



# STRENGTH BEYOND THE BAG

Annual financial statements 2013

**PPC**



# Strength beyond the bag

Giving strength to Africa's dreams . . .

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## Our values



## Our vision

To grow PPC into a leading emerging-market business.

**PPC operates in emerging markets, where 70% of the world's cement is produced.**

These markets are largely characterised by higher growth in populations, GDP and cement demand. Collectively, they offer new opportunities and deliver higher returns for producers of cement and related products.

## Our investment proposition

- Cash generative
- Excellent dividend yield and history
- Leading producer in southern Africa with best geographic spread
- Strong financial position
- Financial strength to explore expansion opportunities
- Experienced management team

## Approval of annual financial statements

for the year ended 30 September 2013

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 its interpretations adopted by the International Accounting Standards Board in issue and effective for the group at 30 September 2013 and the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and financial reporting pronouncements as issued by the Financial Reporting Standards Council.

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

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

The directors believe that the group has adequate resources to continue in operation for the foreseeable future and the annual financial statements appearing on pages 6 to 7 and 19 to 114 have, therefore, been prepared on a going-concern basis.

The annual financial statements have been audited by the independent auditing 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 the audit were valid and appropriate. Deloitte & Touche's unmodified report is presented on page 3.

The annual financial statements were approved by the board of directors on 18 November 2013 and are signed on its behalf by:



**BL Sibiya**  
Chairman



**KM Gordhan**  
Chief executive officer



**MMT Ramano**  
Chief financial officer

18 November 2013

Sandton

## Certificate by company secretary

for the year ended 30 September 2013

In terms of section 88(2)(e) of the Companies Act No 71 of 2008, as amended, I certify that PPC Ltd has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of this Act and that such returns are true, correct and up to date.



**JHDLR Snyman**  
Company secretary

18 November 2013

## Preparer of the annual financial statements

for the year ended 30 September 2013

These annual financial statements have been prepared under the supervision of the chief financial officer, MMT Ramano CA(SA), and have been audited in terms of section 29 (1) of the Companies Act, 2008.



**MMT Ramano**  
Chief financial officer

18 November 2013

## Independent auditors' report

for the year ended 30 September 2013

### To the shareholders of PPC Ltd

We have audited the consolidated and separate annual financial statements of PPC Ltd set out on pages 6 and 7, 19 to 114 respectively, which comprise the consolidated and separate statements of financial position as at 30 September 2013, consolidated and separate income statements, consolidated and separate statements of other comprehensive income, the consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information.

### Directors' responsibility for the consolidated annual financial statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' responsibility

Our responsibility is to express an opinion on these consolidated and separate 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 about whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' 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 annual 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 presentation of the financial statements.

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 consolidated and separate annual financial statements present fairly, in all material respects, the consolidated and separate financial performance of the PPC Ltd as at 30 September 2013, its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

### Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 30 September 2013, we have read the audit committee's report, the directors' report, the remuneration report and the company secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements.

These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.



**Deloitte & Touche**

**Registered auditors**

Per: B Nyembe

Partner

18 November 2013

**National executive:** LL Bam (chief executive), AE Swiegers (chief operating officer), GM Pinnock (audit), DL Kennedy (risk advisory), NB Kader (tax), T Pillay (consulting) (clients and industries), JK Mazzocco (talent and transformation), CR Beukman (finance), M Jordan (strategy), S Gwala (special projects), TJ Brown (chairman of the board), MJ Comber (deputy chairman of the board)

A full list of partners and directors is available on request.

**BBBEE rating:** Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code

Member of Deloitte & Touche Tohmatsu Limited

## Report to shareholders on the activities of the audit committee for the year ended 30 September 2013

The audit committee is a committee of the board of directors and in addition to having specific statutory responsibilities to the shareholders in terms of the Companies Act, it assists the board through advising and making submissions on financial reporting, oversight of the risk management process and internal financial controls, external and internal audit functions and statutory and regulatory compliance of the company.

### Terms of reference

The audit committee has adopted formal terms of reference that have been updated during the year and approved by the board of directors, and has executed its duties during the past financial year in accordance with these terms of reference.

### Composition

The committee consists of three independent non-executive directors as required by law.

At 30 September 2013 the audit committee comprised of the members as set out in the following table:

NAME	QUALIFICATIONS	PERIOD SERVED
ZJ Kganyago (Zibu)	BCom	5 years
TDA Ross (Tim)	CA(SA)	5 years
B Modise (Bridgette)	CA (SA)	2 years

The chief executive officer, the chief financial officer, chief audit executive, senior financial executives of the group and representatives from the external and internal auditors attend the committee meetings.

The internal and external auditors have unrestricted access to the audit committee.

### Meetings

The audit committee held three scheduled meetings during the year. Attendance at these meetings is shown in the table below:

DIRECTOR	May	September	November
ZJ Kganyago (Zibu)	√	√	√
TDA Ross (Tim)	√	√	√
B Modise (Bridgette)	√	√	√

An additional meeting was scheduled in November to review the integrated report.

### Statutory duties

In execution of its statutory duties during the 2013 financial year, the audit committee:

- Nominated Mr Nyembe, from the audit firm Deloitte & Touche, for appointment who in the opinion of the committee was independent of the company.
- Determined Deloitte's terms of engagement.
- Believes that the appointment of Deloitte complies with the relevant provisions of the Companies Act, JSE listings requirements and King III.
- Developed and implemented a policy setting out the extent of any non-audit services that the external auditors may provide to the company or that the external auditors may not provide.
- Pre-approved all non-audit service contracts with Deloitte.
- Received no complaints relating to the accounting practices and internal audit of the company, the content or auditing of its annual financial statements, the internal financial controls of the company, and other any related matters.

### Delegated duties

In execution of its delegated duties (as reflected in its Terms of Reference), the audit committee fulfilled all its obligations including the following:

### Annual financial statements

- The committee reviewed the annual financial statements, the interim and preliminary announcements, the accompanying reports to shareholders and other announcements regarding the company's 2013 results to the public.

### Integrated reporting

- Recommended to the board to engage an external assurance provider on material sustainability issues;
- Reviewed the disclosure of sustainability issues in the integrated report to ensure that it is reliable and does not conflict with the financial information; and
- Recommended the integrated report for approval by the board.

### Internal audit

- Took responsibility for the appointment and performance assessment of Mr Semanya, the Chief Audit Executive;
- Were responsible for the appointment and performance assessment of the outsourced internal audit service provider;
- Approved the internal audit plan and the changes to the plan and satisfied itself that the audit plan makes provision for effectively addressing the critical risk areas of the business; and

- Reviewed internal audit's compliance with its charter (which has been updated during the year and was approved by the Audit Committee) and considered whether the internal audit function has the necessary resources, budget and standing within PPC to enable it to discharge its functions.

#### Risk management

- The Committee is an integral component of the risk management process and specifically reviewed:
  - financial risk;
  - financial reporting risks;
  - internal financial controls;
  - fraud risks as it relates to financial reporting; and
  - IT governance.

#### External audit

- Evaluated and reported on the independence of the external auditor;
- Reviewed the quality and effectiveness of the external audit process;
- Based on our satisfaction with the results of the activities outlined above, we have recommended to the board that Deloitte should be reappointed for 2013. Mr Nyembe from Deloitte was nominated as the registered auditor;
- Determined the fees to be paid and the terms of engagement of the auditor; and
- Ensured that the appointment of the auditor complies with the Companies Act and other relevant legislation.

#### Audit committee report

In 2013 all IT-specific policies, procedures, governance framework and charter were reviewed by PPC's IT steering committee. All policies and procedures identified were updated and new standards developed and rolled out across the group.

PPC continues upgrading current information security processes and controls using ISO 27000:2005 information security management standard as reference. The IT steering committee, which reports to the audit committee, was formed this year to ensure that our IT initiatives and proposed projects will support PPC in achieving its strategic goals.

#### Financial director

- The committee has satisfied itself of the appropriateness of the expertise and experience of Ms Ramano, the financial director, and wishes to confirm this to shareholders.

#### Financial function

- The committee has reviewed the expertise, resources and experience of the company's finance function, and wishes to confirm this to shareholders.
- In making these assessments, we have obtained feedback from both external and internal audit.
- Based on the processes and assurances obtained, we believe that the accounting practices are effective.

#### Oversight of risk management

The committee has received assurance that the process and procedures followed by the risk management committee are adequate to ensure that financial risks are identified and monitored.

#### Internal financial controls

- Reviewed the effectiveness of the company's system of internal financial controls including receiving assurance from management and internal audit;
- Reviewed material issues raised by the internal and external audit process; and
- Based on the processes and assurances obtained, we believe that significant internal financial controls are effective.

#### Regulatory compliance

The audit committee has complied with all applicable legal and regulatory responsibilities.

In making these assessments, we have obtained feedback from both external and internal audit.

Based on the processes and assurances obtained, we believe that the accounting practices are effective.

#### Integrated report

Based on processes and assurances obtained, we have recommended the integrated report to the board for approval.

On behalf of the audit committee



**Tim Ross**  
Chairman

18 November 2013

## Directors' report

for the year ended 30 September 2013

The directors have pleasure in presenting their report on the annual financial statements of the company and group for the year ended 30 September 2013.

### Business activities

PPC Ltd, its subsidiaries, joint ventures and associates, operate in Africa as manufacturers of cementitious, aggregates products and readymix, lime and limestone and packaging materials.

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

### Stated capital

During October 2012, 39 349 677 new PPC shares were issued in terms of the company's second Broad-Based Black Economic Empowerment (BBBEE) transaction, which was funded via a notional vending funding (NVF) mechanism. As a result of these new shares being funded through an NVF, the shares only participate in 20% of the dividend with the balance being used to offset the NVF balance during the seven-year transaction period.

On 30 September 2013 the total issued shares of the company were 605 379 648 of no par value (2012: 566 029 971 of no par value).

In terms of the group's long-term employee incentive scheme, the forfeitable share plan, R56 million of shares were purchased on the open market and are treated as treasury shares during the vesting period of the award. At year end, the stated capital balance amounted to debit R1 236 million (2012: debit R1 181 million).

Details of shares authorised, issued and unissued at 30 September 2013 are given in note 8 to the group financial statements.

The company did not re-purchase any of its own shares during the year under review.

### 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).

Details of the transfer secretaries can be found in the "Corporate information" section on page 117.

### Directors' interest in the issued shares of the group

The chief executive officer purchased 977 944 shares in the company during the year, indicating his confidence in the group's future and especially its African expansion strategy.

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 on pages 98 to 114.

Certain directors and non-executive directors have indirect shareholding in the company following the completion of the BBBEE transactions. Details thereof are also provided in the remuneration report.

There has been no change in the directors' interest 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 shareholder analysis" section on page 116.

In January 2013 PPC acquired a 51% equity stake in a Rwandan cement company, CIMERWA Limited, for a purchase consideration of R629 million. Further details of the assets and liabilities acquired can be found in note 27 to the group annual financial statements.

Our Zimbabwean subsidiary, Portland Holdings Limited (Porthold), successfully concluded an indigenisation transaction during the year and received its indigenisation certificate. As part of the transaction, new shares were issued by Porthold, amounting to 29% of the increased share capital, and funded mainly via a NVF mechanism. During the NVF term, the new shareholders in Porthold will participate in 20% of the dividend with the balance being used to offset the NVF balance. A non-controlling interest of R62 million was recorded in the statement of financial position. During the NVF period, PPC will continue to consolidate 100% of Porthold's earnings with the 20% dividend payable being reflected under non-controlling interest.

### Equity accounted investments

During May 2013, the company acquired a further 25% stake in Pronto Holdings (Pty) Limited for a purchase consideration of R110 million. The purchase consideration was determined using an EBITDA multiple adjusted for net debt. The remaining 50% of the business that PPC does not own will be purchased on the second anniversary of the transaction, being May 2014.

The group also subscribed for a further 3% in Habesha Cement Share Company, incorporated in Ethiopia, for a consideration of R16 million. This increases our shareholding to 30%. The investment continues to be equity accounted.

### Special resolutions

At the annual general meeting held on 28 January 2013 the following special resolutions were approved:

- Granting approval for the company to enter into inter-company loans with subsidiaries and other related entities within the group;
- The pre-approval of the remuneration of non-executive directors; and
- General authority to repurchase own shares or acquisition of the company's shares by a subsidiary company

### Special resolutions passed by subsidiary companies

No special resolutions were passed by subsidiaries of the company.

## Dividends

Number	Description	Declaration date	Record date	Payment date	Cents per share	
					2013	2012
220	Final	18 November 2013	10 January 2014	13 January 2014	<b>118</b>	108
219	Interim	15 May 2013	7 June 2013	10 June 2013	<b>38</b>	38

## Property, plant and equipment

At 30 September 2013 the group's net investment in property, plant and equipment amounted to R5 522 million (2012: R4 483 million), details of which are set out in note 1 to the group financial statements.

There has been no change in the nature of the property, plant and equipment or to the policies relating to the use thereof during the year.

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 R28 million (2012: R26 million) is exposed to the risk of expropriation by the Zimbabwean government without compensation.

Details of commitments of the group can be found in note 30.

## Borrowings

PPC was assigned South African national scale long-term and short-term credit ratings of zaA+ and zaA-2, respectively by Standard & Poor's ("S&P"). S&P assessed PPC as having a "fair" business risk profile and an "intermediate" financial risk profile. The national short-term rating of zaA-2 reflects S&P's assessment of PPC's liquidity as "adequate".

The company successfully launched its R6 billion domestic medium-term note programme of which R650 million was raised in PPC's inaugural bond issue at competitive rates.

At 30 September 2013 total borrowings amounted to R4 046 million (2012: R3 585 million), and remain within the board's stated target debt levels.

The borrowing powers of Porthold are limited by its articles of association to twice the amount of shareholders' interest. At 30 September 2013 Porthold did not have any borrowings.

## Events after reporting date

There are no events that occurred after the reporting date that may have a material impact on the group's reported financial position at 30 September 2013.

Subsequent to the year end, the following was considered by the board:

- In order to further enhance an entrepreneurial spirit and business environment within our lime and aggregates businesses, both locally and in Botswana, the company is investigating various ownership alternatives to our current structure. Any potential outcomes will still be subject to both internal and external approvals; and
- Investigating the opportunities of restructuring the company's first BBBEE transaction

## Going concern

The directors consider that the company has adequate resources to continue operating for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing the company's financial statements. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

## Directors

The directors in office at the date of this report appear on page 117.

At the annual general meeting held on 28 January 2013, Messrs Malungani, Ross and Sibiyi were re-elected as directors of the company. Messrs Gordhan and Mhlarhi were elected as directors of the company.

Messrs Helepi, Abdul Kader and Esterhuysen resigned from the board and the company. We thank them for their contribution to PPC over their respective time with the group.

The following directors are required to retire by rotation in terms of the company's memorandum of incorporation, but being eligible, Ms Modise and Mr Shibambo offer themselves for re-election at that meeting and the nominations committee has recommended their re-election:

- AJ Lamprecht (Independent non-executive director);
- B Modise (Independent non-executive director); and
- J Shibambo (Independent non-executive director).

Mr Lamprecht has been a director of the board since 1997 and has informed the board that he will no be available for re-election.

With effect from 20 November 2013, Mr Moyo was appointed to the PPC board. Mr Moyo is the chairman of Porthold. As Mr Moyo was appointed as a director post-year-end and before the upcoming annual general meeting, and in terms of the company's memorandum of incorporation, the JSE listings requirements and the Companies Act, his appointment must be confirmed by shareholders at the annual general meeting.

## Group company secretary

The group company secretary of PPC Ltd is Mr JHDLR Snyman. His business and postal address appear in the "Corporate information" on page 117.

## Audit committee

The directors confirm that the audit committee has addressed specific responsibilities required in terms of section 94(7) of the Companies Act No 71 of 2008, as amended. Further details are contained within the audit committee report.

## 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 re-appointed as auditors to the company at the annual general meeting held on 28 January 2013.

## Chief financial officer's report



**+13%**  
Revenue

**+8%**  
EBITDA\*

**+26%**  
Cash generated from operations

**+16%**  
Normalised earnings per share\*

The PPC team delivered a solid financial performance during the year, sustained the momentum being made on our rest of Africa growth strategy, concluded our Zimbabwe indigenisation transaction and successfully launched our domestic medium-term note (DMTN) programme.

Cash generation continues to be strong with cash generated from operations ending just below R3 billion for the year. This, together with our strong balance sheet and borrowings potential, favourably positions the group for its vision of attaining revenue from the rest of Africa at 40% of group revenue.

The table below summarises the key financial indicators that we monitor to assess our group financial performance.

	2013	% change	2012
Revenue (Rm)	<b>8 316</b>	13	7 346
Cost of sales (Rm)	<b>5 546</b>	15	4 809
EBITDA (Rm)	<b>2 440</b>	5	2 327
Normalised EBITDA (Rm)*	<b>2 504</b>	8	2 327
Headline earnings per share (cents)	<b>179</b>	10	162
Normalised headline earnings per share (cents)*	<b>215</b>	16	185
Cash generated from operations (Rm)	<b>2 885</b>	26	2 284
Cash conversion ratio (times)	<b>1,1</b>	12	1,0
Total borrowings (Rm)	<b>4 046</b>	13	3 585
Net debt to EBITDA (times)	<b>1,5</b>		1,4
EBITDA interest cover (times)	<b>6,0</b>		6,2
Dividend cover (times)	<b>1,3</b>		1,3
Revenue earned from the rest of Africa (%)	<b>24</b>		21

\* Calculated before the impact of BBBEE IFRS 2 charges, Zimbabwe indigenisation and restructuring costs.

## Income statement

### Revenue

Revenue ended 13% higher than last year at R8 316 million (2012: R7 346 million). The increase is attributable to growth in our cement business where revenue increased by 16% to R7 219 million (2012: R6 246 million) following strong volume growth in South Africa and Zimbabwe offset by lower demand in Botswana and Mozambique. Low single-digit selling price increases were achieved in our main trading territories. The depreciation of the rand against both the US dollar and Botswana pula further contributed 2% to revenue growth in rand terms. The consolidation of CIMERWA, with effect from February 2013, accounted for 2% of the year-on-year revenue growth.

Lime revenue of R798 million (2012: R838 million) was negatively impacted by reduced exports and lower offtake from customers due to their operational issues and production requirements. Aggregates revenue grew 12% to R335 million (2012: R299 million) as a result of total volumes being marginally above last year, with volume growth in Botswana partly offset by marginally lower volumes in South Africa. Changes in product mix and an increase in delivered sales further contributed to revenue growth.

### Cost of sales and operating expenses

Cost of sales increased marginally above the revenue increase to end the year 15% higher than last year at R5 546 million (2012: R4 809 million). South African cement cost of production increased below official inflation rates on a rand/tonne basis, with above-inflationary increases noted in power and depreciation. Local costs were

well managed in spite of earlier production issues at our Dwaalboom operation and the impact of sub-optimal sourcing as we upgraded the main finishing mill at our Slurry factory and needed to supply product from our other factories.

Zimbabwe cost of sales, on a per tonne basis, ended below 2012 levels mainly as a result of improved fixed-cost absorption and no clinker transferred from South Africa as was done in the previous year following a transformer failure in February 2012. Lime's cost of sales was negatively impacted by higher power and fuel costs combined with lower absorption of their fixed costs on reduced volumes.

Administration and other operating expenditure increased by 27% to R853 million (2012: R671 million) with 7% of the increase relating to the provision for restructuring costs in Zimbabwe. The balance of the increase is attributable to business development costs, including competition filing fees and consulting costs, the consolidation of CIMERWA and costs related to supporting the expanding business and regulatory compliance in our various operating jurisdictions.

The group undertook restructuring programmes during the second half of the year which added R64 million to total costs as we provided for voluntary retrenchment packages at our Zimbabwe operations and Riebeeck factory in the Western Cape. The costs are anticipated to be paid during the first quarter of our 2014 financial year and should result in savings of approximately R24 million on an annualised basis.

### EBITDA

EBITDA for the year was R2 440 million (2012: R2 327 million) reflecting a year-on-year improvement of 5%. On a normalised basis, EBITDA at R2 504 million, is 8% higher than last year. CIMERWA positively impacted group EBITDA by R7 million.

### Empowerment transactions

In 2012 the IFRS 2 charge relating to the Strategic Black Partners and Bafati Empowerment Trust, participants of the company's second BBBEE transaction, of R112 million was charged in full to the income statement as there were no vesting conditions assigned to their allocation. In contrast, the IFRS 2 charge of R239 million on the Employee Share Trust is charged to the income statement over the seven-year vesting period and amounted to R31 million in the current year. The balance of the current year charge relates to the company's first BBBEE transaction.

As communicated in our half-year results, our Zimbabwe subsidiary successfully received its indigenisation certificate. The total cost of this transaction amounted to R93 million, of which R4 million related to consulting fees, R27 million for donations made to the Community Trust to further support development of the communities where we operate and the balance to the underlying IFRS 2 charges on the transaction. The full IFRS 2 charge on this transaction has been expensed to the income statement in the current year.

## Chief financial officer's report *continued*

### Finance costs

Finance costs of R379 million (2012: R377 million) were 1% above last year as a result of the increased net borrowing levels within the group. Interest of R4 million (2012: R6 million) was capitalised to property, plant and equipment on the CIMERWA plant expansion. Included in finance costs were fair value gains of R25 million (2012: loss R3 million) on financial instruments and foreign currency denominated balances.

### Exceptional items

Net exceptional items charged to the income statement of R1 million follows an impairment of goodwill and plant and

equipment of R12 million at our aggregates business in Botswana and a further write-down of R1 million against one of the loans we advanced under our enterprise development initiatives. These charges were partly offset by a capital profit of R11 million following the sale of land and a gain of R1 million on the disposal of a portion of the group's net investment in an equity-accounted investment.

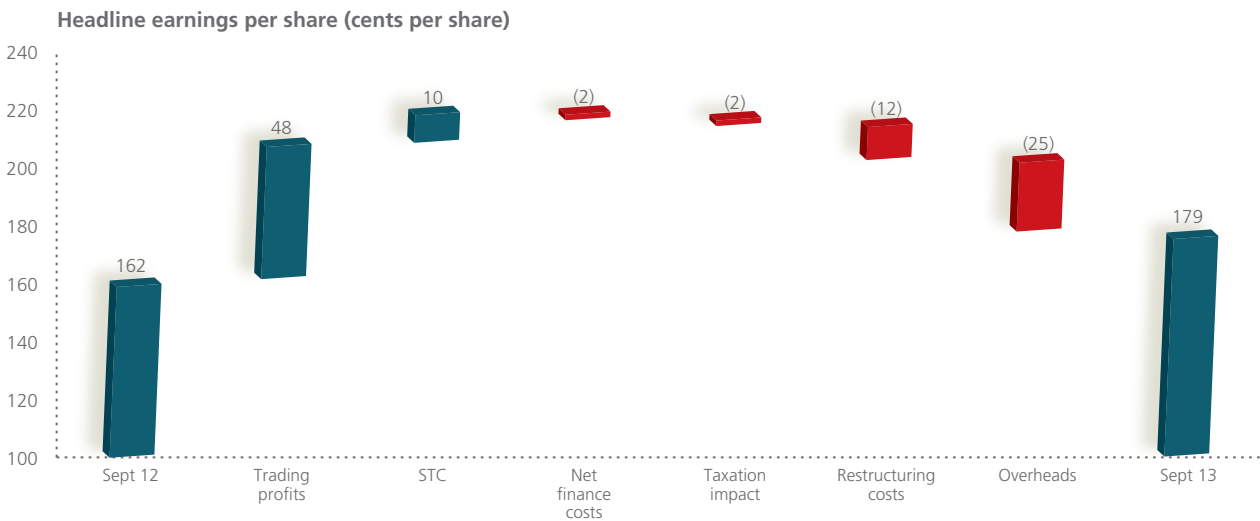
### Taxation

The total taxation charge for the year was R507 million (2012: R557 million) and the effective rate of taxation, excluding secondary tax on companies (STC), was 35,3% (2012: 35,8%). In 2012, the

taxation charge included STC of R53 million which did not repeat in the current year following the introduction of the dividends tax effective 1 April 2012. The effective rate of taxation was impacted by the non-deductibility of funding costs on the company's first BBBEE transaction, the IFRS 2 charges on the BBBEE and Zimbabwe indigenisation transactions, costs incurred on our African growth strategy and withholding taxes on dividends received from our foreign operations.

### Headline earnings per share

Headline earnings per share of 179 cents was 10% above 2012 with the main movements against 2012 reflected in the graph below:



Excluding the impact of the BBBEE IFRS 2 charges, Zimbabwe indigenisation costs and restructuring costs, headline earnings per share is 215 cents per share, being 16% above the corresponding 185 cents per share recorded in 2012.

#### Exchange rate impact

The devaluation of the rand against the US dollar and Botswana pula in the current year had a favourable impact of R23 million on net profit when our foreign currency denominated earnings were translated into rand.

### Statement of financial position

#### Non-current assets

Property, plant and equipment (PPE) ended the year at R5 522 million (2012: R4 483 million) following the consolidation of CIMERWA's PPE of R433 million at the effective take-on date, additions of R964 million and the devaluation of the rand increasing foreign currency denominated PPE by R148 million. Depreciation was R488 million (2012: R439 million) following commissioning of the R280 million De Hoek kiln 6 upgrade late 2012 and commissioning of the R100 million Slurry finishing mill upgrade.

Following the consolidation of CIMERWA, identifiable intangible assets were valued at R124 million and will be amortised over the life of the current limestone reserve. Goodwill of R100 million arose from the

transaction. More details can be found in note 2 to the group annual financial statements.

Equity-accounted investments increased by R143 million to end the year at R410 million (2012: R267 million) following the further investment of R110 million in Pronto Holdings (Pty) Limited, R16 million invested for an additional 3% in our Ethiopian cement associate company and PPC's share of the profit of its equity investments of R20 million (2012: R7 million).

#### Net working capital

Net working capital of R681 million (2012: R807 million) was favourably impacted by the restructuring provision of R64 million still being payable at year-end, the derivative liability on the interest rate swaps of R112 million reflected under short-term payables, previously recorded under other non-current liabilities, as the amount is due for payment in December 2013. Inventory increased over the last year following the consolidation of CIMERWA and translation impacts of our foreign currency-denominated inventory balances. Included in other receivables are prepayments of R133 million, with the majority of the balance relating to an advance payment which was made by CIMERWA on its plant expansion.

Working capital continues to be well managed with impairment of trade receivables approximating only 2%

(2012: 3%) of gross debtors. Inventory levels are continually monitored to ensure we have the optimal balance to still meet customer expectations and demand.

#### Equity

In contrast to 2012, we now have non-controlling interests recorded on the consolidated statement of financial position. This is attributable to the consolidation of our 51% shareholding of CIMERWA and a portion of the Zimbabwe indigenisation costs being allocated to non-controlling interests.

#### Borrowings

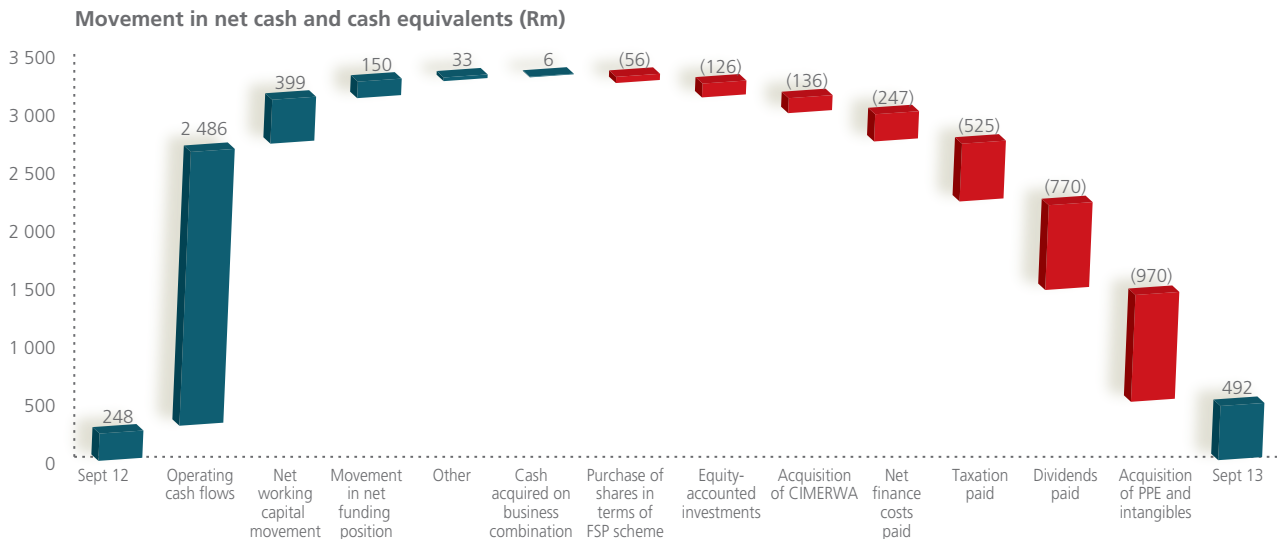
During the year we successfully launched our R6 billion domestic medium-term note programme and were assigned South African national scale long-term and short-term credit ratings of zaA+ and zaA-2 respectively from Standard & Poor's. Our inaugural variable rate bond of R650 million was issued at competitive rates. The consolidated debt from our first BBBEE transaction maturing partly in December 2013 has been extended at a variable interest rate of prime plus 285 basis points. At year-end, total borrowings were R4 046 million (2012: R3 585 million) and net debt to EBITDA was 1,5 (2012: 1,4).

No covenants were breached during the year.

## Chief financial officer's report continued

### Cash flow

Cash generated from operations before working capital movements amounted to R2 486 million (2012: R2 317 million), an increase of 7%. The analysis of cash generation and utilisation is indicated below:



The group's cash conversion ratio, being cash generated from operations over EBITDA, improved to end the year at 1,14 times (2012: 0,98 times).

### Commitments

Group capital and operating lease commitments, excluding business acquisition commitments, amount to R1 283 million (2012: R336 million) at year-end, inclusive of capital commitments of R825 million on the CIMERWA plant expansion project which is anticipated to be commissioned in our 2015 financial year. Operating lease commitments include the 10-year lease agreement signed for our new head office.

As the business continues to execute its strategy of expanding its current footprint, commitments relating to this growth are discussed in more detail in note 30 in the group annual financial statements.

### Dividends

A final dividend of 118 cents per share has been declared, bringing the full-year dividend to 156 cents per share (2012: 146 cents per share) with a dividend cover of 1,3 times (2012: 1,26 times). Our current dividend range of 1,2 to 1,5 times remains the group's stated target but we anticipate a gradual move to the upper end of the range, taking cognisance of our business expansion commitments and estimated borrowing levels.

### Financial risk management

Financial risks relating to funding, interest, counterparty, liquidity and foreign currency risks are monitored and managed by the group's financial risk sub-committee and funding committee on a quarterly basis.

The committees monitor the maturity profile of all borrowings to ensure that there is an optimal mix of both long-

and short-term facilities, with staggered maturity dates. The split between variable and fixed interest rates is monitored and assessed against expected changes in economic indicators.

### Accounting policies

During the year, the group adopted three new accounting standards and revisions, further details of which can be found in note 34 to the group annual financial statements. The new standards and revisions adopted did not have a material impact on the group's results. We will finalise our assessment of IFRIC 20 (Stripping Costs in the Production Phase of a Surface Mine), for adoption in the 2014 financial year, over the next quarter but this is not expected to have a material impact on our results.

**// Acquisitions and expansions are setting a solid base for sustainable growth in our selected markets, guided by robust risk management processes. //**

**Zimbabwe indigenisation transaction**

As part of the Zimbabwe indigenisation transaction, new shares were issued by Porthold, amounting to 29% of the increased share capital and funded mainly via a notional vendor funding (NVF) mechanism.

During the NVF term, the new shareholders in Porthold will participate in 20% of the dividend with the balance being used to offset the NVF balance. A non-controlling interest of R65 million was recorded in the consolidated statement of financial position. PPC will continue to consolidate 100% of Porthold's earnings, with the 20% dividend being reflected under movements in non-controlling interests, during the NVF term.

**Acquisitions**

In January 2013, PPC acquired a 51% shareholding in a Rwandan cement company, CIMERWA, for a transaction value of US\$69,4 million (R629 million). As CIMERWA is consolidated into the group, only the R136 million portion payable to

previous shareholders of the business is reflected as an investment in a subsidiary company on the cash flow statement, with the balance of the purchase consideration being used to subscribe for equity in CIMERWA. For further details of net assets and liabilities acquired, refer to note 27 in the group annual financial statements.

In May 2013, the company acquired a further 25% stake in Pronto Holdings (Pty) Limited for R110 million. The purchase consideration was determined using an EBITDA multiple adjusted for net debt. The remaining 50% of the business that PPC does not own will be purchased on the second anniversary of the transaction.

The group subscribed for a further 3% in Habesha Cement Share Company, incorporated in Ethiopia, for R16 million, taking our shareholding to just over 30%. The investment continues to be equity accounted.

We continue to investigate business opportunities in South Africa and the rest of Africa. The group has signed a memorandum of understanding for the construction of a new cement plant in the DRC. The total cost of the project is US\$260 million and it is estimated that PPC will have a 69% shareholding in the project. Commercial terms, including funding facilities, are being finalised. We will continue to advise shareholders as the transaction progresses.

The company has also entered into an agreement to purchase a controlling stake in Safika Cement Holdings (Pty) Limited, a local cement blender, for a

cash consideration of R350 million. The transaction is awaiting regulatory approval.

**Looking ahead**

For the year ahead, we will continue our focus on cost control and working capital management to maximise cash generation. The funding committee will continue to identify ways to optimally fund our growth, taking cognisance of covenant levels.

As we expand into new territories, we will determine the appropriate levels of governance and internal controls of our new business units while ensuring compliance with local regulatory requirements. Focus will also be given to the integration of businesses acquired to ensure we maximise returns and synergies anticipated.



**Tryphosa Ramano**  
Chief financial officer

18 November 2013

## Glossary of accounting terminology

for the year ended 30 September 2013

### 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 the acquirer obtains control of the acquiree.

### 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 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

An integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants.

### 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 or amortisation 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.

### 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. Movements in the cash flow hedge are taken to equity until the underlying transaction is completed.

### 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.

### Consolidated financial statements

The financial statements of a group presented as those of a single economic entity.

### Constructive obligation

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

### Contingent asset

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

### Contingent consideration

An obligation of the acquirer to transfer additional assets or equity interests to the former owners of an acquiree as part of the exchange for control of the acquiree if specified future events occur or conditions are met. However, contingent consideration may also give the acquirer the right to the return or part thereof of previously transferred consideration if specified conditions are met.

### Contingent liability

A possible obligation that arises from past events and the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not 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 will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

### Control

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

### Costs to sell

The incremental costs directly attributable to the disposal of an asset (or disposal group), excluding finance costs and income taxation expenses.

### 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, being the cost of an asset less any residual value, over its useful life.

### Derecognition

The removal of a previously recognised asset or liability from the statement of financial position.

### Derivative

A financial instrument whose value changes in response to an underlying contract, requires no or minimal net investment initially, 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.

### Dilutive earnings per share

A performance metric used to adjust the quality of a company's earnings per share if all convertible securities were exercised.

### Dilutive headline earnings per share

A performance metric used to adjust the quality of a company's headline earnings per share if all convertible securities were exercised.

### 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 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 calculating the discount rate.

### Earnings per share

Net profit attributable to the shareholders of the parent divided by the weighted average number of shares in issue for the period.

### 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.

### Employee benefits

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

### Equity instrument

A contract that evidences a residual interest in the total assets after deducting 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.

### 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 asset or liability at fair value through profit or loss

A financial asset or financial liability that is classified as held-for-trading, or is designated as such on initial recognition, other than investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

## Glossary of accounting terminology *continued*

for the year ended 30 September 2013

### 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.

### Financial instrument

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

### Financial liability

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

### 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 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 PPC Ltd, its subsidiaries, joint ventures and associates.

### Headline earnings per share

Earnings per share adjusted for non-occurring transactions.

### 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

A financial instrument 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 a fixed maturity date or dates 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 value.

### Impracticable

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

### Income

An 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, which exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

### 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.

### 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.

### 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.

### Operating lease

A lease other than a finance lease.

### Other comprehensive income

Comprises items of income and expense (including reclassification adjustments) that are not recognised in the profit or loss as required or permitted by IFRS.

### 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 respective retirement or provident 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.

### 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 which 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.

## Glossary of accounting terminology *continued*

for the year ended 30 September 2013

### Residual value

The estimated amount that an entity would currently obtain from the 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 an entity issues equity instruments, share options or incurs a liability to pay cash based on the price of the entity's own equity instruments to another party as compensation for goods received or services rendered.

### Significant influence

Significant influence is the power to participate in the financial and operating policy decisions of the associate, which is not exercising control or joint control over those policies.

### Special purpose vehicle

An entity established to accomplish a narrow and well-defined objective.

### 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.

### Treasury shares

An entity's own equity instruments, held by the entity or other entities of the consolidated group.

### 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.

### Vest

Equity instruments of the entity vests when the counterparty's entitlement is no longer conditional on the satisfaction of any vesting conditions.

### Vesting condition

A service or performance condition that determines whether the entity receives the services that entitle the counterparty to receive cash, other assets or equity instruments of the entity.

### Vesting period

The period during which all the specified vesting conditions of a share-based payment transaction are to be satisfied.

### Weighted average number of ordinary shares in issue during the year

The number of ordinary shares issued at the beginning of the year, adjusted by the number of ordinary shares bought back or issued during the year multiplied by a time-weighting factor.

## Accounting policies

for the year ended 30 September 2013

### SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB) in issue and effective for the group at 30 September 2013 and the SAICA financial reporting guides, as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act of South Africa using the historical cost convention except for certain financial instruments and liabilities for cash-settled share-based payment schemes 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 amendments and interpretations, which did not have a material impact on reported results, were adopted in the current year:

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

The amendment to IAS 1 changed the grouping of items presented in OCI. Items that could be reclassified or recycled to profit or loss at a future point in time would be presented separately from items that would not be reclassified or recycled. The amendment affects presentation only and has no impact on the group's financial position or performance.

#### IAS 12 Deferred Taxation (recovery of underlying assets)

The amendment to IAS 12 introduces a rebuttable presumption that deferred taxation on investment properties measured at fair value will be recognised on a sale basis, unless an entity has a business model that would indicate the investment property will be consumed in the business. The amendment also introduces the requirement that deferred taxation on non-depreciable assets measured using the revaluation model in IAS 16 should always be measured on a sale basis.

#### Circular 2/2013 headline earnings

The circular sets out required adjustments in calculating headline earnings.

#### Basis of consolidation

The group consolidates all of its subsidiaries. Accounting policies are applied consistently in all group companies. The results of subsidiaries are included from the effective date of acquisition up to the effective date of disposal. All subsidiaries have the same financial year-end.

The group's interests in joint ventures and associates are accounted for using the equity method of accounting.

All intragroup balances, transactions, income and expenses and profit or losses resulting from intragroup transactions between the parent and/or subsidiaries of the parent and other fellow subsidiaries are eliminated in full.

#### Underlying concepts

The consolidated 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 noted in the applicable standard. If no such guidance is given, then changes 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, and are prospectively applied.

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. For further information refer to "Judgements made by management" on pages 28 and 29.

#### 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 reliably measured.

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 reliably measured.

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.

Financial liabilities are derecognised when the relevant obligation has either been discharged or cancelled or has expired.

## Accounting policies *continued*

### for the year ended 30 September 2013

#### 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. Day-to-day servicing costs, such as labour and consumables, are expensed in profit or loss.

Items of property, plant and equipment are initially recognised at cost which includes any costs directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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. Assets are transferred from capital work in progress to an appropriate category of property, plant and equipment when commissioned and ready for its intended use. Gains or losses on qualifying cash flow hedges attributable to that asset are also included in the cost.

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairments.

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 asset have different useful lives to the asset itself, these parts are depreciated over their estimated useful lives. The methods of depreciation and useful lives are reviewed annually. The following methods and rates were used during the period, and are consistent with those used in the previous reporting period:

Land	Not depreciated	
Buildings	Straight line	30 years
Plant	Straight line	up to 35 years
Vehicles	Straight line	up to 10 years
Furniture and equipment	Straight line	up to 6 years
Mineral rights	Straight line	Estimated life of reserve
Leasehold improvements	Straight line	Written off over lease period or shorter period if appropriate

Assets held under finance leases are depreciated over their expected useful lives or the term of the relevant lease, whichever is the 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 productive 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 (time value of money adjustment to environmental obligations).

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 adjusted to the respective asset or recognised in profit or loss as appropriate.

An environmental rehabilitation trust fund has been created in South Africa in accordance with local 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 brands, mineral reserves, patents, trademarks, capitalised development costs and certain costs of purchase and installation of major information systems (including packaged software).

Intangible assets are initially recognised at cost if acquired separately or internally generated or at fair value if acquired as part of a business combination. After initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment losses. If assessed as having an indefinite useful life, intangible assets are not amortised but tested for impairment annually and impaired if necessary. If assessed as having a finite useful life, intangible assets are amortised over its useful life using the straight-line basis or volume basis, for mineral reserves, and tested for impairment if there is an indication that it may be impaired.

The useful life of an intangible asset with a finite life is reviewed annually to determine whether the finite life assessment continues to be supportable. If not, the change in the useful life assessment is made prospectively.

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 over the fair value of the identifiable net assets acquired is recorded as goodwill. The consideration transferred is the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree.

Goodwill arising on the acquisition of a subsidiary is recognised separately as an intangible asset and is stated at cost less impairment losses. Goodwill is not amortised but tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount should be impaired. Goodwill arising on acquisition of equity accounted investments is included in the carrying amount of the investment.

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 profit or loss.

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 consideration transferred, 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 the respective 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 remaining 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 over the asset's 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 acquired in a business combination and intangible assets with indefinite useful lives and cash-generating units to which these assets have been allocated are tested for impairment annually irrespective of whether there is any indication of impairment. Impairment losses recognised for goodwill are not subsequently reversed.

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.

## Accounting policies *continued*

### for the year ended 30 September 2013

#### 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.

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 and employee trusts

The group operates broad-based black economic empowerment and indigenisation schemes through SPV companies and trusts. These entities are operated for the purposes of incentivising staff to promote the continued growth of the group and to promote black economic empowerment or localisation. The group retains the residual risks and/or benefits associated with the trusts, thus they are controlled by PPC. In terms of IFRS, the appropriate accounting treatment for these entities is to consolidate their results until the date that effective control ceases.

#### 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. Any long-term debt interests, which in substance form part of the group's net investment in the associate, are also included in the total carrying value of the associate. Losses of an associate in excess of the group's interest in that associate are not recognised, unless the group has incurred legal or constructive obligations 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.

#### Interests in joint ventures

Joint ventures are entities in which the group holds an interest on a long-term basis and which are jointly controlled by the group and other venturers under a contractual agreement. The group's share is accounted for using the equity accounting method, as noted under interest in associates above. The consolidated financial statements include the group's share of the total comprehensive income of the joint venture.

#### Financial assets

Financial assets are initially measured at fair value plus transaction costs. Transaction costs in respect of financial assets classified at "fair value through profit or loss" are, however, 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 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 allowances 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 or a portion of the gains or losses previously recognised in equity 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 gains or losses 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.

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.

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.

## Hedge accounting

If a fair value hedge meets the conditions for hedge accounting, any gain or loss on the hedged item attributable to the hedged risk is included in the carrying amount of the hedged item and recognised in profit or loss.

If a cash flow hedge meets the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in the statement of comprehensive income and the ineffective portion, if any, is recognised in profit or loss.

If an effective hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated gains or losses recognised in equity are transferred to income in the same period in which the asset or liability affects profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gains or losses recognised in the statement of 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);
- the hedge instrument is sold, terminated or exercised;
- for cash flow hedges, the forecast transaction is no longer expected to occur; or
- 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 the gain or loss is transferred to profit or loss.

## Leasing

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 lessee'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

For share-based payment transactions among group entities, in the underlying separate financial statements, the entity receiving the goods or services measures the goods or services received as an equity-settled share-based payment transaction when the awards granted are its own equity instruments, or the entity has no obligation to settle the share-based payment transaction. In all other circumstances, the entity receiving the goods or services shall measure the goods or services as a cash-settled share-based payment transaction. The entity settling a share-based payment transaction when another entity in the group receives the goods or services, shall recognise the transaction as an equity-settled share-based payment transaction only if it is settled in the entity's own equity instruments. Otherwise, the transaction shall be recognised as a cash-settled share-based payment transaction.

## Accounting policies continued

### for the year ended 30 September 2013

#### 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 at grant date is recognised and charged against profit or loss together with a corresponding movement in equity over the vesting period. Any 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 is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations such as volatility, dividend yield and vesting period.

Where an equity-settled award is cancelled by the group, it is accounted for as an acceleration of the vesting of the awards and is treated as if it had vested on the date of cancellation and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award.

#### Empowerment transactions

To the extent that an entity grants shares or share options in a BBBEE or indigenisation (empowerment) 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 empowerment transaction includes service conditions the difference is charged to the profit or loss over the period of these service conditions. The issuance of fully vested shares, or rights to shares, is presumed to relate to past service, requiring the full amount of the grant-date fair value to be expensed immediately.

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.

A deferred taxation asset is reviewed at each reporting date and 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.

#### 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 initially recognised at cost, determined using a weighted average cost formula.

Subsequent to initial recognition, inventories are stated at the lower of cost and net realisable value. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, net of discount and rebates received. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion, distribution and selling.

#### 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 of a subsidiary, all the assets and liabilities of that subsidiary are classified as held-for-sale, regardless of whether a non-controlling interest in the former subsidiary is to be retained after the sale.

Immediately prior to being classified as held-for-sale, the carrying amount of the item is measured in accordance with the applicable IFRS. After classification as held-for-sale, it is measured at the lower of the carrying amount or 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 by independent actuaries and interim adjustments to those valuations are made annually.

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 entity 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 amount required to settle the present obligation. Where the effect of discounting is material, provisions are measured at their present value using an appropriate discount rate that reflects the current market assessment of time value of money and risks for which future cash flow estimates have not been adjusted.

### Treasury shares

Shares in the company held by group subsidiary companies, SPVs and employee trusts 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 or employee trusts, for the purpose of determining earnings and headline earnings per share calculations. Dividends received on treasury shares are eliminated on consolidation.

Shares repurchased by the company and subsequently cancelled are shown as an adjustment against equity.

### Dividends

Dividends to equity holders are only recognised as a liability when declared and are included in the statement of changes in equity.

Dividends paid to employees and empowerment transaction partners in terms of the various empowerment schemes are classified as an expense in accordance with IFRS.

Dividends paid to employees in terms of the forfeitable share incentive scheme are classified as an expense.

### 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, and other indirect taxes.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred, delivery has been made and title has passed, the amount of the revenue and the related costs can be reliably measured and 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. Cost of sales also includes the cost of delivering products to the customers.

## Accounting policies *continued*

### for the year ended 30 September 2013

#### 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 qualifying 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 use as intended by management. 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 amount and at the interest rate applicable.

Dividend income from investments is recognised when the shareholder's 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 and loss on disposal of property, investments and businesses, other non-current assets, impairments of capital items and goodwill and other items identified by management as warranting separate disclosure.

#### Taxation

The charge for current taxation is based on the results for the year as adjusted for income that is exempt, expenses that are not deductible and applicable allowances, using taxation rates that are applicable to the taxable income.

Deferred taxation is recognised in profit or loss for all temporary differences unless specifically exempt at the taxation rates that have been enacted or substantially enacted at the reporting date, except when it relates to items credited or charged directly to equity, in which case it is recognised in equity.

#### Discontinued operations

The results of discontinued operations are presented separately in the income statement and the assets associated with these operations are included with non-current assets held-for-sale in the statement of financial position.

#### Foreign currency translations

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, which 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; and
- 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 the statement of comprehensive income. On disposal of such a business unit, this reserve is recognised in profit or loss before being 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 an explanatory 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

The group has four main reporting segments that comprise the structure used by the group executive committee (GEC) 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 EBITDA. 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 market-related transactions.

The financial information of the group's reportable segments is reported to the GEC 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 and head office activities.

### 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.

## Judgements made by management

for the year ended 30 September 2013

The preparation of financial statements in conformity with IFRS requires management to make estimates, assumptions and judgements that affect reported amounts and related disclosures and therefore actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and subsequent years if the revision affects both.

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 re-assessing 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 lives and at that stage the residual value is deemed to be of minimal value.

### Impairment of assets

Goodwill is considered for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. PPE and intangible assets are considered for impairment if there is a reason to believe that an 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 forecasted, 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.

### Business combinations

On the acquisition of a company or business, a determination of the fair value and the useful lives of tangible and intangible assets acquired is performed, which requires the application of judgement. Future events could cause the assumptions used by the group to change which could have an impact on the results and net position of the group.

### Provision for net realisable value of inventory

The provision for net realisable value of inventory represents management's best estimate, based on historic sales trends and its assessment on quality and volume, of the extent to which the stock on hand at the reporting date will be sold below cost.

### Exceptional items

Exceptional items are expense or income items recorded in a period which have been determined by management as being material by their size or incidence and are presented separately within the results of the group. The determination of which items are disclosed as exceptional items may affect the presentation of profit measures including EBITDA and adjusted earnings per share, and requires a degree of judgement.

### Consolidation of special purpose vehicles

Special purpose vehicles (SPVs) established in the empowerment transactions have been consolidated in the group results in terms of IAS 27 (Consolidated Financial Statements) and SIC Interpretation 12 (Consolidation – Special Purpose Entities). As a result, the shares owned by the SPVs and consolidated trusts have been treated as treasury shares and the corresponding borrowings, where applicable, have been included in group borrowings on consolidation (refer notes 8 and 10).

The Porthold Trust (Private) Limited has been consolidated in accordance with the requirements of SIC Interpretation 12. This company holds 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 position 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 circumstances that exist at the reporting date.

### Provision for restructuring costs

The group estimates the level of provision required for restructuring costs based on historical experience as well as other specific relevant factors.

### Deferred taxation assets

Deferred taxation assets are recognised to the extent that 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 the competitive environment.

### Contingent liabilities

A possible obligation depending on whether some uncertain future event occurs, or a present obligation but payment is not probable or the amount cannot be measured reliably. A contingent liability is disclosed but not accrued. However, disclosure is not required if payment is remote. Contingent liabilities assumed in a business combination are recognised to the extent that there is a present obligation that arose from past events and its fair value can be measured reliably.

### Fair value of share-based payments

Fair values 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 schemes, and the share-based payment charges relating to empowerment transactions. These fair values are calculated by applying a valuation model, which is in itself judgemental, and takes into account certain inherently uncertain assumptions.

### Factory decommissioning and rehabilitation obligations

Estimating the future costs of these obligations is complex as most of the obligations will be fulfilled in the foreseeable 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, the rate of compensation increases and current market conditions.

### Income taxes

The group is subject to taxation in more than one jurisdiction. Judgement is required in determining the provision for income taxes due to the complexity of the underlying legislation. There are transactions and calculations for which the ultimate taxation determination is uncertain during the ordinary course of business.

The taxation bases of PPC Zimbabwe are still tentative following the change of functional currencies from Zimbabwean dollars to US dollars in our 2009 financial year. No established basis exists for the determination of allowances previously granted and as a result no deferred taxation asset has been raised. Ongoing consultation continues with the local revenue authorities.

Taxation incentives from PPC's application in terms of the dti's Strategic Industrial Project incentive programme have not been accounted for. Discussions continue with the relevant authorities to finalise.

### 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 statement of financial position

as at 30 September 2013

	Notes	2013 Rm	2012 Rm
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1	5 522	4 483
Goodwill	2	101	6
Other intangible assets	2	232	133
Non-current financial assets	3	146	106
Equity accounted investments	4	410	267
Deferred taxation assets	9	–	3
		<b>2 465</b>	1 909
<b>Current assets</b>			
Inventories	5	923	841
Trade and other receivables	6	1 050	820
Cash and cash equivalents	7	492	248
<b>Total assets</b>		<b>8 876</b>	6 907
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Stated capital	8	(1 236)	(1 181)
Other reserves		539	282
Retained profit		2 257	2 075
<b>Equity attributable to shareholders of PPC Ltd</b>		<b>1 560</b>	1 176
Non-controlling interests		582	–
<b>Total equity</b>		<b>2 142</b>	1 176
<b>Non-current liabilities</b>			
Deferred taxation liabilities	9	1 063	859
Long-term borrowings	10	3 462	2 716
Provisions	11	348	320
Other non-current liabilities	12	27	113
		<b>4 900</b>	4 008
<b>Current liabilities</b>			
Short-term borrowings	13	584	869
Trade and other payables and short-term provisions	14	1 250	854
<b>Total equity and liabilities</b>		<b>8 876</b>	6 907

## Consolidated income statement

for the year ended 30 September 2013

	Notes	2013 Rm	2012 Rm
<b>Revenue</b>		<b>8 316</b>	7 346
Cost of sales		<b>5 546</b>	4 809
<b>Gross profit</b>		<b>2 770</b>	2 537
Administration and other operating expenditure		<b>853</b>	671
<b>Operating profit before items listed below:</b>		<b>1 917</b>	1 866
BBBEE IFRS 2 charges		<b>48</b>	123
Zimbabwe indigenisation costs		<b>93</b>	–
<b>Operating profit</b>	15	<b>1 776</b>	1 743
Fair value gains/(losses) on financial instruments	16	<b>25</b>	(3)
Finance costs	17	<b>404</b>	374
Investment income	18	<b>22</b>	30
<b>Profit before exceptional items</b>		<b>1 419</b>	1 396
Exceptional items	19	<b>(1)</b>	–
Earnings from equity accounted investments	4	<b>20</b>	7
<b>Profit before taxation</b>		<b>1 438</b>	1 403
Taxation	20	<b>507</b>	557
<b>Profit for the year</b>		<b>931</b>	846
<b>Attributable to:</b>			
Shareholders of PPC Ltd		<b>931</b>	846
Non-controlling interests		<b>–</b>	–
		<b>931</b>	846
<b>Earnings per share (cents)</b>	21		
– basic		<b>178</b>	161
– diluted		<b>175</b>	159

## Consolidated statement of comprehensive income

for the year ended 30 September 2013

	Unrealised surplus on reclassification of plant Rm	Foreign currency translation reserve Rm	Available-for-sale financial assets Rm	Hedging reserves Rm	Retained profit Rm	Total comprehensive income Rm
<b>2013</b>						
<b>Profit for the year</b>	-	-	-	-	931	931
<b>Items that will not be reclassified to profit or loss</b>	(4)	-	9	-	4	9
Revaluation of available-for-sale financial investments	-	-	11	-	-	11
Taxation on revaluation of available-for-sale financial investments	-	-	(2)	-	-	(2)
Transfer to retained profit	(4)	-	-	-	4	-
<b>Items that will be reclassified to profit or loss upon derecognition</b>	-	157	-	36	-	193
Exchange rate differences on translation of foreign operations	-	157	-	-	-	157
Cash flow hedge recognised directly through equity	-	-	-	36	-	36
<b>Other comprehensive income, net of taxation</b>	(4)	157	9	36	4	202
<b>Total comprehensive income</b>	(4)	157	9	36	935	1 133
<b>2012</b>						
<b>Profit for the year</b>	-	-	-	-	846	846
<b>Items that will not be reclassified to profit or loss</b>	(4)	-	(2)	-	4	(2)
Revaluation of available-for-sale financial investments	-	-	(4)	-	-	(4)
Taxation on revaluation of available-for-sale financial investments	-	-	2	-	-	2
Transfer to retained profit	(4)	-	-	-	4	-
<b>Items that will be reclassified to profit or loss upon derecognition</b>	-	17	-	14	-	31
Exchange rate differences on translation of foreign operations	-	17	-	-	-	17
Cash flow hedge recognised directly through equity	-	-	-	14	-	14
<b>Other comprehensive income, net of taxation</b>	(4)	17	(2)	14	4	29
<b>Total comprehensive income</b>	(4)	17	(2)	14	850	875

## Consolidated statement of changes in equity

for the year ended 30 September 2013

	Other reserves					Equity compensation reserves	Retained profit	Equity attributable to shareholders of parent	Non-controlling interests	Total equity
	Stated capital	Un-realised surplus on reclassification of plant	Foreign currency translation	Available-for-sale financial assets	Hedging reserves					
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
<b>2013</b>										
<b>Opening balance at beginning of the year</b>	<b>(1 181)</b>	<b>5</b>	<b>45</b>	<b>25</b>	<b>(43)</b>	<b>250</b>	<b>2 075</b>	<b>1 176</b>	<b>-</b>	<b>1 176</b>
<b>Movement for the year</b>	<b>(55)</b>	<b>(4)</b>	<b>157</b>	<b>12</b>	<b>36</b>	<b>56</b>	<b>182</b>	<b>384</b>	<b>582</b>	<b>966</b>
BBBEE IFRS 2 charges	-	-	-	-	-	48	-	48	-	48
Zimbabwe indigenisation IFRS 2 charges	-	-	-	-	-	62	-	62	-	62
FSP IFRS 2 charges	-	-	-	-	-	29	-	29	-	29
Transfer to retained profit	-	-	-	-	-	(17)	17	-	-	-
Total comprehensive income	-	(4)	157	9	36	-	935	1 133	-	1 133
Treasury shares held in terms of the FSP share incentive scheme	(56)	-	-	-	-	-	-	(56)	-	(56)
Sale of shares by consolidated BBBEE entity (treated as treasury shares)	1	-	-	-	-	(1)	-	-	-	-
Reclassification movements	-	-	-	3	-	(3)	-	-	-	-
Dividends paid	-	-	-	-	-	-	(770)	(770)	-	(770)
IFRS 2 charges transferred to non-controlling interests	-	-	-	-	-	(62)	-	(62)	62	-
Contribution from participants of the Zimbabwe indigenisation transaction	-	-	-	-	-	-	-	-	3	3
Acquired through business combinations (refer note 27)	-	-	-	-	-	-	-	-	512	512
Non-controlling interests share of foreign currency translation reserve	-	-	-	-	-	-	-	-	5	5
<b>Balance at 30 September 2013</b>	<b>(1 236)</b>	<b>1</b>	<b>202</b>	<b>37</b>	<b>(7)</b>	<b>306</b>	<b>2 257</b>	<b>1 560</b>	<b>582</b>	<b>2 142</b>
<b>2012</b>										
<b>Opening balance at beginning of the year</b>	<b>(1 091)</b>	<b>9</b>	<b>28</b>	<b>27</b>	<b>(57)</b>	<b>118</b>	<b>1 921</b>	<b>955</b>	<b>-</b>	<b>955</b>
<b>Movement for the year</b>	<b>(90)</b>	<b>(4)</b>	<b>17</b>	<b>(2)</b>	<b>14</b>	<b>132</b>	<b>154</b>	<b>221</b>	<b>-</b>	<b>221</b>
BBBEE IFRS 2 charges	-	-	-	-	-	123	-	123	-	123
FSP IFRS 2 charges	-	-	-	-	-	19	-	19	-	19
Transfer to retained profit	-	-	-	-	-	(10)	10	-	-	-
Total comprehensive income	-	(4)	17	(2)	14	-	850	875	-	875
Treasury shares held in terms of the FSP share incentive scheme	(89)	-	-	-	-	-	-	(89)	-	(89)
Securities transfer taxation on cancellation of treasury shares	(1)	-	-	-	-	-	-	(1)	-	(1)
Dividends declared by trust funding SPVs to non-consolidated trusts	-	-	-	-	-	-	(4)	(4)	-	(4)
Dividends paid	-	-	-	-	-	-	(702)	(702)	-	(702)
<b>Balance at 30 September 2012</b>	<b>(1 181)</b>	<b>5</b>	<b>45</b>	<b>25</b>	<b>(43)</b>	<b>250</b>	<b>2 075</b>	<b>1 176</b>	<b>-</b>	<b>1 176</b>

## Consolidated statement of cash flows

for the year ended 30 September 2013

	Notes	2013 Rm	2012 Rm
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before exceptional items</b>		<b>1 419</b>	1 396
<i>Adjustments for:</i>			
Depreciation	1	488	439
Amortisation of intangible assets	2	34	22
Loss on disposal of property, plant and equipment		–	3
BBBEE IFRS 2 charges		48	123
Zimbabwe indigenisation costs		93	–
Dividends received		(4)	(8)
Interest received		(18)	(22)
Finance costs		404	374
Other non-cash flow items		22	(10)
<b>Operating cash flows before movements in working capital</b>		<b>2 486</b>	2 317
Movement in inventories		(12)	(129)
Movement in trade and other receivables		63	81
Movement in trade and other payables and provisions		348	15
<b>Cash generated from operations</b>		<b>2 885</b>	2 284
Finance costs paid	24	(269)	(248)
Dividends received from investments		4	10
Interest received		18	22
Taxation paid	25	(525)	(417)
<b>Cash available from operations</b>		<b>2 113</b>	1 651
Dividends paid	26	(770)	(706)
<b>Net cash inflow from operating activities</b>		<b>1 343</b>	945

	Notes	2013 Rm	2012 Rm
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of subsidiary companies	27	(140)	(42)
Investment in property, plant and equipment	1	(964)	(609)
Investment in intangible assets	2	(6)	(31)
Acquisitions of equity accounted investments	4	(126)	(172)
Proceeds on disposal of property, plant and equipment		15	2
Movements in investments and loans	29	2	(5)
Receipt of instalment on long-term loan	29	–	9
<b>Net cash outflow from investing activities</b>		<b>(1 219)</b>	<b>(848)</b>
<b>Net cash inflow before financing activities</b>		<b>124</b>	<b>97</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long-term borrowings repaid		(102)	(14)
BBBEE funding transaction		–	2
Net short-term borrowings (repaid)/raised		(398)	29
Proceeds from the issuance of bond	10	650	–
Purchase of shares in terms of FSP share incentive scheme		(56)	(89)
Security transfer taxation on cancellation of treasury shares		–	(1)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>94</b>	<b>(73)</b>
<b>Net increase in cash and cash equivalents</b>		<b>218</b>	<b>24</b>
Cash and cash equivalents at beginning of the year		248	224
Cash and cash equivalents acquired on acquisition of subsidiary company	27	6	–
Impact of foreign rate differences on opening cash and cash equivalents		20	–
<b>Cash and cash equivalents at end of the year</b>		<b>492</b>	<b>248</b>
<b>Cash earnings per share (cents)</b>	21	<b>404</b>	<b>315</b>

## Segmental information

for the year ended 30 September 2013

The group discloses its operating segments according to the business units which are regularly reviewed by the group executive committee. These comprise cement, lime, aggregates and other. For details on the operating segments, refer to the accounting policies, page 27.

	Group		Cement*	
	2013 Rm	2012 Rm	2013 Rm	2012 Rm
<b>Revenue</b>				
South Africa	6 392	5 823	5 413	4 867
Rest of Africa	1 960	1 560	1 806	1 379
	<b>8 352</b>	7 383	<b>7 219</b>	6 246
Inter-segment revenue	(36)	(37)		
<b>Total revenue</b>	<b>8 316</b>	7 346		
<b>Operating profit before items listed below</b>	<b>1 981</b>	1 866	<b>1 846</b>	1 682
BBBEE IFRS 2 charges	48	123	44	122
Zimbabwe indigenisation costs	93	–	93	–
Restructuring costs	64	–	64	–
<b>Operating profit</b>	<b>1 776</b>	1 743	<b>1 645</b>	1 560
Fair value gains/(losses) on financial instruments	25	(3)	29	(1)
Finance costs	404	374	264	232
Investment income	22	30	17	26
<b>Profit before exceptional items</b>	<b>1 419</b>	1 396	<b>1 427</b>	1 353
Exceptional items	(1)	–	10	–
Earnings from equity accounted investments	20	7	20	7
<b>Profit before taxation</b>	<b>1 438</b>	1 403	<b>1 457</b>	1 360
Taxation	507	557	464	499
<b>Net profit</b>	<b>931</b>	846	<b>993</b>	861
Depreciation and amortisation	522	461	465	405
EBITDA <sup>~</sup>	2 504	2 327	2 312	2 087
EBITDA margin <sup>~</sup> (%)	30,1	31,7	32,0	33,4
Operating margin (%)	23,8	25,4	25,6	26,9
<b>Assets</b>				
Total assets	8 876	6 907	8 101	6 153
Non-current assets	6 411	4 998	5 968	4 541
Current assets	2 465	1 909	2 133	1 612
Investment in property, plant and equipment (refer note 1)	964	609	917	553
Capital commitments (refer note 30)	1 088	317	1 078	314
<b>Liabilities</b>				
Total liabilities	6 734	5 731	5 104	4 084
Non-current liabilities	4 900	4 008	3 575	2 586
Current liabilities	1 834	1 723	1 529	1 498

\* Includes head office activities.

<sup>^</sup> "Other" comprises BBBEE trusts and trust funding SPVs.

<sup>~</sup> Excluding BBBEE IFRS 2 charges, Zimbabwe indigenisation costs and restructuring costs.

	Lime		Aggregates		Other <sup>^</sup>	
	2013 Rm	2012 Rm	2013 Rm	2012 Rm	2013 Rm	2012 Rm
	<b>724</b>	727	<b>255</b>	229	-	-
	<b>74</b>	111	<b>80</b>	70	-	-
	<b>798</b>	838	<b>335</b>	299	-	-
	<b>126</b>	151	<b>25</b>	37	<b>(16)</b>	(4)
	<b>3</b>	1	<b>1</b>	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	<b>123</b>	150	<b>24</b>	37	<b>(16)</b>	(4)
	<b>1</b>	1	<b>(6)</b>	(2)	<b>1</b>	(1)
	<b>2</b>	2	<b>5</b>	4	<b>133</b>	136
	<b>3</b>	2	<b>2</b>	2	-	-
	<b>125</b>	151	<b>15</b>	33	<b>(148)</b>	(141)
	-	-	<b>(11)</b>	-	-	-
	-	-	-	-	-	-
	<b>125</b>	151	<b>3</b>	33	<b>(148)</b>	(141)
	<b>34</b>	47	<b>9</b>	11	-	-
	<b>91</b>	104	<b>(6)</b>	22	<b>(148)</b>	(141)
	<b>36</b>	37	<b>21</b>	19	-	-
	<b>162</b>	188	<b>46</b>	56	<b>(16)</b>	(4)
	<b>20,4</b>	22,5	<b>13,7</b>	18,7	-	-
	<b>15,8</b>	18,1	<b>7,5</b>	12,3	-	-
	<b>487</b>	467	<b>283</b>	285	<b>5</b>	2
	<b>286</b>	280	<b>157</b>	177	-	-
	<b>201</b>	187	<b>126</b>	108	<b>5</b>	2
	<b>37</b>	41	<b>10</b>	15	-	-
	<b>9</b>	2	<b>1</b>	1	-	-
	<b>164</b>	138	<b>79</b>	148	<b>1 387</b>	1 361
	<b>91</b>	94	<b>21</b>	23	<b>1 213</b>	1 305
	<b>73</b>	44	<b>58</b>	125	<b>174</b>	56

## Notes to the group financial statements

for the year ended 30 September 2013

	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
<b>1. PROPERTY, PLANT AND EQUIPMENT</b>					
<b>2013</b>					
Cost	<b>1 011</b>	<b>146</b>	<b>7 996</b>	<b>153</b>	<b>9 306</b>
Accumulated depreciation and impairments	<b>324</b>	<b>35</b>	<b>3 282</b>	<b>143</b>	<b>3 784</b>
Net carrying value at end of the year	<b>687</b>	<b>111</b>	<b>4 714</b>	<b>10</b>	<b>5 522</b>
<b>2012</b>					
Cost	783	131	6 658	153	7 725
Accumulated depreciation and impairments	267	30	2 806	139	3 242
Net carrying value at end of the year	516	101	3 852	14	4 483

Property, plant and equipment with a net carrying value of R87 million (2012: R14 million) are encumbered as disclosed in note 10.

The insured value of the group's property, plant and equipment at 30 September 2013 amounted to R42 298 million (2012: R37 795 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 R215 million (2012: R182 million).

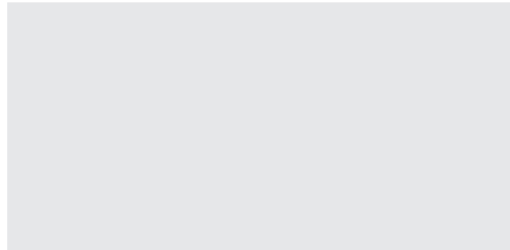
Included in freehold land, buildings and mineral rights is land amounting to R28 million (2012: R26 million), which is exposed to the risk of expropriation by the Zimbabwean government without compensation in terms of the Constitution of Zimbabwe. However, the land has been fully impaired.

Certain of the group's properties in South Africa are the subject of land claims. The group 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 group's operations.

The registers of land and buildings are open for inspection at the registered offices of the group and its subsidiaries.

Included in plant, vehicles, furniture and equipment is capital work-in-progress of R211 million (2012: R73 million).

For details on capital commitments at year-end, refer note 30.



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
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**1. PROPERTY, PLANT AND EQUIPMENT**  
continued

**Movement of property, plant and equipment**

**2013**

Net carrying value at beginning of the year	<b>516</b>	<b>101</b>	<b>3 852</b>	<b>14</b>	<b>4 483</b>
Additions	<b>43</b>	<b>–</b>	<b>921</b>	<b>–</b>	<b>964</b>
To replace or maintain existing operations	<b>31</b>	<b>–</b>	<b>415</b>	<b>–</b>	<b>446</b>
To expand operations	<b>12</b>	<b>–</b>	<b>506</b>	<b>–</b>	<b>518</b>
Acquired through business combinations (refer note 27)	<b>132</b>	<b>–</b>	<b>301</b>	<b>–</b>	<b>433</b>
Depreciation	<b>(29)</b>	<b>(4)</b>	<b>(451)</b>	<b>(4)</b>	<b>(488)</b>
Disposals	<b>(2)</b>	<b>–</b>	<b>(2)</b>	<b>–</b>	<b>(4)</b>
Impairment (refer note 19)	<b>–</b>	<b>–</b>	<b>(6)</b>	<b>–</b>	<b>(6)</b>
Other movements	<b>(11)</b>	<b>2</b>	<b>–</b>	<b>–</b>	<b>(9)</b>
Reallocation to inventory	<b>–</b>	<b>–</b>	<b>(4)</b>	<b>–</b>	<b>(4)</b>
Other transfers	<b>5</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>5</b>
Translation differences <sup>^</sup>	<b>33</b>	<b>12</b>	<b>103</b>	<b>–</b>	<b>148</b>
Net carrying value at end of the year	<b>687</b>	<b>111</b>	<b>4 714</b>	<b>10</b>	<b>5 522</b>
<sup>^</sup> Translation differences comprise:					
Cost					<b>177</b>
Accumulated depreciation					<b>(29)</b>
					<b>148</b>

## Notes to the group financial statements *continued*

for the year ended 30 September 2013

	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
<b>1. PROPERTY, PLANT AND EQUIPMENT</b>					
<i>continued</i>					
<b>Movement of property, plant and equipment</b>					
<i>continued</i>					
<b>2012</b>					
Net carrying value at beginning of the year	496	108	3 666	17	4 287
Additions	40	–	569	–	609
To replace or maintain existing operations	14	–	490	–	504
To expand operations	26	–	79	–	105
Acquired through business combinations (refer note 27)	1	–	25	–	26
Depreciation	(24)	(3)	(409)	(3)	(439)
Disposals	(1)	–	(4)	–	(5)
Reversal of impairment (refer note 19)	1	–	–	–	1
Impairment (refer note 19)	–	(1)	–	–	(1)
Adjustment made on decommissioning assets	–	(4)	–	–	(4)
Reallocation to inventory	–	–	(3)	–	(3)
Translation differences <sup>^</sup>	3	1	8	–	12
Net carrying value at end of the year	516	101	3 852	14	4 483
<sup>^</sup> Translation differences comprise:					
Cost					14
Accumulated depreciation					(2)
					12

	Right of use of mineral asset Rm	ERP development and other software Rm	Brand and trademarks Rm	Goodwill Rm	Total Rm
<b>2. GOODWILL AND OTHER INTANGIBLE ASSETS</b>					
<b>2013</b>					
Cost	59	204	100	107	470
Accumulated amortisation and impairments	6	121	4	6	137
Net carrying value at end of the year	53	83	96	101	333
<b>2012</b>					
Cost	31	195	–	6	232
Accumulated amortisation and impairments	5	88	–	–	93
Net carrying value at end of the year	26	107	–	6	139
<b>Movement of intangible assets</b>					
<b>2013</b>					
Net carrying value at beginning of the year	26	107	–	6	139
Acquired through business combinations (refer note 27)	25	–	99	100	224
Additions	2	4	–	–	6
Amortisation	(1)	(29)	(4)	–	(34)
Impairments (refer note 19)	–	–	–	(6)	(6)
Translation differences	1	1	1	1	4
Net carrying value at end of the year	53	83	96	101	333
<b>2012</b>					
Net carrying value at beginning of the year	5	89	–	–	94
Assets acquired through business combination (refer note 27)	22	–	–	6	28
Additions	–	31	–	–	31
Amortisation	(1)	(21)	–	–	(22)
Transfers and other movements	–	8	–	–	8
Net carrying value at end of the year	26	107	–	6	139

Following the consolidation of CIMERWA Limited and in terms of IFRS 3 Business Combinations, fair values of R25 million and R99 million were recorded against mineral reserves and brands and trademarks respectively. The mineral reserves will be amortised over the life of the limestone reserves on an output basis, while the brand and trademarks will be amortised over a straight-line basis over a 15-year period, which is anticipated to coincide with the estimated life of mine of the current limestone reserves.

During the year the goodwill acquired on the aggregate quarry acquisition in Botswana was assessed for potential impairment at a cash generating unit level, being each of the three respective quarries. This review indicated an impairment relating to the Selebi Phikwe quarry and as a result the full goodwill recognised on acquisition was impaired, with a further impairment being made to property, plant and equipment (refer note 1). The valuation was performed using discounted cash flow methodology and applying growth and discount rates applicable to the Botswana environment.

In the impairment review of the CIMERWA Limited goodwill, the group used discounted rates and growth assumptions relevant to Rwanda. The valuation was performed using the discounted cash flow methodology, over the estimated life of the limestone reserves on anticipated product mixes and compositions.

## Notes to the group financial statements *continued*

for the year ended 30 September 2013

	2013 Rm	2012 Rm
<b>3. NON-CURRENT FINANCIAL ASSETS</b>		
Unlisted investments at fair value	37	25
Unlisted collective investment*	105	77
	<b>142</b>	102
Loans advanced <sup>-</sup>	4	4
	<b>146</b>	106
Directors' valuation of unlisted investments	146	154
<b>* Unlisted collective investment</b>		
Comprises an 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 2013, the value of the put options were not material. During the year, a further R23 million was invested from deposits held by the Environmental Trust. These funds are held to fund PPC's South African environmental obligations.		
<b>- Loans advanced</b>		
These loans have been advanced to fund enterprise development companies and bear interest at rates between prime less 2% and prime less 5%, and are secured by bonds over land and moveable assets. The capital and interest are repayable ending 2017.		

	2013 Rm	2012 Rm
<b>4. EQUITY ACCOUNTED INVESTMENTS</b>		
Investments at cost at beginning of the year	179	7
Investments made during the year*	126	172
Investments at cost at end of the year	305	179
<b>Share of retained profit</b>	59	39
Retained profit at beginning of the year	39	34
Current year movement:		
Share of current year's profit	20	7
Dividends received	-	(2)
	<b>364</b>	218
<b>Loans advanced to associates<sup>^</sup></b>	46	49
Balance at beginning of the year	49	48
Loans advanced	-	1
Interest capitalised	2	2
Impairment (refer note 19) <sup>-</sup>	(1)	(1)
Repayment	(4)	(1)
	<b>410</b>	267
<b>Valuation of interest in equity accounted investments</b>		
Fair value of unlisted equity accounted investments, including loans advanced, as determined by the directors.	443	291
Fair value has been determined using earnings valuation methodologies, taking the local growth and economic factors into account, adjusted where appropriate for specific industry factors.		

### \* Investments made during the year

#### - Pronto Holdings (Pty) Limited

During June 2013, PPC acquired a further 25% equity stake in Pronto Holdings (Pty) Limited (Pronto) for R110 million. The purchase consideration was determined using an EBITDA multiple less net debt. This purchase increased the total equity stake to 50%. The final tranche of 50% will be paid in May 2014.

After acquiring the second tranche of Pronto, the consideration payable is allocated, on a provisional basis, reflecting PPC's share of the respective assets and liabilities:

Property, plant and equipment	67
Intangible assets, including goodwill	178
Current assets	59
Non-current liabilities	(90)
Current liabilities	(31)

#### 4. EQUITY ACCOUNTED INVESTMENTS *continued*

**\* Investments made during the year** *continued*

– **Habesha Cement Share Company**

During July 2013, PPC acquired an additional 3% equity stake in Habesha Cement Share Company, for a purchase consideration of R16 million, increasing the total shareholding to 30%. Minor formalities are to be finalised before the underlying share certificates are received. It is anticipated that the share certificates will be received in the first half of the 2014 financial year.

^ **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 moveable assets as security. The capital and interest are repayable by 8 August 2017. The loan to Afripack Limited has been subordinated in favour of one of the major financial institutions.

– **Impairment**

During 2013, an impairment of R1 million (2012: R1 million) was recorded on the loans advanced in order to adjust the loan to the expected recoverable amount, following a review of the performance of the underlying associate company.

	2013 Rm	2012 Rm
<b>Key financial information of equity accounted investments<sup>5</sup></b>		
Non-current assets	629	655
Current assets	984	1 238
Total assets	1 613	1 893
Total equity	891	1 158
Non-current liabilities	311	361
Current liabilities	411	374
Revenue	1 803	1 226
Operating profit	105	68
Profit after taxation	59	27
Comprehensive income	59	27

<sup>5</sup> The financial information provided represents the full results of equity accounted investments.

Name	Nature of business	Interest	Financial year-end	Carrying value, including loans advanced	
				2013 Rm	2012 Rm
<b>Incorporated in South Africa</b>					
Pronto Holdings (Pty) Limited	Readymix and fly ash	50%	February	203	75
Afripack Limited	Packaging	25%	September	83	82
Metlalgola Construction & Development (Pty) Limited	Construction	40%	February	1	1
Rhulanani Concrete Mixers (Pty) Limited	Readymix concrete	40%	February	2	2
Olegra Oil (Pty) Limited <sup>^</sup>	Used oil collection and filling station	29%	February	3	4
First Gas (Pty) Limited	LP gas and liquid fuels distribution	40%	February	–	1
<b>Incorporated in Ethiopia</b>					
Habesha Cement Share Company	Cement	30%	July	118	102
				<b>410</b>	<b>267</b>

<sup>^</sup> A 20% equity stake in Olegra Oil was disposed of in the current financial year.

## Notes to the group financial statements continued

for the year ended 30 September 2013

	2013 Rm	2012 Rm
<b>5. INVENTORIES</b>		
Raw materials	<b>164</b>	153
Work-in-progress	<b>159</b>	146
Finished goods	<b>180</b>	172
Maintenance stores, net of inventory obsolescence	<b>420</b>	370
	<b>923</b>	841
Amount of inventories recognised as an expense during the year	<b>4 324</b>	3 928
<b>Inventory obsolescence</b>		
Balance at beginning of the year	<b>115</b>	109
Raised during the year	<b>28</b>	19
Utilised during the year	<b>(4)</b>	(9)
Released during the year	<b>(1)</b>	(5)
Translation differences	<b>8</b>	1
Balance at end of the year	<b>146</b>	115
Inventories to revenue (%)	<b>11,1</b>	11,5
Inventories to cost of sales (%)	<b>16,6</b>	17,5
Obsolescence provision to inventories (%)	<b>15,8</b>	13,7

Inventories are determined on the weighted average formula basis.

During the year an amount of R4 million (2012: R3 million), for critical spares, was reclassified from property, plant and equipment.

No inventories have been pledged as security.

	2013 Rm	2012 Rm
<b>6. TRADE AND OTHER RECEIVABLES</b>		
Trade receivables	<b>835</b>	749
Less: Impairment of trade receivables	<b>(19)</b>	(20)
Net trade receivables	<b>816</b>	729
Other financial receivables	<b>58</b>	36
Trade and other financial receivables	<b>874</b>	765
Prepayments	<b>133</b>	55
Taxation prepaid	<b>43</b>	–
	<b>1 050</b>	820
Trade receivables, net of impairments, to revenue (%)	<b>9,8</b>	9,9
<b>Net trade receivables comprise:</b>	<b>816</b>	729
Trade receivables that are neither past due nor impaired	<b>691</b>	602
Trade receivables that would otherwise be impaired whose terms have been renegotiated	<b>9</b>	13
Trade receivables that are past due but not impaired	<b>116</b>	114

No receivables have been pledged as security.

The prepayment of R88 million made by CIMERWA Limited on their plant upgrade should be utilised during the 2014 financial year.

No individual customer represents more than 10% of the group's revenue.

Amounts due to the group should be settled within the normal credit terms of 30 to 60 days.

	Cement Rm	Lime Rm	Aggregates Rm	Total Rm
<b>Trade receivables that are neither past due nor impaired</b>				
<b>2013</b>	<b>571</b>	<b>84</b>	<b>36</b>	<b>691</b>
<b>2012</b>	491	87	24	602
There is no history of default relating to trade receivables in this category.				
<b>Trade receivables that are past due but not impaired</b>				
<b>2013</b>				
Age analysis	<b>103</b>	<b>1</b>	<b>12</b>	<b>116</b>
1 – 30 days	<b>62</b>	<b>1</b>	<b>5</b>	<b>68</b>
31 – 60 days	–	–	<b>6</b>	<b>6</b>
61 – 90 days	<b>20</b>	–	–	<b>20</b>
91 – 180 days	<b>13</b>	–	<b>1</b>	<b>14</b>
> 180 days	<b>8</b>	–	–	<b>8</b>
Fair value of collateral held	<b>68</b>	–	–	<b>68</b>
<b>2012</b>				
Age analysis	106	–	8	114
1 – 30 days	91	–	2	93
31 – 60 days	–	–	4	4
61 – 90 days	8	–	1	9
91 – 180 days	5	–	1	6
> 180 days	2	–	–	2
Fair value of collateral held	28	–	–	28

## Notes to the group financial statements continued

for the year ended 30 September 2013

	Cement Rm	Lime Rm	Aggregates Rm	Total Rm
<b>6. TRADE AND OTHER RECEIVABLES</b> <small>continued</small>				
<b>Impairment of trade receivables</b>				
<b>2013</b>				
Balance at beginning of the year	16	–	4	20
Allowance raised during the year	5	–	–	5
Utilisation of allowance	(6)	–	–	(6)
Balance at end of the year	15	–	4	19
Impairment to trade receivables (%)	2,2	–	8,3	2,3
<b>2012</b>				
Balance at beginning of the year	10	–	3	13
Allowance raised during the year	6	–	1	7
Balance at end of the year	16	–	4	20
Impairment to trade receivables (%)	2,7	–	12,5	2,7

	2013 Rm	2012 Rm
<b>7. CASH AND CASH EQUIVALENTS</b>		
Bank balances and deposits	492	248
<b>Currency analysis:</b>		
Botswana pula	25	28
Mozambican metical	19	12
Rwandan franc	90	–
South African rand	111	31
United States dollar	247	177
	492	248
<b>Cash restricted for use relating to:</b>		
PPC Environmental Trust	6	26
Consolidated BBBEE entities	6	2
	12	28

Included in cash and cash equivalents are foreign currency denominated cash and cash equivalents of R10 million (2012: 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.

	2013 Shares	2012 Shares
<b>8. STATED CAPITAL</b>		
<b>Authorised shares</b>	<b>700 000 000</b>	700 000 000
<b>Issued shares</b>		
Total shares in issue at beginning of the year	<b>566 029 971</b>	586 170 372
Less: Cancellation of treasury shares owned by a wholly owned group subsidiary company	–	(20 140 401)
Add: Shares issued in terms of second BBBEE transaction <sup>&amp;</sup>	<b>39 349 677</b>	–
Total shares in issue at end of the year	<b>605 379 648</b>	566 029 971
Less: Shares issued in terms of second BBBEE transaction treated as treasury shares <sup>&amp;</sup>	<b>(39 349 677)</b>	–
Less: Shares held by consolidated BBBEE trusts and trust funding SPVs treated as treasury shares <sup>^</sup>	<b>(37 967 439)</b>	(37 991 204)
Less: Shares held by consolidated Porthold Trust (Private) Limited treated as treasury shares <sup>~</sup>	<b>(1 284 556)</b>	(1 284 556)
Less: Shares purchased in terms of the FSP share incentive scheme treated as treasury shares <sup>#</sup>	<b>(4 744 733)</b>	(3 079 853)
Total shares in issue (net of treasury shares)	<b>522 033 243</b>	523 674 358
	<b>Rm</b>	Rm
<b>Stated capital</b>		
Balance at beginning of the year	<b>(1 181)</b>	–
Transfer from share capital and premium <sup>§</sup>	–	(1 181)
Shares purchased in terms of the FSP share incentive scheme treated as treasury shares <sup>#</sup>	<b>(56)</b>	–
Sale of shares, treated as treasury shares, by consolidated BBBEE entity <sup>%</sup>	<b>1</b>	–
Balance at end of the year	<b>(1 236)</b>	(1 181)
<b>Issued share capital</b>		
<b>Ordinary shares</b>		
Balance at beginning of the year	–	53
Transfer to stated capital <sup>§</sup>	–	(53)
Balance at end of the year	–	–
<b>Share premium</b>		
Balance at beginning of the year	–	(1 144)
Shares purchased in terms of the FSP share incentive scheme treated as treasury shares <sup>#</sup>	–	(89)
Securities transfer taxation on cancellation of treasury shares	–	(1)
Transfer to stated capital <sup>§</sup>	–	1 234
Balance at end of the year	–	–
<b>Unissued shares (shares)</b>	<b>94 620 352</b>	133 970 029

<sup>&</sup> Shares issued in terms of the second BBBEE transaction which was facilitated by means of a notional vendor funding (NVF) mechanism resulting in these shares only participating in 20% of the dividends declared by PPC during the NVF period, ending 30 September 2019. These entities are consolidated into the PPC group during the transaction term, and as a result these shares are treated as treasury shares on consolidation.

<sup>^</sup> In terms of PPC's first BBBEE transaction, certain of the BBBEE trusts and trust funding SPVs are consolidated and as a result, shares owned by these entities are carried as treasury shares on consolidation.

<sup>~</sup> Shares owned by a Zimbabwean employee trust and are treated as treasury shares.

<sup>#</sup> In terms of the forfeitable share incentive scheme 4 744 733 shares (2012: 3 079 853) have been purchased on JSE Limited since the scheme was approved, and are treated as treasury shares during the various vesting periods of the awards (refer note 33).

<sup>§</sup> In 2012, the company changed its par value ordinary shares to ordinary shares with no nominal or par value. There was no change in preferences, rights, limitations and other terms of the ordinary shares when converted to no nominal or par value shares.

<sup>%</sup> During the current year, the Current Team Trust, a PPC trust which was consolidated into the group in terms of the first BBBEE transaction, sold a portion of its shareholding.

Of the total shares in issue, 14% are held as treasury shares by consolidated subsidiaries in terms of the BBBEE transactions and FSP share incentive scheme.

For ease of reporting and understanding, ordinary and other shareholders have been shown together as total shareholders of the parent. There is no impact on the earnings or net asset value per share calculations as both shareholders participate in earnings and dividends equally.

## Notes to the group financial statements continued

for the year ended 30 September 2013

	2013 Rm	2012 Rm
<b>9. DEFERRED TAXATION</b>		
Net liability at beginning of the year	856	740
Deferred taxation asset	3	–
Deferred taxation liability	859	740
– acquired through business combinations (refer note 27)	79	4
– charged to the income statement	66	108
– charged directly to equity	2	(2)
– foreign translation differences	60	6
Net liability at end of the year:	1 063	856
Deferred taxation asset	–	3
Deferred taxation liability	1 063	859

	Opening balance Rm	Acquired through business combinations Rm	Charged to the income statement Rm	Charged directly to equity Rm	Foreign translation differences Rm	Closing balance Rm
<b>2013</b>						
Property, plant and equipment	798	48	37	–	27	910
Other non-current assets	33	37	(4)	2	–	68
Current assets	3	–	10	–	2	15
Non-current liabilities	(76)	–	(7)	–	(1)	(84)
Current liabilities	(26)	(1)	(43)	–	(1)	(71)
Reserves	124	(5)	73	–	33	225
	856	79	66	2	60	1 063
<b>2012</b>						
Property, plant and equipment	731	–	64	–	3	798
Other non-current assets	25	5	5	(2)	–	33
Current assets	(1)	–	(2)	–	6	3
Non-current liabilities	(66)	(1)	(7)	–	(2)	(76)
Current liabilities	(21)	–	(2)	–	(3)	(26)
Reserves	72	–	50	–	2	124
	740	4	108	(2)	6	856

				2013 Rm	2012 Rm
<b>10. LONG-TERM BORROWINGS</b>					
<b>Borrowings</b>	<b>Terms</b>	<b>Security</b>	<b>Interest rate</b>		
Long-term loan	Interest is payable semi-annually with a bullet capital repayment in December 2016.	Unsecured	Fixed 10,86%	<b>1 519</b>	1 518
Bonds <sup>#</sup>	Interest is payable semi-annually with a bullet capital repayment in March 2016.	Unsecured	Three-month JIBAR plus 1,26%	<b>645</b>	–
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%	–	14
Long-term loan <sup>&amp;</sup>	US dollar denominated loan repayable in 2017.	Secured by land and buildings (refer note 1)	Fixed 16%	<b>87</b>	–
Term loan <sup>§</sup>	Rwandan franc denominated loan.	Unsecured	Fixed 12%	<b>23</b>	–
<b>BBBEE funding transaction</b>				<b>1 273</b>	1 240
Preference shares <sup>^</sup>	Dividends are payable semi-annually and annual redemptions are required from January 2012 to December 2016.	Secured by guarantee from PPC	Variable rates linked to prime and fixed rates between 9,24% and 9,37%	<b>110</b>	128
Preference shares <sup>*</sup>	Dividends are payable semi-annually with capital redeemable from surplus cash. Compulsory annual redemptions are effective from January 2012 to December 2016.	Secured by PPC shares held by the SPVs	Variable rates linked to prime	<b>154</b>	175
Preference shares <sup>*</sup>	Both capital and dividends are payable in December 2013.	Secured by guarantee from PPC	Variable rates linked to prime swapped for a fixed rate of 9,17%	<b>368</b>	344
Long-term loans	Both capital and interest are payable in December 2013.	Secured by guarantee from PPC	Variable rates linked to JIBAR swapped for a fixed rate of 11,36%	<b>641</b>	593
<b>Long-term borrowings</b>				<b>3 547</b>	2 772
Less: Short-term portion of long-term borrowings (refer note 13)				<b>(85)</b>	(56)
				<b>3 462</b>	2 716

<sup>#</sup> In March 2013 PPC issued a three-year unsecured floating rate bond at a variable coupon of three-month JIBAR plus 1,26% per annum, the bond value is R650 million and is recognised net of transaction costs capitalised in accordance with IFRS. This bond was issued under the company's R6 billion domestic medium-term note programme.

<sup>&</sup> Loan assumed on acquisition of CIMERWA Limited. This loan bears interest at a rate of 16% p.a., and is repayable in 2017. The loan is denominated in US dollars and is secured against CIMERWA Limited's land and buildings.

<sup>§</sup> Loan assumed on acquisition of CIMERWA Limited. The loan is due to the Rwanda Investment Group Limited, bears interest at a rate of 12% p.a., and is repayable on demand (refer notes 13 and 27).

<sup>^</sup> Relates to PPC Black Managers Trust Funding SPV (Pty) Limited, a wholly owned subsidiary company of PPC Ltd, which was incorporated in terms of PPC's first BBBEE transaction.

<sup>\*</sup> BBBEE funding transaction relates to entities formed for the company's first BBBEE transaction, namely 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. During September 2013, these facilities which were for repayment in December 2013 were extended for a further three years and, as a result, have been treated as long-term borrowings. Following the extension, the variable interest rate will be 285 basis points above prime.

## Notes to the group financial statements continued

for the year ended 30 September 2013

	2013 Rm	2012 Rm
<b>10. LONG-TERM BORROWINGS</b> <small>continued</small>		
<b>Maturity analysis of obligations:</b>		
One year	85	56
Two years	74	995
Three years	756	67
Four years	2 591	89
Five and more years	41	1 565
	<b>3 547</b>	<b>2 772</b>
<b>Assets encumbered are as follows:</b>		
Property, plant and equipment (refer note 1)	87	14

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 are disclosed in note 35 on financial risk management.

	2013 Rm	2012 Rm
<b>11. PROVISIONS</b>		
Factory decommissioning and quarry rehabilitation	316	291
Post-retirement healthcare benefits	32	29
	<b>348</b>	<b>320</b>

	Factory decommissioning and quarry rehabilitation Rm	Post-retirement healthcare benefits Rm	Total Rm
<b>Movement of provisions</b>			
<b>2013</b>			
Balance at beginning of the year	291	29	320
Amounts added	4	3	7
Time value of money adjustment to environmental obligations	21	–	21
Balance at end of the year	<b>316</b>	<b>32</b>	<b>348</b>
To be incurred:			
Between two and five years	15	–	15
More than five years	301	32	333
	<b>316</b>	<b>32</b>	<b>348</b>
<b>2012</b>			
Balance at beginning of the year	276	21	297
Acquired through business combinations (refer note 27)	3	–	3
Amounts added	(10)	8	(2)
Time value of money adjustment to environmental obligations	22	–	22
Balance at end of the year	291	29	320
To be incurred:			
Between two and five years	14	1	15
More than five years	277	28	305
	291	29	320

**11. 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 and local legislation. 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. To date R66 million has been contributed to the PPC Environmental Trust with the current value of the fund amounting to R111 million (2012: R105 million). The Environmental Trust is consolidated into PPC's group results.

**Post-retirement healthcare benefits**

Included in the provision are the following:

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 above.

**Cement and Concrete Institute employees**

The provision relates to post-employment healthcare benefits in respect of former employees of the Cement and Concrete Institute and amounted to R8 million (2012: R7 million). This liability was last actuarially valued during February 2013. 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 R18 million (2012: R17 million). This liability was last actuarially valued during June 2012. 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 and amounted to R6 million (2012: R5 million). This liability was last actuarially valued during June 2012. 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.

	2013 Rm	2012 Rm
<b>12. OTHER NON-CURRENT LIABILITIES</b>		
Cash-settled share-based payment liability	24	45
Derivative financial instruments <sup>^</sup>	2	108
Quarries of Botswana – retention payment*	–	5
Acquired through business combinations	23	–
	49	158
Less: Short-term portion of cash-settled share-based payment liability	(22)	(45)
	27	113

Further details of the cash-settled share-based payment liability are disclosed in note 33.

<sup>^</sup> 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 first BBBEE transaction. The derivative liability and interest on swaps repayable in December 2013 relating to B preference debts and long-term loans amounting to R112 million has been reclassified to short-term payables (refer note 14).

\* During 2013, P4 million owing to Quarries of Botswana (Pty) Limited in respect of the outstanding purchase consideration for their assets was settled.

	2013 Rm	2012 Rm
<b>13. SHORT-TERM BORROWINGS</b>		
Short-term loans and bank overdraft	499	813
Short-term portion of long-term borrowings (refer note 10)	85	56
	584	869

Details of maturity analysis and interest rates on financial risk management are disclosed in note 35.

## Notes to the group financial statements continued

for the year ended 30 September 2013

	2013 Rm	2012 Rm
<b>14. TRADE AND OTHER PAYABLES AND SHORT-TERM PROVISIONS</b>		
Trade payables and accruals	535	445
Other financial payables	32	32
Derivative financial instruments <sup>^</sup>	112	5
Cash-settled share-based payment liability	22	45
<hr/>	<hr/>	<hr/>
Trade and other financial payables	701	527
Payroll accruals	260	214
Restructuring costs	64	–
Taxation payable	1	42
VAT payable	41	30
Retention deductions held for new plant upgrades	85	–
Other non-financial payables	98	41
<hr/>	<hr/>	<hr/>
	1 250	854
<hr/>	<hr/>	<hr/>
Trade payables and accruals to cost of sales (%)	9,6	9,3

Trade and other payables are payable within a 30 to 60 day period. The retention deductions are payable once the plant has been commissioned and is operating to design output and efficiencies. The restructuring costs are anticipated to be paid during the first quarter of our 2014 financial year. Further details of the restructuring can be found in the chief financial officer's report on pages 8 to 13.

<sup>^</sup> The derivative financial instrument relates 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 first BBBEE transaction. The amount is payable in December 2013.

	2013 Rm	2012 Rm
<b>15. OPERATING PROFIT</b>		
<b>Operating profit includes:</b>		
Amortisation of intangible assets (refer note 2)	34	22
Auditors' remuneration		
Fees	10	8
Other	3	3
<hr/>	<hr/>	<hr/>
	13	11
<hr/>	<hr/>	<hr/>
Consultation fees in respect of empowerment transactions	4	15
Dividends paid to BBBEE trusts treated as an expense on consolidation	14	4
Depreciation (refer note 1)		
Cost of sales	459	416
Operating costs	29	23
<hr/>	<hr/>	<hr/>
	488	439
<hr/>	<hr/>	<hr/>

	2013 Rm	2012 Rm
<b>15. OPERATING PROFIT</b> <i>continued</i>		
Distribution costs included in cost of sales	1 139	953
Exploration and research costs	10	–
Operating lease charges – land and buildings	12	11
Profit on disposal of property, plant and equipment	11	3
Staff costs		
South Africa	1 018	937
Other Africa	197	147
	<b>1 215</b>	1 084
Comprising:		
Cash-settled share incentive scheme charge (refer note 33)	(3)	22
Equity-settled share incentive scheme charge	29	19
Directors' remuneration (refer remuneration report)	40	30
Employees' remuneration	1 001	939
Restructuring costs	64	–
Retirement benefit contributions (refer note 32)	84	79
	<b>1 215</b>	1 089
<i>Less:</i> Costs capitalised to property, plant and equipment and intangible assets	–	(5)
	<b>1 215</b>	1 084
<b>16. FAIR VALUE GAINS/(LOSSES) ON FINANCIAL INSTRUMENTS</b>		
Gains/(losses) on derivatives designated as economic hedging instruments	1	(2)
Gains/(losses) on ineffective portion of cash flow hedge	1	(1)
Gains on collective investment	5	3
Gains/(losses) on translation of foreign currency monetary items	18	(3)
	<b>25</b>	(3)
<b>17. FINANCE COSTS</b>		
Bank and other borrowings	70	52
Bonds	11	–
Long-term loans	172	166
BBBEE funding transaction	133	136
Dividends on redeemable preference shares <sup>^</sup>	10	12
Dividends on redeemable preference shares <sup>*</sup>	47	56
Long-term borrowings	76	68
Finance lease liability	1	4
Time value of money adjustment to environmental obligations	21	22
	<b>408</b>	380
Capitalised to property, plant and equipment and intangible assets	(4)	(6)
	<b>404</b>	374
South Africa	398	374
Rest of Africa	6	–

<sup>^</sup> Relates to PPC Black Managers Trust Funding SPV (Pty) Limited, a wholly owned subsidiary company of PPC Ltd, which was incorporated in terms of PPC's first BBBEE transaction.

<sup>\*</sup> BBBEE funding transaction relates to entities formed for the company's first BBBEE transaction, namely 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. During September 2013, the facilities due for repayment in December 2013 have been extended for a further three years, and as a result, have been treated as long-term borrowings. Following the extension, the variable interest rate will be 285 basis points above prime.

The total finance costs relate to borrowings held at amortised cost. For details of borrowings refer notes 10 and 35.

## Notes to the group financial statements continued

for the year ended 30 September 2013

	2013 Rm	2012 Rm
<b>18. INVESTMENT INCOME</b>		
Dividends		
– Unlisted investments	4	8
Interest received		
– Bank balances and deposits	15	14
– Non-current assets	3	8
	<b>22</b>	30
The total interest received relate to assets held at amortised cost. For further details refer note 35.		
<b>19. EXCEPTIONAL ITEMS</b>		
Profit on disposal of properties	11	–
Impairment of goodwill (refer note 2)	(6)	–
Impairment of property, plant and equipment (refer note 1)	(6)	–
Profit on disposal of equity accounted investment	1	–
Reversal of impairment on land	–	1
Impairment of loans advanced to equity accounted companies (refer note 4)	(1)	(1)
Gross exceptional items	(1)	–
Taxation – current	(2)	–
Net exceptional items	(3)	–
<b>20. TAXATION</b>		
Normal taxation		
– Current year	418	364
– Prior year	5	1
	<b>423</b>	365
Withholding taxation		
– Current year	15	31
Deferred taxation		
– Current year	66	108
Other		
– Secondary taxation on companies	–	53
– Capital gains taxation	2	–
– Securities transfer taxation	1	–
Taxation attributable to the company and its subsidiaries	<b>507</b>	557

	2013 %	2012 %
<b>20. TAXATION</b> <i>continued</i>		
<b>Reconciliation of taxation rate</b>		
Taxation as a percentage of profit before exceptional items (excluding prior year taxation)	<b>35,3</b>	39,6
Adjustment due to the inclusion of dividend income	<b>0,1</b>	0,2
Effective rate of taxation	<b>35,4</b>	39,8
Reduction in rate of taxation	<b>2,6</b>	1,3
– Permanent differences	<b>1,5</b>	0,4
– Foreign taxation rate differential	<b>1,1</b>	0,9
Increase in rate of taxation	<b>(10,0)</b>	(13,1)
– Disallowable charges and permanent differences	<b>(1,7)</b>	(2,0)
– Withholding taxation	<b>(1,0)</b>	(2,2)
– Taxation on unprovided losses carried forward	<b>(1,7)</b>	–
– Empowerment transactions and IFRS 2 charges not deductible	<b>(2,8)</b>	(2,4)
– Capital gains taxation	<b>(0,2)</b>	–
– Secondary taxation on companies	<b>–</b>	(3,8)
– Preference dividend and interest on BBBEE funding transaction not tax deductible	<b>(2,6)</b>	(2,7)
South African normal taxation rate	<b>28,0</b>	28,0
<b>21. EARNINGS AND HEADLINE EARNINGS PER SHARE</b>		
<b>21.1</b> Weighted average number of shares in issue prior to the share buy-back and BBBEE transaction		
Less: Weighted average impact of share buy-back completed in 2008 and subsequent cancellation during 2012	<b>556 797 901</b>	537 612 390
Less: Weighted average number of shares held by consolidated BBBEE trusts and trust funding SPVs <sup>^</sup>	<b>–</b>	(20 140 401)
Less: Weighted average number of shares held by consolidated trusts in terms of the second BBBEE transaction	<b>(37 967 439)</b>	(37 991 204)
Less: Weighted average number of shares held by consolidated Porthold Trust (Private) Limited <sup>®</sup>	<b>(39 349 677)</b>	–
Less: Weighted average impact of number of shares bought in terms of the FSP share incentive scheme <sup>®</sup>	<b>(1 284 556)</b>	(1 284 556)
Less: Weighted average impact of number of shares bought in terms of the FSP share incentive scheme <sup>®</sup>	<b>(4 076 101)</b>	(2 187 251)
Add: Weighted average number of shares issued to the BBBEE CSG and SBP funding SPVs	<b>48 557 982</b>	48 557 982
Weighted average number of shares used for basic earnings per share calculation	<b>522 678 110</b>	524 566 960
Add: Dilutive adjustment for shares held in terms of the FSP share incentive scheme	<b>3 974 113</b>	2 309 233
Add: Dilutive adjustment for potential ordinary shares <sup>#</sup>	<b>3 152 029</b>	3 152 029
Add: Weighted average number of shares issued in terms on the second BBBEE transaction	<b>1 065 234</b>	–
Weighted average number of shares used for dilutive earnings per share calculation	<b>530 869 486</b>	530 028 222

## Notes to the group financial statements *continued*

for the year ended 30 September 2013

	2013 Rm	2012 Rm
<b>21. EARNINGS AND HEADLINE EARNINGS PER SHARE <i>continued</i></b>		
<b>21.2 BASIC EARNINGS</b>		
<b>Net profit</b>	<b>931</b>	846
<i>Attributable to:</i>		
– Shareholders of PPC Ltd	<b>931</b>	846
– Non-controlling interests	–	–
	<b>931</b>	846
<b>Net profit</b>	<b>931</b>	846
<i>Adjusted for:</i>		
– Normalisation adjustments <sup>5</sup>	<b>188</b>	123
<b>Net profit (normalised)</b>	<b>1 119</b>	969
<i>Attributable to:</i>		
– Shareholders of PPC Ltd	<b>1 119</b>	969
– Non-controlling interests	–	–
	<b>1 119</b>	969
	<b>Cents</b>	Cents
<b>21.3 EARNINGS PER SHARE</b>		
– Basic	<b>178</b>	161
– Diluted	<b>175</b>	159
– Basic (normalised)	<b>214</b>	185
– Diluted (normalised)	<b>212</b>	182
	<b>Rm</b>	Rm
<b>21.4 HEADLINE EARNINGS</b>		
Headline earnings is calculated as follows:		
<b>Net profit</b>	<b>931</b>	846
<i>Adjusted for:</i>		
– (Profit)/loss on disposal of property, plant and equipment and intangible assets	<b>(11)</b>	3
– Taxation on profit/(loss) on disposal of property, plant and equipment and intangible assets	<b>2</b>	(1)
– Impairment losses on property, plant and equipment and goodwill	<b>12</b>	–
– Impairment losses on financial assets	<b>1</b>	1
– Reversal of impairment	–	(1)
<b>Headline earnings</b>	<b>935</b>	848
<i>Attributable to:</i>		
– Shareholders of PPC Ltd	<b>935</b>	848
– Non-controlling interests	–	–
	<b>935</b>	848
<b>Headline earnings</b>	<b>935</b>	848
<i>Adjusted for:</i>		
– Normalisation adjustments	<b>188</b>	123
<b>Headline earnings (normalised)</b>	<b>1 123</b>	971
<i>Attributable to:</i>		
– Shareholders of PPC Ltd	<b>1 123</b>	971
– Non-controlling interests	–	–
	<b>1 123</b>	971

	2013 Cents	2012 Cents
<b>21. EARNINGS AND HEADLINE EARNINGS PER SHARE</b> <i>continued</i>		
<b>21.5 HEADLINE EARNINGS PER SHARE</b>		
– Basic	<b>179</b>	162
– Diluted	<b>176</b>	160
– Basic (normalised) <sup>§</sup>	<b>215</b>	185
– Diluted (normalised) <sup>§</sup>	<b>212</b>	183
<b>21.6 CASH EARNINGS PER SHARE</b>	<b>404</b>	315
Calculated on cash available from operations (Rm)	<b>2 113</b>	1 651

The difference between earnings and diluted earnings per share is due to shares held under the employee forfeitable share plan that have not vested, together with the dilution impact of the group's various empowerment transactions.

For ease of reporting and understanding, ordinary and other shareholders have been shown together as total shareholders of PPC. There is no impact on the earnings or net asset value per share calculations as both shareholders participate in earnings and dividends equally.

<sup>^</sup> For additional information refer notes 8 and 10.

<sup>®</sup> For additional information refer note 8.

<sup>#</sup> 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.

<sup>§</sup> Normalised earnings adjusts the reported earnings for the effects of BBBEE IFRS 2 charges, Zimbabwe indigenisation charges and restructuring costs.

Shares are weighted for the period in which they are entitled to participate in the net profit of the group.

	2013 Rm	2012 Rm
<b>22. DIVIDENDS</b>		
Final No 218 – 108 cents per share (2012: 95 cents)	<b>569</b>	501
Interim No 219 – 38 cents per share (2012: 38 cents)	<b>201</b>	201
	<b>770</b>	702

Notice is hereby given that the final ordinary gross dividend of 118 cents per share has been declared payable to ordinary shareholders in respect of the year ended 30 September 2013. This dividend will be paid out of profits as determined by the directors.

The local dividends tax rate is 15% and no STC credits have been utilised in this declaration. The dividends tax to be withheld by the company amounts to 17,7 cents per share, giving a net dividend payable to shareholders of 100,30 cents per share where no exemption is applicable.

The issued share capital of the company at the declaration date comprises 605 379 648 shares and the company's income tax reference number is 9460015606.

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

Declaration date	Monday, 18 November 2013
Last day to trade "cum" dividend	Friday, 3 January 2014
Shares trade "ex" dividend	Monday, 6 January 2014
Record date	Friday, 10 January 2014
Payment date	Monday, 13 January 2014

Share certificates may not be dematerialised or rematerialised between Monday, 6 January 2014 and Friday, 10 January 2014, both dates inclusive. Transfers between the South African and Zimbabwean registers may not take place between Monday, 6 January 2014 and Friday, 10 January 2014, both dates inclusive.

## Notes to the group financial statements continued

### for the year ended 30 September 2013

#### 22. DIVIDENDS continued

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

Shares trade "ex" dividend	Monday, 6 January 2014
Record date	Friday, 10 January 2014
Payment date, on or shortly after	Monday, 13 January 2014

The register of members in Zimbabwe will be closed from Monday, 6 January 2014 to Friday, 10 January 2014, both dates inclusive, for the purpose of determining those shareholders to whom the dividend will be paid. The dividend payable to shareholders registered in Zimbabwe will be paid in South African rand.

	2013 cents	2012 cents
<b>Dividends per share (cents)</b>		
Interim No 219 – declared 15 May 2013	38	38
Final No 220 – declared 18 November 2013	118	108
	<b>156</b>	146
	<b>Rm</b>	Rm
<b>23. ATTRIBUTABLE INTEREST IN SUBSIDIARIES</b>		
Attributable interest in the aggregate amount of profits and losses of subsidiaries, after taxation and outside shareholders' interest:		
– Profits	233	300
– Losses	(71)	(8)
<b>24. FINANCE COSTS PAID</b>		
Finance costs as per income statement charge	404	374
Time value of money adjustment to environmental obligations	(21)	(22)
Interest capitalised to property, plant and equipment and intangible assets	4	6
BBBEE funding	(118)	(110)
– Dividends on redeemable preference shares capitalised	(42)	(40)
– Interest capitalised on long-term borrowings	(76)	(70)
	<b>269</b>	248
<b>25. TAXATION PAID</b>		
Net amounts outstanding at beginning of the year	42	10
Charge per income statement (excluding deferred taxation)	441	449
Net amounts receivable/(outstanding) at end of the year	42	(42)
– Taxation receivable	43	–
– Taxation payable	(1)	(42)
	<b>525</b>	417
<b>26. DIVIDENDS PAID</b>		
Dividends declared to PPC shareholders (refer note 22)	770	702
Dividends declared by trust funding SPVs to non-consolidated trusts	–	4
	<b>770</b>	706

	2013 Rm	2012 Rm
<b>27. BUSINESS COMBINATIONS</b>		
<b>Fair value of assets acquired at date of acquisition</b>		
Property, plant and equipment	433	26
Goodwill	100	–
Other intangible assets	124	28
Current assets	755	5
Long-term borrowings	(108)	–
Long-term provisions and deferred taxation	(75)	(7)
Short-term borrowings	(35)	–
Current liabilities	(47)	–
Other	(6)	–
Net asset value	1 141	52
Non-controlling interest	(512)	–
Total consideration payable	629	52

The goodwill represents growth and synergies expected to accrue from the acquisition.

Included in current assets is cash and cash equivalents of R6 million.

From the dates of acquisition, these acquisitions have contributed an additional revenue of R118 million and profit before taxation of R1 million to the group. The directors consider that, on a pro forma basis, had the acquisitions been effective from the beginning of the year, group revenue for the year would have been R177 million higher, and profit before tax R1 million higher.

	2013 <sup>^</sup> Rm	2012* Rm
<b>CIMERWA Limited</b>		
Paid to previous shareholders of CIMERWA Limited	136	–
Paid to CIMERWA Limited for new equity in the company	181	–
Payable to CIMERWA Limited for new equity in the company	312	–
	629	–

<sup>^</sup> In January 2013 PPC acquired a 51% equity stake in CIMERWA Limited, a Rwandan cement company. The transaction value amounts to US\$69,4 million (R629 million) of which US\$15 million was paid to previous shareholders of the company, while a further US\$20 million was paid to subscribe for shares in CIMERWA. The remaining purchase consideration, for further subscription in shares in CIMERWA, is payable in three tranches, with the last payment being in December 2013. As CIMERWA is consolidated and US\$54,4 million is payable to CIMERWA, only the US\$15 million (R136 million) payable external to the PPC group is reflected as a cash flow outside the consolidated PPC group.

**Quarries of Botswana**

Paid to previous shareholders of Botswana quarries	4	42
Payable to previous shareholders of Botswana quarries	–	10
	4	52

\* In October 2011 PPC acquired three aggregate quarries in Botswana, with each quarry deemed to be a separate cash-generating unit. The transaction value amounted to R52 million and the consideration paid amounted to R4 million (2012: R42 million). The purchase consideration outstanding is payable on the second anniversary of the transaction. During the current year an impairment loss of R12 million has been recognised (refer notes 2 and 19).

## Notes to the group financial statements *continued*

for the year ended 30 September 2013

	2013 Rm	2012 Rm
<b>28. INVESTMENT IN PROPERTY, PLANT AND EQUIPMENT</b>		
Freehold and leasehold land, buildings and mineral rights	43	40
Plant, vehicles, furniture and equipment	921	569
	<b>964</b>	609
<b>29. MOVEMENT IN INVESTMENTS AND LOANS</b>		
Net movement	(10)	9
Revaluation of available-for-sale financial assets recognised directly in equity	12	(5)
	<b>2</b>	4
Comprise:		
Movements in investments and loans	2	(5)
Receipt of instalment on long-term loan	–	9
	<b>2</b>	4
<b>30. COMMITMENTS</b>		
<b>Capital commitments:</b>		
Contracted	752	192
Approved	336	125
	<b>1 088</b>	317

The increase is due to the capital commitments relating to CIMERWA Limited amounting to R825 million (2012: Rnil).

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.

#### **Business combination commitments:**

PPC continues to investigate business opportunities in both South Africa and the rest of Africa, and the projects identified are at various stages of investigations or approvals.

#### **Approved transaction**

The final 50% tranche on the acquisition of Pronto Holdings (Pty) Limited is payable in May 2014. The purchase consideration is determined using an EBITDA multiple less net debt.

#### **Transactions still subject to final approvals**

The company has signed a memorandum of understanding for the construction of a new cement plant in the DRC. The total estimated cost of the project amounts to US\$260 million. It is estimated that PPC will have a 69% shareholding in the project. Commercial terms, including funding facilities, are in the process of being finalised.

The company has also entered into an agreement to purchase a controlling stake in Safika Cement Holdings (Pty) Limited for a cash consideration of approximately R350 million. The transaction is subject to regulatory approval.

Further to the SENS announcement in February 2013, the group continues investigations into the construction of a new one million tonne per annum cement plant in Zimbabwe and grinding facility in Mozambique.

	2016 and thereafter Rm	2015 Rm	2014 Rm	<b>Total 2013 Rm</b>	Total 2012 Rm
<b>30. COMMITMENTS</b> <i>continued</i>					
<b>Operating lease commitments</b>					
Land and buildings	152	20	17	<b>189</b>	17
Other	–	3	3	<b>6</b>	2
				<b>195</b>	19

The increase in operating lease commitments for land and buildings follows PPC signing a 10-year lease agreement for its new head offices.

### 31. CONTINGENT LIABILITIES

Litigation, current or pending, is not considered likely to have a material adverse effect on the group.

### 32. 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 a pension and/or a provident fund, depending on local requirements.

All South African-based employees belong to the PPC Retirement Fund which consists of the Pretoria Portland Cement Defined Contribution Pension Fund and the Pretoria Portland Cement Defined Contribution Provident Fund.

#### Defined contribution plans

The total cost charged to the income statement of R84 million (2012: R79 million) represents contributions payable to these schemes by the group at rates specified in the rules of the schemes. At 30 September 2013, all contributions due in respect of the current reporting period had been paid over to the schemes.

## Notes to the group financial statements continued

### for the year ended 30 September 2013

### 33. SHARE-BASED PAYMENTS

#### 33.1 CASH-SETTLED

Executive directors, prescribed officers and certain senior employees have been granted cash-settled share appreciation rights in terms of PPC's Long-term Incentive Plan. The scheme was implemented during 2007, 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.

Share appreciation rights granted:

	Total	2013 30/09/2013
Date of grant		
Grant price (based on five-day volume weighted average price or zero) (rand)	–	–
Number of rights granted	<b>9 768 968</b>	<b>170 000</b>
Directors (with performance conditions)	<b>2 767 000</b>	<b>170 000<sup>#</sup></b>
Executives (with performance conditions)	<b>1 390 000</b>	–
Senior management	<b>5 611 968</b>	–
Vested during the year	<b>(24 300)</b>	–
Directors (with performance conditions)	<b>(24 300)</b>	–
Exercised/lapsed/forfeited due to leaving employment	<b>(4 606 618)</b>	–
Forfeited 2007	<b>(679 000)</b>	–
Forfeited 2008	<b>(276 000)</b>	–
Forfeited 2010	<b>(220 000)</b>	–
Forfeited 2011	<b>(300 500)</b>	–
Forfeited 2012	<b>(2 503 768)</b>	–
Forfeited 2013	<b>(627 350)</b>	–
Unexercised at 30 September 2013	<b>5 138 050</b>	<b>170 000</b>
Directors (with performance conditions)	<b>754 300</b>	<b>170 000</b>
Executives (with performance conditions)	<b>100 000</b>	–
Senior management*	<b>4 283 750</b>	–
Vesting in thirds after the third, fourth and fifth anniversary of the grant date		<b>Yes</b>
Automatically exercised on the third anniversary of the grant date		<b>30/09/2016</b>
Expiry date (lapse if not exercised)		
Share appreciation rights were valued using binomial option pricing, taking into account the following inputs:		
Market price of PPC shares at the end of the year (rand)		<b>30,20</b>
Expected volatility of stock over the remaining life of the option (%) <sup>^</sup>		<b>23,92</b>
Risk-free rate (%)		<b>5,57</b>

<sup>#</sup> Includes an additional grant of 50 000 during the year.

<sup>\*</sup> Includes rights on which the performance conditions were waived by the board during the year to the extent of 75%.

<sup>^</sup> Expected volatility is based on the historical share price over the past year.

Vesting of the zero grant price rights granted to directors is subject to individual performance conditions related to the directors' areas of responsibility. Vesting of the other rights granted to directors is subject to HEPS growth performance conditions.

No rights were exercised/lapsed/forfeited during 2009.

2012	2011	2009	2009	2008	2007
28/09/2012	01/08/2011	25/09/2009	25/09/2009	17/11/2008	17/09/2008
-	-	35,35	-	31,80	43,00
170 000	164 968	2 166 000	1 346 000	2 212 000	3 540 000
170 000	150 000	360 000	451 000	435 000	1 031 000
-	-	458 000	-	456 000	476 000
-	14 968	1 348 000	895 000	1 321 000	2 033 000
-	-	-	(24 300)	-	-
-	-	-	(24 300)	-	-
-	(14 968)	(508 750)	(1 297 400)	(971 500)	(1 814 000)
-	-	-	-	-	(679 000)
-	-	-	-	(276 000)	-
-	-	(72 000)	(27 000)	(37 000)	(84 000)
-	-	(65 000)	(160 000)	(70 500)	(5 000)
-	(14 968)	(111 000)	(1 067 800)	(77 000)	(1 233 000)
-	-	(260 750)	(42 600)	(511 000)	187 000
170 000	150 000	1 657 250	24 300	1 240 500	1 726 000
170 000	150 000	240 000	24 300	-	-
-	-	100 000	-	-	-
-	-	1 317 250	-	1 240 500	1 726 000
Yes	Yes	Yes	Yes	Yes	Yes
28/09/2015	01/08/2014	25/09/2019	24/09/2014	17/09/2018	08/08/2017
30,20	30,20	30,20	30,20	30,20	30,20
24,47	26,84	32,23	26,84	29,86	24,03
5,40	5,15	7,54	5,15	6,83	5,98

**Notes to the group financial statements** continued

for the year ended 30 September 2013

	2013 Rm	2012 Rm
<b>33. SHARE-BASED PAYMENTS</b> continued		
<b>33.1 CASH-SETTLED</b> continued		
(Income)/expense recognised in the current year (refer note 15)	<b>(3)</b>	22
The carrying amount of the liability of the share appreciation rights (refer note 14)	<b>22</b>	45

**33.2 FORFEITABLE SHARE-PLAN**

The forfeitable share-plan (FSP), a long-term incentive, was introduced in 2011 and extended in 2012 to executive directors and prescribed officers, following shareholder approval. Its purpose is to provide both an incentive to deliver the group's strategy over the long term and to be a retention mechanism. Participants will receive forfeitable shares for no consideration and will participate in dividends and shareholder rights from the date of grant, but may only dispose of the shares after the vesting date. Vesting of the retention awards is subject to employment for a period of three years (2011 grant: 2,5 years), and vesting of the performance awards is additionally subject to satisfaction of certain performance conditions, failing which the employee will forfeit the shares and they may be sold by PPC and the net proceeds retained by the group. The performance conditions relate to growth in headline earnings per share measured over a three-year period. The shorter vesting period of 2,5 years for the 2011 grants recognised the absence of long-term incentive awards during 2010. Similarly, the larger grant to directors and prescribed officers recognised the absence of awards made to directors for 2010 and 2011.

Shares were purchased directly by PPC on JSE Limited over a number of days following the grant date. The shares are held by an agent on behalf of the participants until the vesting date.

In terms of IFRS 2, the fair value of each share awarded, which will be expensed over the vesting period in return for services rendered, is based on the average market price of acquiring the share and is not remeasured subsequently. The service and performance conditions are taken into account in the number of instruments that are expected to vest. Subsequent revisions are made for changes in estimated attrition and probability of satisfaction of performance conditions.

Date of grant:	15 March 2013		16 February 2012	
	Retention awards	Performance awards	Retention awards	Performance awards
Number of shares granted (directors)	<b>36 600</b>	<b>322 900</b>	38 200	328 300
Number of shares granted (management)	<b>900 400</b>	<b>791 600</b>	634 300*	491 500*
Average purchase price of shares acquired (rand)	<b>32,58</b>	<b>32,58</b>	31,19	31,19
Estimated fair value per share at grant date (rand)	<b>32,58</b>	<b>32,58</b>	31,19	31,19

\* Restated to exclude FSPs awarded to employees of Portland Holdings Limited in Zimbabwe in anticipation of the implementation of a local cash-settled incentive scheme (2012: 91 700; 2011: 104 300).

### 34. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The financial statements have been prepared in accordance with the framework concepts and the measurement and recognition criteria of International Financial Reporting Standards (IFRS), and its interpretation adopted by the International Accounting Standards Board in issue and effective for the group at 30 September 2013 and the SAICA Financial Reporting Guides, as issued by the Financial Reporting Standards Council, the JSE listings 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 2012, except for the following revised accounting standards and amendments, which did not have a material impact on the report results:

#### New or revised statements, interpretations and circulars adopted during the year

The following amendments to statements have no financial impact on the group results:

	Effective date reporting period on or after
<b>IAS 1 (amendment) Presentation of Items of Other Comprehensive Income (OCI)</b> The amendment to IAS 1 changed the grouping of items presented in OCI. Items that could be reclassified or recycled to profit or loss at a future point in time would be presented separately from items that would not be reclassified or recycled. The amendment affects presentation only and has no impact on the group's financial position or performance.	Beginning 1 July 2012
<b>IAS 12 Deferred Taxation (Recovery of underlying assets)</b> The amendment to IAS 12 introduces a rebuttable presumption that deferred taxation on investment properties measured at fair value will be recognised on a sale basis, unless an entity has a business model that would indicate the investment property will be consumed in the business. The amendment also introduces the requirement that deferred taxation on non-depreciable assets measured using the revaluation model in IAS 16 should always be measured on a sale basis.	Beginning 1 January 2012
<b>Circular 2/2013 Headline Earnings</b> The circular sets out required adjustments in calculating headline earnings.	Ending 31 July 2013

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	Implication on PPC
<b>For adoption during PPC's 2014 financial year</b>		
IFRS 1 (amendment) Government Loans	1 January 2013	No impact
IFRS 7 (amendment) Offsetting Financial Assets and Financial Liabilities – Disclosure	1 January 2013	No impact
IFRS 10 Consolidated Financial Statements	1 January 2013	No impact
IFRS 11 Joint Arrangements	1 January 2013	No impact
IFRS 12 Disclosure of Interests in Other Entities	1 January 2013	Disclosure impact
IFRS 10 – 12 (amendment) Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance	1 January 2013	No impact
IFRS 13 Fair Value Measurement	1 January 2013	No impact
IAS 19 (amendment) Employee Benefits	1 January 2013	No impact
IAS 27 Separate Financial Statements	1 January 2013	No impact
IAS 28 Investments in Associates and Joint Ventures	1 January 2013	No impact
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013	Financial impact being determined
IASB Improvements to IFRS 2009 – 2011	1 January 2013	No impact
<b>For adoption during PPC's 2015 financial year</b>		
Investment Entities (amendments to IFRS 10, IFRS 12 and IAS 27)	1 January 2014	No impact
IAS 32 (amendment) Offsetting Financial Assets and Financial Liabilities – Presentation	1 January 2014	No impact
IAS 36 (amendment) recoverable amount disclosures for non-financial assets	1 January 2014	Disclosure impact
IAS 39 (amendment) Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014	No impact
IFRIC 21 Levies	1 January 2014	No impact
<b>For adoption during PPC's 2016 financial year</b>		
IFRS 9 Financial Instruments: Classification and measurement	1 January 2015	Disclosure and financial impact

## Notes to the group financial statements *continued*

### for the year ended 30 September 2013

#### 35. 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 10 and 13, cash and cash equivalents as disclosed in note 7, and equity attributable to shareholders, comprising stated capital, reserves and retained profit as disclosed in note 8.

PPC's senior executives review the capital structure on a quarterly 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 buy-backs as well as the issue of new debt or the redemption of existing debt.

##### Treasury risk management

Senior executives meet on a regular basis to analyse currency and interest rate exposure and to re-evaluate treasury management strategies against revised economic forecasts. The group's treasury operation provides the local operations with access to local money markets and provides local 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 R13 million.

The amounts below represent forward exchange contract commitments to sell and purchase foreign currencies.

	< 1 year Rm	1 – 3 years Rm	Total Rm
<b>2013</b>	<b>13</b>	–	<b>13</b>
<b>2012</b>	16	–	16

Total net forward exchange contracts comprise the following:

	<b>2013</b>	2012
Euros (€m)	<b>2</b>	2
Average rate R/€	<b>13,37</b>	10,78
US dollar (\$m)	<b>2</b>	1
Average rate R/\$	<b>10,12</b>	8,30

The average rates shown above include the cost of forward cover.

### 35. FINANCIAL RISK MANAGEMENT *continued*

#### Interest rate management

The group is exposed to interest rate risk arising from fluctuations in financing costs on borrowings 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 profile of total borrowings is as follows:

Description	Years of repayment	2013 Rm	2012 Rm
<b>Secured</b>			
BBBEE funding transaction	2014 – 2017	1 273	1 240
Finance lease liability	2013	–	14
Long-term loan acquired through business combinations	2017	87	–
		<b>1 360</b>	1 254
<b>Unsecured</b>			
Long-term loan	2017	1 519	1 518
Short-term loans and bank overdraft	2014	499	813
Bonds	2016	645	–
Other non-current liabilities acquired through business combinations	2017	23	–
		<b>2 686</b>	2 331

The group has entered into interest rates swap agreements for which variable rates have been swapped for fixed rates ranging from 9,17% to 11,36% (refer note 10).

Unsecured, short-term loans bear interest at rates varying between 5,25% and 16% per annum for the year under review.

The company had borrowing facilities of R2 518 million and had utilised 19% of these facilities at 30 September 2013. At year-end, R2 050 million of borrowing facilities remain unutilised. These numbers exclude debt consolidated as a result of guarantees relating to BBBEE funding and acquisition of CIMERWA Ltd.

#### Hedge accounting applied in respect of interest rate risk

As at September 2013, the following designated cash flow hedge interest rate swap contracts were held in respect of the consolidated debt of the BBBEE trusts and trust funding SPVs:

Related underlying liability	Currency	Notional amount Rm	Fixed interest rate (nacs) %	Maturity date Financial year	Fair value of liability	
					2013 Rm	2012 Rm
A preference shares (rate linked to prime)	ZAR	169	9,24 – 9,37	2014 – 2017	2	5
B preference shares (rate linked to prime)	ZAR	253	9,17	2014	33	29
Long-term loans (rate linked to JIBAR)	ZAR	420	11,36	2014	79	79
<b>Total</b>					<b>114</b>	113

Movements on cash flow hedges amounting to R36 million (2012: R14 million) were recognised in other comprehensive income during the year.

#### Sensitivity analysis

##### Interest rate risk

At 30 September 2013, 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 R2 million (earnings per share: 0,34 cents) lower. Conversely, at 30 September 2013, 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 R2 million (earnings per share: 0,34 cents) higher.

##### Equity price risk – cash-settled share appreciation rights

At 30 September 2013, if the share price of PPC had been R6 higher, with all other variables held constant, attributable earnings would have been R12 million (earnings per share: 2,21 cents) lower. Conversely, at 30 September 2013, if the share price of PPC had been R6 lower, with all other variables held constant, attributable earnings would have been R9 million (earnings per share: 1,69 cents) higher.



	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
	-	-	-	-	-	-	37	37
	-	-	-	-	-	-	37	37
	110	110	70	70	5	5	1 416	1 416
	-	-	-	-	-	-	4	4
	-	-	-	-	-	-	46	46
	92	92	49	49	-	-	874	874
	18	18	21	21	5	5	492	492
	-	-	-	-	-	-	105	105
	-	-	-	-	-	-	105	105
	45	45	31	31	1 272	1 272	4 613	4 674
	-	-	-	-	1 211	1 211	3 462	3 523
	-	-	-	-	61	61	584	584
	45	45	31	31	-	-	567	567
	-	-	-	-	-	-	22	22
	-	-	-	-	-	-	22	22
	-	-	-	-	114	114	114	114
	-	-	-	-	2	2	2	2
	-	-	-	-	112	112	112	112
	-	-	-	-	-	-	25	25
	-	-	-	-	-	-	25	25
	94	94	48	48	2	2	1 066	1 066
	-	-	-	-	-	-	4	4
	-	-	-	-	-	-	49	49
	88	88	32	32	-	-	765	765
	6	6	16	16	2	2	248	248
	-	-	-	-	-	-	77	77
	-	-	-	-	-	-	77	77
	42	42	12	12	1 241	1 241	4 062	4 193
	-	-	-	-	1 198	1 198	2 716	2 847
	-	-	-	-	43	43	869	869
	42	42	12	12	-	-	477	477
	-	-	-	-	-	-	45	45
	-	-	-	-	-	-	45	45
	-	-	-	-	113	113	113	113
	-	-	-	-	108	108	108	108
	-	-	-	-	5	5	5	5

## Notes to the group financial statements *continued*

for the year ended 30 September 2013

### 35. FINANCIAL RISK MANAGEMENT *continued*

#### Fair values of financial assets and liabilities *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 group uses valuation techniques to arrive at fair value, including the use of prices obtained in recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants (refer to fair value hierarchy).

The fair values of cash and cash equivalents, trade and other receivables and trade and other payables approximate the respective carrying amounts of these financial instruments because of the short period to maturity of these instruments.

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 33.

#### Fair value hierarchy disclosures:

	Valuation with reference to prices quoted in an active market Level 1 Rm	Valuation based on observable inputs Level 2 Rm	Valuation based on unobservable inputs Level 3 Rm	Total fair value Rm
<b>2013</b>				
<b>Financial assets</b>				
<b><i>Available-for-sale</i></b>				
Unlisted investments at fair value	–	–	37	37
<b><i>Loans and receivables</i></b>				
Loans advanced	–	4	–	4
Loans to equity accounted investments	–	46	–	46
Trade and other financial receivables	–	874	–	874
Cash and cash equivalents	492	–	–	492
<b><i>At fair value through profit or loss</i></b>				
Unlisted collective investments at fair value (held-for-trading)	105	–	–	105
<b>Total financial assets</b>	<b>597</b>	<b>924</b>	<b>37</b>	<b>1 558</b>
<b>Financial liabilities</b>				
<b><i>At amortised cost</i></b>				
Long-term borrowings	–	3 523	–	3 523
Short-term borrowings	584	–	–	584
Trade and other financial payables	–	567	–	567
<b><i>At fair value through profit or loss</i></b>				
Cash-settled share-based payment liability	–	22	–	22
<b><i>Derivatives</i></b>				
Derivative instruments – non-current (cash flow hedge)	–	2	–	2
Derivative instruments – current (cash flow hedge)	–	112	–	112
<b>Total financial liabilities</b>	<b>584</b>	<b>4 225</b>	<b>–</b>	<b>4 809</b>

35. FINANCIAL RISK MANAGEMENT continued

Fair value hierarchy disclosures: continued

	Valuation with reference to prices quoted in an active markets Level 1 Rm	Valuation based on observable inputs Level 2 Rm	Valuation based on unobservable inputs Level 3 Rm	Total fair value Rm
<b>2012</b>				
<b>Financial assets</b>				
<b>Available-for-sale</b>				
Unlisted investments at fair value	–	–	25	25
<b>Loans and receivables</b>				
Loans advanced	–	4	–	4
Loans to equity accounted investments	–	49	–	49
Trade and other financial receivables	–	765	–	765
Cash and cash equivalents	248	–	–	248
<b>At fair value through profit or loss</b>				
Unlisted collective investments at fair value (held-for-trading)	77	–	–	77
<b>Total financial assets</b>	<b>325</b>	<b>818</b>	<b>25</b>	<b>1 168</b>
<b>Financial liabilities</b>				
<b>At amortised cost</b>				
Long-term borrowings	–	2 847	–	2 847
Short-term borrowings	869	–	–	869
Trade and other financial payables	–	477	–	477
<b>At fair value through profit or loss</b>				
Cash-settled share-based payment liability	–	45	–	45
<b>Derivatives</b>				
Derivative instruments – non-current (cash flow hedge)	–	5	–	5
Derivative instruments – non-current (cash flow hedge)	–	108	–	108
<b>Total financial liabilities</b>	<b>869</b>	<b>3 482</b>	<b>–</b>	<b>4 351</b>

Level 1 – financial assets and liabilities that are valued accordingly to unadjusted market prices for similar assets or liabilities. Market prices in this instance are readily available and the price represents regularly occurring transactions which have been concluded on an arm's length terms.

Level 2 – financial assets and liabilities are valued using observable inputs, other than the market prices noted in the level 1 methodology. These inputs make reference to pricing of similar assets or liabilities in an inactive market or by utilising observable prices and market related data.

Level 3 – financial assets and liabilities that are valued using unobservable data, and requires management judgement in determining the fair value.

## Notes to the group financial statements *continued*

for the year ended 30 September 2013

### 35. FINANCIAL RISK MANAGEMENT *continued*

#### 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 annually re-evaluates counterparty limits and the financial reliability of its customers. Provision is made for specific doubtful debts, and as at 30 September 2013, 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
<b>Maximum credit risk exposure</b>					
<b>2013</b>	<b>1 231</b>	<b>110</b>	<b>70</b>	<b>5</b>	<b>1 416</b>
<b>2012</b>	922	94	48	2	1 066

#### 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 accrued 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
<b>2013</b>					
Long-term borrowings	<b>3 547</b>	<b>85</b>	<b>830</b>	<b>2 632</b>	<b>3 547</b>
Short-term borrowings	<b>499</b>	<b>499</b>	–	–	<b>499</b>
Trade and other payables	<b>1 250</b>	<b>1 250</b>	–	–	<b>1 250</b>
<b>2012</b>					
Long-term borrowings	2 772	56	1 062	1 654	2 772
Short-term borrowings	813	813	–	–	813
Trade and other payables	812	812	–	–	812

The company's borrowing powers are not restricted by its memorandum of incorporation.

The group does not have any other material financial instruments that are not based in the currency in which the entity operates.

### 36. RELATED-PARTY TRANSACTIONS

	Parent company of reporting entity Rm	Subsidiary of reporting entity Rm
<b>2013</b>		
<b>Interest received</b>		
Afripack Limited	-	(2)
<b>Goods and services purchased/(sold)</b>		
Afripack Limited	61	-
Pronto Holdings (Pty) Limited	4	-
Pronto Holdings (Pty) Limited	(172)	-
<b>Amounts due (to)/from as at the end of the year</b>		
Afripack Limited	(5)	42
Metlakgola Construction & Development (Pty) Limited	-	1
Rhulanani Concrete Mixers (Pty) Limited	-	2
Olegra Oil (Pty) Limited	-	1
Pronto Holdings (Pty) Limited	25	-
<p>Group companies, in the ordinary course of business, enter into purchase transactions with joint ventures, associates and subsidiaries. The terms and conditions of these transactions are determined on an arm's length basis.</p> <p>In addition to the above related-party transactions, dividends of R59 million (2012: R53 million) were paid to the PPC SBP Consortium Fundings SPV (Pty) Limited. This company owns 41 956 330 shares in PPC, including 1 967 404 shares issued in terms of the BBBEE second transaction which participate in only 20% of the dividend declared. SK Mhlarhi and MP Malungani are common directors of both PPC and the PPC SBP Consortium Fundings SPV (Pty) Limited.</p>		
<b>2012</b>		
<b>Interest received</b>		
Afripack Limited	-	(2)
<b>Goods and services purchased/(sold)</b>		
Afripack Limited	82	-
Pronto Holdings (Pty) Limited <sup>^</sup>	(37)	-
<b>Amounts due (to)/from as at the end of the year</b>		
Afripack Limited	(3)	42
Metlakgola Construction & Development (Pty) Limited	-	1
Rhulanani Concrete Mixers (Pty) Limited	-	2
Olegra Oil (Pty) Limited	-	3
First Gas (Pty) Limited	-	1
Pronto Holdings (Pty) Limited <sup>^</sup>	11	-
<p><sup>^</sup> Subsequent to June 2012 (refer note 4).</p>		

## Notes to the group financial statements *continued*

for the year ended 30 September 2013

### 37. ADDITIONAL DISCLOSURE

#### Directors, prescribed officers and key management

The executive directors and prescribed officers of PPC are regarded as key management personnel. Details regarding directors' and prescribed officers' remuneration and interests are disclosed in the remuneration report.

#### Shareholders

The principal shareholders of the company are disclosed on page 116.

### 38. EVENTS AFTER REPORTING DATE

There are no events that occurred after the reporting date that may have a material impact on the group's reported financial position at 30 September 2013.

Subsequent to the year-end, the following was considered by the board:

- In order to further enhance an entrepreneurial spirit and business environment within our lime and aggregates business units, both locally and in Botswana, the company is investigating various ownership alternatives to our current structure. Any potential outcomes will still be subject to both internal and external approvals; and
- Investigating the opportunities of restructuring the company's first BBEE transaction.

### 39. CURRENCY CONVERSION GUIDE

Approximate value of foreign currencies relative to the rand at 30 September.

	2013	2012
Botswana pula	1,15	1,08
Euro	13,60	10,68
US dollar	10,05	8,29
Rwandan francs	0,02	–
Mozambican meticals	0,34	0,29



## Company statement of financial position

as at 30 September 2013

	Notes	2013 Rm	2012 Rm
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1	3 457	3 443
Intangible assets	2	76	93
Other non-current assets	3	664	652
Equity accounted investments	4	186	76
<b>Current assets</b>			
Inventories	5	482	464
Trade and other receivables	6	701	643
Amounts owing by subsidiaries	3	601	227
Cash and cash equivalents		140	106
<b>Total assets</b>		<b>6 307</b>	<b>5 704</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Stated capital	7	(692)	(636)
Other reserves		430	323
Retained profit		1 105	971
<b>Total equity</b>		<b>843</b>	<b>658</b>
<b>Non-current liabilities</b>			
Deferred taxation liabilities	8	548	538
Long-term borrowings	9	3 261	2 565
Provisions	10	225	208
Other non-current liabilities	11	2	108
<b>Current liabilities</b>			
Short-term borrowings	12	502	852
Trade and other payables	13	823	644
Amounts owing to subsidiaries	3	103	131
<b>Total equity and liabilities</b>		<b>6 307</b>	<b>5 704</b>

## Company income statement

for the year ended 30 September 2013

	Notes	2013 Rm	2012 Rm
<b>Revenue</b>		<b>6 035</b>	5 479
Cost of sales		<b>3 887</b>	3 475
<b>Gross profit</b>		<b>2 148</b>	2 004
Non-operating income		<b>203</b>	335
Administrative and other operating expenditure		<b>642</b>	556
<b>Operating profit before BBBEE IFRS 2 charges</b>	14	<b>1 709</b>	1 783
BBBEE IFRS 2 charges		<b>44</b>	122
<b>Operating profit</b>		<b>1 665</b>	1 661
Fair value gains/(losses) on financial instruments	15	<b>27</b>	(4)
Finance costs	16	<b>380</b>	352
Investment income	17	<b>9</b>	20
<b>Profit before exceptional items</b>		<b>1 321</b>	1 325
Exceptional items	18	<b>11</b>	(163)
<b>Profit before taxation</b>		<b>1 332</b>	1 162
Taxation	19	<b>388</b>	443
<b>Profit for the year</b>		<b>944</b>	719

## Company statement of comprehensive income

for the year ended 30 September 2013

	Available- for-sale financial assets Rm	Hedging reserves Rm	Retained profit Rm	Total compre- hensive income Rm
<b>2013</b>				
<b>Profit for the year</b>	–	–	<b>944</b>	<b>944</b>
<b>Items that will not be reclassified to profit or loss</b>	<b>9</b>	–	–	<b>9</b>
Revaluation of available-for-sale financial investments	<b>11</b>	–	–	<b>11</b>
Taxation on revaluation of available-for-sale financial investments	<b>(2)</b>	–	–	<b>(2)</b>
<b>Items that will be reclassified to profit or loss upon derecognition</b>	–	<b>36</b>	–	<b>36</b>
Cash flow hedge recognised directly through equity	–	<b>36</b>	–	<b>36</b>
<b>Other comprehensive profit, net of taxation</b>	<b>9</b>	<b>36</b>	–	<b>45</b>
<b>Total comprehensive income</b>	<b>9</b>	<b>36</b>	<b>944</b>	<b>989</b>
<b>2012</b>				
<b>Profit for the year</b>	–	–	719	719
<b>Items that will not be reclassified to profit or loss</b>	(3)	–	–	(3)
Revaluation of available-for-sale financial investments	(4)	–	–	(4)
Taxation on revaluation of available-for-sale financial investments	1	–	–	1
<b>Items that will be reclassified to profit or loss upon derecognition</b>	–	12	–	12
Cash flow hedge recognised directly through equity	–	12	–	12
<b>Other comprehensive profit, net of taxation</b>	(3)	12	–	9
<b>Total comprehensive income</b>	(3)	12	719	728

## Company statement of changes in equity

for the year ended 30 September 2013

	Other reserves					Total Rm
	Stated capital Rm	Available- for- sale financial assets Rm	Hedging reserves Rm	Equity compen- sation reserves Rm	Retained profit Rm	
<b>2013</b>						
<b>Opening balance at beginning of the year</b>	<b>(636)</b>	<b>230</b>	<b>(43)</b>	<b>136</b>	<b>971</b>	<b>658</b>
<b>Movement for the year</b>	<b>(56)</b>	<b>11</b>	<b>36</b>	<b>60</b>	<b>134</b>	<b>185</b>
BBBEE IFRS 2 charges	–	–	–	<b>44</b>	–	<b>44</b>
FSP IFRS 2 charges	–	–	–	<b>31</b>	–	<b>31</b>
Transfer to retained income	–	–	–	<b>(13)</b>	<b>13</b>	–
Other reserve movements	–	<b>2</b>	–	<b>(2)</b>	–	–
Purchase of treasury shares in terms of the FSP share incentive scheme <sup>^</sup>	<b>(56)</b>	–	–	–	–	<b>(56)</b>
Total comprehensive income	–	<b>9</b>	<b>36</b>	–	<b>944</b>	<b>989</b>
Dividends paid	–	–	–	–	<b>(823)</b>	<b>(823)</b>
<b>Balance at 30 September 2013</b>	<b>(692)</b>	<b>241</b>	<b>(7)</b>	<b>196</b>	<b>1 105</b>	<b>843</b>
<b>2012</b>						
<b>Opening balance at beginning of the year</b>	43	233	(55)	7	1 007	1 235
<b>Movement for the year</b>	(679)	(3)	12	129	(36)	(577)
BBBEE IFRS 2 charges	–	–	–	122	–	122
FSP IFRS 2 charges	–	–	–	17	–	17
Buy-back and cancellation of PPC shares held by wholly owned group subsidiary	(589)	–	–	–	–	(589)
Securities transfer taxation on buy-back and cancellation of shares	(1)	–	–	–	–	(1)
Other reserve movements	–	–	–	(10)	10	–
Purchase of treasury shares in terms of the FSP share incentive scheme <sup>^</sup>	(89)	–	–	–	–	(89)
Total comprehensive income	–	(3)	12	–	719	728
Dividends paid	–	–	–	–	(765)	(765)
<b>Balance at 30 September 2012</b>	<b>(636)</b>	<b>230</b>	<b>(43)</b>	<b>136</b>	<b>971</b>	<b>658</b>

<sup>^</sup> For further details on the FSP share scheme, refer to note 33 in the group financial statements.

## Company statement of cash flows

for the year ended 30 September 2013

	Notes	2013 Rm	2012 Rm
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before exceptional items</b>		<b>1 321</b>	1 325
<i>Adjustments for:</i>			
Depreciation	1	372	348
Amortisation of intangible assets	2	21	18
Loss on disposal of property, plant and equipment		–	2
Dividends received		–	(7)
Income from subsidiary companies	14	(226)	(363)
Interest received	17	(9)	(13)
Finance costs	16	380	352
Fair value (gains)/losses on financial instruments	15	(27)	4
BBBEE IFRS 2 charges		44	122
Other non-cash flow items		(24)	24
<b>Operating cash flows before movements in working capital</b>		<b>1 852</b>	1 812
Movement in inventories		(18)	(28)
Movement in trade and other receivables		(18)	128
Movement in trade and other payables and provisions		199	27
<b>Cash generated from operations</b>		<b>2 015</b>	1 939
Finance costs paid	20	(289)	(258)
Dividends received from equity accounted investments		–	7
Interest received		9	13
Income received from subsidiary companies		226	363
Taxation paid	21	(440)	(370)
<b>Cash available from operations</b>		<b>1 521</b>	1 694
Dividends paid		(823)	(765)
<b>Net cash inflow from operating activities</b>		<b>698</b>	929

	Notes	2013 Rm	2012 Rm
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment in property, plant and equipment	22	(387)	(471)
Investment in intangible assets	2	(3)	(30)
Acquisition of equity accounted investments	4	(110)	(70)
Proceeds on disposal of property, plant and equipment		15	1
Movements in investments and loans	23	–	(49)
Net movement in net amounts owing by subsidiaries	3	(402)	(69)
Receipt of instalment on long-term loan	23	–	10
<b>Net cash outflow from investing activities</b>		<b>(887)</b>	(678)
<b>Net cash (outflow)/inflow before financing activities</b>		<b>(189)</b>	251
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long-term borrowings repaid		–	(14)
BBBEE funding transaction		(32)	(20)
Securities transfer taxation on buy-back and cancellation of shares		–	(1)
Net short-term borrowings repaid		(339)	(22)
Proceeds from the issuance of the bond	9	650	–
Purchase of shares in terms of FSP share incentive scheme	7	(56)	(89)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>223</b>	(146)
<b>Net increase in cash and cash equivalents</b>		<b>34</b>	105
<b>Cash and cash equivalents at beginning of the year</b>		<b>106</b>	1
<b>Cash and cash equivalents at end of the year</b>		<b>140</b>	106

## Notes to the company financial statements

for the year ended 30 September 2013

	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
<b>1. PROPERTY, PLANT AND EQUIPMENT</b>					
<b>2013</b>					
Cost	<b>561</b>	<b>67</b>	<b>5 661</b>	<b>153</b>	<b>6 442</b>
Accumulated depreciation and impairments	<b>234</b>	<b>23</b>	<b>2 586</b>	<b>142</b>	<b>2 985</b>
Net carrying value at end of the year	<b>327</b>	<b>44</b>	<b>3 075</b>	<b>11</b>	<b>3 457</b>
<b>2012</b>					
Cost	542	67	5 310	152	6 071
Accumulated depreciation and impairments	217	21	2 252	138	2 628
Net carrying value at end of the year	325	46	3 058	14	3 443
<b>Movement of property, plant and equipment</b>					
<b>2013</b>					
Net carrying value at beginning of the year	<b>325</b>	<b>46</b>	<b>3 058</b>	<b>14</b>	<b>3 443</b>
Additions	<b>21</b>	–	<b>366</b>	–	<b>387</b>
Depreciation	<b>(17)</b>	<b>(2)</b>	<b>(350)</b>	<b>(3)</b>	<b>(372)</b>
Disposals	<b>(2)</b>	–	<b>(1)</b>	–	<b>(3)</b>
Other movements/reallocation	–	–	<b>2</b>	–	<b>2</b>
Net carrying value at end of the year	<b>327</b>	<b>44</b>	<b>3 075</b>	<b>11</b>	<b>3 457</b>
<b>2012</b>					
Net carrying value at beginning of the year	312	51	2 938	17	3 318
Additions	29	–	447	–	476
Depreciation	(16)	(2)	(327)	(3)	(348)
Disposals	–	–	(3)	–	(3)
Reallocation from inventory	–	–	3	–	3
Other movements/reallocation	–	(3)	–	–	(3)
Net carrying value at end of the year	325	46	3 058	14	3 443

Included in plant, vehicles, furniture and equipment is capital work-in-progress of R94 million (2012: R64 million).

Property, plant and equipment with a net carrying value of R nil (2012: R14 million) is encumbered as disclosed in note 9.

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 an amount of R4 million (2012: R3 million) for critical spares was reclassified to inventory.

Refer to the group financial statements for additional disclosures on property, plant and equipment.

	2013 Rm	2012 Rm
<b>2. INTANGIBLE ASSETS</b>		
<b>ERP development and other software</b>		
Cost	172	169
Accumulated amortisation and impairments	96	76
Net carrying value at end of the year	76	93
<b>Movement of intangible assets</b>		
Net carrying value at beginning of the year	93	81
Additions	3	30
Amortisation	(21)	(18)
Other movements	1	–
Net carrying value at end of the year	76	93
<b>3. OTHER NON-CURRENT ASSETS</b>		
<b>Investment in subsidiaries</b>		
Investment in subsidiaries at beginning of the year	583	526
Investment in subsidiary <sup>#</sup>	–	57
Investment in subsidiaries at end of the year	583	583
Unlisted investments	81	69
Unlisted investments at fair value	37	25
Contributions to PPC Environmental Trust <sup>®</sup>	44	44
	664	652
Comprising:		
Other non-current assets	627	627
Other non-current financial assets	37	25
	664	652
<b>Interest in subsidiaries</b>		
Shares at cost less amounts written off and dividends received at beginning of the year	590	533
Add: Investment in subsidiary	–	57
	590	590
Add: Amounts owing by subsidiaries*	601	227
	1 191	817
Less: Amounts owing to subsidiaries*	(103)	(131)
	1 088	686

<sup>#</sup> **Investment in subsidiary**

During 2012, the company further capitalised Pretoria Portland Cement International Holdings. The proceeds were used to fund the acquisition and working requirements of the three aggregate quarries in Botswana and working capital requirements of PPC Mozambique.

<sup>®</sup> **Contributions to PPC Environmental Trust**

These contributions are invested with independent financial institutions in a collective investment scheme and deposits, and can be utilised on approval from the Department of Mineral and Energy Affairs for rehabilitation costs (refer note 10).

\* **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 the "Interest in subsidiary and unlisted equity accounted investments" section on page 115 for details of amounts owing by and owing to subsidiaries at year-end.

During the current year, the company advanced R437 million to PPC International SA, a wholly owned subsidiary company, for the purchase of a 51% equity stake in CIMERWA Limited and a further 3% equity stake in Habesha Cement Share Company.

## Notes to the company financial statements continued

for the year ended 30 September 2013

	2013 Rm	2012 Rm
<b>4. EQUITY ACCOUNTED INVESTMENTS</b>		
Investments at cost at beginning of the year	76	7
Investments made during the year <sup>^</sup>	110	69
	<b>186</b>	76
Fair value of unlisted equity accounted investments as determined by the directors	<b>266</b>	138
Refer to the "Interest in subsidiaries and unlisted equity accounted investments" section on page 115 and notes in the group results for further information.		
<sup>^</sup> <b>Investments made during the year</b>		
In May 2013, the company acquired a further 25% equity stake in Pronto Holdings (Pty) Limited. This purchase increased the total shareholding to 50%, the investment continues to be equity accounted.		
<b>5. INVENTORIES</b>		
Raw materials	78	75
Work-in-progress	107	107
Finished goods	94	93
Maintenance stores (net of inventory obsolescence)	203	189
	<b>482</b>	464
Amount of inventories recognised as an expense during the year	<b>2 557</b>	2 457
<b>Inventory obsolescence</b>		
Balance at beginning of the year	67	58
Raised during the year	17	16
Utilised during the year	(2)	(6)
Released during the year	(1)	(1)
Balance at end of the year	<b>81</b>	67
Inventories to revenue (%)	<b>7,99</b>	8,47
Inventories to cost of sales (%)	<b>12,40</b>	13,35
Obsolescence provision to inventories (%)	<b>16,81</b>	14,44
Inventories are determined on the weighted average formula basis.		
During the year an amount of R4 million (2012: R3 million) for critical spares was reclassified from property, plant and equipment.		
No inventories have been pledged as security.		

	2013 Rm	2012 Rm
<b>6. TRADE AND OTHER RECEIVABLES</b>		
Trade receivables	<b>606</b>	585
Less: Impairment of trade receivables	<b>(9)</b>	(13)
Net trade receivables	<b>597</b>	572
Other financial receivables	<b>28</b>	27
Trade and other financial receivables	<b>625</b>	599
Taxation receivable	<b>40</b>	–
Prepayments	<b>36</b>	44
	<b>701</b>	643
Trade receivables net of impairments, to revenue (%)	<b>10,36</b>	10,44
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.		
<b>Net trade receivables comprise:</b>	<b>597</b>	572
Trade receivables that are neither past due nor impaired <sup>^</sup>	<b>524</b>	485
Financial assets that would otherwise be impaired which terms have been renegotiated	<b>9</b>	14
Trade receivables that are past due but not impaired	<b>64</b>	73
<sup>^</sup> There is no history of default relating to trade receivables in this category.		
<b>Trade receivables that are past due but not impaired</b>		
Age analysis	<b>64</b>	74
1 – 30 days	<b>56</b>	72
61 – 90 days	<b>2</b>	2
>180 days	<b>6</b>	–
Fair value of collateral held	<b>68</b>	28
The majority of collateral held consists of bank guarantees, with the balance comprising suretyships, mortgage bonds, notarial bonds and cessions.		
<b>Impairment of trade receivables</b>		
Balance at beginning of the year	<b>13</b>	11
Allowance raised through profit or loss	<b>–</b>	4
Allowance utilised	<b>(4)</b>	(2)
Balance at end of the year	<b>9</b>	13

## Notes to the company financial statements continued

for the year ended 30 September 2013

	2013 Shares	2012 Shares
<b>7. STATED CAPITAL</b>		
<b>Authorised shares</b>	<b>700 000 000</b>	700 000 000
<b>Issued shares</b>		
<b>Ordinary shares</b>		
Total shares in issue at beginning of the year (net of treasury shares)	<b>539 549 021</b>	559 689 422
Shares issued in terms of the second BBBEE transaction <sup>^</sup>	<b>39 349 677</b>	–
Cancellation of treasury shares owned by a wholly owned group subsidiary company	–	(20 140 401)
Total shares in issue (net of treasury shares)	<b>578 898 698</b>	539 549 021
	<b>Rm</b>	<b>Rm</b>
<b>Stated capital</b>		
Balance at beginning of the year	<b>(636)</b>	–
Transfer from share capital and share premium <sup>~</sup>	–	(636)
Shares purchased in terms of the FSP share incentive scheme <sup>#</sup>	<b>(56)</b>	–
Balance at end of the year	<b>(692)</b>	(636)
<b>Issued share capital</b>		
Balance at beginning of the year	–	56
Shares purchased in terms of the FSP share incentive scheme <sup>#</sup>	–	(89)
Cancellation of treasury shares owned by a wholly owned group subsidiary company	–	(2)
Transfer to stated capital <sup>~</sup>	–	35
Balance at end of the year	–	–
<b>Share premium</b>		
Balance at beginning of the year	–	(13)
Cancellation of treasury shares owned by a wholly owned group subsidiary company	–	(587)
Securities transfer taxation on buy-back and cancellation of shares	–	(1)
Transfer to stated capital <sup>~</sup>	–	601
Balance at end of the year	–	–
<b>Unissued shares (shares)</b>	<b>94 620 352</b>	133 970 029

<sup>^</sup> Shares issued in terms of the second BBBEE transaction which was facilitated by means of notional vendor funding (NVF) mechanism resulting in these shares only participating in 20% of the dividends declared by PPC during the NVF period, ending 30 September 2019. These entities are consolidated into the PPC group during the transaction period.

<sup>~</sup> In 2012, the company changed its par value ordinary shares to ordinary shares with no nominal or par value. There was no change in preferences, rights, limitations and other terms of the ordinary shares when converted to no nominal or par value shares.

<sup>#</sup> In terms of the forfeitable share plan 4 774 733 shares (2012: 3 079 853) have been purchased on the JSE Limited since the scheme was approved, and are treated as treasury shares during the various vesting periods of the awards.

In terms of the BBBEE transaction that was effected during December 2008, PPC 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 PPC at market value, in terms of a scheme of arrangement. In substance, the shares purchased by the Black Managers Trust and trust funding SPV were indirectly funded by PPC. The shares are accordingly reflected as treasury shares and the corresponding long-term borrowings were raised (refer note 9).

For ease of reporting and understanding, ordinary and other shareholders have been shown together as total shareholders of PPC Ltd. There is no impact on the earnings or net asset value per share calculations as both shareholders participate in earnings and dividends equally.

	<b>2013</b>	2012
	<b>Rm</b>	Rm
<b>8. DEFERRED TAXATION LIABILITIES</b>		
Balance at beginning of the year	<b>538</b>	483
Charged to the income statement	<b>8</b>	56
Charged directly to equity	<b>2</b>	(1)
<b>Balance at end of the year</b>	<b>548</b>	538

	Opening balance Rm	Charged to the income statement Rm	Charged directly to equity Rm	Closing balance Rm
<b>2013</b>				
Property, plant and equipment	<b>598</b>	<b>31</b>	–	<b>629</b>
Other non-current assets	<b>18</b>	<b>5</b>	<b>2</b>	<b>25</b>
Current assets	–	<b>8</b>	–	<b>8</b>
Non-current liabilities	<b>(59)</b>	<b>(5)</b>	–	<b>(64)</b>
Current liabilities	<b>(21)</b>	<b>(31)</b>	–	<b>(52)</b>
Reserves	<b>2</b>	–	–	<b>2</b>
	<b>538</b>	<b>8</b>	<b>2</b>	<b>548</b>
<b>2012</b>				
Property, plant and equipment	537	61	–	598
Other non-current assets	13	6	(1)	18
Current assets	2	(2)	–	–
Non-current liabilities	(52)	(7)	–	(59)
Current liabilities	(19)	(2)	–	(21)
Reserves	2	–	–	2
	483	56	(1)	538

## Notes to the company financial statements continued

for the year ended 30 September 2013

				2013 Rm	2012 Rm
<b>9. LONG-TERM BORROWINGS</b>					
<b>Borrowings</b>	<b>Terms</b>	<b>Security</b>	<b>Interest rate</b>		
Long-term loan	Interest is payable semi-annually with a bullet capital repayment in December 2016.	Unsecured	Fixed 10,86%	<b>1 519</b>	1 518
Bonds <sup>#</sup>	Interest is payable semi-annually with a bullet capital repayment in March 2016.	Unsecured	JIBAR plus 1,26%	<b>645</b>	–
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%	–	14
BBBEE funding transaction <sup>^</sup>				<b>1 113</b>	1 065
Preference shares	Dividends are payable semi-annually and annual redemptions are required from 31 January 2012 to 15 December 2016.	Secured by guarantee from PPC	Variable rates linked to prime and fixed rates between 9,24% and 9,37%	<b>104</b>	128
Preference shares	Both capital and dividends are payable in December 2013.	Secured by guarantee from PPC	Variable rates linked to prime swapped for a fixed rate of 9,17%	<b>368</b>	344
Long-term loans	Both capital and interest are payable in December 2013.	Secured by guarantee from PPC	Variable rates linked to JIBAR swapped for a fixed rate of 11,36%	<b>641</b>	593
<b>Long-term borrowings</b>				<b>3 277</b>	2 597
Less: Short-term portion of long-term borrowings (refer note 12)				<b>(16)</b>	(32)
				<b>3 261</b>	2 565
<b>Maturity analysis of obligations:</b>					
One year				<b>16</b>	32
Two years				<b>1 033</b>	958
Three years				<b>678</b>	24
Four years				<b>1 550</b>	32
Five and more years				–	1 551
				<b>3 277</b>	2 597
<b>Assets encumbered are made up as follows:</b>					
Property, plant and equipment (refer note 1)				–	14

<sup>#</sup> In March 2013 the company issued a three-year unsecured floating rate corporate bond at a variable coupon of three-month JIBAR plus 1,26% per annum. The bond value is R650 million and is recognised net of the transaction costs in accordance with IFRS. This bond was issued under the company's R6 billion domestic medium-term note programme.

<sup>^</sup> PPC 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. During September 2013, the facilities due for repayment in December 2013 have been extended for a further three-year period and as a result, have been treated as long-term borrowings. Following the extension, the variable interest rate will be 285 basis points above prime.

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.

	2013 Rm	2012 Rm
<b>10. PROVISIONS</b>		
Factory decommissioning and quarry rehabilitation	199	185
Post-retirement healthcare benefits	26	23
	<b>225</b>	208

	Factory decommissioning and quarry rehabilitation Rm	Post-retirement healthcare benefits Rm	Total Rm
<b>Movement of provisions</b>			
<b>2013</b>			
Balance at beginning of the year	185	23	208
Amounts added	1	3	4
Time value of money adjustment to environmental obligations	13	–	13
Balance at end of the year	199	26	225
To be incurred:			
Between two and five years	7	–	7
More than five years	192	26	218
	199	26	225
<b>2012</b>			
Balance at beginning of the year	179	18	197
Amounts added	–	5	5
Amounts reversed	(8)	–	(8)
Time value of money adjustment to environmental obligations	14	–	14
Balance at end of the year	185	23	208
To be incurred:			
Between two and five years	6	–	6
More than five years	179	23	202
	185	23	208

**Factory decommissioning and quarry rehabilitation**

The company 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 and in line with local legislation. 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 by the company to the PPC Environmental Trust (refer note 3).

**Retirement and post-retirement benefits**

Included in the provision are the following:

**Cement and Concrete Institute employees**

The provision relates to post-employment healthcare benefits in respect of former employees of the Cement and Concrete Institute and amounted to R8 million (2012: R7 million). This liability was last actuarially valued during February 2013. 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 R18 million (2012: R16 million). The liability has been determined using the projected unit credit method and was actuarially valued during June 2012.

Benefits under these schemes were granted to employees under historical employment contracts and the schemes are closed to new members.

## Notes to the company financial statements continued

for the year ended 30 September 2013

	2013 Rm	2012 Rm
<b>11. OTHER NON-CURRENT LIABILITIES</b>		
Cash-settled share-based payment liability	22	43
Derivative financial instruments (cash flow hedge) <sup>^</sup>	2	108
	<b>24</b>	151
Less: Short-term portion of cash-settled share-based payment liability	<b>(22)</b>	(43)
	<b>2</b>	108
For further details on the cash-settled share-based payment liability, refer to note 33 in the group results.		
<sup>^</sup> 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 company's first BBBEE transaction. The derivative liability and interest on swaps repayable in December 2013 relating to B Preference/debts and long-term loans amounting to R112 million has been reclassified to short-term payable.		
<b>12. SHORT-TERM BORROWINGS</b>		
Short-term loans and bank overdraft	486	820
Short-term portion of long-term borrowings (refer note 9)	16	32
	<b>502</b>	852
<b>13. TRADE AND OTHER PAYABLES</b>		
Trade payables and accruals	314	259
Other financial payables	123	83
Finance costs accrued	32	32
Derivative financial instruments (cash flow hedge) <sup>^</sup>	112	4
Cash-settled share-based payment liability	22	43
Trade and other financial payables	<b>603</b>	421
Payroll accruals	174	153
VAT payable	31	22
Taxation payable	–	20
Restructuring costs*	15	–
Other non-financial payables	–	28
	<b>823</b>	644
Trade payables and accruals to cost of sales (%)	<b>8,08</b>	7,45

Trade and other payables are payable within a 30 to 60-day period.

<sup>^</sup> The derivative financial instrument relates 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 company's first BBBEE transaction, payable in December 2013.

\* During September 2013, PPC approved a Voluntary Separation Programme (VSP) for the Riebeeck factory. The total provision amounted to R15 million and is anticipated to be paid during the first quarter of our 2014 financial year.

	2013 Rm	2012 Rm
<b>14. OPERATING PROFIT</b>		
<b>Operating profit includes:</b>		
Amortisation of intangible assets (refer note 2)	21	18
Auditors' remuneration	7	6
– Fees	5	4
– Other	2	2
Depreciation (refer note 1):	372	348
– Cost of sales	355	333
– Operating costs	17	15
Distribution costs included in cost of sales	844	731
Exploration and research costs	1	–
Income from subsidiary companies:		
– Fees	55	54
– Dividends	171	309
	<b>226</b>	<b>363</b>
Operating lease charges – land and buildings	12	11
Profit on disposal of plant and equipment	11	2
Staff costs		
– Equity-settled share incentive scheme charge	27	16
– Cash-settled share incentive scheme charge	4	21
– Directors' remuneration	40	30
– Employees' remuneration	687	659
– Restructuring costs payable to employees	15	–
– Retirement benefit contributions	61	56
	<b>834</b>	<b>782</b>
Less: Costs capitalised to plant and equipment and intangibles	–	(5)
	<b>834</b>	<b>777</b>
<b>15. FAIR VALUE GAINS/(LOSSES) ON FINANCIAL INSTRUMENTS</b>		
Gains/(losses) on derivatives designated as economic hedging instruments	27	(4)
<b>16. FINANCE COSTS</b>		
Bank and other borrowings	66	51
Bonds	11	–
Long-term loan (refer note 9)	166	166
BBBEE funding transaction	120	120
– Dividends on redeemable preference shares	44	52
– Long term-borrowings	76	68
Finance lease interest	1	3
Subsidiary companies	3	3
Time value of money adjustment to environmental obligations	13	14
	<b>380</b>	<b>357</b>
Capitalised to plant and equipment and intangible assets	–	(5)
	<b>380</b>	<b>352</b>

## Notes to the company financial statements continued

for the year ended 30 September 2013

	2013 Rm	2012 Rm
<b>17. INVESTMENT INCOME</b>		
Dividends		
– Unlisted investments	–	5
– Equity accounted investments	–	2
	–	7
Interest received		
– On deposits and non-current assets	9	13
	<b>9</b>	20
<b>18. EXCEPTIONAL ITEMS</b>		
Impairment of loan to PPC subsidiary company	–	(163)
Profit on disposal of property	11	–
	<b>11</b>	(163)
<b>19. TAXATION</b>		
South African normal taxation		
– Current year	359	309
– Prior year	3	–
	<b>362</b>	309
Withholding taxation		
– Current year	15	31
Deferred taxation		
– Current year	8	56
Secondary taxation on companies		
– Current year	–	47
Other		
– Capital gains taxation	2	–
– Securities transfer taxation	1	–
Taxation attributable to the company	<b>388</b>	443

	2013 %	2012 %
<b>19. TAXATION continued</b>		
<b>Reconciliation of rate of taxation</b>		
Taxation as a percentage of profit before exceptional items (excluding prior year taxation)	<b>28,9</b>	38,1
Adjustment due to the inclusion of dividend income	<b>3,6</b>	7,4
Effective rate of taxation	<b>32,5</b>	45,5
Reduction in rate of taxation	<b>1,4</b>	0,5
Permanent differences and exempt income	<b>1,4</b>	0,5
Increase in rate of taxation	<b>(5,9)</b>	(18,0)
Disallowable charges	<b>(1,4)</b>	(8,4)
BBBEE IFRS 2 charges	<b>(3,3)</b>	(2,9)
Capital gains taxation	<b>(0,2)</b>	–
Secondary taxation on companies	–	(4,0)
Foreign withholding taxation	<b>(1,0)</b>	(2,7)
South African normal taxation rate	<b>28,0</b>	28,0
<b>20. FINANCE COSTS PAID</b>		
Finance costs as per income statement charge	<b>380</b>	352
Interest capitalised to plant and equipment	–	5
Time value of money adjustment to environmental obligations	<b>(13)</b>	(13)
BBBEE funding transaction	<b>(78)</b>	(86)
Redeemable preference share dividends capitalised	<b>(46)</b>	(40)
Interest capitalised on long-term borrowings	<b>(32)</b>	(46)
	<b>289</b>	258
<b>21. TAXATION PAID</b>		
Net amounts outstanding at beginning of the year	<b>20</b>	3
Charge per income statement (excluding deferred taxation)	<b>380</b>	387
Net amounts receivable/(outstanding) at end of the year	<b>40</b>	(20)
	<b>440</b>	370
<b>22. ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT</b>		
Freehold and leasehold land, buildings and mineral rights	<b>21</b>	29
Plant, vehicles, furniture and equipment	<b>366</b>	447
	<b>387</b>	476
Interest capitalised to plant and equipment	–	(5)
	<b>387</b>	471

## Notes to the company financial statements *continued*

for the year ended 30 September 2013

	2013 Rm	2012 Rm
<b>23. MOVEMENTS IN INVESTMENTS AND LOANS</b>		
Net movement	(12)	14
Revaluation of available-for-sale financial assets directly in equity	12	4
Acquisition of subsidiaries	–	(57)
	–	(39)
Comprise:		
Movements in investments and loans	–	(49)
Receipt of instalment on long-term loan	–	10
	–	(39)

## 24. CONTINGENT LIABILITIES

Litigation, current or pending, is not considered likely to have a material adverse effect on the company.

Wholly owned subsidiary companies, PPC Ntsika Fund (Pty) Limited and PPC International Holdings Pty Limited, are technically insolvent. The company has provided guarantees in the way of a subordination agreement relating to the loan that is receivable from these companies.

For details on guarantees provided by PPC Ltd in terms of the BBBEE transaction refer note 9.

## 25. 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.

	2013		2012	
	Carrying amount Rm	Fair value Rm	Carrying amount Rm	Fair value Rm
<b>Financial assets</b>				
Trade and other financial receivables	634	634	589	589
Amounts owing by subsidiaries	601	601	227	227
Cash and cash equivalents	140	140	106	106
<b>Financial liabilities</b>				
Long-term borrowings	3 261	3 322	2 565	2 696
Short-term borrowings	502	502	852	852
Amounts owing to subsidiaries	103	103	131	131
Trade and other financial payables	491	491	417	417
Derivative instruments – current (cash flow hedge)	112	112	4	4
Derivative instruments – non-current (cash flow hedge)	2	2	129	129
			2013 Rm	2012 Rm
<b>Credit risk management</b>				
Maximum credit risk exposure <sup>^</sup>			1 451	999

<sup>^</sup> Maximum credit risk exposure includes long-term receivables, trade and other receivables and cash and cash equivalents.

25. FINANCIAL RISK MANAGEMENT *continued*

Fair value hierarchy disclosures:

	Valuation with reference to prices quoted in an active market Level 1 Rm	Valuation based on observable inputs Level 2 Rm	Valuation based on unobservable inputs Level 3 Rm	Total Rm
<b>2013</b>				
<b>Financial assets</b>				
<b>Available-for-sale</b>				
Unlisted investments at fair value	–	–	37	37
<b>Loans and receivables</b>				
Amounts owing by subsidiaries	–	601	–	601
Trade and other financial receivables	–	701	–	701
Cash and cash equivalents	140	–	–	140
<b>Total financial assets</b>	<b>140</b>	<b>1 302</b>	<b>37</b>	<b>1 479</b>
<b>Financial liabilities</b>				
Long-term borrowings	–	3 261	–	3 261
Short-term borrowings	–	502	–	502
Trade and other financial payables	–	491	–	491
Derivative instruments – current (cash flow hedge)	–	112	–	112
Derivative instruments – non-current (cash flow hedge)	–	2	–	2
Amounts owing to subsidiaries	–	103	–	103
<b>Total financial liabilities</b>	<b>–</b>	<b>4 471</b>	<b>–</b>	<b>4 471</b>
<b>2012</b>				
<b>Financial assets</b>				
Unlisted investments at fair value	–	–	25	25
Amounts owing by subsidiaries	–	227	–	227
Trade and other financial receivables	–	589	–	589
Cash and cash equivalents	106	–	–	106
<b>Total financial assets</b>	<b>106</b>	<b>816</b>	<b>25</b>	<b>947</b>
<b>Financial liabilities</b>				
Long-term borrowings	–	2 565	–	2 565
Short-term borrowings	–	852	–	852
Trade and other financial payables	–	417	–	417
Amounts owing to subsidiaries	–	131	–	131
Derivative instruments – current (cash flow hedge)	–	4	–	4
Derivative instruments – non-current (cash flow hedge)	–	129	–	129
Amounts owing to subsidiaries*	–	131	–	131
<b>Total financial liabilities</b>	<b>–</b>	<b>4 229</b>	<b>–</b>	<b>4 229</b>

Level 1 – financial assets and liabilities that are valued accordingly to unadjusted market prices for similar assets or liabilities. Market prices in this instance are readily available and the price represents regularly occurring transactions which have been concluded on an arm's length terms.

Level 2 – financial assets and liabilities are valued using observable inputs, other than the market prices noted in the level 1 methodology. These inputs make reference to pricing of similar assets or liabilities in an inactive market or by utilising observable prices and market related data.

Level 3 – financial assets and liabilities that are valued using unobservable data, and requires management judgement in determining the fair value.

\* Amounts owing to subsidiaries has been included under financial liabilities for 2012.

## Notes to the company financial statements continued

for the year ended 30 September 2013

	2013 Rm	2012 Rm
<b>26. RELATED-PARTY TRANSACTIONS</b>		
In addition to the related-party transactions disclosed in the group results, the company had the following related-party transactions:		
<b>Goods sold to</b>		
PPC Botswana (Pty) Limited	240	236
Portland Holdings Limited	105	125
PPC Lime Limited	7	7
PPC Mozambique	40	63
Pronto Holdings (Pty) Limited	135	46
<b>Goods purchased from</b>		
PPC Lime Limited	29	30
Afripack Limited	64	82
Pronto Holdings (Pty) Limited	4	–
<b>Technical services provided to</b>		
PPC Lime Limited	36	36
PPC Aggregate Quarries (Pty) Limited	10	9
PPC Botswana (Pty) Limited	1	1
Portland Holdings Limited	5	–
CIMERWA Limited	3	–
<b>Technical services received from</b>		
PPC Aggregate Quarries (Pty) Limited	3	3
<b>Interest paid to</b>		
PPC Aggregate Quarries (Pty) Limited	2	2
PPC Ntsika Fund (Pty) Limited	1	1
CSG and SBP (refer notes 7, 9 and 16)	166	166
<b>Dividends received from</b>		
PPC Botswana (Pty) Limited	11	–
PPC Lime Limited	55	75
PPC Aggregate Quarries (Pty) Limited	17	15
PPC Cement (Pty) Limited	–	27
Portland Holdings Limited	89	192
Afripack Limited	–	2

	2013 Rm	2012 Rm
<b>26. RELATED-PARTY TRANSACTIONS</b> <i>continued</i>		
<b>Dividends paid</b>		
Porthold Trust (Pvt) Limited	2	2
PPC Cement (Pty) Limited	–	27
<b><i>in terms of the first BBBEE transaction</i></b>		
The Current PPC Team Trust	4	3
The Future PPC Team Trust	1	1
PPC Black Independent Non-executive Directors' Trust	1	–
The PPC Black Managers Trust	15	15
PPC Team Benefit Trust Funding SPV (Pty) Limited	4	4
PPC Construction Industry Associations Trust Funding SPV (Pty) Limited	17	15
PPC Education Trust Funding SPV (Pty) Limited	8	8
PPC Community Trust Funding SPV (Pty) Limited	6	5
Community Service Groups and Strategic Black Partners (refer notes 7, 9 and 16)	71	65
PPC Mkhulu Trust	1	–
<b><i>in terms of the second BBBEE transaction</i></b>		
PPC Masakhane Trust	8	–
PPC Bafati Trust	1	–
Strategic Black Partners	3	–
<b>Trade amounts due from</b>		
PPC Botswana (Pty) Limited	24	18
Portland Holdings Limited	13	15
PPC Mozambique SA	5	15
PPC Lime Limited	1	1
<b>Amounts due to</b>		
Community Service Groups and Strategic Black Partners (refer notes 7, 9 and 16)	1 547	1 546
Long-term loan	1 519	1 518
Interest capitalised	28	28
The terms and conditions of these transactions are determined on an arm's length basis.		

**27. ADDITIONAL DISCLOSURE**

Refer to the group financial statements for additional disclosure on the following:

- Accounting policies
- Business combinations
- Commitments
- Directors' remuneration and interest
- Financial risk management
- Foreign exchange gains and losses
- Related-party transactions
- Retirement benefit information
- Share-based payments
- Events after reporting date

## Remuneration review

### Dear shareholder

The board of PPC Ltd and the remuneration committee present the remuneration report for the financial year ended 30 September 2013. This details the company's remuneration policy and particularly executive remuneration, both fixed and variable elements, as well as fees paid to non-executive directors.

During the year, the remuneration committee evaluated the strategy and performance of the company relative to the creation of value for shareholders. Accordingly, fundamental changes to the company's reward philosophy were implemented from October 2013. In short, greater emphasis is being placed on reward for performance at senior levels, while the overall reward for semi-skilled employees is being increased. In addition, semi-skilled employees have benefited from voluntary pay and incentive freezes by senior management to reduce the wage gap, and business unit-specific incentive structures have been put in place to support the business strategy over the medium term.

The information in this report has been approved by the board on the recommendation of the remuneration committee.

The remuneration committee is satisfied that the principles laid down by the King III report on corporate governance for South Africa and the Companies Act 2008 (the Act) have been adhered to, unless otherwise stated in this report.

In line with emerging best practice, this year's remuneration report has been segmented into disclosure of the remuneration philosophy and policy (part 1) and its implementation (part 2).



**Ntombi Langa-Royds**

**Remuneration committee chairperson**

18 November 2013

## Part 1: Remuneration philosophy and policy

### Governance and the remuneration committee

#### Role of the remuneration committee

The remuneration committee assists the board in setting the PPC group remuneration policy and directors' remuneration. According to its terms of reference, the remuneration committee's mandate is to:

- Oversee the establishment of a remuneration policy aligned to achieving strategic objectives, encourage individual performance and support the company's long-term interest
- Ensure the remuneration policy is put to a non-binding advisory vote at the general meeting of shareholders once every year
- Review the outcomes of implementing the remuneration policy and whether objectives are being achieved
- Monitor the overall cost of remuneration structures in the company, including approving the cost of general annual salary increases, mandates for negotiation with trade unions or other bodies, benefits, short-term incentive payments and the value of long-term incentive awards granted
- Ensure that the mix of fixed and variable pay, in cash, shares and other elements, meets the company's needs and strategic objectives
- Satisfy itself on the accuracy of recorded performance measures determining the vesting of incentives
- Ensure all benefits, including retirement benefits and other financial arrangements, are justified and appropriate to the market
- Consider the need to adopt a specific remuneration policy to retain key employees and approve such a policy, where appropriate
- Review (at least annually) the terms and conditions of executive directors' service agreements
- Select an appropriate comparative group when assessing remuneration levels
- Regularly review incentive and retention schemes to ensure continued contribution to shareholder value and that these are administered in terms of the rules
- Consider the appropriateness of early vesting of share-based schemes at the end of employment
- Oversee preparation of the remuneration report and recommend to the board that it be included in the integrated report, as:
  - Accurate, complete and transparent
  - Providing a clear explanation of how the remuneration policy has been implemented
  - Providing sufficient forward-looking information for shareholders to pass a special resolution in terms of section 66(9) of the Act
- Ensure the chairman of the remuneration committee or an appointed deputy attends the annual general meeting or similar forums to answer questions about the remuneration strategy and policy
- Ensure interaction with shareholders/institutional investors on remuneration matters for executive directors and prescribed officers

**Members of remuneration committee**

The members of the committee are non-executive directors, and the majority are independent as defined by King III. The committee holds three meetings per year.

The chief executive, chief financial officer and head of human resources attend meetings by invitation, to assist the committee in executing its mandate. Other members of executive management can be invited when appropriate. No executives or senior executives participate in the vote process or are present at committee meetings when their own remuneration is discussed or considered.

The remuneration committee uses the services of PwC as standing independent advisers.

**Remuneration philosophy and policy**

PPC’s key remuneration philosophies and policy include:

- The remuneration policy is designed to support key business strategies and create a strong, performance-orientated environment while aiming to attract, motivate and retain talented employees
- Remuneration levels are set considering the remuneration policies and practices of comparable companies
- Remuneration consists of fixed and variable components, comprising:
  - An annual total guaranteed pay (TGP) package, which is reviewed annually in September

- A performance-related annual cash incentive awarded under the short-term incentive scheme (STIS), gearing a significant portion of senior management remuneration towards company or business unit performance and, for specific employees, towards execution of special projects over the medium term
- A long-term incentive awarded under the forfeitable share plan (FSP)
- Service contracts with directors and senior management are aligned to the objectives of the remuneration policy
- 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 each year in advance

**Overview of remuneration**

**Introduction**

The company uses the Peromnes grading system as follows:

- Grade 1: CEO
- Grade 2: Executive directors
- Grade 3: Prescribed officers and divisional executives
- Grade 4: General managers
- Grades 5 to 7: Heads of departments, professionals, specialists
- Grades 8 to 12: Skilled technical and academically qualified workers, junior management, supervisors, foremen
- Grades 13 to 16: Semi-skilled
- Grade A: Learners

The table summarises the elements of the total remuneration package paid to executive directors and prescribed officers in the 2013 financial year, as well as proposed changes for the 2014 financial year:

Element	Fixed/variable	Policy	Proposed changes for 2014
Total guaranteed pay (TGP – includes salary, car allowance, retirement, life insurance and medical aid contributions)	Fixed	The company generally pays TGP within the median of the market and TGP is targeted to be competitive for comparable roles in companies of similar complexity and size, taking cognisance of the individual.	CEO’s voluntary TGP reduction.  A once-off pay and short-term incentive freeze has been volunteered by a number of managers so that higher increases can be given to semi-skilled employees to narrow the wage gap.
Short-term incentive scheme (STIS)	Variable	Short-term incentive payments aim to create a pay-for-performance culture by considering personal and group performance targets over a one-year period.	Proposed structural changes include: <ul style="list-style-type: none"> <li>• Improved alignment by emphasising divisional rather than group performance for this.</li> <li>• Specific project focus applied to major business unit heads, major project leaders and the CEO.</li> </ul>
Long-term incentives	Variable	To drive performance by directly aligning the interests of shareholders and participants, and act as a retention tool over a three-year period. Two existing legacy incentive plans and one current plan (FSP) are reported on in this review.	No anticipated changes to the structure of awards, but participation will be extended to certain grade 8 employees (foremen and sales consultants).

## Remuneration review *continued*

### TGP/basic pay

Grades 1 to 7 employees are remunerated on a TGP package structure. Other employees are remunerated on a basic-plus-benefits structure. The TGP package is targeted to be competitive for comparable roles in companies of similar complexity and size. TGP is subject to annual review, with company performance, affordability, individual performance, changes in responsibilities and average increases granted to general staff considered when determining the size of any increases.

The company uses professional advisers such as PwC Remchannel® for benchmark information to guide decisions on salary adjustments. Salaries are adjusted around the benchmarks depending on individual performance and experience, and reviewed each year. The review considers changes in scope of roles performed by individuals, changes required to meet the principles of the remuneration policy and market competitiveness of salaries and benefits. Attention is paid to consistent job evaluation and grading of roles throughout the group, to ensure equity of reward, to facilitate transformation objectives and ensure mobility within the company.

With effect from 1 October 2013, the CEO has voluntarily agreed to a R1 000 000 reduction in his TGP, and a number of managers have elected to be subject to a pay and short-term incentive freeze so that higher increases can be given to semi-skilled employees, narrowing the wage gap. Generally, in determining TGP increases for executive directors, the committee considers average increases to the general staff population and conducts a benchmarking exercise. In selecting a comparator group, companies listed on the JSE are sized according to sector, EBITDA<sup>1</sup>, total assets, turnover and number of employees. Companies that are comparable to PPC based on these factors and of a similar market capitalisation are selected. Certain larger companies that are considered direct comparators are also added to this list.

Salary and benefit adjustments for directors are reviewed and approved by the remuneration committee, while overall adjustments for all other employees are approved by the CEO.

<sup>1</sup> EBITDA – group earnings before interest, tax, depreciation and amortisation.

### Benefits

The table details benefits provided to employees, including executive directors, as part of TGP or in addition to basic pay:

Benefit	Detail
Retirement fund	Participation in the PPC Retirement Fund is compulsory for all permanent employees. The fund is an in-house defined contribution fund that supplies risk cover for death and disability.
Medical aid	All employees are required to belong to a choice of company-sponsored external medical aids or to be a member of a spouse/life partner's medical aid.
Group personal accident cover	All employees are covered for death, medical and disability expenses as a result of an accident.
Car allowance	Employees who need to use their motor vehicle in their duties can elect to allocate a portion of their TGP as a car allowance.

### Short-term incentive scheme

Employees on grades 1 to 7 participate in the company's STIS and levels below participate in a bonus pool. The approximate on-target<sup>2</sup> and maximum earnings potential for the 2013 financial year were:

Level	On-target % of TGP	Maximum % of TGP
CEO	69%	120%
Other executive directors	58%	100%
Prescribed officers	45 – 50%	60 – 80%

Financial and personal performance is used to determine the bonus payment under the STIS. The weighting between financial and personal performance is:

Level	Financial	Personal
CEO and executive directors	70%	30%
Prescribed officers	50%	50%

In the past, the financial component of STIS was based on EBITDA. A second metric was added for the 2013 STIS, being the group cash conversion ratio (CCR), which reflects the importance of effectively managing cash flow.

<sup>2</sup> Based on on-target financial performance and 75% achievement of personal targets.

From the 2014 financial year, the following STIS will be operated:

	Measurements	Measurement period
Standard STIS (majority of employees)	Depending on role, the financial performance measure will be based on EBITDA of a specific business unit, or group performance, while group CCR will act as a gatekeeper. Financial performance will be multiplied by the individual scorecard outcome. The maximum bonus percentages will be revisited.	One year
Business unit heads	This STIS will operate on the same basis as the standard STIS, but instead of an individual scorecard, a project scorecard will be used.	Generally one year, but could be extended if the project scope extends beyond one year
Major project leaders	Based on successful timely completion of major projects.	Typically over two to three years with no payment before project completion
Internal audit employees	Calculated on an equitable basis to standard STIS but emphasising only individual performance and having no reference to financial performance.	One year
CEO	A combination of the following measures will be used: <ul style="list-style-type: none"> <li>• Annual group EBITDA targets</li> <li>• Delivery of projects</li> <li>• Individual scorecard</li> </ul>	Up to the end of his fixed term contract in 2017

Details of financial targets and key performance areas (KPA) for the 2013 financial year, their weighting and computation of short-term incentives are disclosed in part 2 of this report.

The committee retains the discretion to make upward or downward adjustments to bonuses earned at the end of the year on an exceptional basis, considering both financial performance and the overall and specific contribution of individuals in meeting the company's objectives.

**Long-term incentive**

The major design principles of the company's long-term incentive are to:

- Attract, motivate and retain participants as part of a market-competitive package
- Reward participants for medium to longer-term company performance
- Align participants with shareholders' interests

**Legacy plans**

Until 2011, the company operated a cash-settled share appreciation right scheme and a cash-settled restricted share scheme (RSS). With the exception of MMT Ramano, who continues to participate in the restricted share scheme in terms of her employment contract, no new awards have been made under the legacy plans since 2011, and all prior awards will continue until fruition or expiry.

## Remuneration review continued

### Current plan

The salient terms of the forfeitable share plan (FSP) are:

<b>Purpose</b>	To align employees with shareholders over the long term by making performance awards and, at the same time, to act as a retention tool by making retention awards.																
<b>Description of the plan</b>	<p>An FSP award is a free transfer of shares to a participant on the award date. However, the shares are subject to risk of forfeiture where company performance conditions are not met over a predetermined performance period (typically over three financial years); and/or a participant ceases employment prior to the vesting date.</p> <p>Prior to the vesting date, the participant has dividend and shareholder voting rights.</p> <p>As the company is faced with skills shortages and the risk of losing employees, a portion of each award will be subject to continued employment only (retention awards) and the remainder will be subject to continued employment and performance conditions (performance awards).</p>																
<b>Eligibility</b>	<p>Employees on grades 1 to 7 are eligible for FSP awards, subject to approval by the remuneration committee.</p> <p>From 2014, participation will be extended to foremen and sales consultants (certain grade 8 employees).</p>																
<b>Mix between retention and performance awards</b>	<p>The level of seniority determines the mix between performance awards and retention awards, shown below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #e0e0e0;">Position</th> <th style="background-color: #e0e0e0;">Grade</th> <th style="background-color: #e0e0e0;">Performance award</th> <th style="background-color: #e0e0e0;">Retention award</th> </tr> </thead> <tbody> <tr> <td>CEO</td> <td>1</td> <td>75%</td> <td>25%</td> </tr> <tr> <td>Executive directors</td> <td>2</td> <td>75%</td> <td>25%</td> </tr> <tr> <td>Prescribed officers</td> <td>3 – 4</td> <td>40 – 50%</td> <td>60 – 50%</td> </tr> </tbody> </table>	Position	Grade	Performance award	Retention award	CEO	1	75%	25%	Executive directors	2	75%	25%	Prescribed officers	3 – 4	40 – 50%	60 – 50%
Position	Grade	Performance award	Retention award														
CEO	1	75%	25%														
Executive directors	2	75%	25%														
Prescribed officers	3 – 4	40 – 50%	60 – 50%														
<b>Performance period and conditions</b>	The performance condition used to determine the extent to which the performance award vests is growth in headline earnings per share (HEPS) measured over a three-year performance period.																
<b>Vesting period</b>	Three years from the award date.																
<b>Dilution</b>	<p>The FSP is not dilutive to shareholders as no shares can be issued under the FSP. The FSP can only be settled by a market purchase of shares.</p> <p>Despite the fact that long-term incentives will not result in any shareholder dilution, PPC has adopted quasi dilution limits to ensure overall affordability to the company on the one hand and reasonable, but attractive, benefits to executives on the other. The aggregate maximum number of awards that may be made under the FSP, RSS and LTIP is restricted to 5% of issued shares as at 1 September 2011, totalling 29 308 518 shares (or quasi shares for the LTIP and RSS).</p>																
<b>Individual limit</b>	The maximum number of long-term incentive awards that may be held by an individual may not exceed 0,5% of the issued share capital.																
<b>Early termination</b>	<p>The rules of the FSP distinguish between so-called good leavers (death, retrenchment, retirement, ill health, injury or disability) and bad leavers (resignations or dismissals). Bad leavers forfeit all unvested awards.</p> <p>Good leavers will receive a proportion of their unvested awards, pro-rated for service and performance to the date of terminating employment.</p>																
<b>Award policy</b>	<p>Subject to the discretion of the remuneration committee, the FSP is used for annual long-term incentive awards based on multiples of the TGP of the employee. 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 values of the 2013 awards at the date of award were as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #e0e0e0;">Position</th> <th style="background-color: #e0e0e0;">Value at grant date as a % of TGP</th> </tr> </thead> <tbody> <tr> <td>CEO and CFO</td> <td>55%</td> </tr> <tr> <td>Other executive directors</td> <td>46%</td> </tr> <tr> <td>Prescribed officers</td> <td>22 – 30%</td> </tr> </tbody> </table>	Position	Value at grant date as a % of TGP	CEO and CFO	55%	Other executive directors	46%	Prescribed officers	22 – 30%								
Position	Value at grant date as a % of TGP																
CEO and CFO	55%																
Other executive directors	46%																
Prescribed officers	22 – 30%																

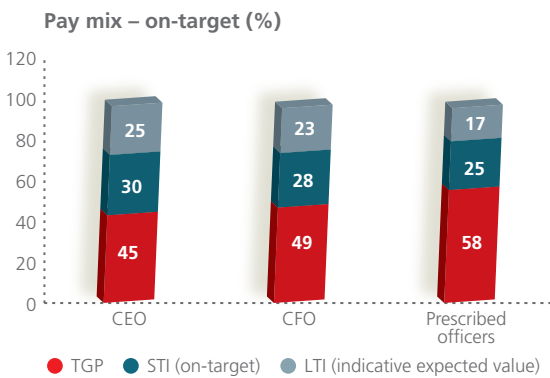
**BBBEE schemes**

South African employees participated in a BBBEE scheme in 2008 and a second BBBEE scheme in 2012. Certain directors and prescribed officers also participated in these schemes as detailed on page 114.

**Package design**

PPC aims to reward executive directors and management with performance-based variable pay which will, depending on role, function and responsibility constitute between 40% and 60% of their total remuneration.

The current on-target pay mix for executive directors and prescribed officers is as follows:



Changes to the remuneration policy are aimed at supporting a performance-driven culture in the company. Following remuneration policy changes noted, the variable pay levels for on-target performance will be reduced while achieving stretch performance will result in higher variable pay levels.

**Retention payments or severance lump sums**

Retention payments (over and above FSP retention awards) or discretionary severance lump sums are only considered in exceptional circumstances. Where these payments have been made, they are detailed in part 2 below the remuneration tables where the payment is disclosed.

**Employment contracts – executive directors**

The remuneration committee, subject to circumstances, will maintain the following policy for executive directors’ employment contracts:

- 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 to perform agreed duties
- Employment contracts should not contain balloon payments
- 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

**Appointment of executive and non-executive directors**

Both executive and non-executive directors are subject to election by shareholders at the first annual general meeting following their appointment, after which they must retire according to 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 memorandum of incorporation.

**Non-executive director fees**

The chief executive officer recommends the non-executive director fee structures to the remuneration committee for onward approval by the board after obtaining input from its independent advisers. In this regard, the chief executive officer and the remuneration committee rely on benchmark studies by its independent advisers based on the same comparator group used for executive directors’ remuneration. In selecting a comparator group, companies listed on the JSE are sized according to sector, EBITDA, total assets, turnover, number of employees and market capitalisation. Certain larger companies that are considered direct comparators are added to this list. As suggested by King III, board fees comprise both a base fee and an attendance fee which, in the committee’s view, is sufficient to attract board members with the appropriate level of skill and expertise. As a policy principle, fees are aimed at the median of the selected comparator group. Fees are not automatically increased to be aligned with the median of the market.

**Non-binding advisory vote by shareholders**

At the annual general meeting, shareholders will be requested to express their level of support for part 1: remuneration philosophy and policy.

## Remuneration review continued

### Part 2: Implementation of policies for the review period

#### Summary of remuneration activities/decisions during the year

The main issues considered and approved by the remuneration committee for 2013 were:

- Approval of the remuneration committee's working cycle for 2013
- Approving salary increases for executive directors
- Approval of minor amendments to the remuneration committee's terms of reference
- Approval of amendments to the company's remuneration policy
- Approval of STIS bonus payments for executive directors for 2013 and actual STIS targets for 2013 and 2014
- Approval of 2013 FSP awards
- Approving this remuneration report
- Reviewing recommendations for fees payable to non-executive directors

#### Total guaranteed pay (TGP)

The average increase in TGP in October 2012 was 6,0% for executive directors and prescribed officers. This compares to an increase of between 6,0% and 7,0% for all employees, with the highest increases being awarded to semi-skilled employees.

With effect from 1 October 2013, the CEO has voluntarily agreed to a R1 000 000 reduction in his TGP, and a number of managers have elected to be subject to a pay and short-term incentive freeze so that higher increases can be given to semi-skilled employees, narrowing the wage gap. In South Africa, this has enabled a once-off increase of R875 per month for semi-skilled employees and lifted PPC's minimum wage for permanent full-time employees to R6 500 (±R8 000 TGP).

#### Retention payments

In terms of the retention agreement entered into with Mr Esterhuysen in 2011, the amount owing to him for the 2013 financial year has been accrued in terms of the agreement.

#### Payments to outgoing directors

In terms of his employment contract, the outgoing CEO, Mr Paul Stuiwer, was eligible for a long-term bonus calculated by reference to predetermined performance conditions. An amount of R3 200 000 was paid in respect of partial satisfaction of these conditions and taking cognisance of his support for the initiative of narrowing the wage gap in the company.

On resignation, Mr Helepi was paid R2 977 111 and forfeited the rights he had received in respect of the second BBBEE transaction. On resignation, Mr Abdul Kader was paid R984 411 in lieu of leave and notice and forfeited the unvested rights he had received in respect of both BBBEE transactions and all FSPs.

#### STIS outcome

##### 2013 financial performance measures

Financial performance for the review period depended on achieving the following group EBITDA and CCR targets, as approved by the remuneration committee:

	EBITDA year-on-year growth (70% weighting) %	CCR (30% weighting) %	% of maximum earning potential
Stretch	15	102	100
Target	11	98	50
Threshold	7	95	0

Linear interpolation is applied between the above levels.

##### 2013 personal performance measure

The personal performance component is measured on a balanced scorecard. Personal performance below 70% results in no bonus accruing at all. The company's scorecard contained the following:

Performance pillar	Detail	Weighting %
People	<ul style="list-style-type: none"> <li>• Effective motivation of staff, appropriate action taken for issues, evidence of CEO approval from top-100 staff, zero fatalities and lost-time injury rate below 0,18</li> </ul>	25
Customers	<ul style="list-style-type: none"> <li>• Increase sales by 6% and defend and extend presence in SA, Zimbabwe and Botswana</li> </ul>	30
Shareholders	<ul style="list-style-type: none"> <li>• Exceed budgeted EBITDA target and cash conversion ratio of 0,98%</li> <li>• Complete one African expansion deal and commit to one further African deal</li> <li>• Design and implement a plan to retain and recruit skills needed for African expansion</li> </ul>	30
Internal processes	<ul style="list-style-type: none"> <li>• Complete legal and blueprint process for group restructure</li> <li>• Implement innovation award system and two emerging ideas</li> <li>• No significant breach of corporate governance</li> </ul>	15

### 2013 STIS bonuses for executive directors and prescribed officers

The company did not achieve the threshold EBITDA target set for the STIS, but exceeded the CCR stretch target, resulting in a score of 30% for financial performance, which is weighted 70% for executive directors and 50% for prescribed officers. Scores for personal performance were 80% for both of the executive directors, and ranged between 70% and 80% for the prescribed officers.

The CEO's performance measures for 2013 were determined by the board and included elements of stakeholder management, financial targets and implementation of strategy. Performance evaluation against these targets was conducted by a subcommittee of the board and confirmed by the board.

Bonuses were also influenced by the short-term incentive freeze elected by certain employees. The table on page 112 illustrates the bonuses for executive directors and prescribed officers for the year ended 30 September 2013.

### Long-term incentives

#### Overview of likelihood of vesting

The table below summarises the actual and likely outcome of vesting of the performance component of awards that have been made under the FSP:

Year of award	Actual/likely outcome
2011	Performance component has been forfeited as the performance condition has not been met
2012	Performance component likely to vest as the performance condition is likely to be met
2013	Performance component likely to vest as the performance condition is likely to be met

### FSP 2013 award

Performance condition targets for the 2013 award were again based on HEPS growth over three years:

Target	Vesting percentage	Growth
Threshold	33,33%	CPI + 3%
On-target	66,67%	CPI + 6%
Stretch	100%	CPI + 9%

Linear vesting applies between the above levels.

### Value of long-term incentives

The tables below deal with the company's prior and current long-term incentives as at 30 September 2013:

Award date	Number allocated in prior years	Number allocated in current year	Number exercised (LTIP)/vested (RSS and FSP) in current year	Number forfeited in current year	Closing number	Grant price R	Price on exercise date/ vesting price R	Exercise/ vesting gain R000	Current unit value R	Estimated value at year-end R000
<b>Executive directors</b>										
<b>P Esterhuysen</b>										
<b>Share appreciation rights (LTIP)</b>										
2008/09/17	105 000	-	-	105 000	-	31,80	-	-	-	-
2009/09/25	120 000	-	-	-	120 000	35,35	-	-	-	-
	225 000	-	-	105 000	120 000			-		-
<b>Restricted share units (RSS)</b>										
2009/09/25	48 600	-	24 300	-	24 300	-	30,84	749	28,71	698
<b>FSP – with performance conditions</b>										
2012/09/28	88 000	-	-	-	88 000	-	-	-	30,20	2 658
2013/03/15	-	61 300	-	-	61 300	-	-	-	30,20	1 851
	88 000	61 300	-	-	149 300			-		4 509
<b>Total</b>								<b>749</b>		<b>5 207</b>

## Remuneration review continued

Award date	Number allocated in prior years	Number allocated in current year	Number exercised (LTIP)/ vested (RSS and FSP) in current year	Number forfeited in current year	Closing number	Grant price R	Price on exercise date/ vesting price R	Exercise/ vesting gain R000	Current unit value R	Estimated value at year-end R000
<b>Executive directors continued</b>										
<b>KM Gordhan</b>										
<b>FSP – no performance conditions</b>										
2013/03/15	–	25 300	–	–	25 300	–	–	–	30,20	764
<b>FSP – with performance conditions</b>										
2013/03/15	–	126 600	–	–	126 600	–	–	–	30,20	3 823
<b>Total</b>								<b>–</b>		<b>4 587</b>
<b>MMT Ramano</b>										
<b>Restricted share units (RSS)</b>										
2011/08/01	150 000	–	–	–	150 000	–	–	–	27,75	4 162
2012/09/28	120 000	50 000	–	–	170 000	–	–	–	24,68	4 195
2013/09/30	–	170 000	–	–	170 000	–	–	–	22,28	3 788
	270 000	220 000	–	–	490 000			–		12 145
<b>FSP – with performance conditions</b>										
2012/09/28	96 800	–	–	–	96 800	–	–	–	30,20	2 923
2013/03/15	–	78 700	–	–	78 700	–	–	–	30,20	2 377
	96 800	78 700	–	–	175 500			–		5 300
<b>Total</b>								<b>–</b>		<b>17 445</b>
<b>Prescribed officers</b>										
<b>PL Booysen</b>										
<b>Share appreciation rights (LTIP)</b>										
2007/08/08	30 000	–	–	–	30 000	43,00	–	–	1,86	56
2008/09/17	24 000	–	–	–	24 000	31,80	–	–	6,29	151
2009/09/25	22 000	–	–	–	22 000	35,35	–	–	6,40	141
	76 000	–	–	–	76 000			–		348
<b>FSP – no performance conditions</b>										
2011/09/30	8 900	–	–	–	8 900	–	–	–	30,20	269
2012/02/16	6 500	–	–	–	6 500	–	–	–	30,20	196
2013/03/15	–	6 800	–	–	6 800	–	–	–	30,20	205
	15 400	6 800	–	–	22 200			–		670
<b>FSP – with performance conditions</b>										
2011/09/30	9 900	–	–	9 900	–	–	–	–	–	–
2012/02/16	5 400	–	–	–	5 400	–	–	–	30,20	163
2013/03/15	–	7 600	–	–	7 600	–	–	–	30,20	230
	15 300	7 600	–	9 900	13 000			–		393
<b>Total</b>								<b>–</b>		<b>1 411</b>

Award date	Number allocated in prior years	Number allocated in current year	Number exercised (LTIP)/ vested (RSS and FSP) in current year	Number forfeited in current year	Closing number	Grant price R	Price on exercise date/ vesting price R	Exercise/ vesting gain R000	Current unit value R	Estimated value at year-end R000
<b>Prescribed officers continued</b>										
<b>JT Claassen</b>										
<b>Share appreciation rights (LTIP)</b>										
2007/08/08	40 000	-	-	-	40 000	43,00	-	-	1,86	74
2008/09/17	24 000	-	-	-	24 000	31,80	-	-	6,29	151
2009/09/25	26 000	-	-	-	26 000	35,35	-	-	6,40	166
	90 000	-	-	-	90 000			-		392
<b>FSP – no performance conditions</b>										
2011/09/30	12 400	-	-	-	12 400	-	-	-	30,20	374
2012/02/16	10 200	-	-	-	10 200	-	-	-	30,20	308
2013/03/15	-	10 400	-	-	10 400	-	-	-	30,20	314
	22 600	10 400	-	-	33 000			-		997
<b>FSP – with performance conditions</b>										
2011/09/30	20 600	-	-	20 600	-	-	-	-	-	-
2012/02/16	12 700	-	-	-	12 700	-	-	-	30,20	384
2013/03/15	-	17 300	-	-	17 300	-	-	-	30,20	522
	33 300	17 300	-	20 600	30 000			-		906
<b>Total</b>								-		<b>2 294</b>
<b>AC Lowan</b>										
<b>FSP – no performance conditions</b>										
2013/03/15	-	4 800	-	-	4 800	-	-	-	30,20	145
<b>FSP – with performance conditions</b>										
2013/03/15	-	5 400	-	-	5 400	-	-	-	30,20	163
<b>Total</b>								-		<b>308</b>

## Remuneration review continued

Award date	Number allocated in prior years	Number allocated in current year	Number exercised (LTIP)/ vested (RSS and FSP) in current year	Number forfeited in current year	Closing number	Grant price R	Price on exercise date/ vesting price R	Exercise/ vesting gain R000	Current unit value R	Estimated value at year-end R000
<b>Prescribed officers continued</b>										
<b>KPP Meijer</b>										
<b>Share appreciation rights (LTIP)</b>										
2007/08/08	85 000	–	–	21 250	63 750	43,00	–	–	1,86	119
2008/09/17	60 000	–	–	15 000	45 000	31,80	–	–	6,29	283
2009/09/25	59 000	–	–	14 750	44 250	35,35	–	–	6,40	283
	204 000	–	–	51 000	153 000		–	–		685
<b>FSP – no performance conditions</b>										
2011/09/30	14 200	–	–	–	14 200	–	–	–	30,20	429
2012/02/16	11 200	–	–	–	11 200	–	–	–	30,20	338
2013/03/15	–	12 300	–	–	12 300	–	–	–	30,20	371
	25 400	12 300	–	–	37 700		–	–		1 139
<b>FSP – with performance conditions</b>										
2011/09/30	23 600	–	–	23 600	–	–	–	–	–	–
2012/02/16	14 000	–	–	–	14 000	–	–	–	30,20	423
2013/03/15	–	20 500	–	–	20 500	–	–	–	30,20	619
	37 600	20 500	–	23 600	34 500		–	–		1 042
<b>Total</b>									–	<b>2 865</b>
<b>KP Odendaal</b>										
<b>Share appreciation rights (LTIP)</b>										
2008/09/17	50 000	–	–	50 000	–	31,80	–	–	–	–
2009/09/25	54 000	–	–	–	54 000	35,35	–	–	–	–
	104 000	–	–	50 000	54 000		–	–	–	–
<b>FSP – no performance conditions</b>										
2012/02/16	19 000	–	–	–	19 000	–	–	–	30,20	574
2013/03/15	–	10 700	–	–	10 700	–	–	–	30,20	323
	19 000	10 700	–	–	29 700		–	–		897
<b>FSP – with performance conditions</b>										
2012/02/16	23 700	–	–	–	23 700	–	–	–	30,20	716
2013/03/15	–	17 800	–	–	17 800	–	–	–	30,20	538
	23 700	17 800	–	–	41 500		–	–		1 253
<b>Total</b>									–	<b>2 150</b>

Award date	Number allocated in prior years	Number allocated in current year	Number exercised (LTIP)/ vested (RSS and FSP) in current year	Number forfeited in current year	Closing number	Grant price R	Price on exercise date/ vesting price R	Exercise/ vesting gain R000	Current unit value R	Estimated value at year-end R000
<b>Prescribed officers continued</b>										
<b>JHDLR Snyman</b>										
<b>Share appreciation rights (LTIP)</b>										
2007/08/08	25 000	–	–	–	25 000	47,36	–	–	1,86	46
2008/09/17	27 000	–	–	–	27 000	31,80	–	–	6,29	170
2009/09/25	23 000	–	–	–	23 000	35,35	–	–	6,40	147
	75 000	–	–	–	75 000		–	–		364
<b>FSP – no performance conditions</b>										
2012/02/16	15 500	–	–	–	15 500	–	–	–	30,20	468
2013/03/15	–	8 400	–	–	8 400	–	–	–	30,20	254
	15 500	8 400	–	–	23 900		–	–		722
<b>FSP – with performance conditions</b>										
2012/02/16	19 500	–	–	–	19 500	–	–	–	30,20	589
2013/03/15	–	13 900	–	–	13 900	–	–	–	30,20	420
	19 500	13 900	–	–	33 400		–	–		1 009
<b>Total</b>									–	<b>2 094</b>
<b>JJ Taljaard</b>										
<b>Share appreciation rights (LTIP)</b>										
2007/08/08	100 000	–	–	25 000	75 000	43,00	–	–	1,86	139
2008/09/17	63 000	–	–	15 750	47 250	31,80	–	–	6,29	297
2009/09/25	62 000	–	–	15 500	46 500	35,35	–	–	6,40	298
	225 000	–	–	56 250	168 750		–	–		734
<b>FSP – no performance conditions</b>										
2011/09/30	14 500	–	–	–	14 500	–	–	–	30,20	438
2012/02/16	11 500	–	–	–	11 500	–	–	–	30,20	347
2013/03/15	–	11 800	–	–	11 800	–	–	–	30,20	356
	26 000	11 800	–	–	37 800		–	–		1 142
<b>FSP – with performance conditions</b>										
2011/09/30	24 100	–	–	24 100	–	–	–	–	–	–
2012/02/16	14 300	–	–	–	14 300	–	–	–	30,20	432
2013/03/15	–	19 700	–	–	19 700	–	–	–	30,20	595
										1 027
<b>Total</b>									–	<b>2 903</b>

## Remuneration review continued

Award date	Number allocated in prior years	Number allocated in current year	Number exercised (LTIP)/ vested (RSS and FSP) in current year	Number forfeited in current year	Closing number	Grant price R	Price on exercise date/ vesting price R	Exercise/ vesting gain R000	Current unit value R	Estimated value at year-end R000
<b>Prescribed officers continued</b>										
<b>RS Tomes</b>										
<b>Share appreciation rights (LTIP)</b>										
2007/08/08	33 000	–	–	–	33 000	43,00	–	–	1,86	61
2008/09/17	35 000	–	–	8 750	26 250	31,80	–	–	6,29	165
2009/09/25	38 000	–	–	9 500	28 500	35,35	–	–	6,40	182
	106 000	–	–	18 250	87 750			–		409
<b>FSP – no performance conditions</b>										
2011/09/30	10 800	–	–	–	10 800	–	–	–	30,20	326
2012/02/16	9 100	–	–	–	9 100	–	–	–	30,20	275
2013/03/15	–	9 200	–	–	9 200	–	–	–	30,20	278
	19 900	9 200	–	–	29 100			–		879
<b>FSP – with performance conditions</b>										
2011/09/30	18 000	–	–	18 000	–	–	–	–	–	–
2012/02/16	11 300	–	–	–	11 300	–	–	–	30,20	341
2013/03/15	–	15 400	–	–	15 400	–	–	–	30,20	465
								–		806
<b>Total</b>								–		<b>2 094</b>
<b>A Wadee</b>										
<b>Share appreciation rights (LTIP)</b>										
2007/08/08	32 000	–	–	–	32 000	43,00	–	–	1,86	59
2008/09/17	18 000	–	–	–	18 000	31,80	–	–	6,29	113
2009/09/25	20 000	–	–	–	20 000	35,35	–	–	6,40	128
	70 000	–	–	–	70 000			–		301
<b>FSP – no performance conditions</b>										
2011/09/30	9 800	–	–	–	9 800	–	–	–	30,20	296
2012/02/16	7 700	–	–	–	7 700	–	–	–	30,20	233
2013/03/15	–	7 900	–	–	7 900	–	–	–	30,20	239
	17 500	7 900	–	–	25 400			–		767
<b>FSP – with performance conditions</b>										
2011/09/30	16 300	–	–	16 300	–	–	–	–	–	–
2012/02/16	9 600	–	–	–	9 600	–	–	–	30,20	290
2013/03/15	–	13 200	–	–	13 200	–	–	–	30,20	399
	25 900	13 200	–	16 300	22 800			–		689
<b>Total</b>								–		<b>1 756</b>

Award date	Number allocated in prior years	Number allocated in current year	Number exercised (LTIP)/vested (RSS and FSP) in current year	Number forfeited in current year	Closing number	Grant price R	Price on exercise date/ vesting price R	Exercise/ vesting gain R000	Current unit value R	Estimated value at year-end R000
<b>Past directors</b>										
<b>S Abdul Kader (resigned 5 August 2013)</b>										
<b>Share appreciation rights (LTIP)</b>										
2008/09/17	90 000	-	-	90 000	-	31,80		-	-	-
2009/09/25	120 000	-	-	120 000	-	35,35		-	-	-
	210 000	-	-	210 000	-			-	-	-
<b>Restricted share units (RSS)</b>										
2009/09/25	42 600	-	-	42 600	-	-		-	28,71	-
<b>FSP – no performance conditions</b>										
2012/02/16	21 600	-	-	21 600	-	-		-	30,20	-
2013/03/15	-	11 300	-	11 300	-	-		-	30,20	-
	21 600	11 300	-	32 900	-	-		-	-	-
<b>FSP – with performance conditions</b>										
2012/02/16	80 900	-	-	80 900	-	-		-	30,20	-
2013/03/15	-	56 300	-	56 300	-	-		-	30,20	-
	80 900	56 300	-	137 200	-	-		-	-	-
<b>Total</b>										
<b>RH Dent (retired 31 December 2010)</b>										
<b>Share appreciation rights (LTIP)</b>										
2008/09/17	90 000	-	-	90 000	-	31,80		-	-	-
2009/09/25	120 000	-	-	-	120 000	35,35		-	-	-
	210 000	-	-	90 000	120 000			-	-	-
<b>SG Helepi (resigned 14 February 2013)</b>										
<b>Share appreciation rights (LTIP)</b>										
2007/08/08	18 000	-	-	-	18 000	43,00		-	1,86	33
2008/09/17	35 000	-	-	35 000	-	31,80		-	-	-
2009/09/25	36 000	-	-	-	36 000	35,35		-	-	-
	89 000	-	-	35 000	54 000			-	-	33
<b>FSP – no performance conditions</b>										
2012/02/16	16 600	-	6 225	10 375	-	-	35,13	219	30,20	-
<b>FSP – with performance conditions</b>										
2012/02/16	62 500	-	23 438	39 062	-	-	35,13	823	30,20	-
<b>Total</b>										
								<b>1 042</b>		<b>33</b>

## Remuneration review *continued*

### Remuneration paid to executive directors and prescribed officers in 2013

In line with international best practice, the method for disclosing long-term incentives earned has changed to reflect the value attributable to long-term incentives that vested in the financial year.

The executive directors' and prescribed officers' remuneration for the year ended 30 September 2013 was as follows:

R000	TGP			Variable pay			Total
	Salary	Retirement and medical contributions	Car allowance	Incentive bonus	LTI attributable value*	Other	
<b>Executive directors</b>							
P Esterhuysen	2 721	427	324	–	749	3 233 <sup>5</sup>	7 455
KM Gordhan <sup>3</sup>	4 916	584	–	2 871	–	2	8 373
MMT Ramano	2 681	894	240	1 589	–	4	5 409
<b>Prescribed officers</b>							
PL Booysen	1 086	282	318	531	–	5	2 222
JT Claassen	1 480	343	480	641	–	5	2 949
AC Lowan	1 086	103	–	524	–	4	1 717
KPP Meijer	1 874	569	239	710	–	15	3 408
KP Odendaal	1 967	285	71	641	–	4	2 968
JHDLR Snyman	1 464	211	142	763	–	7	2 587
JJ Taljaard	1 903	339	320	934	–	3	3 500
RS Tomes	1 430	315	260	527	–	4	2 537
A Wadee	1 400	253	60	509	–	7	2 228
<b>Past directors</b>							
S Abdul Kader <sup>1</sup>	2 383	340	–	–	–	989 <sup>5</sup>	3 712
SG Helepi <sup>2</sup>	1 034	169	121	–	1 042	3 153 <sup>5</sup>	5 519
P Stuiwer <sup>4</sup>	911	141	75	–	–	3 200 <sup>5</sup>	4 327

The following directors were not eligible for a short-term incentive bonus in 2013 as they were not in employment at the date of payment in November 2013: Salim Abdul Kader, Peter Esterhuysen, Sello Helepi and Paul Stuiwer.

\* *Arising from the last tranche of the 2008 LTIP award, the second third of the 2009 LTIP award, the 2009 RSS award and the 2012 FSP award that vested early for participants who terminated their services.*

<sup>1</sup> *Employed for 10 months of the financial year.*

<sup>2</sup> *Employed for 6 months of the financial year.*

<sup>3</sup> *Employed for 11 months of the financial year.*

<sup>4</sup> *Employed for 3 months of the financial year.*

<sup>5</sup> *Refer page 104 – Retention payments and payments to outgoing directors.*

The executive directors' and prescribed officers' remuneration for the year ended 30 September 2012 was as follows:

R000	TGP			Variable pay		Total
	Salary	Retirement and medical contributions	Car allowance	Incentive bonus	LTI attributable value*	
<b>Executive directors</b>						
S Abdul Kader	2 196	345	456	929	629	3 926
P Esterhuysen	2 537	399	324	1 011	718	4 271
SG Helepi	1 734	340	242	752	1 259	3 068
MMT Ramano	2 460	800	240	1 288	–	4 751
P Stuiwer	3 206	803	300	1 336	–	5 645
<b>Prescribed officers</b>						
KPP Meijer	1 673	388	261	710	4 163	7 195
KP Odendaal	1 749	258	104	641	2 007	4 759
JHDLR Snyman	1 287	203	216	462	1 082	3 250

\* *Arising from the 2008 and 2009 RSS awards.*

### Non-executive director fees

Non-executive director fees are as approved by the previous annual general meeting and valid from that date until the next AGM.

Total emoluments to non-executive directors for the year ended 30 September 2013 were:

R000	Committee									
	Board fees	Chairman fees	Nominations	Audit	Risk and compliance	Remuneration	Social and ethics	Special meetings	Deal	Total
ZJ Kganyago	242	–	–	99	–	–	–	33	33	407
NB Langa-Royds	242	–	55	–	–	149	179	81	–	706
AJ Lamprecht	214	–	55	–	–	–	88	191	32	580
MP Malungani	196	–	–	–	–	–	78	97	64	435
SK Mhlarhi	242	–	–	–	–	73	–	81	16	412
B Modise	224	–	–	99	83	–	–	48	–	454
TDA Ross	224	–	–	198	104	–	–	95	–	621
J Shibambo	196	–	55	–	211	73	88	81	–	704
BL Sibiyi	–	877	110	–	–	–	–	113	32	1 132
	1 780	877	275	396	398	295	433	820	177	5 451

Total emoluments to non-executive directors for the year ended 30 September 2012 were:

R000	Committee									
	Board fees	Chairman fees	Nominations	Audit	Risk and compliance	Remuneration	Social and ethics	Special meetings	Deal	Total
ZJ Kganyago	194	–	–	67	–	–	–	48	–	309
NB Langa-Royds	194	–	69	–	–	137	152	191	–	743
AJ Lamprecht	194	–	69	–	–	–	74	111	32	480
MP Malungani	194	–	–	–	–	–	72	95	95	456
SK Mhlarhi*	97	–	–	–	–	36	–	80	32	245
B Modise	194	–	–	83	34	–	–	80	–	391
TDA Ross	194	–	–	166	62	–	–	80	–	502
J Shibambo	194	–	53	–	126	114	74	95	–	656
BL Sibiyi	–	705	106	–	–	–	–	286	–	1 097
JS Vilakazi**	88	–	–	–	31	26	–	32	–	177
	1 543	705	297	316	253	313	372	1 098	159	5 056

\* Appointed 1 March 2012

\*\* Resigned 29 February 2012.

### Interests of directors and prescribed officers in share capital

The aggregate beneficial holdings of directors of the company and their immediate families (none of whom has a holding of over 1%) in the issued ordinary shares of the company are detailed below. There have been no material changes in these shareholdings since that date.

#### Current directors

Name	2013		2012	
	Direct	Indirect	Direct	Indirect
P Esterhuysen	–	–	–	–
KM Gordhan	977 944	–	–	–
SK Mhlarhi	5 000	–	5 000	–

#### Prescribed officers

Name	2013		2012	
	Direct	Indirect	Direct	Indirect
KP Odendaal	11 644	–	9 170	–

#### Past directors

Name	2013		2012	
	Direct	Indirect	Direct	Indirect
P Stuiwer	34 930	–	34 930	–

## Remuneration review *continued*

### Interests of directors and prescribed officers in BBBEE schemes

In 2008, in terms of the company's first BBBEE transaction (BEE1) certain executive directors and prescribed officers were granted participation rights in the loan-funded Black Managers Trust which owns shares that are subject to vesting conditions and a lock-in period restricting transferability which expires on 15 December 2016. In addition, during the 2012 financial year, they each received rights to 2 541 shares in a trust owning donated shares which are subject to a lock-in expiring on 15 December 2013. Certain non-executive directors received vested rights in 2008 in a trust owning donated shares which are subject to vesting conditions expiring annually in thirds from 15 December 2012 and a lock-in expiring on 31 December 2014.

During the 2013 financial year, following the implementation of the company's second BBBEE transaction (BEE2) executive directors and prescribed officers were included among the South African employees granted participation rights in a notional loan-funded trust owning shares that are subject to vesting conditions and a lock-in period restricting transferability which expires in September 2019.

### 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.

### Participation rights held by directors and prescribed officers at 30 September 2013

	BEE1	BEE2
<b>Executive directors</b>		
P Esterhuysen	–	34 720
KM Gordhan	–	638 977
MMT Ramano	337 790	372 737
<b>Non-executive directors</b>		
ZJ Kganyago	95 787	–
NB Langa-Royds	95 787	–
J Shibambo	95 787	–
<b>Prescribed officers</b>		
PL Booysen	–	16 322
JT Claassen	–	22 501
AC Lowan	–	118 850
KPP Meijer	–	28 488
KP Odendaal	–	22 489
JHDLR Snyman	–	18 167
JJ Taljaard	–	25 384
RS Tomes	89 812	200 567
A Wadee	95 514	170 807
<b>Past directors</b>		
S Abdul Kader	2 541	–
SG Helepi	86 524	–

## Annexure 1 – Interest in subsidiaries and unlisted equity accounted investments

### SUBSIDIARY COMPANIES

Name of company	Issued share capital R		Percentage held		Shares		Indebtedness (due to)/due by	
			2013 %	2012 %	2013 Rm	2012 Rm	2013 Rm	2012 Rm
Cape Portland Cement Co Limited	5 264 000		<b>100</b>	100	<b>1</b>	1	<b>(5)</b>	(5)
Pretoria Portland Cement International Holdings®	3 050 001	!	<b>100</b>	100	<b>79</b>	79	–	–
PPC Aggregate Quarries (Pty) Limited	100		<b>100</b>	100	–	–	<b>(44)</b>	(38)
PPC Botswana (Pty) Limited*	6 000 000	A#	<b>100</b>	100	<b>12</b>	12	<b>(6)</b>	1
	6 000 000	B#	<b>100</b>	100	–	–	–	–
Portland Holdings Limited~	7 981 000	!	<b>100</b>	100	<b>473</b>	473	<b>5</b>	7
PPC Lime Limited	4 207 965		<b>100</b>	100	<b>18</b>	18	<b>(42)</b>	(26)
Property Cats (Pty) Limited	100		<b>100</b>	100	<b>1</b>	1	–	–
PPC Cement (Pty) Limited	50 000		<b>100</b>	100	–	–	–	–
PPC Ntsika Fund (Pty) Limited	100		<b>100</b>	100	–	–	<b>54</b>	60
Slurrylink (Pty) Limited	1		<b>100</b>	100	–	–	<b>(4)</b>	(4)
Swaziland Portland Cement (Pty) Limited^			<b>100</b>	100	–	–	–	–
PPC Black Managers Trust Funding SPV (Pty) Limited	100		<b>100</b>	100	–	–	–	–
Varsrivier Marmer (Pty) Limited	900		<b>100</b>	100	–	–	<b>(1)</b>	(1)
PPC International SA	100		<b>100</b>	100	–	–	<b>541</b>	102
					<b>584</b>	584	<b>498</b>	96

\* Registered in Botswana

# Botswana pula

~ Registered in Zimbabwe

! US dollar

^ Registered in Swaziland

® Registered in Mauritius

### EQUITY ACCOUNTED INVESTMENTS

Name of entity	Principal activity	Issued share capital R	Percentage held		Shares		Indebtedness (due to)/due by	
			2013 %	2012 %	2013 Rm	2012 Rm	2013 Rm	2012 Rm
Afripack (Pty) Limited	Paper sack manufacturers	1 260 000	<b>25</b>	25	<b>7</b>	7	–	–
Pronto Holdings (Pty) Limited	Readymix and fly ash	500	<b>50</b>	25	<b>179</b>	69	–	–
					<b>186</b>	76	–	–

## PPC shareholder analysis

Register date: 27 September 2013

Issued share capital: 605 379 648

SHAREHOLDER SPREAD	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	8 410	51,31	3 706 363	0,61
1 001 – 10 000 shares	6 605	40,30	21 690 762	3,58
10 001 – 100 000 shares	1 091	6,66	29 862 705	4,93
100 001 – 1 000 000 shares	209	1,28	64 144 540	10,60
1 000 001 shares and over	75	0,46	485 975 278	80,28
<b>Total</b>	16 390	100	605 379 648	100
<b>DISTRIBUTION OF SHAREHOLDERS</b>				
Banks	139	0,85	173 824 548	28,71
Brokers	82	0,50	6 336 441	1,05
Close corporations	151	0,92	702 559	0,12
Endowment funds	84	0,51	1 250 805	0,21
Individuals	12 650	77,18	36 772 649	6,07
Insurance companies	28	0,17	21 018 646	3,47
Investment companies	18	0,11	1 600 492	0,26
Medical aid schemes	8	0,05	290 357	0,05
Mutual funds	215	1,31	83 945 499	13,87
Nominees and trusts	2 450	14,95	57 175 655	9,44
Other corporations	91	0,56	611 704	0,10
Pension funds	147	0,90	96 124 444	15,88
Private companies	300	1,83	106 101 400	17,53
Public companies	20	0,12	241 389	0,04
Sovereign wealth fund	7	0,04	19 383 060	3,20
<b>Total</b>	16 390	100	605 379 648	100
<b>PUBLIC/NON-PUBLIC SHAREHOLDERS</b>				
<b>Non-public shareholders</b>	22	0,13	216 967 848	35,84
Directors' holdings	2	0,01	982 944	0,16
Broad-based black ownership	19	0,12	145 764 928	24,08
Strategic holdings (10% or more)	1	0,01	70 219 976	11,60
<b>Public shareholders</b>	16 368	99,87	388 411 800	64,16
<b>Total</b>	16 390	100	605 379 648	100
<b>BENEFICIAL SHAREHOLDERS HOLDING 3% OR MORE</b>				
Government Employees Pension Fund			70 219 976	11,60
PPC SBP Consortium Fundings SPV (Pty) Ltd			39 988 926	6,61
PPC Masakhane Employee Share Trust			26 757 780	4,42

## Corporate information

### PPC Ltd

(Incorporated in the Republic of South Africa)  
Company registration number: 1892/000667/06

JSE code: PPC  
JSE ISIN code: ZAE000170049  
ZSE code: PPC

### Auditors

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

### Secretary and registered office

JHDLR Snyman  
180 Katherine Street, Sandton  
PO Box 787416  
Sandton, 2146, South Africa  
Telephone +27 11 386 9000  
Telefax +27 11 386 9001  
Email jaco.snyman@ppc.co.za

### Sponsor: South Africa

Merrill Lynch SA (Pty) Limited  
138 West Street  
Sandown, Sandton  
PO Box 651987  
Benmore, 2010, South Africa  
Telephone +27 11 305 5555  
Telefax +27 11 305 5600

### Directors:

BL Sibiya (Chairman), KM Gordhan (Chief executive officer), ZJ Kganyago, AJ Lamprecht, NB Langa-Royds, MP Malungani, S Mhlarhi, B Modise, T Moyo\*, MMT Ramano (Chief financial officer), TDA Ross, J Shibambo *\*Zimbabwean*

### Transfer secretaries: South Africa

Link Market Services (Pty) Limited  
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Email info@linkmarketservices.co.za

### Transfer secretaries: Zimbabwe

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### Sponsor: Zimbabwe

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Telefax +263 4 791 345

## Financial calendar

Financial year-end		30 September
Annual general meeting		27 January 2014
<b>Reports</b>		
Interim results for half-year to March	Published	May
Preliminary announcement of annual results	Published	November
Annual financial statements	Published	December
<b>Dividends</b>		
Interim	Declared	May
	Paid	June
Final	Declared	November
	Paid	January

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