution. Overburden dumps and shallow mining voids are profiled to angles

suitable for agricultural machinery required for the end use. Erosion control berms are constructed along contours to prevent erosion and these are maintained during farming activities.

Where runoff angles are too steep or sensitive vegetation is threatened, drainage channels and steep slopes are fortified to prevent erosion.

De Hoek is establishing permanent catchment channels on steeper slopes to consolidate the contour runoff water and deliver it to natural waterways.

Rehabilitation and preservation of the renosterveld

The Cape floral kingdom is one of only six floral kingdoms on the planet. The South African kingdom consists of three types, with the renosterveld lying between the coast and the mountains. Due to the fertility of the soil and good drainage properties of underlying gravels, it provides perfect conditions for growing grapes and wheat. Only 4% of the renosterveld is left, making it the most threatened vegetation species in the world.

PPC Riebeeck has embarked on a project to integrate mining rehabilitation with the preservation and re-establishment of the renosterveld to minimise the impact of surface overburden dumping. The dump has been profiled to blend in with the adjoining landscape and gabions manage and control erosion while maintaining current waterways.

There is evidence of the renosterveld recovering and expanding down-slope despite the ecosystem consisting of 1 700 unique species.

PPC concurrent rehabilitation (ha)



PPC concurrent rehabilitation reconciliation as at October 2009*

Beestekraal	Dwaalboom	Grassridge	Slurry	Riebeeck	De Hoek	Laezonia	Mooiplaas	PPC
88%	81%	97%	96%	92%	97%	92%	83%	94%

* As the annual mine survey is conducted aerially at year end, rehabilitation data always lags by one year

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Case study – Rehabilitation of the area behind the tippler at PPC Hercules

The area behind the tippler has historically been used to store discarded and redundant material. The stream that flows through the factory exited the site via this area, but because it was infested with invasive reeds, this threatened to pollute the stream.

Part of the factory plans to rehabilitate disturbed areas included this site. Heavy machinery (backactors, front-end loaders) were brought in to remove the debris, which was taken to a local landfill site and used as cover material. The reeds were cut and disposed of, resulting in a large excavated hole. Fill material was purchased and the excavated area backfilled.

Some 2 160 tons of fill material was used to landscape the area, and 2 000m² of grass purchased and planted. The stream banks were gunnited to stabilise them and a garden created between the stream and PPC fencing. Various shrubs and trees were planted as part of the 2009 Arbor Day celebrations.

Before



After

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Case study – Progress on environmental noise reduction at PPC De Hoek

As part of its continual improvement programme, PPC De Hoek requested that an environmental noise survey be conducted to determine noise levels and the related impact on the surrounding environment. The main focus was areas of the plant closest to PPC recreational and village areas (the first houses at PPC De Hoek were built in the early 1920s and, over ensuing decades, the plant and village have expanded to such an extent that some houses and recreational buildings are 50-80 metres from plant activities).

Results revealed that the environmental noise impact from air jet fans was quite significant, ie recorded as 92,1dBA.

To mitigate the noise impact, suitable silencers were fitted to the existing series of jet cooling fans.

After modification of the air jet fans, environmental noise levels close to houses and club facilities were reduced by 3-5dBA. Occupational noise levels at the actual fans were reduced to 82-83dBA, a significant improvement on prior levels.

- Continue to work with suppliers to improve environmental management in our supply chain
- Identify and share best practices in the group
- Increase internal awareness activities among our people
- Estimated R100 million spend on environmental projects in 2011
- Complete implementation of an energy-planning system at all factories that sets energy-efficiency targets for thermal and electrical energy use for the next five years. This planning system is based on the following elements:
 - Establishing the baseline of energy use at each operation. This includes baselining electrical energy use at cement and lime operations in response to expected energy rationing for large energy users. All baselines for large energy users in the organisation have been submitted to the relevant licensees.
 - High-level electrical energy monitoring has been implemented at all major operations. This system will be expanded into the operations in the next financial year to enable real-time management of operational electrical energy use. This will assist significantly in identifying energy-saving opportunities
- Roll out projects identified in the energy strategy.

Awareness creation

Case study – Integrating green elements into business strategy



To further drive employee awareness about managing paper in the office, PPC Sandton embarked on a month-long Transform our Print campaign. This included changing our source of printing paper to eco-friendly stock certified by the Forest Stewardship Council (FSC) and introducing waste paper recycling bins at printing areas. Our print paper is 50% recycled and all our office paper is destined for further recycling, reinforcing our value of environmental legitimacy.

Goals for 2011

- Maintain ISO 14001 and ASPASA certification

Assurance

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Combined assurance

This table summarises key business processes/measures and their associated assurance provider.

Business process	Output from assurance	Status	Provider
Financial Financial reporting	Zero audit findings	Audited	Deloitte & Touche
Environmental Direct consumption by primary energy source	Verified consumption	Assured	Deloitte
Indirect consumption by primary source	Verified consumption	Assured	Deloitte
Total direct and indirect greenhouse gas emissions	Confirmed GHG emissions	Assured	Deloitte
Significant fines, sanctions for non-compliance with environmental laws and regulations	Statement	Assured	Deloitte
Environmental management systems	ISO 14001 – 10 operations	Certified	Dekra
Social Social responsibility management	Gold award – 1 operation	Awarded	Dekra
Health and safety HIV/Aids	National standards, continual improvement – 9 operations	All SA cement and lime operations certified	SANS 16000:2007
Lung function testing	All operations' clinics now comply	Compliant	SANS 451:2008
Workplace safety systems	OHSAS 18001:2007 – 9 operations	All relevant operations certified	SABS
Lost-time injury frequency rate (LTIFR)	Verified LTIFR statistics	All operations audited, 4- or 5-shield status	Dekra
Integrated safety, health and environment standards	All aggregates operations	Compliant	ASPASA-ISHE, About Face
Rail safety	Rail regulator safety permit issued to PPC	Compliant	National Railway Safety Regulator
Quality Quality assurance	ISO 9001 – 12 operations	Certified	Dekra
Cement strength test	National audit of SANS 50196-1	Zero-findings audit for PPC Group Laboratory Services	Cement and Concrete Institute (C&CI)
Corporate governance and risk Sustainability	Gold award – 1 operation	Awarded	Dekra
Business continuity	Standardise business continuity management across group	Under way	BS 25999
Information security	ISO 27000:2005	Reviewing processes and controls	Ernst & Young
Risk management		External surveys	Willis
Black economic empowerment	Improved level of BBBEE contribution	Achieved level 3 two years ahead of target	Empowerlogic

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Sites	Aggregates	De Hoek	Dwaalboom	Group Laboratory Services	Hercules/ Beestekraal	Jupiter	Lime Acres	Port Elizabeth	PPC Projects	Riebeeck	Saldanha	Sales and marketing	Slurry	Zimbabwe
Certifications														
ISO 9001		X	X	X	X	X	X	X		X	X	X	X	X
ISO 14001		X	X		X	X	X	X		X	X	X	X	
OHSAS 18001		X	X		X	X	X	X		X	X		X	
SANS 16001		X	X		X	X	X	X		X	X		X	
SANS 1841 (packing)		X	X		X	X	X	X		X			X	
ISO 17025 (laboratory)				X										
C&CI laboratory audits conducted		X	X	X	X	X	X	X		X	X		X	
Awards														
Dekra 5 shields		X	X		X	X	X	X		X	X	X	X	
Dekra bronze award												X		
Dekra silver award		X	X		X	X		X		X	X		X	
Dekra gold award							X							
ASPASA About Face	X													
ASPASA ISHE	X													
Safety Experience – national winner – Zimbabwe														X
Recognitions														
> 500 000 hours accident free			X						X					X
Zero lost-time injuries				X					X		X			X

Empowerment status

PPC's broad-based black economic empowerment status as at September 2010 was audited and verified by rating agency Empowerlogic during October and November 2010. In terms of the DTI Codes of Good Practice, PPC is a level 2 BBBEE contributor with a procurement recognition level 2 (this enables our customers to claim back 156% of their spending with our group for their own preferential procurement points).

BBBEE status – verified level 2

Element levels	Equity ownership – level 1
	Management composition – level 3
	Employment equity – level 6
	Skills development – level 4
	Preferential procurement – level 2
	Enterprise development – level 1
	Socio-economic development – level 1
Black ownership	27,0% (13,7% black women ownership)
Value-adding vendor	Yes
BEE procurement recognition	156%



www.thedti.gov.za/bee/beecodes

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Mining charter scorecard 2010

Amendments to South Africa's broad-based socio-economic charter for the mining industry (mining charter) were promulgated by the Department of Mineral Resources in September 2010. This followed a comprehensive assessment of the progress of transforming the industry against the objectives of the original mining charter (2002).

PPC had made steady progress against targets in the 2002 mining charter and is committed to meeting those targets in the 2009 charter where it does not already comply.

<i>Element</i>	<i>Measure</i>	<i>Compliance target 2014</i>	<i>Progress</i>	
1 Reporting	Has PPC reported level of compliance with charter for calendar year	Documentary proof of receipt from DMR	Annual PPC engages with regions and national DMR in finalising conversion applications	
2 Ownership	Minimum target for effective HDSA ownership	Meaningful economic participation	26%	
		Full shareholder rights	26%	
3 Housing and living conditions	Conversion and upgrading of hostels to attain occupancy rate of one person per room		PPC does not have hostels Company housing is provided at most remote locations. The group also promotes home ownership by facilitating opportunities for employees to secure housing loans.	
	Conversion and upgrading of hostels into family units	Percentage conversion	PPC does not have hostels	
4 Procurement and enterprise development	Procurement spend from BEE entity		In 2010, 65% (R2,3 billion) of PPC's discretionary spending was directed to BEE companies:	
		Capital goods	40%	• 5%
		Services	70%	• 61%
	Consumable goods	50%	• 20%	
	Multinational suppliers' contribution to social fund	Annual spend on procurement from multinational suppliers	0,5% of procurement value Not measured. To be implemented in 2011	

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Element		Measure	Compliance target 2014	Progress
5 Employment equity (see detailed table page 92)	Diversification of workplace to reflect the country's demographics to attain competitiveness	Top management (board)	40% (target 5% increase pa to 2014)	62%
		Senior management (exco)	40%	33%
		Middle management	40%	56%
		Junior management	40%	61%
		core skills	40%	80%
6 Human resources development (see detailed table page 92)	Develop requisite skills, including support for South Africa-based R&D initiatives intended to develop solutions in exploration, mining, processing, technology efficiency (energy and water use in mining), beneficiation, environmental conservation and rehabilitation	HRD expenditure as percentage of total annual payroll (excl mandatory skills development levy)	5% (target 0,5% increase pa)	6,4% spent on skills development 100% of R&D expenditure directed at South Africa-based businesses
7 Mine community development	Conduct ethnographic community consultative and collaborative processes to delineate community-needs analysis	Implement approved community projects	Up-to-date project implementation	28 projects in 12 communities in six provinces at various stages of implementation. To date, R17 million of planned R60 million spent on approved projects
8 Sustainable development and growth	Improvement of industry's environmental management	Implementation of approved EMPs	100%	Five approved Seven submitted One being amended
	Improvement of industry's mine health and safety performance	Implementation of tripartite action plan on health and safety	100%	Awaiting clarification from DMR
	Use of South Africa-based research facilities for analysing samples across mining value chain	Percentage of samples in SA facilities	100% (target 25% increase pa to target)	100% of samples are processed in SA facilities
9 Beneficiation	Contribution towards beneficiation (effective from 2012)	Added production volume contributory to local value addition beyond the baseline	Section 26 of MRPDA (percentage above baseline) Beneficiation strategy and modalities of implementation outline beneficiation requirements per commodity extracted in South Africa	

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Employment equity (element 5 page 91)

Description (action)	Measures	Reporting template							Total
		Year: 2010							
		African		Coloured		Indian		White	
		M	F	M	F	M	F	F	
Diversification of workplace to reflect the country's demographics to attain competitiveness	Top management (board level)	5	2			1			8
	Senior management (exco)		1	1		1	2		5
	Middle management	41	28	34	8	25	13	36	185
	Junior management	163	46	118	32	6	9	62	436
	Core skills	876	76	324	24	14	4	18	1 336

Human resources development (element 6 page 91)

Description	Measures	Spread of measure category	Reporting template							Total
			Year: 2010							
			African		Coloured		Indian		White	
			M	F	M	F	M	F	F	
Develop requisite skills, including support for South Africa-based R&D initiatives intended to develop solutions in mining, processing and exploration technology efficiency (energy and water use in mining), beneficiation, environmental conservation and rehabilitation	HRD expenditure as % of total annual payroll (excluding mandatory skills development levy)	Learnerships and bursaries (of core and critical skills)	35	2	29	1				67
			9	6	3					18
		Artisans	65	8	14		6		1	94
		ABET training (level I, II, III, IV and NQF 1)	439	33	31	12	1	1	7	524
		Other training initiatives (school support and post-matric programmes)	<ul style="list-style-type: none"> • 70 on PPC bridging programme • 15 post-graduate students on graduate development programme 							
Support for SA-based R&D initiatives	100% of R&D expenditure directed at SA-based companies [GLS]									

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19 November 2010
The Directors
Pretoria Portland Cement Company Limited
PPC Building, Barlow Park 180 Katherine Street Sandton

Dear Directors

INDEPENDENT AUDIT REPORT ON LIMITED ASSURANCE PROCEDURES CONDUCTED ON SELECTED PERFORMANCE INDICATORS

Scope

You have requested that we perform limited assurance procedures for selected performance indicators to be published in the Sustainability section of the Pretoria Portland Cement Company Limited's Annual Report for the year ended 30 September 2010. Our limited assurance procedures were conducted with the objective of expressing a conclusion on whether anything came to our attention that causes us to believe the selected performance indicators are not presented fairly. Limited assurance procedures include examining, on a test basis, evidence supporting the selected performance indicators.

The selected performance indicators are as follows:

- Total workforce by employment contract and region;
- Rate of employee turnover by region;
- Rates of injury, lost days, and absenteeism, and number of work related fatalities by region;
- Average hours of training per year per employee by employee category;
- Composition of the board and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity;
- Direct energy consumption by primary energy source;
- Indirect energy consumption by primary source;
- Total direct and indirect greenhouse gas emissions by weight; and
- Monetary value of significant fines for non-compliance with environmental laws and regulations.

Methodology

We conducted our audit in accordance with International Standards for Assurance Engagements 3000 (Revised), "Assurance Engagements other than audits or reviews of historical financial information" ("ISAE 3000"). This standard requires that we plan and perform the procedures to obtain limited assurance that the selected performance indicators are presented fairly in accordance with the criteria set out in the Sustainability Report.

Considerations and limitations

Non-financial data is subject to greater inherent limitations than financial data, given both their nature and the methods used for determining, calculating or estimating such data. We have not undertaken to confirm that all relevant issues have been included, nor have we carried out any work on data reported in respect of future projections and targets. We have also not conducted any work outside of the agreed scope and therefore restrict our opinion to the selected performance indicators. A review of the sustainability reporting information is not intended to provide assurance on the entity's compliance with laws or regulations.

Conclusion

We noted deviations relating to the accuracy and completeness of average hours of training per year per employee by employee category.

With the exception of the matter noted above, based on our review conducted over the South African operations of Pretoria Portland Cement Company Limited, nothing has come to our attention that causes us to believe that the selected performance indicators listed above, are not fairly presented.

Nina le Riche
Director: Risk Advisory
Deloitte & Touche
19 November 2010

National Executive: GO Orlitz Chief Executive AC Swiders Chief Operating Officer DM Hendrik Audit
DL Kennedy Tax & Legal and Risk Advisory L Geering Consulting J Bani Corporate Finance CR Bouman Finance
JJ Brown Clients & Markets NE Lintala Chairman of the Board CJ Jaayl Deputy Chairman of the Board
Regional leader: BGC Favre

A full list of partners and directors is available on request

E-BBEE rating: Level 3 contributor/AA (certified by Empowerdex)

Member of Deloitte Touche Tohmatsu

Index to Global Reporting Initiative indicators

satisfying customers' needs quality products and services respect for the individual rewarding work environment

This index is based on the 2007 GRI guidelines (G3) and 2009 mining and minerals sector supplement.

GRI element	Topic	Page
Strategy and analysis		
1.1	Statement from CEO	19
1.2	Key impacts, risks and opportunities	21
Organisational profile		
2.1	Name	Cover
2.2	Primary products	5, 6
2.3	Operational structure	6
2.4	Location of head office	200
2.5	Countries of operation	7
2.6	Nature of ownership	199
2.7	Markets served	6
2.8	Scale of organisation	6
2.9	Significant changes to organisation	n/a
2.10	Awards	57, 89
Report parameters		
3.1	Reporting period	IFC
3.2	Date of previous report	IFC
3.3	Reporting cycle	IFC
3.4	Contact points	IFC
3.5	Process for defining report content	IFC
3.6	Boundary of report	IFC
3.7	Limitations	IFC
3.8	Basis for reporting on joint ventures, etc	
3.9	Data measurement techniques and assumptions	
3.10	Explanation of restatements	
3.11	Significant changes to scope, boundary or methods	IFC
3.12	GRI index	94
3.13	Policy and practice on external assurance	IFC, 45, 93

n/a – not applicable

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GRI element	Topic	Page
Governance, commitments and engagement		
4.1	Governance structure	38
4.2	Status of chairperson	39
4.3	Independent non-executive directors	40
4.4	Mechanisms for stakeholders to interact with board	39
4.5	Link between compensation and performance	47, 106
4.6	Process for avoiding conflict of interest	39
4.7	Expertise of board	42
4.8	Policies on economic, environmental and social performance	48
4.9	Procedures for board oversight of economic, environmental and social performance	48
4.10	Board performance	42
4.11	Precautionary approach	
4.12	External principles endorsed	27
4.13	Membership of industry associations and advocacy groups	27
4.14	Stakeholder groups	22
4.15	Basis for identification	22
4.16	Approach to stakeholder engagement	22
4.17	Topics and concerns raised, response	23
Economic		
EC1	Economic value generated and distributed	114
EC2	Financial implications, risks and opportunities due to climate change	80
EC3	Coverage of defined benefit plan obligations	n/a
EC4	Significant financial assistance from government	Zero
EC5	Standard entry-level wage compared to local minimum wage	
EC6	Policy, practices, and spending on local suppliers	70
EC7	Procedures for local hiring, proportion of senior management and workforce hired from local community	59, 61, 62
EC8	Development and impact of infrastructure investments and services for public benefit	68
EC9	Significant indirect economic impacts	68 – 70

n/a – not applicable

Index to Global Reporting Initiative indicators *continued*

satisfying customers' needs quality products and services respect for the individual rewarding work environment

GRI element	Topic	Page
Environmental		
Materials		
EN1	Materials used by weight or volume	n/m
EN2	Percentage recycled input materials	n/m
Energy		
EN3	Direct consumption by primary energy source	78
EN4	Indirect consumption by primary source	78
EN5	Energy saved from conservation and efficiency improvements	80
EN6	Reductions from energy-efficient or renewable energy-based products and services	80
EN7	Initiatives to reduce indirect energy consumption, reductions achieved	80
Water		
EN8	Total water withdrawal by source	81
EN9	Sources significantly affected by withdrawal	
EN10	Percentage and volume recycled and re-used	81
Biodiversity		
EN11	Location and size of land owned, leased, managed or adjacent to protected areas, areas of high biodiversity value	84 – 85
EN12	Description of significant impacts of activities	84 – 85
MMI	Amount of land (owned or leased, managed for production activities or extractive use) disturbed or rehabilitated	85
EN13	Habitats protected or restored	85
EN14	Strategies, actions and plans for managing impacts on biodiversity	84
MM2	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place	
EN15	IUCN Red List species and national conservation list species in areas affected by operations	
Emissions, effluents and waste		
EN16	Total direct and indirect greenhouse gas emissions	77
EN17	Other relevant indirect greenhouse gas emissions	77
EN18	Initiatives to reduce greenhouse gas emissions, reductions achieved	77
EN19	Emissions of ozone-depleting substances	n/m
EN20	NO _x , SO _x and other significant air emissions by type and weight	83
EN21	Total water discharge by quality and destination	n/m
EN22	Total weight of waste by type and disposal method	n/m

n/m – not measured

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GRI element	Topic	Page
Environmental (continued)		
Emissions, effluents and waste (continued)		
MM3	Total amounts of overburden, rock, tailings and sludges and their associated risks	
EN23	Total number and volume of significant spills	
EN24	Waste transported under terms of Basel Convention (Annex I, II, III, VIII)	n/a
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by discharges of water and runoff	n/m
Products and services		
EN26	Initiatives to mitigate environmental impacts of products, extent of mitigation	76
EN27	Percentage of products sold and packaging materials reclaimed by category	n/m
Compliance		
EN28	Significant fines, sanctions for non-compliance with environmental laws and regulations	81
Transport		
EN29	Significant impacts of transporting products, and members of workforce	77
EN30	Total environmental protection expenditures and investments by type	74
Social performance: labour practices and decent work		
Employment		
LA1	Workforce by employment type, employment contract and region	61 – 62
LA2	Number and rate of employee turnover by age group, gender and region	61
LA3	Benefits for full-time employees not provided to temporary/part-time employees	
Labour/management relations		
LA4	Percentage of employees covered by collective bargaining agreements	62
LA5	Minimum notice period on significant changes, including specified in collective agreements	
MM4	Number of strikes and lock-outs exceeding one week's duration, by country	
Occupational health and safety		
LA6	Percentage of workforce represented in formal joint health and safety committees to monitor and advise on programmes	
LA7	Rates of injury, occupational diseases, lost days, absenteeism, work-related fatalities	56
LA8	Education, training, counselling, prevention and risk-control programmes to assist workforce members, their families or community members with serious diseases	58
LA9	Health and safety topics covered in formal agreements with trade unions	

n/a – not applicable
 n/m – not measured

Index to Global Reporting Initiative indicators *continued*

satisfying customers' needs quality products and services respect for the individual rewarding work environment

GRI element	Topic	Page
Social performance: labour practices and decent work (continued)		
Training and education		
LA10	Average hours of training per year per employee by employee category	62
LA11	Programmes for skills management and lifelong learning that support continued employability	62 – 65
LA12	Percentage of employees receiving regular performance and career development reviews	
Diversity and equal opportunity		
LA13	Composition of governance bodies and breakdown of employees per category: gender, age group, minority group membership and other indicators of diversity	40, 61
LA14	Ratio of basic salary of men to women by employee category	
Social performance: human rights		
Investment and procurement practices		
HR1	Percentage and number of significant investment agreements with human rights clauses or human rights screening	
HR2	Percentage of significant suppliers and contractors screened on human rights and actions taken	
HR3	Total hours and percentage of employee training on aspects of human rights relevant to operations	
Non-discrimination		
HR4	Total number of incidents of discrimination and actions taken	
Freedom of association and collective bargaining		
HR5	Operations where right to freedom of association and collective bargaining may be at significant risk, actions taken to support rights.	Zero
HR6	Operations with significant risk for incidents of child labour, measures to eliminate	Zero
HR7	Operations with significant risk of forced or compulsory labour, measures to eliminate	Zero
Security practices		
HR8	Percentage of security personnel trained in policies/procedures on human rights relevant to operations	
MM5	Total number of operations in or adjacent to indigenous peoples' territories, and number and percentage of operations or sites with formal agreements with indigenous peoples' communities	
Indigenous rights		
HR9	Number of violations involving rights of indigenous people and actions taken	
Social performance: society		
Community		
SO1	Programmes and practices to manage impacts of operations on communities, including entering, operating and exiting	67, 68 – 75
MM6	Number and description of significant disputes relating to land use, customary rights of local communities and indigenous peoples	Zero
MM7	The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and indigenous peoples, and the outcomes	
MM8	Number (and percentage) of operating sites where artisanal and small-scale mining (ASM) takes place on, or adjacent to, the site; associated risks and actions taken to manage and mitigate these risks	

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GRI element	Topic	Page
Social performance: society (continued)		
Community (continued)		
MM9	Sites where resettlements took place, number of households resettled in each, and how their livelihoods were affected in the process	
MM10	Number and percentage of operations with closure plans	
Corruption		
SO2	Percentage and number of business units analysed for risks related to corruption	
SO3	Percentage of employees trained in anti-corruption policies and procedures	
SO4	Actions taken in response to incidents of corruption	
Public policy		
SO5	Public policy positions and participation in public policy development and lobbying	
SO6	Total value of financial and in-kind contributions to political parties, politicians and related institutions	Zero
Anti-competitive behaviour		
SO7	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices, outcomes	15, 49
Compliance		
SO8	Significant fines, sanctions for non-compliance with laws and regulations. Summary of judgments made against company in terms of health and safety and labour laws	15, 49
Social performance: product responsibility		
Customer health and safety		
MM11	Programmes and progress relating to materials stewardship	
PR1	Lifecycle stages in which impacts of products and services are assessed for improvement, percentage of significant products and services categories subject to such procedures	
PR2	Number of non-compliances with regulations and voluntary codes on health and safety impacts of products and services during lifecycle, by types of outcomes	
Products and service labelling		
PR3	Type of information required, percentage of significant products concerned	
PR4	Incidents of non-compliance with regulations and voluntary codes on labelling	
PR5	Practices related to customer satisfaction	
Marketing communications		
PR6	Programmes for adherence to laws, standards and voluntary codes	
PR7	Incidents of non-compliance	
Customer privacy		
PR8	Substantiated complaints on breaches of customer privacy and losses of customer data	n/a
Compliance		
PR9	Significant fines for non-compliance with laws and regulations concerning provision and use of products and services	

n/a – not applicable

Formulated to last

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Annual financial statements

for the year ended 30 September 2010

102	Certificate by company secretary
102	Approval of annual financial statements
103	Report of the independent auditors
104	Directors' report
106	Remuneration report
114	Value added statement
116	Seven-year review of the group's results
124	Share performance
126	Glossary of accounting terminology
131	Accounting policies
139	Judgements made by management
140	Consolidated statements of financial position
141	Consolidated income statements
142	Consolidated statements of comprehensive income
143	Consolidated statements of changes in equity
144	Consolidated statements of cash flows
146	Segmental information
148	Notes to the group annual financial statements
180	Company statements of financial position
181	Company income statements
181	Company statements of comprehensive income
182	Company statements of changes in equity
183	Company statements of cash flows
184	Notes to the company annual financial statements
198	Annexure 1 – Interest in subsidiaries and unlisted associates
199	PPC in the stock market
200	Administration
201	Notice of annual general meeting
205	Form of proxy



Certificate by company secretary

for the year ended 30 September 2010

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In terms of section 268G(d) of the Companies Act, 1973, as amended (Act), I 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.



JHDLR Snyman
Company secretary

8 November 2010

Approval of annual financial statements

for the year ended 30 September 2010

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. However, any system of internal financial control can provide only reasonable, and not absolute assurance against material misstatement or loss.

The directors believe that the group has adequate resources to continue in operation for the foreseeable future and the financial statements appearing on pages 104 to 113 and 131 to 198 have, therefore, been prepared on a going-concern basis.

The financial statements have been audited by the independent accounting firm, Deloitte & Touche, who have been given unrestricted access to all financial records and other related data, including minutes of all meetings of the board of directors, committees of the board and executives. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. Deloitte & Touche's unmodified audit report is presented on page 103 of this annual report.

The annual financial statements were approved by the board of directors on 8 November 2010 and are signed on its behalf by:



BL Sibiyi
Chairman



P Stuver
Chief executive officer

8 November 2010
Sandton

quality of life for our people security of employment care for the environment and community act professionally

TO THE SHAREHOLDERS OF PRETORIA PORTLAND CEMENT COMPANY LIMITED

Introduction

We have audited the annual financial statements and the group annual financial statements of Pretoria Portland Cement Company Limited, which comprise the directors' report, the remuneration report, statements of financial position as at 30 September 2010, the income statements, the statements of comprehensive income, the statements of changes in equity, and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 104 to 113 and 131 to 198.

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 a manner required by the Companies Act, 61 of 1973 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 policies used and the reasonableness of accounting estimates made by management, 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 2010, and its 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, 61 of 1973 of South Africa.



DELOITTE & TOUCHE

Registered auditors

PER MJ Jarvis

Partner

8 November 2010

Directors' report

for the year ended 30 September 2010

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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 2010.

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.

SHARE CAPITAL AND PREMIUM

The authorised share capital is 600 000 000 ordinary shares of 10 cents each. On 30 September 2010 the issued share capital of the company was 586 170 372 shares of 10 cents each (2009: 586 170 372; 2008: 537 612 390).

The share premium balance at 30 September 2010 was R1 144 million debit (2009: R1 141 million debit; 2008: R63 million credit). During the year under review Porthold Trust (Private) Limited, which is for the sole benefit of existing employees of PPC Zimbabwe, purchased 135 300 PPC shares listed on the Zimbabwe Stock Exchange.

Details of shares authorised, issued and unissued at 30 September 2010 are given in note 10 to the group annual financial statements.

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).

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 the remuneration report included in the annual financial statements.

DIVIDENDS

No	Description	Declaration date	Record date	Payment date	Cents per share		
					2010	2009	2008
214	Final	8 November 2010	14 January 2011	17 January 2011	130	155	180
213	Interim	10 May 2010	4 June 2010	7 June 2010	45	45	45

Certain non-executive directors have indirect shareholding in the company following the completion of the broad-based black economic empowerment transaction, and details thereof are provided in the remuneration report.

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

HOLDING AND SUBSIDIARY COMPANIES

Details relating to the beneficial shareholders owning more than 5% of the issued share capital of the company appear in the PPC in the stock market section on page 199.

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 the "Interest in subsidiary and unlisted associates" section on page 198. All subsidiary companies share the same financial year end as PPC.

CONSOLIDATION OF PORTLAND HOLDINGS LIMITED (PPC ZIMBABWE)

Following the consolidation, with effect from 30 September 2009, the operating results of PPC Zimbabwe have been taken into account in the consolidated income statement for the current reporting period. Further details can be found on page 167.

ACQUISITION BY THE COMPANY OF ISSUED SHARES

The company did not exercise its authority to buy back shares in the current financial year.

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 25 January 2010 and registered on 5 February 2010.

SPECIAL RESOLUTIONS PASSED BY SUBSIDIARY COMPANIES

No special resolutions were passed by subsidiaries of the company.

ISSUE FOR CASH

No general or specific issues for cash resolutions were passed by shareholders during the last annual general meeting.

PROPERTY, PLANT AND EQUIPMENT

Certain of the company's properties are the subject of land claims. The company is in the process of discussion with the Land Claims Commissioner and awaiting the outcome of claims referred to the Land Claims Court. The claims are not expected to have a material impact on the company's operations. Furthermore, some of the company's properties have been illegally invaded and the company is following legal processes to resolve the invasion.

In terms of the Constitution of Zimbabwe, land with a value of R22 million (2009: R23 million) is exposed to the risk of expropriation by the Zimbabwean government without compensation.

At 30 September 2010 the group's net investment in property, plant and equipment amounted to R4 175 million (2009: R3 941 million; 2008: R2 813 million), details of which are set out in note 1 to the group annual financial statements. Capital commitments at the year end amounted to R493 million (2009: R439 million; 2008: R805 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.

BORROWINGS

The company's borrowing powers are unlimited. At 30 September 2010 borrowings amounted to R3 521 million (2009: R3 392 million; 2008: R1 674 million), and remain within the board's target debt levels. Excluding the consolidated debt of the BBBEE funding transaction, group debt is R2 378 million (2009: R2 289 million; 2008: R1 674 million). Further details can be found in note 12 to the group annual financial statements.

The borrowing powers of Portland Holdings Limited, a wholly owned subsidiary company, are limited by its articles of association to twice the amount of shareholders' interest. At 30 September 2010 Portland Holdings Limited did not have any borrowings.

EVENTS AFTER REPORTING DATE

There are no events that occurred after reporting date that may have an impact on the group's reported financial position at 30 September 2010.

DIRECTORS AND GROUP COMPANY SECRETARY

The directors in office at the date of this report appear on pages 12 and 13, and details relating to the group company secretary appear in the administration section on page 200.

At the annual general meeting held on 25 January 2010, Messrs S Abdul Kader and J Shibambo and Ms ZJ Kganyago and Ms NB Langa-Royds were re-elected as directors of the company.

Following their appointment as directors by the board during 2009, and in terms of the company's articles of association, Messrs JS Vilakazi, MP Malungani, P Stuver and SG Helepi are required to retire. All were elected as directors of the company at the annual general meeting on 25 January 2010.

With effect from 1 November 2010, Mr RH Dent resigned from the board following his decision to take early retirement. We would like to thank him for his contribution to the group over his 32 years of service.

Messrs P Esterhuysen, AJ Lamprecht, TDA Ross and BL Sibiya are required to retire by rotation in terms of the articles of association. All have offered themselves for re-election at that meeting and the nominations committee has recommended their re-election.

COMPETITION COMMISSION

In terms of the conditional leniency agreement with the Competition Commission, PPC continues to cooperate with their investigation and from our perspective there have been no significant new developments.

AUDITORS

Deloitte & Touche were reappointed as auditors to the company at the annual general meeting held on 25 January 2010.

Remuneration report

for the year ended 30 September 2010

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INTRODUCTION

This remuneration report is intended to provide an overview and understanding of the group's remuneration philosophy and practices with specific emphasis on executive and non-executive directors' remuneration.

The remuneration committee

The remuneration committee (the committee) is mandated, within its approved terms of reference, to monitor the implementation of the remuneration policy in general and to approve the remuneration and benefits of executive directors and senior management. The committee is also mandated to advise on non-executive directors' fees and fees for directors performing board functions on various committees. The recommendations are proposed to shareholders at the annual general meeting (page 201).

To this end, the committee, comprising non-executive directors assisted by independent remuneration advisory experts, drive the implementation of the company's remuneration philosophy throughout the group. More detail on the committee appears on page 47.

Remuneration policy

The committee assists the board in setting the PPC group remuneration policy and directors' remuneration.

Key principles of the remuneration policy

- The policy is designed to support key business strategies and create a strong, performance-orientated environment. At the same time, the policy must aim to attract, motivate and retain talented employees.
- In setting remuneration levels for executive directors, the committee takes account of the remuneration policies and practices of comparable companies of a similar size.
- Executive directors and senior management have the opportunity to earn enhanced total remuneration by meeting annual performance targets set by the committee.
- Components of remuneration for executive directors and senior management comprise:
 - Annual basic pay and benefits which are reviewed annually in September.
 - A performance-related annual cash incentive bonus, reviewed annually in October.
 - Longer-term incentives aligned to the company's share price, reviewed annually in October.
- The policy adopted by the committee ensures that a significant proportion of the remuneration of executive directors and senior management is aligned with corporate performance, generating strong alignment with the interest of shareholders.
- Non-executive directors do not receive remuneration or incentive awards related to share price or corporate performance and non-executive directors' fees are approved by shareholders in advance.

Service contracts with directors and senior management and the incentive scheme rules are consistent with these key principles and the committee is confident these will continue to contribute towards PPC's short-term goals and longer-term objectives.

The remuneration framework

The following are the components of the remuneration framework within the company:

- Monthly pay and benefits such as salary and company contributions to retirement funding and medical aid.
- The short-term incentive scheme (STIS). A performance-related cash award reviewed annually.
- The long-term incentive plan (LTIP). A cash-settled share scheme with a share strike price and three- to five-year vesting period.
- The restricted share scheme (RSS). A cash-settled share scheme with a zero share strike price and three-year vesting period aimed specifically at retaining key employees.

Monthly pay and benefits

- Monthly pay and benefits are targeted to be above average for comparable roles in companies of similar complexity and size. Market data is used to benchmark salary and benefits and to inform decisions on salary adjustments. Salaries are adjusted around the benchmarks depending on the individual's performance and experience, and are reviewed each year. The review takes into account changes in scope of the roles performed by individuals, changes required to meet the principles of the remuneration policy and the market competitiveness of salaries and benefits.
- Professional advisers to supply benchmark information are appointed by the committee.
- Salary and benefit adjustments for directors are reviewed and approved by the committee.
- Salary and benefit adjustments for all other employees are approved by the CEO.
- Attention is paid to consistent job evaluation and grading of roles throughout the group, to ensure equity of reward and facilitate equity and mobility within the company.

Short-term incentive scheme (STIS)

Design principles for the STIS include:

- Alignment – The incentive bonus for each participant is expressed as a percentage of annual salary and scored with reference to the overall financial performance of the company, measured as earnings before interest, tax, amortisation and depreciation or EBITDA and the score on personal objectives for the participant.
- Performance culture – The incentives are significantly geared to individual, team and/or organisational performance, with no payments made for performance related to doing the basic job as laid down in the job model or unacceptable levels of performance. Exceptional payments are made only in the case of genuinely stretching achievements.
- Retention – Participants must still be employed at the end of the financial year to qualify for STIS participation. Incentive bonuses for participants who join, transfer or retire during the financial year are pro-rated according to the time spent in a specific role.
- Good governance – Targets and parameters are set in advance of the applicable financial year by the committee. Disclosure of targets, achievements against those targets and payments are disclosed to the appropriate governance bodies – the committee, the board, shareholders, executive committees and management as required by disclosure best practice.

Long-term incentives

Design principles of long-term incentives are to:

- Attract, motivate and retain participants as part of a market competitive package.
- Reward participants for medium to longer-term company performance.
- Alignment with shareholder interests.

The company uses two long-term incentive instruments:

- A share appreciation right (with/without performance vesting conditions).
- A restricted share unit (with/without performance vesting conditions).

The long-term incentive plan (LTIP)

- The allocating of share appreciation rights is governed by the LTIP rules as approved by the committee on 8 August 2007 and amended from time to time. These rules are regularly reviewed by the committee.
- Share appreciation rights are similar to share options in that the participant is awarded a conditional right to the appreciation (or increase) in the market value of a number of PPC ordinary shares, from grant date to exercise date which is settled in cash. The payment is subject to normal income tax in the hands of the participant. The price at the date of grant is determined by the volume weighted average price immediately preceding the grant date of the share appreciation rights.
- Selected individuals in Peromnes grades 0 to 6 are eligible for share appreciation right awards.
- A performance condition is required for executive directors and senior management participants' share appreciation rights to vest (Peromnes grades 0 to 3).
- The share appreciation rights may be exercised after vesting dates and if the applicable performance conditions have been met. One third of the rights vests three years after the grant date, a further third after four years, and all the rights are exercisable from five years to ten years after the grant date, provided that the performance conditions, if applicable, have been met.
- Grants will be made annually by the committee at its discretion to achieve the company's objectives of attracting, retaining and rewarding key employees and offering market-competitive total reward to employees. Regular and consistent granting of share appreciation rights, ie annually, is desirable.
- If the participant resigns or is dismissed for disciplinary reasons then all vested and unvested rights lapse. When participants retire, they are entitled to the same rights and subject to the same conditions under this scheme as if they had continued to be an employee.
- In the case of a participant's death, the executor has one year to exercise all vested rights.
- In the case of retrenchment, ill health, disability or any other circumstances which the committee may consider appropriate, the participant must exercise vested rights within three months. The committee may, in its absolute discretion, permit a portion of the unvested rights to vest – the portion will be proportional to the time served of applicable vesting periods and the extent to which any applicable performance conditions have been met.

- The annual share appreciation right grants are based on multiples of basic salary. The committee reviews these multiples regularly to ensure they are in line with market trends, and remain fair and motivating as longer-term rewards.

The restricted share scheme (RSS)

The restricted share scheme is specifically aimed at retaining key employees.

- Restricted share units are rights to the cash value of company shares granted to an individual subject to him/her remaining in the employ of the company until a specified date, usually three years from the grant date.
- The right is automatically settled in cash after the specified vesting date. Participants will forfeit the rights if they resign or are dismissed for disciplinary reasons before the vesting date.

Eligibility for restricted share units

- Selected individuals in Peromnes job grades 0 to 6 are eligible for restricted share unit awards.
- A performance condition is required for executive directors and senior management participants' restricted share units to vest (Peromnes grades 0 to 3).
- Exceptional awards of restricted share units are made to qualifying individuals over and above their normal remuneration package. The awards are made after appraisal of the market for talented individuals in each year and the performance and potential of the participants at that time. They are not intended as regular annual awards.
- The list of those eligible for awards is reviewed annually by the committee to include only those key individuals with significant value to the company.
- The value of restricted share unit awards is linked to benchmark values provided by external advisors.
- Mentoring, development, succession and career planning and all other non-financial aspects of retention programmes are pursued vigorously together with awards of restricted share units to optimise the effectiveness of the scheme.

Policy on employment contracts

In relation to contracts with executive directors, the committee, subject to circumstances, will maintain the following policy:

- Fixed-term contracts should not exceed three years but may provide for extension.
- All agreements should contain a restraint of trade clause with a term of not less than a year.
- Contracts should not commit the company to pay on termination arising from the director's failure.
- Balloon payments on termination are not seen as fair remuneration policy.
- If a director is dismissed because of a disciplinary procedure, a shorter notice period should apply without entitlement for compensation for the shorter notice period.
- Contracts should not compensate directors for severance because of change of control.

Remuneration report continued

for the year ended 30 September 2010

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Both executive and non-executive directors are subject to election by shareholders at the first annual general meeting following their appointment and are then required to submit to retire in accordance with the board rotation plan.

The appointment of a non-executive director may be terminated without compensation if that director is not re-elected by shareholders or otherwise in accordance with the company's articles of association.

DIRECTORS' REMUNERATION AND INTEREST

Directors' remuneration

The directors' remuneration for the year ended 30 September 2010 was as follows:

Executive directors

Name	Salary R000	Incentive bonus R000	Retire- ment and medical contri- butions R000	Car allow- ances R000	Other benefits R000	Total R000
P Stuiver	2 839	1 037	660	300	5	4 841
S Abdul Kader	1 984	756	351	300	13	3 404
RH Dent	1 993	784	351	300	25	3 453
P Esterhuysen	2 224	849	361	300	2	3 736
SG Helepi (appointed 1 December 2009)	1 195	512	224	250	3	2 184
	10 235	3 938	1 947	1 450	48	17 618

Non-executive directors

Name	Fees R000	Nomina- tion committee* R000	Audit committee R000	Risk manage- ment and compli- ance committee* R000	Remune- ration committee* R000	Chairman fees R000	BEE and transfor- mation committee R000	Special board meetings R000	Deal committee R000	Total R000
AJ Lamprecht	162	49	–	–	–	–	49	15	20	295
BL Sibiya	–	117	–	–	20	605	–	15	40	797
J Shibambo	162	79	78	127	69	–	49	15	–	579
MP Malungani	162	–	–	–	–	–	49	15	40	266
JS Vilakazi	162	–	–	49	59	–	–	15	–	285
ZJ Kganyago	162	–	78	–	–	–	–	15	40	295
NB Langa-Royds	162	69	–	–	129	–	97	15	–	472
TDA Ross	162	10	151	49	–	–	–	15	–	387
	1 134	324	307	225	277	605	244	120	140	3 376

Total for 2010

20 994

* Includes fees for special committee meetings

Non-executive directors' fees are benchmarked against similar sized companies listed on the JSE Limited. The level of complexity of the underlying business is also taken into consideration when performing the benchmarking exercise. No non-executive directors' fees exceeded this benchmark.

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The aggregate remuneration, benefits paid and incentives approved for 2010 to the three highest paid employees, who are not executive directors, is set out below:

	Salary R000	Incentive bonus R000	Retire- ment and medical contri- butions R000	Car allow- ances R000	Other benefits R000	Total R000
Total	4 187	1 596	785	780	27	7 375
Average per employee	1 396	532	262	260	9	2 459

The directors' remuneration for the year ended 30 September 2009 was as follows:

Executive directors

Name	Salary R000	Incentive bonus R000	Retire- ment and medical contri- butions R000	Car allow- ances R000	Other benefits R000	Total R000
JE Gomersall (retired 30 June 2009)	2 508	–	635	–	1 342*	4 485
P Stuiver (appointed 1 June 2009)	953	381	213	100	7	1 654
O Fenn (resigned 5 August 2009)	2 272	967	381	301	31	3 952
S Abdul Kader	1 674	734	297	279	3	2 987
RH Dent	1 733	763	287	279	9	3 071
P Esterhuysen	1 907	825	316	279	14	3 341
	11 047	3 670	2 129	1 238	1 406	19 490

* Includes a contractual settlement on retirement

Non-executive directors

Name	Fees R000	Nomina- tion committee R000	Audit committee R000	Risk manage- ment and compliance committee R000	Remune- ration committee R000	Chairman fees R000	BEE and transfor- mation committee R000	Special board meetings R000	Total R000
AJ Lamprecht	150	100	–	–	–	–	45	70	365
BL Sibiya (appointed 10 November 2008)	–	144	–	–	–	560	–	125	829
J Shibambo	150	115	73	90	55	–	34	30	547
MP Malungani (appointed 27 February 2009)	87	10	–	–	–	–	26	30	153
JS Vilakazi (appointed 27 February 2009)	62	10	–	26	23	–	–	45	166
ZJ Kganyago	125	40	73	–	–	–	–	45	283
NB Langa-Royds	150	115	–	–	110	–	68	90	533
TDA Ross	150	60	140	45	–	–	–	45	440
	874	594	286	161	188	560	173	480	3 316
Total for 2009									22 806

Remuneration report *continued*
for the year ended 30 September 2010

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The directors' remuneration for the year ended 30 September 2008 was as follows:

Executive directors

Name	Salary R000	Incentive bonus R000	Retire- ment and medical contri- butions R000	Car allow- ances R000	Other benefits R000	Total R000
JE Gomersall	2 917	1 371	721	–	380	5 389
O Fenn	1 894	881	311	269	47	3 402
S Abdul Kader	1 335	648	232	249	17	2 481
RH Dent	1 421	693	244	249	7	2 614
P Esterhuysen	1 579	721	260	249	14	2 823
	9 146	4 314	1 768	1 016	465	16 709

Non-executive directors

Name	Fees R000	Nomination committee R000	Audit committee R000	Risk manage- ment and compliance committee R000	Remune- ration committee R000	Chairman fees R000	BEE and trans- formation committee R000	Total R000
AJ Lamprecht	135	8	–	–	–	–	40	183
MJ Shaw	–	80	125	–	100	525	–	830
J Shibambo	180	40	65	80	50	–	40	455
EP Theron (resigned 29 October 2007)	11	3	–	–	4	–	–	18
ZJ Kganyago	135	–	33	–	–	–	–	168
NB Langa-Royds	135	40	–	–	50	–	–	225
TDA Ross	34	–	–	–	–	–	–	34
	630	171	223	80	204	525	80	1 913
Total for 2008								18 622

Gains on equity-settled share options exercised/ceded by directors

	2010 R000	2009 R000	2008 R000
RH Dent	179	–	704
P Esterhuysen	272	–	715
P Stuiwer (appointed 1 June 2009)	104	–	–
O Fenn (resigned 5 August 2009)	256	297	159
JE Gomersall (retired 30 June 2009)	1 035	–	–
	1 846	297	1 578

Interest of directors in share capital

The aggregate beneficial holdings as at 30 September 2010 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.

	2010		2009		2008	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
Executive directors						
RH Dent	395 169	–	388 983	–	393 688	–
P Esterhuysen	5 730	–	11 461	–	12 369	–
P Stuiwer	34 930	–	27 508	–	–	–
O Fenn (resigned 5 August 2009)	–	–	–	–	44 346	–
JE Gomersall (retired 30 June 2009)	–	–	–	–	463 689	–
Non-executive director						
AJ Lamprecht	–	–	5 158	–	5 567	–
	435 829	–	433 110	–	919 659	–

A register detailing directors' and officers' interest in the company is available for inspection at the company's registered office.

BBBEE transaction

In terms of the BBBEE transaction, the following directors were granted shares, which are subject to vesting conditions and have restrictions on transferability. The transferability of shares granted to the executive directors lapses on 31 December 2016, while the transferability of shares granted to non-executive directors lapses on 31 December 2014. All shares vest in thirds after the fourth, fifth and sixth anniversary of the grant date.

	2010	2009
Executive directors		
S Abdul Kader	184 389	184 389
SG Helepi (appointed 1 December 2009)	83 983	–
Non-executive directors		
J Shibambo	95 787	95 787
ZJ Kganyago	95 787	95 787
NB Langa-Royds	95 787	95 787
	555 733	471 750

Directors' loans

Certain directors have loans with the company that were granted in terms of the Barloworld share option scheme that was in place prior to the unbundling of PPC from Barloworld. The balances outstanding at year end are:

P Esterhuysen – 2010: R0,1 million (2009: R0,4 million; 2008: R0,4 million)

O Fenn – 2010: R nil million (2009: R0,8 million; 2008: R0,9 million)

The loans bear interest at a fixed rate, calculated using the ruling prescribed rate applicable when the loan was granted to the director, and must be paid within 10 years of the loan being granted, or immediately on ceasing to be an employee.

Remuneration report *continued*
for the year ended 30 September 2010

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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.

Barloworld Share Option Scheme

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 35), provided in the form of equity-settled share options, are shown in the table below. The directors participated in the Barloworld Share Option Scheme before the unbundling of Pretoria Portland Cement Company Limited from Barloworld Limited on 16 July 2007, and the right to Pretoria Portland Cement Company Limited options resulted from the unbundling. Pretoria Portland Cement Company Limited has no equity-settled share option scheme of its own.

First exercisable date	Number of options as at 30 Sep 2008	Number of options as at 30 Sep 2009	2010		Option strike price on date exercised	Market price on date exercised	Expiry date
			Options exercised/ceded	Number of options as at 30 Sep 2010			
Barloworld share options							
RH Dent							
26/05/07	3 334	3 334	3 334	–	25,48	48,70	26/05/2010
Total	3 334	3 334	3 334	–			
P Esterhuysen							
26/05/07	3 334	3 334	3 334	–	25,48	45,61	26/05/2010
Total	3 334	3 334	3 334	–			
AJ Lamprecht							
26/05/07	23 334	–	–	–	25,48	46,95	26/05/2010
Total	23 334	–	–	–			
Resigned or retired during the previous year:							
O Fenn (resigned 5 August 2009)							
01/04/06	3 334	–	–	–	14,59	40,87	01/04/2013
26/05/07	13 334	–	–	–	25,48	41,20	26/05/2010
Total	16 668	–	–	–			
JE Gomersall (retired 30 June 2009)							
01/04/06	11 700	11 700	–	11 700	14,59	–	01/04/2013
26/05/07	23 400	23 400	23 400	–	25,48	43,81	26/05/2010
Total	35 100	35 100	23 400	11 700			
Total Barloworld share options	81 770	41 768	30 068	11 700			
PPC share options							
RH Dent							
26/05/07	6 186	6 186	6 186	–	16,95	33,40	26/05/2010
Total	6 186	6 186	6 186	–			
P Esterhuysen							
26/05/07	12 371	12 371	12 371	–	16,95	33,54	26/05/2010
Total	12 371	12 371	12 371	–			
AJ Lamprecht							
26/05/07	43 296	–	–	–	16,95	33,38	26/05/2010
Total	43 296	–	–	–			
P Stuver							
26/05/07	–	7 422	7 422	–	16,95	31,02	26/05/2010
Total	–	7 422	7 422	–			

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First exercisable date	Number of options as at 30 Sep 2008	Number of options as at 30 Sep 2009	2010		Option strike price on date exercised	Market price on date exercised	Expiry date
			Options exercised/ceded	Number of options as at 30 Sep 2010			
PPC share options (continued)							
Resigned or retired during the previous year:							
O Fenn (resigned 5 August 2009)							
26/05/07	24 741	18 741	18 741	–	16,95	30,62	26/05/2010
Total	24 741	18 741	18 741	–			
JE Gomersall (retired 30 June 2009)							
01/04/06	21 709	21 709	–	21 709	11,88	–	01/04/2013
26/05/07	43 419	43 419	43 419	–	16,95	30,92	26/05/2010
Total	65 128	65 128	43 419	21 709			
Total PPC share options	151 722	109 848	88 139	21 709			

Long-term incentive plan

The interests of the executive directors in cash-settled share appreciation rights and restricted share units in terms of PPC's Long-Term Incentive Plan (refer note 35) are reflected in the table below:

Date of grant	Share appreciation rights and restricted share units				Grant price
	At beginning of the year	Awarded during the year	Forfeited during the year	At end of the year	
S Abdul Kader					
08/08/2007	150 000	–	–	150 000	43,00
17/09/2008	90 000	–	–	90 000	31,80
25/09/2009	120 000	–	–	120 000	35,35
25/09/2009	142 000	–	–	142 000	–
	502 000	–	–	502 000	
RH Dent					
08/08/2007	143 000	–	–	143 000	43,00
17/09/2008	90 000	–	–	90 000	31,80
25/09/2009	120 000	–	–	120 000	35,35
25/09/2009	147 000	–	147 000	–	–
	500 000	–	147 000	353 000	
P Esterhuysen					
08/08/2007	160 000	–	–	160 000	43,00
17/09/2008	105 000	–	–	105 000	31,80
25/09/2009	120 000	–	–	120 000	35,35
25/09/2009	162 000	–	–	162 000	–
	547 000	–	–	547 000	
Directors who retired during the previous year:					
JE Gomersall (retired 30 June 2009)					
08/08/2007	350 000	–	–	350 000	43,00
	350 000	–	–	350 000	
Total	1 899 000	–	147 000	1 752 000	

Value added statement

for the year ended 30 September 2010

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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	2010 Rm	2009 Rm	2008 Rm
Revenue		6 807	6 783	6 248
Paid to suppliers for materials and services	1/4	(3 459)	(3 289)	(3 017)
Value added		3 348	3 494	3 231
BBBEE IFRS 2 charges		(10)	(490)	–
Take-on gain arising from consolidation of PPC Zimbabwe		–	213	–
Exceptional items		(32)	–	2
Income from investments [^]		47	72	94
Total wealth created		3 353	3 289	3 327
Wealth distribution:				
Salaries, wages and other benefits	2	852	745	679
Providers of capital		1 447	1 558	1 558
Finance costs		385	363	157
Dividends		1 062	1 195	1 401
Ordinary dividends		1 056	1 188	1 088
Special dividend		–	–	313
Dividends paid to external BBBEE trusts by consolidated SPVs		6	7	–
Government	3	519	689	632
Reinvested in the group to maintain and develop operations		535	297	458
Depreciation and amortisation		369	315	218
Retained profit/(loss)		56	(60)	98
Deferred taxation		110	42	142
		3 353	3 289	3 327
Value added ratios				
Number of employees (30 September)		3 263	3 234	3 164
Revenue per employee (R000) [#]		2 086	2 560	2 461
Wealth created per employee (R000) [#]		1 028	1 259	1 310

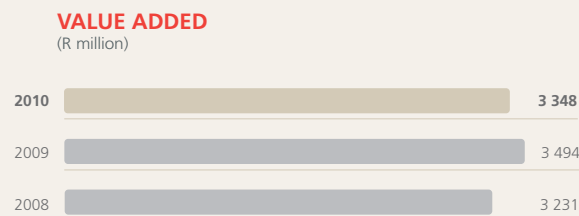
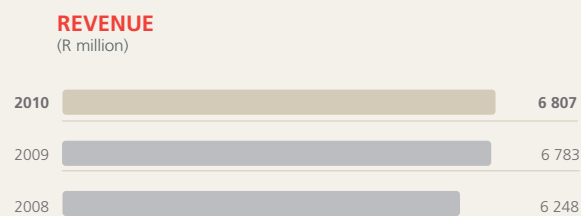
[^] Includes interest received, dividend income and share of associates' retained profit

[#] Includes employees of PPC Zimbabwe 2010: 590 (2009: 583; 2008: 591), but are excluded from the calculations in 2009 and 2008

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	2010 Rm	2009 Rm	2008 Rm
NOTES			
1. Paid to suppliers for materials and services			
Transnet Freight Rail and Barloworld Logistics are the only suppliers of services exceeding 10% of total amounts paid.			
All contracts are paid in accordance with agreed terms.			
2. Salaries, wages and other benefits			
Salaries, wages, overtime payments, commissions, bonuses and allowances	730	647	599
Employer contributions~	122	98	80
	852	745	679
3. Government			
Taxation – Normal, CGT and STC	512	680	625
Rates and taxes paid to local authorities	4	3	3
Customs duties, import surcharges and excise taxes	1	4	2
Skills development levy	7	6	4
Cash grants and subsidies received from the government	(5)	(4)	(2)
	519	689	632
4. Included in "Paid to suppliers for materials and services" is:			
Donations and social labour plan expenditure	15	16	6
Dividends paid to BBBEE transaction beneficiaries	6	7	–
	21	23	6

~ In respect of pension funds, provident funds, medical aid and insurance



Seven-year review of the group's results

for the year ended 30 September

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	2010 Rm	2009 Rm	2008 Rm	2007 Rm	2006 Rm	2005 Rm	2004 Rm
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION							
Assets							
Non-current assets							
Property, plant and equipment	4 175	3 941	2 813	2 178	1 414	1 247	1 225
Intangible assets	78	53	19	20	14	14	15
Investment in non-consolidated subsidiary	–	–	260	260	290	295	315
Negative goodwill	–	–	–	–	–	–	(1)
Other non-current financial assets and investment in associates	196	201	104	88	99	214	366
Deferred taxation assets	–	–	–	–	–	24	19
	4 449	4 195	3 196	2 546	1 817	1 794	1 939
Current assets							
Inventories	596	557	363	337	223	223	215
Trade and other receivables	827	819	751	696	605	500	448
Short-term investment	–	–	–	2	98	147	–
Assets classified as held-for-sale	–	–	–	–	130	–	–
Cash and cash equivalents	240	248	224	1 301	1 482	592	948
	1 663	1 624	1 338	2 336	2 538	1 462	1 611
Total assets	6 112	5 819	4 534	4 882	4 355	3 256	3 550
Equity and liabilities							
Capital and reserves							
Share capital and premium	(1 091)	(1 088)	115	868	868	868	867
Reserves and retained profit	1 949	2 003	1 598	1 481	1 335	1 138	1 464
Equity attributable to equity holders of the parent	858	915	1 713	2 349	2 203	2 006	2 331
Outside shareholders' interest	–	–	–	–	–	21	8
Total equity	858	915	1 713	2 349	2 203	2 027	2 339
Non-current liabilities							
Deferred taxation liabilities	568	469	299	156	174	182	181
Long-term borrowings	2 645	2 628	55	68	83	198	393
Other non-current liabilities	378	269	157	116	107	103	118
Current liabilities	1 663	1 538	2 310	2 193	1 788	746	519
Short-term borrowings	876	764	1 619	1 366	983	160	21
Taxation payable	76	96	61	236	212	160	166
Trade and other payables	711	678	629	579	472	415	322
Liabilities directly associated with assets classified as held-for-sale	–	–	–	–	112	–	–
Provisions	–	–	1	12	9	11	10
Total equity and liabilities	6 112	5 819	4 534	4 882	4 355	3 256	3 550

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	2010 Rm	2009 Rm	2008 Rm	2007 Rm	2006 Rm	2005 Rm	2004 Rm
CONSOLIDATED INCOME STATEMENTS							
Revenue	6 807	6 783	6 248	5 566	4 686	3 974	3 440
Cost of sales	4 067	3 897	3 547	3 069	2 520	2 175	2 001
Non-operating income	–	–	–	1	1	–	1
Operating expenditure	625	468	378	324	306	290	270
Operating profit before items listed below	2 115	2 418	2 323	2 174	1 861	1 509	1 170
BBBEE IFRS 2 charges	(10)	(490)	–	–	–	–	–
Take-on gain arising from consolidation of PPC Zimbabwe	–	213	–	–	–	–	–
Operating profit	2 105	2 141	2 323	2 174	1 861	1 509	1 170
Fair value (losses)/gains on financial instruments	(20)	(6)	4	1	–	(7)	–
Finance costs	366	357	157	84	52	64	59
Investment income	39	65	84	82	67	84	101
Profit before exceptional items	1 758	1 843	2 254	2 173	1 876	1 522	1 212
Exceptional items	(32)	–	2	14	–	13	–
Share of associates' retained profit	8	7	10	7	–	1	11
Profit before taxation	1 734	1 850	2 266	2 194	1 876	1 536	1 223
Taxation	622	722	767	765	670	582	438
Net profit from continuing operations	1 112	1 128	1 499	1 429	1 206	954	785
Discontinued operations							
Net profit from discontinued operations	–	–	–	–	8	–	–
Net profit	1 112	1 128	1 499	1 429	1 214	954	785
<i>Attributable to:</i>							
Equity holders of parent	1 112	1 128	1 499	1 429	1 214	941	781
– ordinary shareholders	1 010	1 024	1 499	1 429	1 214	941	781
– other shareholders	102	104	–	–	–	–	–
Outside shareholders' interest	–	–	–	–	–	13	4
	1 112	1 128	1 499	1 429	1 214	954	785
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS							
Cash available from operations	1 689	1 728	1 644	1 460	1 437	1 095	807
Dividends paid	(1 062)	(1 195)	(1 401)	(1 207)	(1 059)	(1 269)	(737)
Equity-settled share incentive scheme refund/(payment)	–	–	2	(30)	–	–	–
Net cash inflow/(outflow) from operating activities	627	533	245	223	378	(174)	70
Net cash outflow from investing activities	(663)	(2 208)	(1 562)	(772)	(242)	(128)	(44)
Net cash inflow/(outflow) from financing activities	28	1 656	240	368	761	(65)	34
Net (decrease)/increase in cash and cash equivalents	(8)	(19)	(1 077)	(181)	897	(367)	60

Seven-year review of the group's results *continued*

for the year ended 30 September

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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 (refer note 23.1)
Earnings per share (cents) – basic	$\frac{\text{Net profit attributable to ordinary shareholders of PPC Company Limited}}{\text{Weighted average number of ordinary shares in issue during the year}}$
Earnings per share before exceptional items, BBBEE IFRS 2 charges and take-on gain arising on consolidation of PPC Zimbabwe (cents) – basic	$\frac{\text{Net profit attributable to ordinary shareholders of PPC Company Limited adjusted for the exceptional items net of taxation}^*}{\text{Weighted average number of ordinary shares in issue during the year}}$
Headline earnings per share (cents) – basic	$\frac{\text{Net profit attributable to ordinary shareholders of PPC Company Limited adjusted for the exceptional items net of taxation, amortisation of goodwill and capital profits or losses net of taxation}}{\text{Weighted average number of ordinary shares in issue during the year}}$
Headline earnings per share before BBBEE IFRS 2 charges (cents) – basic	$\frac{\text{Net profit attributable to ordinary shareholders of PPC Company Limited adjusted for the exceptional items, amortisation of goodwill and capital profits or losses net of taxation and excluding the BBBEE IFRS 2 charges}}{\text{Weighted average number of ordinary shares in issue during the year}}$
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 declared
Dividend cover (times) (excluding special dividend)	$\frac{\text{Earnings per share before exceptional items}^*}{\text{Ordinary dividends per share}}$
Net asset value per share (cents)	$\frac{\text{Total equity, including investments at market value}}{\text{Total number of shares in issue}}$

* Also excludes the impact of BBBEE IFRS 2 charges and take-on gain arising from consolidation of PPC Zimbabwe

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	2010	2009	2008	2007	2006	2005	2004
	478 222	487 287	529 050	537 612	537 612	537 607	537 452
	211	210	283	266	226	175	146
	213	257	283	263	226	173	146
	217	170	283	263	226	172	146
	219	257	283	263	226	172	146
	175	200	225	205	143	110	92
	-	-	-	61	77	80	140
	1,3	1,3	1,3	1,3	1,6	1,6	1,6
	163	174	331	437	410	373	434

Seven-year review of the group's results *continued*

for the year ended 30 September

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Profitability and asset management

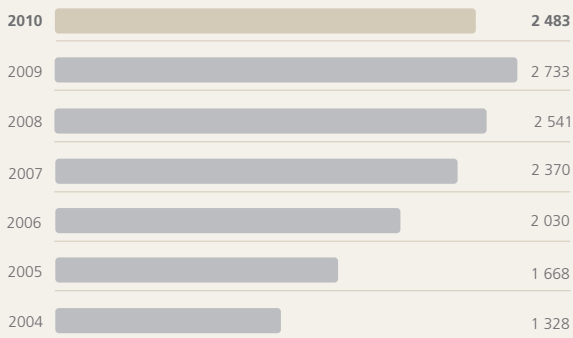
Operating margin (%)	Operating profit (excluding BBBEE IFRS 2 charges and take-on gain arising from consolidation of PPC Zimbabwe)
	<u>Revenue</u>
EBITDA (Rm)	Profit from continuing operations before exceptional items, adjusted for BBBEE IFRS 2 charges, take-on gain arising from consolidation of PPC Zimbabwe, investment income, finance costs, fair value adjustments, depreciation and amortisation
EBITDA margin (%)	<u>EBITDA</u>
	<u>Revenue</u>
Net asset turn (times)	<u>Revenue</u>
	<u>Average net assets</u>
Return on net assets (%)	Profit before exceptional items adjusted for finance costs, associate income and amortisation of goodwill*
	<u>Average net assets</u>
Return on total assets (%)	Profit before exceptional items adjusted for finance costs, associate income and amortisation of goodwill*
	<u>Average total assets</u>
Return on shareholders' interest (%)	<u>Net profit attributable to shareholders of PPC Company Limited</u>
	<u>Average interest of shareholders of PPC Company Limited</u>
Return on shareholders' interest (excluding exceptional items) (%)	<u>Net profit attributable to shareholders of PPC Company Limited less exceptional items net of taxation</u>
	<u>Average interest of shareholders of PPC Company Limited</u>
Effective rate of taxation (%)	<u>Taxation (excluding prior year taxation, secondary taxation on companies and taxation on exceptional items)*</u>
	<u>Profit before taxation, excluding dividend income and exceptional items</u>

* Excludes the impact of BBBEE IFRS 2 charges and take-on gain arising from consolidation of PPC Zimbabwe

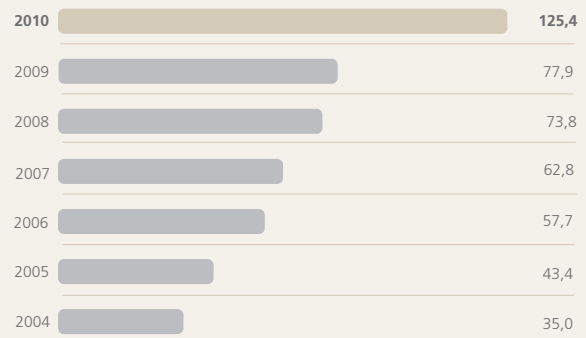
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2010	2009	2008	2007	2006	2005	2004
31,1	35,6	37,2	39,1	39,7	38,0	34,0
2 483	2 733	2 541	2 370	2 030	1 668	1 328
36,5	40,3	40,7	42,6	43,3	42,0	38,6
1,4	1,6	1,6	1,4	1,4	1,4	1,1
42,8	57,6	61,1	57,0	59,6	55,0	42,3
35,9	48,0	51,4	49,0	50,7	46,7	36,5
125,4	77,9	73,8	62,8	57,7	43,4	35,0
117,5	77,9	73,7	62,2	57,7	42,8	35,1
29,8	29,3	28,0	28,3	28,9	29,1	29,7

EBITDA
(R million)



RETURN ON SHAREHOLDERS' INTEREST
(%)



Seven-year review of the group's results *continued*

for the year ended 30 September

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Liquidity and leverage

Total liabilities to shareholders' interest (%)	$\frac{\text{Current and long-term liabilities, excluding deferred taxation}}{\text{Interest of shareholders of PPC Company Limited}}$
Total borrowings to shareholders' interest (%)	$\frac{\text{Short-term and long-term borrowings}}{\text{Interest of shareholders of PPC Company Limited}}$
Current ratio (times)	$\frac{\text{Current assets}}{\text{Current liabilities}}$
Quick ratio (times)	$\frac{\text{Current assets, excluding inventories}}{\text{Current liabilities}}$
Interest cover (times)	$\frac{\text{Profit before exceptional items, excluding finance costs}}{\text{Finance costs, including finance costs capitalised}}$
EBITDA interest cover (times)	$\frac{\text{EBITDA}}{\text{Finance costs, including finance costs capitalised}}$
Number of years to repay interest-bearing borrowings	$\frac{\text{Total borrowings}}{\text{Cash available from operations}}$
Cash generated from operations (Rm)	Cash derived from normal operating activities
Cash flow from operations to total liabilities (times)	$\frac{\text{Cash available from operations}}{\text{Total liabilities}}$

Value added

Number of employees	Number of persons employed full-time, part-time or on another basis during each of the pay periods of the preceding 12 months
Revenue per employee (R000)~	$\frac{\text{Revenue for the year}}{\text{Average number of employees}}$
Wealth created per employee (R000)~	$\frac{\text{Wealth created during the year}}{\text{Average number of employees}}$

~ Excludes employees of Afripack (2008, 2007 and 2006), includes employees of PPC Zimbabwe 2010

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	2010	2009	2008	2007	2006	2005	2004
	546	485	147	101	90	52	44
	410	371	98	61	48	18	18
	1,0	1,1	0,6	1,1	1,4	2,0	3,1
	0,6	0,7	0,4	0,9	1,3	1,7	2,7
	5,6	6,6	12,0	24,6	37,4	24,9	21,7
	6,6	7,3	12,6	25,9	39,5	26,2	22,7
	2	2	1	1	1	–	1
	2 442	2 602	2 546	2 191	2 023	1 668	1 294
	0,4	0,4	0,7	0,6	0,7	1,0	0,8
	3 263	3 234	3 164	3 097	3 025	3 010	2 971
	2 086	2 560	2 461	2 262	1 955	1 681	1 266
	1 028	1 259	1 310	1 288	1 074	951	706

Share performance

for the year ended 30 September

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JSE Limited

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 share price
Volume of shares traded as a percentage of total issued shares (%)	$\frac{\text{Number of shares transacted during the year}}{\text{Number of shares in issue}}$
Number of transactions	Number of exchanges of PPC Company Limited shares between a buyer and a seller
FTSE/JSE All Share Industrial index	Average prices of a selected number of shares listed on the JSE Limited

Zimbabwe Stock Exchange

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 Zimbabwe Stock Exchange
Market price at year end (cents)	Prevailing price at which share was sold on 30 September

Market capitalisation at 30 September (Rm)

JSE Limited	Number of shares in issue listed on JSE Limited times market price per share at year end
Zimbabwe Stock Exchange	Number of shares in issue listed on the Zimbabwe Stock Exchange times market price per share at year end

Earnings yield (%)	$\frac{\text{Earnings per share excluding exceptional items for the most recent 12 months}^*}{\text{Market price per share at year end}^@}$
Dividend yield (%)	$\frac{\text{Total dividends paid out of current year's earnings}}{\text{Market price per share at year end}^@}$
Price-earnings ratio	$\frac{\text{Market value per share at year end}^@}{\text{Earnings per share excluding exceptional items for the most recent 12 months}^*}$

[~] Includes treasury shares

^{*} Excludes the impact of BBBEE IFRS 2 charges and take-on gain arising from consolidation of PPC Zimbabwe

[^] As data and exchange rates are not deemed meaningful, prior year's information has not been disclosed for shares listed on the Zimbabwe Stock Exchange

[@] Calculated using weighted market price of JSE Limited and the Zimbabwe Stock Exchange

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	2010	2009	2008 [^]	2007 [^]	2006 [^]	2005 [^]	2004 [^]
	571	561	510	510	510	510	510
	498	560	606	302	127	147	133
	3 560	3 650	5 199	5 300	4 498	2 943	1 830
	2 878	2 313	2 590	3 360	2 770	1 716	1 100
	3 172	3 390	3 125	4 780	3 479	2 910	1 810
	16 186	16 872	22 577	14 448	4 516	3 367	1 877
	87,2	99,9	118,8	59,2	24,9	28,8	26,1
	178 142	251 222	216 815	108 130	47 543	25 789	16 280
	28 153	25 283	24 966	29 959	22 375	16 876	11 761
	15	25					
	2 236	1 549					
	18 111	19 013	15 938	24 392	17 756	14 853	9 246
	340	392					
	18 451	19 405	15 938	24 392	17 756	14 853	9 246
	6,5	7,8	9,1	5,6	6,5	6,0	8,0
	6,3	6,0	7,2	5,6	6,3	6,5	12,8
	16,3	12,9	11,0	18,0	15,4	16,9	12,4

VOLUME OF SHARES TRADED ON THE JSE LIMITED
(millions)

2010	498
2009	560
2008	606
2007	302
2006	127
2005	147
2004	133

VALUE OF SHARES TRADED ON THE JSE LIMITED
(R million)

2010	16 186
2009	16 872
2008	22 577
2007	14 448
2006	4 516
2005	3 367
2004	1 877

Glossary of accounting terminology

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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.

ACQUISITION DATE

The date on which control in subsidiaries, special purpose vehicles, joint control in joint ventures and significant influence in associates commences.

ACTUARIAL GAINS AND LOSSES

The effect 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 uncollectibility.

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

Finance and other costs incurred in connection with the borrowing of funds.

BUSINESS COMBINATION

A transaction or other event in which an acquirer obtains control of one or more businesses.

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 comprise 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 is 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 can not 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 resell.

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 depletion 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 contractual right to receive cash, an equity instrument or a contractual right to exchange financial instruments under favourable conditions.

FINANCIAL LIABILITY

A contractual obligation to pay cash or transfer other benefits or a contractual 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.

Glossary of accounting terminology *continued*

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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 can not be reliably measured.

FINANCIAL GUARANTEE

A contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of the debt instrument.

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.

FUNCTIONAL CURRENCY

The currency of the primary economic environment in which an entity operates.

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.

GROUP

The group comprises Pretoria Portland Cement Company Limited, its subsidiaries and associates.

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 assets, 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 reimbursed 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.

OTHER COMPREHENSIVE INCOME

Comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement and includes the effect of translation of foreign operations, cash flow hedges, available-for-sale financial assets and changes in revaluation reserves.

OTHER SHAREHOLDERS

These shareholders relate to the Strategic Black Partners and Community Service Groups who have taken up PPC shares at par value. PPC has a call option at the end of eight years to acquire the shares issued to the two groups mentioned above. Profit attributable to other shareholders is determined in proportion to their shareholding.

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 the 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.

Glossary of accounting terminology continued

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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 was 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 or share options 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.

SPECIAL PURPOSE VEHICLE

An entity established to accomplish a narrow and well-defined objective, including the facilitation of the group's broad-based black economic empowerment transaction.

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 taxation 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.

quality of life for our people security of employment care for the environment and community act professionally

BASIS OF PREPARATION

Accounting framework

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and 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 accounting standards and interpretations of those standards. The following accounting standards, interpretations and amendments, which did not have a material impact on reported results, were adopted in the current year:

- IFRS 2 *Share-based Payment* (Scope of IFRS 2 and revised IFRS 3)
- IFRIC 9 *Reassessment of Embedded Derivatives* (Scope of IFRIC 9 and revised IFRS 3)
- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation* (Amendment to the restriction on the entity that can hold hedging instruments)

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.

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.

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.

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

Accounting policies *continued*

for the year ended 30 September 2010

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lives. The methods of depreciation and useful lives 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.

Factory 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.

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 with finance costs.

Changes in the measurement of an existing decommissioning or restoration liability that result from changes in the estimated timing or amount of expected costs, or a change in the discount rate, are accounted for in the respective asset or recognised in profit or loss as appropriate.

An environmental rehabilitation trust fund was created in South Africa and in accordance with statutory requirements. Annual contributions are 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). Prepayment assets are recognised for advertising or promotional expenditure up to the point at which the group has the right to access the goods purchased or the services received.

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.

The excess of the consideration transferred (the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired) is recorded as goodwill.

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.

On acquisition date, fair values are attributed to the identifiable assets, liabilities and contingent liabilities. A non-controlling interest at acquisition date is determined as the non-controlling shareholders' proportionate share of the fair value of the net identifiable assets of the entity acquired.

When an acquisition is achieved in stages (step acquisition), the identifiable assets and liabilities are recognised at their full fair value when control is obtained, and any adjustment to fair values related to these assets and liabilities previously held as an equity interest is recognised in the income statement.

When there is a change in the interest in a subsidiary after control is obtained, that does not result in a loss in control, the difference between the fair value of the consideration transferred and the amount by which the non-controlling interest is adjusted is recognised directly in the statement of changes in equity.

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.

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.

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 annually 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.

At each reporting date the carrying amount of financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment. For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future

cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets except for trade receivables, where the carrying amount is reduced through the use of an allowance account.

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 less any accumulated impairment losses.

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 were 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, non-controlling interest is measured at the proportion of the pre-acquisition fair values of the identifiable assets and liabilities acquired.

The results of special purpose vehicles, that in substance are controlled by the group, are consolidated.

Special purpose vehicles

The financial results of special purpose vehicles (SPVs) are consolidated into the group's results from the date that the group controls the SPV until the date that control ceases. Control is based on an evaluation of the substance of the SPV's relationship with the group and the SPV's risks and rewards.

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 investment. The long-term

Accounting policies *continued*

for the year ended 30 September 2010

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debt interests, which in substance form part of the group's net investment, are also included in total carrying value of investment in associate. Losses of an associate in excess of the group's interest in that associate are not recognised, unless the group has incurred a 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 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.

Financial assets are classified into the following categories:

Held-to-maturity investments

Investments classified as held-to-maturity financial assets are measured at amortised cost using the effective interest rate method less any impairment losses recognised to reflect irrecoverable amounts.

Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss where the financial asset is either held-for-trading or is designated as at fair value through profit or loss. Financial assets at fair value through profit or loss 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.

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables and are measured at amortised cost using the effective interest rate method less provision for doubtful debts. Write-downs of these assets are expensed in profit or loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Available-for-sale financial assets

Investments in unlisted shares are classified as available-for-sale financial assets. These investments are carried at fair value with any gains or losses being recognised directly in other comprehensive income. Fair value, for this purpose, is a value arrived at by using appropriate valuation models. An investment intended to be held for an indefinite period of time, which may be sold in response to

needs for liquidity or changes in interest rates, is classified as non-current available-for-sale financial assets. Where the investment is disposed of or determined to be impaired, the cumulative gain or loss previously recognised in other reserves is included in profit or loss for the period.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are measured at fair value with any resultant gain or loss recognised in profit or loss.

Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost are initially measured at fair value, net of transaction costs. These financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

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. To the extent that a derivative instrument has a maturity period of longer than one year, the fair value of these instruments will be reflected as a non-current asset or liability.

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.

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 as other comprehensive income 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 as other comprehensive income 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, when 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 other comprehensive income until the transaction occurs, unless the transaction is no longer expected to occur, in which case it is transferred to profit or loss for the period.

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 profit or loss 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.

In the capacity of a lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Share-based payments

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 remeasured at each reporting period, up to and including the settlement date, with changes in fair value recognised in profit or loss over the vesting period.

Equity-settled

The fair value of the share options is recognised and charged against profit or 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 reporting 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, on management's best estimate, 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.

Broad-based black economic empowerment (BBBEE)

To the extent that an entity grants shares or share options in a BBBEE transaction and the fair value of the cash and other assets received is less than the fair value of the shares or share options granted, such difference is charged to the profit or loss in the period in which the transaction becomes effective. Where the BBBEE transaction includes service conditions the difference is charged to the profit or loss over the period of these service conditions.

A restriction on the transfer of the shares or share options is taken into account in determining the fair value of the share or share option.

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 taxation losses and the carry forward of unused taxation 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 taxation rates that have been enacted or substantially enacted at reporting date.

Accounting policies *continued*

for the year ended 30 September 2010

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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 or 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 held-for-sale 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 being met only when the sale is highly probable and the asset held-for-sale or disposal groups are available for immediate sale in their present condition.

Where a disposal group held-for-sale will result in the loss of control or joint control of a subsidiary or joint venture, all the assets and liabilities of that subsidiary or joint venture are classified as held-for-sale, regardless of whether a non-controlling interest in the former subsidiary or joint venture is to be retained after the sale. Proportionate consolidation ceases from the date a joint venture is classified as held-for-sale.

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.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value, with changes in fair value being included in profit or loss.

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 reporting date.

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.

Defined contribution retirement plans

Payments to defined contribution retirement plans are charged to profit or loss as incurred.

Defined benefit post-employment healthcare benefits

The cost of providing defined healthcare 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.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and the unrecognised past service costs.

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. Provisions 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.

Treasury shares

Shares in the company held by group subsidiary companies and by SPVs that require consolidation are classified as treasury shares. The consideration paid, inclusive of directly attributable costs, is disclosed as a deduction from equity. The issued and weighted average number of shares is reduced by the treasury shares, weighted for the period they have been held by the subsidiary company or SPVs, for the purpose of determining earnings and headline earnings per share calculations. Dividends received on treasury shares are eliminated on consolidation.

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.

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 net of cash and settlement discounts, rebates, VAT and other indirect taxes.

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 customer 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.

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, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are expensed in the period in which they are incurred.

Investment income

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.

Exceptional items

Exceptional items cover those amounts, which are not considered to be of an operating nature, and generally include profit or 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.

Accounting policies *continued*

for the year ended 30 September 2010

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Secondary taxation on companies (STC) is recognised as part of the current taxation charge when the related dividend is declared. A deferred taxation asset is recognised if dividends received in the current period 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 reporting date.

Discontinued operations

The results of discontinued operations are presented separately in the profit or loss and the assets associated with these operations are included with non-current assets held-for-sale in the statement of financial position.

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 reporting 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 reporting 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 before they are translated into the group's presentation currency.

Events after reporting date

Recognised amounts in the financial statements are adjusted to reflect events arising after the reporting date that provide evidence

of conditions that existed at the reporting date. Events that are indicative of conditions that arose after the reporting 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 period, the comparative figures are restated.

Operating segment information

Reporting segments

The group has four main reporting segments that comprise the structure used by the group executive (GE) to make key operating decisions and assess performance. The group's reportable segments are operating segments that are differentiated by the activities that each undertakes and the products they manufacture and market.

The group evaluates the performance of its reportable segments based on operating profit. The group accounts for inter-segment sales and transfers as if the sales and transfers were entered into under the same terms and conditions as would have been entered into in a market-related transaction.

The financial information of the group's reportable segments is reported to the GE for purposes of making decisions about allocating resources to the segment and assessing its performance.

The group's reporting segments comprise the following segments:
Cement

The cement division's activities include the mining of limestone for the manufacture and supply of cementitious products.

Lime

The lime division's activities include the mining of limestone, and the manufacture and supply of metallurgical grade limestone, burnt lime and burnt dolomite.

Aggregates

The aggregate division's activities include the mining and supply of aggregates and metallurgical grade dolomitic limestone.

Other

Other comprises the various consolidated trusts and trust funding SPVs relating to the broad-based black economic empowerment transaction.

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Preparing financial statements in conformity with International Financial Reporting Standards (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 previously, that could have a significant effect on the amounts recognised in the financial statements are:

ASSET LIVES AND RESIDUAL VALUES

Property, plant and equipment (PPE) are depreciated over their useful lives. The actual lives of the assets are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product lifecycles and maintenance programmes are taken into account. The residual value of all PPE of the group is regarded to be zero, as PPE items are intended to be used for their entire useful life and at that stage the residual value is deemed to be of minimal value.

IMPAIRMENT OF ASSETS

Goodwill is considered for impairment 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.

CONSOLIDATION OF SPECIAL PURPOSE VEHICLES

Special purpose vehicles established in the broad-based black economic empowerment transaction have been consolidated in the group results in terms of IAS 27 (*Consolidated Financial Statements*) and SIC Interpretation 12 (*Consolidation – Special Purpose Entities (SPVs)*).

The Porthold Trust (Private) Limited has been consolidated in accordance with the requirements of SIC Interpretation 12. The company holds 1 284 556 PPC shares listed on the Zimbabwe Stock Exchange, for the sole benefit of existing PPC Zimbabwe employees. These shares have been carried as treasury shares on consolidation.

VALUATION OF FINANCIAL INSTRUMENTS

The valuation of derivative financial instruments is based on the market situation at the reporting 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 reporting date.

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 the reporting date.

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.

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 cash-settled instruments granted to employees in terms of the share option scheme implemented, and the share-based payment charge relating to the broad-based black economic empowerment transaction. These fair values are calculated by applying a valuation model which is in itself judgemental and takes into account certain inherently uncertain assumptions (refer note 35 for details on the share option scheme).

FACTORY DECOMMISSIONING AND REHABILITATION OBLIGATIONS

Estimating the future costs of these obligations is complex as most of the obligations will be fulfilled in the future. Furthermore, the resulting provisions are influenced by changing technologies, political, environmental, safety, business and statutory considerations.

POST-EMPLOYMENT HEALTHCARE BENEFIT VALUATIONS

Actuarial valuations of employee benefit obligations under the now closed defined healthcare 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.

PPC ZIMBABWE – TAXATION

The taxation bases of PPC Zimbabwe are still tentative following the change in the previous financial year of functional currencies from Zimbabwe dollars to US dollars. No established basis exists for the determination of allowances previously granted and as a result no deferred taxation asset has been raised.

SOURCES OF ESTIMATION UNCERTAINTY

There are no significant assumptions made concerning the future or other sources of estimation uncertainty that have 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.

Consolidated statements of financial position

at 30 September 2010

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	Notes	2010 Rm	2009 Rm	2008 Rm
ASSETS				
Non-current assets				
Property, plant and equipment	1	4 449	4 195	3 196
Intangible assets	2	4 175	3 941	2 813
Investment in non-consolidated subsidiary	3	78	53	19
Non-current financial assets	4	–	–	260
Long-term receivables	5	100	107	51
Investments in associates	6	20	28	39
		76	66	14
Current assets				
Inventories	7	1 663	1 624	1 338
Trade and other receivables	8	596	557	363
Cash and cash equivalents	9	827	819	751
		240	248	224
Total assets		6 112	5 819	4 534
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital and premium	10	(1 091)	(1 088)	115
Other reserves		32	150	57
Retained profit		1 917	1 853	1 541
Total equity		858	915	1 713
Non-current liabilities				
Deferred taxation liabilities	11	3 591	3 366	511
Long-term borrowings	12	568	469	299
Provisions	13	2 645	2 628	55
Other non-current liabilities	14	270	250	151
		108	19	6
Current liabilities				
Short-term borrowings	15	1 663	1 538	2 310
Taxation payable		876	764	1 619
Trade and other payables	16	76	96	61
Provisions	13	711	678	629
		–	–	1
Total equity and liabilities		6 112	5 819	4 534

Consolidated income statements

for the year ended 30 September 2010

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	Notes	2010 Rm	2009 Rm	2008 Rm
Revenue		6 807	6 783	6 248
Cost of sales		4 067	3 897	3 547
Gross profit		2 740	2 886	2 701
Administrative and other operating expenditure		625	468	378
Operating profit before items listed below		2 115	2 418	2 323
BBBEE IFRS 2 charges		(10)	(490)	–
Take-on gain arising from consolidation of PPC Zimbabwe		–	213	–
Operating profit		2 105	2 141	2 323
Fair value (losses)/gains on financial instruments	17	(20)	(6)	4
Finance costs	18	366	357	157
Investment income	19	39	65	84
Profit before exceptional items		1 758	1 843	2 254
Exceptional items	20	(32)	–	2
Share of associates' retained profit	6	8	7	10
Profit before taxation		1 734	1 850	2 266
Taxation	21	622	722	767
Net profit		1 112	1 128	1 499
Attributable to:				
Ordinary shareholders		1 010	1 024	1 499
Other shareholders [^]		102	104	–
		1 112	1 128	1 499
Earnings per share (cents)	23.3			
– basic		211,1	210,1	283,5
– diluted		209,8	209,1	283,5

[^] For details on other shareholders refer note 10

Consolidated statements of comprehensive income

for the year ended 30 September 2010

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	Unrealised surplus on reclassification of plant Rm	Foreign currency translation Rm	Available-for-sale financial assets Rm	Hedging reserves Rm	Retained profit Rm	Total comprehensive income Rm
2008						
Net profit for the year	–	–	–	–	1 499	1 499
Other comprehensive income, net of taxation	(3)	5	9	3	3	17
Exchange differences on translation of foreign operations	–	5	–	–	–	5
Revaluation of investments	–	–	10	–	–	10
Deferred taxation on revaluation	–	–	(1)	–	–	(1)
Cash flow hedge recognised directly through equity	–	–	–	10	–	10
Cash flow hedge recognised in profit or loss	–	–	–	(2)	–	(2)
Cash flow hedge recognised in cost of plant	–	–	–	(4)	–	(4)
Deferred taxation on hedging movements	–	–	–	(1)	–	(1)
Transfer to retained profit	(3)	–	–	–	3	–
Total comprehensive income	(3)	5	9	3	1 502	1 516
2009						
Net profit for the year	–	–	–	–	1 128	1 128
Other comprehensive income, net of taxation	(3)	(14)	2	(6)	3	(18)
Exchange differences on translation of foreign operations	–	(14)	–	–	–	(14)
Revaluation of investments	–	–	2	–	–	2
Cash flow hedge recognised directly through equity	–	–	–	(7)	–	(7)
Revaluation of investment in non-consolidated subsidiary (refer note 3)	–	–	213	–	–	213
Take-on gain arising from consolidation of PPC Zimbabwe	–	–	(213)	–	–	(213)
Deferred taxation on hedging movements	–	–	–	1	–	1
Transfer to retained profit	(3)	–	–	–	3	–
Total comprehensive income	(3)	(14)	2	(6)	1 131	1 110
2010						
Net profit for the year	–	–	–	–	1 112	1 112
Other comprehensive income, net of taxation	(4)	(48)	(10)	(56)	4	(114)
Exchange differences on translation of foreign operations	–	(48)	1	–	–	(47)
Revaluation of investments	–	–	(12)	–	–	(12)
Deferred taxation on revaluation	–	–	1	–	–	1
Cash flow hedge recognised directly through equity	–	–	–	(56)	–	(56)
Transfer to retained profit	(4)	–	–	–	4	–
Total comprehensive income	(4)	(48)	(10)	(56)	1 116	998

Consolidated statements of changes in equity

for the year ended 30 September 2010

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	Other reserves							Retained profit Rm	Total equity attributable to equity holders of parent Rm
	Share capital Rm	Share premium Rm	Un-realised surplus on reclassification of plant Rm	Foreign currency translation Rm	Available-for-sale financial assets Rm	Hedging reserves Rm	Equity compensation reserves Rm		
Balance at 1 October 2007	54	814	23	(10)	23	3	(23)	1 465	2 349
Movement for the year	(2)	(751)	(3)	5	9	3	27	76	(636)
Equity-settled share incentive scheme refund	–	–	–	–	–	–	2	–	2
Purchase of PPC shares by group subsidiary, treated as treasury shares	(2)	(751)	–	–	–	–	–	–	(753)
Other reserve movements	–	–	–	–	–	–	26	(25)	1
Total comprehensive income	–	–	(3)	5	9	3	–	1 502	1 516
Deferred taxation on other reserve movements	–	–	–	–	–	–	(1)	–	(1)
Dividends declared to PPC shareholders	–	–	–	–	–	–	–	(1 401)	(1 401)
Balance at 30 September 2008	52	63	20	(5)	32	6	4	1 541	1 713
Movement for the year	1	(1 204)	(3)	(14)	2	(6)	114	312	(798)
BBBEE IFRS 2 charges	–	–	–	–	–	–	490	–	490
Treasury shares held by the BBBEE trusts and trust funding SPVs	(4)	(1 186)	–	–	–	–	–	–	(1 190)
Treasury shares held by Porthold Trust (Private) Limited	–	(18)	–	–	–	–	–	–	(18)
Shares issued to the BBBEE CSG and SBP funding SPVs	5	–	–	–	–	–	–	–	5
Transfer to retained profit	–	–	–	–	–	–	(376)	376	–
Total comprehensive income	–	–	(3)	(14)	2	(6)	–	1 131	1 110
Dividends declared by trust funding SPVs to non-consolidated trusts	–	–	–	–	–	–	–	(7)	(7)
Dividends declared to PPC shareholders	–	–	–	–	–	–	–	(1 188)	(1 188)
Balance at 30 September 2009	53	(1 141)	17	(19)	34	–	118	1 853	915
Movement for the year	–	(3)	(4)	(48)	(10)	(56)	–	64	(57)
BBBEE IFRS 2 charges	–	–	–	–	–	–	10	–	10
Treasury shares held by Porthold Trust (Private) Limited	–	(3)	–	–	–	–	–	–	(3)
Transfer to retained profit	–	–	–	–	–	–	(10)	10	–
Total comprehensive income	–	–	(4)	(48)	(10)	(56)	–	1 116	998
Dividends declared by trust funding SPVs to non-consolidated trusts	–	–	–	–	–	–	–	(6)	(6)
Dividends declared to PPC shareholders	–	–	–	–	–	–	–	(1 056)	(1 056)
Balance at 30 September 2010	53	(1 144)	13	(67)	24	(56)	118	1 917	858

Consolidated statements of cash flows

for the year ended 30 September 2010

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	Notes	2010 Rm	2009 Rm	2008 Rm
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before exceptional items		1 758	1 843	2 254
<i>Adjustments for:</i>				
– depreciation		359	309	214
– amortisation of intangible assets		9	6	4
– profit on disposal of property, plant and equipment		(3)	(4)	(2)
– BBBEE IFRS 2 charges		10	490	–
– take-on gain arising from consolidation of PPC Zimbabwe	29	–	(213)	–
– dividends received		(7)	(9)	(8)
– interest received		(32)	(56)	(76)
– finance costs		366	357	157
– loss on derivatives (cash-settled share-based payment hedge)		10	4	15
– other non-cash flow items		16	8	5
Operating cash flows before movements in working capital		2 486	2 735	2 563
Increase in inventories		(69)	(107)	(26)
Increase in trade and other receivables		(8)	(31)	(55)
Increase in trade and other payables		33	5	64
Cash generated from operations		2 442	2 602	2 546
Finance costs paid	26	(261)	(297)	(192)
Dividends received from investments and associate		7	12	14
Interest received		32	56	76
Taxation paid	27	(531)	(645)	(800)
Cash available from operations		1 689	1 728	1 644
Dividends paid	28	(1 062)	(1 195)	(1 401)
Equity-settled share incentive scheme refund		–	–	2
Net cash inflow from operating activities		627	533	245

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	Notes	2010 Rm	2009 Rm	2008 Rm
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property, plant and equipment	30	(613)	(883)	(794)
– to enhance existing operations		(382)	(341)	(277)
– to expand operations		(231)	(542)	(517)
Acquisition of intangible assets		(45)	(38)	(3)
Net proceeds received on disposal of property, plant and equipment		8	10	5
Movements in investments and loans	31	(18)	(118)	(27)
Acquisition of treasury shares held by consolidated subsidiary company		(3)	–	(753)
Treasury shares held by the consolidated BBBEE trusts and funding SPVs		–	(1 190)	–
Receipt of instalment on long-term receivable	31	8	11	10
Net cash outflow from investing activities		(663)	(2 208)	(1 562)
Net cash outflow before financing activities		(36)	(1 675)	(1 317)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issue of shares to the BBBEE CSG and SBP funding SPVs		–	5	–
Long-term borrowings (repaid)/raised		(14)	1 645	(13)
BBBEE funding transaction		(70)	868	–
Net short-term borrowings raised/(repaid)		112	(862)	253
Net cash inflow from financing activities		28	1 656	240
Net decrease in cash and cash equivalents		(8)	(19)	(1 077)
Cash and cash equivalents at beginning of the year		248	224	1 301
Cash acquired on consolidation of PPC Zimbabwe	29	–	43	–
Cash and cash equivalents at end of the year		240	248	224
Cash earnings per share (cents)	23.6	320,6	328,6	310,9

Segmental information

for the year ended 30 September 2010

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The group discloses its operating segments according to the business units which are regularly reviewed by the group executive. These comprise Cement, Lime, Aggregates and Other.

	Group			Cement		
	2010* Rm	2009* Rm	2008 Rm	2010* Rm	2009* Rm	2008 Rm
Revenue						
South Africa	5 611	6 253	5 808	4 677	5 483	4 980
Other Africa	1 202	535	440	1 129	465	388
	6 813	6 788	6 248	5 806	5 948	5 368
Inter-segment revenue	(6)	(5)	–			
Total revenue	6 807	6 783	6 248			
Operating profit before items listed below	2 115	2 418	2 323	1 902	2 263	2 100
BBBEE IFRS 2 charges	(10)	(490)	–	(9)	(475)	–
Take-on gain arising from consolidation of PPC Zimbabwe	–	213	–	–	213	–
Operating profit	2 105	2 141	2 323	1 893	2 001	2 100
Fair value adjustments on financial instruments	(20)	(6)	4	(20)	(1)	4
Finance costs	366	357	157	250	256	154
Investment income	39	65	84	35	53	77
Profit before exceptional items	1 758	1 843	2 254	1 658	1 797	2 027
Exceptional items	(32)	–	2	(32)	–	2
Share of associates' retained profit	8	7	10	8	7	10
Profit before taxation	1 734	1 850	2 266	1 634	1 804	2 039
Taxation	622	722	767	556	679	701
Net profit	1 112	1 128	1 499	1 078	1 125	1 338
Material non-cash items included in segment profit:						
Depreciation and amortisation	368	315	218	325	273	181
EBITDA [~]	2 483	2 733	2 541	2 226	2 536	2 281
Operating margin [~] (%)	31,1	35,6	37,2	32,8	38,0	39,1
EBITDA margin (%)	36,5	40,3	40,7	38,3	42,6	42,5
Assets						
Total assets	6 112	5 819	4 534	5 450	5 227	3 944
Non-current assets	4 449	4 195	3 196	4 058	3 820	2 841
Current assets	1 663	1 624	1 338	1 392	1 407	1 103
Included in non-current assets:						
Additions to property, plant and equipment (refer note 1)	626	937	850	570	877	772
Liabilities						
Total liabilities	5 254	4 904	2 821	3 771	3 573	2 595
Non-current liabilities	3 591	3 366	511	2 327	2 198	385
Current liabilities	1 663	1 538	2 310	1 444	1 375	2 210

[^] "Other" comprises BBBEE trusts and trust funding SPVs

* Includes PPC Zimbabwe with effect from 30 September 2009 (refer note 29)

[~] Excluding BBBEE IFRS 2 charges and take-on gain arising from consolidation of PPC Zimbabwe

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	Lime			Aggregates			Other [^]		
	2010 Rm	2009 Rm	2008 Rm	2010 Rm	2009 Rm	2008 Rm	2010 Rm	2009 Rm	2008 Rm
	711	544	599	223	226	229	-	-	-
	-	-	-	73	70	52	-	-	-
	711	544	599	296	296	281	-	-	-
	159	91	141	61	72	82	(7)	(8)	-
	(1)	(13)	-	-	(2)	-	-	-	-
	-	-	-	-	-	-	-	-	-
	158	78	141	61	70	82	(7)	(8)	-
	-	-	-	-	-	-	-	(5)	-
	3	7	2	1	3	1	112	91	-
	1	3	2	3	7	5	-	2	-
	156	74	141	63	74	86	(119)	(102)	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	156	74	141	63	74	86	(119)	(102)	-
	51	24	44	15	18	22	-	1	-
	105	50	97	48	56	64	(119)	(103)	-
	30	30	26	13	12	11	-	-	-
	190	121	167	74	84	93	(7)	(8)	-
	22,4	16,7	23,5	20,6	24,3	29,2	-	-	-
	26,7	22,3	27,9	24,9	28,4	33,1	-	-	-
	452	392	404	208	196	186	2	4	-
	265	261	248	126	114	107	-	-	-
	187	131	156	82	82	79	2	4	-
	31	42	43	25	18	35	-	-	-
	171	145	172	100	78	54	1 212	1 108	-
	86	82	107	17	16	19	1 161	1 070	-
	85	63	65	83	62	35	51	38	-

Notes to the group annual financial statements

for the year ended 30 September 2010

satisfying customers' needs quality products and services respect for the individual rewarding work environment

	Freehold and leasehold land, buildings and mineral rights Rm	Factory decommissioning and quarry rehabilitation assets Rm	Plant, vehicles, furniture and equipment Rm	Capitalised leased plant Rm	Total Rm
1. PROPERTY, PLANT AND EQUIPMENT					
2010					
Cost	676	121	5 681	160	6 638
Accumulated depreciation and impairments	221	23	2 087	132	2 463
Net carrying value	455	98	3 594	28	4 175
2009					
Cost	616	125	5 181	160	6 082
Accumulated depreciation and impairments	202	19	1 799	121	2 141
Net carrying value	414	106	3 382	39	3 941
2008					
Cost	456	39	3 882	302	4 679
Accumulated depreciation and impairments	185	17	1 469	195	1 866
Net carrying value	271	22	2 413	107	2 813

Plant and equipment with a net carrying value of R28 million (2009: R39 million; 2008: R107 million) are encumbered as disclosed in note 12.

The insured value of the group's property, plant and equipment at 30 September 2010 amounted to R35 517 million (2009: R31 296 million; 2008: R23 833 million), which is based on the cost of replacement of such assets, except for motor vehicles which are included at estimated retail value.

The cost of land included above amounts to R113 million (2009: R66 million; 2008: R56 million).

Included in freehold land, buildings and mineral rights is land amounting to R22 million (2009: R23 million), which is exposed to the risk of expropriation by the Zimbabwean government without compensation in terms of the Constitution of Zimbabwe (refer note 29).

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

Some of the company's properties have been illegally invaded and the company is following legal processes to resolve the illegal invasion.

The registers of land and buildings are open for inspection at the registered offices of the company and its subsidiaries.

During the year, PPC announced a change in scope of its Western Cape expansion project. The scope change reduces the initial capital outlay from R4 billion to a revised cost of R3 billion and also extends the phasing of the capital outflows. As a result, a portion of the original design and scoping costs, capitalised under plant and equipment, was impaired to the amount of R31 million (refer note 21).

Included in plant, vehicles, furniture and equipment is capital work-in-progress of R55 million (2009: R866 million; 2008: R330 million).

	Freehold and leasehold land, buildings and mineral rights Rm	Factory decommissioning 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 2010					
Net carrying value at beginning of the year	414	106	3 382	39	3 941
Additions	74	–	552	–	626
– to enhance existing operations	14	–	368	–	382
– to expand operations	60	–	184	–	244
Disposals	(1)	–	(3)	–	(4)
Depreciation	(21)	(4)	(323)	(11)	(359)
Impairment loss (refer note 21)	–	–	(31)	–	(31)
Reallocation from intangible assets	–	–	11	–	11
Reallocation from inventory	–	–	30	–	30
Translation differences [^]	(11)	(4)	(24)	–	(39)
Net carrying value at end of the year	455	98	3 594	28	4 175
[^] The translation differences comprise					
– cost					(42)
– accumulated depreciation					3
					(39)
2009					
Net carrying value at beginning of the year	271	22	2 413	107	2 813
Acquired on consolidation of PPC Zimbabwe (refer note 29)	138	49	321	–	508
Transfers between categories	–	–	57	(57)	–
Additions	24	37	876	–	937
– to enhance existing operations	17	37	324	–	378
– to expand operations	7	–	552	–	559
Disposals	–	–	(6)	–	(6)
Depreciation	(18)	(2)	(278)	(11)	(309)
Translation differences [^]	(1)	–	(1)	–	(2)
Net carrying value at end of the year	414	106	3 382	39	3 941
[^] The translation differences comprise					
– cost					(4)
– accumulated depreciation					2
					(2)
2008					
Net carrying value at beginning of the year	243	10	1 790	135	2 178
Additions	45	12	793	–	850
– to enhance existing operations	19	1	256	–	276
– to expand operations	26	11	537	–	574
Disposals	–	–	(3)	–	(3)
Depreciation	(18)	–	(168)	(28)	(214)
Translation differences [^]	1	–	1	–	2
Net carrying value at end of the year	271	22	2 413	107	2 813
[^] The translation differences comprise					
– cost					4
– accumulated depreciation					(2)
					2

Notes to the group annual financial statements *continued*

for the year ended 30 September 2010

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	Right of use of mineral right asset Rm	ERP development and other software Rm	Total Rm
2. INTANGIBLE ASSETS			
2010			
Cost	10	122	132
Accumulated amortisation and impairments	4	50	54
Net carrying value	6	72	78
2009			
Cost	10	88	98
Accumulated amortisation and impairments	3	42	45
Net carrying value	7	46	53
2008			
Cost	8	50	58
Accumulated amortisation and impairments	2	37	39
Net carrying value	6	13	19

Included in ERP development and other software is software work-in-progress of Rnil (2009: R36 million; 2008: Rnil) which relates to costs incurred on the implementation of the SAP ERP system. During the current year, R11 million relating to hardware in respect of the ERP development was transferred to property, plant and equipment.

Movement of intangible assets

2010

Net carrying value at beginning of the year	7	46	53
Additions	–	45	45
Transfers and other movements	–	(11)	(11)
Amortisation	(1)	(8)	(9)
Net carrying value at end of the year	6	72	78
2009			
Net carrying value at beginning of the year	6	13	19
Additions	–	38	38
Acquired on consolidation of PPC Zimbabwe (refer note 29)	2	–	2
Amortisation	(1)	(5)	(6)
Net carrying value at end of the year	7	46	53
2008			
Net carrying value at beginning of the year	6	14	20
Additions	–	3	3
Amortisation	–	(4)	(4)
Net carrying value at end of the year	6	13	19

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	2010 Rm	2009 Rm	2008 Rm
3. INVESTMENT IN NON-CONSOLIDATED SUBSIDIARY			
Carrying value at beginning of the year	–	260	260
Take-on gain arising on consolidation of PPC Zimbabwe	–	213	–
Consolidation of PPC Zimbabwe	–	(473)	–
Carrying value at end of the year	–	–	260
The results of PPC Zimbabwe were consolidated with effect from 30 September 2009. Prior to 30 September 2009, the PPC board concluded that management did not have the ability to exercise effective control over the business, and the results of PPC Zimbabwe were excluded from the group results (refer note 29).			
4. NON-CURRENT FINANCIAL ASSETS			
Unlisted investments at fair value	25	38	36
Derivative financial instrument (fair value hedge) [^]	1	11	15
Unlisted collective investment*	70	56	–
	96	105	51
Loans advanced [~]	4	2	–
	100	107	51
Directors' valuation of unlisted investments	100	107	51
[^] Derivative financial instrument Fair value of the premium paid to hedge cash-settled share-based payments (refer notes 35 and 37). Marked-to-market adjustments of R10 million (2009: R4 million; 2008: R15 million) have been charged against fair value adjustments in the income statement.			
* Unlisted collective investment Comprises investment by the PPC Environmental Trust in Old Mutual Capital Builder unit trusts. Put options are also held over the value of the assets in order to protect the capital of the portfolio. At 30 September 2010, the value of the put options were not significant.			
[~] Loans advanced These loans have been advanced to fund enterprise development companies. These loans bear interest at rates between prime less 2% and prime less 5%, are secured by bonds over land and moveable assets and are repayable by 30 April 2018.			
5. LONG-TERM RECEIVABLE			
Long-term loan	20	28	39
This loan is repayable in annual capital instalments 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.			

Notes to the group annual financial statements continued

for the year ended 30 September 2010

satisfying customers' needs quality products and services respect for the individual rewarding work environment

	2010 Rm	2009 Rm	2008 Rm
6. INVESTMENTS IN ASSOCIATES			
Investments at cost	7	7	7
Share of retained profit:	19	11	7
Retained profit at beginning of the year	11	7	3
Current year movement:			
– share of current year's retained profit	8	7	10
– dividends received	–	(3)	(6)
	26	18	14
Loans advanced to associates [^]	50	48	–
Balance at beginning of the year	48	–	–
Loans advanced	4	48	–
Interest capitalised	2	–	–
Impairment [~]	(2)	–	–
Repayment	(2)	–	–
	76	66	14
Valuation of interest in associates			
Fair value of unlisted associates, including loans advanced, as determined by the directors	168	66	14
[^] Loans advanced to associates			
Of the loans advanced to associates, R20 million bears interest at the prime lending rate, while the remaining balance is interest free. Where appropriate, bonds are registered over land and movable assets as security. The loans are repayable within a three-year period.			
[~] Impairment			
During 2010, an impairment of R2 million was recorded on the loans advanced following weak conditions in the building industry.			
Key financial information of associates*			
Assets	504	460	100
Liabilities	388	367	56
Net working capital	109	90	12
Revenue	913	531	428
Profit after taxation	31	28	40
Cash flow from operations	74	21	8

* The financial information provided represents the full results of the associates

Carrying value, including loans advanced

Name	Nature of business	Interest	Financial year end	2010 Rm	2009 Rm	2008 Rm
Afripack Limited	Packaging	25%	30 September	63	54	14
Shaleje Services Trust	Admin services	15%	31 May	–	–	–
Metlaggola Construction & Development (Pty) Limited	Construction	40%	28 February	2	2	–
Rhulanani Concrete Mixers (Pty) Limited	Readymix concrete	40%	28 February	6	5	–
Olegra Oil (Pty) Limited	Used oil collection and filling station	49%	28 February	5	5	–
First Gas (Pty) Limited	LP gas and liquid fuels distribution	40%	28 February	–	–	–
				76	66	14

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	2010 Rm	2009 Rm	2008 Rm
7. INVENTORIES			
Raw materials	145	95	80
Work-in-progress	86	72	31
Finished goods	90	96	66
Maintenance stores [^]	275	294	186
	596	557	363
The value of inventories has been determined on the weighted average formula basis.			
Amount of inventories recognised as an expense during the year	2 951	3 165	2 470
[^] Obsolescence provision included in maintenance stores	88	84	41
Amount of obsolescence provision acquired on consolidation of PPC Zimbabwe	–	43	–
Inventories to revenue (%)	8,76	8,21	5,81
Inventories to cost of sales (%)	14,65	14,29	10,23
Obsolescence provision to inventories (%)	14,76	15,08	11,29
During the year an amount of R30 million, for critical spares, was reclassified to property, plant and equipment. No inventories have been pledged as security.			
8. TRADE AND OTHER RECEIVABLES			
Trade receivables	766	725	666
Less: Impairment of trade receivables	(11)	(4)	(5)
Originated loans and receivables	755	721	661
Derivative financial instruments (held-for-trading financial assets)	–	2	5
Derivative financial instruments (cash flow hedge)	–	–	6
Other financial receivables	37	45	40
Trade and other financial receivables	792	768	712
Prepayments	32	47	32
Other non-financial receivables	3	4	7
	827	819	751
Trade receivables to revenue (%)	11,09	10,63	10,58
Originated loans and receivables comprise:	755	721	661
Trade receivables that are neither past due nor impaired	687	658	602
Trade receivables that would otherwise be impaired whose terms have been renegotiated	14	8	–
Trade receivables that are past due but not impaired	54	55	59

Notes to the group annual financial statements *continued*

for the year ended 30 September 2010

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	Cement* Rm	Lime Rm	Aggregates Rm	Total Rm
8. TRADE AND OTHER RECEIVABLES <i>continued</i>				
Trade receivables that are neither past due nor impaired				
2010	609	60	18	687
2009	571	57	30	658
2008	529	56	17	602
There is no history of default relating to trade receivables in this category.				
Trade receivables that are past due but not impaired				
2010				
Age analysis	32,2	15,5	6,0	53,7
1 – 30 days	18,4	13,5	4,3	36,2
31 – 60 days	13,8	1,0	1,7	16,5
91 – 120 days	–	1,0	–	1,0
Fair value of collateral held	28,4	–	–	28,4
2009				
Age analysis	47,5	0,5	6,9	54,9
1 – 30 days	43,5	0,2	6,3	50,0
31 – 60 days	4,0	0,3	0,6	4,9
Fair value of collateral held	17,1	–	–	17,1
2008				
Age analysis	50,7	5,1	3,0	58,8
1 – 30 days	47,5	4,7	2,9	55,1
31 – 60 days	2,6	0,3	0,1	3,0
61 – 90 days	0,6	0,1	–	0,7
Fair value of collateral held	16,7	–	–	16,7
The majority of collateral held consists of bank guarantees, with the balance comprising suretyships, mortgage bonds, notarial bonds and cessions.				
Impairment of trade receivables				
2010				
Balance at beginning of the year	3	–	1	4
Allowance raised through profit or loss	6	–	1	7
Balance at end of the year	9	–	2	11
Impairment to trade receivables (%)	1,37	–	8,33	1,46
2009				
Balance at beginning of the year	4	–	1	5
Acquired on consolidation of PPC Zimbabwe	1	–	–	1
Utilisation of allowance	(2)	–	–	(2)
Balance at end of the year	3	–	1	4
Impairment to trade receivables (%)	0,53	–	3,33	0,61
2008				
Balance at beginning of the year	4	–	1	5
Allowance raised through profit or loss	1	–	1	2
Utilisation of allowance	(1)	–	(1)	(2)
Balance at end of the year	4	–	1	5
Impairment to trade receivables (%)	0,76	–	5,88	0,83
No receivables have been pledged as security.				
No individual customer represents more than 10% of the group's revenue.				

* Includes PPC Zimbabwe with effect from 30 September 2009

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	2010 Rm	2009 Rm	2008 Rm
9. CASH AND CASH EQUIVALENTS			
Cash on hand and on deposit	240	248	224
Currency analysis:			
South African rand	143	105	147
Botswana pula	35	100	77
United States dollar	62	43	–
	240	248	224
Cash restricted for use relating to:			
PPC Environmental Trust	23	30	80
Consolidated BBBEE entities	3	2	–
	26	32	80

Included in cash and cash equivalents are foreign currency denominated cash and cash equivalents of R6 million (2009: R7 million) which have been impaired in full. These funds were subject to surrender in Zimbabwe and it is unlikely that the funds will be recovered from the Reserve Bank of Zimbabwe (refer note 29).

	2010 Shares	2009 Shares	2008 Shares
10. SHARE CAPITAL AND PREMIUM			
Authorised shares	600 000 000	600 000 000	600 000 000
Issued shares			
Ordinary shares			
Ordinary shares in issue at beginning of the year	478 331 529	517 471 989	537 612 390
Ordinary shares bought back during the year [@]	–	–	(20 140 401)
Treasury shares held by consolidated BBBEE trusts and trust funding SPVs [^]	–	(37 991 204)	–
Treasury shares held by consolidated Porthold Trust (Private) Limited [~]	(135 300)	(1 149 256)	–
Total ordinary shares in issue at end of the year	478 196 229	478 331 529	517 471 989
Other shares			
Other shares in issue at beginning of the year	48 557 982	–	–
Other shares issued to the BBBEE CSG and SBP funding SPVs [*]	–	48 557 982	–
Total shares in issue at end of the year	526 754 211	526 889 511	517 471 989

Notes to the group annual financial statements *continued*

for the year ended 30 September 2010

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	2010 Rm	2009 Rm	2008 Rm
10. SHARE CAPITAL AND PREMIUM <i>continued</i>			
Authorised share capital			
Ordinary shares of 10 cents each	60	60	60
Issued share capital			
Ordinary shares			
Ordinary shares in issue at beginning of the year	48	52	54
Ordinary shares bought back during the year [@]	–	–	(2)
Treasury shares held by consolidated BBBEE trusts and trust funding SPVs [*]	–	(4)	–
Treasury shares held by consolidated Porthold Trust (Private) Limited [~]	–	–	–
Total ordinary shares in issue at end of the year	48	48	52
Other shares			
Other shares in issue at beginning of the year	5	–	–
Other shares issued to the BBBEE CSG and SBP funding SPVs [*]	–	5	–
Total shares in issue at end of the year	53	53	52
Share premium			
Balance at beginning of the year	(1 141)	63	814
Treasury shares held by consolidated subsidiary company [@]	–	–	(751)
Treasury shares held by consolidated BBBEE trusts and trust funding SPVs [^]	–	(1 186)	–
Treasury shares held by consolidated Porthold Trust (Private) Limited	(3)	(18)	–
Balance at end of the year	(1 144)	(1 141)	63
Total issued share capital and premium	(1 091)	(1 088)	115
[^] In terms of SIC Interpretation 12 (<i>Consolidation – Special Purpose Entities</i>), The PPC Black Managers Trust, The Current PPC Team Trust, The Future PPC Team Trust, The PPC Black Independent Non-Executive Directors Trust and the trust funding SPVs are consolidated, and as a result, shares owned by these entities are carried as treasury shares on consolidation.			
[~] Following PPC gaining effective control of PPC Zimbabwe with effect from 30 September 2009, the 1 284 556 (2009: 1 149 256) PPC shares owned by Porthold Trust (Private) Limited have been carried as treasury shares on consolidation.			
[*] In terms of the BBBEE transaction that was effected 15 December 2008, the Strategic Black Partners (SBPs) and Community Service Groups (CSGs) subscribed for 48 557 982 newly issued shares in PPC at par value. The shares carry full economic and voting rights, have restrictions on transferability, and are subject to a call option by PPC to acquire these shares at par by 15 December 2016. In terms of a compulsory subscription agreement, the SBPs and CSGs are required to subscribe for 48 557 982 new shares in PPC at R66,84, calculated at the effective date of the transaction, by 31 December 2017 subject to their ability to raise sufficient funding.			
The shares issued to the SBPs and CSGs have been pledged as security for their funding obligations and as a result are treated as a separate class of equity.			
[@] During the 2008 year, PPC Cement (Pty) Limited, a group subsidiary company, bought back 20 140 401 ordinary shares in PPC. These shares are carried as treasury shares. The average purchase consideration, including costs, approximated R37,37 per share. As at 30 September 2010, the company had purchased 3,44% of the issued share capital of PPC. There were no share buybacks in the current year.			
Unissued shares	13 829 628	13 829 628	62 387 610
This excludes the impact of shares held as treasury shares.			

The unissued shares of the company are placed under the control and authority of the directors of the company and the directors of the company are authorised and empowered to allot, issue and otherwise dispose of such shares to such person or persons on such terms and conditions and at such times as the directors of the company may from time to time and at their discretion deem fit, subject to the provisions of the Companies Act (Act 61 of 1973) as amended (the Act), the articles of association of the company and the listing requirements of the JSE Limited (JSE), when applicable.

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	2010 Rm	2009 Rm	2008 Rm
11. DEFERRED TAXATION LIABILITIES			
Net liability at beginning of the year	469	299	156
– income statement charge, including changes in taxation rates	111	42	142
– acquired on consolidation of PPC Zimbabwe	–	130	–
– charged directly to equity	(1)	(1)	3
– other	(11)	(1)	(2)
Net liability at end of the year	568	469	299

	Opening balance Rm	Charged to the income statement Rm	Charged directly to equity Rm	Changes in taxation rates Rm	Acquired on consoli- dation of PPC Zimbabwe Rm	Other Rm	Closing balance Rm
2010							
Property, plant and equipment	510	127	–	(19)	–	(9)	609
Other non-current assets	21	–	(1)	–	–	–	20
Current assets	3	(2)	–	–	–	–	1
Non-current liabilities	(47)	(14)	–	–	–	–	(61)
Current liabilities	(18)	(2)	–	–	–	(1)	(21)
Reserves	–	21	–	–	–	(1)	20
	469	130	(1)	(19)	–	(11)	568
2009							
Property, plant and equipment	336	45	–	–	129	–	510
Other non-current assets	20	(1)	–	–	1	1	21
Current assets	(5)	8	(1)	–	–	1	3
Non-current liabilities	(39)	(8)	–	–	–	–	(47)
Current liabilities	(16)	(2)	–	–	–	–	(18)
Reserves	3	–	–	–	–	(3)	–
	299	42	(1)	–	130	(1)	469
2008							
Property, plant and equipment	194	143	(1)	(7)	–	7	336
Other non-current assets	2	15	–	–	–	3	20
Current assets	–	(5)	3	–	–	(3)	(5)
Non-current liabilities	(28)	(8)	–	1	–	(4)	(39)
Current liabilities	(15)	(2)	–	1	–	–	(16)
Reserves	3	4	1	–	–	(5)	3
	156	147	3	(5)	–	(2)	299

Notes to the group annual financial statements continued

for the year ended 30 September 2010

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				2010 Rm	2009 Rm	2008 Rm
12. LONG-TERM BORROWINGS						
Borrowings	Terms	Security	Interest rate			
Long-term loan [~]	Interest is payable semi-annually with a bullet capital repayment on 15 December 2016.	Unsecured	Fixed 10,86%	1 517	1 517	–
Finance lease liability	Interest and capital are repayable annually with the last payment due in 2013.	Secured through encumbered assets (refer note 1)	Fixed 13,10%	41	55	68
BBBEE funding transaction				1 143	1 103	–
A preference shares [^]	Dividends are payable semi-annually with the capital redeemable from surplus cash. Compulsory annual redemptions are effective from 31 January 2012 to 15 December 2016.	Secured by guarantee from PPC	Variable rates linked to prime and fixed rates between 8,34% and 9,37%	144	152	–
A preference shares [*]	Dividends are payable semi-annually with the capital redeemable from surplus cash. Compulsory annual redemptions are effective from 31 January 2012 to 15 December 2016.	Secured by PPC shares held by the SPVs	Variable rates linked to prime and fixed rates between 8,91% and 9,54%	203	224	–
B preference shares	Both capital and dividends are payable on 15 December 2013.	Secured by guarantee from PPC	Variable rates linked to prime swapped for a fixed rate of 9,17%	293	270	–
Long-term loans	Both capital and interest are payable on 15 December 2013.	Secured by guarantee from PPC	Variable rates linked to prime swapped for a fixed rate of 11,36%	503	457	–
Long-term borrowings				2 701	2 675	68
Less: Short-term portion of long-term borrowings (refer note 15)				56	47	13
				2 645	2 628	55

[~] In terms of the BBBEE transaction, PPC obtained funding from the Strategic Black Partners Funding SPV and the Community Service Groups Funding SPV. This long-term funding was used to settle existing short-term funding at the effective date of the transaction.

[^] Relates to PPC Black Managers Trust Funding SPV (Pty) Limited, a subsidiary company of Pretoria Portland Cement Company Limited (refer note 10).

^{*} Relates to PPC Community Trust Funding SPV (Pty) Limited, PPC Construction Industry Associations Trust Funding SPV (Pty) Limited, PPC Education Trust Funding SPV (Pty) Limited and PPC Team Benefit Trust Funding SPV (Pty) Limited.

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	2010 Rm	2009 Rm	2008 Rm
12. LONG-TERM BORROWINGS <i>continued</i>			
Maturity analysis of obligations:			
– one year	56	47	13
– two years	56	49	13
– three years	49	58	14
– four years	843	69	14
– five and more years	1 697	2 452	14
	2 701	2 675	68
Assets encumbered are as follows:			
Plant and equipment (refer note 1)	28	39	107
The group is in compliance with its debt covenants, none of which are expected to represent material restrictions on funding or investment policies in the foreseeable future.			
Further details of maturity analysis and interest rates on financial risk management are disclosed in note 37.			
13. PROVISIONS			
Non-current	270	250	151
Current	–	–	1
	270	250	152

	Factory decommissioning and quarry rehabilitation Rm	Post-retirement healthcare benefits Rm	Onerous contract Rm	Total Rm
Movement of provisions				
2010				
Balance at beginning of the year	231	19	–	250
Amounts added	1	1	–	2
Unwinding of discount	18	–	–	18
Balance at end of the year	250	20	–	270
Incurred:				
– between two to five years	8	–	–	8
– more than five years	242	20	–	262
	250	20	–	270
2009				
Balance at beginning of the year	137	15	–	152
Amounts added	39	2	–	41
Unwinding of discount	11	–	–	11
Amounts reversed	(5)	–	–	(5)
Acquired on consolidation of PPC Zimbabwe	49	2	–	51
Balance at end of the year	231	19	–	250
To be incurred:				
– between two to five years	8	–	–	8
– more than five years	223	19	–	242
	231	19	–	250

Notes to the group annual financial statements *continued*

for the year ended 30 September 2010

satisfying customers' needs quality products and services respect for the individual rewarding work environment

	Factory decommissioning and quarry rehabilitation Rm	Post-retirement healthcare benefits Rm	Onerous contract Rm	Total Rm
13. PROVISIONS <i>continued</i>				
Movement of provisions <i>continued</i>				
2008				
Balance at beginning of the year	111	14	1	126
Amounts added	22	2	–	24
Unwinding of discount	9	–	–	9
Amounts utilised	(5)	(1)	(1)	(7)
Balance at end of the year	137	15	–	152
To be incurred:				
– within one year	–	1	–	1
– between two to five years	29	2	–	31
– more than five years	108	12	–	120
	137	15	–	152

Factory decommissioning and quarry rehabilitation

The group is required to restore mining 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 in South Africa to administer the local funding requirements of its rehabilitation obligations. The environmental trust is consolidated into PPC's group results.

Post-retirement healthcare benefits

Included in the provision are the following:

Cement and Concrete Institute employees

The provision relates to Pretoria Portland Cement Company Limited's proportionate share of the post-retirement healthcare liability for employees of the Cement and Concrete Institute. This amounted to R6 million (2009: R6 million; 2008: R5 million). This liability was last actuarially valued during February 2009. The liability has been determined using the projected unit credit method.

Corner House Pension Fund and Lime Acres continuation members

The provision relates to post-employment healthcare benefits in respect of certain Corner House Pension Fund and Lime Acres continuation members. This amounted to R12 million (2009: R11 million; 2008: R10 million). This liability was last actuarially valued during September 2008. The liability has been determined using the projected unit credit method.

Porthold Post-retirement Medical Fund

The provision relates to healthcare benefits for both active and retired employees who joined the medical aid scheme on or after 1 October 2001. This amounted to R2 million (2009: R2 million). This liability was last actuarially valued during August 2009. The liability has been determined using the projected unit credit method.

Benefits under these schemes were granted to employees under historical employment contracts and the schemes are closed to new members.

Onerous contract

The provision for onerous contract related to a property lease agreement in Botswana following the decision to exit the local readymix operation. The provision for onerous contract was a financial liability carried at amortised cost, for which the carrying amount approximated its fair value.

	2010 Rm	2009 Rm	2008 Rm
14. OTHER NON-CURRENT LIABILITIES			
Cash-settled share-based payment liability	47	19	6
Derivative financial instruments (cash flow hedge) [^]	61	–	–
	108	19	6

Details of the cash-settled share-based payment liability are disclosed in note 35.

[^] The derivative financial instrument relates to the long-term portion fair value of the interest rate swap agreements entered into in order to fix the future interest payments on the preference shares and long-term loans obtained to finance the BBBEE transaction.

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	2010 Rm	2009 Rm	2008 Rm
15. SHORT-TERM BORROWINGS			
Short-term loans and bank overdraft	820	717	1 606
Short-term portion of long-term borrowings (refer note 12)	56	47	13
	876	764	1 619
Details of maturity analysis and interest rates on financial risk management are disclosed in notes 12 and 37.			
16. TRADE AND OTHER PAYABLES			
Trade payables and accruals	461	438	389
Other financial payables	34	34	50
Derivative financial instruments (cash flow hedge)^	8	–	–
Derivative financial instruments (held-for-trading)	1	5	5
Trade and other financial payables	504	477	444
Payroll accruals	176	171	153
VAT payable	26	23	21
Other non-financial payables	5	7	11
	711	678	629
Trade and other payables are payable within a 30 to 60-day period.			
Trade payables and accruals to cost of sales (%)	11,34	11,24	10,97
^ The derivative financial instruments relate to the short-term portion fair value of the interest rate swap agreements entered into in order to fix the future interest payments on the preference shares and long-term loans obtained to finance the BBBEE transaction.			
17. OPERATING PROFIT			
Operating profit includes:			
Amortisation of intangible assets (refer note 2)	9	6	4
Auditors' remuneration			
– fees	7	6	4
– other	1	–	–
	8	6	4
Consultation fees in respect of BBBEE initiative	–	9	20
Dividends paid to BBBEE trusts treated as an expense on consolidation	6	7	–
Depreciation (refer note 1)			
– cost of sales	339	295	201
– operating costs	20	14	13
	359	309	214
Directors' remuneration	21	23	19
Distribution costs included in cost of sales	808	802	841
Exploration and research costs	5	1	–
Operating lease charges:			
– land and buildings	8	8	5
– plant, vehicles and equipment	–	–	1
	8	8	6
Profit on disposal of plant and equipment	(3)	(4)	(2)
Retirement benefit contributions (refer note 34)	73	53	45
Share-based payments (refer note 35)			
– cash-settled share incentive scheme charge	28	13	4
Staff costs (inclusive of retirement benefit contributions)			
– South Africa	769	725	664
– Other Africa	83	20	15
	852	745	679
Less: Costs capitalised to plant and equipment and intangible assets	(8)	(11)	(20)
	844	734	659

Notes to the group annual financial statements *continued*

for the year ended 30 September 2010

satisfying customers' needs quality products and services respect for the individual rewarding work environment

	2010 Rm	2009 Rm	2008 Rm
18. FAIR VALUE (LOSSES)/GAINS ON FINANCIAL INSTRUMENTS			
(Losses)/gains on derivatives designated as economic hedging instruments	–	(6)	18
Loss on derivatives (cash-settled share-based payment hedge)	(10)	(4)	(15)
(Losses)/gains on translation of foreign currency monetary items	(10)	4	1
	(20)	(6)	4
19. FINANCE COSTS			
Bank and other borrowings	241	264	182
BBBEE funding transaction	113	91	–
– dividends on redeemable preference shares [^]	13	12	–
– dividends on redeemable preference shares [*]	45	39	–
– long-term borrowings	55	40	–
Finance lease interest	7	8	10
Unwinding of discount on decommissioning and rehabilitation provisions	18	11	9
	379	374	201
Capitalised to plant and equipment and intangible assets	(13)	(17)	(44)
	366	357	157
[^] Relates to PPC Black Managers Trust Funding SPV (Pty) Limited, a subsidiary company of Pretoria Portland Cement Company Limited (refer note 10).			
[*] Relates to PPC Community Trust Funding SPV (Pty) Limited, PPC Construction Industry Associations Trust Funding SPV (Pty) Limited, PPC Education Trust Funding SPV (Pty) Limited and PPC Team Benefit Trust Funding SPV (Pty) Limited.			
20. INVESTMENT INCOME			
Dividends			
– unlisted investments	7	9	8
Interest received			
– deposits	24	48	65
– non-current assets	8	8	11
	39	65	84
21. EXCEPTIONAL ITEMS			
Profit on disposal of properties	1	–	2
Impairment of feasibility costs incurred on plant expansion project (refer note 1)	(31)	–	–
Impairment of loans advanced to associates (refer note 6)	(2)	–	–
Gross exceptional items	(32)	–	2
Taxation – current	–	–	–
Net exceptional items	(32)	–	2

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	2010 Rm	2009 Rm	2008 Rm
22. TAXATION			
South African normal taxation			
– current year	387	528	466
– prior year	–	6	1
	387	534	467
Foreign taxation			
– current year	11	18	18
– prior year	–	1	–
	11	19	18
Deferred taxation			
– current year	130	49	147
– prior year	–	(7)	–
– rate change	(19)	–	(5)
	111	42	142
Secondary taxation on companies			
– current year	113	127	140
Taxation attributable to the company and its subsidiaries	622	722	767
Incurred:			
– South Africa	630	703	749
– Other Africa	(8)	19	18
	622	722	767
	%	%	%
Reconciliation of rate of taxation			
Taxation as a percentage of profit before taxation (excluding prior year taxation)	35,9	39,0	33,8
Adjustment due to the inclusion of dividend income	0,1	0,1	0,1
Effective rate of taxation	36,0	39,1	33,9
Reduction in rate of taxation	2,1	4,3	1,1
– permanent differences	0,4	0,4	0,1
– take-on gain on consolidation of PPC Zimbabwe	–	3,3	–
– rate change adjustment	1,1	–	0,2
– foreign taxation differential	0,6	0,6	0,8
Increase in rate of taxation	(10,1)	(15,4)	(7,0)
– disallowable charges	(2,7)	(1,5)	(0,8)
– impairment loss on plant and equipment and financial assets	(0,7)	–	–
– BBBEE IFRS 2 charges	(0,1)	(7,0)	–
– secondary taxation on companies	(6,6)	(6,9)	(6,2)
South African normal taxation rate	28,0	28,0	28,0

Notes to the group annual financial statements continued

for the year ended 30 September 2010

satisfying customers' needs quality products and services respect for the individual rewarding work environment

	2010	2009	2008
23. EARNINGS AND HEADLINE EARNINGS PER SHARE			
23.1 FULLY WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES			
Weighted average number of shares in issue	537 612 390	537 612 390	537 612 390
Less: weighted average impact of share buyback completed in 2008	(20 140 401)	(20 140 401)	(8 562 472)
Less: weighted average number of shares held by consolidated BBBEE trusts and trust funding SPVs [^]	(37 991 204)	(30 184 792)	–
Less: weighted average number of shares held by consolidated Porthold Trust (Private) Limited [~]	(1 258 678)	–	–
Add: weighted average number of shares issued to the BBBEE CSG and SBP funding SPVs [^]	48 557 982	38 580 314	–
Weighted average number of shares used for cash earnings per share calculation	526 780 089	525 867 511	529 049 918
Less: Weighted average number of shares issued to the BBBEE CSG and SBP funding SPVs [*]	(48 557 982)	(38 580 314)	–
Weighted average number of shares used for basic earnings per share calculation	478 222 107	487 287 197	529 049 918
Add: dilutive adjustment for potential ordinary shares [#]	3 007 057	2 341 581	–
Weighted average number of shares used for dilutive earnings per share calculation	481 229 164	489 628 778	529 049 918
[^] For additional information refer notes 10 and 12.			
[*] Treated as a separate class of shares for earnings per share calculations (refer note 10).			
[~] Following PPC gaining effective control of PPC Zimbabwe with effect from 30 September 2009, the 1 284 556 (2009: 1 149 256) PPC shares owned by Porthold Trust (Private) Limited have been carried as treasury shares on consolidation.			
[#] To the extent that the share-based payment grants have been made in terms of BBBEE trusts and trust funding SPVs, and the trust and trust funding SPVs have settled their funding obligations, the transaction will ultimately result in PPC shares vesting with the trust, trust funding SPVs and beneficiaries respectively. Consequently, these share-based payment grants are potential ordinary shares and are being treated in a manner similar to that of an option for the purposes of calculating diluted earnings per share and diluted headline earnings per share.			
Shares are weighted for the period in which they are entitled to participate in the net profit of the group.			
23.2 BASIC EARNINGS (Rm)			
Net profit	1 112	1 128	1 499
<i>Attributable to:</i>			
– ordinary shareholders	1 010	1 024	1 499
– other shareholders	102	104	–
	1 112	1 128	1 499
Net profit	1 112	1 128	1 499
<i>Adjusted for:</i>			
– BBBEE IFRS 2 charges (net of taxation)	10	466	–
– take-on gain arising from consolidation of PPC Zimbabwe	–	(213)	–
Net profit (excluding BBBEE IFRS 2 charge and take-on gain arising from consolidation of PPC Zimbabwe)	1 122	1 381	1 499
<i>Attributable to:</i>			
– ordinary shareholders	1 019	1 254	1 499
– other shareholders	103	127	–
	1 122	1 381	1 499

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	2010	2009	2008
23. EARNINGS AND HEADLINE EARNINGS PER SHARE <i>continued</i>			
23.3 EARNINGS PER SHARE (cents)			
– basic	211,1	210,1	283,5
– diluted	209,8	209,1	283,5
– basic (excluding BBBEE IFRS 2 charges and take-on gain arising from consolidation of PPC Zimbabwe)	212,9	257,3	283,5
– diluted (excluding BBBEE IFRS 2 charges and take-on gain arising from consolidation of PPC Zimbabwe)	211,6	256,1	283,5
23.4 HEADLINE EARNINGS (Rm)			
Headline earnings is calculated as follows:			
Net profit	1 112	1 128	1 499
<i>Adjusted for:</i>			
– profit on disposal of property, plant and equipment, investments and intangibles	(4)	(4)	(4)
– taxation on profit on disposal of property, plant and equipment and intangible assets	1	1	–
– impairment of plant, equipment and financial assets	33	–	–
– take-on gain arising from consolidation of PPC Zimbabwe	–	(213)	–
Headline earnings	1 142	912	1 495
<i>Attributable to:</i>			
– ordinary shareholders	1 037	828	1 495
– other shareholders	105	84	–
	1 142	912	1 495
Headline earnings	1 142	912	1 495
<i>Adjusted for:</i>			
– BBBEE IFRS 2 charges (net of taxation)	10	466	–
Headline earnings (excluding BBBEE IFRS 2 charges)	1 152	1 378	1 495
<i>Attributable to:</i>			
– ordinary shareholders	1 046	1 251	1 495
– other shareholders	106	127	–
	1 152	1 378	1 495
23.5 HEADLINE EARNINGS PER SHARE (cents)			
– basic	216,9	169,9	282,6
– diluted	215,6	169,1	282,6
– basic (excluding BBBEE IFRS 2 charges)	218,7	256,8	282,6
– diluted (excluding BBBEE IFRS 2 charges)	217,4	255,6	282,6
23.6 CASH EARNINGS PER SHARE (cents)	320,6	328,6	310,9
Calculated on cash available from operations (Rm)	1 689	1 728	1 644

Notes to the group annual financial statements *continued*

for the year ended 30 September 2010

satisfying customers' needs quality products and services respect for the individual rewarding work environment

	2010 Rm	2009 Rm	2008 Rm
24. DIVIDENDS			
Final No 212 – 155 cents per share (2009: 180 cents; 2008: 166 cents)	818	951	853
Special – nil (2009: nil; 2008: 61 cents)	–	–	313
Interim No 213 – 45 cents per share (2009: 45 cents; 2008: 45 cents)	238	237	235
	1 056	1 188	1 401
On 8 November 2010 the directors declared dividend No 214 (final) of 130 cents per share. This dividend will be paid to shareholders on Monday, 17 January 2011, and is subject to approval by the shareholders at the annual general meeting and has not been included as a liability in these financial statements.			
In compliance with the requirements of the JSE Limited, the following dates are applicable:			
Last day to trade cum dividend		Friday, 7 January 2011	
Shares trade ex dividend		Monday, 10 January 2011	
Record date		Friday, 14 January 2011	
Payment date		Monday, 17 January 2011	
Share certificates may not be dematerialised or rematerialised between Monday, 10 January 2011 and Friday, 14 January 2011, both days inclusive.			
Dividends per share (cents)			
Interim No 213 – declared 10 May 2010	45	45	45
Final No 214 – declared 8 November 2010	130	155	180
	175	200	225
Secondary taxation on companies is payable at a rate of 10% and the charge on the 2010 final dividend should approximate R74 million.			
25. ATTRIBUTABLE INTEREST IN SUBSIDIARIES			
Attributable interest in the aggregate amount of profits and losses of subsidiaries, after taxation and outside shareholders' interest:			
– profits	274	293	226
– losses	(6)	–	–
26. FINANCE COSTS PAID			
Finance costs as per income statement charge	366	357	157
Unwinding of discount on decommissioning and rehabilitation provisions (refer note 13)	(18)	(11)	(9)
Interest capitalised to plant and equipment (refer note 30)	13	17	44
BBBEE funding transaction	(100)	(66)	–
– redeemable preference share dividends capitalised (refer note 12)	(45)	(26)	–
– interest capitalised on long-term borrowings (refer note 12)	(55)	(40)	–
	261	297	192
27. TAXATION PAID			
Net amounts outstanding at beginning of the year	96	61	236
Charge per income statement (excluding deferred taxation)	511	680	625
Net amounts outstanding at end of the year	(76)	(96)	(61)
	531	645	800

	2010 Rm	2009 Rm	2008 Rm
28. DIVIDENDS PAID			
Dividends paid to PPC shareholders (refer note 24)	1 056	1 188	1 401
Dividends paid by trust funding SPVs to non-consolidated trusts	6	7	–
	1 062	1 195	1 401
29. CONSOLIDATION OF PPC ZIMBABWE			
Property, plant and equipment	–	508	–
Intangible assets	–	2	–
Investment in PPC shares listed on the Zimbabwe Stock Exchange ^	–	18	–
Inventories	–	87	–
Trade and other receivables	–	35	–
Cash and cash equivalents	–	43	–
Deferred taxation	–	(130)	–
Long-term provisions	–	(51)	–
Trade and other payables	–	(39)	–
	–	473	–
Carrying value before consolidation	–	260	–
Take-on gain arising from consolidation of PPC Zimbabwe	–	213	–

On 28 September 2001 PPC acquired 100% of the ordinary shares of PPC Zimbabwe. Due to lack of effective control, the results of PPC Zimbabwe had not been consolidated for the period from 1 October 2003 to 29 September 2009. The directors of PPC were of the opinion that effective control over PPC Zimbabwe was obtained in terms of the definition and requirements of IAS 27, and accordingly required the consolidation of PPC Zimbabwe from 30 September 2009 (the "effective date").

The table above summarises the fair value of assets and liabilities recognised on the consolidation of PPC Zimbabwe. Assets and liabilities raised were valued at fair market value, and an economic obsolescence factor applied where appropriate.

The R473 million fair value of PPC Zimbabwe was determined by using a discounted cash flow valuation and market prices where applicable. The capital asset pricing model was used to determine a real discount rate, with appropriate adjustments to reflect country specific risk.

Land amounting to R23 million included in the R508 million fair value of property, plant and equipment is exposed to the risk of expropriation by the Zimbabwean government without compensation in terms of the Constitution of Zimbabwe (refer note 1).

The fair value of the intangible assets of R2 million relates to trademarks, and was determined by external valuation using an income approach valuation method (refer note 2).

Included in the trade and other receivables is a provision for doubtful debts of R1 million (refer note 8).

Cash and cash equivalents include foreign currency denominated cash and cash equivalents of R7 million which have been impaired in full, as it is considered unlikely that PPC Zimbabwe will be able to recover the funds from the Reserve Bank of Zimbabwe (RBZ). These assets were subject to surrender to the RBZ prior to the establishment of the Zimbabwe Government of National Unity under legislation effective at that time. No interest had been accrued on these balances.

PPC Zimbabwe adopted the US dollar as its functional currency with effect from 1 December 2008. The conversion of PPC Zimbabwe's financial statements to US dollar at the official rate of exchange, as required by IFRS, rendered historical accounting and determination of accurate transaction values impracticable. As a result, a meaningful financial statement impact cannot be provided for the period from 1 October 2008.

The taxation bases of PPC Zimbabwe are still tentative as the Zimbabwean revenue authority has not yet provided clear unequivocal guidance on the procedures required arising from the change of Zimbabwe dollar balances to the new US dollar functional currency. No established basis exists for the determination of allowances previously granted.

PPC Zimbabwe is unable to assess with any degree of certainty the value of its assessed loss. Accordingly, no deferred taxation asset has been raised.

^ These shares have been treated as treasury shares on consolidation (refer note 10)

Notes to the group annual financial statements *continued*

for the year ended 30 September 2010

satisfying customers' needs quality products and services respect for the individual rewarding work environment

	2010 Rm	2009 Rm	2008 Rm
30. ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT			
Freehold and leasehold land, buildings and mineral rights	74	24	45
Plant, vehicles, furniture and equipment	552	876	793
	626	900	838
Interest capitalised	(13)	(17)	(44)
	613	883	794
31. MOVEMENT IN INVESTMENTS AND LOANS			
Net movement	(12)	(105)	(12)
Revaluation of available-for-sale financial assets directly in equity	12	2	10
Loss on derivatives (cash-settled share-based payment hedge)	(10)	(4)	(15)
	(10)	(107)	(17)
Comprise:			
Movements in investments and loans	(18)	(118)	(27)
Receipt of instalment on long-term receivable	8	11	10
	(10)	(107)	(17)
32. COMMITMENTS			
Capital commitments:			
– contracted	176	189	378
– approved	317	250	427
	493	439	805

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 are to be incurred during the 2011 financial year.

The group has foreign letters of credit unexpired at year end amounting to €4 million (R38 million), and foreign exchange contracts are in place to limit exposure to foreign currency movements.

The company's capacity upgrades in the Western Cape, as announced during the financial year, are expected to approximate R3 billion and expenditure will be phased over a six-year period ending 2016. The project is still in the feasibility phase and yet to be formally approved by the board.

	2015 and thereafter Rm	2014 Rm	2013 Rm	2012 Rm	2011 Rm	Total 2010 Rm	Total 2009 Rm	Total 2008 Rm
Operating lease commitments								
Land and buildings	1	2	6	6	6	21	27	31
Other	–	–	–	2	2	4	2	–
						25	29	31

33. CONTINGENT LIABILITIES

Litigation, current or pending, is not considered likely to have a material adverse effect on the group.

34. RETIREMENT BENEFIT AND POST-RETIREMENT 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 current permanent employees belong to one of nine defined contribution retirement funds. Group employment is a prerequisite for membership of these funds. The South African funds are subject to the provisions of the Pension Funds Act of 1956. The list of retirement funds at 30 September 2010, 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
- Barloworld Botswana Retirement Fund
- Unicem Pension Fund

Historically, qualifying employees were granted certain post-retirement healthcare benefits. The obligation for the employer to pay medical aid contributions after retirement is no longer part of the conditions of employment for new employees. A number of pensioners remain entitled to this benefit, the cost of which has been fully provided and disclosed in note 13.

Defined contribution plans

The total cost charged to the income statement of R73 million (2009: R53 million; 2008: R45 million) represents contributions payable to these schemes by the group at rates specified in the rules of the schemes. At 30 September 2010, all contributions due in respect of the current reporting period had been paid over to the schemes.

Notes to the group annual financial statements *continued*

for the year ended 30 September 2010

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35. SHARE-BASED PAYMENTS

35.1 CASH-SETTLED

Executive directors and certain senior employees have been granted cash-settled share appreciation rights and restricted share units in terms of PPC's Long-Term Incentive Plan. The scheme was implemented during the 2007 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 the value of PPC in the medium and long term. All grants are approved by the remuneration committee. Grants:

	Total	2009	2009	2009	2008	2007
Date of grant		25/09/2009	25/09/2009	17/11/2008	17/09/2008	08/08/2007
Grant price (based on five-day volume weighted average price or zero) (rand)		35,35	–	–	31,80	43,00
Number of rights granted	10 488 000	2 166 000	1 346 000	1 224 000	2 212 000	3 540 000
Directors (with performance conditions)	2 277 000	360 000	451 000	–	435 000	1 031 000
Executives (with performance conditions)	1 390 000	458 000	–	–	456 000	476 000
Senior management	6 821 000	1 348 000	895 000	1 224 000	1 321 000	2 033 000
Exercised/lapsed/forfeited	(1 370 000)	(72 000)	(174 000)	(48 000)	(313 000)	(763 000)
Forfeited 2007	(679 000)	–	–	–	–	(679 000)
Forfeited 2008	(276 000)	–	–	–	(276 000)	–
Forfeited 2009	(36 000)	–	–	(36 000)	–	–
Forfeited 2010	(379 000)	(72 000)	(174 000)	(12 000)	(37 000)	(84 000)
Unexercised at 30 September 2010	9 118 000	2 094 000	1 172 000	1 176 000	1 899 000	2 777 000
Directors (with performance conditions)	1 752 000	360 000	304 000	–	285 000	803 000
Executives (with performance conditions)	1 148 000	417 000	–	–	405 000	326 000
Senior management	6 218 000	1 317 000	868 000	1 176 000	1 209 000	1 648 000
Vesting in thirds after the third, fourth and fifth anniversary of the grant date		Yes			Yes	Yes
Automatically exercised on the third anniversary of the grant date			Yes	Yes		
Expiry date (lapse if not exercised)		25/09/2019	24/09/2012	16/11/2011	17/09/2018	08/08/2017
Grants were valued using binomial option pricing, taking into account the following inputs:						
Market price of PPC shares at end of the year (Rand)		31,96	31,96	31,96	31,96	31,96
Expected volatility of stock over remaining life of the option (%)		31,00	31,00	28,00	32,00	33,00
Risk-free rate (%)		7,72	6,34	6,08	7,65	7,56

Expected volatility is based on the historical share price over the past year.

Vesting of the rights granted to directors and certain executives is subject to PPC group HEPS growth performance conditions.

Vesting of the units granted to directors on 25 September 2009 and having a zero grant price is subject to individual performance conditions related to the directors' areas of responsibility.

	2010 Rm	2009 Rm	2008 Rm
35. SHARE-BASED PAYMENTS <i>continued</i>			
35.1 CASH-SETTLED <i>continued</i>			
Expense recognised in the current year (refer note 17)	28	13	4
The carrying amount of the liability relating to cash-settled share appreciation rights as at 30 September (refer note 14)	47	19	6

The group has partially hedged its exposure to fluctuations in the cash settlement amount in respect of the 2007 share appreciation rights granted, by acquiring derivative financial instruments in the form of extended European cash-settled call options from a financial institution. This derivative financial instrument is classified as held-for-trading at fair value through profit or loss (refer note 37).

35.2 EQUITY-SETTLED

Prior to the unbundling of PPC from Barloworld in the 2007 year, 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 all rights vest in thirds after the third, fourth and fifth anniversary of the grant date.

During the 2007 year, PPC paid Barloworld R30 million in respect of the then market value 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.

A total of Rnil million (2009: R4 million; 2008: R25 million) of the total reimbursement was charged to distributable reserves during the year, based on the vesting period of the equity-settled share options.

The expense recognised in the current year amounted to Rnil million (2009: Rnil; 2008: <R1 million).

36. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The financial information has been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the AC 500 standards as issued by the Accounting Practices Board, the JSE listing requirements and the South African Companies Act. The financial statements have been prepared using accounting policies that comply with IFRS which are consistent with those applied in the financial statements for the year ended 30 September 2009, except for the following revised accounting standards and amendments, which did not have a material impact on the reported results:

New or revised statements and interpretations adopted during the year

The following amendments to statements have no financial impact on the group results:	Effective date reporting period on or after
IFRS 2 <i>Share-based Payments</i> (Scope of IFRS 2 and revised IFRS 3)	1 July 2009
IFRIC 9 <i>Reassessment of Embedded Derivatives</i> (Scope of IFRIC 9 and revised IFRS 3)	1 July 2009
IFRIC 16 <i>Hedges of a Net Investment in a Foreign Operation</i> (Amendment to the restriction on the entity that can hold hedging instruments)	1 July 2009

Notes to the group annual financial statements *continued*

for the year ended 30 September 2010

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36. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *continued*

The following amendments to published accounting standards are in issue but not yet effective. These revised standards and interpretations will be adopted by PPC in the future.

Revised statements in issue not yet effective	Effective date reporting period on or after	Financial implication on PPC
IFRS 2 <i>Share-based Payments</i> (Amendments relating to group cash-settled share-based payment transactions)	1 January 2010	No impact
IFRS 5 <i>Non-current Assets Held-for-Sale and Discontinued Operations</i> (Disclosures of non-current assets (or disposal groups) classified as held-for-sale or discontinued operations)	1 January 2010	No impact
IFRS 8 <i>Operating Segments</i> (Disclosure of information about segment assets)	1 January 2010	No impact
IAS 1 (revised) <i>Presentation of Financial Statements</i> (Current/non-current classification of convertible instruments)	1 January 2010	No impact
IAS 7 (amendment) <i>Statement of Cash Flows</i> (Classification of expenditures on unrecognised assets)	1 January 2010	Disclosure impact
IAS 17 (amendment) <i>Leases</i> (Classification of leases of land and buildings)	1 January 2010	No impact
IAS 32 (amendment) <i>Financial Instruments: Presentation</i> (Amendments relating to classification of rights issues)	1 February 2010	No impact
IAS 36 <i>Impairment of Assets</i> (Unit of accounting for goodwill impairment test)	1 January 2010	No impact
IAS 39 (amendment) <i>Financial Instruments Recognition and Measurement</i> (Treating loan prepayment penalties as closely related derivatives, Scope exemption for business combination contracts, Cash flow hedge accounting)	1 January 2010	No impact
IFRIC 19 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 July 2010	No impact
IASB improvements to IFRS 2009	1 January 2010	No impact

IASB improvements to IFRS 2010

Various standards have been amended as a result of the IASB's improvement project. Management is in the process of considering the relevant amendments to the standards and determining the financial implications on the group.

Revised statements effective from 2012

Management is in the process of considering the financial implication of accounting standards and interpretations that have been issued, but are only effective from the 2012 financial year onwards.

37. 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.

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 debt and equity balances.

The capital structure of the group consists of debt, which includes the borrowings disclosed in notes 12 and 15, cash and cash equivalents as disclosed in note 9, and equity attributable to equity holders, comprising issued capital, reserves and retained profit as disclosed in note 10.

PPC's senior executives review the capital structure on a semi-annual basis. As part of this review, the cost of capital and the risks associated with each class of capital are considered. Based on recommendations of the committee, PPC will balance its overall capital structure through the payment of dividends, new share issues and buybacks 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.

Foreign currency management

Trade and capital commitments

The group is exposed to exchange rate fluctuations as it undertakes certain transactions denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising forward exchange contracts. 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 recognised as other comprehensive income and are 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 reporting date is R1 million.

Notes to the group annual financial statements *continued*

for the year ended 30 September 2010

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37. FINANCIAL RISK MANAGEMENT *continued*

The amounts below represent forward exchange contract commitments to sell and purchase foreign currencies.

	< 1 year Rm	1 – 3 years Rm	Total Rm
2010	21	34	55
2009	4	–	4
2008	150	–	150

Total forward exchange contracts comprise the following:

	2010	2009	2008
Euros (€m)	5	2	13
Average rate R/€	10,00	11,02	11,51
Dollar (\$m)	–	2	<1
Average rate R/\$	–	7,56	8,36

The average rates shown above include the cost of forward cover.

Interest rate management

The group is exposed to interest rate risk arising from fluctuations in financing costs on loans which are at variable interest rates. As part of the process of managing the group's fixed and variable 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 group has entered into interest rate swap agreements to hedge fluctuations in its variable interest rates. The interest rate profile of total borrowings is as follows:

Description	Years of repayment	2010 Rm	2009 Rm	2008 Rm
Secured				
BBBEE funding transaction	2011 – 2016	1 143	1 103	–
Finance lease liability	2011 – 2013	41	55	68
		1 184	1 158	68
Unsecured				
Long-term loan	2016	1 517	1 517	–
Short-term loans and bank overdraft	2011	820	717	1 606
		2 337	2 234	1 606

The group has entered into interest rates swap agreements for which variable rates have been swapped for fixed rates ranging from 8,34% to 11,20% (refer note 12).

Unsecured, short-term loans bear interest at rates varying between 10,50%–13,00% per annum for the year under review.

The company had borrowing facilities of R3 761 million and had utilised 63% of these facilities at 30 September 2010. At year end R1 402 million of borrowing facilities remain unutilised. These numbers exclude debt consolidated as a result of guarantees relating to BBBEE funding.

37. FINANCIAL RISK MANAGEMENT *continued*

Hedge accounting applied in respect of interest rate risk

As at September 2010, arising from the consolidated debt of the BBBEE trusts and trust funding SPVs, the following designated cash flow hedge interest rate swap contracts were held:

Related underlying liability	Currency	Notional amount Rm	Fixed interest rate (nacs) %	Maturity date	Fair value of liability		
					2010 Rm	2009 Rm	2008 Rm
A preference shares (linked to prime)	ZAR	250	8,3 – 9,5	2011 – 2016	8	–	–
B preference shares (linked to prime)	ZAR	253	9,17	2013	19	–	–
Long-term loans (linked to JIBAR)	ZAR	420	11,36	2013	42	–	–
Total					69	–	–

The interest rate swap contract has been acquired to hedge the underlying interest rate risk arising from interest cash flows linked to variable interest rates.

Losses on cash flow hedges amounting to R56 million were recognised in other comprehensive income during the year.

Sensitivity analysis

Interest rate risk

At 30 September 2010, if all interest rates on interest-bearing loan receivables, short-term cash investments, short-term loans payable and bank overdrafts at that date had been 100 basis points higher, with all other variables held constant, attributable earnings would have been R7 million (earnings per share: 1,02 cents) lower. Conversely, at 30 September 2010, if all interest rates at that date had been 100 basis points lower, with all other variables held constant, the attributable earnings would have been R7 million (earnings per share: 1,02 cents) higher.

Equity price risk – cash-settled share appreciation rights

At 30 September 2010, if the share price of PPC Limited had been R3,10 higher, with all other variables held constant, attributable earnings would have been R5 million (earnings per share: 0,98 cents) higher. Conversely, at 30 September 2010, if the share price of PPC Limited had been R3,10 lower, with all other variables held constant, attributable earnings would have been R5 million (earnings per share: 0,98 cents) lower.

Notes to the group annual financial statements continued

for the year ended 30 September 2010

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37. FINANCIAL RISK MANAGEMENT continued

Fair values of financial assets and liabilities

The carrying values of certain financial assets and liabilities, which are accounted for at historical cost, may differ from their fair values.

The estimated fair values have been determined using available market information and approximate valuation methodologies.

	Notes	Cement	
		Carrying amount Rm	Fair value Rm
2010			
Financial assets			
Available-for-sale			
Unlisted investments at fair value	4	25	25
Loans and receivables			
Long-term loans	5	20	20
Loans to associate companies	6	50	50
Loans advanced	4	4	4
Trade and other financial receivables	8	690	690
Cash and cash equivalents	9	218	218
At fair value through profit or loss – held-for-trading			
Derivative financial instrument	4	1	1
Unlisted collective investment	4	70	70
Financial liabilities			
Long-term borrowings	12	1 545	1 689
Derivative instruments – current (cash flow hedge)	16	–	–
Other short-term borrowings	15	833	833
Trade and other financial payables	16	417	417
Derivative instruments – non-current (held-for-trading)	14	47	47
Derivative instruments – non-current (cash flow hedge)	14	–	–
2009			
Financial assets			
Available-for-sale			
Unlisted investments at fair value	4	38	38
Loans and receivables			
Long-term loans	5	28	36
Loans to associate companies	6	48	48
Loans advanced	4	2	2
Trade and other financial receivables	8	667	667
Cash and cash equivalents	9	222	222
At fair value through profit or loss – held-for-trading			
Derivative financial instrument	4	11	11
Unlisted collective investment	4	56	56
Marked-to-market – fair value hedge	8	2	2
Financial liabilities			
Long-term borrowings	12	1 559	1 495
Other short-term borrowings	15	730	730
Trade and other financial payables	16	414	414
2008			
Financial assets			
Available-for-sale			
Investment in non-consolidated subsidiary	3	296	296
Unlisted investments at fair value	4	260	260
Loans and receivables			
Long-term loan	5	36	36
Trade and other financial receivables	8	811	819
Cash and cash equivalents	9	39	42
Derivative financial instruments (cash flow hedge)	8	614	619
Derivative financial instruments (cash flow hedge)	8	152	152
Derivative financial instruments (cash flow hedge)	8	6	6
At fair value through profit or loss – held-for-trading			
Derivative financial instrument – non-current	4	20	20
Derivative financial instruments – current	8	15	15
Derivative financial instruments – current	8	5	5
Financial liabilities			
Long-term borrowings	12	2 061	2 066
Short-term borrowings	15	55	53
Trade and other financial payables	16	1 619	1 626
Trade and other financial payables	16	387	387

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Lime		Aggregates		Other		Total	
Carrying amount Rm	Fair value Rm	Carrying amount Rm	Fair value Rm	Carrying amount Rm	Fair value Rm	Carrying amount Rm	Fair value Rm
-	-	-	-	4	4	29	29
-	-	-	-	4	4	29	29
90	90	31	31	3	3	1 106	1 106
-	-	-	-	-	-	20	20
-	-	-	-	-	-	50	50
-	-	-	-	-	-	4	4
78	78	24	24	-	-	792	792
12	12	7	7	3	3	240	240
-	-	-	-	-	-	71	71
-	-	-	-	-	-	1	1
-	-	-	-	-	-	70	70
72	72	4	4	1 213	1 213	4 131	4 275
-	-	-	-	1 100	1 100	2 645	2 789
-	-	-	-	8	8	8	8
-	-	-	-	43	43	876	876
72	72	4	4	1	1	494	494
-	-	-	-	-	-	47	47
-	-	-	-	61	61	61	61
-	-	-	-	-	-	38	38
-	-	-	-	-	-	38	38
61	61	59	59	5	5	1 092	1 100
-	-	-	-	-	-	28	36
-	-	-	-	-	-	48	48
-	-	-	-	-	-	2	2
59	59	37	37	3	3	766	766
2	2	22	22	2	2	248	248
-	-	-	-	-	-	69	69
-	-	-	-	-	-	11	11
-	-	-	-	-	-	56	56
-	-	-	-	-	-	2	2
40	40	19	19	1 107	1 069	3 869	3 767
-	-	-	-	1 069	1 032	2 628	2 527
-	-	-	-	34	33	764	763
40	40	19	19	4	4	477	477
-	-	-	-	-	-	296	296
-	-	-	-	-	-	260	260
-	-	-	-	-	-	36	36
114	114	45	45	-	-	970	978
-	-	-	-	-	-	39	42
66	66	21	21	-	-	701	706
48	48	24	24	-	-	224	224
-	-	-	-	-	-	6	6
-	-	-	-	-	-	20	20
-	-	-	-	-	-	15	15
-	-	-	-	-	-	5	5
44	44	13	13	-	-	2 118	2 123
-	-	-	-	-	-	55	53
-	-	-	-	-	-	1 619	1 626
44	44	13	13	-	-	444	444

Notes to the group annual financial statements *continued*

for the year ended 30 September 2010

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37. FINANCIAL RISK MANAGEMENT *continued*

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

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

The fair value of derivative financial instruments relating to cash-settled share appreciation rights is determined with reference to valuations performed by third party financial institutions at reporting date, using an actuarial binomial pricing model. The inputs into the model are shown in note 35.

Credit risk management

The potential exposure to credit risk is represented by the carrying amounts of trade receivables, short-term cash investments and derivative assets in the statement of financial position. Trade receivables comprise a large, widespread customer base and credit risk arises from the possibility that customers may not be able to settle their obligations as agreed. To manage this risk, the granting of credit is controlled by application and account limits, and the group only deals with creditworthy customers supported by appropriate collateral. The group periodically re-evaluates counterparty limits and the financial reliability of its customers. Provision is made for specific doubtful debts, and as at 30 September 2010, where appropriate, management did not consider there to be any material credit risk exposure that was not already covered by security or a doubtful debt provision.

The group only deposits short-term cash surpluses with financial institutions of high-quality credit standing.

The following table highlights the split of maximum credit exposure:

	Cement Rm	Lime Rm	Aggregates Rm	Other Rm	Total Rm
Maximum credit risk exposure					
2010	982	90	31	3	1 106
2009	969	61	59	5	1 094
2008	815	115	45	–	975

Liquidity risk management

Liquidity risk is the risk of the group being unable to meet its payment obligations when they fall due and being unable to replace funds if facilities are withdrawn. The group manages liquidity risk centrally by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities to meet its liquidity requirements at all times, and by continuously monitoring forecast and actual cash flows.

The following table details the group's remaining contractual maturity for its financial liabilities. The table has been prepared based on undiscounted cash flows at the earliest date on which the group can be required to pay. The amounts include both interest and capital. The maturity analysis of financial liabilities is summarised as follows:

	Nominal value of liability Rm	< 1 year Rm	2 – 3 years Rm	> 3 years Rm	Total Rm
2010					
Long-term borrowings	2 701	56	105	2 540	2 701
Short-term borrowings	820	820	–	–	820
Trade and other payables	711	711	–	–	711
2009					
Long-term borrowings	2 675	47	107	2 521	2 675
Short-term borrowings	717	717	–	–	717
Trade and other payables	678	678	–	–	678
2008					
Long-term borrowings	68	13	26	29	68
Short-term borrowings	1 606	1 622	–	–	1 622
Trade and other payables	444	444	–	–	444

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.

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38. RELATED PARTY TRANSACTIONS

	Parent company of reporting entity Rm	Associates of the group Rm	Subsidiary of reporting entity Rm
2010			
Interest received			
Afripack Limited	-	-	(2)
Goods and services purchased			
Afripack Limited	80	-	-
Amounts due (to)/from as at end of the year			
Afripack Limited	(2)	-	38
Metlakgola Construction & Development (Pty) Limited	-	-	1
Rhulanani Concrete Mixers (Pty) Limited	-	-	5
Olegra Oil (Pty) Limited	-	-	5
First Gas (Pty) Limited	-	-	1
Group companies, in the ordinary course of business, entered into purchase transactions with associates and subsidiaries. The terms and conditions of these transactions are determined on an arm's length basis.			
In addition to the above related party transactions, dividends of R80 million were paid to the PPC SBP Consortium Funding SPV (Pty) Limited. This company owns 39 988 926 shares in PPC, and JS Vilakazi and MP Malungani are common directors of both PPC and the PPC SBP Consortium Funding SPV (Pty) Limited.			
2009			
Goods and services sold			
Portland Holdings Limited (PPC Zimbabwe)	(25)	-	-
Interest received			
Afripack Limited	-	-	(1)
Dividends received			
Afripack Limited	(3)	-	-
Goods and services purchased			
Afripack Limited	124	-	-
Amounts due (to)/from as at end of the year			
Afripack Limited	(5)	-	35
Group companies, in the ordinary course of business, entered into purchase transactions with associates and subsidiaries. The terms and conditions of these transactions are determined on an arm's length basis.			
In addition to the above related party transactions, dividends of R90 million were paid to the PPC SBP Consortium Funding SPV (Pty) Limited. This company owns 39 988 926 shares in PPC, and JS Vilakazi and MP Malungani are common directors of both PPC and the PPC SBP Consortium Funding SPV (Pty) Limited.			
2008			
Goods and services sold			
Portland Holdings Limited (PPC Zimbabwe)	-	-	(3)
Goods and services purchased			
Afripack Limited	-	114	-
Portland Holdings Limited (PPC Zimbabwe)	-	-	5
	-	114	5
Amounts due (to)/from as at end of the year			
Afripack Limited	-	(4)	-
Portland Holdings Limited (PPC Zimbabwe)	-	-	2
	-	(4)	2

39. 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 the remuneration report.

Shareholders

The principal shareholders of the company are disclosed on page 199.

40. EVENTS AFTER REPORTING DATE

There are no post-balance sheet events that may have an impact on the group's reported financial position at 30 September 2010.

Company statements of financial position

at 30 September 2010

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	Notes	2010 Rm	2009 Rm	2008 Rm
ASSETS				
Non-current assets		3 994	3 795	2 970
Property, plant and equipment	1	3 325	3 113	2 512
Intangible assets	2	66	46	13
Investment in non-consolidated subsidiary	3	–	–	260
Other non-current assets	4	575	597	134
Long-term receivable	5	21	32	44
Investment in associate	6	7	7	7
Current assets		1 995	1 955	1 749
Inventories	7	390	395	286
Trade and other receivables	8	701	699	657
Amounts owing by subsidiaries	4	820	829	785
Cash and cash equivalents		84	32	21
Total assets		5 989	5 750	4 719
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital and premium	9	43	43	868
Other reserves		185	247	42
Retained profit		1 145	1 175	1 153
Total equity		1 373	1 465	2 063
Non-current liabilities				
Deferred taxation liabilities	10	376	272	230
Long-term borrowings	11	2 471	2 428	55
Provisions	12	180	166	126
Other non-current liabilities	13	108	19	6
Current liabilities		1 481	1 400	2 239
Short-term borrowings	14	847	739	1 619
Taxation payable		74	92	54
Trade and other payables	15	523	533	520
Amounts owing to subsidiaries	4	37	36	45
Provisions	12	–	–	1
Total equity and liabilities		5 989	5 750	4 719

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	Notes	2010 Rm	2009 Rm	2008 Rm
Revenue		5 385	5 815	5 259
Cost of sales		3 099	3 244	2 885
Gross profit		2 286	2 571	2 374
Non-operating income		297	220	191
Administrative and other operating expenditure		546	420	357
Operating profit before item listed below	16	2 037	2 371	2 208
BBBEE IFRS 2 charges		9	474	–
Operating profit		2 028	1 897	2 208
Fair value (losses)/gains on financial instruments	17	(12)	(3)	3
Finance costs	18	342	336	158
Investment income	19	21	46	74
Profit before exceptional items		1 695	1 604	2 127
Exceptional items	20	(30)	–	2
Profit before taxation		1 665	1 604	2 129
Taxation	21	554	663	687
Net profit		1 111	941	1 442

Company statements of comprehensive income

for the year ended 30 September 2010

	Available- for-sale financial assets Rm	Hedging reserves Rm	Retained profit Rm	Total compre- hensive income Rm
2008				
Net profit for the year	–	–	1 442	1 442
Other comprehensive income, net of taxation	8	3	–	11
Revaluation of investments	9	–	–	9
Deferred taxation on revaluation	(1)	–	–	(1)
Cash flow hedge recognised directly through equity	–	10	–	10
Cash flow hedge recognised in profit or loss	–	(2)	–	(2)
Cash flow hedge recognised in cost of plant	–	(4)	–	(4)
Deferred taxation on hedging movements	–	(1)	–	(1)
Total comprehensive income	8	3	1 442	1 453
2009				
Net profit for the year	–	–	941	941
Other comprehensive income, net of taxation	208	(6)	–	202
Revaluation of investments	2	–	–	2
Cash flow hedge recognised directly through equity	–	(7)	–	(7)
Revaluation of investment in non-consolidated subsidiary (refer note 3)	206	–	–	206
Deferred taxation on hedging movements	–	1	–	1
Total comprehensive income	208	(6)	941	1 143
2010				
Net profit for the year	–	–	1 111	1 111
Other comprehensive income, net of taxation	(10)	(53)	–	(63)
Revaluation of investments	(12)	–	–	(12)
Deferred taxation on revaluation	2	–	–	2
Cash flow hedge recognised directly through equity	–	(53)	–	(53)
Total comprehensive income	(10)	(53)	1 111	1 048

Company statements of changes in equity

for the year ended 30 September 2010

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	Share capital Rm	Share premium Rm	Other reserves			Retained profit Rm	Total Rm
			Available-for-sale financial assets Rm	Hedging reserves Rm	Equity compensation reserves Rm		
Balance at 1 October 2007	54	814	24	3	(23)	1 145	2 017
Movement for the year	–	–	8	3	27	8	46
Equity-settled share incentive scheme refund	–	–	–	–	2	–	2
Other reserve movements	–	–	–	–	26	(26)	–
Deferred taxation on other reserve movements	–	–	–	–	(1)	–	(1)
Total comprehensive income	–	–	8	3	–	1 442	1 453
Dividends declared	–	–	–	–	–	(1 408)	(1 408)
Balance at 30 September 2008	54	814	32	6	4	1 153	2 063
Movement for the year	2	(827)	208	(6)	3	22	(598)
BBBEE IFRS 2 charges	–	–	–	–	379	–	379
Treasury shares held by the consolidated BBBEE trusts and funding SPVs (refer note 9)	(3)	(827)	–	–	–	–	(830)
Shares issued to the BBBEE CSG and SBP funding SPVs	5	–	–	–	–	–	5
Other reserve movements	–	–	–	–	(376)	376	–
Total comprehensive income	–	–	208	(6)	–	941	1 143
Dividends declared	–	–	–	–	–	(1 295)	(1 295)
Balance at 30 September 2009	56	(13)	240	–	7	1 175	1 465
Movement for the year	–	–	(10)	(52)	–	(30)	(92)
BBBEE IFRS 2 charges	–	–	–	–	10	–	10
Other reserve movements	–	–	–	–	(10)	10	–
Total comprehensive income	–	–	(10)	(52)	–	1 111	1 049
Dividends declared	–	–	–	–	–	(1 151)	(1 151)
Balance at 30 September 2010	56	(13)	230	(52)	7	1 145	1 373

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	Notes	2010 Rm	2009 Rm	2008 Rm
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before exceptional items		1 695	1 604	2 127
Adjustments for:				
– depreciation		295	269	175
– amortisation of intangible assets		8	5	3
– (profit)/loss on disposal of property, plant and equipment		(2)	(4)	1
– dividends received		(5)	(10)	(14)
– income from subsidiary companies		(297)	(237)	(191)
– interest received		(16)	(36)	(60)
– finance costs		342	336	158
– loss on derivative (cash-settled share-based payment hedge)		11	4	15
– BBBEE IFRS 2 charges		9	379	–
– other non-cash flow items		41	4	(4)
Operating cash flows before movements in working capital		2 081	2 314	2 210
Increase in inventories		(21)	(109)	(9)
Increase in trade and other receivables		(2)	(42)	(48)
(Decrease)/increase in trade and other payables and provisions		(10)	14	45
Cash generated from operations		2 048	2 177	2 198
Finance costs paid	22	(259)	(284)	(195)
Dividends received from investments and associate		5	10	14
Interest received		16	36	60
Income from subsidiary companies		297	237	191
Taxation paid	23	(466)	(582)	(706)
Cash available from operations		1 641	1 594	1 562
Dividends paid		(1 151)	(1 295)	(1 408)
Equity-settled share incentive scheme refund		–	–	2
Net cash inflow from operating activities		490	299	156
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property, plant and equipment	24	(492)	(826)	(758)
– to enhance existing operations		(274)	(296)	(241)
– to expand operations		(218)	(530)	(517)
Acquisition of intangible assets		(39)	(38)	(4)
Net proceeds received on disposal of property, plant and equipment		6	9	21
Movements in investments and loans	25	(1)	–	(60)
Decrease/(increase) in net amounts owing by subsidiary and associate companies	4	10	(53)	(798)
Receipt of instalment on long-term loan	25	11	12	12
Treasury shares held by consolidated BBBEE trusts and trust funding SPVs	9	–	(830)	–
Net cash outflow from investing activities		(505)	(1 726)	(1 587)
Net cash outflow before financing activities		(15)	(1 427)	(1 431)
CASH FLOWS FROM FINANCING ACTIVITIES				
Long-term borrowings repaid		(14)	(13)	(13)
Long-term borrowings raised		–	1 517	–
BBBEE funding transaction		(23)	819	–
Net short-term borrowings raised/(repaid)		104	(890)	253
Shares issued to the BBBEE CSG and SBP funding SPVs		–	5	–
Net cash inflow from financing activities		67	1 438	240
Net increase/(decrease) in cash and cash equivalents		52	11	(1 191)
Cash and cash equivalents at beginning of the year		32	21	1 212
Cash and cash equivalents at end of the year		84	32	21

Notes to the company annual financial statements

for the year ended 30 September 2010

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	Freehold and leasehold land, buildings and mineral rights Rm	Factory decommissioning and quarry rehabilitation assets Rm	Plant, vehicles, furniture and equipment Rm	Capitalised leased plant Rm	Total Rm
1. PROPERTY, PLANT AND EQUIPMENT					
2010					
Cost	474	68	4 637	160	5 339
Accumulated depreciation and impairments	187	18	1 678	131	2 014
Net carrying value	287	50	2 959	29	3 325
2009					
Cost	408	68	4 221	160	4 857
Accumulated depreciation and impairments	171	17	1 435	121	1 744
Net carrying value	237	51	2 786	39	3 113
2008					
Cost	397	35	3 263	302	3 997
Accumulated depreciation and impairments	156	14	1 120	195	1 485
Net carrying value	241	21	2 143	107	2 512
Movement of property, plant and equipment					
2010					
Net carrying value at beginning of the year	237	51	2 786	39	3 113
Additions	68	–	437	–	505
Depreciation	(17)	(1)	(267)	(10)	(295)
Disposals	(1)	–	(3)	–	(4)
Impairment loss (refer note 20)	–	–	(31)	–	(31)
Reallocation from intangible assets	–	–	11	–	11
Reallocation from inventory	–	–	26	–	26
Net carrying value at end of the year	287	50	2 959	29	3 325
2009					
Net carrying value at beginning of the year	241	21	2 143	107	2 512
Additions	12	32	831	–	875
Depreciation	(16)	(2)	(240)	(11)	(269)
Disposals	–	–	(5)	–	(5)
Transfers and other movements	–	–	57	(57)	–
Net carrying value at end of the year	237	51	2 786	39	3 113
2008					
Net carrying value at beginning of the year	212	10	1 546	126	1 894
Additions	42	11	760	–	813
Depreciation	(13)	–	(143)	(19)	(175)
Disposals	–	–	(20)	–	(20)
Net carrying value at end of the year	241	21	2 143	107	2 512

Included in plant, vehicles, furniture and equipment is capital work-in-progress of R5 million (2009: R827 million; 2008: R285 million).

Property, plant and equipment with a net carrying value of R28 million (2009: R39 million; 2008: R107 million) is encumbered as disclosed in note 11.

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

During the year, PPC announced a change in scope of its Western Cape expansion project. The scope change reduces the initial capital outlay from R4 billion to a revised cost of R3 billion and also extends the phasing of the capital outflows. As a result, a portion of the original design and scoping costs, capitalised under plant and equipment, was impaired to the amount of R31 million (refer note 20).

Refer to the group results for additional disclosures on property, plant and equipment.

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	2010 Rm	2009 Rm	2008 Rm
2. INTANGIBLE ASSETS			
ERP development and other software			
Cost	109	81	44
Accumulated amortisation and impairments	43	35	31
Net carrying value	66	46	13
Movement of intangible assets			
Net carrying value at beginning of the year	46	13	12
Additions	39	38	4
Transfers and other movements	(11)	–	–
Amortisation	(8)	(5)	(3)
Net carrying value at end of the year	66	46	13
Included in ERP development and other software is software work-in-progress of Rnil (2009: R36 million; 2008: Rnil) which relates to costs incurred on the implementation of the SAP ERP system. During the current year R11 million relating to hardware in respect of the ERP development was transferred to property, plant and equipment.			
3. INVESTMENT IN NON-CONSOLIDATED SUBSIDIARY			
Carrying value at beginning of the year	–	260	260
Other reclassification movements	–	7	–
	–	267	260
Add: Unrealised fair value gain	–	206	–
Reclassification to other non-current assets	–	(473)	–
Carrying value at end of the year	–	–	260
The results of PPC Zimbabwe were consolidated with effect from 30 September 2009. Prior to 30 September 2009, the PPC board of directors concluded that management did not have the ability to exercise effective control over the business, and the results of PPC Zimbabwe were excluded from the group results. Refer to the group results for additional disclosure.			
In terms of IFRS 7, the investment was classified as an available-for-sale financial asset.			
4. OTHER NON-CURRENT ASSETS			
Investment in subsidiaries			
Investment in subsidiaries at beginning of the year	505	39	39
Other reclassification movements	–	(7)	–
	505	32	39
Reclassification of investment in PPC Zimbabwe	–	473	–
Investment in subsidiaries at end of the year	505	505	39
Unlisted investments	69	80	80
Unlisted investments at fair value	25	36	36
Contributions to PPC Environmental Trust [@]	44	44	44
Derivative financial instrument (fair value hedge) [^]	1	12	15
	575	597	134
Comprising:			
Other non-current assets	549	549	83
Other non-current financial assets	26	48	51
	575	597	134

[@] Contributions to PPC Environmental Trust

These contributions are invested with independent financial institutions in a collective investment scheme and cash investments, and can be utilised on approval from the Department of Mineral and Energy Affairs for rehabilitation costs.

[^] Derivative financial instrument

Fair value of the premium paid to hedge cash-settled share-based payments (refer notes 35 and 37 in the group results). Mark-to-market adjustments of R11 million (2009: R4 million; 2008: R15 million) have been charged against fair value adjustments in the income statement.

Notes to the company annual financial statements *continued*

for the year ended 30 September 2010

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	2010 Rm	2009 Rm	2008 Rm
4. OTHER NON-CURRENT ASSETS <i>continued</i>			
Interest in subsidiaries			
Shares at cost less amounts written off and dividends received	512	299	299
Add: Unrealised fair value gain reclassified	–	213	–
	512	512	299
Add: Amounts owing by subsidiaries*	820	829	785
	1 332	1 341	1 084
Less: Amounts owing to subsidiaries*	(37)	(36)	(45)
	1 295	1 305	1 039
<p>* Amounts owing by and to subsidiaries The loans have no fixed terms of repayment, are unsecured and, where appropriate, interest is calculated using ruling market-related interest rates. Refer to interest in subsidiary and unlisted associates (Annexure 1) for details of amounts owing by and owing to subsidiaries at year end.</p>			
5. LONG-TERM RECEIVABLE			
Long-term loan	21	32	44
<p>This loan is repayable in annual capital instalments 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.</p>			
6. INVESTMENT IN ASSOCIATE			
Investment at cost	7	7	7
Fair value of unlisted associate as determined by the directors	119	18	14
Dividends received from associate	–	3	6
<p>Refer to interest in subsidiary and unlisted associates (Annexure 1) and notes in the group results for further information.</p>			
7. INVENTORIES			
Raw materials	81	61	52
Work-in-progress	79	57	31
Finished goods	54	73	53
Maintenance stores	176	204	150
	390	395	286
Amount of inventories recognised as an expense during the year	2 155	2 347	2 084
Inventory obsolescence			
Balance at beginning of the year	32	30	26
Raised during the year	9	3	5
Released/utilised during the year	(1)	(1)	(1)
Balance at end of the year	40	32	30
Inventories to revenue (%)	7,23	6,79	5,44
Inventories to cost of sales (%)	12,57	12,18	9,91
Obsolescence provision to inventories (%)	10,17	8,10	10,49
<p>Inventories are determined on the weighted average formula bases. No inventories have been pledged as security.</p>			

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	2010 Rm	2009 Rm	2008 Rm
8. TRADE AND OTHER RECEIVABLES			
Trade receivables	645	627	581
Less: Impairment of trade receivables	(8)	(3)	(4)
Originated loans and receivables	637	624	577
Derivative financial instruments (held-for-trading financial assets)	–	2	5
Derivative financial instruments (cash flow hedge)	–	–	6
Other financial receivables	34	21	16
Trade and other financial receivables	671	647	604
Prepayments	27	35	29
Other non-financial receivables	3	17	24
	701	699	657
Trade receivables to revenue (%)	11,83	10,73	10,97
No receivables have been pledged as security. Amounts due to the company should be settled within the normal credit terms of 30 to 60 days.			
Originated loans and receivables comprise:	637	624	577
Trade receivables that are neither past due nor impaired ^	591	569	531
Financial assets that would otherwise be impaired whose terms have been renegotiated	13	8	–
Trade receivables that are past due but not impaired	33	47	46
^ There is no history of default relating to trade receivables in this category.			
Trade receivables that are past due but not impaired			
Age analysis	32,9	47,0	45,9
1 – 30 days	19,4	43,0	43,0
31 – 60 days	13,5	4,0	2,6
61 – 90 days	–	–	0,3
Fair value of collateral held	28,4	17,1	15,7
The majority of collateral held consists of bank guarantees, with the balance comprising suretyships, mortgage bonds, notarial bonds and cessions.			
Impairment of trade receivables			
Balance at beginning of the year	3	4	3
Allowance raised through profit or loss	5	–	2
Allowance utilised	–	–	(1)
Allowance reversed through profit or loss	–	(1)	–
Balance at end of the year	8	3	4

Notes to the company annual financial statements *continued*

for the year ended 30 September 2010

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	2010 Shares	2009 Shares	2008 Shares
9. SHARE CAPITAL AND PREMIUM			
Authorised shares	600 000 000	600 000 000	600 000 000
Issued shares			
Ordinary shares			
Ordinary shares in issue at beginning of the year	511 131 440	537 612 390	537 612 390
Treasury shares held by consolidated BBBEE trusts and trust funding SPVs [^]	–	(26 480 950)	–
Total ordinary shares in issue at end of the year	511 131 440	511 131 440	537 612 390
Other shares			
Other shares in issue at beginning of the year	48 557 982	–	–
Other shares issued to BBBEE CSG and SBP funding SPVs*	–	48 557 982	–
Total shares in issue at end of the year	559 689 422	559 689 422	537 612 390
	Rm	Rm	Rm
Authorised share capital			
Ordinary shares of 10 cents each	60	60	60
Issued share capital			
Ordinary shares			
Ordinary shares in issue at beginning of the year	51	54	54
Treasury shares held by consolidated BBBEE trusts and trust funding SPVs [^]	–	(3)	–
Total ordinary shares in issue at end of the year	51	51	54
Other shares			
Other shares issued to BBBEE CSG and SBP funding SPVs*	5	5	–
Total shares in issue at end of the year	56	56	54
Share premium			
Balance at beginning of the year	(13)	814	814
Treasury shares held by consolidated BBBEE trusts and trust funding SPVs [^]	–	(827)	–
Balance at end of the year	(13)	(13)	814
Total issued share capital and premium	43	43	868

[^] In terms of the BBBEE transaction that was effected 15 December 2008, Pretoria Portland Cement Company Limited provided guarantees to the holders of the A preference shares issued by the Black Managers Trust funding SPV, the holders of the B preference shares issued by the respective trust funding SPVs, and all of the long-term loans issued to the Black Managers Trust and the respective trust funding SPVs. The funding raised by the Black Managers Trust and SPV was used to purchase shares in Pretoria Portland Cement Company Limited at market value, in terms of a scheme of arrangement. In substance, the shares purchased by the Black Managers Trust and trust funding SPVs were indirectly funded by Pretoria Portland Cement Company Limited. The shares are accordingly reflected as treasury shares and the corresponding long-term borrowings were raised (refer note 11).

* In terms of the said BBBEE transaction, the Strategic Black Partners (SBP) and Community Service Groups (CSG) subscribed for 48 557 982 newly issued shares in PPC at par value. The shares carry full economic and voting rights, have restrictions on transferability, and are subject to a call option by PPC to acquire these shares at par by 15 December 2016. In terms of a compulsory subscription agreement, the SBPs and CSGs are required to subscribe for 48 557 982 new shares in Pretoria Portland Cement Company Limited at R66,84 by 31 December 2017 subject to their ability to raise sufficient funding.

The shares issued to the SBPs and CSGs have been pledged as security for their funding obligations and as a result are treated as a separate class of equity.

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	2010 Shares	2009 Shares	2008 Shares
9. SHARE CAPITAL AND PREMIUM continued			
Unissued shares	13 829 628	13 829 628	62 387 610

This excludes the impact of shares held as treasury shares.

The unissued shares of the company are placed under the control and authority of the directors of the company and the directors of the company are authorised and empowered to allot, issue and otherwise dispose of such shares to such person or persons on such terms and conditions and at such times as the directors of the company may from time to time and at their discretion deem fit, subject to the provisions of the Companies Act (Act 61 of 1973) as amended (the Act), the articles of association of the company and the listings requirements of the JSE Limited (JSE), when applicable.

	2010 Rm	2009 Rm	2008 Rm
10. DEFERRED TAXATION			
Net liability at beginning of the year	272	230	92
– income statement charge, including changes in taxation rates	106	43	137
– charged directly in equity	(2)	(1)	3
– other	–	–	(2)
Net liability at end of the year	376	272	230

	Opening balance Rm	Charged to the income statement Rm	Charged directly to equity Rm	Changes in taxation rates Rm	Other Rm	Closing balance Rm
2010						
Property, plant and equipment	309	122	–	–	–	431
Other non-current assets	12	(1)	(2)	–	–	9
Current assets	2	(2)	–	–	–	–
Non-current liabilities	(36)	(12)	–	–	–	(48)
Current liabilities	(17)	(1)	–	–	–	(18)
Reserves	2	–	–	–	–	2
	272	106	(2)	–	–	376
2009						
Property, plant and equipment	265	44	–	–	–	309
Other non-current assets	14	(2)	–	–	–	12
Current assets	(5)	8	(1)	–	–	2
Non-current liabilities	(31)	(5)	–	–	–	(36)
Current liabilities	(16)	(1)	–	–	–	(17)
Reserves	3	(1)	–	–	–	2
	230	43	(1)	–	–	272
2008						
Property, plant and equipment	123	140	(1)	(4)	7	265
Other non-current assets	1	10	–	–	3	14
Current assets	–	(5)	3	–	(3)	(5)
Non-current liabilities	(21)	(7)	–	1	(4)	(31)
Current liabilities	(14)	(2)	–	–	–	(16)
Reserves	3	4	1	–	(5)	3
	92	140	3	(3)	(2)	230

Notes to the company annual financial statements *continued*

for the year ended 30 September 2010

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				2010 Rm	2009 Rm	2008 Rm
11. LONG-TERM BORROWINGS						
Borrowings	Terms	Security	Interest rate			
Long-term loan*	Interest is payable semi-annually with a bullet capital repayment on 15 December 2016.	Unsecured	Fixed 10,86%	1 517	1 517	–
Finance lease liability	Interest and capital are repayable annually with the last payment due in 2013.	Secured through encumbered assets (refer note 1)	Fixed 13,10%	41	55	68
BBBEE funding transaction [^]				940	879	–
A preference shares	Dividends are payable semi-annually with capital redeemable from surplus cash. Compulsory annual redemptions are effective from 31 January 2012 to 15 December 2016.	Secured by guarantee from PPC	Variable rates linked to prime and fixed rates between 8,34% and 9,37%	144	152	–
B preference shares	Both capital and interest are payable on 15 December 2013.	Secured by guarantee from PPC	Variable rates linked to prime swapped for a fixed rate of 9,17%	293	270	–
Long-term loans	Both capital and interest are payable on 15 December 2013.	Secured by guarantee from PPC	Variable rates linked to prime swapped for a fixed rate of 11,36%	503	457	–
Long-term borrowings				2 498	2 451	68
Less: Short-term portion of long-term borrowings				(27)	(23)	(13)
				2 471	2 428	55
Maturity analysis of obligations:						
– one year				27	23	13
– two years				17	24	13
– three years				31	27	14
– four years				816	30	14
– five and more years				1 607	2 347	14
				2 498	2 451	68
Assets encumbered are made up as follows:						
Property, plant and equipment (refer note 1)				28	39	107

* In terms of the BBBEE transaction, Pretoria Portland Cement Company Limited obtained funding from the Strategic Black Partners funding SPV and the Community Service Groups funding SPV. This long-term funding was used to settle existing short-term funding at the effective date of the transaction.

[^] Pretoria Portland Cement Company Limited provided guarantees to the holders of the A preference shares issued by the Black Managers Trust funding SPV, the holders of the B preference shares issued by the respective trust funding SPVs, and all of the long-term loans issued by the Black Managers Trust and the respective trust funding SPVs. As a result these guarantees are accounted for as a financial liability (refer note 9).

The company is in compliance with its debt covenants, none of which are expected to represent material restrictions on funding or investment policies in the foreseeable future.

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	2010 Rm	2009 Rm	2008 Rm
12. PROVISIONS			
Non-current	180	166	126
Current	–	–	1
	180	166	127
	Factory decommissioning and quarry rehabilitation Rm	Retirement and post-retirement benefits Rm	Total Rm
Movement of provisions			
2010			
Balance at beginning of the year	149	17	166
Amounts added	1	1	2
Unwinding of discount	12	–	12
Balance at end of the year	162	18	180
To be incurred:			
– between two to five years	6	–	6
– more than five years	156	18	174
	162	18	180
2009			
Balance at beginning of the year	111	16	127
Amounts added	32	1	33
Amounts reversed	(3)	–	(3)
Unwinding of discount	9	–	9
Balance at end of the year	149	17	166
To be incurred:			
– between two to five years	5	–	5
– more than five years	144	17	161
	149	17	166
2008			
Balance at beginning of the year	89	15	104
Amounts added	20	2	22
Amounts utilised	(5)	–	(5)
Amounts reversed	–	(1)	(1)
Unwinding of discount	7	–	7
Balance at end of the year	111	16	127
To be incurred:			
– within one year	–	1	1
– between two to five years	27	2	29
– more than five years	84	13	97
	111	16	127

Notes to the company annual financial statements *continued*

for the year ended 30 September 2010

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12. PROVISIONS *continued*

Factory decommissioning and quarry rehabilitation

The group is required to restore mining 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. To date R44 million has been contributed to the PPC Environmental Trust.

Retirement and post-retirement benefits

Included in the provision are the following liabilities:

Cement and Concrete Institute employees

The provision relates to Pretoria Portland Cement Company Limited's proportionate share of the post-retirement healthcare liability for employees of the Cement and Concrete Institute. This amounted to R6 million (2009: R6 million; 2008: R6 million). This liability was last actuarially valued during February 2009. The liability has been determined using the projected unit credit method.

Corner House Pension Fund and Lime Acres continuation members

The provision relates to post-employment healthcare benefits in respect of certain Corner House Pension Fund and Lime Acres continuation members, and amounted to R12 million (2009: R11 million; 2008: R10 million). This liability was last actuarially valued during September 2008. The liability has been determined using the projected unit credit method.

Benefits under these schemes were granted to employees under historical employment contracts and the schemes are closed to new members.

	2010 Rm	2009 Rm	2008 Rm
13. OTHER NON-CURRENT LIABILITIES			
Cash-settled share-based payment liability	47	19	6
Derivative financial instruments (cash flow hedge)	61	–	–
	108	19	6
For further details on the cash-settled share-based payment liability, refer to note 35 in the group results.			
14. SHORT-TERM BORROWINGS			
Short-term loans and bank overdraft	820	716	1 606
Short-term portion of long-term borrowings (refer note 11)	27	23	13
	847	739	1 619
15. TRADE AND OTHER PAYABLES			
Trade payables and accruals	264	280	304
Other financial payables	76	58	56
Derivative financial instruments (cash flow hedge) [^]	5	–	–
Derivative financial instruments (held-for-trading)	–	5	5
Trade and other financial payables	345	343	365
Payroll accruals	142	133	124
VAT payable	22	20	20
Other non-financial payables	14	37	11
	523	533	520
Trade and other payables are payable within a 30 to 60-day period.			
Trade payables and accruals to cost of sales (%)	8,51	8,63	10,54

[^] The derivative financial instruments relate to the fair value of the interest rate swap agreements entered into in order to fix the future interest payments on the preference shares and long-term loans obtained to finance the BBBEE transaction.

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	2010 Rm	2009 Rm	2008 Rm
16. OPERATING PROFIT			
Operating profit includes:			
Amortisation of intangible assets (refer note 2)	8	5	3
Auditors' remuneration – fees	4	4	3
Consultation fees in respect of BBBEE initiative	–	9	20
Depreciation (refer note 1):			
– cost of sales	278	256	163
– operating costs	17	13	12
	295	269	175
Distribution costs included in cost of sales	678	681	699
Exploration and research costs	1	1	–
Income from subsidiary companies:			
– fees	36	28	17
– interest	1	8	1
– dividends	260	201	173
	297	237	191
Operating lease charges:			
– land and buildings	8	7	6
– plant, vehicles and equipment	–	–	1
	8	7	7
(Profit)/loss on disposal of plant and equipment	(2)	(4)	1
Retirement benefit contributions	30	46	39
Share-based payments:			
– cash-settled share incentive scheme charge	28	13	4
Staff costs (including retirement benefit contributions)	678	632	545
Less: Costs capitalised to plant and equipment and intangible assets	(8)	(11)	(20)
	670	621	525
17. FAIR VALUE (LOSSES)/GAINS ON FINANCIAL INSTRUMENTS			
(Losses)/gains on derivatives designated as economic hedging instruments	(1)	5	18
Loss on derivative (cash-settled share-based payment hedge)	(11)	(4)	(15)
Loss on translation of foreign currency monetary items	–	(4)	–
	(12)	(3)	3
18. FINANCE COSTS			
Bank and other borrowings	240	262	181
BBBEE funding transaction	94	72	–
– dividends on redeemable preference shares	39	32	–
– long-term borrowings	55	40	–
Finance lease interest	7	9	10
Subsidiary companies	2	1	4
Unwinding of discount on decommissioning and rehabilitation provisions	12	9	7
	355	353	202
Capitalised to plant and equipment and intangible assets	(13)	(17)	(44)
	342	336	158

Notes to the company annual financial statements *continued*

for the year ended 30 September 2010

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	2010 Rm	2009 Rm	2008 Rm
19. INVESTMENT INCOME			
Dividends			
– unlisted investments	5	7	8
– associate	–	3	6
	5	10	14
Interest received			
– on deposits and non-current assets	16	36	60
	21	46	74
20. EXCEPTIONAL ITEMS			
Impairment of feasibility costs incurred on plant expansion project (refer note 1)	(31)	–	–
Profit on disposal of properties	1	–	2
	(30)	–	2
21. TAXATION			
South African normal taxation			
– current year	333	485	414
– prior year	–	7	1
	333	492	415
Foreign taxation			
– current year	11	8	6
Deferred taxation			
– current year	106	50	140
– prior year	–	(7)	–
– rate change	–	–	(3)
	106	43	137
Secondary taxation on companies			
– current year	104	120	129
Taxation attributable to the company	554	663	687
	%	%	%
Reconciliation of rate of taxation			
Taxation as a percentage of profit before taxation (excluding prior year taxation)	33,3	41,3	32,2
Adjustment due to the inclusion of dividend income	4,4	3,5	2,3
Effective rate of taxation	37,7	44,8	34,5
Reduction in rate of taxation	0,1	0,3	0,3
– permanent differences and exempt income	0,1	0,3	0,2
– rate change adjustment	–	–	0,1
Increase in rate of taxation	(9,8)	(17,1)	(6,8)
– disallowable charges	(2,2)	(1,3)	(0,4)
– BBBEE IFRS 2 charges	(0,6)	(7,8)	–
– secondary taxation on companies	(6,3)	(7,5)	(6,1)
– taxation on foreign dividend received	(0,7)	(0,5)	(0,3)
South African normal taxation rate	28,0	28,0	28,0

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	2010 Rm	2009 Rm	2008 Rm
22. FINANCE COSTS PAID			
Finance costs as per income statement charge	342	336	158
Interest capitalised to plant and equipment	13	17	44
Unwinding of discount on decommissioning and rehabilitation provisions	(12)	(9)	(7)
BBBEE funding transaction	(84)	(60)	–
– redeemable preference share dividends capitalised	(29)	(20)	–
– interest on long-term borrowings capitalised	(55)	(40)	–
	259	284	195
23. TAXATION PAID			
Net amounts outstanding at beginning of the year	92	54	210
Charge per income statement (excluding deferred taxation)	448	620	550
Net amounts outstanding at end of the year	(74)	(92)	(54)
	466	582	706
24. ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT			
Freehold and leasehold land, buildings and mineral rights	68	12	42
Plant, vehicles, furniture and equipment	437	831	760
	505	843	802
Less: Interest capitalised to plant and equipment	(13)	(17)	(44)
	492	826	758
25. MOVEMENTS IN INVESTMENTS AND LOANS			
Net movement	33	(192)	(42)
Revaluation of available-for-sale financial assets directly in equity	(12)	2	9
Revaluation of investment in non-consolidated subsidiary	–	206	–
Loss on derivatives (cash-settled share-based payment hedge)	(11)	(4)	(15)
	10	12	(48)
Comprise:			
Movements in investments and loans	(1)	–	(60)
Receipt of instalment on long-term loan	11	12	12
	10	12	(48)

26. CONTINGENT LIABILITIES

Secondary taxation on companies is payable on dividends declared at a rate of 10%.

Litigation, current or pending, is not considered likely to have a material adverse effect on the company.

Two wholly owned subsidiary companies, PPC Cement (Pty) Limited and PPC Ntsika Fund (Pty) Limited, are technically insolvent. The company has provided guarantees in the way of a subordination agreement relating to the loans that are receivable from PPC Cement (Pty) Limited and PPC Ntsika Fund (Pty) Limited.

For details on guarantees provided by Pretoria Portland Cement Company Limited in terms of the BBBEE transaction refer note 9.

Notes to the company annual financial statements *continued*

for the year ended 30 September 2010

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27. FINANCIAL RISK MANAGEMENT

Fair values of financial assets and liabilities

The carrying values of certain financial assets and liabilities, which are accounted for at historical cost, may differ from their fair values.

The estimated fair values have been determined using available market information and approximate valuation methodologies.

Disclosed below are the carrying amounts and fair values of financial assets and liabilities which differ from the amounts reflected under the group financial statements.

	2010		2009		2008	
	Carrying amount Rm	Fair value Rm	Carrying amount Rm	Fair value Rm	Carrying amount Rm	Fair value Rm
Financial assets						
Long-term loan receivable	21	21	32	36	44	42
Trade and other financial receivables	671	671	647	647	604	609
Amounts owing by subsidiaries	820	820	829	829	785	785
Financial liabilities						
Long-term borrowings	2 471	2 602	2 428	2 328	55	53
Short-term borrowings	847	847	739	738	1 619	1 626
Amounts owing to subsidiaries	37	37	36	36	45	45
Trade and other financial payables	345	345	343	343	365	365
Derivative instruments – current (cash flow hedge)	5	5	–	–	–	–
Derivative instruments – non-current (cash flow hedge)	61	61	–	–	–	–

	2010 Rm	2009 Rm	2008 Rm
Credit risk management			
Maximum credit risk exposure	1 635	766	1 456

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 sold to

PPC Botswana (Pty) Limited	338	272	213
Portland Holdings Limited (PPC Zimbabwe)	90	25	–
PPC Lime Limited	6	–	–

Technical services provided to

PPC Lime Limited	22	19	15
PPC Aggregate Quarries (Pty) Limited	9	8	2
PPC Botswana (Pty) Limited	1	1	–

Technical services received from

PPC Aggregate Quarries (Pty) Limited	3	2	2
--------------------------------------	---	---	---

Interest received from

PPC Lime Limited	1	5	1
PPC Aggregate Quarries (Pty) Limited	–	3	–

Interest paid to

PPC Aggregate Quarries (Pty) Limited	2	1	4
--------------------------------------	---	---	---

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	2010 Rm	2009 Rm	2008 Rm
28. RELATED PARTY TRANSACTIONS <i>continued</i>			
Dividends received from			
PPC Botswana (Pty) Limited	122	86	63
PPC Lime Limited	72	37	66
PPC Aggregate Quarries (Pty) Limited	25	32	37
PPC Cement (Pty) Limited	40	45	7
The Future Team Trust	1	1	–
Dividends paid to			
PPC Cement (Pty) Limited	40	45	7
The Current PPC Team Trust	5	6	–
The Future PPC Team Trust	2	3	–
PPC Black Independent Non-Executive Directors Trust	1	1	–
PPC Team Benefit Trust Funding SPV (Pty) Limited	5	5	–
PPC Construction Industry Associations Trust Funding SPV (Pty) Limited	23	22	–
PPC Education Trust Funding SPV (Pty) Limited	11	11	–
PPC Community Trust Funding SPV (Pty) Limited	8	8	–
Trade amounts due from			
PPC Botswana (Pty) Limited	31	26	24
Portland Holdings Limited (PPC Zimbabwe)	18	7	–

For details on amounts due to and due from subsidiaries and associates, refer to Annexure 1.

The terms and conditions of these transactions are determined on an arm's length basis.

29. ADDITIONAL DISCLOSURE

Refer to the group financial statements 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
- Post-balance sheet events

Annexure 1 – Interest in subsidiary and unlisted associates

at 30 September 2010

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SUBSIDIARY COMPANIES

Name of company	Issued share capital R	Percentage held			Shares			Indebtedness (due to)/due by		
		2010 %	2009 %	2008 %	2010 Rm	2009 Rm	2008 Rm	2010 Rm	2009 Rm	2008 Rm
Cape Portland Cement Co Limited	5 264 000	100	100	100	1	1	1	(5)	(5)	(5)
PPC Aggregate Quarries (Pty) Limited	100	100	100	100	–	–	–	(29)	(24)	(36)
PPC Botswana (Pty) Limited*	6 000 000	A# 100	100	100	12	12	12	–	2	3
	6 000 000	B# 100	100	100						
Portland Holdings Limited ~	7 981 000	! 100	100	100	473	473	436	–	–	–
PPC Lime Limited	4 207 965	100	100	100	18	18	18	(1)	–	31
Property Cats (Pty) Limited	100	100	100	100	1	1	12	1	1	1
Kgale Quarries (Pty) Limited*	3 643 000	# 100	100	100	–	–	–	–	–	–
PPC Cement (Pty) Limited	50 000	100	100	100	–	–	–	752	750	751
PPC Ntsika Fund (Pty) Limited	100	100	100	100	–	–	–	70	74	–
Slurrylink (Pty) Limited	1	100	100	100	–	–	–	(3)	(3)	(3)
Swaziland Portland Cement (Pty) Limited‡		100	100	100	–	–	–	–	–	–
PPC Black Managers Trust Funding SPV (Pty) Limited	100	100	100	100	–	–	–	–	–	–
Varsivier Marmer (Pty) Limited	900	100	100	100	–	–	–	(1)	(1)	(1)
					505	505	479	784	794	741
Less: Amounts written off					–	–	180	1	1	1
					505	505	299	783	793	740

ASSOCIATE

Name of entity	Principal activity	Issued share capital R	Percentage held			Shares			Indebtedness (due to)/due by		
			2010 %	2009 %	2008 %	2010 Rm	2009 Rm	2008 Rm	2010 Rm	2009 Rm	2008 Rm
Afripack Limited	Paper sack manufacturers	1 260 000	25	25	25	7	7	7	–	–	–

All subsidiary companies and associates are incorporated in the Republic of South Africa, except where indicated otherwise.

A full list of subsidiary companies and unlisted associates is available for inspection at the registered office of the company.

* Registered in Botswana

Botswana pula

~ Registered in Zimbabwe

! US dollar

‡ Registered in Swaziland

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Category	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	14 729	49,32	6 984 210	1,19
1 001 – 10 000 shares	12 832	42,95	41 351 941	7,05
10 001 – 100 000 shares	1 997	6,68	52 184 570	8,90
100 001 – 1 000 000 shares	261	0,87	80 148 476	13,67
1 000 001 shares and over	55	0,18	405 501 175	69,19
	29 874	100,00	586 170 372	100,00

DISTRIBUTION OF SHAREHOLDERS

Banks	139	0,47	137 387 835	23,44
Brokers	49	0,16	13 853 800	2,36
Close corporations	279	0,93	1 074 025	0,18
Endowment funds	309	1,03	4 837 072	0,83
Individuals	21 696	72,63	51 891 106	8,85
Insurance companies	59	0,20	35 039 032	5,98
Investment companies	32	0,11	3 661 417	0,62
Medical aid schemes	11	0,04	544 445	0,09
Mutual funds	245	0,82	53 089 419	9,06
Nominees and trusts	5 849	19,58	46 708 424	7,97
Other corporations	218	0,73	373 770	0,06
Own holdings	1	0,00	20 140 401	3,44
Pension funds	294	0,98	117 227 080	20,00
Private companies	608	2,04	81 786 047	13,95
Public companies	73	0,24	18 086 433	3,09
Scrip accounts	12	0,04	470 066	0,08
	29 874	100,00	586 170 372	100,00

PUBLIC AND NON-PUBLIC SHAREHOLDING

Public	29 867	99,98	482 073 122	82,24
Non-public	7	0,02	104 097 250	17,76
– Directors' holdings	5	0,02	435 829	0,07
– Company-owned holdings	1	0,00	20 140 401	3,44
– Government Employees Pension Fund ^	1	0,00	83 521 020	14,25
Total	29 874	100,00	586 170 372	100,00

^ Includes 12,57% held through the Public Investment Corporation

BENEFICIAL SHAREHOLDERS HOLDING OF 3% OR MORE

Government Employees Pension Fund	83 521 020	14,25
PPC SBP Consortium Funding SPV (Pty) Limited	39 988 926	6,82
Lazard Emerging Markets Portfolio	34 660 033	5,91
PPC Cement (Pty) Limited*	20 140 401	3,44

* Held as treasury shares on consolidation

BROAD-BASED BLACK OWNERSHIP

PPC SBP Consortium Funding SPV (Pty) Limited	39 988 926	6,82
PPC Construction Industry Associations Trust Funding SPV (Pty) Limited	11 425 407	1,95
PPC Black Managers Trust	10 470 419	1,79
PPC Broad-based Strategic Partnership Funding SPV (Pty) Limited	8 569 056	1,46
PPC Education Trust Funding SPV (Pty) Limited	5 712 704	0,97
PPC Community Trust Funding SPV (Pty) Limited	4 015 621	0,69
PPC Team Benefit Trust Funding SPV (Pty) Limited	2 856 352	0,49
The Current PPC Team Trust	2 471 878	0,42
The Future PPC Team Trust	751 462	0,13
PPC Black Independent Non-Executive Directors Trust	287 361	0,05
	86 549 186	14,77

Administration

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PRETORIA PORTLAND CEMENT COMPANY LIMITED

(Incorporated in the Republic of South Africa)
Company registration number: 1892/000667/06

JSE code: PPC
ZSE code: PPC

JSE ISIN code: ZAE000125886
ZSE ISIN code: ZWE000096475

Auditors

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Transfer secretaries: Zimbabwe

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Financial calendar

Financial year end	30 September
Annual general meeting	31 January 2011

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

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PRETORIA PORTLAND CEMENT COMPANY LIMITED

Incorporated in the Republic of South Africa

(Registration No: 1892/000667/06)

JSE share code: PPC

ZSE share code: PPC

ISIN code: ZAE000125886

(PPC) or (the company)

NOTICE IS HEREBY GIVEN THAT the 115th annual general meeting of Pretoria Portland Cement Company Limited will be held in the JSE 1 Room at the Radisson Blu Hotel in Sandton, cnr Rivonia Road and Daisy Street, on Monday, 31 January 2011 at 12:00 to conduct the following business:

ORDINARY BUSINESS

Resolution 1. To receive and adopt the annual financial statements for the year ended 30 September 2010, including the directors' report and report of the auditors.

Resolution 2. To confirm the appointment of Ms B Modise who was appointed between the two annual general meetings: a brief curriculum vitae appears on page 206 of this notice.
"Resolved that the appointment of B Modise as a director of the company effective from 1 December 2010 is hereby confirmed."

Resolution 3. To consider the re-election of Messrs P Esterhuysen, BL Sibiyi, TDA Ross and AJ Lamprecht who are required to retire by rotation, have offered themselves for re-election and are recommended for re-election by the nominations committee. Brief curricula vitae of directors standing for re-election appear on pages 12-13 of this report.

Resolution 3.1 "Resolved that Mr P Esterhuysen who is required to retire as a director of the company at this annual general meeting is hereby reappointed as a director of the company with immediate effect."

Resolution 3.2 "Resolved that Mr BL Sibiyi who is required to retire as a director of the company at this annual general meeting is hereby reappointed as a director of the company with immediate effect."

Resolution 3.3 "Resolved that Mr TDA Ross who is required to retire as a director of the company at this annual general meeting is hereby reappointed as a director of the company with immediate effect."

Resolution 3.4 "Resolved that Mr AJ Lamprecht who is required to retire as a director of the company at this annual general meeting is hereby reappointed as a director of the company with immediate effect."

Resolution 4. To consider and, if deemed fit, to pass with or without modification, the following ordinary resolution:

"Resolved that with effect from 1 October 2010 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:

	Base fee	Attendance fee	Total fee
Board fees			
Chairman	R342 500	R342 500	R685 000
Board member	R94 000	R94 000	R188 000
Committee fees			
Audit chair	R90 000	R90 000	R180 000
Audit member	R45 000	R45 000	R90 000
Remuneration chair	R67 500	R67 500	R135 000
Remuneration member	R35 000	R35 000	R70 000
Risk and compliance chair	R67 500	R67 500	R135 000
Risk and compliance member	R35 000	R35 000	R70 000
Social and ethics chair	R67 500	R67 500	R135 000
Social and ethics member	R35 000	R35 000	R70 000
Nominations chair	R50 000	R50 000	R100 000
Nominations member	R25 000	R25 000	R50 000
Additional meetings			
	Per meeting		
Chair	R30 000		
Member	R15 000		

Notice of annual general meeting *continued*

for the year ended 30 September 2010

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Resolution 5. To approve the reappointment of Messrs Deloitte & Touche as external auditors of the company as recommended by the audit committee for the ensuing period terminating on the conclusion of the next AGM of the company. Mr Michael John Jarvis (IRBA no 342297) from this firm of auditors will undertake the audit.

Resolution 6. To authorise the directors to fix the remuneration of the external auditors, Messrs Deloitte & Touche, for the past year's audit.

AS SPECIAL BUSINESS, TO CONSIDER AND IF DEEMED FIT, PASS WITH OR WITHOUT MODIFICATION THE FOLLOWING RESOLUTIONS:

ORDINARY RESOLUTION 7: APPOINTMENT OF GROUP AUDIT COMMITTEE MEMBERS

"RESOLVED that the members of the company's audit committee, as set out below, be and are hereby appointed. The membership as proposed by the board of directors is Mr TDA Ross, Ms ZJ Kganyago and Ms B Modise, all of whom are independent non-executive directors."

ORDINARY RESOLUTION 8: NON-BINDING RESOLUTION OF THE REMUNERATION POLICY

"RESOLVED to approve in accordance with the recommendations of King III, through a non-binding advisory vote, the company's remuneration policy and its implementation, as set out on pages 106 to 108 in the remuneration report contained in the integrated report."

RESOLUTION 9: A SPECIAL RESOLUTION: GENERAL AUTHORITY TO REPURCHASE SHARES

To provide the directors with flexibility to repurchase securities in terms of section 85 of the Companies Act as and when suitable situations arise:

"RESOLVED, as a general approval in terms of section 85(2) as read with section 85(3) of the Companies Act, that the company or any subsidiary of the company may, subject to the Companies Act, the company's articles of association and the listings requirements of the JSE from time to time (listings requirements) and any other stock exchange upon

which the securities in the capital of the company may be quoted or listed from time to time, repurchase securities issued by the company, provided that this authority shall be valid only until the next annual general meeting of the company or for 15 months from the date of the resolution, whichever is shorter, and may be varied or revoked by a special resolution by any general meeting of the company at any time prior to the next annual general meeting."

Pursuant to the above the following additional information, required in terms of the listings requirements, is submitted: *It is recorded that the company or any subsidiary of the company may only make a general repurchase of the company's securities if:*

- The repurchase of securities is effected through the order book operated by the JSE trading system and is done without any prior understanding or arrangement between the company or the relevant subsidiary and the counterparty;
- The company is authorised thereto by its articles of association;
- The company is authorised thereto by its shareholders in terms of a special resolution of the company in general meeting, which authorisation shall be valid only until the next annual general meeting or for 15 months from the date of the resolution, whichever period is the shorter;
- Repurchases are made at a price not greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the repurchase is effected;
- At any point in time, the company or the relevant subsidiary may only appoint one agent to effect any repurchases on the company's behalf;
- The company or the relevant subsidiary does not repurchase securities during a prohibited period defined in terms of the listings requirements, unless it has a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement on SENS prior to the commencement of the prohibited period;

- A paid press announcement containing full details of such repurchases is published as soon as the company or subsidiary has repurchased securities constituting, on a cumulative basis, 3% of the number of securities in issue prior to the repurchases and for each 3%, on a cumulative basis, thereafter;
- The general repurchase is limited to a maximum of 10% of the company's issued share capital of that class in any one financial year.

Any acquisition shall be subject to:

- The Companies Act, as amended;
- The listings requirements and any other applicable stock exchange rules, as may be amended from time to time;
- The sanction of any other relevant authority whose approval is required in law.

The directors of the company undertake that, after having considered the effect of the repurchases, they will not undertake such repurchases unless:

- The company and the group would be able to repay their debts in the ordinary course of business for the period of 12 months after the date of the notice of the annual general meeting;
- The assets of the company and the group, fairly valued in accordance with International Financial Reporting Standards and the company's accounting policies used in the latest audited group financial statements, will be in excess of the liabilities of the company and the group for the period of 12 months after the date of the notice of the annual general meeting;
- The company and the group will have adequate capital and reserves for ordinary business purposes for the period of 12 months after the date of the notice of the annual general meeting;
- The working capital of the company and the group will be adequate for ordinary business purposes for the period of 12 months after the date of the notice of the annual general meeting;
- A general repurchase shall not be effected before the sponsor has discharged its responsibilities in terms of paragraph 2.12 of the listings requirements, in respect of the directors' working capital statement.

The reason for passing the special resolution is to enable the company or any of its subsidiaries, by way of a general authority from shareholders, to repurchase securities issued by the company.

The effect of the special resolution, once registered, will be to permit the company or any of its subsidiaries to repurchase such securities in terms of the Companies Act. This authority will only be used if circumstances are appropriate.

For the purposes of considering the special resolution and in compliance with paragraph 11.26 of the listings requirements, certain information is either listed below or has been included elsewhere in this report, in which this notice of annual general meeting is included:

- Directors – pages 12 and 13;
 - Major shareholders – page 199;
 - No material changes in the financial or trading position of the company and its subsidiaries have occurred since 30 September 2010;
 - Directors' interests in securities – page 111;
 - Share capital of the company – pages 155 and 156;
 - The directors, whose names are set out on pages 12 and 13 of this report, collectively and individually accept full responsibility for the accuracy of the information contained in this notice and accompanying documents and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this notice contains all information required by law and the JSE listings requirements;
 - There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the company is aware), which may have or have had a material effect on the company's financial position over the past 12 months.
10. To transact such other business as may be transacted at an annual general meeting.

Notice of annual general meeting *continued*

for the year ended 30 September 2010

satisfying customers' needs quality products and services respect for the individual rewarding work environment

PROXY AND VOTING PROCEDURE

Members who have not dematerialised their shares or who have dematerialised their shares with 'own-name' registration are entitled to attend or vote at the annual general meeting and are entitled to appoint a proxy to attend, speak and vote in their stead. The person so appointed need not be a member of the company.

If certificated members or dematerialised members with own-name registration are unable to attend the annual general meeting, but wish to be represented at this meeting, they must complete the proxy form on page 205 of this notice.

To be effective, proxy forms should be delivered to the transfer secretaries, Link Market Services South Africa (Pty) Limited, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) and for Zimbabwean PPC shareholders, Corpserve (Private) Limited, 2nd floor, ZB Centre, corner First Street and Kwame Nkrumah Avenue, Harare, Zimbabwe (PO Box 2208, Harare, Zimbabwe), to reach these addresses no later than 12:00 on Thursday, 27 January 2011.

Members who have dematerialised their shares, other than those members who have dematerialised their shares with own-name registration, should contact their participant (previously central securities depository participant) or stockbroker:

- To furnish their participant or stockbroker with their voting instruction; or
- If they wish to attend the meeting, to obtain the necessary authority to do so.

Any shareholder having difficulties or queries on the above may contact the company secretary on +27 11 386 9000.

BRIEF CURRICULUM VITAE OF BRIDGETTE MODISE

Bridgette holds a BCompt (hons) CTA degree from Unisa and is a member of the South African Institute of Chartered Accountants and of the Certified Institute of Management. She completed her articles at KPMG and, after a short period in the banking sector, she returned to the audit profession, rejoining KPMG as audit partner in 2002. Bridgette left KPMG in 2008 to become the founder and managing director of Kutira Capital, an investment and advisory services company.

By order of the board



JHDLR Snyman

Company secretary
1 December 2010
Sandton

quality of life for our people security of employment care for the environment and community act professionally

PRETORIA PORTLAND CEMENT COMPANY LIMITED

Incorporated in the Republic of South Africa
 (Registration No: 1892/000667/06)
 JSE share code: PPC
 ZSE share code: PPC
 ISIN code: ZAE000125886
 (PPC) or (the company)

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, 31 January 2011, in the JSE 1 Room at the Radisson Blu Hotel in Sandton, cnr Rivonia Road and Daisy Street.

Holders of ordinary shares in the company (whether certificated or dematerialised) through a nominee must not complete this form of proxy but should timeously inform that nominee, or, if applicable, their participant or stockbroker of their intention to attend the annual general meeting and request such nominee, participant or stockbroker to issue them with the necessary letter of representation to attend or provide such nominee, participant or stockbroker with their voting instructions should they not wish to attend the 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 JSE 1 Room at the Radisson Blu Hotel in Sandton, cnr Rivonia Road and Daisy Street, on Monday, 31 January 2011, and at any adjournment of that meeting as follows:

	In favour of	Against	Abstain
1. Adoption of annual financial statements			
2. To confirm the appointment of B Modise			
3. To re-elect the following directors:			
3.1 P Esterhuysen			
3.2 BL Sibiyi			
3.3 TDA Ross			
3.4 AJ Lamprecht			
4. Remuneration of non-executive directors/committee members and chairman			
5. Reappoint Messrs Deloitte & Touche as external auditors of the company			
6. Authorise directors to fix remuneration of external auditors			
7. Appointment of members of the company's audit committee			
8. Advisory vote on company's remuneration policy			
9. Acquisition of own shares*			

* 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.

Explanatory notes regarding proxy

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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 signed in full 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 effective, proxy forms should be delivered to the transfer secretaries, Link Market Services South Africa (Pty) Limited, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) and for Zimbabwean PPC shareholders, Corpserve (Private) Limited, second floor, ZB Centre, corner First Street and Kwame Nkrumah Avenue, Harare, Zimbabwe (PO Box 2208, Harare, Zimbabwe), so as to reach these addresses no later than 12:00 on Thursday, 27 January 2011.
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.